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Informational Hearing on the Effects of Horse and Greyhound Racing on Commerce in Kansas

March 2, 2016

Committee on Commerce, Labor and Economic Development

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**Linda Brown
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Dear Chairman Hutton and members of the committee:

While I understand that this March 2nd hearing is informational and not focused on any specific bill, however my concern is with House Bill 2537 which is where the general topic of horse and greyhound racing eventually leads and to which I have to direct my concerns from a Sumner County economic development perspective.

I am writing on behalf of the Sumner County Economic Development Commission to ask you to oppose expanding slot machines in Sedgwick County, specifically at Wichita Greyhound Park, as proposed in HB 2537 or similar legislation which may be introduced or offered via amendments.

The reasons for opposing are:

- Allowing Wichita Greyhound Park to have a second vote to add slot machines would be an economic drain on Sumner County in terms of tax revenue, jobs, tourism and overall economic activity.
- Market studies done during the application process for the south central gaming zone showed that a casino in Park City would cannibalize between 25% - 41% of the business from the Kansas Star Casino in Sumner County.
- Sedgwick County voters in 2007 rejected casinos and slots at the track. The casino law did not provide for a re-vote and none should be granted.
- The linchpin provision of HB 2537 along with the re-vote is a lowering of the tax rate for race track slot machines. The current law allows tracks to retain 25% of the revenue from slots and pay 40% of its revenue to the state. That was the deal the tracks agreed to in 2007 and it should not be changed. HB 2537 would lower the tax rate to 22% and allow the tracks to retain about 58% of their revenues. Billionaire Phil Ruffin who owns all three Kansas tracks should not be granted a tax break as provided in HB 2537.
- HB 2537 also would deny Sumner County and Mulvane revenue sharing



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from race track slot machines. The Kansas Star pays 1% respectively to Sedgwick County, Sumner County and Mulvane. HB 2537 would pay 2% to Sedgwick County and nothing to Sumner County or Mulvane.

- Because Sedgwick County voters defeated gambling in 2007, a successful revote could trigger penalty payments by the state to the existing casinos because the gaming law states that no additional gaming facilities can be authorized prior to July 1, 2032.
- The Kansas Expanded Lottery Act, as well as the casino management contracts, set forth as the penalty a refund of all casino privilege fees plus 10% interest compounded annually. Current estimates are that this could be \$100 million.
- As an economic development professional it is my opinion that changing the economic landscape of gaming after investments have been made will deter other industries and companies from looking at Kansas as a stable and predictable state in which to do business.

This legislation is wrong on so many levels. On behalf of the Sumner County Economic Development Commission, I urge you to oppose HB 2537 and any similar versions as may exist this session.

Kindest Regards,

Stacy L. Davis
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