

March 30, 2018

Chairman Bud Estes
Senate Federal and State Affairs Committee

Mr. Chairman and Members of the Committee:

I am submitting this letter of support for SB 427 which amends the Expanded Kansas Lottery Act regarding racetrack gaming facilities.

The major issue with this bill is to “right a wrong” with the provisions of SB 66 passed in 2007 which provided for the implementation of four gaming zones in the state of Kansas. Each of the zones was allotted a state-owned destination casino and provided for electronic gaming machines to be added to the existing three racetrack facilities. These existing racetracks were the Wichita Greyhound Park, Camptown Racing in Frontenac, and The Woodlands horse and greyhound racing facility in Kansas City, Kansas.

The four state-owned destination casinos, over time, were awarded to Boot Hill Casino in Dodge City, Hollywood Casino in Kansas City, Kansas Star in Mulvane, and Kansas Crossing in Pittsburg. The glaring disparity when SB 66 was passed was the fact that the state tax requirements for the state-owned casinos and the existing racetrack facilities was paralyzing for the racetracks. Everyone is aware of the disparity at this point....22% for the state-owned casinos and 40% for the racetrack facilities.

How anyone could find a way to rationalize the difference that was established at the time is beyond comprehension. The word in the halls and walls of our Capitol rang out “take it or leave it” and “we’ll try to fix it next session”. Those of us supporting the racing industry decided to “take it” which was a huge mistake to this point in time. All of the racetracks eventually closed because they were no longer financially feasible to operate.

I am Past President of the Kansas Quarter Horse Racing Association. Now retired, I am also a former Director for Kansas to the American Quarter Horse Association. My wife and I have raced Quarter Horses and Thoroughbreds for over 40 years. We spearheaded the effort in the 1980’s to pass pari-mutuel wagering. I can guarantee all of you that without us then, liquor by the drink and the Kansas lottery would not have become a reality. Without us, the state-owned destination casinos would not have been legalized in SB 66 in 2007.

With us, the Kansas economy will once again be given a shot in the arm. The goods and services to support greyhound and horse racing virtually touches every county, border to border. Land, buildings, feed, hay, insurance, trucks, tractors, farm equipment, trailers, vets, tack, motels, hotels, meals, travel, and the list goes on. All this stuff is going on right now....across the border in Oklahoma, Colorado, Iowa, New Mexico, California, and Minnesota for starters.

At a time when the State of Kansas is basically “flat broke” from other past mistakes, our Legislature continues to turn away an owner of three existing racetracks. All necessary renovations are to be fully

funded by him without assistance of any kind from the state. The change needed in this bill will provide an estimated \$200M in annual wages, \$22M in direct tax revenue annually, and over 4,000 new jobs.

What am I missing here? I know the answer. The state-owned destination casinos have created a monopoly in our state. They do not want any competition. That's it. This is not an expansion of gambling. It is a bill to "right a wrong" created by the disparity in SB 66. While we are all grappling for more money to fund education and to overcome a budget crisis created mostly by the notion of supply-side economics that seems to never work the way intended.....the gate is open right here for new money, new investment, substantial job creation, tax revenue both direct and indirect, and a support system with an industry that needs all of the major products Kansas produces.

We need your support for SB 427. Thank you.

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