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Testimony re: Proposed 2017 House Bill No. 2173

KS House of Representatives Federal and State Affairs Committee

February 6, 2017

Dear Chairman Barker and Members of the House Federal and State Affairs Committee:

My name is Daron Hall and I am the City Manager of Pittsburg, Kansas. I am writing to express my opposition to House Bill No. 2173, which seeks to amend the Kansas Expanded Lottery Act for the purposes of horse and greyhound racing facilities in Kansas, including Camptown in the Pittsburg-Frontenac area. The Kansas Crossing Casino is set to open later this spring and promises to bring a substantial and much needed benefit to the citizens of southeast Kansas. Kansas Crossing has made a substantial capital investment in southeast Kansas, and will hire approximately 400 employees to staff the casino. A large number of employees are already working and training at this time. Kansas Crossing also promises to bring substantial tourism to our area. The corresponding economic benefits will spread to local governments, educational institutions and private businesses in the area. We are very excited about the opportunities Kansas Crossing will bring to southeast Kansas, and I commend the legislature for its foresight in seeing this project come to fruition.

Due to the benefits presented by Kansas Crossing for our area, I am concerned that the legislature would consider action that could jeopardize the revenues and benefits that Kansas Crossing present southeast Kansas. The local communities and citizens need Kansas Crossing to be a success. At the very least, any consideration of HB 2173 is premature given that Kansas Crossing is not yet operational and must be evaluated once it is operating.

Southeast Kansas cannot withstand any further detrimental economic impacts. Kansas Crossing stands to be a substantial benefit to the area. Please recognize the importance of this issue to southeast Kansas and our need for Kansas Crossing to be a success. Please vote no on HB 2173.

The current tax rate for what Mr. Ruffin wants to do is 40%. He agreed to that in 2007 to offset the fact he won't have any minimum investment level. He is legally able to open Camptown now; he just claims the tax rate (40%) is too high. His bill reduces that rate to 22%, which is the rate the four state casinos (including Kansas Crossing, when it opens).

This seems unfair. The four state casinos had a minimum investment level--\$250m for the first three and \$50m for Kansas Crossing. At least \$800m total investment in the state. The racing tracks wouldn't be required to invest any dollars in the State. That's why the State in 2007 said they would have to pay a higher tax rate--to offset the fact they don't have any minimum investment levels.

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On top of all this, Ruffin's bill materially changes the deal the state struck in 2007. If passed into law, the state would be on the hook for over \$100m in damages to the four casinos (return of the privilege fees, plus 10% interest compounded annually).

This bill could fatally harm Kansas Crossing and force the state to pay over \$100m in penalties.

I urge you to vote no on this bill, or remove the reduced tax rate to keep the operation fair and equitable with the existing state casinos. Our community needs all the revenue it can get and I know the State does as well. An even playing field is all I am requesting.

Thanks for your consideration of this request.

Daron Hall