

Approved: 3-16-12  
Date

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 January 31, 2012, in Room 144-S of the Capitol.

All members were present except:

Senator Ralph Ostmeier - excused

Committee staff present:

Jason Long, Office of the Revisor of Statutes  
Tamera Long, 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 – Ruffin Companies  
Ernie Rodina – Purina Feeds, Ottawa, Kansas  
Gail Radke – Asiel Stable, Olathe, Kansas  
Cameron Roth – Kansas Thoroughbred Association  
Dr. William J. McGuire  
Jessie N. Fuqua  
Malissa Meyer  
Kaylee Hurt  
Rick Loveall – Wichita Wins  
Travis Barley – The Kansas Greyhound Association  
Gary Smith - Kansas Horsemen's Association  
Kurt Eck - Wichita, Kansas  
Rita Osborn - Kansas Quarter Horse Racing Association  
Dan Grotheer

Others attending:

See attached list.

**SB 237—Amendments to the Kansas expanded lottery act**

**SB 241—Amendments to the Kansas expanded lottery act**

**SB 319—Amendments to the Kansas expanded lottery act relating to racetrack gaming facilities**

Chairman Brungardt opened the hearing on the bills.

Staff provided a spreadsheet on the bill. ([Attachment 1](#))

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Senator Bob Marshall appeared as a proponent on the bill. (Attachment 2) The bill would reduce the minimum investment and the privilege fee for the SE gaming zone, and set percentages for the distribution of racetrack slots revenues.

Doug Lawrence, Ruffin Companies, spoke in favor of the bill. (Attachment 3) The bill has three parts:

- 1) Provisions improving economic viability of racetrack operations
- 2) Provisions ensuring a reasonable and fair purse structure for the Horse and Greyhound Industry
- 3) Technical cleanup of the language which remains untouched since passage of **SB 66** in 2007

Reopening the commercial tracks will create a significant number of jobs at each facility, while adding even more job opportunities throughout the state. **SB 319** represents an opportunity for economic development throughout the state, while providing the state with a significant revenue stream from completion of the pari-mutuel side of the original **SB 66**.

Included with Mr. Lawrence's testimony; a poll taken January 25, 2011, of Sedgwick County residents, asking whether residents supported or opposed allowing slot machines at Wichita Greyhound Park. Out of 500 adults polled 71% supported slot machines at Wichita Greyhound Park.

Ernie Rodina, LOL/Purina Feeds, testified in support of **SB 241**. (Attachment 4) The benefits horse racing has on the feed business when seeing the success of feed dealers in Oklahoma, Iowa, and Florida. The Equine racing business is very important to the Kansas economy, and we must get it back so Kansas can have their fair share of this great business.

Gail Radke, Asiel Stable, Olathe, Kansas, spoke in favor of **SB 241**. (Attachment 5) The health of the Kansas Racing Industry impacts many layer segments; farms, breeding, owning, training, operating a track, sales of horses and secondary venues like feed stores, farriers, and veterinarians are all interconnected and woven into the very fabric of the industry. Raising a foal from conception to its 2-year old year involves many co-dependent industries. It cost approximately \$38,000 to raise a horse from conception through weanling year, yearling year, to training as a 2 year old. The costs vary somewhat for each individual; Asiel Stables averages about 9 foals each year, and this does not include stallion fees which usually run around \$90,000 to \$100,000 each year, and an additional 6% in sales tax to Kentucky. If it were fiscally feasible for us to raise and race 9 two year olds in the State of Kansas the economic impact for one year in Kansas would be \$380,837.00; and that does not include the amount of money spent on maintaining tractors, trucks, horse trailers, movers, insurance premiums, and fuel costs.

The horse industry in Kansas needs to be nurtured, promoted, developed and improved and in doing so the Agra Economy will improve. The direct economic input, the multiplier effect generated within this industry and the subsequent spending between co-dependent industries, creates jobs and contributes substantial revenue dollars to the economy annually.

Cameron Roth, President of the Kansas Thoroughbred Association, appeared in support of the **SB 241**. (Attachment 6) This bill is a "Kansas agricultural opportunity act" and encourages economic opportunity in rural Kansas through expansion of horse and greyhound ownership, breeding and investment.

Dr. William J. McGuire appeared in support of **SB 241**. (Attachment 7) A successful racing industry in the state would have a direct, positive influence on the college and the Equine program. There is a major

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concern about the fate of racing animals at the end of their competitive careers; the program at Cloud County Community College in the state, and perhaps in the nation, that works exclusively with retired thoroughbred racehorses.

Jessie N. Fuqua, college student in the Equine Industry Management Program, appeared in support of **SB 241**. (Attachment 8) The bill will encourage the horse breeders that have left the state to bring their business back to Kansas and back to the vendors in the state because they will be able to race here in Kansas.

Malissa Meyer, college student in the Equine Industry Management Program, appeared in support of **SB 241**. (Attachment 9) With the passage of the bill several thousand jobs would be created immediately, and more slot machine revenue would go directly back to the agriculture industry. This investment in the future of Kansas agriculture will undoubtedly result in the creation of many jobs.

Kaylee Hurt works on the family farm, and testified in support of the bill. (Attachment 10) Their family farm and training stable benefits more than forty Kansas businesses employing more than 150 people, and that the entire Kansas economy can benefit when these businesses thrive; and the revival of horse and greyhound racing will increase the value of their horses, dogs and more importantly the agricultural businesses of Kansas.

Rick Loveall, Wichita Wins, spoke in support of **SB 319**. (Attachment 11) Mr. Loveall's testimony focuses on page 2, section 4 of the bill. This new section would provide for a new Clean Vote on the question of whether electronic gaming machines would be allowed at the Wichita Greyhound Park. This is called a "clean vote" because the original vote in 2007 included a ballot question related to Wichita Greyhound Park that asked voters to approve this question:

"Shall the Kansas Lottery be authorized to place electronic gaming machines in Sedgwick County?"

This question, dictated by statute, left voters confused. Opponents claimed the language authorized slot machines in every bar, convenience store and restaurant. Without any reference to Wichita Greyhound Park, or at least a pari-mutuel racetrack facility, voters were unsure what they were being asked to approve. The ballot question failed by less than 300 votes in an election where more than 100,000 votes were cast, and the belief is that voter confusion played a significant role in the outcome. The bill provides an opportunity to give the voters a clear choice with an understandable ballot question:

"Shall the operation of electronic gaming machines at the Wichita Greyhound Park by the Kansas Lottery be permitted in Sedgwick County?"

The bill allows the County Commission to place the question on the ballot by resolution, or the question can be placed on the ballot through a petition process that requires 5,000 signatures of registered voters. Reopening the Wichita Greyhound Park is a jobs and economic development opportunity, adding more than 500 jobs and \$100 million in new investment, without tax increment financing, bonds or other local government contributions.

Travis Barley, Vice President of Legislation for the Kansas Greyhound Association, appeared in support

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of **SB 319** with the exception of a significant issue that pertains to days of racing on page 12, Section 8 (1) and (3). The changes in these two locations make a substantial change in the racing requirements which were negotiated and agreed before passage of the original **SB 66**, and ask that the original language be restored. This issue will need to be changed for the KGA Board of Directors' full support. (Attachment 12) For the state to maximize the benefit it can receive from a vibrant greyhound industry, racetracks providing live racing must be allowed. The bill provides economic tools to restart this industry in a way that is most beneficial to our state.

Gary Smith, President, Kansas Horsemen's Association, (KHA) appeared in support of the bill. (Attachment 13) The breeding program is not subsidized in any way by the state. The money that goes into the breeding program is from breakage and outs at the race track from both live racing and simulcast signal. This money goes into the funds that support the breeding and racing of horses in Kansas, and stays in Kansas.

Kurt Eck, Wichita, Kansas, appeared in support of the bill. (Attachment 14) The opportunity is before us to create that solid foundation for an industry ready to re-generate, to grow, to create jobs, to provide entertainment value, and to stimulate a stagnant economy.

Rita Osborn, President, Kansas Quarter Horse Racing Association, appeared in support of the bill. (Attachment 15) The enhanced purses and expansion of the horse and greyhound industry by reopening the racetracks will create jobs hundreds of miles away from the facility, with most of these jobs being in rural communities all over Kansas.

Dan Grotheer, raises Quarter Horses for racing, appeared in support of **SB 319**. (Attachment 16) Mr. Grotheer believes the bill will allow track owners to invest the millions of dollars that it will take to re-open the tracks and operate profitably; and if track owners cannot make a profit, the tracks will remain closed and Quarter horses, Thoroughbreds, and Greyhounds will remain an untapped resource of the Kansas economy.

Chairman Brungardt continued the hearing on **SB 237, SB 241, and SB 319**.

The next meeting is scheduled for February 1, 2012. The meeting was adjourned at 12:03 p.m.