

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 March 11, 2004 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Legislative Research  
Dennis Hodgins, Legislative Research  
Theresa Kiernan, Revisor of Statutes' Office  
John Beverlin, Committee Secretary

Conferees appearing before the committee:

Ed Van Petten, Executive Director, Kansas Lottery  
Matthew All, Chief Counsel, Governor's Office  
Tracy Diel, Executive Director, Kansas Racing and Gaming Commission  
Representative Tom Burroughs

Others attending:

See Attached List.

Chairperson Brungardt welcomed everybody to the committee meeting. He informed the committee that they would be hearing a report from Ed Van Petten, of the Kansas Lottery, titled "The Feasibility of Electronic and/or Casino Gaming in Kansas" by Christiansen Capital Advisors, LLC. The Chairperson welcomed Mr. Van Petten to the podium.

Mr. Van Petten presented testimony to the committee. The testimony contained a summary of the report (Attachment 1). He explained to the committee the objectives and findings of the report.

Chairperson Brungardt asked the committee for questions

Senator Barnett asked Mr. Van Petten for the criteria that went into the definition of economically feasible. He wanted to know whether the study considered any issues regarding gaming's impact on other local businesses and its social impact.

Mr. Van Petten stated that the primary consideration was the cost of addiction and the impact of other businesses in the area. However, he stated, the impact on other businesses is hard to determine.

Senator Barnett asked whether a number existed to show the social costs subtracted out of the revenue proposed in the different scenarios.

Mr. Van Petten stated no; no number had been determined.

Senator Barnett asked how the report ascertained Dodge City being able to support a destination casino while Kansas City could only support one casino.

Mr. Van Petten explained the class or size of a casino in Dodge City would not be the same as the one in Kansas City. He further explained that the proposal ties the casino into a wild west theme to attract tourists into the area.

Senator Barnett expressed concern about a destination casino in Galena, Kansas. He asked Mr. Van Petten for the population size of Galena.

Mr. Van Petten estimated the population to be about 1000 individuals. He explained that Galena was close to major cities in Missouri and Oklahoma.

Senator Betts asked for the projected number of living wage jobs that would be created by the destination casinos.

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Mr. Van Petten explained that the question was not asked because of funding limitations.

Senator Betts asked Mr. Van Petten to provide him that information.

Mr. Van Petten stated he would try to obtain the information.

Senator O' Connor observed that the state receives a percentage of the gross revenue indicated in the report.

Mr. Van Petten stated that Senator O' Connor was correct.

Senator O' Connor observed that the percentage that goes to the states is only a piece of the gross revenue listed in the report.

Mr. Van Petten stated that Senator O' Connor was correct.

Senator O' Connor asked if it was known how large would be the state's piece of the revenue.

Mr. Van Petten explained that **SB 499** calls for a minimum transfer to the state of 22 percent for destination casinos and 18 percent for the tracks.

Senator Lyon asked whether this report confirmed previous reports.

Mr. Van Petten explained that there were several reports from different sides of the issue. He explained the reason for them to contract with an independent group to come up with a figure. He further explained that he felt like the report numbers were about average, compared to other reports.

Chairperson Brungardt thanked Mr. Van Petten and welcomed Matthew All to the podium.

Mr. All presented testimony to the committee containing comments on the report "The Feasibility of Electronic and/or Casino Gaming in Kansas" by Christiansen Capital Advisors, LLC (Attachment 2).

Chairperson Brungardt thanked Mr. All and asked the committee for questions. None were asked.

Chairperson Brungardt turned the committee's attention to **SB 32, Distribution of breakage at greyhound tracks which have closed or no longer conduct races**. He welcomed Tracy Diel to the podium.

Mr. Diel presented testimony in favor of **SB 32** (Attachment 3). He provided an overview and reason for the passage of the bill. Mr. Diel also presented an amendment to the bill (Attachment 4).

Chairperson Brungardt asked the committee for questions.

Senator Teichman stated the legislature had already dealt with the bill once. She wanted to know what happened on the previous attempts.

Mr. Diel explained that **SB 230** was amended last year to contain the language of **SB 32**. Because **SB 230** did not go anywhere, they were back with **SB 32**.

Chairperson Brungardt asked the committee for additional questions. None were asked.

Senator Teichman made a motion to recommend **SB 32** favorable for passage as amended. The motion was seconded by Senator O' Connor. The bill was recommended favorable for passage as amended.

Chairperson Brungardt asked the committee to turn its attention to **Sub HB 2713**.

Representative Tom Burroughs explained to the committee that the amendment that will be offered concerning sales tax is considered a friendly amendment.

Theresa Kiernan explained the sales tax amendment to the committee. She explained that there would now be sales tax on the ticket and an additional fee on remaining funds. Ms. Kiernan explained that there was also

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clean-up concerning the wording of the licensing body being the commission and not the commissioner.

Chairperson Brungardt asked about the Tough Man competition.

Representative Burroughs explained that the original bill did eliminate the Tough Man competition. He explained that he wanted to put a definition back into the bill concerning amateur sports and regulatory bodies. He explained that this amendment calls for any amateur fight to be regulated by an amateur regulatory body approved by the commission. This would prevent the Tough Man competition.

Senator Barnett made a motion to recommend **Sub HB 2713** favorable for passage as amended. The motion was seconded by Senator Teichman. The bill was recommended favorable for passage as amended.

Chairperson Brungardt thanked the committee.

The meeting was adjourned at 11:30 a.m. The next meeting is scheduled for 10:30 a.m. March 15, 2004 in room 231-N.