

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on May 2, 2011, in Room 144-S of the Capitol.

All members were present except:
Senator David Haley

Committee staff present:
Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:
Senator Bob Marshall
Doug Lawrence, Kansas Greyhound Association
Tracy Wildey, Kansas Greyhound Association
Raita Osborn, Kansas Quarter Horse Association
Dale Ogelsby, Mayor of Galena, Kansas
Craig Hull
Jim Emerson, Crawford County
Kaylee Hurt, Flying D Training Stables
Dave Heinemann, Stand Up for Kansas

Others attending:
See attached list.

SB 241—Amendments to the Kansas expanded lottery act

Chairman Brungardt opened the hearing on **SB 241**.

Staff provided an overview of the bill.

Proponents:

Senator Bob Marshall appeared in support of the bill. (Attachment 1) This legislation would amend the gaming bill and reduce the minimum investment and the privilege fee for the southeast gaming zone, and set percentages for the distribution of racetrack slots revenues. New sections 1 through 3, and amendments there to, shall be known and may be cited as the Kansas agricultural opportunity act, and shall provide for a framework for encouraging economic opportunity in rural Kansas through the expansion of horse and greyhound ownership, breeding and investment. One change is the 2% of racetrack slots revenue to problem gambling which will be divided to 1% problem gambling and 1% to the promotional and development fund for Kansas Wildlife and Parks for tourism.

Doug Lawrence, Executive Director, Kansas Greyhound Association, spoke in support of the bill. (Attachment 2) The bill is very similar to 2010 legislation supporting the racing industry, is a job creator in rural Kansas, and live Racing enhances state revenues and benefits the racetrack gaming operations. Also included a map that reflects the horse and greyhound industry in Kansas, and a article on Oklahoma's Remington Park track that is run by Chickasaw Nation under Global Gaming.

Tracy Wildey, Vice President/Legislative matters, Kansas Greyhound Association, testified in support of the bill. (Attachment 3) The bill establishes the Kansas Agricultural Opportunity Act setting a frame work for new investments and job creation across Kansas, and does so without using tax incentives, while increasing investment and expansion of the employment base in communities of all sizes. Under current law, Casino managers keep 73% of the total gaming revenues to pay expenses of the operation and make a profit. The job creation is generally limited to the zone in which the facility is built, and the state receives 22% of the gaming revenues as the owner of the facility. The difference is 15% of revenues, taken from the track's portion of revenues. Those dollars are used to enhance purses and create programs which encourage breeding and ownership of Kansas bred greyhounds and horses.

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on May 2, 2011, in Room 144-S of the Capitol.

Rita Osborn, President, Kansas Quarter Horse Association, appeared in support of the bill. ([Attachment 4](#)) The bill would allow the horse and greyhound racing industry to be a part of the state's agricultural economy while bringing investment and jobs back to the rural sections of Kansas.

Dale Ogelsby, Mayor, Galena, Kansas, spoke in favor of the bill. ([Attachment 5](#)) The bill would amend the required investment amount of at least \$50 million in the Southeast Kansas Gaming Zone for infrastructure including ancillary lottery gaming facility operations, and would require a privilege fee of \$5.5 million in the Southeast Kansas Gaming Zone. Current law requires an infrastructure investment of \$225 million and a \$25 million privilege fee. Mr. Ogelsby stated that the \$50 million is a reasonable minimum investment, equal to the Dodge City requirement, and will encourage development in the southeast zone and help an area that is in need.

Craig Hull, Executive Director of Tourism of Southeast Kansas, presented Blake Benson, President, Pittsburg Area Chamber of Commerce, the written testimony in support of the bill. ([Attachment 6](#)) The bill would modify the investment requirement for casino developers in the Southeast Gaming Zone.

Jim Emerson, Crawford County Council, presented Linda Grilz, Crawford County Commission, the written testimony in support of the bill. ([Attachment 7](#)) The bill has the potential to have significant positive impact on Crawford County as well as the State of Kansas. Mr. Emerson also presented the testimony of Linda Grilz, President, TRAK Southeast, in support of the bill. ([Attachment 8](#)) The bill would provide economic growth for Southeast Kansas.

Kaylee Hurt, Flying D Training Stables, Lane, Kansas, spoke in favor of the bill. ([Attachment 9](#)) The bill would bring racing back to Kansas, and the revival of horse and greyhound racing will increase the value of dogs and horses, and most importantly, the agricultural businesses of Kansas.

Written testimony in support of the bill was provided by:

Representative Bob Grant, ([Attachment 10](#)) on the voter results on the Gaming Questions. Donald Pyle, Crawford County Clerk, ([Attachment 11](#)) the bill reduces the amount of the minimum that must be invested in lottery gaming facility operations in order to construct and operate a destination casino in the Southeast Kansas Gaming Zone. Bob Kmiec, Chairman, Crawford County Commission/Carl Wood, 3rd District County Commissioner, ([Attachment 12](#)) the bill will have significant positive impact on Crawford County. Travis Bartley, Greyhound Operator, Abilene, Kansas, stated that for the state to maximize the benefit it can receive from a vibrant greyhound industry, racetracks providing live racing must be allowed. ([Attachment 13](#)) Huey York, former Mayor Baxter Springs, the Cherokee County voters overwhelming approved a casino referendum by a 70% margin in 2007, and the taxpayers and unemployed support the bill. ([Attachment 14](#)) A grassroots campaign signed by supporters to bring back racing to Kansas. ([Attachment 15](#)) - Attachment 15 is with original minutes **only** – 434 pages of petition signatures are not scanned.

Opponents:

Dave Heinemann, Stand Up for Kansas, spoke in opposition to the bill. ([Attachment 16](#)) Mr. Heinemann stated that passing the bill would bailout a dying racetrack industry and would be bad public policy; revenue and quality of state-owned destination casinos would be reduced, and lowering the investment in the southeast gaming zone will create a regional casino, not a destination casino.

Written testimony in opposition to the bill was provided by:

Ron Hein, on behalf of the Prairie Band Potawatomi Nation, the passage of the bill threatens the progress made in northeast Kansas, and represents a backward step not only in the progress of Native Americans, but in the relationship between the state and the Tribal communities. ([Attachment 17](#)) Mike Taylor, Unified Government Public Relations, the investment levels to number of slot machines allowed the bill restructures the entire gaming landscape in a way which puts the destination casinos at a competitive disadvantage. ([Attachment 18](#)) Jeff Boerger, President, Kansas Speedway Development Corporation/Karen Bailey, Director of Public Affairs, Penn National Gaming, are opposed to the bill that would unfairly enhance the competitive position of The Woodlands, located less than three miles from the Hollywood Casino at the Speedway. ([Attachment 19](#)) Janice Hellard, Executive Director, Sumner County Economic Development Commission, requested the committee to not take action on the bill till next year, to give the

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on May 2, 2011, in Room 144-S of the Capitol.

projects that are in construction to be completed. (Attachment 20) Cindy Cash, President/CEO, Kansas City Kansas Area Chamber of Commerce, respectfully opposes the bill. (Attachment 21)

Chairman Brungardt closed the hearing on **SB 241**.

The next meeting is scheduled for May 4, 2011. The meeting was adjourned at 9:55a.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE 5-2-11

NAME	REPRESENTING
Kevin Berane	SCED
LEE Smith	KQHRA
Bob Marshall	KS Senate
J.P. SMALL	KQHRA
DAVE HEINEMANN	STAND UP FOR KANSAS
Doug Gatewood	Ks. House
Jessie Fuqua	Cloud County Com. College
Kristen Bulmer	Cloud County Community College
Brian Harding	Cloud county community college
D. William J. McGuire	McGuire Thoroughbreds
Doug Lawrence	KGA
TRAVIS BARTLEY	KGA
Tracy Wilkey	KGA
REGINA LAYMAN	KQHRA
William H MAY	KQ HRA
David Kile	KQHRA
Kaylee Hurt	KQHRA
Tom Long	KQHRA
Patricia E. Weelberg	KQHRA & KTA
Ryan Dyer	Prairie Band Potawatomi Nation
Patrick Shurley	Pennsylvania
Carl R Wood	Crawford Co. Commission
Joe Grisolan	Crawford County
Craig Holl	Crawford County CVB
Jim Emerson	Crawford County
Jeff Rutland	KQHRA

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE 5-2-11

[illegible]

State of Kansas

Senate Chamber

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BOB MARSHALL

SENATOR, THIRTEENTH DISTRICT
CRAWFORD, CHEROKEE AND BOURBON COUNTIES

Chairman Brungardt and members of the Federal and State Affairs committee, thank you for allowing me to testify on this bill to amend the existing gaming bill. Among other things this bill would reduce the minimum investment and the privilege fee for the southeast gaming zone, and set percentages for the distribution of racetrack slots revenues. Some of the features of the bill:

1. SE gaming zone minimum investment of \$50 million and privilege fee of \$5.5 million.
2. Maximum of 2800 slots (total) at racing facilities. Minimum of 600 and maximum of 1200 slots per track. Privilege fee of \$2500 per slot.
3. 58% of racetrack slots revenue to the race facility manager.
4. 22% of racetrack slots revenue to the state.
5. 7% of racetrack slots revenue to the horse racing purse supplemental fund.
6. 7% of racetrack slots revenue to the greyhound racing purse supplemental fund.
7. 3% of racetrack slots revenue to city/county/counties in the gaming zone.
8. 2% of racetrack slots revenue to problem gambling.
9. 1% of racetrack slots revenue to the Kansas horse racing benefit fund.

New sections 1 through 3, and amendments there to, shall be known and may be cited as the Kansas agricultural opportunity act, and shall provide for a framework for encouraging economic opportunity in rural Kansas through the expansion of horse and greyhound ownership, breeding and investment.

Thank you for your time and consideration.

(2)

Testimony
SB 241
Senate Federal and State Affairs Committee

Doug Lawrence
Executive Director, Kansas Greyhound Association
Abilene, KS
May 2, 2011

Chairman Brungardt, Committee members:

My testimony will focus on three points.

1. SB 241 is very similar to last year's legislation supported by the racing industry.
2. SB 241 is a job creator in rural Kansas
3. Live Racing enhances state revenues and benefits the racetrack gaming operations.

SB 241 as proposed

All provisions in SB 241 were included in legislation proposed in this committee and were considered on the Senate floor last year. We have not included provisions which would have allowed a second vote in Wichita. While we support reopening Wichita Greyhound Park, we recognize the controversial nature of that provision and would like to focus on the other track locations.

SB 241 creates jobs in Rural Kansas

The focus of the purse supplements associated with the slot machine operations generates revenues that will encourage horse and greyhound operators to make significant new investment in breeding and training. Those dollars, in the form of purses will flow back into communities all over Kansas. Not only will there be increase employment in the farms, local community businesses will feel the direct impact as demand for goods and services increase. The KGA has completed economic impact studies in recent years that suggest our industry alone

could add nearly 3,000 jobs in the state, not including jobs associated with the racetrack operations.

Live Racing increases revenues for the state

Far from a dying industry, there is growing evidence that a well operated racetrack facility that is properly marketed to maximize the benefit of live racing can grow slot revenues, pari-mutuel handle, property taxes and payroll taxes. All of those revenues mean increased revenues for the state. You only need consider the recent success of Remington Park, in Oklahoma, Southland Greyhound park to realize that good operators who are committed to the racino model for the live racing industry.

Live racing brings additional people to the facility. That increased attendance means more slot revenues, more food and beverage, and other entertainment opportunities.

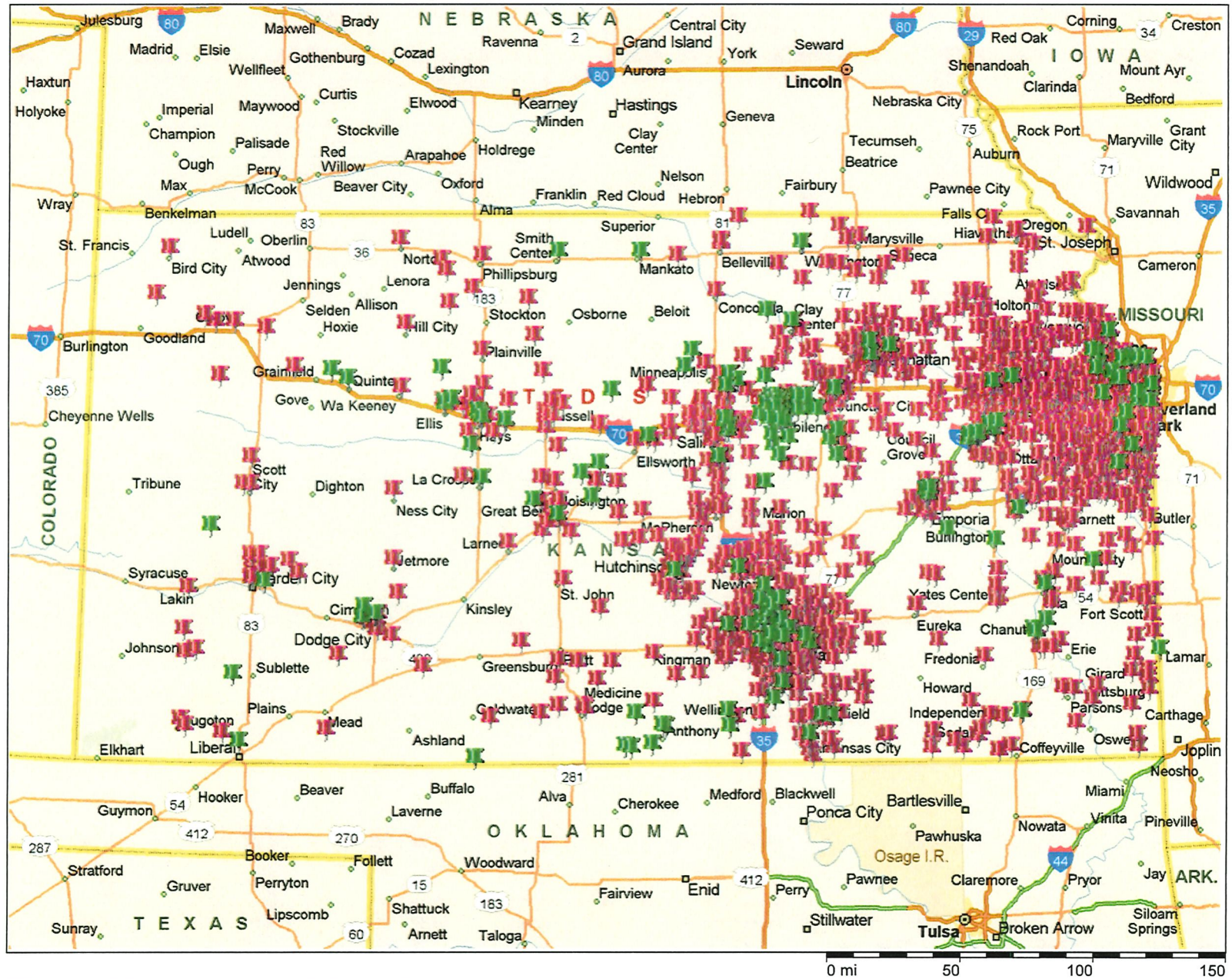
SB 241 creates jobs, and provides long term economic growth for rural Kansas. We urge your support for this important legislation.

Horse and Greyhound Industry in Kansas 2

Pushpins

greyhound operat...

Horse operators



Tribe's investment since track purchase tops \$15M

By MURRAY EVANS

OKLAHOMA CITY

A subsidiary of the Chickasaw Nation unveiled its multimillion dollar refurbishment of Remington Park on Thursday, a day before the start of the track's quarter horse meet, including an infield video board with what track officials describe as the largest at any American racetrack with a casino.

When Remington Park opened in 1988, it was considered a crown jewel among U.S. horse-racing tracks, but it fell into disrepair before Global Gaming RP LLC, a subsidiary of the Oklahoma-based American Indian tribe, bought it 14 months ago. When the company applied for a racing license, it promised the Oklahoma Horse Racing Commission it would spend \$12 million on refurbishment.

Global Gaming CEO John Elliott said the Chickasaw Nation's gaming arm now has spent more than \$15 million on Remington Park since buying it in January 2010 from bankrupt Magna Entertainment Corp. for \$80.25 million.

"We've approached it as an entertainment facility," Elliott told The Associated Press. "The more amenities, the more entertainment you've got for people, the more likely you are to get them out here."

State regulators and local horsemen had high hopes for Remington Park and its casino under Global Gaming's ownership because of the Ada-based tribe's local roots and its success in operating casinos elsewhere in Oklahoma. Those expectations have been exceeded, said Constantin Rieger, the executive director of the state racing commission.

"I have to say, as a regulator, everything they told us they were going to do has already happened at warp speed," Rieger said. "They are continuing to upgrade the facility, to make it as aesthetically pleasing to patrons as they can."

In 2010, Remington Park set an attendance record, drawing 1,756,616 fans. Total wagering on thoroughbred racing at the track last year was \$54,179,243, a jump of 48.3 percent compared to 2009.

It's no secret the racing industry is struggling in many parts of the U.S. and Remington Park's success under Global Gaming is gaining notice, Rieger said. Along with the new ownership, he credited the passage of State Question 712 in 2004, which allowed for casinos at Oklahoma racetracks in an attempt to keep them on solid financial footing.

According to the American Gaming Association, Oklahoma is one of 13 states that have racetrack casinos.

"People see the numbers, obviously," Rieger said. "They call and ask, 'What the heck is going on?' I just said, 'Whatever was supposed to happen, it's coming to fruition.' It's taken somebody to say, 'We're going to make this happen.' This group is strong enough and committed enough to get it done."

Remington Park's success "is an anomaly, but it's wonderful," Rieger said.

The new video board touts a 30-foot-tall by 60-foot-wide main screen and a 17-foot-tall by 60-foot-wide second screen, giving Remington Park more than 3,100 square feet of video display space. Track officials say the big screen, made by Daktronics, is the largest at a North American racetrack that has a casino.

"It's gorgeous," said Scott Wells, the track's general manager. "It's going to heighten the entertainment. In today's world, people expect a video presentation to be part of their entertainment when they go to a sporting event. We've been working for months on programming and content and how to maximize its use."

As recently as this week, crews were pulling out television sets that dated to the track's opening, replacing them with large flat-screen models. Major renovations have started on the track's clubhouse level and on the ground floor, the current concession area is being transformed into a Mexican food eatery.

Elliott said plans still remain to build a hotel at the track within a few years, but Global Gaming's initial concern was bringing the physical plant up to what the company deems an acceptable level.

Now, he said, "we're not talking about worrying about things that leak or physical appearances. Going into 2012, we're more into what I call the ongoing fine-tuning process. What new amenities will help customers?"

He said another tribal subsidiary, Global Gaming LSP, is continuing in its efforts to gain a racing license in Texas so that it can complete the purchase of Lone Star Park in Grand Prairie, Texas. Elliott said he hopes that process to be complete by the end of the year.

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**Testimony
SB 241
Senate Federal and State Affairs Committee**

On Behalf of the Kansas Greyhound Association

Tracy Wildey

Vice President/Legislative matters

April 29, 2011

Mr. Chairman and Committee members:

My name is Tracy Wildey; I own a greyhound farm in Abilene, Kansas. It is a farm that I inherited from my father several years ago. I returned to Kansas to continue our family legacy in the greyhound business.

My testimony focuses on job creation.

Governor Brownback, and both the Kansas Senate and House of Representatives have properly placed a priority on job creation in rural Kansas. In fact, you have chosen to use tax incentives to encourage investment and job creation in the most rural areas. We applaud that effort.

SB 241 has the very same goals. The Kansas Agricultural Opportunity Act establishes a frame work for new investment and job creation all across Kansas. It does so without using tax incentives, while dramatically increasing investment and expansion of the employment base in communities of all sizes.

Under current law, Casino managers keep 73% of the total gaming revenues to pay expenses of the operation and make a profit. The job creation is generally limited to the zone in which the facility is built. The state receives 22% of the gaming revenues as the owner of the facility.

With the amendments proposed in SB 241, the racino managers will keep 58% of the total gaming revenues to pay expenses and make a profit. The job creation generated from the track payroll and operations will likewise create jobs in the general area of the facility. The state would receive the same 22% as it does from the casino contracts. The difference is 15% of revenues, taken from the track's portion of revenues. Those dollars are used to enhance purses and create programs which encourage breeding and ownership of Kansas bred greyhounds and horses.

We have discussed the impact of the Horse and Greyhound Industry many times before this committee. The greyhound industry in Kansas generates millions of dollars in jobs and investment in our state. A very high percentage of those dollars are spent at the local level in rural Kansas. We believe more than 5,000 jobs will be created with the passage of this legislation.

The Kansas Quarter Horse Racing Association

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April 29, 2011

SUPPORT SB 241

I'm here to ask your support to do what is right for Kansas; to allow the horse and greyhound racing industry to be a part of the state's agricultural economy while bringing investment and jobs back to the rural sections of Kansas.

Kansas has been one of the leading states in the nation in the production of horse and greyhounds destined for the racetrack for many years. Since 1872, we've offered organized racing in our state attracting breeders, trainers and fans that all add value to the economic impact we can make to the state. Yet today, there is no racing in Kansas.

In 1986, the people of Kansas voted a constitutional amendment to allow parimutuel horse and greyhound racing in the state, recognizing the economic importance of the industry. Three years later, the Woodlands opened up with some of the best year-round greyhound racing in the country and followed a year later with 72 days of prime live horse racing. The growth and new investment throughout the state was tremendous. We finally had a first-class racetrack in our state that offered good opportunity to race our animals. Wichita Greyhound Park also opened in 1989 offering yet another important venue for greyhounds. But as the proliferation of the lottery, Tribal Gaming and Missouri riverboats moved in, the tracks were no longer the only place to make a bet. As the shift from betting on horse and greyhound races shifted to casino-style gambling, the revenue source for racing has taken the hit.

Since 1996, we have come to you explaining the demise of our industry, asking that expanded gaming be allowed to contribute to the agri-businesses of Kansas by allowing slot machines at the racetracks. We got close to your approval several times but still seemed that we were caught in the cross-fire of those for and those against expanded gaming in the state. Eventually, the racing industry made the political decision to team up with the so-called destination casinos. Finally, in 2007 a law was passed that seemed to give the proponents of expanded gaming what they wanted, not knowing that the racetrack side of this legislation was flawed to the extent it simply would not work, financially, for the track owners to proceed. Ultimately, every race track in the state closed its doors leaving our industry without a single place to race, leaving no reason to produce more animals for the track.

I'm quite sure good intentions were there from that legislative body to give our industry the opportunity it needed, but the law was flawed. It needs to be fixed in order to allow us to help spur the economic growth our state so badly needs, especially in the rural and agriculture areas of the state.

This isn't about whether we are for or against any form of gambling. The truth is, many respected Americans today enjoy gambling as a chosen form of entertainment. Don't polarize your feelings on something that Kansas already has at the expense of a long-lived tradition and contributor to our great state. Help get the racetracks back open, the horses and greyhounds back running again and the farms back in business. **Support SB 241 with your vote.**

Rita Osborn
 President KQHRA

Sn Fed & State
 Attachment 4

5 - 2 - 11

Good morning Mr. Chairman and committee members. I am Dale Ogelsby, mayor of Galena. Galena is the most southeast city of Kansas sitting on the Kansas/Missouri border and 4 miles north of Oklahoma's Downstream Casino, which sets on the Kansas/Oklahoma border.

I have worked, or have been drug into, the gaming proposals since 1993. This is not a question about expanding gaming, we have twelve facilities within 25 miles of Galena and southeast Kansas voted almost 70% in favor of having a facility in Southeast Kansas. This is a question of bringing jobs to Kansas. I continue to see Kansas dollars driving across the Oklahoma border and ask that the committee consider supporting SB 241 so Kansas has an opportunity to bring revenue not only from Kansas but in to Kansas as well.

Fifty million dollars is a reasonable minimum investment, equal to the Dodge City requirement, that will encourage development in the southeast zone and help an area that needs it. My entire valuation of Galena is only \$11 million so you can imagine what the addition of a \$50 million facility would mean to us. It may not be much for larger richer communities but for us it is huge. This amount is a reasonable business investment that will ultimately benefit the entire state.

Thank you for your consideration and I respectfully ask for your support of SB 241.

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Legislative Testimony
Support of Senate Bill 241
April 29, 2011
Testimony before Senate Federal and State Affairs Committee
Blake Benson, President, Pittsburg Area Chamber of Commerce

Good morning, Chairman Brungardt and members of the committee, and thank you for the opportunity to address you this morning. On behalf of the Pittsburg Area Chamber of Commerce, I come before you today to urge your support for Senate Bill 241 that would modify the investment requirement for casino developers in the Southeast Gaming Zone.

In the current economic environment where revenues are flat and needs are plenty, the chamber feels that expanded gaming in southeast Kansas is an attractive option for increasing the state's revenue and supporting vital government services without increasing taxes on residents or businesses. However, unlike taxes, gaming provides Kansans the choice of whether or not to contribute. To us, that's as fair of an equation as you'll find. However, those who do choose gaming as a form of entertainment are also helping to support state services, such as highways, the education system and Medicaid, that we all use.

Some have questioned the sustainability of gaming in Crawford or Cherokee Counties. The numerous Oklahoma casinos located just 30 miles from Pittsburg have proven, without a doubt, that a casino can survive in our area if given a fair arrangement. These casinos are not only surviving, they're thriving, due in large part to the number of Kansas residents that patronize the Oklahoma casinos on a regular basis. For us as a border community, it's especially damaging because those people typically then go on to Joplin to eat dinner, catch a movie, do some shopping and fill their gas tanks before returning home to Kansas. Kansas businesses, Kansas workers and Kansas residents don't see a dime.

Thanks to Commissioner Grilz and the Crawford County Commission, the chamber has administered the county Convention & Visitors Bureau since its inception in 1998, and we have seen numerous occasions when southeast Kansas lost a professional conference or a carload of tourists because there was little to do when they were here. Thanks to the investment by the state in a four-lane Highway 69 from Kansas City to Fort Scott, we've already seen an increase in the number of tourists traveling through our area. With future plans calling for this four-lane progress to continue all the way to Interstate 44, there's no doubt that our area will one day be located along one of the Midwest's primary north-south routes and will be a regional center for commerce, tourism and education. Entertainment is a big key to that puzzle.

Regardless of whether people initially travel here for our cuisine, to catch a PSU football game, or visit the Veteran's Memorial, there's little to hold visitors like this in our area once they finish with their original plans. So they move on. They move on to Joplin, Tulsa, Springfield, Northwest Arkansas or somewhere else that has the entertainment they crave. That's where they spend their money and that's where we, as Kansans, all lose. That is unacceptable.

Distinguished members of the committee, we're not asking for a handout. We ask only that you give us the tools we need to help ourselves. Senate Bill 241 would not only make southeast Kansas more economically viable for our benefit, but all of Kansas. We realize that a handful of communities around the state, many of them represented by those of you on this committee, generate the revenue that powers the rest of the state, including us. We want to become an economic engine that can not only support ourselves, but also one that joins with you in powering all of Kansas. Senate Bill 241 can make that happen and I hope that you'll make it a reality by voting yes.

Thank you again for your time and consideration.



CRAWFORD COUNTY
KANSAS

April 29, 2011
Senate Federal and State Affairs Committee
Hearing on Expanded Gaming, Senate Bill 241

I am before you today to testify in support of Senate Bill 241 as this bill has potential to have a significant positive impact on Crawford County as well as the State of Kansas. Senator Marshall calls this a "Jobs Bill" and the Crawford County Commission agrees with this terminology.

I testified on similar legislation in January of 2010, when the unemployment rate in Crawford County was 6.8%. Today that rate is 8.4%. We look at any bill on Expanded Gaming as an Economic Development we could use to turn that unemployment rate around.

We desperately need jobs in Crawford County and Southeast Kansas.

In addition to construction jobs getting the facility ready, reopening Camptown Greyhound Park would bring numerous and subsequent administrative, service, and residual jobs in our county and immediate region.

These jobs are desperately needed in Crawford County and Southeast Kansas.

Crawford County and the State of Kansas would benefit from increased property tax and sales tax that a destination casino and/or racing facility would generate. Senate Bill 241 gives Crawford and Cherokee Counties an opportunity to compete for entertainment and tourism dollars that are currently lost to Oklahoma Indian Casinos.

These jobs are desperately needed in Crawford County and Southeast Kansas.

I urge your support of Senate Bill 241 . . . give us a chance to turn that unemployment rate around.

Linda K. Grilz

Crawford County Commission

Sn Fed & State
Attachment 7

5-2-11

April 29, 2011
Senate Federal and State Affairs Committee
Hearing on Expanded Gaming, Senate Bill 241

I am before you today representing The Racing Association of Kansas, Southeast (TRAK Southeast). TRAK Southeast holds the license for greyhound racing at Camptown Race Track in Frontenac and has been in existence for more than 20 years. We have specific duties related to racing as outlined by the Kansas Racing and Gaming Commission, one of which is to distribute a portion of the wagered dollars to non-profit groups in our area. Unfortunately in that twenty-year period, we have only been able to do this twice. The ability to distribute these funds lies with reopening Camptown and we strongly urge your support of Senate Bill 241.

With the current economic climate of our state and county, the need to support non-profit organizations is greater now than it ever has been. We want you to realize that for rural Kansas, tweaking the existing gaming bill to allow the reopening of Camptown Greyhound Racetrack is every bit as important as an industry or business would be. It would provide jobs. It would provide economic growth. It would provide tourism that business in our area could capitalize on.

We are asking you to make the necessary changes in previous legislation and strongly urge you to support Senate Bill 241.

Linda K. Grilz

President, TRAK Southeast

Good Morning to the members of the committee.

I would like to introduce myself as Kaylee Hurt and wish to take this moment to thank you for giving me this opportunity to speak.

As a member of the KQHRA Board I should use this brief time to quote you facts and figures but with respect to your knowledge on this matter, I prefer speaking on the agricultural reason for being here.

I was raised on my great-grandfather's ranch now under the management of my father, raising cattle and training both Quarter and Thoroughbred Horses for racing. What I would like to express to you today is those people and businesses that make the working mechanics of our ranch successful. Our day starts with feeding time. With thought given to that there are loyal farm employees who harvest the hay crop for the year as well as the feed stores we purchase our feed from. With the truck drivers who transport the feed to our farm the list of people in this simple task alone is in the double digits. All in all just to feed our horses twice a day and stall maintenance materials there are approximately ten people involved not to mention our stable crew who actually does the feeding and labor each and everyday.

We maintain the health and welfare of our animals by employing approximately five veterinarians if you take into consideration our owners vets as well as our farm veterinarians and specialists. We have as many as a dozen veterinarians and there many employees throughout any given year between our owners and our stable.

We have our stable farrier and with our owners it would be acceptable to say a half dozen farriers along with their suppliers are employed with respect to the animals we train.

When considering the businesses within the agricultural industry of Kansas we can not forget the many tack and equipment dealers that are needed for us to be successful. We actually have approximately five different tack and equipment businesses in our area that we can rely on to keep us in business.

With our farm we must consider the tractor and field machinery dealers that we not only purchase our equipment from but are available to keep the machinery repaired and maintained. We have approximately three dealers in our area that our farm can depend on for this huge task. With multiple employees used with these two operations one can see that the number of employees could be as many as thirty maybe more.

We must not forget the six trucks that we purchase and maintain on our farm along with the four trailers that are a must for us to transport the animals and the equipment to be successful. With our owners bringing in horses regularly to use our facilities this number of trucks and trailers is five times that number. Considering that number in automotive and trailer dealerships and maintenance crews one can easily see that the number of businesses and employees used in this area is monumental.

One cannot overlook the Insurance companies used by our farm as well as by our owners with regard to their animals, their farms, the trucks, trailers, and equipment. The accident insurance and liability coverage that these companies provide is a productive business,

Another consideration is our contribution to the fuel, food, and clothing business. You, yourselves can do the math on the entertainment we and our owners can invest while spending a weekend at the race track.

It is no doubt that our family farm and training stable benefits from more than forty Kansas businesses employing more than 150 people. I ask you to consider this fact and the thought that our dozen owners have similar type businesses they benefit from. This should clearly display to you that the entire Kansas economy can benefit when these businesses thrive.

I grew up admiring the grass roots of Kansas and hope to influence you and others to bring racing back to Kansas. We need the understanding that the revival of horse and greyhound racing will increase the value of all our horses, dogs, and more importantly the agricultural businesses of Kansas.

Thank you for allowing me to speak for the future success of Kansas businesses.

Kaylee Hurt
KQHRA BOARD MEMBER

ROBERT "BOB" GRANT

REPRESENTATIVE, 2ND DISTRICT
MOST OF CRAWFORD COUNTY
AND PART OF CHEROKEE AND
BOURBON COUNTIES
407 W. MAGNOLIA
CHEROKEE, KANSAS 66724
LEGISLATIVE HOTLINE 1-800-432-3924



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

RANKING MEMBER: FINANCIAL INSTITUTIONS
INSURANCE
MEMBER: AGRICULTURE & NATURAL RESOURCES
TRANSPORTATION
SPECIAL CLAIMS AGAINST THE STATE
STATE BUILDING CONSTRUCTION

Testimony in Support of Senate Bill 241

May 2, 2011

Chairman Brungardt and members of the Senate Federal and State Committee. Thank you for the opportunity to appear before you today in favor of SB 241.

This bill deals with the Southeast Kansas Gaming Zone only and its purpose is to lower the amount of investment for the casino and the percentage from the machines at Camptown Greyhound Park going to the State of Kansas. In the past, people have tried to sell the gaming issue as a benefit to the State. I am not going to attempt to do that. What I am going to try and convince you of is the benefit it will be to Southeast Kansas by providing jobs to the people there which are needed in these hard economic times.

The people in the Southeast Kansas gaming zone, Cherokee and Crawford Counties, voted approximately 65 to 70 percent that they favored allowing slots at Camptown Greyhound Park and for a casino to be built in either county.

The people in Southeast Kansas are suffering economically due to this difficult recession. The jobs at the Camptown facility, jobs at a casino, construction jobs and other employment this bill would help provide would help a great deal. Attached are the election results from Cherokee and Crawford counties on the gaming question.

Legal gambling is already taking place in the State of Kansas, all we are asking is to make it a little more workable so it can be successful in Southeast Kansas.

Thank you for the opportunity to present testimony to you. I would be glad to answer questions at the appropriate time.

Crystal L. Gatewood

COUNTY CLERK
CHEROKEE COUNTY
620-429-2042
FAX 620-429-1042
COLUMBUS, KANSAS 66725

2007 SPECIAL GAMING ELECTION

JUNE 5, 2007

CHEROKEE COUNTY, KANSAS

PRC COUNTED (40) TOTAL

BALLOTS COUNTED (6,739) TOTAL

REGISTERED VOTERS (13,862) TOTAL

SPECIAL QUESTION

YES (4,681) TOTAL 69.42 PERCENT

NO (2,058) TOTAL 30.58 PERCENT

OVERVOTES (5) TOTAL

UNDERVOTES (11) TOTAL

1,882 ADVANCE

63 PROVISIONAL

Off. the County Clerk **Donald P. Pyle**
Crawford County Courthouse
PO Box 249
Girard, Kansas 66743

620-724-6115
620-724-6007 fax
countyclerk@ckt.net
www.crawfordcountykansas.com



January 25, 2011

State Representative Bob Grant
Mail Room 451 S
State Capitol Building
300 S W 10th Street
Topeka, KS 66612

Re: Gaming Questions in Crawford County, Kansas

Mr. Grant,

I am writing this letter to give you an accurate picture of the voting in Crawford County on the Gaming Questions that were on the ballot for the April 2005 General Election. The Crawford County, Kansas Board of County Commissioners called for an advisory election pursuant to Kansas Statute 19-101a. The results of the advisory election are as follows:

Question Submitted Number 1 – "Should the Kansas Lottery be authorized to contract for operation of a destination casino in Crawford County, Kansas?" The results were 5,919 or 62.02% "Yes" votes and 3,625 or 37.98% "No" votes.

Question Submitted Number 2 – "Should the Kansas Lottery be authorized to place video lottery terminals in Crawford County, Kansas?" The results were 5,791 or 60.78% "Yes" votes and 3,737 or 39.22% "No" votes.

These are the true and accurate results of the General Election held on April 5 of 2005. I would be glad to answer any questions about this election. These election results may also be viewed on our county website at <http://www.crawfordcountykansas.org/ccn/nsf/deptpages/County-Clerk~Previous-Election-Results> by clicking on the link to 2005 Spring General Election Results. Thank you.

Sincerely:

A handwritten signature in blue ink that reads "Donald P. Pyle". The signature is written in a cursive, flowing style.

Donald P. Pyle
Crawford County Clerk
countyclerk@ckt.net

Office of the County Clerk

Donald P. Pyle

Crawford County Courthouse
PO Box 249
Girard, Kansas 66743

620-724-6115
620-724-6007 fax
countyclerk@ckt.net
www.crawfordcountykansas.com



CRAWFORD COUNTY
KANSAS

April 26, 2011

Honorable Kansas State Senator Pete Brungardt, Chairman, Senate Committee on Federal and State Affairs and Distinguished Members of the Committee

Re: Senate Bill Number 241, Amendments to the Kansas Expanded Lottery Act

Chairman Brungardt and Distinguished Committee Members,

In my capacity as Crawford County Clerk, I am very supportive of Senate Bill Number 241. This bill reduces the amount of the minimum that must be invested in lottery gaming facility operations in order to construct and operate a destination casino in the Southeast Kansas Gaming Zone. I feel this reduction will make it more attractive to build a casino in our zone.

Construction of a casino in the Southeast Kansas Gaming Zone will provide a tremendous boost to our local economy. It is already apparent that these operations can be very profitable in this area and it would be smart to have this industry contribute to the economic stability of the State of Kansas and not just benefit the Indian tribes of Oklahoma. If we can establish a casino that is as profitable as the Boot Hill Casino in Ford County it will benefit the local economy, the local governmental entities and the State of Kansas. The Boot Hill Casino is on track to provide nearly \$1.2 million to the local taxing entities and over \$8.5 million to the State of Kansas in casino revenues for the year from July 1, 2010 to June 30, 2011. In addition to this, the Boot Hill Casino paid over \$1.15 million in 2010 property taxes that were distributed to the state, city, county, school district and other taxing entities. This does not even consider the payroll taxes generated by 300 plus jobs and the relief to our state unemployment fund.

I urge you to support this bill as it will have a very positive impact on our region and the entire State of Kansas. Thank you very much for your time and attention to this matter.

Sincerely,

Donald P. Pyle
Crawford County Clerk
countyclerk@ckt.net

(12)

Board of County Commissioners Crawford County Courthouse
PO Box 68
Girard, Kansas 66743

620-724-6115
620-724-6007 fax
www.crawfordcountykansas.org



April 29, 2011

TO: Senate Federal and State Affairs Committee

FROM: Bob Kmiec, Chairman, Crawford County Commission
Carl R. Wood, 3rd District County Commissioner

SUBJECT: Senate Bill 241

Chairperson Brungardt and Committee Members:

This morning you will hear from Linda K. Grilz representing the Crawford County Commission regarding the importance of Senate Bill 241. We thank you for the opportunity to provide additional written testimony in support of Senate Bill 241.

Senate Bill 241 will have a significant positive impact on Crawford County and the State of Kansas. The initial construction jobs and subsequent administrative and service jobs are desperately needed in Southeast Kansas. Recent unemployment figures show Crawford County's unemployment rate well above the statewide average of 7.1%.

The positive impact of gaming in Kansas can no longer be ignored. Recent data from the Boot Hill Casino located in Dodge City show current employment ranges between 275 and 300 employees. Projected employment after the addition of a hotel and a planned casino expansion will raise those numbers to between 500 to 600 employees. We would expect to see similar if not better job creation figures from a casino in the Southeast Gaming Zone and a racino in Crawford County.

We thank you for the opportunity to present written testimony in favor of job creation for Kansas and urge your support for Senate Bill 241.

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**Testimony
SB 241
Senate Federal and State Affairs Committee**

Travis Bartley
Abilene, KS
April 29, 2011

Chairman Brungardt and Committee members,

My name is Travis Bartley. I am a third generation greyhound operator in Kansas. I graduated from Emporia State University where I met my wife Kim. We have been married for 3 years we have a son Jake who is two. My wife is the shoe buyer for the Alco-Duckwall Company in Abilene. When I'm not at the farm or spending time with my family, I coach baseball at Abilene High School and help run camps and coach in the summer.

My younger brother AJ, who is an electrician in Abilene, helps out on the farm during the weekends. If live racing were restored in Kansas AJ would like to return to the farm full time.

My younger sister Kate is also working the family farm full time with me. She has a daughter Lily who is five. Kate is finishing her associate's degree as a paralegal. Our family would much rather stay in the greyhound business because it is what we know and love and are very passionate about.

I see firsthand every day the importance of our industry in Kansas communities. A significant amount of our farm income is spent locally for feed, veterinary services and supply. My family has one of the largest greyhound farms in Kansas.

We have been members in good standing with National Greyhound Association for thirty plus years. Our racing kennels operate in other greyhound jurisdictions around the country. Our substantial income, therefore, comes primarily from out of state, yet we reinvest it in Kansas with our farm operation, contributing to the state's agricultural economy and tax base. My family is one of the top buyers at our NGA auctions each year in Abilene-an event that contributes significant taxes to the state of Kansas through its sales. My family employs several people out of state who have said they would move to Kansas if we get racing back in Kansas.

My wife and I recently sold our house in Abilene, we would love to buy some land and build a house in the country near the family farm. We are concerned that the loss of live racing in Kansas, our family could face a difficult decision to leave the state. My wife's job helps sustain our operations as we wait for the reopening of the state's greyhound tracks.

The closure of the three racetracks in Kansas has cost our state jobs, and investment. There are two parts to the greyhound industry; Farms and Kennels.

Farms breed and raise greyhounds for live racing. That investment is significant and important to our state. Kansas is the largest producer of greyhounds for live racing in the United States.

Kennels provide the greyhounds for racing. In the kennel business, only half of the greyhounds running in a race earn money. It is a competitive process that requires the very best greyhounds to be successful. Greyhounds are highly trained athletes who require a high protein diet to perform at the highest levels. Today, Kansas kennel operators race dogs all over the country, but not in Kansas. It is expensive to run a business in West Virginia or Florida while maintaining your Kansas roots. While our successful Kennel operations do bring significant income back to the state, the jobs created and the expenses paid in another state benefit that state, not Kansas.

For the state to maximize the benefit it can receive from a vibrant greyhound industry, racetracks providing live racing must be allowed. SB 241 provides economic tools to restart this industry in a way that is most beneficial to our state.

I ask for your support for SB 241

Sincerely,

Travis Bartley

19
May 2, 2011

Chairman Brungardt, members of the Senate Federal and State Affairs Committee, my name is Huey York. I apologize for being unable to address you in person. I had made arrangements to appear before you this past Friday. Prior commitments prevent me from being present today. I live in Baxter Springs and am here today to provide testimony in support of SB 241 on behalf of the taxpayers and unemployed in Cherokee County. I had the privilege of appearing before this committee on January 27, 2010. During my testimony, the revenue contributed to the State of Oklahoma that the 11 Tribal casinos located within 25 miles of Baxter Springs was discussed. Today, the Northeast Oklahoma Tribal casinos appear to be weathering the recession just fine. This assessment is based on fiscal 2010 state revenue collected from American Indian tribes operating the casinos. The largest contribution from the Northeast Oklahoma tribes is \$5,706,714 from the Quapaw Tribe which operates the \$300,000,000 Downstream Resort Casino seven miles east of our city limits. The fiscal 2010 figure is a 28 percent increase from the fiscal 2009 total of \$4,467,968. A spokesman for Downstream said "the casino had 2.2 million guests in fiscal 2010, about 200,000 more than it drew the previous fiscal year". Downstream took gaming to another level in our region. It created a new marketplace that has attracted people from outside the area that we can capitalize on. Downstream's parking lot is in Cherokee County. So, 2.2 million guests are parking in Kansas and spending their money in Oklahoma. What if half of those guests visited a casino next door in Cherokee County and spent \$50 (\$55,000,000) on slots or table games? This would amount to \$12,100,000 based on 22 percent of lottery gaming facility revenue for the State of Kansas, \$1,100,000 for Cherokee County and \$550,000 for Crawford County (if gaming facility revenue is based on the gross). If they also spent \$15 for food and / or beverage while visiting, this would be an additional \$16,500,000 of which would contribute \$1,039,500 in state sales tax (6.3%) and \$247,500 in county sales tax (1.5%). This would represent a total of \$13,139,500 in revenue for the State and \$1,347,500 for Cherokee County and \$550,000 for Crawford County.

On June 5, 2007 Cherokee County voters overwhelming approved a casino referendum by a 70 percent to 30 percent margin. The majority of the people who voted in favor of the referendum cited job growth as their reason for supporting it. I believe that all agree that the most important single factor in the road to economic recovery is job creation. If there was a manufacturer that was considering locating a facility in Kansas that had the potential of 500 plus new jobs, we would open our economic development suitcase and offer any and all incentives it contained to entice them to locate in Kansas. In addition to creating much needed jobs in Cherokee County, a State owned casino would pay ad valorem tax, sales tax on food, beverages, sundry items, supplies and franchise fees. Also, all employees would pay state income tax. When taking into consideration the population within a 50 mile radius of Baxter Springs of approximately 350,000 (market size) and the established competition, amending the infrastructure investment to a minimum of \$50,000,000 and the privilege fee to \$5,000,000 is much more realistic than the investment required in the original bill.

I am grateful for the opportunity to testify and urge your careful consideration in moving SB 241 towards approval.

STAND UP FOR KANSAS

P.O. Box 780127 • Wichita, KS 67278 • (316) 634-2674

Testimony to Senate Federal and State Affairs Committee on SB 241

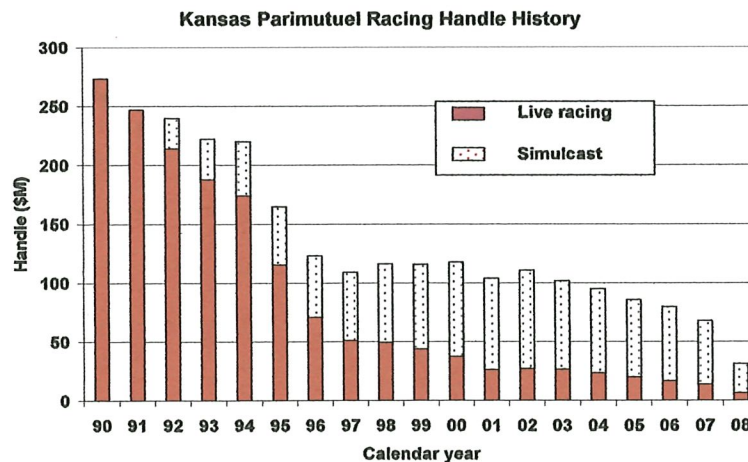
May 2, 2011

Good morning Chairman Brungardt and members of the committee. I am Dave Heinemann. Thank you for this opportunity to speak on behalf of Stand Up For Kansas.

We urge you to VOTE NO on Senate Bill 241 for the following reasons:

1. BAILING OUT A DYING RACETRACK INDUSTRY WOULD BE BAD PUBLIC POLICY

Throughout America, parimutuel racing is a dying industry. Kansas is no exception. The total live handle (amount bet) at Kansas parimutuel racetracks decreased from \$273 M in 1990, when parimutuel racing was introduced, to \$6 M in 2008.



Revenue from racing began declining shortly after the tracks opened. Track owners said simulcasting would stop the hemorrhaging. So, legislators approved simulcasting in 1992. But, simulcasting had no noticeable impact and the handle from live racing continued to decline.

Slot machines at tracks in other states, such as Delaware, Louisiana, New Mexico, New York, Rhode Island and West Virginia, have had little impact on attendance at live races, according to leading economics scholars who study the industry.¹

Bill Thompson, an economics professor at the Univ. of Nevada at Las Vegas says putting casinos at racetracks "does nothing but prop up an ailing industry and line the pockets of track owners."

"Likening racinos to resort casinos that draw a relatively affluent, well-educated clientele is 'a lie,' Thompson said. 'These are joints. Nobody stays overnight to go play slot machines at a racetrack.'"²

Bill Eadington, an economics professor at the Univ. of Nevada at Reno says "while the casino portions make a lot of money, they have done little to stimulate interest in horseracing, and so far there's little evidence of crossover between patrons of the slot machines and bettors at the horse track."³

2. REVENUE AND QUALITY OF STATE-OWNED DESTINATION CASINOS WOULD BE REDUCED

Racetrack slot-machine casinos obtain most revenue from gamblers living within the local area. Minimum cost facilities with few frills and amenities provide little incentive for attracting tourists. (See article on page 4, "The lifeblood of Parx casino in Bucks is low-roller locals.")

A study commissioned by the Kansas Lottery estimated 91% of the revenue from slot machines at The Woodlands would come from gamblers living within 25 miles of the track.⁴

Furthermore, the Kansas City gaming market is highly competitive, because of the number of casinos in the surrounding area. The Lottery study report states,

"... there is a limit to the demand for gaming in Kansas City and in other Kansas markets, even in the less competed ones like Wichita. ... adding racino (slot machine casino at racetrack) facilities to these markets does little to increase demand; instead, adding racinos redistributes a slightly larger pie among more facilities.

"Machines at the Woodlands and Wichita Greyhound Park, and, to a lesser extent, in Pittsburg, inhibit the level of capital that can responsibly be invested in destination casinos in this market."⁵

So, slot machines at The Woodlands would increase tourism very little, while reducing the revenue and quality of the nearby state-owned destination casino in Wyandotte County.

1 Experts on Gambling Say Racinos Have Unconvincing Track Record," The Sunday Challenger (of KY), Feb. 20, 2006

2 *Ibid.*

3 *Ibid.*

4 "The Feasibility of Electronic and/or Casino Gaming in Kansas, Final Report," Prepared by Sebastian Sinclair, President, Christiansen Capital Advisors, LLC and Behavior Research Center, for The Kansa Lottery, March 9, 2004, p. 61

5 "The Feasibility of Electronic and/or Casino Gaming in Kansas, Final Report," Prepared by Sebastian Sinclair, President, Christiansen Capital Advisors, LLC and Behavior Research Center, for The Kansa Lottery, March 9, 2004, p. 104

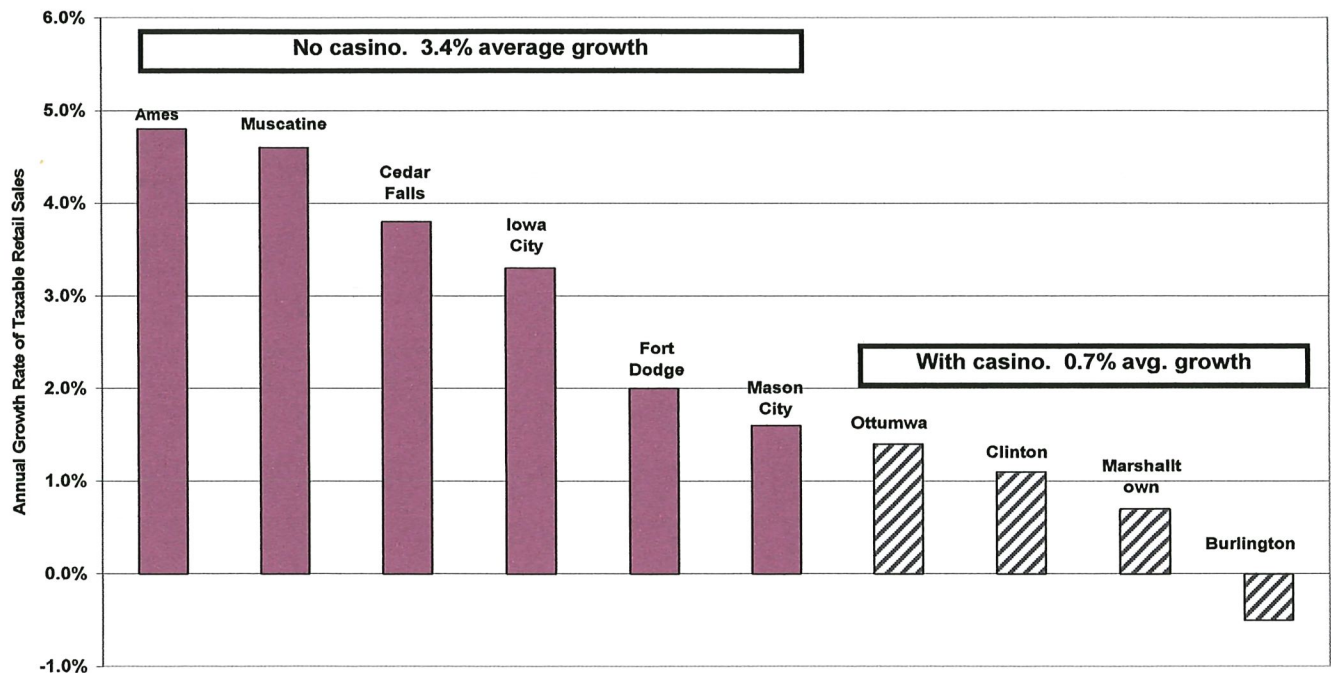
Similarly, Indian casinos in the northeast corner of Oklahoma make the gaming market in southeast Kansas very competitive. Adding slot machines at the Camptown racetrack would make the market even more competitive and reduce the revenue and attractiveness of a destination casino in the southeast zone.

3. Lowering the Investment in the Southeast Gaming Zone Will Create a Regional Casino, not a Destination Casino

A recent study shows clearly a regional casino is a drain on the local economy.⁶

The study of Iowa cities compared the growth rate in taxable retail sales of six mid-size cities **without a casino** to four similar size cities **with a casino**, between 1996 and 2004. Iowa was selected since "as the first state to allow widespread casino operations in recent history, it offers the longest study period for analysis."

The average annual rate of growth of taxable retail sales in the six cities without casinos was 3.4%, compared to 0.7% for the four cities with casinos, as shown below.



"The operation of a casino in a mid-size city, far from contributing to economic development, creates a measurable drain on the economy of the city."⁶

In summary, SB 241 would be bad state policy. We urge you to oppose this bill.

⁶ Loretta Fairchild, PhD. D., Jonathan Krutz, MBA, and Amy Stickney, "Impact of Casinos on Retail Sales in Mid-Size Iowa Cities", Presented at Nebraska Economics and Business Association (NEBA) 2005 Great Plains Business & Economics Fall Conference, Federal Reserve Bank, Omaha Branch, Oct. 28, 2005

The lifeblood of Parx casino in Bucks is low-roller locals

By Monica Yant Kinney
Philadelphia Inquirer Columnist
Sun, Mar. 7, 2010

Las Vegas uses volcanoes, Emeril Lagasse, and spa treatments to make losing seem fun. Philadelphia's casino "experience" is shaping up to be neither entertaining nor exotic, defined instead by hot dogs, cigarettes, and convenience.

For proof, head to Bensalem, where Parx - formerly called Philadelphia Park Racetrack - made \$400 million last year. Impressive for a not-spot plopped among strip malls.

Inside the smoke-filled slots box, much of what casino bosses took for granted has changed. Gone are the days of wooing "whales" and dissing grannies in fanny packs. Parx president Dave Jonas says his revenue comes almost exclusively from local low rollers.

"We underestimated significantly how many trips our customers were going to make," Jonas said at last month's Pennsylvania Gaming Congress in Valley Forge.

"When I was in Atlantic City, to have 12 to 15 trips out of customers, they were VIPs," Jonas said. At Parx, "it's not uncommon for us to have 150 to 200 trips."

Moderator Michael Pollock, a well-regarded casino analyst, paused to digest the statistic. "You said 150 to 200 times a year," he repeated. "That's three to four times a week, essentially."

"Yes," Jonas confirmed, most of his players fit that profile. In fact, because Parx players tend to live within 20 miles of Street Road, many go even more frequently. "We have customers," Jonas boasted, "who give us \$25, \$30 five times a week."

A new way of life

Besides work and the gym, there's no place I go three to five times a week. And, beyond Target and Wegmans, nowhere I drop as much cash.

Jonas should be proud of Parx's haul. But if frequency can portend problem gambling, should he - and we - worry about thousands of people who've made playing a way of daily life? It didn't take much to lure them, beyond proximity, free valet parking, and \$50 comps. "If you live 15 minutes away, you really don't need a room," Jonas told the casino group. His customers "come in, grab a hot dog or maybe a chicken sandwich," gamble three hours, "then go home and sleep in their own bed."

This I had to see to believe. For expert observation, I took C.P. Mirarchi and Kevin Gregan on a field trip last week to Parx.

Mirarchi is a lawyer-turned-counselor (www.thegamblingcounselor.com) who treats fellow gambling addicts through Genesis Counseling Centers, based in Collingswood. Gregan is Mirarchi's boss, a veteran clinician who diagnosed his own addictive potential after "losing the baby's diaper money" in a poker game.

Neither man had been in a casino in years. Both did double takes at the full house we found on a Wednesday at 11 a.m.

Chasing the dream

"You can see that people who may not be doing anything are out doing something that breathes life into them," Gregan noted. "But at the same time, they're watching their money disappear. How many of these people can truly afford to be participating in this activity?"

If most Parx players go three times a week, what to make of the guy who tells me he's there twice a day? Regularity won't automatically breed depravity, but surely everyone knows the house always wins.

"Everybody in there is one pull away from a different lifestyle, one pull away from the dream," Mirarchi said from experience. "The hardest thing for any addict to do is give up that dream."

We tried to get lunch, but Parx's steak house serves only dinner, and the Foodies counter steps away from the casino floor didn't entice.

"This," Mirarchi marveled, "is the McDonald's of gambling." Fast food offers familiarity close to home. So does Parx.

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*Ronald R. Hein**Attorney-at-Law*

Email: rhein@hwchtd.com

**Testimony re: SB 241
Senate Federal and State Affairs Committee
Presented by Ronald R. Hein
on behalf of
Prairie Band Potawatomi Nation
May 2, 2011**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Prairie Band Potawatomi Nation. The Prairie Band Potawatomi Nation is one of the four Kansas Native American Indian Tribes.

PBPN opposes SB 241. The PBPN has traditionally opposed expansion of state gaming, in light of the fact that the Federal Indian Gaming Regulatory Act was enacted in order to provide economic development opportunities to native American Indian Nations. When the Governor refused to negotiate with the Kansas federally recognized native American Indian Nations to provide expanded gaming in Wyandotte County and Southeast Kansas, and instead opted for the State to conduct such gaming, the net affect was to deprive the Native American Tribes of the economic development granted by the federal government. Our Tribe has been a stellar example of what can occur when Tribes were given the opportunity to engage in Tribal gaming. The Tribal unemployment rate dropped from as high as 78% to as low as approximately 7%. The Tribe established a Head Start program, developed a law enforcement center, EMS services, a fire department, housing, an elderly program, and numerous other programs beneficial not only to the Tribal members, but to the community and citizens of Northeast Kansas.

The passage of the Kansas Expanded Gaming Act (KELA) (also known as SB 66) by the legislature threatens the progress made in northeast Kansas, and represents a backward step not only in the progress of Native Americans, but in the relationship between the state and the Tribal communities.

When expanded gaming legislation has been considered over the years, I have had an opportunity to testify on numerous occasions and I have cited what has occurred with gambling historically, and I made some predictions for the future. Many of those predictions are now proving to be accurate.

Ten years ago I predicted that if gambling expansion passed, it would be a slippery-slope, and that the gambling promoters would always need MORE FROM the state and be willing to give LESS TO the state. As state government becomes more reliant on gambling revenue, gambling tends to become more and more expansive.

My specific prediction was that if gambling passed, the promoters of gambling would come BACK to the legislature within years, seeking tweaks in the rules to permit them a

larger share of the pie (higher takes for the gambling promoters, and giving government a smaller share of the take), and seeking reductions in their responsibilities under the law.

SB 241 today proves those warnings true. SB 241, this years bill for slots and southeast Kansas casino changes, goes beyond last year's bill, SB 401. SB 401 was proposed reducing the investment for the southeast Kansas casino to \$100 million, versus SB 241 at \$50 million. SB 241 also cuts the privilege fee in half, versus SB 401.

SB 241 requests less responsibility for gaming interests, a larger share of the revenue for track operators, and a smaller share of revenue for the state for slots at the tracks..

The gambling industry wrote KELA, and I regard it as ingenuous at best to seek a change in the rules at this time for THEIR benefit.

The Legislature should also realize that **IF** the gambling expansion bill that was passed is going to be successful in creating economic development for the state, the way to accomplish that is be encouraging destination casinos that will attract tourists from out of state. SB 241 will promote slot parlors, which will harm the state in two ways: 1) Slots parlors do NOT attract out of state tourists, and so the operations will merely hurt the local economy by pulling dollars out that would otherwise go to other local businesses; and 2) these slots parlors will compete with the Kansas City destination casino, and will lessen that casino's ability to spend money which will promote additional out of state business.

If there is no tourism, then the gambling is simply sucking money out of the Kansas economy, and is stealing from one tax-paying business to put it in the hands of the gambling interests. The gambling interests may pay taxes, too, but there will be no new net income to the state.

Former Governor Kathleen Sebelius commissioned a study of expanded gambling in Kansas. The Governor's Gaming Committee spent a great deal of time researching gambling in the summer of 2004, and made findings as set out following:

"The state should expand gaming in the form of a large **destination** casino. ...The state should **avoid "convenience gaming,"** in which the gaming facilities would merely redistribute dollars within the region. ...The **best location in Kansas for a destination casino is Wyandotte County...**A destination casino should **not** be established **outside of Wyandotte County without convincing and significant evidence of such a venture's viability."**

SB 241 may be good for the people who own the parimutuel tracks, and for those gambling operators who want to build a local convenience (non-destination casino), but SB 241 will be bad for the destination gambling facilities in the state, and it will be bad for Kansas.

On behalf of the PBPN, I respectfully request that this committee vote No on SB 241.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.



Testimony

Unified Government Public Relations
701 N. 7th Street, Room 620
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senate Bill 241 Kansas Expanded Lottery Act

**Delivered May 2, 2011
Senate Federal and State Affairs Committee**

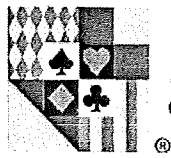
The Unified Government opposes Senate Bill 241.

Senate Bill 241 changes the fundamental financial landscape of the gaming law in an effort to get The Woodlands, Wichita Greyhound Park and Camptown Racetracks re-opened. It is unfair to the Boot Hill Casino in Dodge City and the Hollywood Casino at Kansas Speedway to change the rules at this point in the game. From investment levels to number of slot machines allowed, SB 241 restructures the entire gaming landscape in a way which puts the destination casinos at a competitive disadvantage.

The Hollywood Casino at Kansas Speedway brings much more than gambling revenues. As part of the deal, Kansas Speedway is bringing a second Sprint Cup NASCAR race to Kansas and will construct a Grand-Am road course for sports car racing. The Sprint Cup race alone is estimated to have a \$110-million economic impact. But, if the casino is placed at a financial disadvantage due to the changes proposed in SB 241, some of those "extras" may not be built or continue.

Reopening the gaming law also opens the door to other possible changes which could be detrimental to the Unified Government and other local governments and to development agreements negotiated between the Unified Government and Hollywood Casino.

The Unified Government has always been supportive of The Woodlands re-opening with a full slate of greyhound and horse racing and slots. But that can and should happen under the same rules everyone else has been required to work under.



PENN NATIONAL
GAMING, INC.



May 2, 2011

Chairman Pete Brungardt
Members of the Senate Committee on Federal and State Affairs
State Capitol Building, Room No. 136-E
Topeka, Kansas 66612

Re: SB 241 – Amendments to the Kansas Expanded Lottery Act.

Chairman Brungardt and members of the Committee:

Kansas Entertainment, LLC, the joint venture partnership of International Speedway Corporation and Penn National Gaming – the development group chosen by the State of Kansas to develop the destination casino for the Northeast Kansas Gaming Zone - respectfully submits these written remarks for your consideration in regard to SB 241, which if enacted into law would make substantial changes to the Kansas Expanded Lottery Act.

In 2001, Kansas Speedway opened to host major league racing including the premier NASCAR Sprint Cup Series. Kansas Speedway took a risk in western Wyandotte County and was the anchor business that launched what is today a vibrant retail and dining destination called Village West. Village West is home to Cabela's, Nebraska Furniture Mart, The Legends, four hotel groups, numerous dining and retail businesses and much more. In addition, there is currently more than \$400 million in new investment being made in the Village West area with the construction of the Sporting KC soccer stadium and Cerner's new office park.

Of course, the biggest new development for us is our proposed destination gaming facility: Hollywood Casino at Kansas Speedway under construction at the south turn of the Kansas Speedway and scheduled to open in the first quarter of 2012.

Each year Kansas Speedway attracts nearly 500,000 visitors and generates \$242,000,000 in economic impact for the State of Kansas. Our guests fill Kansas hotels, restaurants and shops that generate millions of dollars of tax revenues back to the State of Kansas and local units of government. Kansas Speedway has been an outstanding corporate citizen and has contributed millions of dollars to support numerous charitable organizations in Wyandotte County and the State.

On December 1, 2009 the Kansas Lottery Gaming Facility Review Board unanimously approved Kansas Entertainment, LLC to build a first-class, destination casino for the Northeast Gaming Zone. The initial investment is over \$300 million, which is currently being built by 1,700 construction workers with an anticipated permanent workforce of over 1,000 full-time employees.

Kansas Entertainment, LLC is making a major investment in Kansas that will be a leading attraction for the State and our local community. Kansas Entertainment, LLC and the State of Kansas have come a long way since the passage of SB 66, the Kansas Expanded Lottery Act. One casino is open and successfully operating in Dodge City and two additional casinos are scheduled to open in 2012. Collectively, these three privately-financed casinos constitute an investment of more than \$700 million in Kansas.

When the Hollywood Casino at the Speedway opens in 2012, our \$300+ million initial investment is anticipated to be only the first phase of our development. However, the bill before you today puts at risk both our initial investment and future opportunities as well. And jeopardizing our current and future development doesn't just impact Penn National and the Kansas Speedway, it also jeopardizes the local hoteliers who anticipate filling their rooms with visitors to the casino. It jeopardizes the local businesses in Village West who stand to gain from the over 4,000,000 annual visitors that we anticipate will visit the Hollywood Casino at Kansas Speedway each year. **And it also jeopardizes revenues to the State of Kansas and local units of government that may also be lost.**

When SB 66 was passed in 2007, a competitive process for the awarding of the licenses was created in statute for the casino markets and as a result, applicants spent tens of millions of dollars on their proposals and every gaming market received multiple applications well in excess of the minimum investment requirements contained in the bill. Such was not the case for the pari-mutuel track slot machine licenses. At that time, in 2007, the state had two track owners for the three major-market tracks operating in our state (Kansas City, Wichita and Frontenac). That number is now down to one, given media accounts that indicate the owner of the Wichita and Frontenac greyhound tracks also has The Woodlands pari-mutuel facility under option, making SB 241 special interest legislation for one individual. That same track owner has been an active participant in the state's debate over gaming for more than a decade and was a strong supporter of SB 66 as it was enacted.

We successfully negotiated our contract with the State under the current rules of SB66 and we would expect the owner of the racetracks to do the same. When gaming developers, including the racetrack owners, supported SB 66 nearly five years ago we all understood and agreed to the terms laid out in the legislation. As the financial markets turned down, we as destination casino developers adjusted our proposals but were still able to meet the criteria set forth by KELA. **Changing the rules for a racetrack owner by giving him a preferential tax rate is simply not fair nor does it make good business sense for the State of Kansas, which is our partner in this project, too.**

The proponents of SB 241 are asking for similar tax rates as the casinos are assessed, but they have none of the investment requirements mandated upon them as the casinos do. When gaming was passed, the Legislature clearly intended for the state to license destination casinos, based upon the minimum investment requirements set for each gaming zone and weighting criteria for the selection of the licensee that emphasized tourism, development attractions and market area. The economics of operating a slot parlor are much less than that required for a destination casino and the tax rates were set accordingly.

The owner of the pari-mutuel tracks has no obligation to develop or sell his property to another entity that might be interested in conducting pari-mutual racing and installing slot machines under the current provisions of SB 66. It would appear the state and the horse and greyhound industry could all benefit from more competition for these machines than what we have today, which is a single owner controlling all of the major pari-mutuel markets who appears unwilling to fulfill commitments made to both the state and the racing industry dating back to 2007.

Kansas Speedway and Penn National Gaming are opposed to SB 241 since it would unfairly enhance the competitive position of The Woodlands, located less than three miles from the Hollywood Casino at the Speedway. Changing the rules after Kansas Entertainment has partnered with the State to make a \$300+ million investment is not a good way to proceed.

On behalf of Kansas Entertainment, we urge you to oppose SB 241.

Thank you for your consideration of our remarks.

Kansas Speedway - Jeff Boerger, President, Kansas Speedway Development Corporation
Penn National Gaming - Karen Bailey, Director of Public Affairs



Sumner County Economic Development Commission

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April 29, 2011

Chairman Brungardt and Members of the Committee on Federal and State Affairs

RE: Senate Bill 241

**2011
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Janis Hellard
Director

Tiffany Bonfiglio
Administrative
Assistant

I am submitting this testimony to ask that you do not approve Senate Bill 241 to go forward at this time. If any bill is brought forth regarding gaming, it provides the opportunity for everyone to attach amendments to it that could have very detrimental consequences to what is already taking place in Kansas in regards to gaming. Everything about gaming would once again be up in the air.

The State of Kansas cannot afford to have that happen. The State is already reaping the benefits of the income being generated by the Dodge City Casino. The Penn and Peninsula gaming facilities will be coming on line in 2012. The State and each gaming region need the jobs, taxes, tourism, and revenue that these facilities bring to the State. What other industry /business can we bring to our State that will create 1,400 jobs(for one facility), not receive any incentives and pay the State part of the profits! We do not need to take a chance on anything happening to stop this economic development in our State. We also do not need the bad reputation that comes with entering into contracts with businesses that want to come to Kansas only to change those agreements later on. Why would we want that reputation? How are we going to recruit other businesses if they know the State may not live up to the commitments it makes – whether that be contracts regarding incentives or contracts about gaming? The business world views it all the same.

If it is your desire to change the requirements for the South East Gaming Zone and for the Race Tracks, then do it next year. This will give the current projects time to get up and running without threat of something happening to their projects. There is no guarantee that if the requirements change for the South East Gaming Zone or the Race Tracks that anyone will still decide to build those facilities. Let's not risk a definite win for our State for an uncertainty.

According to the fiscal note on this bill, there are no funds available in the budget to hire the necessary employees to oversee any additional facilities. Wouldn't it be better to wait until you have income from the casinos opening in 2012 as a possible source of funding for these additional expenses?

Thank you for your time and attention in considering my testimony.

Sincerely,

A handwritten signature in cursive script that reads 'Janis Hellard'.

Janis Hellard, Director

SCEDC
Committed to Improving the Economy of Sumner County

Sn Fed & State
Attachment 20

5-2-11



KCKChamber
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THE KANSAS CITY KANSAS AREA
CHAMBER OF COMMERCE

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TO: Chairman Pete Brungardt and
Members of the Senate Committee on State and Federal Affairs

FROM: Cindy Cash, President/CEO
Kansas City Kansas Area Chamber of Commerce

DATE: April, 29 2011

RE: Opposition to SB241

The Kansas City Kansas Area Chamber of Commerce respectfully opposes the proposed SB241. This is not an easy position to take for anyone in my community because we had great hopes for The Woodlands to come back to life with the passage of Senate Bill 66 in 2007. But we believe SB 241 will hinder so much other work and hopes for the future we must oppose it for the following reasons:

1. We as a state and in my own local community are in need of enhanced revenues. The current expanded gaming bill Senate Bill 66 passed into law in 2007 gave our community the opportunity for one of four Destination Resort Casino. That opportunity is now under construction as Kansas Entertainment, LLC, a joint effort between International Speedway Corporation and Penn National Gaming are building Hollywood Casino which is scheduled to open in the first half of next year. Hollywood Casino will generate substantial revenue for the state and revenue for the Wyandotte County community – all three cities will share in the revenues coming to the county as will the state. The state obviously needs the revenue this exciting new business will create. If SB 241 is passed, it is possible the projections the casino has used will change.
2. The Hollywood Casino has been providing substantial jobs for our construction industry which has been suffering over the last few years. The casino will also provide permanent jobs. These jobs are needed as our country and our state still struggles to come out of the major recession we have experienced. These jobs will give those who have been unable to find a job in a tough economy another chance to find something to provide for their family. We also know the casino will purchase further goods and services that will in turn help these industries grow back from the recession.
3. On a local level, this will be yet another piece of the tourism package Wyandotte County offers to visitors from throughout the region. This will give previous visitors another reason to come back and new visitors another reason to visit. The

tourism industry generates tax revenues in many different sectors which again benefits many. If the casino grows in size as they have projected based on their current models that will again continue to grow the revenue help to the state and local community the casino can provide.

4. On another level, the Hollywood Casino will bring the economic benefits of a second NASCAR cup race and a whole new sport through the creation of a motocross track at Kansas Speedway. These too would bring additional visitors and revenues from the casino when it opens and continues to grow based on the casinos' current model.
5. The Hollywood Casino and the additional enhancements to Kansas Speedway also add revenue not only to the state coffers and my community, but the communities around us. I am very grateful for the similar positions my chamber peers in Johnson County have taken on this matter as they too see the benefits from the Hollywood Casino and all it would bring with it. The Hollywood Casino anticipates a \$110 million dollar impact per year on the Kansas City Metropolitan community. Many people will benefit from this new business with jobs and new business.
6. This is also an issue of fairness. How can we change the rules on this new entity, Kansas Entertainment, LLC before they even open? They have based their model on the original law.

As I said it is tough to oppose a bill that could assist re-open another business in our community but we must for the overall good of our community and the state as we look for revenues, jobs and opportunities RIGHT NOW and into the future. Please do not pass Senate Bill 241 out of this committee. Thank you very much for your consideration.