

Chairman Ostmeyer and Members of the Federal and State Affairs Committee:

My name is Dave Tolle. I am a retired Assistant Vice President of the Burlington Northern Santa Fe Railroad. My wife, Karen and I have also been in the horse racing business for over 40 years. Karen served as Executive Director for the Kansas Quarter Horse Racing Association for many years prior to retirement. I am a Past President of KQHRA and a former Director for Kansas to the American Quarter Horse Association headquartered in Amarillo, Texas. In short, we have been in this business for a long time and pretty much know it from the bottom up.

Actively involved with the passage of a constitutional amendment to legalize pari-mutuel wagering in 1986, we saw The Woodlands race track in Wyandotte County constructed and become virtually an over-night success. A new venue in a new market. Several years later, along came riverboat casino-style gaming just across the river in Missouri....a new venue in the same market. That changed the scenery for The Woodlands drastically and they struggled to exist with pari-mutuel wagering and simulcasting alone. In 2007, when Senate Bill 66 passed the Kansas legislature, there were some very serious problems anticipated with some of the provisions of the bill. Most notably, for the horse racing industry in Kansas, the current requirement for a 40% state tax takeout, while perhaps unintentioned, served to close the doors on the Woodlands in Wyandotte County. At the same time, that ended the Fair Fund provided by The Woodlands' operation which closed the doors on the smaller rural fair tracks in Eureka, Kansas and Anthony, Kansas. The rationale for the major difference in the state tax structure was supported by many because the racetracks were already built and in operation with the support of pari-mutuel wagering and simulcast wagering. Those of us involved with racing were admittedly uneasy with this provision and whether it would work. We were told here at the time that was all we were going to get...take it or leave it. And it didn't work. I am unable to name another state in the USA where this type of gaming is legal and their racetracks closed.

The current law provides for a 22% state tax takeout for destination casinos. Keep in mind, while a destination casino provides significant new employment, tourism and investment, they do not pay purses, they do not have to provide stable areas, and they do not have to provide equipment and track maintenance. Creation of jobs is a big issue for a horse racing facility. In addition to what we know exists at a destination casino with the management team and the employee base to operate the facility, a racing facility also includes the owners, trainers, grooms, jockeys, exercise riders, stewards, gate crew, track maintenance crew, veterinary services, and on and on. Bringing live horse racing back to Kansas will touch the economy of virtually every Kansas County from border to border in some way, shape or form. Horse racing requires a long list of goods and services to support the industry...things like land, buildings, grain, hay, bedding, trucks, trailers, tractors, hardware, tack, insurance, and housing just to name the obvious. It is estimated that the total economic impact annually is \$375M and represents a \$272M investment in land, equipment and livestock. Please revisit the Oklahoma Governor's commissioned equine industry study that former Kansas Legislator Debbie Schauf sent you at the beginning of the session. This study illustrates the many benefits horse racing can bring to the economy.

Last session, this legislature saw the wisdom of adjusting the investment requirements and privilege fee requirements in the Southeastern Gaming Zone because it had become very apparent that no investor had shown active interest in that zone since 2007. The market in that area was not considered to be adequate to support the investment requirements. So, the legislature fixed the problem and now there are four applications for that gaming zone. The fix was to reduce the minimum investment requirement from \$225M to \$50M and reduce the privilege fee from \$50M to \$5.5M. Fix the tax rate accordingly by reducing the state's tax take-out from 40% to 22% and live horse racing will come back to Kansas and bring all the associated economic benefits that come with it. 40% of zero is still zero....22% of a revitalized industry supported primarily by products and services produced right here in the heartland can be significant way beyond the issue of the state tax rate itself. All we ask is a level playing field and a chance for success.

Dave Tolle
23000 Hwy 368
Vassar, KS 66543
[913/302-7673](tel:9133027673)
davetolle@centurylink.net