

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 4:00 P.M. on March 14, 2005 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Mary Ann Torrence, Revisor of Statutes  
Julian Efird, Kansas Legislative Research Department  
Matt Spurgin, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Judy Bromich, Administrative Analyst  
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Doug Lawrence, representing the Kansas Greyhound Association  
Larry Waldrop, Managing Member, River Falls Gaming LLC  
Clark D. Stewart, Chief Executive Officer, Butler National Corporation  
Mick Wunder, Mayor, City of Junction City, Kansas  
Rodney Barnes, City Manager, Junction City, Kansas  
Larry F. Cope, Executive Director, Junction City Economic Development  
Jeff Thorpe, Board of Directors, Boot Hill Museum, Inc., and President, Boot Hill Gaming, Inc.  
Don Denney, Media Relations Specialist, Unified Government Public Relations, Wyandotte County  
David Assmann, President, Kansas Thoroughbred Association, on behalf of Pam Davis, Westmoreland, Kansas  
Glenn Thompson, Executive Director, Stand Up for Kansas  
Ron Hein, Legislative Counsel for the Prairie Band Potawatomi Nation  
Whitney Damron, on behalf of the Kickapoo Tribe in Kansas and the Sac and Fox Nation of Missouri in Kansas and Nebraska  
Ralph Snyder, Assistant Adjutant, Kansas American Legion  
E. L. (Tom) Farr, District 1 Commander, Kansas Veterans of Foreign Wars  
Robert Johannes, Ranch West Bowling Center, Kansas City, Kansas  
Matthew D. All, Chief Counsel to the Governor  
Kathy Bassett, Topeka, Kansas (written)  
Dr. Paul E. Barkey, Manhattan, Kansas (written)  
Steve Ward, President, Kansas Greyhound Association (written)  
Paul Treadwell, President of the Kansas Quarter Horse Racing Association (written)

Others attending:

See attached list.

Chairman Umbarger opened the public hearing on:

### **SB 294--Kansas expanded lottery act; electronic gaming; lottery gaming facilities**

Staff briefed the committee on the bill (Attachment 1).

Proponents:

Doug Lawrence, representing the Kansas Greyhound Association, testified in support of **SB 294** (Attachment 2). Mr. Lawrence explained that the legislation represents compromise among a wide variety of interests associated with proposals to expand the Kansas Lottery to include casino developments in Kansas. He noted that **SB 294** has two main parts:

1. Lottery Gaming facilities - referred to as Destination Resorts
2. Video Lottery Terminals - relate to existing parimutuel racing facilities

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Larry Waldrop, Managing Member, River Falls Gaming LLC, spoke in support of **SB 294** ([Attachment 3](#)). Mr. Waldrop mentioned that this is the first time in many years that proposed expansion of the Kansas Lottery has been presented and that all proponents have joined together in support of one bill. He explained that the purpose of his appearance before the committee was to emphasize the elements of a lottery gaming facility that will be a “Destination Casino Resort”. Mr. Waldrop noted that this type of development would generate the most, much needed, revenue to the State of Kansas with a limited number of locations.

Clark D. Stewart, Chief Executive Officer, Butler National Corporation, testified in favor of **SB 294** ([Attachment 4](#)). Mr. Stewart explained that he was present to support a part of the solution to maximize revenue to the State of Kansas and to dampen potential tax increases. He noted that above all other considerations, focus should be on the need to fund the educational system in Kansas.

Mick Wunder, Mayor, City of Junction City, Kansas, spoke in support of **SB 294** ([Attachment 5](#)). Mayor Wunder mentioned that he felt that **SB 294** was a win/win solution for citizens in Kansas. He explained that it would help the Legislature solve financing issues through revenue growth, it would enhance the State through tourism development and would create jobs for Kansas and opportunities for Junction City and Geary County.

Rodney D. Barnes, City Manager, Junction City, Kansas, testified in support of **SB 294** ([Attachment 6](#)). Mr. Barnes explained that the issue of lottery gaming facilities in Kansas comes down to providing an opportunity to fund education, develop tourism, create jobs, and grow revenues for the local communities and the State of Kansas. He mentioned that **SB 294** would provide the mechanism to the Legislature to create a permanent funding stream for financing education (K through 16) without raising the property taxes.

Larry Cope, Executive Director, Junction City Geary County Economic Development, spoke in favor of **SB 294** ([Attachment 7](#)). Mr. Cope detailed information in his testimony that the future of Fort Riley is bright. He also indicated that the future of Geary County’s tourism, economic development and education is bright. Mr. Cope mentioned that SB 294 would provide them the opportunity to supply jobs to their citizens, an opportunity to stop the “Drive thru Kansas” traffic on Interstate 70, and a tax base to their community and state for the services and education upon which we all depend.

Jeff Thorpe, Board of Directors, Boot Hill Museum, Inc., and President, Boot Hill Gaming, Inc., testified in support of **SB 294** ([Attachment 8](#)). Mr. Thorpe explained that a challenge for the committee is to evaluate the impacts and effects of expanded gaming and to evaluate proposals that would:

- maximize tax revenue to the State of Kansas,
- enhance entertainment opportunities in Kansas communities,
- enhance economic opportunities in Kansas communities, and
- provide a sustainable, realistic business model.

Mr. Thorpe expressed his belief, and that of Dodge City and Ford County leaders, that they have a sustainable business model that effectively answers each of the issues mentioned above. There are details in Mr. Thorpe’s written testimony.

Don Denney, Media Relations Specialist, Unified Government Public Relations, Wyandotte County, spoke in favor of **SB 294** ([Attachment 9](#)). Mr. Denney mentioned that the Unified Government believes any gaming legislation should allow the State and local communities to be in control. He noted that there must be checks and balances that will provide strong oversight and accountability. Mr. Denney explained that the Unified Government continues to strongly support legislation that would benefit The Woodlands, which was at one time, the Number One tourist attraction in the State of Kansas.

David Assmann, President, Kansas Thoroughbred Association, on behalf of Pam Davis, Westmoreland, Pottawatomie County, testified in support of **SB 294** ([Attachment 10](#)). Mr. Assmann explained that the river boats in Missouri hurt many business people and they would like to keep the dollars in Kansas. He noted that this would offer tremendous economic development in Kansas.

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### Opponents:

Glenn Thompson, Executive Director, Stand Up For Kansas, testified in opposition to **SB 294** (Attachment 11). Mr. Thompson focused on the five major points that the overall impact of the bill would have on the State of Kansas:

1. Casinos would be an extremely inefficient source of state revenue.
2. Depending on unstable and unpredictable revenues from casinos for funding essential state needs, such as education, would be bad public policy.
3. The state would own, operate, regulate and police the casinos.
4. The casinos would be regional casinos, not “destination” casinos.
5. The casinos would create thousands of new pathological gamblers.

Ron Hein, on behalf of the Prairie Band Potawatomi Nation, spoke in opposition to **SB 294** (Attachment 12). Mr. Hein addressed a number of problems with **SB 294** as listed in his written testimony. He emphasized point Number 5 on page 4 of his testimony regarding his read that the accelerated payment to the state is actually borrowed money from bonds. He noted that if he is correct in his reading, he believes the legislature should check and see if this is a violation of the cash basis law.

Whitney Damron, on behalf of the Kickapoo Tribe in Kansas and the Sac and Fox Nation of Missouri in Kansas and Nebraska, testified in opposition to **SB 294** (Attachment 13). Mr. Damron explained a number of general comments, observations and questions related to SB 294 in his written testimony. In his summary, Mr. Damron noted that the Kickapoo Tribe and the Sac and Fox Nation do not believe that it is appropriate for the State of Kansas to become the first state in the country to own, operate and regulate their own casino. He explained that they believe the state’s appropriate role is that of a regulator.

Ralph Snyder, Assistant Adjutant, Kansas American Legion, spoke in opposition to **SB 294** (Attachment 14). Mr. Snyder explained that he was not going to argue the morality of gaming, but since it is here, the veterans and fraternal would like a “piece of the pie”. He suggested possible amendments to include the veterans and fraternal organizations which are detailed in his written testimony.

Tom Farr, District 1 Commander, on behalf of the Kansas Veterans of Foreign Wars (VFW) and the Kansas VFW Ladies Auxiliary, testified in opposition to **SB 294** (Attachment 15). Mr. Farr requested support to be included in the bill for VLT (Video Lottery Terminals) machines in VFW Posts. He noted that these machines would be used by VFW members and guests, an officer of the post would be on-duty when the machines were available to members and guests with a lounge manager on duty. He mentioned that most VFW posts are only open a maximum of 50-55 hours per week.

Robert Johannes, Ranch West Bowling Center, spoke in opposition to **SB 294** (Attachment 16). Mr. Johannes explained that the main issue for his opposition is the fact that the proposal limits gaming to a few casino/race track facilities and noted that it would be, in effect, a government-supported monopoly. He proposed an amendment to the bill that would allow existing entertainment businesses an opportunity to fairly compete with the large scale facilities that are proposed in **SB 294**.

### Neutral:

Matthew D. All, Chief Counsel to the Governor, testified as a neutral party on **SB 294** (Attachment 17). Mr. All mentioned that the Governor believes that a responsible, moderate expansion of gaming can be good for Kansas. He explained that it has the potential to encourage investment, create jobs, and attract tourists to Kansas, but this potential can be harnessed only if it can be expanded carefully and with the best interests of the State and people of Kansas in mind. Mr. All addressed significant problems in **SB 294** as follows:

- No limits on the number of casinos.
- No guaranteed percentage of the gross revenues.
- Protections for casino managers, not for the State.
- Bonding from K DFA.

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Written testimony was submitted by:

Kathy Bassett, Topeka, Kansas (Attachment 18)

Dr. Paul Barkey, Retired Army Chaplain, Manhattan, Kansas (Attachment 19)

Steve Ward, President, Kansas Greyhound Association (Attachment 20)

Paul Treadwell, President, Kansas Quarter Horse Racing Association (Attachment 21)

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 294**.

The meeting adjourned at 6:10 p.m. The next meeting is scheduled for March 15, 2005.