Federal and State Affairs Committee
Testimony in support of SB 241
By
Dr. William J. McGuire
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I am here today to provide support for SB 241, legislation that would result in the reopening of the states racetracks, and significantly stimulate horse and greyhound breeding and ownership in the State of Kansas. I am well aware that there are currently two bills before this committee, and realize that both are honest, well intended attempts at helping the industry. I appreciate the hard work and efforts of the Senators and individuals behind both of these pieces of legislation. I hope that this committee can find common ground in the two bills, and utilize the best efforts and ideas from all involved. As I understand it, today I am asked to support one bill or the other, and in this regard I offer my testimony to support SB 241.

With the initial passage of SB 66, there was great optimism in all sectors of the Kansas racing industry, an industry that had been around and provided jobs for over 100 years. An industry that in 1938 produced a Kansas bred winner of the Kentucky Derby. Initially, every segment of the industry planned expansion and improvements at every level. Kansas racing and breeding had reached an all-time high point and was about to enter a new era of prosperity. We were about to enter the golden age of Kansas racing. Then the racetrack owners calculated that they would not be able to operate at a profit. This was because of the higher tax rate required of slot machine profits at racetracks than that required to be paid by the casinos. With this realization, suddenly all of this begun to change. When the racetracks announced that they would not be opening, all optimism vanished and the industry contracted. Horses, jobs, income, and the resulting tax revenue suddenly relocated to other states. Kansas Racing had just entered the Dark Ages. This emotional rollercoaster is undoubtedly similar to

what was recently experienced by Boeing employees, both those currently working and those that had been laid off.

This new prosperous era in Kansas racing is not yet lost for good, it could all be restored with the passage of SB 241. Horses would come back to Kansas in numbers far greater than before, as well as the jobs that accompany them.

This legislation affects me personally on many levels, more than most interested parties. Although I am not the owner of one of the states' racetracks, their survival is critical. Money drives industries, and the racetracks provide the driving force for all other segments of the business. One of the major differences in these two pieces of legislation is the percentage of profit for the racetracks. We have to make sure that the racetracks can operate profitably for the rest of the industry to survive. We have to balance this against the percentages put directly into the industry, which will promote breeding, owning, and racing Kansas horses and greyhounds. High purses and breeders awards are meaningless if the tracks are closed, and tracks operating at high profits are just as meaningless with little purses and breeders awards to drive the industry. One of the major attempts of any piece of legislation has to be the creation of Kansas jobs, in ALL segments of the industry.

As a breeder of Thoroughbred horses, I maintain my own broodmare herd and 2 stallions. I breed not only my own mares, but as a commercial breeder stand my stallions for other individuals mares. With the passage of SB 66 and its accompanying wave of optimism, I was able to acquire the thoroughbred stallion "FISTFITE", who became the leading stallion in the state. My initial concern was that I needed to expand my facilities to accommodate the number of mares that would be booked to my stallions with the expected growth in the industry. To date, this expansion has not occurred or even been necessary. With the closure of the tracks, mares began to leave the state in large numbers. This

not only decreased my income from fewer breeding fees, but most mares that were bred at my farm were foaled out in Oklahoma or other states, which ended any breeders reward that I would expect to receive. To date, 46 offspring from this one stallion have earned $1,977,379 for owners and trainers, almost exclusively in other states. (data from Equineline, 1/29/12). There are many owners/trainers in the Kansas which do not raise their own racehorses, which currently buy, train, and race horses bred, foaled and registered in other states. This is income, jobs, and taxes that other states benefit from.

I am also an owner and trainer of thoroughbred racehorses, as I retain ownership on most of my foals, and raise them, train them, and race them myself. My foals are Kansas bred and foaled, and when they have to race out of state they have to run for lower purses than their state bred counterparts. Passage of SB 241 would bring these horses and income back to Kansas. Comparing the two bills, I believe SB 241 is the better choice in this aspect, as it returns a greater percentage of the profits from slot machines to the industry through purses and breeders awards.

As a breeder, owner, and trainer, I am affected at several levels, just as many others here in attendance. Unlike many of the others though, my involvement in this industry goes even deeper. Much of the testimony presented at this hearing will emphasize the jobs that this legislation will create. As I stated earlier, it takes money to drive industries, and thriving industries create the new jobs. The economic impact studies presented here today, and in previous years, show the job creating ability of this legislation.

This is yet another aspect of this legislation that directly affects me. I am employed by a college, where I teach, am department head, and serve as director of our equine program. With the initial passage of SB 66, the college administration and I realized the need for people trained to fill the jobs in this expanding industry. We relied on help from various industry individuals, including the general

managers from some of the leading breeding farms in the world in structuring our program and course content. The Kansas Board of Regents readily recognized the value and the need for our program, and our Equine Industry Management Program was begun. From the onset, our goal was to provide the students with the skills and knowledge they required to fill jobs that ranged from stallion/mare handlers to general managers. This effort is directly in line with the current National and State effort to provide students with career and technical education that allows them rapid entry into the workforce. Then the Dark Ages set in. Unfortunately, at this point my initial students find that the vast majority of career opportunities available to them are located out of state. Regarding the aspect of job creation in the industry, SB 241 is the better choice then SB 319 as is puts a greater percentage of slot machine income into the industry (15% versus 8%). The greater percentage of money directed into agriculture by SB 241 would undoubtedly lead to the creation of proportionately more jobs.

Finally, a successful racing industry in the state would have a direct positive influence on the college and my Equine program. We strive in our program not only to train students for employment, but also to make a difference socially as well. Nationwide there is a major concern about the fate of racing animals at the end of their competitive careers. This is where we have already been striving to make a difference. To the best of my knowledge, we are the only college in the state, perhaps the nation that works exclusively with retired Thoroughbred racehorses. We retrain these horses, and then adopt them out to new homes and careers. Currently, we are partnering with the Thoroughbred Retirement Foundation (TRF) in this effort. We have to work with the TRF and take the horses they send us, as at this point the TRF is the only source of funding we have to help offset the costs of the program. Our current program is valuable because it provides horses for the students to work with for the hands on classes, and helps in recruiting efforts but doesn't really enable us to help Kansas owners, breeders, and trainers. Our ultimate goal would be to expand the program, hire more student work studies, and

work with Kansas bred horses first. With a profitable situation at the Woodlands, this may be possible to accomplish with assistance of the TRAK East grant program.

I ask you to support SB 241, and let the Agricultural sector demonstrate to you how much more valuable a slot machine can be to the State of Kansas, at a racetrack than a casino.

Thank You,

Dr. William J. McGuire