

Approved: 3-16-12
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on February 1, 2012, in Room 144-S of the Capitol.

All members were present except:
Senator Ralph Ostneyer - excused

Committee staff present:
Mike Heim, Office of the Revisor of Statutes
Tamera Lawrence, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:
Richard Kleemp, Kansas Star Casino
Whitney Damron – Kansas Entertainment, LLC
Ron Hein – Prairie Band Potawatomi Nation
Cindy Cash – The Kansas City Kansas Chamber
Mark Kahrs – Stand Up for Kansas
Commissioner Steve Warner – Sumner County
Mike Taylor – Unified Government Wyandotte County, Kansas City
Robert F. St. Peter – Kansas Health Institute

Others attending:

SB 237—Amendments to the Kansas expanded lottery act

SB 241—Amendments to the Kansas expanded lottery act

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

Chairman Brungardt continued the hearing on the bills.

Opponents:

Richard Klemp, Director of Government Relations for the Kansas Star Casino in Mulvane, Kansas, spoke in opposition to the bill. (Attachment 1) To change the rules after the fact would be totally unfair and contrary to the unique public-private partnership created by **SB 66**; which has resulted in three-quarters of a billion dollars in capital investment in Kansas without any taxpayer incentives, subsidies or abatements. Regarding the two other main components in **SB 319**, they are neutral on the race track tax rates and are supportive of the language dealing with the Southeast Zone.

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 1, 2012, in Room 144-S of the Capitol.

Whitney Damron, Kansas Entertainment, LLC, appeared as an opponent on the bill. (Attachment 2) Mr. Damron stated they are in strong opposition to legislation that proposes to dramatically alter the economic fundamentals of the gaming market in the northeast Kansas gaming zone under any of the bills under consideration today. These proposals have been heard before, and continue to point out the unfairness of what the proponents are asking the Legislature to do for them.

Ron Hein, Prairie Band Potawatomi Nation, spoke in opposition of the bills. (Attachment 3) The bills request less responsibility for gaming interests, a larger share of the revenue for track operators, and a smaller share of revenue for the state for slots at the tracks; the bills may be good for the people who own the pari-mutuel tracks and gambling operators who want to build a local convenience (non-destination casino), but will be bad for the destination gambling facilities in the state and bad for Kansas.

Cindy Cash, President/CEO, Kansas City Kansas Area Chamber of Commerce, testified in opposition of the bills. (Attachment 4) The KCK Chamber asks the committee to not pass this legislation; the stagnant economy is the uncertainty in the business world due to government changing the rules and regulations. Please do not do that to the three newest and largest businesses and employers in the state of Kansas who are and will be providing much needed state and local revenues as well as jobs.

Mark Kahr, Chairman, Stand Up for Kansas, testified in opposition of the **SB 319**. (Attachment 5) Mr. Kahr asked the committee to respect the wishes of the voters in Sedgwick County and not allow another vote on this same issue. To argue now that the average voter was confused is a smoke screen and an insult to Sedgwick County voters; a majority of voters voted against expended gambling, plain and simple. The bill changes the source of funding from pari-mutuel wagering and slot machines at tracks for the problem gambling and addictions grant fund, specifically the 2% of income has been deleted. Funds for preventing and minimizing these addictions should come from income from the gambling causing the problem. Mr. Kahr also provided signed letters from four of the Sedgwick County Commissioners in opposition to the bill: Dave Unruh, Commissioner – 1st District, Karl Peterjohn, Commissioner – 3rd District, Richard Ranzau, Commissioner – 4th District, and Jim Skelton, Chair Pro Tem, Commissioner – 5th District; and a survey taken by *The Wichita Business Journal* on January 27, 2011 on slot machines at racetracks is closed. Voters overwhelming voted NO – I do not support slots at the tracks. Voting no was 56% and for support of the slots at the tracks was 42%, with 1182 votes being cast.

Board of County Commissioners of Sumner County opposes any additional gaming in the South Central Zone. (Attachment 6) The Commissioners strongly object to the amended approach to the original distribution formula, and believe the division for revenue should remain the same as provided in **SB 66**, with 1% destined to Sumner County.

Mike Taylor, Public Relations Director, Unified Government Wyandotte County, Kansas City, Kansas, spoke in opposition to the bills. (Attachment 7) The bills propose to change the fundamental financial landscape of the gaming law; and it is unfair to the Hollywood Casino and the two other destination casinos to change the rules at this point in the game. From investment levels, to the number of slot machines allowed, all of the bills would restructure the entire gaming landscape in a way which puts the destination casinos at a competitive disadvantage.

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Janis Hellard, Director, Sumner County Economic Development, provided written testimony in opposition of **SB 319** and **SB 237**. (Attachment 8)

Mark R. Nidiffer, Business Manager Laborers Local Union #1290, provided written testimony in opposition of the bills. (Attachment 9)

Sarah M. Hansen, Executive Director, Kansas Association of Addiction Professionals, provided written testimony in opposition of **SB 319**, specifically as to the impact of the proposed changes in section 11(c) that diminish the funding levels for the Problem Gambling and Addictions Fund. (Attachment 10)

Diana Friend, The Kansas Quarter Horse Association (KQHA), provided written testimony in opposition of **SB 319**. (Attachment 11)

Mark Hardison, Mulvane, Kansas, provided written testimony in opposition of **SB 319**. (Attachment 12)

The Committee asked about the Problem Gambling and Addictions Fund; and where the money is going and how it is distributed. The Chair stated that at Thursday's meeting, SRS and Kansas Racing and Gaming Responsible Gambling Program Coordinator would be at the committee meeting to address questions and provide information.

Robert F. St. Peter, M.D., President/CEO, Kansas Health Institute, (KHI) thanked the committee for the opportunity to make a brief presentation and provide information on a planned health impact assessment. (Attachment 13) KHI is conducting a Health Impact Assessment of casino development which might result from changes proposed in the bills. During the process, KHI will assess a variety of potential impacts – including economic (e.g., local and state tax revenues, job creation and personal bankruptcies); behavioral (e.g., alcohol consumption, depression, crime, enhanced social connections and stress relief), and changes to the built environment (e.g., changes in existing or new roads or sidewalks, available green space) – and develop recommendations on options to minimize the identified potential health risks, and optimize potential health benefits.

Richard Petersen-Klein, Executive Director, Kansas Racing and Gaming Commission, (KRGC) is taking a neutral position on the bills currently before the committee. (Attachment 14) KRGC considers the enactment of **SB 319** to be a policy decision for the Legislature to make; the bill changes the distribution of pari-mutuel tax receipts, eliminating that funding source. If this change in distribution is allowed to occur, the KRGC would have no direct funding source for the regulation of racetrack facilities and fair associations that conduct pari-mutuel wagering without electronic gaming machines.

Chairman Brungardt closed the hearing on **SB 237, SB 275, and SB 319**.

The next meeting is scheduled for February 2, 2012. The meeting was adjourned at 11:23 a.m.