

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 27, 2010, in Room 144-S of the Capitol.

All members were present.

Committee staff present:

Jason Long, Office of the Revisor of Statutes  
Julian Efir, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Doug Lawrence, Kansas Greyhound Association  
Tracy Wildey, Kansas Greyhound Association  
Mayor Huey York, Baxter Springs, KS  
Linda Grilz, Trac Southeast  
Pam Davis, Kansas Thoroughbred Association  
Doug Sellars, Frontenac  
Jeff Rutland, Kansas Quarterhorse Rasing Association  
Blake Benson, Pittsburg Area Chamber of Commerce  
Rita Osborn, Eureka Downs  
Kurt Eck, Kansas Quarter Horse Racing  
William McGuire, Concordia, KS  
George Wingert, Ruffin Company  
Robert Rodgers, Kansas Quarter Horse Racing Association  
Sandy Jacquot, League of Kansas Municipalities

Others attending:

See attached list.

**SB 401 - Amendments to the Kansas expanded lottery act**

Chairman Brungardt opened the hearing on **SB 401**.

Staff provided an overview of the bill. (Attachment 1)The bill makes various amendment to the Kansas Expanded Lottery Act.

Doug Lawrence, Executive Director, Kansas Greyhound Association, spoke in favor of the bill. (Attachment 2) The first three sections of the bill establish a mechanism to maximize the economic impact of horse and greyhound purses on the Kansas economy. Section 4 language is carefully crafted to make sure this proposed election occurs only in a specific manner, and precludes the Sedgwick County Commission from simply authorizing a vote on its own motion; the responsibility for deciding whether a second vote will be held would be through a petition process.

Revenue distribution is another provision of the bill, and adjusts the racetrack's share of gaming revenues and the corresponding decrease in the state's share of revenues. A comparison of other states retained revenues was provided. The bill will offer a successful live racing industry to rural Kansas.

Tracy Wildey, Kansas Greyhound Association, provided testimony in support of the bill. (Attachment 3)Economic conditions, an unusually high state tax rate and the failure of the vote in Sedgwick County, caused the two existing racetracks to close their doors; at a time when Kansas thought it would join 11 other states in using slot machines at racetracks to generate new state revenues while growing agricultural elements of the greyhound business, ended up with nothing. These closures were responsible for the immediate loss of 3,000 jobs and at least 1,500 more secondary jobs. Those jobs losses affect more than just the track locations. The passage of this bill will not only benefit the communities, but also the economy of the entire state.

1/29

CONTINUATION SHEET

Minutes of the Senate Federal and State Affairs Committee at 10:30 a.m. on January 27, 2010, in Room 144-S of the Capitol.

Mayor Huey York, Baxter Springs, KS, spoke in favor of the bill. (Attachment 4) Baxter Springs, Kansas, has within 25 miles of the city limits 11 tribal casinos, which provide Oklahoma a revenue boost; and asked the committee to make the gaming zone in Southeast Kansas competitive with the tribal casinos on their border.

Linda Grilz, Chairperson, Crawford County Commission, (Attachment 5) and President, TRAK Southeast, provided testimony in support of the bill. (Attachment 6) Job creation, revenue enhancement, entertainment and tourism opportunities, the three major reasons to pass the bill. TRAK Southeast facility has the potential to boost the economy in southeast Kansas through jobs, it would provide entertainment and tourism opportunities and provide revenue to non-profit agencies in the area.

Pam Davis, Kansas Thoroughbred Association, spoke in support of the bill. (Attachment 7) Ms. Davis stated that the equine industry of Kansas is very diverse. The investment in breeding, foaling and raising the young horses to be ready to race; and that more than 50% of this money goes to providers out of the state of Kansas. She stated it would be nice to have the opportunity to keep these services and racing opportunities with the state. Also provided were charts and information about the agricultural aspect of raising potential race horses in Kansas, and the benefit to the agricultural economy of the state.

Doug Sellars, City Clerk, Frontenac, provided testimony in support of the bill. (Attachment 8) This bill is critical to the future prosperity of Southeast Kansas and urged the State of Kansas to recognize the benefits of this legislation permitting gaming in the Southeast Kansas region.

Jeff Rutland, Kansas Quarter horse Rasing Association, spoke in favor of the bill. (Attachment 9) The bill by allowing racetracks to get back in business will bring back the incentives to raise horses in Kansas, attracting new investment and re-generate the spending on feed, hay, land, equipment, buildings, veterinarian services, truck and trailer dealerships, tire shops, hardware stores, lumber yards, etc., and create jobs.

Blake Benson, President, Pittsburg Area Chamber of Commerce, provided testimony as proponent of the bill. (Attachment 10) The bill would modify the investment requirement for casino developers in the Southeast Gaming Zone from \$225 million to \$100 million, and lower the fee required to bid on a casino project from \$25 million to \$11 million. Mr. Benson urged the committee to pass the bill out favorably.

Rita Osborn, General Manager, Eureka Downs, spoke in support of the bill. (Attachment 11) Ms. Osborn stated that Eureka Downs relies on the gambling dollar to survive and with the spread of other forms of gambling, the parimutuel industry must now share that discretionary dollar with casinos; casinos that return very little of their income back into the state while the tracks return the majority of their income right back into the Kansas economy mostly through agriculture; the fair tracks which are the grass-roots of horse racing in the state can no longer afford to provide a means for the many owners and breeders of the state to generate income to stay afloat. Two years ago the Legislature recognized this fact and approved the operation of slots at racetracks; now it simply needs to be fixed so it will work for Eureka Downs.

Kurt Eck, Kansas Quarter Horse Racing, appeared as a proponent of the bill. (Attachment 12) The bill will provide the opportunity for the racetracks to find it financially attractive to re-open their doors, not only for slots and racing, but also to an entire industry.

William McGuire, Concordia, KS, spoke in support of the bill. (Attachment 13) The major distinction between slot machines at racetracks and other gaming industries is its contribution to the agricultural sector of the Kansas economy.

George Wingert, Ruffin Company, provided testimony in support of the bill. (Attachment 14) Mr. Wingert stated that the Ruffin Company believes that high quality live-racing is important to the overall success of these facilities, and to the ultimate benefit of the state.

Robert Rodgers, Kansas Quarter Horse Racing Association, provided written testimony in support of the bill. (Attachment 15)

Sandy Jacquot, League of Kansas Municipalities, (LKM) provided written testimony as neutral on the bill.

CONTINUATION SHEET

Minutes of the Senate Federal and State Affairs Committee at 10:30 a.m. on January 27, 2010, in Room 144-S of the Capitol.

(Attachment 16) LKM does not have a position on the bill; a portion of the Expanded Lottery Act that is proposed for amendments adds to the list of appropriate uses of the money which goes to the state from gaming facilities; the amended portion of the bill adds the Kansas Public Employees Retirement System to the mix of eligible recipients of the money.

The next meeting is scheduled for January 28, 2010. The meeting was adjourned at 11:48 a.m.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

GUEST LIST

DATE 1-27-10

NAME	REPRESENTING
R.J. Wilson	Ruffin Co.
Phil Bradley	KLBA
Dave Heineman	SUFK
Patrick Hurley	<del>OTEA</del>
John Friedel	ATH
John D. Pinegar	Pinegar Smith & Assoc. Inc.
Kurt Eck	KQHRA
Dev Beeson	KQHRA
Kate Revell	Cloud County Equine Program
Chase Strait	Cloud County Equine Program
Megan Case	Cloud County Equine Program
Kat Emler	Cloud County Equine Program
Nancy Zenger-Beneda	
W. Craig M. Sui	McGuire Thoroughbred
Mike Pahl	Cloud County equine Program
Brian Harding	Cloud county equine program
HARRY STONLEY	KQHRA
Sean Tomp	Division of The Budget
Keith Kocher	Ks Lottery
Chad Manspoker	Laborers 1290
John Zafuta	City of Frontenac
Doug Sellars	City of Frontenac
KEVIN RUS	
Leon Wright	Rubbi Companies
John D. Taylor	T.R.S.E.
Jeff Rutland	Ks QH Racing Assn.

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE  
GUEST LIST**

DATE 1-27-2010

NAME	REPRESENTING
Pita Osborn	KQHRA
JEFF WERTHMANN	TURNER CONSTRUCTION
DAN MORGAN	Builders' Assn.
LINDA Geitz	Crawford County / TRAK SE
Penne Cherry	TRAK SE
Tracy Wildey	KGA/NGA
DOUG LAWRENCE	KGA
Shane Stat	KQHRA
D.P. Shyl	KQHRA
Dwain Ransen	KQHRA
Myrlan A. King	KQHRA
Kevin Barron	SED
Bill Sneed	Ks Entertainment LLC
Jeff Boenger	KS Entertainment
JOHN Q. BOTTENBERG	KS ENTERTAINMENT
Sammy Jacquet	LKM
Heey Yost	City of Baxter Springs
Dan Murray	Federico Consulting
Whitney Lamron	KS Entertainment, LLC
Fuad/Insia Zufer	Gifted student/KGTC
Ryan Heintz	Prairie Band Potawatomi Nation
Dmy Camp	WMS

**MARY ANN TORRENCE**, ATTORNEY  
REVISOR OF STATUTES  
**JAMES A. WILSON III**, ATTORNEY  
FIRST ASSISTANT REVISOR  
**GORDON L. SELF**, ATTORNEY  
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES  
KANSAS LEGISLATURE

Legal Consultation—  
Legislative Committees and Legislators  
Legislative Bill Drafting  
Legislative Committee Staff  
Secretary—  
Legislative Coordinating Council  
Kansas Commission on  
Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

**Overview of Senate Bill 401**  
**Amendments to the Kansas Expanded Lottery Act**

Jason B. Long  
Assistant Revisor  
Office of Revisor of Statutes

January 27, 2010

---

SB 401 makes various amendments to the Kansas Expanded Lottery Act. First, sections 1 through 3 of the bill create the Kansas Agricultural Opportunity Act. The purpose of this new act is to encourage economic opportunities in rural Kansas through horse and greyhound ownership, breeding and investment. The bill requires the official registering agencies for horses and greyhounds to make recommendations to the Kansas Racing and Gaming Commission (KRGC) for implementation of programs that maximize the economic benefit to rural Kansas from the purse supplements for horse and greyhound racing. The agencies are also required to make annual reports to the KRGC on the numbers of horses and greyhounds bred and owned in the state.

Section 4 of the bill creates a new section of law that would require the board of county commissioners of Sedgwick County to submit a proposition to the voters of that county on whether electronic gaming machines should be operated by the Kansas Lottery at the Wichita Greyhound Park, but only if the commissioners are presented with a valid petition, signed by at

least 5,000 qualified voters of the county, requesting such question be presented to the voters of the county. The election must be held within 120 days after the effective date of this section.

Section 5 of the bill amends K.S.A. 74-8734 to lower the minimum investment in infrastructure in the Southeast Gaming Zone from \$225,000,000 to \$100,000,000. The privilege fee for the Southeast Gaming Zone is also reduced from \$25,000,000 to \$11,000,000.

Section 6 of the bill amends K.S.A. 74-8741(c)(4) for technical corrections, so that all four gaming zones are included in the language of that provision.

Section 7 of the bill amends K.S.A. 74-8744 regarding the privilege fee to be paid to operate an electronic gaming machine at a racetrack gaming facility. Currently, the Kansas Lottery is only permitted to allocate 2,200 machines until all of the lottery gaming facility contracts become binding. After that the remaining 600 machines are to be allocated based on privilege fees paid by the racetrack facility managers. SB 401 eliminates this two-step allocation process. Under the bill there is a maximum of 2,800 machines that can be allocated, and there is a \$2,500 privilege fee for each machine that is to be paid by the racetrack facility manager.

Section 8 of the bill amends K.S.A. 74-8747 regarding the distribution of net electronic gaming machine revenues. The bill increases the facility manager's share to 58% from 25%. This includes a 18% shift of the revenues from the State (whose share is reduced from 40% to 22%) to the racetrack gaming facility manager, and a 15% increase to account for the elimination of the 15% allocation for gaming expenses. Currently, gaming expenses are separately allocated. Under the bill they will be paid for by the facility manager out of the manager's distribution. The bill also eliminates the caps on the amounts distributed to the live horse and greyhound racing purse supplement funds.

Section 9 of the bill amends K.S.A. 74-8751. This statute requires the KRGC to establish certification requirements to certify that the officers, directors, key employees and substantial owners of the facility managers, and vendors contracting with such managers, do not pose a threat to the public interest of the State, or the operation and control of the facilities by the State. SB 401 would increase the minimum ownership interest of a substantial owner from 0.5% to 5%. The bill adds a provision that in the case of a publicly traded company the certification is for the officers, directors, key gaming employees and substantial owners of such entity, and that such

entity is required to annually provide a list of identifiable shareholders. There is also a provision that requires a procedure for a certification waiver by the executive director of the KRGC in the event the entity is an institutional investor in a publicly traded company.

Section 10 of the bill amends K.S.A. 74-8768. This statute provides the purposes for which money credited to the expanded lottery act revenues fund can be spent. The bill would allow for the payment of the unfunded actuarial liabilities of the state and educational institutions under KPERS. The bill only authorizes such expenditures to be made by KPERS. Specific dollar amounts would have to be approved by the legislature in an appropriation bill.

If enacted SB 401 will become effective upon publication in the Kansas Register.



2

Doug Lawrence  
902 Miami St  
Burlington, KS 66839  
(620) 203-0625

Executive Director  
Kansas Greyhound Association

Testimony on Behalf of the Kansas Greyhound Association  
January 27, 2010

The purpose of my testimony today is to address the public policy issues incorporated in SB 401, as it relates to the racetrack facilities and breed groups, including the Greyhounds.

While you have been provided an overview of the bill before you, I'd like to get into the nuts and bolts of some key provisions.

### **Kansas Agricultural Opportunity Act**

The first three sections of the bill establish a mechanism to maximize the economic impact of horse and greyhound purses on the Kansas economy. In short, the breed registering agencies are assigned the task of tracking the flow of purse money from the racetrack facilities and to recommend ways to keep as many dollars as we can flowing into the state economy from the live racing industry as possible.

We see purses paid, including purse supplements from slot machine revenues, as an opportunity to extend the benefits from the racetrack gaming facilities into the broad expanse of Kansas, including many of our rural communities.

All gaming facilities create jobs, but only racetrack gaming facilities can create jobs more than 100 miles away from the facility in rural Kansas. We believe encouraging investment in rural economic activity is beneficial for all Kansans.

### **Sedgwick County Election**

Section 4, on page three of SB 401 may well be the most controversial provision in the bill.

First, note that the language in Section 4 is carefully crafted to make sure this proposed election occurs only in a specific manner, and in fact precludes the Sedgwick County Commission from simply authorizing a vote on its own motion. We place the responsibility for deciding whether a second vote will be held on this issue in the hands of the people through a petition process.

Some people have said the election results are settled, and should not be revisited because the “people of Sedgwick County have decided.” There are a lot of reasons to disagree with the concept that once a vote has been cast there should be no further opportunity to revisit the issue.

The opponents of gaming made the track ballot question a referendum on whether or not slot machines were going to be placed at every “bar, restaurant and convenience store in Sedgwick County.”

Unfortunately, the ballot question specified in statute was easy to exploit:

**“Shall the Kansas Lottery be authorized to place electronic gaming machines in Sedgwick county?”**

It is notable that the track question failed by little more than 200 votes out of 100,000 votes cast. The morning after the election we were inundated by people who said they didn’t get the right ballot, or didn’t get to vote on the track question.

There was literally mass confusion about the question. We believe that the outcome would have been far different had voters been given a clear ballot question that limited the placement of machines to the Wichita Greyhound Park.

The new proposed ballot question starts at the bottom of page 2:

**“Shall the operation of electronic gaming machines at the Wichita Greyhound Park by the Kansas lottery be permitted in Sedgwick county?”**

If the voters reject this initiative, we believe there is no doubt as to their intentions. And it becomes easier for those who lost their jobs at the track to feel confident in the decision.

#### Revenue Distribution

Another potentially controversial provision in SB 401 is the adjustment of the racetrack’s share of gaming revenues and the corresponding decrease in the state’s share of revenues. SB 401 increases the percentage of gaming revenues the tracks are allowed to keep to pay all expenses of operations (including the Kansas Racing and Gaming Commission and the Lottery), recoup their investment, and earn a return on investment.

Section 8 on page 12 deals with distribution of revenues.

The American Gaming Association maintains a list of “tax rates” for racino facilities nationwide. The most recent information is available on the organization’s website. In the case of racetracks the AGA compiles the list showing the total percentage of gaming revenue **RETAINED** by the operator after all other statutory obligations are met.

In Kansas, the AGA shows that Kansas racetrack operators are allowed to keep 40% of the total gaming revenues to pay all operating expenses and debt service with the balance after those

expenses being profits. In comparison, under current Kansas law casino operators are allowed to keep a maximum of 73% of the total gaming revenue.

From the AGA Site, here are the “retained revenues” for other Racino States

State	%Retained Revenues	State	% Retained Revenues
Delaware	48%	New York	42.9%
Florida	50%	Oklahoma	58%
Iowa	76.8%	Pennsylvania	45%
Louisiana	63.6%	Rhode Island	27.3%
Maine	50.4%	West Virginia	44.6%
New Mexico	54.0%	Kansas	40%

2009 Data from AGA Website

Of those states, only Iowa, Louisiana, and Oklahoma have both racinos and full casinos competing directly with each other in the same markets. Further, New York and Rhode Island operate slot machines at race tracks in a manner which cannot be compared to any other state. In those states, the state lottery acquires and operates the machines and pays the expense of those operations. In Kansas, track operators – like the casinos—must purchase the machines at their cost and pay operational expenses out of their share of revenues. As for the other states, Maine, Delaware, Florida, New Mexico, Pennsylvania and West Virginia limit locations and proximity to other facilities in a manner which creates a local monopoly for the racino operator.

Kansas track operators are placed in direct competition with a much larger competitor within the same market, and are restricted in size of facility (machine limits) and are taxed at a higher rate.

This year, the breed groups and racetrack operators are proposing to lower the tax rate on the pari-mutuel facilities to the same rate offered for the casino operators. The net effect of this change would be to make the track operator’s “retained revenues” for operational expenses 58% of total gaming revenue (compared to 73% for casino operators).

Here is the comparison between comparable states of Revenue percentage for operating expense:

Kansas	58%
Oklahoma	58%
Iowa	76.8%
Louisiana	63.6%

The change in the net tax rate still leaves operators in direct competition with other gaming facilities with the smallest proportion of net gaming revenues.

There is an economic value for offering a monopoly in a gaming market, and in a monopoly market both the state and racino operator can generate higher net revenues with lower net expenses.

In terms of comparable tax rates in comparable situations, the proposal made by the racetrack facilities to increase the operator share to 58% is clearly in line with this region's tax structure for racino facilities, as well as comparable to facilities which have similar competitive situations.

Without a change, we believe that the racetrack facilities will not be viable within the local markets and will never reopen. Ultimately, it comes down to whether the state would be willing to adopt a tax rate that will make these facilities or viable or not. We believe the lower rate as proposed in this bill strikes a balance that will reopen tracks, while generating significant revenue while bringing the benefits of a vibrant live racing industry.

#### Conclusion

I have focused on two of the more important provisions within SB 401. I am prepared to also discuss other elements of the legislation at your request.

The original SB 66 attempted to strike a balance between the development of destination casinos and the pari-mutuel facilities. Difficult economic times, along with the financial realities for the live racing industry and the state brings us to a moment where changes are necessary to allow the state to receive the full benefits that gaming has to offer.

For the state, these changes mean a significant new revenue stream. SB 401 also allows us to realize the benefits that a successful live racing industry can offer to rural Kansas.

SEASTROM KENNELS INC  
2350 EDEN ROAD  
ABILENE, KS 67410  
785-263-3965  
785-479-0723(cell)

**TESTIMONY OF TRACY WILDEY ON BEHALF OF THE KANSAS GREYHOUND  
ASSOCIATION AND NATIONAL GREYHOUND ASSOCIATION  
January 27, 2010**

Dear Members of the Committee:

I am Tracy Wildey, President of Seastrom Kennels Inc. and I am appearing today on behalf of the Kansas Greyhound Association (KGA) and National Greyhound Association (NGA) in support of SB 401.

I am a second-generation greyhound owner. My father passed away in November of 1997. At that time, my husband and I made the decision to move back from Florida and keep Seastrom Kennels operational. All in all, Seastrom Kennels has been in business for 40 years. We have raised greyhounds on our farm in Abilene, Kansas during this entire time, and operated racing kennels in both Wichita and Kansas City when they were open and viable. We currently operate one racing kennel and that is in Dubuque, Iowa where racing only occurs for 7 months each year.

In 2003, I was elected to the National Greyhound Association's Board of Directors. I am currently the vice-president of this board. It was at this time, I became increasingly active in the legislative process with the purpose of bringing VLT's to the existing pari-mutuel facilities throughout the state. Through tireless efforts of many involved in the greyhound, horse and track businesses, this feat was accomplished with the passage of SB66 in 2007.

However, SB 66 turned out to be flawed. Economic conditions – an unusually high state tax rate and the failure of the vote in Sedgwick County, caused our two existing racetracks closed their doors. At a time when we thought we would join 11 other states in using slot machines at racetracks to generate new state revenues while growing agricultural elements of our business – we ended up with nothing.

This has proven to be a devastating consequence not only for the breed groups but for various vendors that serviced these industries. These closures were responsible for the immediate loss of 3000 jobs and at least 1500 more secondary jobs. Those jobs losses affect more than just the track locations. Communities all across the Kansas were affected including mine in Abilene.

Following the passage of SB66, the KGA immediately formed a work group to track the increased purses that were expected to come to the greyhound industry. The purpose of this group was to maximize the purses so that the industry would continue to grow and prosper, bring in new investors and continue to increase the value of a Kansas-Bred animal.

For years, the industry has known that the best greyhounds in the country were raised in Kansas and specifically most of those in Abilene and the surrounding area. However, dogs that were not as fast but were Iowa-Bred or West Virginia-Bred continued to sell for higher prices than Kansas greyhounds because of purses enhanced by slot machine revenues available to those other states.

SB 401 offers the opportunity to bring the benefits we all expected when SB 66 passed in 2007. It would reopen five pari-mutuel racetrack facilities, including four that offer live greyhound racing. You already know that reopening the tracks means significant new revenues for the state.

I want to address the impact on rural communities, through the expansion of the Horse and Greyhound Industry.

There would be a significant and immediate impact across the state with the reopening of those five facilities. First, it takes roughly 18 months from birth for a greyhound to make it to the racetrack so breeders would immediately increase their breeding program in the state of Kansas as well as start registering their animals as Kansas-Bred. This would not only have an impact on the state level but the national level as well.

There are currently no kennel operators actually operating in this state, because all tracks are closed. With the reopening of the racetracks, there would be an immediate opening for approximately 36 kennel operators (14 at KC; 12 at Wichita and 10 at Pittsburgh). One kennel operation is the equivalent of a million dollar business in the local community.

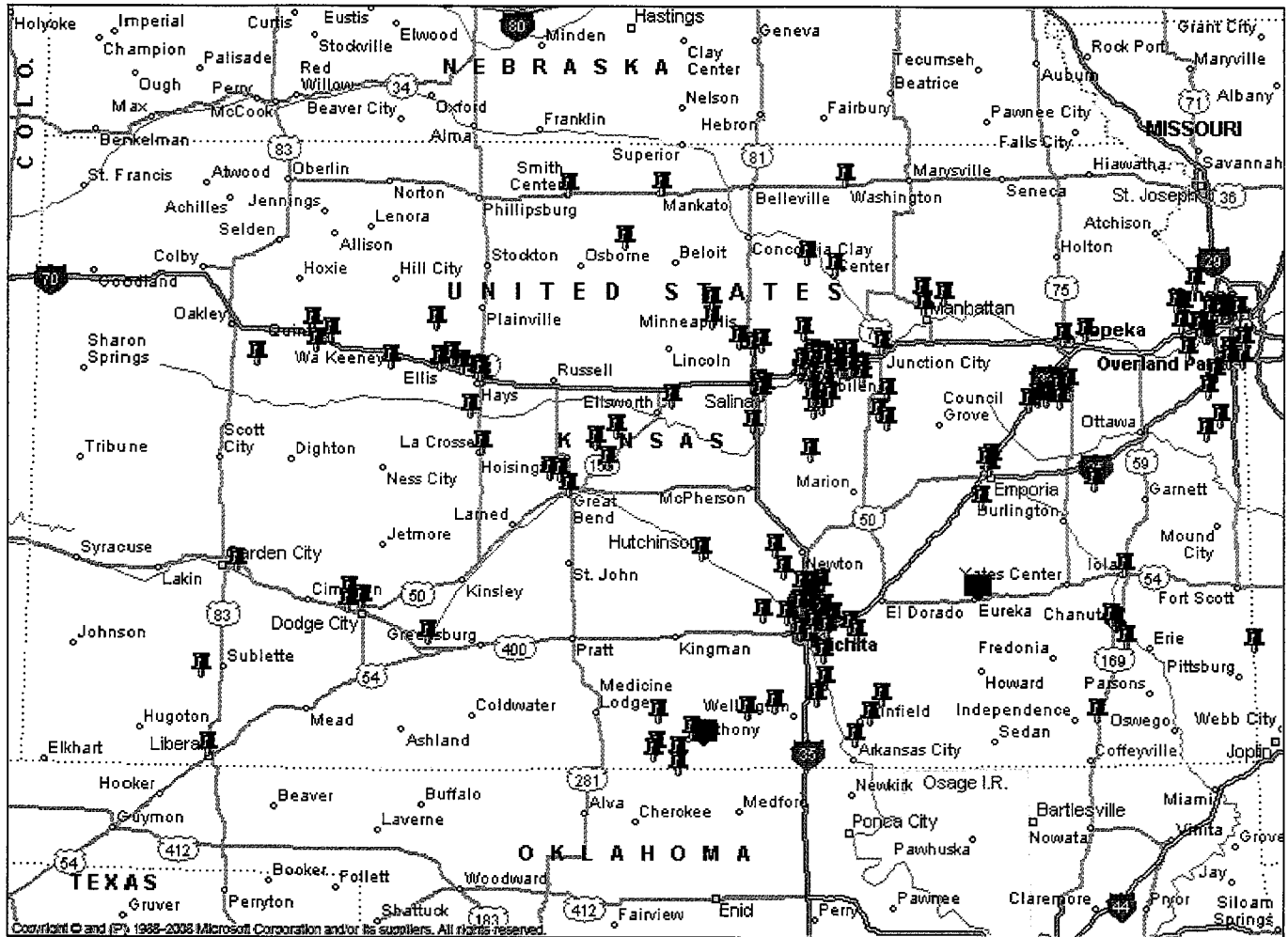
The breeders and kennel operators in the state have already proven that they are willing to invest in their future and the viability of the industry. Following the passage of SB66 in 2007, the number of Kansas-Bred greyhounds increased significantly.

The media has focused on jobs, jobs and more jobs. The fact is with the reopening of these 5 facilities, there will be over 4000 new jobs. Those opportunities would come about from the increased need on the farms and kennel operations directly throughout Kansas. Then, of course, vendors servicing the various facilities and operations would have to increase their staffs.

It is important for the KGA and the NGA, as well as the communities directly affected by the breed groups, that the pari-mutuel industry be restored in the state. It will increase revenues to the greyhound breeders in Kansas who breed, raise and train these animals. Money now being spent out of state will be reinvested in local Kansas

communities, not only benefiting the communities, but the economy of the entire state. This has to happen in Kansas so that the state world-famous for its greyhounds also becomes world-famous for its purses.

Thank you for the opportunity of appearing before the Committee. I will be happy to respond to questions.



Kansas Greyhound Operators  
Breeders, Kennel Operators, Owners



January 27, 2010

Chairman Brungardt and members of the Federal and State Affairs Committee,

I am Huey York, Mayor of the City of Baxter Springs, Kansas. I am grateful for the opportunity to testify in support of the reduction of the minimum investment of \$100 million and the privilege fee of \$11 million for the development of a casino in Cherokee County, Kansas. For those of you that are not familiar with Baxter Springs, our southern city limits is one half mile from the Oklahoma state line and our eastern city limits is seven miles from the Missouri state line where the three corners of Kansas, Oklahoma and Missouri meet. This is also the location of the Quapaw Tribe Downstream Casino Resort. Within 25 miles of our city limits there are 11 tribal casinos. According to an article that appeared in the *Joplin Globe* on July 3, 2009 "Tribal Casinos Provide Oklahoma Revenue Boost". "Tribes provide 4 to 6% of revenues from electronic games and 10% of revenues on table games to the state. Fiscal year 2009 figures represent revenues earned by the tribes in June, 2008 through May, 2009 and reported to the state from July, 2008 through June, 2009". The tribal casinos that are located within 25 miles of our city limits paid the state as follows:

1. Ottawa Tribe (1 casino) High Winds Casino: .....	\$164,103
2. Miami/Modoc Tribe (2 casinos) The Stables Casino: .....	\$341,971
3. Wyandotte Tribe (2 casinos) Wyandotte Nation: .....	\$444,348
4. Peoria Tribe (2 casinos) Buffalo Run Casino: .....	\$546,007
5. Eastern Shawnee Tribe (2 casinos) Bordertown Casino: .....	\$1,273,502
6 Quapaw Tribe (2 casinos) Downstream Resort Casino: .....	<u>\$4,467,968</u>
Total: .....	\$7,237,899

The legislature passed and the governor signed the Expanded Gaming Act in 2007. However, the delays associated with its implementation allowed Oklahoma casinos to get a huge head start on Kansas. Current studies indicate that the Cherokee County location is still an ideal location for a Southeast Kansas casino. However, the provisions in the existing gaming act need to be changed. There is now a very nice resort casino right across our state line with their parking lot in Cherokee County Kansas. It has a large gaming area, 12 story hotel, meeting area, pool, several eating establishments, sports bar and live entertainment. Many of us believe another casino, not tribal, could prosper in Southeast Kansas. However, the threshold for investment and the license fee needs to be lowered to encourage investment in Southeast Kansas.

I support the reductions in the House and Senate bills and I want to thank Representative Gateway and the other members of the Southeast Kansas delegation for continuing to work to allow us to compete with those facilities adjacent to our boundaries that are profiting from Kansas, Missouri, Oklahoma and Arkansas dollars driving into their businesses, eating at their establishments, using their meeting space all at the expense of our state revenue.

It is now obvious that the levels of investment for a Southeast Kansas casino were not reasonable. There is nothing that any of us can do about the past except learn from it. Therefore, I would encourage members of this committee, whether you support gaming or not, to help us at least make the gaming zone in Southeast Kansas competitive with the tribal casinos on our border.

Thank you Chairman Brungardt and committee members for allowing me to testify. I will be happy to answer any questions you might have at the appropriate time.

OFFICE OF  
**BOARD OF COUNTY COMMISSIONERS**

**BOB KMIEC**  
FIRST DISTRICT

**CRAWFORD COUNTY, KANSAS**

**P. O. BOX 68**

**111 E. FOREST**

**GIRARD, KANSAS 66743**

**DON PYLE**  
COUNTY CLERK

**LINDA K. GRILZ**  
SECOND DISTRICT

**JIM EMERSON**  
COUNTY COUNSELOR

**RALPH MCGEORGE**  
THIRD DISTRICT

TO: Kansas Senate Federal and State Affairs Committee  
FROM: Linda K. Grilz, Chairperson, Crawford County  
Commission  
RE: Senate Bill 401  
DATE: Wednesday, January 27, 2010

Chairperson Brungardt and Committee Members:

On behalf of the Board of County Commissioners of Crawford County, Kansas, I am here before you today to testify in support of Senate Bill 401. This bill 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 stands at 6.8% compared to 6.3% statewide.

In addition, Crawford County and the State of Kansas stand to benefit from increased property tax and sales tax that a destination casino and/or racing facility would generate. Senate Bill 401 gives Crawford and Cherokee Counties an opportunity to compete for entertainment and tourism dollars that are currently lost to Oklahoma Indian Casinos.

Job creation, revenue enhancement, entertainment and tourism opportunities, three major reasons I urge your

Sn Fed & State  
Attachment 5

1-27-10

support of Senate Bill 401. Thank you for your  
consideration of this legislation and for allowing me the  
opportunity to address you today.

6

**The Racing Association of Kansas — Southeast**

100 S. Broadway  
Pittsburg, KS 66762  
620•231•1290

To: Kansas Senate Federal and State Affairs Committee  
From: Linda K. Grilz, President, TRAK Southeast  
Re: Senate Bill 401  
Date: Wednesday, January 27, 2010

Chairperson Brungardt and Committee Members:

I stand before you today representing The Racing Association of Kansas Southeast (TRAK Southeast) in support of Senate Bill 401. As you may know, TRAK Southeast holds the organization license for greyhound racing and pari-mutuel wagering in Crawford County.

Our organization has held this license for more than 20 years with the track open twice for short periods of time. As a non-profit board we partner with the for-profit owner operator and answer to the Kansas Racing and Gaming Commission.

The facility has the potential to boost economy in southeast Kansas through jobs, it would provide entertainment and tourism opportunities and provide revenue to non-profit agencies in the area. One of the charges of our non-profit board is to distribute a portion of pari-mutual wagers back to non-profit agencies. In the two instances when the track was open, TRAK Southeast distributed more than \$100,000 to various non-profit agencies.

Passing Senate Bill 401 would give Camptown and TRAK Southeast the opportunity to help other non-profit agencies by providing grants.

I appreciate the opportunity to address you today and would be happy to answer any questions you may have.

Sn Fed & State  
Attachment 6

1-27-10



**President**  
David Assmann  
913-441-0148

Jan. 27, 2010

Dear Chairperson Brungardt and committee members:

As spokes person for the Kansas Thoroughbred Association my goal is to give you information about the agricultural aspect of raising potential race horses here in the state of Kansas and it's benefit to the agricultural economy of the state.

The handout that I have presented to you will hopefully be very informative.

If you need any further information on this subject please feel free to contact me. Thank you for listening to this presentation.

Sincerely,

A handwritten signature in cursive script that reads "Pam Davis".

Pam Davis

Executive Director of the Kansas Thoroughbred Association  
pmdavis@vet.ksu.edu

---

**Pam Davis, Executive Director**  
15400 Rock Creek Rd, Westmoreland, KS 66549  
(785)457-2863  
www.kansasthroughbred.com

Sn Fed & State  
Attachment 7

1-27-10



**Kansas Thoroughbred Association presentation to the Kansas Legislature**

The equine industry of Kansas is very diverse. Our presentation is really only about the racing industry as it related to Thoroughbreds and Thoroughbred racing. The agricultural economics will be the areas that will be cited. The purposes of this presentation is to tell you a story about our industry.

Breeding and foaling and raising the young athlete to be ready to compete at the race track and all that it entails.

The racing industry has had a positive impact on education and research at our universities. Over 2.6 million dollars has been spent since 1990 on equine and canine research. This is a huge benefit to our students and our animal athletes. This dollar amount has been reported by the KS Racing Commission's annual report.

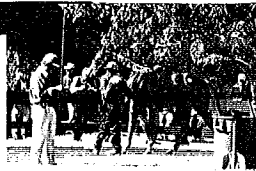


The investment is great to raise a foal to racing age. Feed costs as reported in the KS Survey was 35.5 million dollars for horses.

Labor costs were over 14 million dollars as reported in the survey.



The sales company entry fees and commissions paid to the sales company and commission to the agent that handles the horse at the sale. This gives jobs to many people involved with selling young race horses.



Preparing a yearling for a sale- preparation at the farm \$25-.50. per day/ labor and cost of feed and maintenance of the farm. Transportation costs 58.5 cents/ mile just for gas. To haul a horse usually \$1.00/ mile expenses of truck and trailer. Just think of all the gas taxes and tolls that are paid to the state.



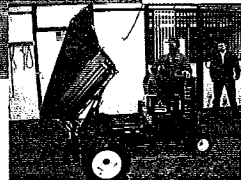
Labor is one of the most expensive parts of getting the animals trained and ready to start their career at the race track. Who is involved: veterinarians, farriers, trainers, exercise riders, groom s, breeders and finally an owner. All these people are an integral part of a horse's life.



Having the whole family involved is very important and they spend money to be a part of all the fun and action at the track.



Land, boarding and training facilities number 960. These operations encompass over 960 thousand acres devoted to horse operations.



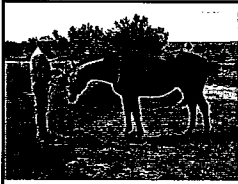
Industries cause people to think outside the box. This is a prototype for a manure hauler used inside a barn.

Equipment purchased was reported to be 15.6 million. Just think of the dollars generated in property and sales tax. These dollars support local communities and the state.



The members of the racing industry are interested in continuing education and investing in organizations, seminars, breed conventions and networking with each other, no matter what breed of horse we are learning about. Millions of dollars are spent for hotels, convention sites, food, gas and other equine related items.

At the recent Equifest held at the coliseum in Wichita this past month, Feb. 14<sup>th</sup> and 15<sup>th</sup>, 2009. Brought in millions to the surrounding area, food, motels, gas etc.



Stallions were brought into the state of Kansas with the anticipation of a going breeding program being developed because of expanded gaming. There are many breeders who are now without a place to race the horses they produce. The horses that were foaled here are not worth what they should be because of loss of Kansas racing opportunities.



### Costs Associated with Breeding and Raising a Thoroughbred Foal to its First Start at the Race Track

#### Getting the mare bred-

Traveling to the state where the stallion stands - trip to Kentucky = \$600.00 Hauling the mare myself or professional  
 Picking out the stallion - Stud fees can range \$500.00 to \$150,000.00 It all depends on your mare

Boarding the mare at the farm in Kentucky \$620.00 / month (average stay 3 months)

Veterinary Bill is usually \$250.00 per month

Farrier \$30.00 every 6 weeks

Hauling the mare from the boarding farm to the stallion to be bred \$125.00 / trip (sometimes she gets bred twice in one heat cycle)

Ultrasound the mare to see if she is in foal \$50.00 each time

Mare is in foal and ready to ship home = \$800.00 hauling

Care for her in Kansas it cost \$8.00 / day at my house for food and bedding

Then she has to go to Illinois to foal. Mare has to be in the state by December 1<sup>st</sup> of the year bred

WHY ?

Because the resulting foal is going to be an IL Bred. That means \$ to me as the breeder. If the foal grows up and races in the state of Illinois - Chicago (Arlington or Hawthorne) or St. Louis (Fairmount Park) and it places in the top 3 it receive part of the purse. Example - 1<sup>st</sup> in a Maiden \$25,000. Purse- I would get \$2200.00 for being the breeder.

Board in IL is \$620.00 per month plus veterinary expenses, farrier, deworming, vaccinations, hauling.

Foal is BORN

Everything went well - and the mare will be ready to rebreed in 14 days. The foal goes with the mare to Kentucky and we start over.

First year of life costs are \$5.00 - 10.00 / day (Born April 1<sup>st</sup>)

Feed, farrier, bedding, veterinary care and basic training.

#### 18 months of age

The yearling goes to a trainer to get its first lessons that will prepare the horse for racing.

Cost is \$28.00 - 35.00 / day

The horse can go on to the trainer at the race track or it can go home and grow for several more months before it goes to the race track.

2 year old or older-

Race track-

The costs depend on the race track you are located and the individual trainers-

\$35.00 - \$55.00 / day

Veterinary care- \$100.00 to \$400.00 on race day

Ponying the horse to the starting gate - \$20.00

Normal veterinary care about \$150.00 / month if all is well.

Jockey - gets 10% of the purse

Trainer- gets 10% of the purse

OWNER- gets 60% of the winning purse, but really gets 40%

Total estimated costs - Kentucky = \$4570.00

Kansas = \$1720.00

Illinois = \$3280.00

Kansas = \$1290.00 Jan. 1<sup>st</sup> Foal is now a Yearling

Kansas = \$2160.00

Getting ready to go to the track - \$30./day 120 days = 3600.00

Total costs before the 2 year old sets a hoof on the track = \$ 16,620.00

More than 50% of this \$16,000. goes to providers out of the state of Kansas

It would be nice to have the opportunity to keep these services and racing opportunities within our state !

HGCA HOME
MY ACCOUNTS
ACCT SUMMARY
RACE RESULTS
SIGN OFF

DAVIS PAM, OWNER  
 15400 ROCK CREEK RD  
 WESTMORELAND, KS. 66549

Account # 113156

ACCOUNT STATEMENT						
TRK	DATE	DESCRIPTION	DEBIT	CREDIT	BALANCE	
		OPENING BALANCE			.00	
AP	8/14/2009	DAYLIGHT CREEK Rc01 Fn06 jock:GEROUX FLORENT	85.00		(85.00)	<a href="#">detail</a>
HGC	8/27/2009	*** 08/27/09 Overdraft Statement	0.00		(85.00)	<a href="#">detail</a>
AP	9/6/2009	DAYLIGHT CREEK Rc01 Fn06 jock:GEROUX FLORENT	85.00		(170.00)	<a href="#">detail</a>
HGC	9/10/2009	*** 09/10/09 Overdraft Stmt Fee	5.00		(175.00)	<a href="#">detail</a>
HGC	9/14/2009	DEPOSIT CHECK #002277 O/D NOTICE DEPOSIT		85.00	(90.00)	<a href="#">detail</a>
HGC	9/17/2009	DEPOSIT CHECK #002278 O/D NOTICE DEPOSIT		175.00	85.00	<a href="#">detail</a>
AP	9/25/2009	DAYLIGHT CREEK Rc01 Fn02 Purse\$		2,100.00	2,185.00	<a href="#">detail</a>
AP	9/25/2009	DAYLIGHT CREEK Rc01 Fn02 jock:GEROUX FLORENT	105.00		2,080.00	<a href="#">detail</a>
HAW	10/2/2009	Ck P403641 to: DAVIS PAM	1,980.00		100.00	<a href="#">detail</a>
HAW	10/14/2009	DAYLIGHT CREEK Rc03 Fn02 Purse\$		2,400.00	2,500.00	<a href="#">detail</a>
HAW	10/14/2009	DAYLIGHT CREEK Rc03 Fn02 jock:RIGGS TANNER	120.00		2,380.00	<a href="#">detail</a>
HAW	11/4/2009	DAYLIGHT CREEK Rc03 Fn01 Purse\$		7,200.00	9,580.00	<a href="#">detail</a>
HAW	11/4/2009	DAYLIGHT CREEK Rc03 Fn01 jock:GEROUX FLORENT	720.00		8,860.00	<a href="#">detail</a>
HAW	11/5/2009	DAYLIGHT Trnfr to: FOURFOOTED FOTOS INC (DOUG CLARK)	65.83		8,794.17	<a href="#">detail</a>
HGC	11/12/2009	OCT TRNING Trnfr to: BERNDT JOEL	2,225.00		6,569.17	<a href="#">detail</a>
HAW	11/19/2009	DAYLIGHT CREEK Rc03 Fn02 Purse\$		2,800.00	9,369.17	<a href="#">detail</a>
HAW	11/19/2009	DAYLIGHT CREEK Rc03 Fn02 jock:GEROUX FLORENT	140.00		9,229.17	<a href="#">detail</a>
HAW	12/6/2009	DAYLIGHT CREEK Claim by DORRIS CHRIS & SENTEL KEN		10,000.00	19,229.17	<a href="#">detail</a>
HAW	12/6/2009	DAYLIGHT CREEK Rc04 Fn02 Purse\$		2,800.00	22,029.17	<a href="#">detail</a>
HAW	12/6/2009	DAYLIGHT CREEK Rc04 Fn02 jock:GEROUX FLORENT	140.00		21,889.17	<a href="#">detail</a>
HGC	12/7/2009	Trnfr to: BERNDT JOEL	2,800.00		19,089.17	<a href="#">detail</a>
HGC	12/14/2009	Ck M405828 to: DAVIS PAM	2,000.00		17,089.17	<a href="#">detail</a>
HGC	1/1/2010	*** 2009 'NET' Taxable Income as of 12/31/09 *****		0.00	17,089.17	<a href="#">detail</a>
HGC	1/1/2010	Gross income for tax year 2009 17,300.00+		0.00	17,089.17	<a href="#">detail</a>
HGC	1/1/2010	.....Jockey fees auto-deducted 1,395.00-		0.00	17,089.17	<a href="#">detail</a>
HGC	1/1/2010	Net taxable income for 2009... 15,905.00=		0.00	17,089.17	<a href="#">detail</a>
HGC	1/1/2010	*** *****		0.00	17,089.17	<a href="#">detail</a>
HGC	1/12/2010	Issued 2009 IRS 1099-MISC for \$15,905.00		0.00	17,089.17	<a href="#">detail</a>
HGC	1/15/2010	TRNING Trnfr to: BERNDT JOEL	740.00		16,349.17	<a href="#">detail</a>



	<b>Ending Balance This Statement</b>	<b>16,349.17</b>
--	--------------------------------------	------------------

**TOTAL ACCOUNT BALANCE:** 16,349.17  
**ESCROWED AMOUNT:** .00  
**AVAILABLE BALANCE:** 16,349.17

**STATEMENT TOTALS**

**Current Year (2010) Taxable Income:** .00  
**Previous Year (2009) Taxable Income:** 15,905.00

**Current Year (2010) Totals By Transaction Type**

	<u>Credits</u>	<u>Debits</u>	<u>Total</u>
	.00	.00	.00
Inter-account funds transfers	.00	740.00	(740.00)
Gross Purse Income	.00	.00	.00
Jock Fees Paid	.00	.00	.00
Net Taxable Income	.00	.00	.00

**Previous Year (2009) Totals By Transaction Type**

	<u>Credits</u>	<u>Debits</u>	<u>Total</u>
Overdraft Notice Sent	.00	.00	.00
Purses won	17,300.00	.00	17,300.00
Jockey Fees Paid	.00	1,395.00	(1,395.00)
Deposits into account	260.00	.00	260.00
Inter-account funds transfers	.00	5,090.83	(5,090.83)
Checks issued	.00	3,980.00	(3,980.00)
Claims: From you / By you	10,000.00	.00	10,000.00
Overdraft Account Fee	.00	5.00	(5.00)

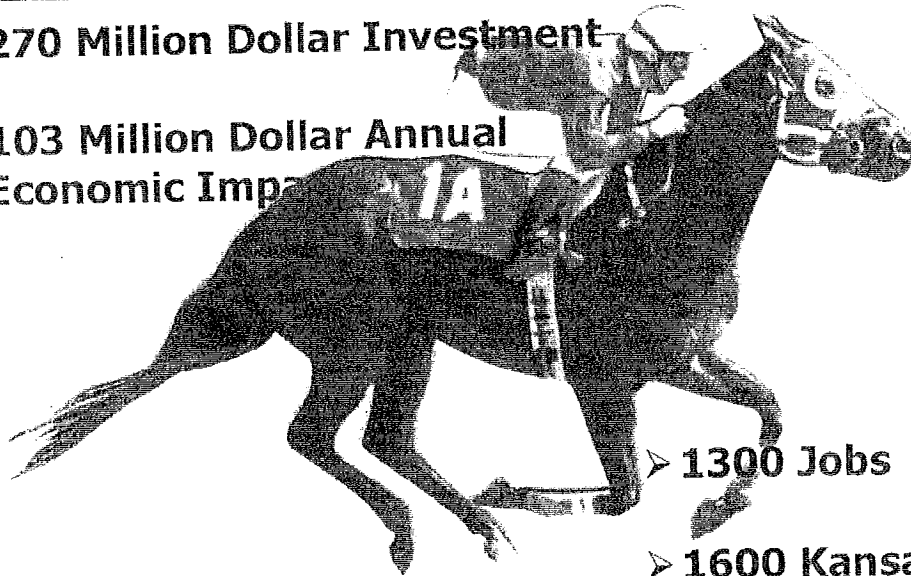
**DAVIS PAM, OWNER**  
**15400 ROCK CREEK RD**  
**WESTMORELAND, KS. 66549**

**Account # 113156**

# Kansas Horse Racing Industry

➤ 270 Million Dollar Investment

➤ 103 Million Dollar Annual  
Economic Impact



➤ 1300 Jobs

➤ 1600 Kansas Owners

***"IT'S AS BIG AS YOU THINK!"***

POPULATION SURVEY OF THE  
KANSAS RACE HORSE INDUSTRY

INTRODUCTION

This report is based on 351 questionnaires sent to owners of Kansas race horses, compiled from the membership records of the Kansas Quarter Horse Racing Association, (KQHRA), the Kansas Thoroughbred Association, (KTA), and the Kansas Horsemen's association, (KHA), which is the Kansas Bred registration agency. There were 160 usable responses to the questionnaire for a response rate of 46% from horse racing farms and ranches located in 55 of the 105 counties in the State of Kansas. The population did not include racetrack operations, tourism or commercial/industry support service providers.

The questions on the survey consisted of the following: (1) County in which the horses are located; (2) number of horses of Racing age; (3) number of Breeding stock horses; (4) number of Full Time employees; and (5) number of Part Time employees.

The survey was conducted by mail during the period commencing on January 6, 2005 and concluded on January 25, 2005. Considering the unusually high response rate of 46%, the results should provide reasonably accurate estimates of numbers and economic impact to the agricultural industry in the State of Kansas. Quoting from the 2003 Equine survey by the Pennsylvania Department of Agriculture and Pennsylvania State University "By recognizing all the breeding farms and stables, land, equipment, facilities and products necessary to produce and use horses, one begins to understand how the horses and people involved represent an influential industry. Finding a rival in

complexity would be a challenge". Such is the case with the horse racing industry in Kansas.

### SURVEY RESULTS

Table #1 Basic Facts about the Kansas Race Horse Industry:

Number of Horses	7783
Number of Owners/Breeders	1615
Number of Employees (JOBS)	994

**Kansas Horse Racing Property Value:**

Value of Kansas Horses	\$23,349,000.00
Value of Real Estate & Equipment	<u>\$248,724,762.00</u>
<b>Total Kansas Horse Racing Property Value</b>	<b>\$272,073,762.00</b>

**Annual Kansas Horse Racing Expenditures:**

Value of Feed & Hay	\$4,319,565.00
Bedding	\$1,183,016.00
Vitamins & Supplements	\$716,036.00
Supplies, Tack & Equipment	\$1,486,553.00
Training and Boarding	\$5,549,279.00
Farrier	\$1,159,667.00
Veterinary	\$2,926,408.00
Horse Transportation	\$902,828.00
Wages	\$15,200,199.00
Advertising	\$583,725.00
Car & Truck Maintenance	\$1,019,573.00
Insurance	\$1,836,788.00
Office Supplies	\$264,622.00
Facility Maintenance	\$980,658.00
Travel and Accommodations	\$918,394.00
Utilities	\$965,092.00
Dues and Subscriptions	\$171,226.00
Other Operating Expense	<u>\$3,183,247.00</u>
<b>TOTAL</b>	<b>\$43,366,876.00</b>

Values shown in Table #1, above, are compiled from surveys conducted most recently by the Pennsylvania Department of Agriculture and Pennsylvania State University, May 2003 and The American Horse Council, Washington, D.C., 1996, as adjusted by numbers for the State of Kansas. Each survey cited used the economic impact software program IMPLAN (Impact Analysis for Planning). The IMPLAN model

is used extensively throughout the United State to determine economic effects of 528 industries.

Economic multipliers, Table #2, below, are used to translate the economic DIRECT impact into the TOTAL ECONOMIC IMPACT; the multiplier gives an estimate of the additional economic activity generated by a change in output. This is the so-called “ripple effect” or “spin off” of direct economic activity generated.

Based on the IMPLAN model, the Kansas horse racing industry multipliers are as follows:

Table #2 Application of IMPLAN Economic Multipliers:

	ACTUAL/MILLIONS	MULTI.	IMPACT/MILLIONS
Industry Out Put	\$43,366,000.00	\$1.75	\$75,890,500.00
Employment (Jobs)	994	1.36	1351
Labor Income (Wages)	\$15,200,000.00	\$1.81	<u>\$27,512,000.00</u>
ANNUAL ECONOMIC IMPACT ON KANSAS AGRICULTURE			<b>\$103,402,500.00</b>

THE KANSAS HORSE RACING INDUSTRY

IT'S AS BIG AS YOU THINK

Compiled and Distributed by  
 WEELBORG FARM  
 CANTON, KS.  
 MEMBER OF: KANSAS QUARTER HORSE RACING ASSOCIATION  
 KANSAS THOROUGHBRED ASSOCIATION  
 KANSAS HORSEMEN'S ASSOCIATION

# ECONOMIC IMPORTANCE OF IOWA'S EQUINE INDUSTRY

By P. Miller-Auwerda, Department of Animal Science and D. Otto, Department of Economics

## Introduction

Iowa horse farms are viable agricultural businesses, regardless of the cost of land. To understand the economic value of the horse industry, one must consider the many activities that include horses, the many breeds of horses that reside in this state and the thousands of equine enthusiasts. These enthusiasts represent every walk of life, live in urban and rural areas and fill their homes, offices and vehicles with symbols of their interest in horses. If you think about the breeding farms, land, equipment, facilities and products necessary to produce and use horses, you will understand how horses and people involved represent an influential industry. Finding a rival in complexity would be a challenge. Together the breeding, raising, showing, racing, training, riding and care of thousands of horses each year strokes a vast industry that when pulled together in all its diverse aspects has a huge impact on Iowa's economy. This is the first project to evaluate the modern equine industry in Iowa.

## The Equine Industry's Estimated Contribution to the Iowa Economy

The total contribution of the Equine Industry to the Iowa economy was estimated using the economic impact software program IMPLAN (Impact Analysis for Planning). Originally developed by the US Forest Service, IMPLAN is an input-output (I-O) model widely used to quantify how businesses use technology, labor and materials (i.e., inputs) to produce a product (i.e., output). The I-O model is essentially a generalized accounting system of a regional economy that tracks the purchases and sales of commodities between industries, businesses, and final consumers. In practice, the IMPLAN model is used in every state and hundreds of communities across the nation to catalog economic activity and predict the effect of alternative policies and various economic changes.

The basic analysis for this report looks at the overall importance and contribution of the equine industry to the Iowa economy based on the current situation in the Iowa equine industry. The results of the I-O analysis are presented in Table 1 with estimates of the direct and secondary economic effects presented for ten general sectors in the Iowa economy. The key indicators of economic activity reported include total industry output, total income, and employment. Secondary effects are the spin-off or ripple effects of the Equine Industry. For example, equine related businesses purchase a variety of inputs and services; and the companies that produce these goods and services also need labor. Accordingly, the secondary effects also capture the impact of local spending by employees of both the equine-related businesses as well as supporting industries. While much of the impact is concentrated in the agricultural sectors, the personal income linkages in the economy results in major economic effects also being distributed in the services and trade sectors. The direct and secondary output effect of the Equine Industry is \$862.5 million.

Employment is based on a per job unit consistent with the definitions used by the US Commerce Department. The employment levels are likely to be nearly full-time equivalents for the manufacturing and production oriented jobs. Based on the IMPLAN model, this translates into 10,130 jobs. Retail and service sector positions tend to involve many part-time positions. The distribution of employment impacts is similar to the pattern for the other indicators in that effects are present in all parts of the economy. The service sector provides the largest number of secondary jobs followed by retail trade.

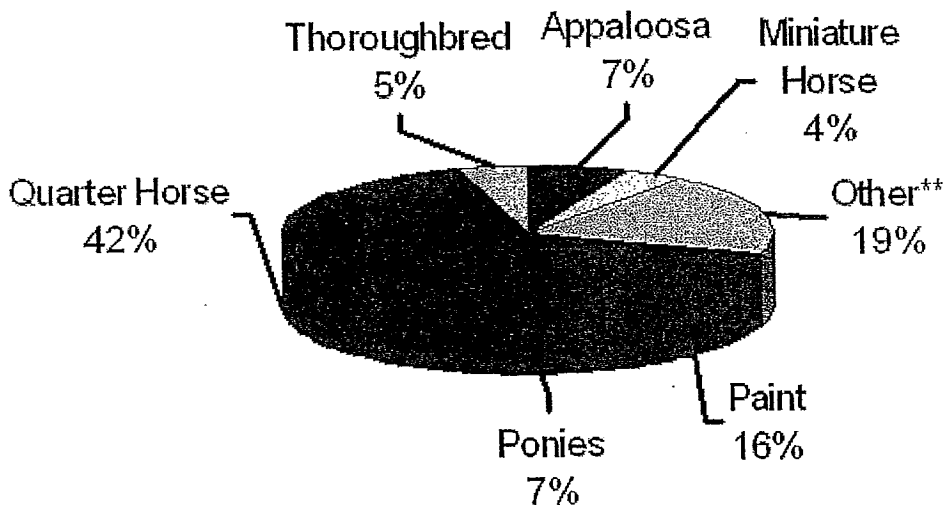
## Equine Population

The 199,220 equine living in this state represent approximately 50 breeds of horses, ponies, donkeys, and mules (Figure 1). Quarter Horses accounted for 83,600 head, representing nearly half of the total equine in the state, followed by American Paint at 31,800 head. Thoroughbreds accounted for 10,000 head and Appaloosa's accounted for 13,900 head. Iowa horses are worth \$1.03 billion. Equine in Iowa serve a variety of needs and uses, including racing, showing, recreation or work. The primary use of horses in Iowa is shown in table 2. Over 40% of Iowa horses are used in the breeding industry, while 13% are used for competition events. The largest sector outside of breeding is for trail riding (25%). Table 3 lists use by breed.

Table 1. Total Direct and Secondary Economic Impacts Associated Equine in Iowa, 2005

	Total Sales	Income	Jobs
Agriculture	179,862,752	38,079,188.0	943
Mining	77,247	25,396.0	1
Utilities	9,455,690	1,998,075.0	24
Construction	64,277,484	30,302,304.0	852
Manufacturing	43,094,220	8,544,659.0	166
Transportation & warehousing	41,051,836	12,378,213.0	295
Retail trade	114,540,264	50,384,584.0	1,941
Information services	12,609,030	3,435,981.0	82
Finance, insurance & real estate	60,473,220	13,903,220.0	447
Professional and technical services	281,417,152	119,446,776.0	4,721
Other services	25,199,254	8,877,377.0	628
Government	30,477,620	1,357,198.0	32
<b>Total</b>	<b>862,535,769</b>	<b>288,732,970.0</b>	<b>10,130</b>

Figure 1. Equine Inventory by Breed



\*% of animals

\*\*Other = light horse breeds, draft breeds, mules, donkeys

Table 2. Equine Primary Use, By % Of All Breeds

Brood Mares	Breeding Stallions	Competition / showing	Farm Work	Race	Trail Riding	Youth Activity	Guest	Other
33.97	6.73	13.67	4.74	3.59	25.43	5.74	0.75	10.32

Definitions of primary use

Brood Mares – a female that is being kept primarily for breeding

Stallions – a male that is being kept primarily for breeding

Racing – any horse kept primarily for the intention of racing whether or not a pari-mutuel event

Showing or Competition – equine use primarily for showing, polo, three day eventing, dressage, games, etc.

Trail or Recreation – equine used primarily for pleasure and trail riding, for hunting, pleasure driving, and other recreational use

Work – equine used for work, hauling or transportation, police work

Other – equine used for commercial carriage rides, teaching, any retired horses, etc.

Table 3. Equine Primary Use, By Breed\*

Breed	Inven- tory	Brood Mares	Breed- ing Stal- lions	Competi- tion/ showing	Farm Work	Race	Trail Riding	Youth Activity	Guest	Other
	<u>Number</u>									
Quarter Horse	84,699	27,931	8,405	21,207	5,431	517	29,612	6,466	388	9,440
Other**	39,966	15,191	2,243	3,059	3,161	306	9,380	2,243	408	5,607
Paint	31,344	14,573	2,313	4,626	1,966	--**	13,185	2,892	347	4,164
Ponies	13,390	7,074	1,011	1,011	84	--	3,284	926	84	1,179
Appaloosa	13,288	3,322	797	2,259	133	--	3,854	399	--	2,392
Thoroughbred	9,028	1,910	--	174	--	5,643	347	--	--	608
Miniature Horse	7,506	5,090	863	776	259	--	259	345	345	345
*Definitions of primary use Brood Mares – a female that is being kept primarily for breeding Stallions – a male that is being kept primarily for breeding Racing – any horse kept primarily for the intention of racing whether or not a pari-mutuel event Showing or Competition – equine use primarily for showing, polo, three day eventing, dressage, games, etc. Trail or Recreation – equine used primarily for pleasure and trail riding, for hunting, pleasure driving, and other recreational use Work – equine used for work, hauling or transportation, police work Other – equine used for commercial carriage rides, teaching, any retired horses, etc. ** -- = none reported										

**Equine Operations**

An estimated 35,800 locations or operations house Iowa's 199,220 equine. Twenty percent of the farm/stables reported being commercial operations (for profit), while 80% considered their operation for personal use. Eleven percent of Iowa equine operations employ people, which include volunteers.

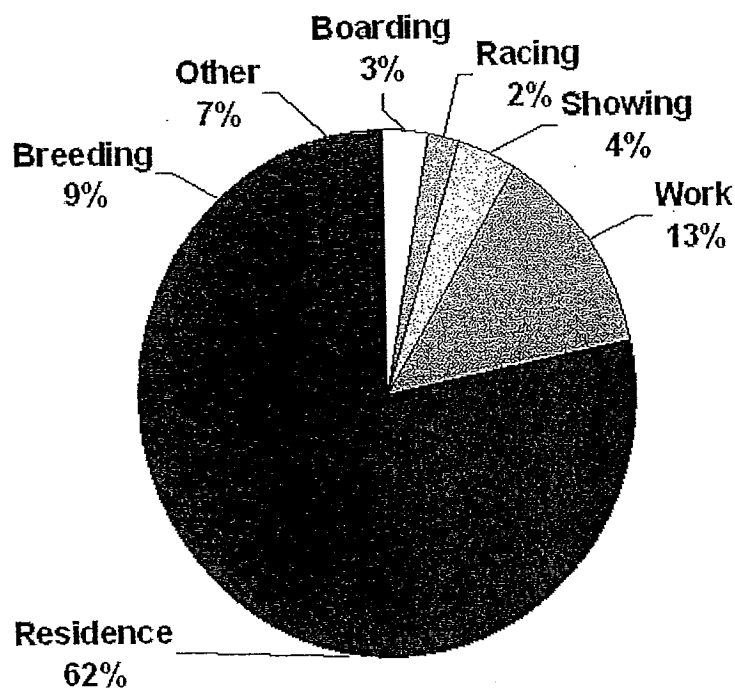
Figure 2 illustrates the types of Iowa equine operations. The majority of equine operations, over 62%, were reported to be involved with personal, recreational or pleasure riding and/or driving (trail riding, youth and showing). The majority of operations, over 62%, were reported to be involved with personal, recreational or pleasure driving and/or driving (trail riding, youth and showing). The second largest group was working horses at 13%. These horses earn their living by plowing fields, pulling carriages, providing lessons, working cattle and police work. Three percent of facilities are involved in boarding and caring for other owners; 9% reported operating an equine breeding facility; 4% were training or competition; 2% were racing and 7% were listed as others. This group listed their facilities as retirement homes for horses, mounted police units, therapeutic riding facilities, riding/lesson facilities.

The equine community is actively preserving open space and helps maintain the public's connection to agriculture. The majority of Iowa equine owners own acreage (88.15%), while others board horses at local facilities. Iowa equine owners hold over 2.1 million Iowa acres which equals 5.87% of Iowa land. Iowa land, fencing and facility assets are valued at \$5.6 billion.



There are two principal equine industry manure management systems. The first system permits horses to graze full-time on pastures and the manure is not collected or treated. Pasture manure is usually spread by harrow cultivation that promotes decomposition. The second system confines animal feeding, which relies on intensive management, and the horses are kept in stalls or runs. The horses may be housed in box stalls. Manure is managed in one or more of the following ways: 1) compost (manure is removed and composted); 2) stockpile (manure is removed and stored in piles) and, 3) land application (manure is removed and spread on cropland or pasture). According to the survey, equine operations composted and used the manure on farm (50.5%), composted and had the manure hauled off the farm (7.46%), spread the manure fresh on crop and pasture fields (54.6%), had the manure hauled off the farm fresh (4.07%) or stock piled on the operation (18%).

Figure 2. Composition of Iowa Equine Facilities



### Equine Related Income

Overall, the direct and secondary contributions of the state's equine industry are estimated at more than 288.7 million in output (the total revenue generated by the industry). Forty-two percent of survey participants reported equine-related income. However, only a small % indicated the amount of revenue. Due to the small response an accurate description of equine related revenue could not be examined. Revenue in the equine industry was generated by boarding, equine judging, equipment sales, feed sales, manure sales, mare-care, racing purses, riding lessons/clinics, rodeo winnings, sale of horses, sales preparation, show or competition winnings, stallion service fees, trail riding services, training fees.

### Equine Related Expenditures

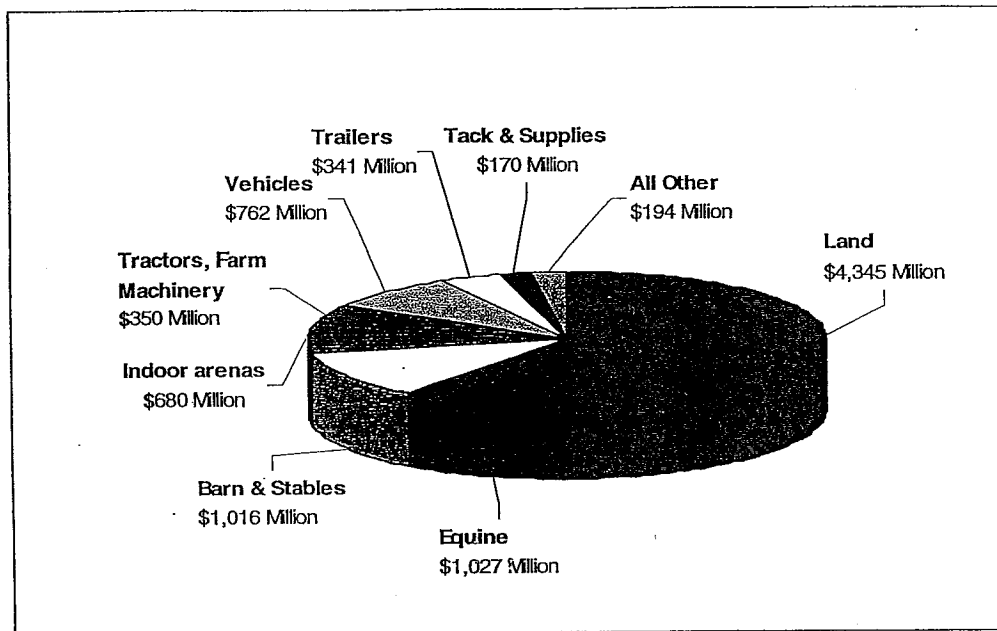
Iowa equine owners spend nearly \$503 million caring for equine, generating jobs and revenues in agriculture and agriculture service sector businesses such as equipment purchases, feed and bedding, veterinarian and farrier services, boarding, training and breeding fees, tack, grooming supplies, insurance, travel and lodging, capital improvements, advertising and other miscellaneous equine-related expenses (Table 4).

I. Expenses Common to All Horse Owners					
A.	Farm Related			\$	
	Bedding			606	
	Grain			1089	
	Hay			1307	
	Pasture			<u>313</u>	
	Per Owner Total			3329	
B.	Veterinary				
	Meds and Vitamins			791	
	Health			1078	
	Breeding			<u>1087</u>	
	Per Owner Total			2959	
C.	Tack and Supplies				
	Tack			883	
	Farrier			531	
	Grooming			<u>256</u>	
	Per Owner Total			1669	
II. Specialty Expenses					
A.	Travel	(%)		Avg. (\$)	Overall Average (\$)
	Trailering	(33.8)		902	304
	Lodging	(10.4)		1128	117
	Trail Riding	(48.5)		467	<u>227</u>
	Per Owner Total				695
B.	Professional				
	Competition	(46.7)		941	439
	Marketing	(23.8)		541	129
	Memberships	(65.8)		144	94
	Contract Services	(17.7)		92	16
	Insurance	(36.4)		459	<u>167</u>
	Per Owner Total				846
C.	Maintenance and Misc.				
	Utilities	(52.3)		568	297
	Repair and Maintenance	(45.4)		984	447
	Miscellaneous	(42.4)		1270	<u>539</u>
	Per Owner Total				1282
	Overall per operation expenses				10,735
	Est. number of Iowa horse owners				46,896
	<b>Total All Expenses</b>				<b>503,416,133</b>

**Equine-Related Assets**

The total value of all equine-related assets in Iowa is \$8.3 billion. Land by far was the largest asset, valued at \$4.3 billion (nearly 48% of the total). Equine accounted for 12% totaling nearly \$1.0 billion.

Figure 3. Equine-Related Assets



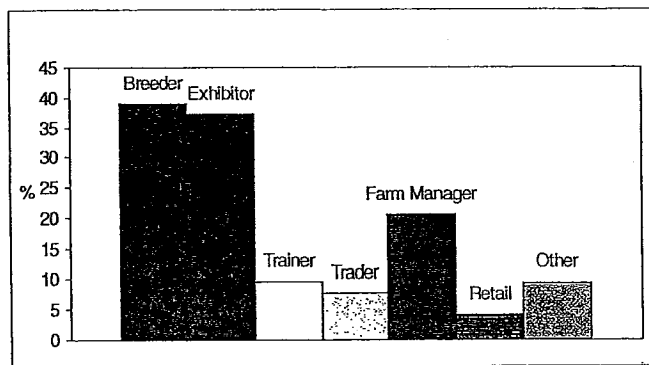
**Equine Owners & Participants**

Many people in Iowa are involved in the equine industry. The number of jobs associated with the industry is endless: grooms, trainers, veterinarians, farriers, breed organizations, stewards, judges, announcers, publicists, commercial suppliers, tack shops, riding apparel, sale companies, accountants, saddle makers, transporters and other support industries such as the feed and hay producers. Numerous magazines, newspapers and newsletters are devoted to horses. Prairie Meadows, Iowa's racetrack, for example, requires: security personnel, parking attendants, restaurant workers, mutual clerks; marketing, management and accounting staffs, as well as, the breeders, owners, trainers, grooms, jockeys, drivers, exercise riders, veterinarians, feed and equipment suppliers. Involvement in the horse industry is not based on any particular demographic group. A horse can fit into any type of lifestyle and horse owners are very diverse. Iowa equine owners spend an average of 454 hrs per month caring for equine and their operations.

Almost 47,000 adults in the state of Iowa are directly involved in the horse industry. Accounting for the numerous people who spend part time with horses, such as taking riding lessons, attending camps, attending a horse race, show or rodeo as a spectator, the number of people involved in the equine industry would easily triple. There are 35,800 equine operations. The % of members of an equine household that participate in equine activities is shown in table 5. Female are more likely to be involved in equine activities. Thirty-nine % of horse owners breed horses while 37% are involved in exhibitions (Figure3). Ten percent of Iowa equine owners have owned their horse less than 5 years while 40% have owned equine 30 or more years (Figure 4). Equine owners spend an average of 454 hrs per month caring for equine and their operations.

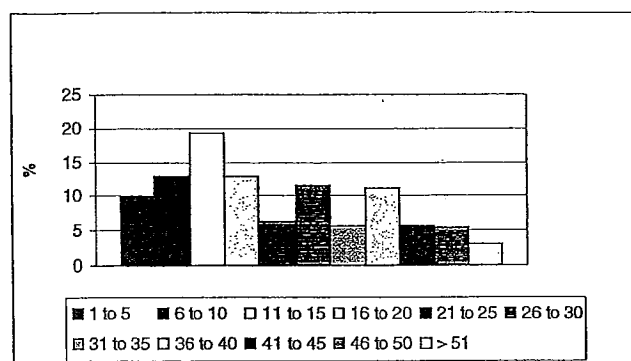
	Males	Females
Adults over 18 years of age	63.00%	75.00%
Youth between 8 and 18 years of age	13.27%	21.60%
Youth under 8 years of age	4.63%	12.34%

Figure 4. Equine owner's role in the industry<sup>1</sup>



<sup>1</sup>Respondents could indicate multiple reasons.

Figure 5. Number of years people have owned equine.



The majority of equine were owned as a way to improve equine's owner's quality of life and for relaxation and reduction in stress (Table 5).

Table 5. Reasons for owning horses<sup>1</sup>

Reason	Percentage (%)
Horses improve my quality of life	84.56
Horses allow me to relax and decrease stress	87.92
Horses provide me a significant means of physical fitness	65.44
I/we enjoy competition	40.60
Horses are good for the children in our family	46.64
I make money buying/selling horses	12.75
I/we train horses for profit	11.07
We enjoy breeding mares and raising foals	33.56

<sup>1</sup>Respondents could indicate multiple reasons.

**Equine Activities**

On most weekends throughout the year, competitors haul their show horses across the state striving for excellence. Many sanctioned horse shows, and even unsanctioned events, are held each year across the country, with competitions restricted to a particular breed or open to all horses. Whether the interest is in western riding, English riding, jumping, hunt seat, halter, pleasure, side-saddle, with a carriage or cart, three-gaited or five-gaited...whether the rider is a professional or amateur, child or senior, a horse show or event is held for the equine owner. In Iowa 33% of equine owners will compete in some type of event during the year and 50% will attend an equine show, clinic and/or workshop.

Many Iowans find respite from their busy lives with a few hours a day or each week on horseback. They might take a leisurely ride along a scenic trail or together with friends and enjoy riding in the open spaces of Iowa. With more than 123,000 horses used for recreational activities, many people obviously enjoy riding horses with no concern for winning or ribbons. In fact 69% of equine owners will take a leisurely ride along a scenic trail or together with friends and enjoy riding in the open spaces of Iowa.

Rodeos are among the horse industry's most popular spectator events, requiring highly trained horses for a variety of events, from team roping and penning to saddle bronc riding. Over 27% of horse owners will attend a rodeo and 8% will participate in a rodeo.

Horse racing the "Sport of Kings" is a significant and integral part of Iowa's horse industry. Horse racing emerged in Iowa in 1988 with the opening of Prairie Meadows. Prairie Meadows hosts a Thoroughbred meet and mixed meet of Thoroughbreds and Quarter Horses. Roughly 1,300 horses occupy the stable area at Prairie Meadows during the meet, bringing with them ~800 owners, trainers, grooms, exercise riders, feed and tack suppliers, veterinarians, farriers, etc. Eight percent of Iowa equine owners will attend one or more races per year.

## Vision for the Iowa Equine Industry

One of the largest industries in the United States revolves around horses, which have a daily impact on the lives of one in every 63 American citizens and 47,000 Iowans. The industry contributes to human health and wellbeing, sporting prowess, education, and community development. It is diverse, involving agriculture, business, sport, gaming, entertainment and recreation. Activities forming the core part of the industry range from professional to leisure. In between lay many semi-professional riders, and participants whose interest is split between earning a living and pure leisure activity. The activities geared toward professional riders include commercial breeders, affiliated sports, trainers, law enforcement, ranching and racing. The leisure-orientated activities include the provision of riding lessons, unaffiliated sports and tourist attractions. The other part of the industry is made up of providers of goods and services to the industry. Examples include farriery, feed supply, veterinary services, tack, workforce training, and insurance.

The United States horse industry is a \$39.2 billion business associated with 9.2 million horses. The number of horses has increased 28% in ten years. The horse industry's contribution to the U.S. gross domestic product (GDP) is \$102 billion, and it generates over 1.4 million full-time equivalent (FTE) jobs across the country. In Iowa there are 199,220 horses, which rank Iowa 17<sup>th</sup> in the nation. This industry makes an important contribution to the economy, and to the social fabric of many communities. It is particularly important in rural areas such as Iowa - over 70% of horse owners live in communities of 50,000 or less (AHC, 2005).

Current trends, especially the growth in the leisure economy, suggest the potential for real growth in the industry. The industry is diverse, with communication between the various parts not always very effective. The principal requirement for growth over the next ten years is to develop the necessary infrastructure to build and implement a successful strategy that is actively promoted by the entire horse industry. A successful and well-run industry will also be able to lobby more effectively for any changes needed to consolidate and enhance performance in the future.

The horse industry in Iowa is not without its challenges. A vision for the future should address the following issues.

Education of legislators and the general public on the equine industry

Education of youth about horses

Improving the quality and breeding of Iowa horses and ponies

Improving equestrian skills, training and standards

Increasing participation in equestrianism and the social contribution of the Horse Industry

Increasing the economic performance of equine businesses;

Development of a regional sales/show multi-purpose arena with sufficient stabling. Until there are adequate facilities, people will continue to leave for other states to sell their horses and to show their horses and breeders will continue to struggle to build their businesses.

Evaluation of land use and zoning for equine

Improving the health and wellness of the equine

Development of a state-wide trail system

The equine industry in Iowa has a very real impact on the economy. The more than 35,000 operations house 199,220 horses, generate 10,130 jobs, and generate more than \$862 million in economic impact in the state. These overall impacts make the equine industry comparable to the Iowa poultry industry, or about half the size of the Iowa dairy industry. This industry is a thriving part of the Iowa economic landscape, and has tremendous potential to grow.

### Acknowledgements

This study was funded by the following organizations and individuals:

Prairie Meadows Racetrack & Casino

Iowa Horse Council

Iowa Quarter Horse Association

Horsemen's Benevolence & Protective Association

Iowa Quarter Horse Racing Association

Apple n Oats

Melinda Antinsdel

8

# *City of Frontenac*

*313 East McKay*

*P.O. Box 1012*

*Frontenac, Kansas 66763*

Good Morning, I am Doug Sellars and am here as a representative of the City of Frontenac, Kansas, where I am employed as the City Clerk, a position I have held since 2005.

On behalf of the City of Frontenac, we are urging the State to pass SB 401, permitting gaming in the Southeast Kansas region.

In 1983 I became a law enforcement officer with the City of Frontenac achieving the rank of Lt. I was employed in that capacity during Camptown's brief tenure. As a result, I have first hand knowledge that the rate of crime **did not** increase during that time period. The City did encounter increased traffic along that corridor on 69 highway and manned patrols to handle the flow of traffic in and out of the track. The State, however, improved the entrance and roadway allowing for the accommodation of traffic thus dispensing with that concern. Simply put, the City did not experience any increase in criminal complaints which were a result of the operation of the track.

It is the City's position that the passage of this legislation is imperative to the financial well being of not only Frontenac but Southeast Kansas. Specifically, the City has sustained a number of financial hits not only from the State of Kansas with the loss of demand transfers, as well as, the personal property tax on machine and equipment for business and industry. Those two cuts in combination were crippling to the City of Frontenac's operating budget.

At the same time, the City has been forced to absorb a financial blow due to the loss of several prominent businesses that had been responsible for significant revenue contributions including Kansas sales tax.

It is evident that the casinos in this region are a lucrative business and it would be advantageous for the State to capitalize on an existing and proven venture. Clearly Southeast Kansas and specifically the City of Frontenac would benefit from such an enterprise-

The creation of new jobs

The increase in sales tax from the influx of traffic

The increase on property tax

The community is behind such a measure and has always been in support of the casino and video lottery terminals. In April 2005, an overwhelming majority of registered voters cast their ballot in favor of the same. The County wide election also supported the measure.

In closing, it is the City of Frontenac unequivocal position that this legislation is critical to the future prosperity of Southeast Kansas and we urge the State of Kansas to recognize the benefits of this legislation and pass SB 401 permitting gaming in the Southeast Kansas region.

Sn Fed & State  
Attachment 8

1-27-10



**Rutland Ranch**  
*Jeff & Laurie Rutland*  
1047 East College Avenue  
Independence, KS 67301-7140  
(620) 331-2485 ~ Fax (620) 331-2235

Date: January 27, 2010

To: Senate Federal and State Affairs Committee

Re: Support of **SB 401**

From: Jeff Rutland

Chairman Brungardt and Committee Members:

Over the past several years I have offered testimony to this committee portraying the situation the horse racing industry of Kansas has been in. Only now, it seems that the entire nation finds itself in a similar situation: less demand for products, less spending on resources, workers without jobs, businesses closing and relocating to other areas where a demand still exists. Today, you have the opportunity to reverse this trend and truly stimulate the economy throughout the state. Our laws no longer shelter us from gambling ... they only isolate us from its revenues.

We are not here today to debate whether slot machines should be legal in Kansas. For those of you that still wish they would go away, I respect your feelings, but that frame of mind isn't going to help the situation society has put us in. As an elected official, you may choose to vote to defeat this bill that would allow the racing industry to survive here, but there will still be gambling all around us ... Indian casinos and destination casinos...that do little for the economy outside of the direct share of gaming revenue that goes to the state treasury. Yet racing is not that way at all. Racing involves all segments of agriculture and rural Kansas. I am asking that you allow the expanded gaming act to benefit Kansans in more ways than one, by giving the racing industry opportunity to inject revenues from slots back into the rural economy.

The horse industry is big business in America. We provide over \$39 billion in direct economic impact and over \$100 billion in indirect and induced spending. We pay almost \$2 billion in taxes each year to all levels of government, and much of that can be attributed to the horse industry right here in Kansas. For many years our state has been ranked among the best in quality and numbers of horses produced in the U.S. But as we lost opportunities to race our horses, we lost many of the breeders and owners, both old and new that relocate to states with a brighter future for horse racing. These lost racing opportunities have eliminated the need to produce more horses here in the state, simple supply and demand.

Sn Fed & State  
Attachment 9

1-27-10

For over a year we have heard of many ideas to bail out this economic downturn the nation is in. Nearly all of these ideas have a few things in common: creation of jobs, increase spending by creating a greater demand for our own natural resources and get the money to the rural part of the country. Kansas has the greatest natural resources to offer horse racing investments - grain, hay, open land to graze and build, workers, a good climate with a central location ... and they all direct the money back to the rural part of the country.

For a moment, allow me to take off my hat as a strong believer in what the horse industry means to the state and direct my thoughts as a simple citizen of the state of Kansas. In 2008 the state of Missouri took in over \$355 million in state gaming taxes. Oklahoma took in over \$106 million from gaming. The state of Colorado received \$95 million in gaming taxes. Iowa state gaming taxes amounted to over \$91 million for that same year. We already pay more tax on gasoline than any state around – 25 cents per gallon, while the tax on gas in Missouri and Oklahoma is only 17 cents. The lowest bracket of personal income tax for Kansans is 3.5%. Missouri residents pay only 1.5%, Oklahoma residents pay only .5% individual state income taxes. There are only 12 states in the nation where residents pay higher property tax as a percent of their home value than Kansans. The long and the short of it is, we cannot afford more taxes be put on us to balance our state's budget. Let's be rational. Kansans do gamble but the state gets nothing out of it. We have all avoided bringing new things into our lives for fear that the worst consequences could happen. But isn't it usually quite the opposite? Don't we usually find that change really isn't as bad as we first thought it would be? Today, many people enjoy gambling as a clean form of entertainment ... We cannot sit by passively and allow our state to go broke while a new revenue source stares us in the face. Fix the gaming law so Kansas can offer our children the education they deserve without putting further pressure on us taxpayers.

In front of you is an opportunity to create one of the greatest economic stimulus plans this state could have. It's not about gambling. Gambling is all around us. This is about re-directing a revenue stream from gambling, one that already exists but is all currently leaving the state. This is about rural Kansas. Allowing the racetracks to get back in business will bring back the incentives to raise horses in Kansas, attracting new investment and re-generate the spending on feed, hay, land, equipment, buildings, veterinarian services, truck and trailer dealerships, tire shops, hardware stores, lumber yards, etc., etc.....AND IT CREATES JOBS!

I ask you to support the passage of SB 401 as presented.

Respectfully,

Jeff Rutland



10

**Legislative Testimony**  
**Support of Senate Bill 401**  
**January 27, 2010**  
**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 401 that would modify the investment requirement for casino developers in the Southeast Gaming Zone from \$225 million to \$100 million, as well as lower the fee required to bid on a casino project from \$25 million to \$11 million.

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.

RITA OSBORN

EUREKA, KANSAS

**Support for SB 401 and the Rural Agricultural Economy of Kansas**

- 1) I'm a school teacher, coach, etc. working with kids. I understand the needs of kids and the community.
- 2) Have been involved with ED for X years.
  - i) Directly involved with horsemen for X years as bookkeeper and racing sec.
  - ii) GM in 2009
  - iii) I understand the needs of horsemen and the businesses that are tied to horse racing.
- 3) Eureka Downs has been operating since 1872 – an important part of the community pumping hundreds of thousands of dollars into the local economy each year.
- 4) As a teacher, I see the importance of the track to the community. As racetrack management, I understand the expenses it takes to operate Eureka Downs...expenses for the track ... but income for many locals.
- 5) The squeeze that has been put on operating Eureka Downs is no different than WGP or The Woodlands ... we rely on the gambling dollar to survive. With the spread of other forms of gambling, the parimutuel industry must now share that discretionary dollar with casinos, casinos that return very little of their income back into the state while the tracks return the majority of theirs right back into the Kansas economy, mostly thru agriculture.
- 6) In 1992, the legislature recognized the importance of the county fair tracks by creating the Horse Fair Benefit Fund, funded thru wagers bet on simulcast races. The fair tracks are also supposed to share in slot revenue. But this means we are still tied to the operation of the tracks that can have slots. In lieu of having the opportunity to operate slots at Eureka, which was considered to be too large of an expansion of gaming, we were to benefit from those tracks that could. Now, here we sit. Even the fair tracks which are the grass-roots of horse racing in the state can no longer afford to provide a means for the many owners and breeders of the state to generate income to stay afloat.
- 7) As time passes, all industry needs to make changes, the racing industry included. However, the parimutuel industry is so tightly regulated that when we do need a change, we must come to the legislature for approval. Two years ago you recognized this fact and approved the operation of slots at racetracks. Now you simply need to fix it so it will work for us all.
- 8) Eureka Downs is a large part of my community in more ways than one. We depend on it.

Sincerely,  
Rita Osborn

Sn Fed & State  
Attachment II

1-27-10

January 27, 2010  
Senate Federal and State Affairs Committee

Re: Support for SB 401

Kurt Eck  
12011 W. 19<sup>th</sup>  
Wichita, KS 67235

Chair Brungardt and Committee Members:

My name is Kurt Eck and I am from Wichita, Kansas. I was born just west of Wichita near a small town where my family has bred, raised, and raced horse over the past 35 years. I hope to continue this tradition as I continue to add to the investment my family has in the horse industry. I was elected a board of director to the Kansas Quarter Horse Racing Association last year with the hopes of bringing new energy and fresh ideas to our industry.

With the passage of the constitutional amendment for pari-mutuel racing in the late 1980's, our state realized how valuable the culture of the racing industry was. Once again, in 2007, Congress recognized not only the cultural value of the industry, but also the economical value that it brings to agri-business across the state. They realized that the competition for the gaming dollar had become so intense, that the highly regulated pari-mutuel and gaming landscape in Kansas had to change to ensure a vibrant horse industry, one that at one point was the 5<sup>th</sup> leading producer of quarter horse foals in the nation. This is an industry capable of producing thousands of jobs and injecting millions of dollars into local economies from Hiawatha and Thayer, to Hugoton and Grinell. I would like to think that this economic value and cultural preservation were two of the primary reasons why legislation was passed for the expanded lottery act.

Now, two years after that legislation was passed, we have seen this bill did not spur the agri-business as it was intended, due to the lack of feasibility for the tracks to make the investment to install slot machines. The amendments to the bill that have been proposed in SB 401 now provide that opportunity for the racetracks to find it financially attractive to re-open their doors, not only for slots and racing, but to an entire industry. This bill should be viewed as a jobs creation bill meant to stimulate our economy. If you look to our neighbors to the south, Oklahoma now has a vibrant horse racing industry due in large part to the legislation they passed a couple of years back, and while they have been somewhat affected by the recession as we all have, their industry is poised to continue to grow and become one of the strongest in the nation.

From a more personal perspective, my family has been involved in the industry for last four decades. At one time, the family farm was home to nearly 50 horses, most of which were involved in the breeding and raising of running quarter horses. We have since cut back on this operation due to the decline in racing opportunities in the state. Most recently, we have ventured out of state to compete at tracks that provide not only the opportunity to race but also the financial reward necessary to continue investing in the industry. The decision to take horses out of state to race was certainly not easy. Our

family takes great pride in the fair meets at Eureka and Anthony. The unique entertainment value of horse racing should not be underestimated, as we invite extended family and friends week after week to the races to enjoy what live racing has to offer. These fair meets are truly a family-oriented atmosphere that many entertainment venues cannot offer, and it would be a shame if they died along with this bill.

I myself work for a small manufacturing firm in Wichita, employed as a cost accountant. Working for this small company, I see daily the decisions we make and understand the investments made for continued growth. As a younger generation guy, I would like to make these same kinds of long term financial commitments to the horse racing industry but am currently unwilling due to the uncertainty of the industry within Kansas. Make no mistake about it, I am passionate about the sport and will continue to support it, but not to the financial extent I would otherwise be willing without a solid, long term plan within our state.

With all this being said, we have an opportunity before us to create that solid foundation for an industry ready to grow, to create jobs, to provide entertainment value, and to stimulate a stagnant economy. The decision was made nearly three years ago that this was an industry worth committing to when the original expanded lottery act was passed. The difficult decisions made back then to get us to this point should not go by the wayside and we now ask that you make the decision to correct the bill so that it gets the results that were intended in the first place.

Thank you for your consideration.

Sincerely,

Kurt Eck

17  
**AMENDMENTS TO THE KANSAS  
EXPANDED LOTTERY ACT**

**Impact of Racetrack Slot Machines  
on Kansas Agriculture**

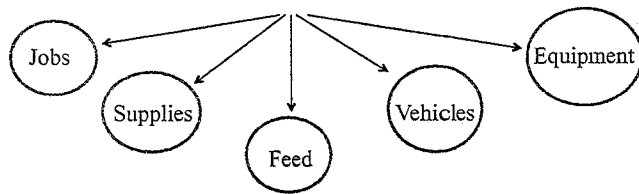
Increased Purses and Breeders Awards



Increased Numbers of KS Bred Racehorses

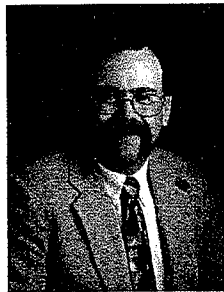


Increased Numbers of Broodmares, Stallions, Breeding farms



A major distinction between slot machines at racetracks and other gaming industries is its contribution to the agricultural sector of the Kansas economy.

Purses paid directly to owners and trainers of horses, and indirectly to breeders through the effect of purses on bloodstock prices and supply of foals, generate not only agriculturally-related employment and expenditures but also result in the maintenance of green space as commercial race horse breeding farm operations.



**Dr. Bill McGuire**

Agriculture Department Head  
Agriculture Instructor  
Livestock and Horse Judging  
Rodeo Team coach

**Educational Background**

BS in Animal Science, Kansas State University, 1983  
MS in Animal Science, Kansas State University, 1989  
PhD in Physiology, Colorado State University, 1993

Bill McGuire received a BS in Animal Science from the College of Agriculture at Kansas State University in 1983. As an undergraduate McGuire was a member of a livestock judging team that won several national contests. He returned to K-State where he received an MS in Animal Science from Kansas State University in 1989. McGuire then entered Colorado State University, where he received a PhD in Physiology in the Animal Biotechnology and Reproduction Laboratory of the College of Veterinary Medicine and Biomedical Sciences at Colorado State University in 1993. Following the completion of his Doctoral degree, McGuire received a USDA Post-Doctoral Fellowship at the USDA RLH Meat Animal Research Center in Clay Center, Nebraska.

McGuire has been involved with horses most of his life. Since 1990, he has been involved in breeding, training, and racing horses. Currently McGuire owns and manages McGuire Thoroughbreds where he stands the leading stallion in the state of Kansas.

Contact  
bmcguire@cloud.edu  
(800) 729-5101 ext. 274  
(785) 243-1435 ext. 274

SR 401  
Sn Fed & State  
Attachment 13  
1-27-10

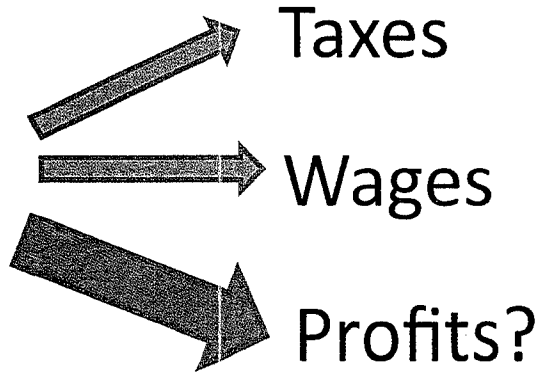
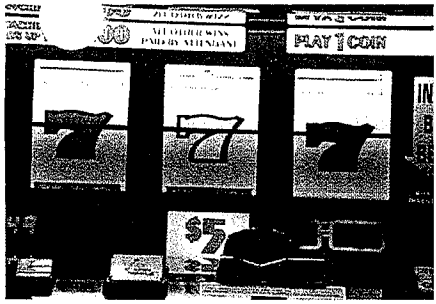
**We are KANSAS!**

**We are AG!**

**Let us GROW  
Kansas  
Agriculture!**

***It's what we do best.***

# CASINOS



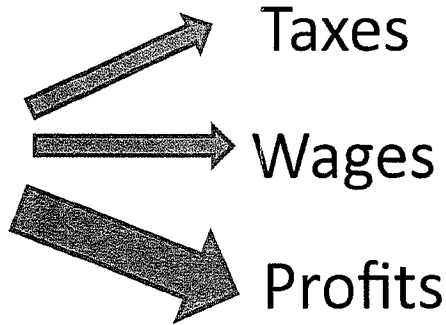
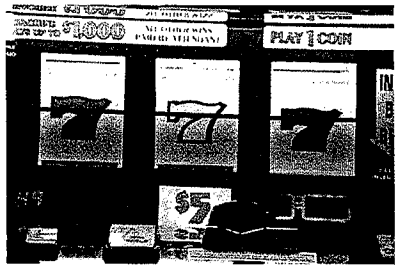
Transfer of Wealth **OUT** of Kansas?  
 (Destination casinos possibly owned  
 by OUT-of-State entities)

# PURSE MONEY DRIVES THE INDUSTRY

Leading States by:

Average Earnings per Starter	Registered Foal Crop (2007)
1. Kentucky (\$22,607)	1. Kentucky (10,466)
2. Florida	2. Florida
3. California	3. California
4. New York	4. Louisiana
5. Louisiana	5. New York
6. Pennsylvania	6. Texas
7. Maryland	7. Pennsylvania
8. Illinois	8. New Mexico
9. Texas	9. Oklahoma
10. New Jersey	10. Illinois
11. New Mexico	11. Maryland
12. West Virginia	12. West Virginia
13. Oklahoma	13. Washington
14. Virginia	14. Virginia
15. Ohio	15. New Jersey
16. Washington	16. Indiana
17. Iowa	17. Arizona
18. Indiana	18. Ohio
<b>32. Kansas (\$3,623)</b>	<b>28. Kansas (84)</b>

# RACETRACK SLOT MACHINES



- Locally owned tracks  
 - Increased purses  
 - Increased demand of  
 Kansas bred horses

Increased value  
 of Kansas bred horses

Increased Breeding Farms  
 (numbers, stallions, mares, and foals)

Increased Jobs

Increased Expenditures  
 (feed, tack, equipment)

Programs to retrain displaced  
 workers into this industry

## Testimony on Behalf of the Ruffin Companies

January 27, 2010

From: George Wingert  
To: Senate Federal and State Affairs Committee

We understand how important reopening the five pari-mutuel racetracks in Kansas is to the Horse and Greyhound industry. We also understand how the operation of these facilities affects a wide range of communities and businesses across the state.

We also believe that high quality live-racing is important to the overall success of these facilities, and to the ultimate benefit of the state.

This is a critical moment for everyone involved. We have opportunity to bring economic benefits in the form of jobs and new investment to communities that badly need them.

The Ruffin Companies have made several important commitments associated with passage of SB 401.

1. We WILL reopen the tracks.
2. The company has dedicated funds for the remodeling and development of both the Wichita Greyhound Park and Camptown Greyhound Park. Those funds are cash commitments and have no financing contingencies
3. We will move immediately on remodeling of these facilities and opening them
4. Our Facilities will be first class

# The Kansas Quarter Horse Racing Association

P.O. Box 228 / 210 N Jefferson • Eureka, KS 67045  
Toll Free (866) 583-7510 • (620) 583-7510 • FAX (620) 583-7118  
Web Address [www.kqhra.com](http://www.kqhra.com) • E-Mail [kqhra@sbcglobal.net](mailto:kqhra@sbcglobal.net)

January 27, 2010

Senate Federal and State Affairs Committee

Dear Chairman Brungardt and Members of the Senate Federal and State Affairs Committee:

Recently I had the misfortune of breaking my leg and as such am unable to present my testimony in person. Please accept my testimony in writing.

I am President of the Kansas Quarter Horse Racing Association. KQHRA has been instrumental in all aspects of the Horse Racing Industry and has been for many years. We led the charge to pass pari-mutuel wagering in the 1980's. Our many members are all actively involved in the Horse Racing Industry, most as breeders of racing Quarter Horses right here in Kansas. Many others race their horses here in Kansas and in other states. All of us have suffered much with the closing of the major race tracks in Kansas. With no live racing and no simulcast racing in Kansas our membership is suffering. We are being forced to run our Kansas Bred horses in other states, and have no Breed awards for our mares and stallions. We continue to be hopeful that this will once again change and as Kansans we will have reason to continue breeding and raising our horses in Kansas.

This year (2010) will be the first time in more than twenty years that there will be no pari-mutuel horse racing in Kansas. I trust for the sake of all Kansas Horsemen it will be the last year for that to happen. In 2008 with the passage of slot legislation we saw a 300% increase in the number of horses entered into the Kansas Bred Program. Many of those were from out of state. People wanted to send their horses to Kansas to participate in our Kansas Program. That came to a screeching halt with the closing of the Racetracks in Kansas City and Wichita. There no longer was any incentive to participate in the Kansas Racing Program. The out of state people simply took their horses back home. Many Kansas breeders either sold out or drastically reduced their herds. Passage of Senate Bill 401 will definitely make it possible for me and all the other breeders residing in Kansas to once again have reason to hope. We want to spend our money in Kansas and support agriculture here at home. My neighbors will benefit by our spending dollars in Kansas.

Please support the passage of Senate Bill 401.



Robert Rodgers  
President, KQHRA

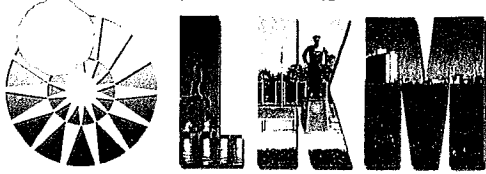
**Robert Rodgers**  
PRESIDENT, KQHRA  
9237 N West Rd • Hesston, KS 67062  
(620) 327-2626

**Renee Jones**  
SECRETARY, KQHRA  
P.O. Box 228 • 210 N Jefferson  
Eureka, KS 67045

Sn Fed & State  
Attachment 15

1-27-10





TO: Senate Federal and State Affairs Committee  
FROM: Sandy Jacquot, League of Kansas Municipalities  
DATE: January 27, 2010  
RE: Written Testimony on SB 401

I want to thank the Committee for allowing the League of Kansas Municipalities to submit written testimony on SB 401. While LKM does not have a position on the bill, a portion of the Expanded Lottery Act that is proposed for amendment adds to the list of appropriate uses of the money which goes to the state from gaming facilities. Currently, pursuant to K.S.A. 74-8768, the money may be spent on "reduction of state debt, state infrastructure improvements, and reduction of local ad valorem tax in the same manner as provided for allocation of amounts in the local ad valorem tax reduction fund." The LAVTR money would result in a real tax relief to Kansas citizens. The Governor's budget, however, does not include any LAVTR appropriation. The amended portion of SB 401 adds the Kansas Public Employees Retirement System to the mix of eligible recipients of the money.

While this committee does not appropriate funds, LKM believes it is important to take this opportunity to make the committee aware of the urgency of this matter. Since 1991, the loss to Kansas municipalities of LAVTR money alone over the statutorily prescribed appropriation is over \$550 million statewide. LKM realizes that many other worthy entities are feeling the loss of revenue and there is not enough money to make everyone whole. The gaming statutes, however, actually provide for tax relief to Kansas citizens and the League of Kansas Municipalities urges the committee to consider this as the gaming revenue gets appropriated during this legislative session.