

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

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

All members were present except:
Senator David Haley

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

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

Others attending:
See attached list.

SB 241-Amendments to the Kansas expanded lottery act

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

Staff provided an overview of the bill.

Proponents:

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

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

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

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

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

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

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

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

Written testimony in support of the bill was provided by:

Representative Bob Grant, ([Attachment 10](#)) on the voter results on the Gaming Questions. Donald Pyle, Crawford County Clerk, ([Attachment 11](#)) the bill reduces the amount of the minimum that must be invested in lottery gaming facility operations in order to construct and operate a destination casino in the Southeast Kansas Gaming Zone. Bob Kmiec, Chairman, Crawford County Commission/Carl Wood, 3rd District County Commissioner, ([Attachment 12](#)) the bill will have significant positive impact on Crawford County. Travis Bartley, Greyhound Operator, Abilene, Kansas, stated that for the state to maximize the benefit it can receive from a vibrant greyhound industry, racetracks providing live racing must be allowed. ([Attachment 13](#)) Huey York, former Mayor Baxter Springs, the Cherokee County voters overwhelming approved a casino referendum by a 70% margin in 2007, and the taxpayers and unemployed support the bill. ([Attachment 14](#)) A grassroots campaign signed by supporters to bring back racing to Kansas. ([Attachment 15](#))

Opponents:

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

Written testimony in opposition to the bill was provided by:

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

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

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

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