

MINUTES OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman John Edmonds at 1:30 P.M. on February 17, 2005 in Room 313-S of the Capitol.

All members were present except:

Representative Judy Loganbill- excused

Committee staff present:

Athena Andaya, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Carol Doel, Committee Secretary

Conferees:

Rep. Jim Yonally  
Doug Lawrence, Kansas Greyhound Association  
Larry Waldrop, Riverfalls Gaming  
Bob Stephen, Riverfalls Gaming  
Ed Gillette, Riverfalls Gaming  
Don Denny, Unified Government Wyandotte County Kansas  
Brian Garrells, City Manager of Eureka  
Andy Stanton, Dodge City Convention & Visitors Bureau  
E.L. "Tom" Farr, VFW - State of Kansas Commander of Dist. 1  
Paul Treadwell, President of Kansas Quarter Horse Racing Assn.  
Pam Davis Board of Directors Thoroughbred Assn.  
Steve Ward, Kansas Greyhound  
Glenn Thompson, Stand Up for Kansas  
Marsch Strahm, Concerned Women for America  
Ron Hein, Prairie Band Potawatomi Nation  
Whitney Damron, Kickapoo Tribe  
Keith Thomas, Park City, Kansas  
Kevin Neuman, Grey 2K USA  
Vern Schwanke, Bowling Proprietors Association  
Kathy Bassett, Topeka, Kansas  
Rex Haney, Kansas State Bowling Proprietors

Others attending:

See attached list.

Chairman Edmonds called the meeting to order and opened the floor for bill introductions.

The Chair requested introduction of a bill for Andy Sanchez, Executive Director of the Kansas Association of Public Employees dealing with certain people who attended the law enforcement training center.

With no objections, this was accepted for introduction.

There were no other bill introductions and Chairman Edmonds opened the meeting for public hearing on **HB 2415** a bill dealing with gaming and recognized Representative Yonally as a proponent.

Representative Yonally addressed the committee stating that he was not actually testifying, but wished to thank the committee for having a hearing on this bill as he thinks it is very important matter and he hoped they would give it favorable consideration. Secondly, he introduced Mr. Doug Lawrence a representative of the Kansas Greyhound Association.

Mr. Lawrence presented testimony as a proponent to **HB 2415** with the first item being a comparison of selected bills concerning gaming which was compiled by the Kansas Legislative Research Department. (Attachment 1) He further explained that their theme in putting together this latest iteration of a gaming bill is: *More Money Faster for Education*. (Attachment 2) Also presented by Mr. Lawrence was a feasibility of electronic and/or casino gaming in Kansas which was prepared by Sebastian Sinclair, President Christiansen

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Capital Advisors, LLC and Behavior Research Center as prepared for The Kansas Lottery. (Attachment 3)

Next Mr. Lawrence distributed a study on the social and economic impact of gaming and the role of the state and local governments and their citizens in making public policy regarding gaming which was done by The Public Sector Gaming Study Commission. This study covered illegal gambling, the effects of pathological gambling, crime, suicide, and bankruptcy. (Attachment 4)

Larry Waldrop, Managing Member, River Falls Gaming LLC came before the committee as a proponent of **HB 2415** relating that the purpose of his appearance is to emphasize the elements of a "Destination Casino Resort". It is their feeling that this type of development will not only increase tourism in Kansas, but will also capture more tourism dollars from the visitors to existing attractions such as the Kansas Speedway, Cabela's and The Nebraska Furniture Mart, but most importantly it will generate much needed revenue to the state with a limited number of locations. (Attachment 5) Mr. Waldrop also presented the committee with a brochure entitled *Destination Kansas River Falls Gaming LLC*. (Available from River Falls Gaming LLC 116A SW 8<sup>th</sup> Ave. Topeka, Kansas. 66603 or 214 728-1374)

Attorney General Bob Stephan, LLC, in support of **HB 2415** offered an executive summary on the constitutionality of a state owned and operated casino. In his testimony General Stephen stated that it is abundantly clear that under the Constitution of the State of Kansas and case law that Kansas has the constitutional authority to enact, through the legislature, a state owned and operated casino. (Attachment 6)

Ed Gillette, legal consultant for Destination Kansas/River Falls Gaming, L.L.C. and a former member of Governor Kathleen Sebelius' Committee on Gaming, came before the committee with testimony in support of **HB 2415**. Mr. Gillette gave an account of a committee which conducted eight public meetings throughout the State, which heard live testimony from both proponents and opponents. A final report was prepared and presented stating that if the committee's recommendation was not acted on quickly the opportunity for a destination casino could be lost to the outside competition. (Attachment 7)

Testimony from the Unified Government Public Relations, Wyandotte County, supporting **HB 2415** was Mike Taylor the Public Relations Director. In this testimony, Mr. Taylor related that a "no" vote to expanded gaming in Kansas is not going to protect the Kansas economy or prevent Kansans from gambling at casinos in neighboring states. A "no" vote will deprive Kansas from generating revenue that its own citizens would rather see benefit its own State. A "no" vote prohibits the Kansas economy from benefitting. (Attachment 8)

Brian Garrels, City Administrator for the City of Eureka appeared before the committee in support of the proposed **HB 2415** with the key reasons being:

1. A county-wide vote to allow shot machines at Eureka Downs was required and it is their feeling that citizens should have the opportunity to vote.
2. Kansas racing establishments would be able to provide larger purses.
3. The addition of slot machines will help increase the productivity and vitality of Eureka Downs. This will in turn create an economic ripple effect that will necessitate hiring more trainers, selling more hay and other agricultural products as well as hiring additional work force.
4. Small rural areas have a very limited opportunity to compete with larger urban areas for substantial population and economic growth. This bill should help education funding, not only at a state level, but at a local level. (Attachment 9)

Mr. Garrels also distributed a racing history of Eureka Downs as well as statistics for impact to Eureka Downs and Kansas. (Attachment 10)

Andy Stanton, Board of Director of Boot Hill Museum, Inc. and Dodge City Convention and Visitors Bureau offered the opinion that the challenge to the committee is to evaluate the impacts and effects of expanded gaming and to evaluate proposals that would:

1. Maximize tax revenue to the State of Kansas;
2. Enhance entertainment opportunities in Kansas communities;
3. Enhance economic opportunities in Kansas communities;
4. Provide a sustainable, realistic business model.

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He further related that Dodge City and Ford County leaders believe they have a sustainable business model that effectively answers each of these issues and offered them for the committees' review. ([Attachment 11](#))

E.L. "Tom" Farr, District 1 Commander of the Kansas Veterans of Foreign Wars (VFW) and also representing the Kansas VFW Ladies Auxiliary in support of **HB 2415**. Mr. Farr explained the organizations which he represents and the projects they are involved in benefit many people. They feel they need to be included in the gaming bill in Kansas so they can continue to operate for the good of the community, the State of Kansas, and the United States. ([Attachment 12](#))

President of the Kansas Quarter Horse Racing Association, Paul Treadwell, addressed the committee in support of **HB 2415** relating the opinion that the gaming dollars and tourists who brought them are leaving the state for other gaming locations. He further states that this state needs economic development and this bill provides several avenues for that to happen, however, they feel that the greatest benefit from this bill would be the funds that it would make available for the education system in Kansas. ([Attachment 13](#))

Speaking for the Kansas Thoroughbred Association, Pam Davis promoting **HB 2415** presented information relating to the equine and agricultural economy in the State of Kansas. According to her testimony, equine operations have a positive impact on our agricultural business and Ag related occupations. ([Attachment 14](#)) Ms. Davis also submitted information regarding the population survey of the Kansas Race Horse Industry. ([Attachment 15](#)) as well as a booklet entitled *KANSAS EQUINE SURVEY 1996*. (Compiled and issued by Kansas Agricultural Statistics - 632 SW Van Buren, Rm 200 - Topeka, KS 66603)

Appearing as a proponent to **HB 2415** was Steve Ward of the Kansas Greyhound Association who related that they believe that the passage of this bill will have an immediate impact on our industry. It takes two years to get a dog ready to run and they believe there will be an immediate surge of investment and activity in Kansas just because this legislation has passed. ([Attachment 16](#))

No other person wished to address the bill as a proponent and the floor was opened to the opinions of the opponents on **HB 2415** with Kathy Bassett a concerned private citizen delivering her testimony. Mrs. Bassett related her personal family problems and community problems caused by the effects of gaming which include financial ruin, increased crime with resultant imprisonment, divorce and attempted and successful suicides. ([Attachment 17](#))

Glenn Thompson, Executive Director of Stand Up for Kansas, urged a no vote on **HB 2415** stating that this bill would create major policy problems for the state and numerous economic and social problems for Kansas citizens. ([Attachment 18](#)) Mr. Thompson also submitted for review a copy of a newsletter entitled *The Fox Should Not Watch The Hen House* ([Attachment 19](#)) and *Bad Bet On The Prairie* ([Attachment 20](#))

Marsha Strahm, Legislative Liaison for Concerned Women for America of Kansas (CWA) testified as an opponent to **HB 2415** stating that the enticement of gambling has the most allure for those in our society that can least afford to lose. They also feel that gambling breeds crime by placing vulnerable people in circumstances that tempts them to criminal activity to feed their gambling habit. They further stated that gambling is an economic negative and that government should be about protecting the family unit and providing safety and security for all its citizens. ([Attachment 21](#))

Testimony in opposition to **HB 2415** was delivered by Ron Hein, Legislative Counsel for the Prairie Band Potawatomi Nation (PBNN). Their opposition stems primarily from the recognition that such gaming would negate the benefits that Tribal gaming provides to Native American Indian Tribes through the federal Indian Gaming Regulatory Act (IGRA). Mr. Hein further gave their opinion on gaming expansion and the effect upon economic development in the State. They feel that if gaming is to be expanded in Kansas, it should involve Tribal Gaming including a Tribal destination casino in Wyandotte County if coupled with closure of such Tribes' existing casinos, it should be restricted (both in number of communities and number of slot machines), and it should be structured to solve the issue for the foreseeable future, most preferably through a constitutional amendment. ([Attachment 22](#))

Whitney Damron delivered testimony on behalf of the Kickapoo Tribe in Kansas and Sac and Fox Nation

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of Missouri in Kansas and Nebraska opposing **HB 2415**. It is their opinion that this bill and other gaming bills obviously have ramifications for the Tribes' Kansas City project and their existing casinos. One of the most troubling aspects of this bill is sections dealing with disclosure of ownership interests and those subject to criminal background review. Mr. Damron further related that if the Legislature passes legislation like that in **HB 2415** they will be subjected to an annual parade of gaming interests who have been left out of the perceived Holy Grail of economic prosperity. They urged that the Committee not proceed with this or other gaming proposals and instead consider the benefits of expanded tribal gaming that can bring economic benefits to the state and potentially resolve the gaming debate for years to come. (Attachment 23)

Keith Thomas, a concerned citizen from Park City, Kansas, delivered testimony in opposition to **HB 2415**. Mr. Thomas related that he had done significant research on gambling and is opposed primarily for economic reasons. He further stated that it is his opinion that gambling leaves innocent victims in its wake, along with associated costs such as higher insurance rates, court activity, associated regulatory and enforcement costs, settlements and medical costs. In closing, Mr. Thomas, related that the redistribution of money within our economy coupled with the revenue taken out of the economy in the form of profit to gambling interests will not result in economic growth or development for our state. (Attachment 24)

GREY2K USA protecting greyhounds nationwide, was represented by Kevin Neuman. They are in opposition to **HB 2415** stating that if this bill is passed Kansas will have the dubious honor of:

1. Being the only state that owns and operates casinos;
2. Clearly favoring a for-profit business - the greyhound racing and breeding industry in Kansas - to be artificially propped up when other businesses do not have such subsidies;
3. Ignoring the experiences of other states that have rued their decisions to authorize slot machine purse subsidies, discovering them to be bad public policy;
4. Being the only state that has, by statute, excluded a greyhound from being a dog.

They strongly urge the Committee to oppose **HB 2415**. (Attachment 25)

Owner of Colby Bowl Fun Center, Colby, Kansas, Vern Schwanke, opposes **HB 2415** relating that passage of this bill, would mean that the Kansas Lottery would be coming to his community to directly compete with his recreation business. He further stated that if expanded gaming is not done fairly, with a concern for a level playing field, it will have negative consequences to recreation businesses in Kansas. (Attachment 26)

Rex Haney, representing Gage Bowls, Topeka, Kansas and a member of the Kansas State Bowling Proprietors Association presented testimony in opposition to **HB 2415** stating that they already compete for the recreational dollar of the Kansas consumer, and their businesses would be further harmed if gaming were expanded. (Attachment 27)

Chairman Edmonds asked if any other person wished to address the bill in opposition to **HB 2415**. Hearing none, he recognized the written testimony of Stephanie Eickhoff, Mayor of the City of Edwardsville, Kansas who encourages the passage of **HB 2415** (Attachment 28), Jim Dehoff, Executive Secretary of the Kansas AFL-CIO also encouraging passage of this legislation (Attachment 29), as well as written testimony from Counselor At Law, Eugene Ralston who also is a proponent of **HB 2415** (Attachment 30)

With no further business before the committee, Chairman Edmonds adjourned the meeting.

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