

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Vice-Chair Peggy Palmer at 3:35 p.m. on March 18, 2002 in Room 243-N of the Capitol.

All members were present except: Chairman Carol Beggs - Excused
Rep. John Ballou - Excused

Committee staff present: Dennis Hodges, Research Department
Bob Nugent, Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:

OPPONENTS:

Rep. Patricia Lightner
Glenn Thompson, Stand Up for Kansas
Ted Morris - Owner Crown Uptown Dinner Theatre
Ginger Becker - Citizen
Reese Bohannon - Citizen
Kevin Neuman - Citizen
Vickie Jacobsen - Citizen
Denise Fiehler - Citizen
Marsha Strahm - Concerned Women for America
Matthew Plamann - Citizen
Charles Robinson - Pastor Nemaha County
Margaret Ritthaler - Kansas Charities Cooperative
Vera Spencer - Wolverine Baseball
Homer Morgan - Automatic Music & Vending
Reverend Richard Taylor - Citizen
Tom Palace - Petroleum Marketers & Convenience Store
Assn.
Ron Hein - Prairie Band Potawatomi Nation
Gary Smith - Horse Industry
John McCoy - Horse Industry
Dave Assmann - Horse Industry
Donnie Molder - Horse Industry
Rebecca Rice - Kansas Clubs and Associates

PROPONENTS:

Dwight Daniels of the Kansas Thoroughbred Assn.
Bob Alderson - Kansas Greyhound Association
Jim Edwards - Senior Vice-President of Kansas Chamber of
Commerce and Industry
Eugene Wages - Executive Director of Veteran's Affairs
Brad Smoot - Representing Woodlands
Robin Jennison - Ruffin Companies

Others attending: See attached list

Vice-Chair Palmer opened the meeting with a greeting to all the conferees and stating that the significance of this legislation is realized, that it will have an impact on all Kansans and that the committee wished to express their sincere respect for each of the conferees and appreciate their willingness to participate in providing information and education as well as making good public policy.

A report was requested of the subcommittee and was given by Rep. Clay Aurand, Chairman of the subcommittee. He explained that Representative Cox's bill, **HB 2890**, was used for a base. The first situation to be dealt with was who all should be included, whether it should include the fraternal organizations or whether it should include fraternal organizations. After much discussion, the subcommittee decided it should be limited to IRS determination of what a veteran's organization was which is mainly VFW and American Legion. There were some issues of cost and regulations. There was language that would require that one at large facility be placed somewhere in the state. They deleted the bingo administrator in Representative Cox's bill and left the regulatory administration to the racing and gaming commission. An amendment by

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Representative Mason was added stating that if an election failed in a county that there wouldn't be another election to okay the electronic gaming machines for at least four years. There was discussion regarding payout for electronic gaming machines and they went with 87%. A sales tax exemption was put in the bill. Representative Aurand explained the percentage payouts. ([Attachment 1](#))

Vice-Chair Peggy Palmer asked when we would get a bill. Bob Nugent from the Revisor's Office assured her that the committee would have a copy of the bill on March 19th.

She also questioned whether her understanding of the limit on the number of machines for the Veterans was correct, but not limited at the race tracks and this was correct.

Vice-Chair Palmer reviewed the meeting schedule for the committee as well as the gallery and introduced a report which had been requested by the subcommittee on problem gambling.

She also called to the attention of the committee three written testimonies only which were brought before them. The first one being from Kansans for Addiction Prevention submitted by the President, Gary Winget and calling attention to the negative aspects of expanded gambling. ([Attachment 2](#))

The second written testimony was submitted by Bruce Dimmitt as a concerned citizen only. He stated five reasons for his opposition.

1. Gambling would be bad for the economy.
2. Gambling results in individual and social addiction and dysfunction.
3. Gambling will result in more cost to governments.
4. Gambling should not be subsidized or sponsored by government
5. To approve gambling for the purpose of gaining an additional revenue source is unnecessary.

([Attachment 3](#))

Written testimony number three was submitted by Kansas Association of Addiction Professionals who neither oppose nor promote gambling, but are concerned with the issue of addiction. ([Attachment 4](#))

Vice-Chair opened the floor for hearings on substitute for **HB 2890**

OPPONENTS:

First to appear before the committee as an opponent of **HB 2890** was Representative Patricia Lightner. Rep. Lightner is opposed to expanded gambling because of the devastating consequences it will have on our state and our families. She related a situation which a close friend was in when her husband became addicted to gambling which resulted in the loss of their home, neighbors, church and community as well as her 22 year marriage and loss of family life. She believes that it is important that it be kept in mind not just the economic factor when the bill is debated, but the human factor and the reality of what cost may be involved on our neighbors and friends. (No written testimony)

Mr. Glenn Thompson representing Stand Up For Kansas came before the committee with his testimony. This organization feels that the bill is bad for the state, bad for local communities and bad for Kansas families. Mr. Thompson also submitted attachments showing the average cost to society to be \$13,586 per pathological gambler per year and is broken down as:

1. Crime
2. Business and Employment
3. Abused dollars
4. Illness
5. Social services
6. Bankruptcy
7. Family Costs ([Attachment 5](#))

Ted Morris, owner of the Crown Uptown Dinner Theatre, Wichita, Kansas appeared in opposition to **HB 2890**. In his testimony, Mr. Morris, states that studies show that in other markets where casino gambling has been introduced, attractions take about a 20% hit. He further states that if he loses 20% of his business, his dinner theatre will go under. A study was submitted of the quad cities, Rock Island, Illinois; Moline, Illinois; Davenport, Iowa; and Bettendorf, Iowa and casino gambling. This study showed what happened to other

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businesses and attractions after casino gambling was introduced both on the Illinois and Iowa sides of the Mississippi River. (Attachment 6)

Teacher of fourteen years, Ginger Becker of Lawrence, submitted testimony in opposition to **HB 2890**. Her concern is about the message that we are sending our youth of Kansas. Mrs. Becker states that education is more than just books, it is a matter of sculpturing good citizens who will carry on our standards of living and in the interest of youth, she urges a no vote on **HB 2890**. (Attachment 7)

Mr. Reece Bohannon concerned citizen of Wichita, Kansas opposes **HB 2890**. Mr. Bohannon had personal experience with gambling in his family and feels that by voting no on this bill we will restrict a net loss in taxpayers dollars also a no vote will hold down crime related to gambling, addiction to gambling, broken homes, bankruptcies, suicides, hunger, welfare costs, loss of life savings and (in some cases) loss of hard earned inheritance. (Attachment 8)

Next to appear as an opponent was Mr. Kevin Neuman who describes himself as simply a grass root Kansan. Mr. Neuman's testimony points to the following areas: why bail out the tracks, gambling is not the answer, gambling predictions in the past have been plain wrong and also included a 1999 National Gambling Impact Study. (Attachment 9)

Testimony was submitted by Vicki of Mayetta, Kansas. Vicki is a compulsive gambler since she was introduced to gambling in 1994. Vicki states in her testimony she underwent treatment in a dependency clinic and learned that the chemical imbalance in a person's brain and the pleasure endorphins released in the brain at the time one is gambling is no different than the brain of a person high on drugs or alcohol. She urges a no vote on **HB 2890**. (Attachment 10)

Because she was unable to make an appearance, the testimony of Denise Fiehler, compulsive gambler, was read by Marsha Strahm of Concerned Women For America. Denise's testimony describes how she became addicted to gambling and the problems it has caused her. (Attachment 11)

Concerned Women For American was represented by Marsha Strahm who gave testimony in opposition to **HB 2890**. She also included in her presentation testimony from Reverend Randy Grimm of the Calvary Bible College of Morrill, Kansas and Senator John Koskan of Wood, South Dakota. In her closing statement Ms. Strahm quoted Governor Graves in his State of the State address "We hear a great deal of rhetoric about families. Rhetoric is not enough." (Attachment 12)

Matthew Plamann who describes himself as a recovering compulsive gambler, appeared before the committee as an opponent. Matthew related his situation of how he became addicted to gambling and the problems it has caused him. (Attachment 13)

Reverend Charles Robinson of the First Congregational Church of Sabetha, Kansas addressed the committee in opposition to **HB 2890**. His testimony states that he is a firm believer that the responsibility of the availability of an addicting behavior not only lies within the realm of the individual, but also within the realm of the government that allows it. (Attachment 14)

Kansas Charities Cooperative was represented by Margaret Ritthaler a member of the board of directors. Kansas Charities is a non profit organization that operates bingo games for fund raising purposes. They are licensed and regulated by the state of Kansas. They do not feel that legalizing electronic gaming will be in the best interest of the State nor will it solve the fiscal crisis. Also included in her testimony was a partial list of organizations who were contacted and who join in opposition of **HB 2890**. (Attachment 15)

Vera Spencer of Wolverine Baseball rose before the committee to give a statement of opposition. (No written testimony)

Owner of Automatic Music Company, Homer Morgan of Wichita, presented testimony in opposition to **HB 2890**. Mr. Morgan's understanding is that the dog and horse owners, would receive a percentage of the purse to help with expenses and feels that it is wrong to grant them a bail-out because they made a bad business decision. He is urging a no vote on this bill in the interest of the people of Kansas. (Attachment 16)

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Reverend Richard Taylor was next to appear before the committee as an opponent with a presentation on the economics of gambling and asking a vote for freedom from increased personal, social and economic problems that will be caused by extension and expansion of commercial gambling in Kansas. He also included in his testimony an article taken from the Wall Street Journal. ([Attachment 17](#))

Opposition to **HB 2890** came before the committee from Tom Palace, Executive Director of the Petroleum Marketers and Convenience stores in Kansas. They are not opposed to gambling, but are testifying in opposition because, after having collected millions of dollars for the state, they are not included in the bill. ([Attachment 18](#))

Prairie Band Potawatomi Nation, opponents of **HB 2890** was represented by their legislative counsel, Ron Hein. They are concerned about the financial impact this legislation will have on other businesses in Kansas. Included in the testimony was a gaming revenue analysis. ([Attachment 19](#))

Next to appear before the committee in opposition was Gary Smith of Olathe, Kansas of the Horse Industry. Mr. Smith states that he is not opposed to allowing slot machines at the tract, but his main opposition is as to how the bill reads. ([Attachment 20](#))

John McCoy of the Orion Stables of Bonner Springs, Kansas states in his testimony that the bill now offered to Kansans does not have the proper help that is needed to save racing in Kansas. He further states that he feels that a proper bill would help the state build a home base of healthy dogs and horse agriculture. He opposes **HB 2890**. ([Attachment 21](#))

Vice-President of the Kansas Thoroughbred Association and Vice-President of the Kansas Horsemen's Association, David Assmann of Edwardsville, Kansas who testifies that he is in support of slot machines at pari-mutuel racetracks, but cannot support the bill as currently written. He believes that Representative Cox was very diligent in his research and would support returning to the Cox bill as originally written. ([Attachment 22](#))

Donnie Molder a native Kansan who has been a thoroughbred horseman , breeding and racing horses for over twenty years testifies that he feels the present bill is not good for Kansas. He is not in agreement with the percentages which would be paid by the tracks. Mr. Molder stated that he also feels that the bill presented by Representative Cox is one that the horse people could live with. ([Attachment 23](#))

Testifying in opposition to **HB 2890** on behalf of Kansas Clubs and Associates was legislative counsel, Rebecca Rice. They are opposed to legislation which grants monopoly slot machine contracts to the two current and the one defunct parimutuel licensees who were previously granted, de facto, an exclusive franchised area by the State of Kansas. They feel that this bill will harm any business within a 50 mile radius that depends on consumers' discretionary income. Included with the testimony are copies of a number of articles taken from various publications to help in support of their testimony. ([Attachment 24](#))

With no further opponents to testify, Vice-Chair Peggy Palmer closed the hearings on **HB 2890** and opened for questions.

Hearing was opened for proponents on **HB 2890**.

PROPOSERS

First to appear before the committee as a proponent of **HB 2890** was Ralph Snyder of the American Legion. Mr. Snyder yielded his time to Charles Yunker, State Adjutant of the Kansas American Legion. Mr. Yunker asked that 501 (c) 19 veterans organizations and the fraternal organizations which he had previously mentioned in his testimony, be permitted the opportunity to offer their members slot machine gaming in addition to Kansas horse and dog tracks. ([Attachment 25](#))

Dwight Daniels, President of the Kansas Thoroughbred Association testified as a proponent. His testimony states that pari-mutuel horse racing and breeding industry in Kansas has been devastated in the past few years by casinos across the river and by the casinos within our own state. He feels that with the passage of the slots bill that the tracks and the horse industry can support, you would see the number and quality of horses in

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Kansas increase as well as the investments supporting those horses. (Attachment 26)

Bob Alderson appeared before the committee on behalf of the Kansas Greyhound Association and the Kansas Quarter Horse Racing Association stating that he is a proponent of gambling, but not the bill as it currently reads. He further stated that the purse supplements need to be set at a point to where they can be competitive with neighboring states. They would agree on 3-1/2% for the horses and 3-1/2% for the dogs. (No written testimony)

Representing the Kansas Chamber of Commerce and Industry was the Senior-Vice President, Jim Edwards as a proponent of **HB 2890**. The Kansas Chamber of Commerce and Industry supports allowing pari-mutuel facilities in Kansas to operate electronic games of chance and has been on record with that position since 1995. (Attachment 27)

The next proponent was Eugene "Stoney" Wages, Executive Director of Kansas Commission on Veterans' Affairs. They are charged with operating various veterans services programs which include the State Veterans' Cemetery program. The original language of **HB 2890** included 8% towards the State veterans' cemetery fund. A new source of revenue is essential for the operation of the veterans' cemeteries. The Commission is asking for continued support of that percentage. (Attachment 28)

Brad Smoot, legislative counsel for Kansas Racing, L.L.C. addressed the committee proposing two amendments which are included can reviewed in his written testimony. (Attachment 29)

Robin Jennison testified for the Ruffin Companies of Wichita.. Mr. Jenninson's testimony covered a number of gaming issues in Kansas as well as graphs and charts reviewing economic impact as well as Kansas Tourism Strategy. (Attachment 30)

Vice-Chairman Peggy Palmer closed the hearings on **HB 2890** with committee discussion following.

Meeting adjourned at 7:30 p.m.

The next meeting will be on March 20th at 3:30 p.m. in Room 243-N.