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TESTIMONY

SB 215

**An Act concerning the Kansas expanded lottery act;
relating to racetrack gaming facilities; relating to pari-mutuel racing.**

**Senate Committee on Federal and State Affairs
March 25, 2013**

Chairman Ostmeyer and Members of the Committee:

Good morning Chairman Ostmeyer and Members of the Committee. I am Whitney Damron and I appear before you today on behalf of Kansas Entertainment, LLC, the joint venture partnership of International Speedway Corporation and Penn National Gaming – the development group selected by the State of Kansas in 2009 to develop a destination casino for the Northeast Kansas Gaming Zone.

Historically, when matters of interest or concern to Kansas Entertainment have been brought before the Legislature, both Jeff Boerger, President of Kansas Speedway Development Corporation and Karen Bailey, the Vice President of Public Affairs for Penn National Gaming have provided testimony. Unfortunately neither is available for today's hearing.

Kansas Entertainment does appreciate the opportunity to provide comments on SB 215.

Section 1.(g)(2) of SB 215 would lower the investment threshold from \$225 million in the southeast Kansas gaming zone to \$50 million and also lowers the privilege fee from \$25 million to \$5.5 million in the southeast Kansas gaming zone. Kansas Entertainment is supportive of this change in state law (page 2, lines 35-36 and page 3, lines 19 & 21).

Our support for SB 215 ends here.

Once again the Kansas pari-mutuel track owner – and as a reminder, this is not plural, as there is only one interested track owner involved with this legislation – once again we see attempts to dramatically change the rules of the game in favor of the pari-mutuel track owner and to the detriment of the State of Kansas and the horse and greyhound industries.

Section 4.(2) of the bill would allow the track owners to back away from commitments made to the horse and greyhound industry and the State of Kansas by eliminating the requirement for The Woodlands to offer greyhound racing in conjunction with live horse racing (page 10, lines 27-29).

Should that be allowed to occur, we would see a pari-mutuel track with limited financial investment allowed to operate a slot parlor for 365 days a year, but only host live racing 60 days per year. I doubt that would have been acceptable to the State of Kansas or the greyhound industry in 2007 when the expanded gaming act was passed and it should not be acceptable today, either.

Under SB 66, the Kansas Expanded Lottery Act, criteria used to evaluate proposals to be a lottery gaming facility operator included the following factors:

- Size of the proposed facility;
- Geographic area in which the facility is to be located;
- The facilities location as a tourist and entertainment destination;
- The estimated number of tourists that would be attracted by the proposed facility;
- The number and type of lottery facility games to be operated at the proposed facility; and,
- Agreements related to ancillary lottery gaming facility operations.

All three markets that ultimately saw a lottery gaming facility application license awarded and constructed had multiple applicants with highly-competitive proposals.

Under the Act, there is nothing even remotely close to these kinds of requirements for pari-mutuel track owners and certainly there was no framework creating competition for a license.

Changing substantive and competitive rules of the game for licensees as requested by the pari-mutuel industry would place the destination casinos in a highly-uncompetitive position and jeopardize an investment of approximately \$300 million at Hollywood Casino and a full-time workforce of more than 800 people. Allowing a facility like The Woodlands, located less than two miles from Hollywood Casino to enjoy the competitive advantages proposed in the legislation before you today will also have significant negative financial impacts upon the future expansion of the Hollywood Casino and other businesses located in Village West. In addition, state and local revenues and charitable contributions will be reduced as well, given that a substantial amount of revenues are dedicated to community and charitable programs per our development agreement with the Unified Government of Wyandotte County and Kansas City, Kansas. Revenues from our facility are also committed to the school districts and economic development organizations in our region. Under these newly-proposed statutory changes, The Woodlands would not be subject to these same obligations.

The pari-mutuel industry, including the owners of The Woodlands, Wichita Greyhound Park and Camptown Greyhound Park supported SB 66, the Kansas Expanded Lottery Act that was passed in 2007. Unfortunately, since that time they have refused to live up to the commitments they made back then.

Hollywood Casino at Kansas Speedway has lived up to commitments it has made and continues to support the gaming act as passed into law. We respectfully ask the Committee not to make the changes requested by the pari-mutuel industry, other than the two identified on the first page of our testimony should you care to do so, otherwise the state's investment in its existing facilities will be jeopardized.

I would be pleased to respond to questions at the appropriate time.

Thank you.

WBD

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