

Ruffin Companies

1522 S. Florence | Wichita, KS 67209

February 17, 2021

Mr. Chairman and Members of the Committee,

On behalf of the Ruffin Companies and Kansans for Fair Play, thank you for the opportunity to offer testimony in support of H.B. 2199; AN ACT concerning gaming; relating to the Kansas expanded lottery act; authorizing sports wagering; amending K.S.A. 46-2301, 74-8702, 74- 8710, 74-8711, 74-8716, 74-8718, 74-8733, 74-8734, 74-8741, 74- 8751, 74-8752, 74-8757, 74-8760, 74-8761, 75-6202, 75-6204, 75- 6217 and 79-4806 and K.S.A. 2020 Supp. 21-6403 and 21-6507 and repealing the existing sections.

H.B. 2199 would authorize the Kansas Lottery to offer sports wagering by entering into contracts with various entities such as sports wagering retailers, lottery gaming facility managers (Kansas casinos), and racetrack gaming facility managers (pari-mutuel racetracks in Kansas).

We stand in strong support of H.B. 2199, especially since racetrack gaming facility managers are among the entities allowed to offer sports wagering. We note that a sports wagering bill heard in the Senate last week does not include Kansas racetracks. We appreciate inclusion in this bill and thank the authors for recognizing the financial opportunities involved in reopening Kansas's racetracks.

By way of information, in 1986, Kansas voters amended Article 15, Section 3b of the Kansas Constitution to "permit, regulate, license and tax" horse and dog racing and pari-mutuel wagering in Kansas. In 1987, the Kansas Legislature passed the Kansas Parimutuel Racing Act. The KPRA created the Kansas Racing Commission (now the Kansas Racing and Gaming Commission) to license and regulate horse racing, greyhound racing, and pari-mutuel wagering in Kansas.

In 2007, the Kansas Legislature passed S.B. 66, the Kansas Expanded Lottery Act (KELA). This act allows for the state of Kansas to own and operate a "destination casino resort" in four gaming zones – northeast, southeast, south-central, and southwest – within the state of Kansas. In addition to allowing for these destination casino resorts, KELA allows for licensed pari-mutuel tracks within three of the four gaming zones in the state to contract with the Kansas Lottery to have electronic gaming machines (slot machines) placed at the tracks. Racetracks that have electronic gaming machines are known as "racinos." Voters in the four gaming zones must vote to approve both state-owned and operated casinos, as well as to allow slot machines at racetracks. Voters approved slots at

tracks in the southeast and northeast zones. Voters in Sedgwick County narrowly rejected slots in a 2007 election.

An additional point of interest is that KELA taxes slot machine profits for casinos at 22%. However, it charges a 40% tax to racinos on the same slot machine revenue. This disproportionate tax rate makes it impossible for Kansas's racetracks to operate in the black. Therefore, not a single racetrack in Kansas is in operation today. This taxing inequity and associated closure of the tracks has resulted in Kansas foregoing hundreds of millions of dollars in gaming revenues, lost property, sales, income taxes, the loss of thousands of well-paying jobs, and the prevention of untold economic development opportunities.

Our organizations, as well as our supporters, are encouraged by the inclusion of racetrack gaming facility managers in H.B 2199. We are also confident that the legislature recognizes the vast financial opportunities realized by addressing existing inequities contained in KELA. By putting racetracks on an even playing field with casinos, the legislature would be taking action to reopen racetracks, create jobs, enable significant capital investment, and benefit from additional tax revenue. This truly is one of the easiest and best economic development opportunities before the Kansas Legislature today and in the past several years.

We encourage the Committee to report H.B. 2199 favorable for passage.

Thank you, and I am happy to stand for questions at the appropriate time.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jason P. Watkins". The signature is fluid and cursive, with a prominent loop at the end.

Jason P. Watkins