

MINUTES OF THE SENATE JUDICIARY COMMITTEE.

The meeting was called to order by Chairperson Senator Vratil at 8:00 a.m. on May 8th, 2002 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Research
Dennis Hodgins, Research
Gordon Self, Revisor
Mary Blair, Secretary

Conferees appearing before the committee:

Senator Steineger
Brad Smoot, The Woodlands
Jim Edwards, Kansas Chamber of Council (KCC)
Robin Jennison, Ruffin Company
Dwayne Bird, Kansas Quarterhorse Racing Association
Tracy Seastrom-Wildey, Greyhound Association
Jeff Thorpe, Boot Hill Museum, Dodge City, Kansas
Steve Herd, Kansas Thoroughbred Association (KTA)
Don Denny, Unified Government, Wyandotte County (UG)
Mike Pepoon, Sedgwick County
Larry Montgomery, Montgomery Ventures
Betty Melson, Greenwood County Economic Development Director
Jim DeHoff, AFL CIO
Ron Hein, Prairie Band Potawatomi Nation (PBP)
Glen Thompson, Stand Up for Kansas
Dave Assmann, Kansas Thoroughbred Association (KTA)
Gary Smith, Thoroughbred horseman
Chuck Yunker, Kansas American Legion (KAL)
Rebecca Rice, Legislative Counsel, Kansas Clubs and Associates
Martha Bichel, Wichita Elks Club
Margaret Ritthaler, Kansas Charities Cooperative, Wichita

Others attending: see attached sheet

Sub HB 2183–Concerning lotteries authorizing electronic gaming machines at certain location

Senator Steineger offered an amendment which addresses concerns expressed by some legislators regarding the percentage of money from gaming revenue set aside for the state. He stated that the amendment “mimics what Iowa does” and it also makes some technical changes which he reviewed.([attachment 1](#))

Conferee Smoot testified in support of **Sub HB 2183**, a bill which would authorize the Kansas Lottery to operate electronic gaming devices at licensed parimutuel tracks in Kansas. He briefly discussed gaming revenue recovery, public support for gaming, and the damage done to the parimutuel industry by gaming establishments not authorized by Kansas citizens. He called Committee’s attention to his handout which contains graphs and charts as well as a supplemental presentation relating to what the percentage and splits “ought to be.”([attachment 2](#))

Conferee Edwards testified in support of **Sub HB 2183**. He briefly discussed how various industries and communities would benefit from the passage of this bill.([attachment 3](#))

Conferee Jennison testified in support of **Sub HB 2183**. He briefly discussed gaming issues particularly addressing a concern which has been expressed about the lottery losing revenue if this bill was enacted. He stated that the lottery has not been effected by current gaming in Kansas and he referred to evidence in his handout which reveals that Iowa and Missouri lotteries remain unaffected by gaming in their states. He also referred to an American Gaming Association study which contains significant surveys for Committee’s instruction.([attachment 4](#)) _____

Conferee Bird testified in support of **Sub HB 2183**. He discussed the negative effect other gaming activities in Kansas and along it’s borders has had on the racing industry and the industries that support it and stated that this bill would be a “shot in the arm” and would “level the playing field” for them. He also offered certain amendments to the bill.([attachment 5](#)) He further cited a written letter of testimony he distributed from Dan Bird of Anthony, Kansas which supports the bill.([attachment 6](#))

Conferee Seastrom-Wildey testified in support of **Sub HB 2183**. She presented a brief overview of her greyhound kennel business and stated that due to declining purse structure at the Kansas racetracks coupled with rising overhead costs, the decision was made to discontinue racing in Kansas and race in other states where a profit could be realized.

She discussed the loss to the Kansas economy because of this and stated that adding gaming at the racetracks would increase revenues to the Kansas greyhound breeders.([attachment 7](#))

Conferee Thorpe testified in support of **Sub HB 2183**. He discussed his organization's work toward economic development in Ford County and requested Committee vote in favor of "expanded gaming in Kansas that includes the opportunity for an 'at-large' licensee." He further discussed how the gaming revenue would be distributed, projections of revenue, and an estimated financial impact of a "western Heritage Gaming Parlor in Dodge City, Kansas.([attachment 8](#))

Conferee Herd testified in support of **Sub HB 2183**. He discussed the positive impact the bill would have on the thoroughbred industry and stated that KTBA supports a 3 ½ percent share of the profits for horses and dogs. ([attachment 9](#))

Conferee Denny testified in support of **Sub HB 2183**. He discussed a letter from Unified Government (UG) Mayor Marinovich which states that 82 percent of Wyandotte County voters were in favor of gaming at the Woodlands Racing Facility and nearly 40 percent of Missouri Riverboat visitors are from Kansas. He stated that the UG supports a binding county referendum to be placed before voters in Kansas counties that have parimutuel racing facilities and believes local governments should receive a fair percentage of the revenue.([attachment 10](#))

Conferee Pepoon testified as neutral on **Sub HB 2183** but stated that he supports Sedgwick County's right to vote on the contents of the bill. He recommended an amendment to the bill discussing why it was necessary and the positive effect it would have on his county.([attachment 11](#))

Conferee Montgomery testified in support of the concepts in **Sub HB 2183** but stated that the bill is the wrong model for Kansas. He discussed the New York Lottery Model which "enables the State to have control of the games by dispensing games from a central site under State control rather than for control of the games to be within the machine" and he offered to assist in drafting amendments to incorporate this model into the current bill. ([attachment 12](#))

Conferee Melson testified in support of **Sub HB 2183**. She discussed the racing industry at Eureka Downs in Greenwood County and requested the legislature allow the people in the counties where race tracks are located have the opportunity to vote on allowing slot machines at those tracks.([attachment 13](#))

Conferee DeHoff testified in support of **Sub HB 2183**. He briefly testified that over 100,000 Kansas AFL CIO members have endorsed and passed resolutions in support of electronic gaming at select Kansas locations. ([attachment 14](#))

Conferee Hein testified on behalf of the PBP Nation in opposition to **Sub HB 2183**. He clarified misrepresentations regarding Tribal gaming and Native American tax issues, discussed the positive economic benefits Tribal gaming has afforded to an economically disadvantaged area, further discussed how this bill would negatively effect Tribal gaming as well as other smaller games like bingo, and questioned the validity of certain statistics and/or data provided by proponents of the bill. He offered an amenable solution to alleviate the problem expressed by Wyandotte County regarding the need for economic development in their area.([attachment 15](#))

Conferee Thompson testified in opposition to **Sub HB 2183**. He detailed why the bill is "bad for the state, bad for local communities and bad for Kansas families."([attachment 16](#)) He briefly reviewed written testimony submitted by Ted Morris of Wichita Kansas who also opposes the bill.([attachment 17](#))

Conferee Assmann testified in opposition to **Sub HB 2183** in it's current form and, following discussion about the economic impact of the racing industry, requested the legislature support the horse and dog industry at the level "originally proposed by Representative Cox."([attachment 18](#))

Conferee Yunker testified in opposition to **Sub HB 2183** stating that the KAL is opposed to any legislation which "inhibits our organization and its legitimate non profit fund raising activities used to fund our community service, Children and Youth and Veterans Affairs programs." He did, however, state that in the event the race tracks have slot machines then his organization would need to have them as well in order to survive and he detailed how the KAL gaming operation would be conducted.([attachment 19](#))

Conferee Rice testified in opposition to **Sub HB 2183** arguing the need for further research especially in the area of 'home rule,' the findings of which could render this legislation meaningless. She discussed case law to support her arguments. ([attachment 20](#))

Conferee Bichel testified in opposition to **Sub HB 2183** stating that her organization is opposed to all bills that legalize electronic games of chance because charitable bingo games would suffer.([attachment 21](#))

Conferee Ritthaler testified in opposition to **Sub HB 2183** stating the bill would have a negative effect on charitable bingo.([attachment 22](#))

Conferee Smith testified as neutral on **Sub HB 2183** addressing the issue of the percentage Kansas horse owners will receive from the added revenue from slots at the tracks. He requested a reasonable percentage be set. (attachment 23)

Staffperson Mills reviewed a comparison of selected bills concerning gaming (attachment 24) and a comparison of selected bills concerning gaming by the House Committee of the Whole Recommendation. (attachment 25)

Written testimony supporting **Sub HB 2183** was submitted by Steven Ward, Kansas Greyhound Association (attachment 26), Bob Alderson, Kansas Greyhound Association (attachment 27), and Jeff Rutland, Quarterhorse Breeder/Trainer. (attachment 28)

Written testimony opposing **Sub HB 2183** was submitted by John McCoy, Orion Stables. (attachment 29)

Following discussion, the meeting adjourned at 9:30 a.m.

CONTINUATION SHEET