

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 13, 2003 in Room 245-N of the Capitol.

All members were present.

Committee staff present: Russell Mills, Legislative Research Department  
Dennis Hodgins, Legislative Research Department  
Theresa Kiernan, Office of the Revisor  
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Glen Thompson, Stand Up For Kansas  
Charles Griffin, Kansas Charities Cooperative  
E. L. Tom Farr, Kansas State VFW  
\_\_\_\_\_ Tracy Wildey, Board Member, Kansas Greyhound Association  
\_\_\_\_\_ Ron Hein, Prairie Band Potawatomi  
\_\_\_\_\_ Tracy Wildey, Board Member, Kansas Greyhound Association  
\_\_\_\_\_ Dave Assman, Thoroughbred Horsepeople  
\_\_\_\_\_ Matt All, General Counsel to Governor  
\_\_\_\_\_ Larry Seckington, General Council, The Woodlands  
\_\_\_\_\_ Robin Jennison, Ruffin Companies  
\_\_\_\_\_ Kelly Clark, Kansas Thoroughbred Association  
\_\_\_\_\_ Jeff Thorpe, Boothill Museum Board of Directors  
\_\_\_\_\_ Paul Treadwell, Kansas Quarter Horse Racing Association  
\_\_\_\_\_ Michael D. Pepoon, Director, Govt. Relations, Sedgwick County

Others attending: Please see attached.

Chairperson Harrington opened the public hearing on:

**SB 208—Authorizing the operation of slot machines at parimutuel racing facilities and other locations**

Mr. Thompson presented testimony in opposition to the bill, in addition to the other bills on the expansion of gambling in the state. (Attachment 1) He also referred the committee to a sheet entitled “Casino Alert,” which outlined the “untold problems” of video lottery in South Dakota. (Attachment 2) Mr. Thompson provided the source for his previous comparison of gambling to crack (Attachment 3) and a chart for recommended changes to the bills being offered. (Attachment 4)

Mr. Griffin presented testimony in opposition to the bill. (Attachment 5)

Mr. Farr presented testimony in opposition to the bill. (Attachment 6)

The Chair brought to the committee’s attention a fax from Karen Tolle from Overland Park, Kansas, in opposition to the bill. (Attachment 7)

Tracy Wildey presented testimony in opposition to the bill. (Attachment 8)

Mr. Ward presented testimony in opposition to the bill. (Attachment 9)

Chairperson Harrington closed the public hearing on the bill.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 13, 2003 in Room 245-N of the Capitol.

Chairperson Harrington opened the public hearing on:

**SB 226—Allows electronic gaming machines at racetracks**

Mr. Hein presented testimony in opposition to the bill. ([Attachment 10](#))

Mr. Assman presented testimony in opposition to the bill. ([Attachment 11](#))

Mr. All presented testimony in favor of the bill. ([Attachment 12](#)) He also presented a chart summarizing conceptual amendments to **SB 226**. ([Attachment 13](#))

Mr. Seckington presented testimony in favor of the bill, outlining the packet it prefaced. ([Attachment 14](#)) He then presented a packet compiled by The Woodlands. ([Attachment 15](#)) He concluded by presenting information on W. M. Grace Contractors. ([Attachment 16](#))

Mr. Jennison presented testimony in favor of the bill. ([Attachment 17](#)) He also presented a list entitled, "Kansas Gaming Issues," ([Attachment 18](#)) "Iowa Lottery Sales," ([Attachment 19](#)) a chart entitled, "Iowa Lottery Sales". ([Attachment 20](#))

Mr. Jennison went on to present an internet article about Missouri Lottery sales ([Attachment 21](#)) and an e-mail from Kevin Pope to Elise Abramson about Kansas tourism. ([Attachment 22](#)) He also referred the committee to the newspaper article: Taylor, Andy. "Signs of Growth: Recent Study Shows Regional Economy has had a Positive Benefit from Native American Gaming" *The Montgomery County Chronicle*: July 11, 2001, pg. unknown. He concluded with a proposal packet from Ruffin Companies. ([Attachment 23](#))

Ms. Clark presented a packet of information entitled, "Kansas Equine Survey, 1996" ([Attachment 24](#)) and additional testimony in favor of the bill entitled, "Prairie Meadows: Economic Impact of the Horse Racing Industry, 1999". ([Attachment 25](#))

Mr. Thorpe presented testimony in favor of the bill. ([Attachment 26](#)) He also submitted to the committee a packet of slides entitled, "Boot Hill Gaming". ([Attachment 27](#))

Mr. Robert Rodgers, President, Kansas Horsemen's Association, submitted written testimony in favor of the bill. ([Attachment 28](#))

Mr. Treadwell presented testimony in favor of the bill. ([Attachment 29](#))

Mr. Pepoon presented testimony in favor of the bill. ([Attachment 30](#))

Chairperson Harrington opened the committee meeting for questions from the members.

Senator Gilstrap asked Mr. Jennison how soon The Woodlands might have their project in operation. Mr. Jennison replied that it would depend on the vote. He stated that in Pittsburg, there would probably be no way to have racing and gaming with construction on track as well, but that it could be operable while the track was being refurbished.

Chairperson Harrington asked Mr. All if with the Governor's support of **SB 226** she no longer intended to negotiate with regard to the Kikapoo and Sac and Fox tribes.

Mr. All stated that he would not call them negotiations but that they have asked to discuss that issue and the term that might be used would be "in good faith."

Chairperson Harrington asked if the Governor's office had met with the tribes. Mr. All stated that they had repeatedly.

Senator Lyon stated that it sounded like the Governor supports expanded gaming despite what all it entails.

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He asked if Mr. All's comment on the budget was reliant on gaming and if he was confident on his numbers.

Mr. All replied that he was reasonably confident. He stated that in the bill a minimum of \$30 million for FY '04; he stated that they were not going to build a budget around gaming.

Senator Lyon asked if gaming is a good thing, then why did the Governor want to limit it? Mr. All replied that if it were limited to just one, that his office believes in free enterprise and free markets and that we live in a world of possibilities, but that they would do the best they could to achieve a balance.

Senator Lyon stated that he heard a reference to FY '04; he asked if Mr. All's office was comfortable borrowing money from racetrack owners.

Mr. All stated that the bill puts them on the hook for \$30 million, and that he would push for them to think of that as an accelerated payment.

Senator Barnett stated that while this would guarantee \$30 million for FY '04, what about '05 and beyond?

Mr. All stated that there would be no guarantees beyond '03, but that his office would not be opposed to them.

Senator Barnett asked how much Kansas gamblers have to lose for the state to get that \$30 million. There was no reply.

In response to questions from Senator Gooch, Mr. All stated that the money would be an accelerated payment and they would get a credit on next year.

Senator Vratil clarified with Mr. All that the written material referred to "gross gaming revenue." Mr. All stated that this term referred to the net revenue minus the cost of the machines. In response to Senator Vratil's question of who will pay the time value on the \$30 million, Mr. All stated that would be the tracks' responsibility and the state would pay no interest whatsoever.

Chairperson Harrington asked Mr. All if the Governor had met with Ruffin Industries and other lobbyists.

Mr. All confirmed that the Governor had met with these people.

Chairperson Harrington stated that Mr. All was in the committee supporting **SB 226**, but that this was the first contact he and she have had since session began. Chair Harrington stated that she would have preferred the Governor stay neutral, but that if she wishes to take a position, that is her prerogative.

Chairperson Harrington stated that she intended to assign these bills to the gaming subcommittee for further consideration.

The meeting adjourned at 12:00 p.m.