



Presented by:

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SUMNER COUNTY APPRAISER






# 2007



# HOW THE KANSAS STAR CAME TO BE

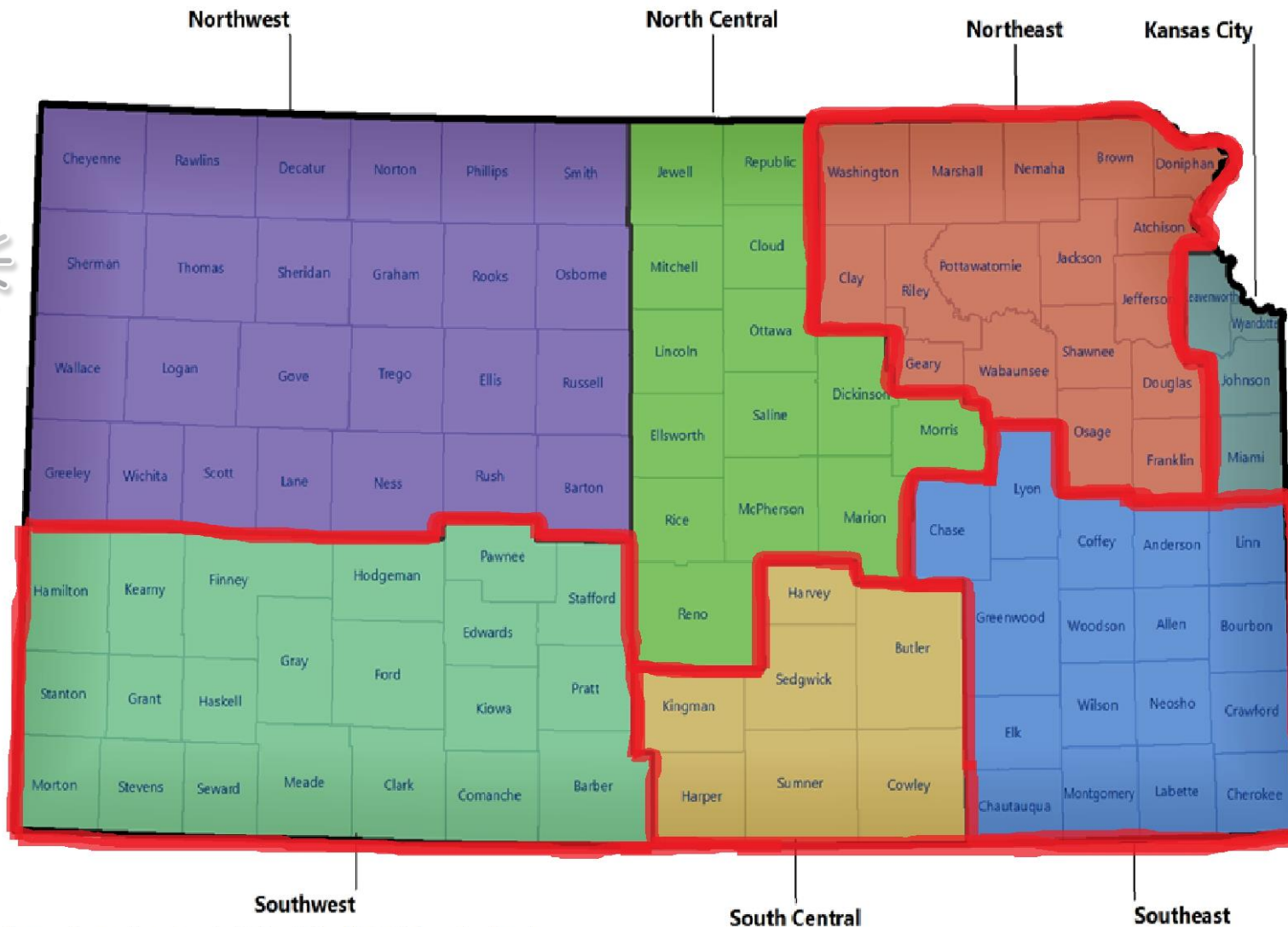
- AFTER SEDGWICK COUNTY VOTERS STRUCK DOWN THE DESTINATION CASINO JOINING THEIR COUNTY, SUMNER COUNTY SENT OUT A BALLET TO VOTERS ON DECEMBER 20<sup>TH</sup>, 2005.
- WITH A POSITIVE OUTLOOK, THE VOTES WERE IN, AND SUMNER COUNTY WAS GRANTED THE DESTINATION RESORT CASINO.





KANSAS LEGISLATURE PASSED THE KANSAS EXPANDED LOTTERY ACT, WHICH ALLOWS FOR THE STATE OF KANSAS TO OWN AND OPERATE A “**DESTINATION CASINO RESORT**” IN FOUR GAMING ZONES WITHIN THE STATE OF KANSAS. FOLLOWING THE ALLOWANCE OF THESE DESTINATION CASINO RESORTS, KELA ALLOWS FOR LICENSED PARI-MUTUEL TRACKS TO CONTRACT WITH THE KANSAS LOTTERY. THIS ALLOWS FOR ELECTRONIC GAMING MACHINES, SUCH AS SLOT MACHINES, TO BE PLACED AT THE TRACKS. RACE TRACKS THAT HAVE ELECTRONIC GAMING MACHINES ARE ALSO KNOWN AS “RACINOS.”





Source: Kansas Department of Labor, Labor Market Information Services

The county's outlined in red are the four gaming zones within the state of Kansas.

Northeast, Southeast, South Central, and Southwest

# REGIONAL DESTINATION ATTRACTION

- KANSAS STARS REPRESENTATIVE PROPOSED A “**REGIONAL DESTINATION ATTRACTION**,” THAT WOULD OFFER FIRST CLASS GAMING AND NON-GAMING AMENITIES.
  - IT WAS SAID THAT THE CASINO WOULD BE DESIGNED WITH THE CUSTOMER IN MIND, TO MEET AND EVEN BEAT THEIR EXPECTATIONS FOR FUN, EXCITEMENT, FRIENDLINESS AND VALUE.
- NOT ONLY WAS THERE TO BE A CASINO, A HOTEL, BUT THEIR PROJECT WAS TO INCLUDE AN EVENT CENTER AS PART OF THE MIXED USE DEVELOPMENT PROJECT. WHICH WOULD INCLUDE CONCERTS, ENTERTAINMENT, AND REGIONAL OVERNIGHT WEEKEND EVENTS. ACCORDING TO THE CASINO, IT WOULD BE A \$15,000,000 EXPANSION WITH AN ADDITIONAL 22,000 SQFT OF ENCLOSED EVENT SPACE, 20,000 SQFT OF LIGHTED OUTDOOR EVENT AREA, RV AND TRAILER PARKING, AND A 60 SPACE RV AND TRAILER PARKING WITH WATER AND ELECTRIC HOOKUPS.
- THEIR ORIGINAL TOTAL COST ESTIMATE BY KANSAS STAR WAS \$284,502,953 FOR ALL PHASES.

# KANSAS LOTTERY ACT

- KANSAS STAR CASINO HAD TO ENTER INTO A CONTRACT WITH THE KANSAS LOTTERY IN ORDER TO OPERATE ANY LOTTERY BUSINESS.
- THE KANSAS LOTTERY ACT SETS CERTAIN PARAMETERS FOR ANY ORGANIZATION AND OPERATION OF THE LOTTERY.
  - ANY DISTRIBUTION OF REVENUE FROM THE KANSAS LOTTERY IS ALSO DIRECTED BY THE LEGISLATURE PURSUANT TO K.S.A. 79-4801 THROUGH K.S.A. 79-4806.
  - IN TOTAL, THERE ARE THIRTY-ONE STATUTES INVOLVED WITH THIS ACT.
- NOT ONLY IS THERE THE ACT ITSELF, BUT ANY INDIVIDUAL GAME AND PROMOTIONAL RULES ARE SET FORTH IN TEMPORARY ADMINISTRATIVE REGULATIONS PASSED BY THE KANSAS LOTTERY COMMISSION AT THEIR PERIODIC MEETINGS.
- IT WAS AGREED UPON THAT SEDGWICK COUNTY, SUMNER COUNTY, AND THE CITY OF MULVANE, WOULD ALL RECEIVE 1% OF REVENUE, WHICH IS DISPERSED MONTHLY.







# 2012

1<sup>ST</sup> YEAR ON TAX ROLLS



# OPINIONS ON VALUATION

**CASINO OPINION**

**\$ 64,300,000**

**COUNTY'S ORIGINAL VALUE**

**\$164,100,000**

**COUNTY'S AMENDED VALUE**

**\$90,797,500**

**COTA OPINION**

**\$80,510,000**



43% COMPLETE AS OF JANUARY 1<sup>ST</sup> OF 2012



# PRIMARY ISSUE:

- THE PRIMARY ISSUES FOR 2012, ARE BASED UPON THE VALUE OF THE LAND.
- PRICE PAID FOR THE LAND WAS GREATER THAN \$16.9 MILLION, WHICH INCLUDED OPTION AGREEMENTS (BUNDLE OF RIGHTS).
- KANSAS STAR IS ADVOCATING A LAND VALUE OF \$685,000.
- KANSAS STAR PREDOMINANTLY USED AG SALES FROM BOTH SEDGWICK AND SUMNER COUNTY THAT WAS NOT REPRESENTATIVE OF A CASINO MONOPOLY MARKET.



# CURRENT STATUS

Kansas Star appealed to the Kansas Court of Appeals, and on November 20<sup>th</sup>, 2015 the Court of Appeals affirmed COTA's full decision.



Kansas Star then filed a petition for review with the Kansas Supreme Court on December 12<sup>th</sup>, 2015.



THE SUPREME COURT HAS YET TO RULE. WE ARE EXPECTING A RULING ANY DAY.

2013





# OPINIONS ON VALUATION

## CASINO OPINION

**\$62,100,000**

## COUNTY'S ORIGINAL VALUE

**\$226,000,000**

## COUNTY'S AMENDED VALUE

**\$140,00,000 at least**

## BOTA OPINION

**\$105,600,000**

# PRIMARY ISSUE:

- THE COUNTIES \$140 MILLION PLUS VALUE INCLUDED THE ARENA, WHICH HAD HOUSED THE TEMPORARY FACILITY IN 2012.
  - THE ARENA WAS CONVERTED TO HOUSE CONCERTS, BOXING EVENTS, HORSE COMPETITIONS
- THE PRIMARY ISSUE FOR THE 2013 YEAR, IS WHETHER THE ARENA SHOULD BE SIGNIFICANTLY OR TOTALLY DEPRECIATED FROM THE COST APPROACH BASED ON FUNCTIONAL OBSOLESCENCE.
- THE APPEAL FOR 2013 IS FULLY BRIEFED TO THE COURT OF APPEALS.

# CURRENT STATUS

Sumner County filed a petition for De Novo Review of BOTA's order to Sumner County District Court.

Kansas Star appealed to the Kansas Court of Appeals, after being granted 4 extensions, a brief was finally filed by the casino on October 13<sup>th</sup>, 2016.

The Court of Appeals had an initial docket set for June 20<sup>th</sup>, 2017. However, on May 11<sup>th</sup>, by the order of the Court, it was removed from the docket.

The District Court ruled, on January 6<sup>th</sup> of 2016, that the fair market value for the property was \$152,000,000.

Sumner County filed a brief on January 27<sup>th</sup>, 2017 after several extensions.





2014



# OPINIONS ON VALUATION

## CASINO OPINION

**\$75,000,000**

## COUNTY'S ORIGINAL VALUE

**\$151,600,000**

## COUNTY'S AMENDED VALUE

**\$153,500,000**

## BOTA OPINION

**\$97,600,000**

# PRIMARY ISSUE:

- AGRICULTURAL USE CLASSIFICATION FOR 60+ ACRES OF LAND
- CONTINUATION OF WHETHER OR NOT THE ARENA SHOULD BE SIGNIFICANTLY OR TOTALLY DEPRECIATED FROM THE COST APPROACH DUE TO FUNCTIONAL OBSOLESCENCE.





# CURRENT STATUS

- ON FEBRUARY 16<sup>TH</sup>, 2016 BOTA ENTERED A SUMMARY DECISION, FINDING THE VALUE TO BE \$97,600,000.
- THEREAFTER, SUMNER COUNTY FILED A PETITION DE NOVO REVIEW IN SUMNER COUNTY DISTRICT COURT.
- ON MARCH 31<sup>ST</sup> OF 2016, THE SUMNER COUNTY DISTRICT COURT ENTERED AN ORDER FINDING THAT THE COURT LACKED JURISDICTION OVER THE APPEAL BASED ON A CHANGE OF LAW REGARDING TAX VALUATION APPEALS PASSED AFTER THE 2012 APPEAL.

- WHILE SUMNER COUNTY'S APPEAL WAS STILL PENDING, BY THE REQUEST OF THE CASINO'S ATTORNEY, BOTA ENTERED ITS FULL AND COMPLETE OPINION
  - WHICH ON AUGUST 26<sup>TH</sup> OF 2016, KANSAS STAR APPEALED BOTA'S ORDER TO THE KANSAS COURT OF APPEALS.
- THEREFORE, SUMNER COUNTY FILED A CROSS-PETITION FOR JUDICIAL REVIEW THAT WAS FILED ON OCTOBER 14<sup>TH</sup>, 2016
- BOTH THE COUNTY AND KANSAS STAR APPEALS ARE ONGOING BEFORE THE KANSAS COURT OF APPEALS.
- SUMNER COUNTY APPELLANT BRIEF WAS FILED OCTOBER 24<sup>TH</sup>, 2016 AND KANSAS STARS RESPONSE WAS FILED ON DECEMBER 28<sup>TH</sup> OF 2016.
- THE APPEAL WAS ARGUED TO THE COURT OF APPEALS ON APRIL 19<sup>TH</sup>, 2017.
  - THUS, BOTH PARTIES ARE AWAITING A DECISION.

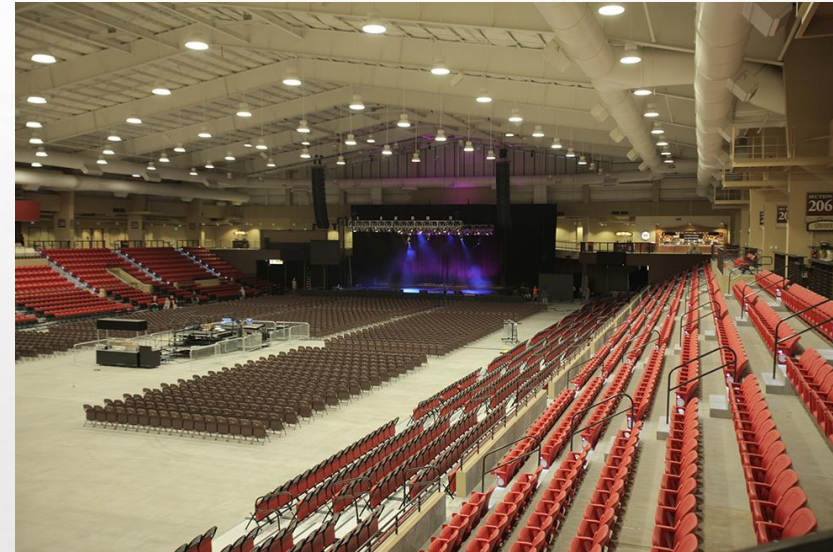
2015







Kansas star finished, in 2014, over \$20,000,000 on new construction and remodeling to its convention and banquet facilities, a warehouse, and its equine facility.



# OPINIONS ON VALUATION

**CASINO OPINION**

**\$76,000,000**

**COUNTY'S ORIGINAL VALUE**

**\$176,600,000**

**COUNTY'S AMENDED VALUE**

**\$167,000,000**

**BOTA OPINION**

**\$101,500,000**



# PRIMARY ISSUE:

- COST APPROACH VS. INCOME APPROACH.
  - BOTH PARTIES AGREE THAT THE COST APPROACH IS APPROPRIATE.
  - KANSAS STAR ARGUES THAT THE ARENA, AND EQUINE FACILITIES, SHOULD BE SIGNIFICANTLY OR TOTALLY DEPRECIATED FROM THE COST APPROACH DUE TO FUNCTIONAL OBSOLESCENCE.
- BOTA OPTED TO APPLY AN INCOME APPROACH AND MIXED-MATCHED INPUT VARIABLES.
  - ACTUAL VS. INDUSTRY MEDIANS ARE FROM NON-MONOPOLISTIC MARKETS.
  - ALSO APPLYING REAL ESTATE ALLOCATION PERCENTAGE FROM STUDY PRE-DATING THE ADVENT OF REGIONAL GAMING.






# CURRENT STATUS

KANSAS STAR ARGUED FOR A VALUE OF \$76,000,000 VS. THE COUNTIES ARGUMENT OF \$167,000,000.



ON SEPTEMBER 15<sup>TH</sup>, 2016 – BOTA ENTERED AN ORDER THAT FOUND THE VALUE OF THE PROPERTY TO BE \$101,500,000.



SUMNER COUNTY FILED FOR A PETITION FOR RECONSIDERATION ON SEPTEMBER 30<sup>TH</sup>, 2016 WHICH WAS DENIED BY BOTA ON OCTOBER 17<sup>TH</sup>, 2016.

# CURRENT STATUS CONTINUED

KANSAS STAR FILED  
THEIR APPEAL FROM  
BOTA'S ORDER ON  
NOVEMBER 11<sup>TH</sup>, 2016.



LEADING TO SUMNER  
COUNTY FILING A  
CROSS-PETITION ON THE  
SAME DAY (NOVEMBER  
11<sup>TH</sup>, 2016).



2016





# OPINIONS ON VALUATION

**CASINO OPINION**

**UNKNOWN**

**COUNTY'S ORIGINAL VALUE**

**\$168,300,000**

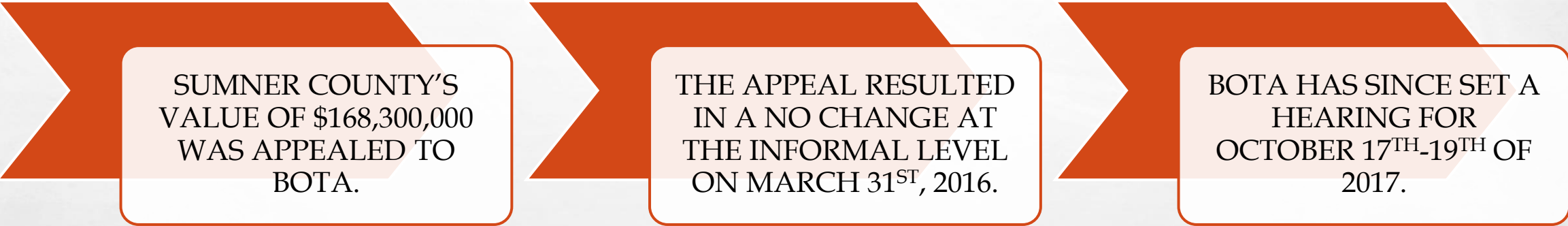
**COUNTY'S AMENDED VALUE**

**UNKNOWN**

**BOTA OPINION**

**HEARING SCHEDULED FOR  
OCT. 17<sup>TH</sup> -19<sup>TH</sup> OF 2017**

# CURRENT STATUS



SUMNER COUNTY'S  
VALUE OF \$168,300,000  
WAS APPEALED TO  
BOTA.

THE APPEAL RESULTED  
IN A NO CHANGE AT  
THE INFORMAL LEVEL  
ON MARCH 31<sup>ST</sup>, 2016.

BOTA HAS SINCE SET A  
HEARING FOR  
OCTOBER 17<sup>TH</sup>-19<sup>TH</sup> OF  
2017.

2017





# OPINION OF VALUATION

CASINO OPINION	COUNTY'S OPINION
UNKNOWN	\$172,000,000



# CURRENT STATUS

- AN INFORMAL APPEAL WAS HELD ON MAY 2<sup>ND</sup> OF 2017, AT THE SUMNER COUNTY APPRAISERS OFFICE, WITH AN ATTENDANCE OF BOTH THE COUNTY AND KANSAS STARS ATTORNEY'S.
- NO DOCUMENTATION OR OPINION WAS GIVEN BY KANSAS STARS ATTORNEY ON BEHALF OF THE CASINO.
- AS A RESULT OF THE HEARING, NO CHANGES WERE MADE TO THE VALUATION OF THE PROPERTY.
- SUMNER COUNTY HAS YET TO RECEIVE ANY FURTHER APPEALED INFORMATION.

# KANSAS STAR CASINO



Image courtesy of: <http://www.360wichita.com/Casinos/KansasStarCasino.html>