



Testimony to the
House Health and Human Services Committee
Regarding House Bill 2340
February 1, 2012

Chairman, members of the House Health and Human Services Committee, I am Sharon Stroburg, General Manager, Boot Hill Casino & Resort located in DC, KS. I have 27 years of experience in management of casino gaming facilities.

Thank you for the opportunity to discuss how both BHCR and ultimately the gaming revenue paid to the State of Kansas would be negatively impacted by the imposition of a smoking ban at state lottery gaming facilities.

Casinos are a competitive, customer service business catering to adults over the age of 21. Casino customers make a choice when deciding which casino to visit. All current evidence indicates patrons visit a casino with a ban on smoking less frequently and thus, the revenue to the state decreases.

Examples of this include the following: Canada experienced an overall 15% decrease the first 3 months following a smoking ban, with Casino Windsor at 33.8%, Niagara Falls at 8.2% and Casino Rama at 9.2%. Delaware reported a 10-19% decrease after a ban was imposed in 2002, according to a 2006 study by the University of Louisville and the University of Kentucky. New Jersey reported a 19.5% decrease in the 12 days the ban was imposed in Atlantic City casinos in October 2008, confirmed by the states Casino Control Commission. The 2009 Federal Reserve Bank of St Louis study estimated that Illinois revenue decreased by 20% or \$400 million in the first year. Revenues from smoking areas with slots out-performed the non-smoking slot areas in a range from 60%-185% in 7 Pennsylvania casinos, according to the 2008 State of Pennsylvania study.

On March 29, 2011, the House of Representatives of the Illinois legislature approved HB 1965 that, if passed by the Senate, would loosen the restrictions on smoking for any casino that borders a state that allows smoking in casinos. The Illinois Casino Gaming Association attributes a majority of the 31% decline in casino revenues to the smoking ban enacted in 2008. During this time Indiana, Iowa, and Missouri (states without smoking bans) have seen revenue increases.

In most states, a smoking ban in casinos becomes even more devastating when surrounding states (Oklahoma, Missouri, Iowa) allow smoking in their casinos and when tribal casinos (Oklahoma, Kansas), under sovereign control, are able to offer smoking in their casinos.



If smoking is banned, over the 13 years remaining on the contract with Boot Hill Casino & Resort, it is estimated the State of Kansas will see a reduction in revenue of over \$30 million. This does not include lost revenue from any other Kansas casino.

As the lost revenue also will impact the casinos, the state will also see an impact from lost jobs, reductions in sales tax, purchases with vendors, etc.

Dodge City has its own ban on smoking in public places, and specifically exempted Boot Hill Casino & Resort, provided a proper air filtration system was installed. In the specification, design and construction of the Boot Hill Casino & Resort, an air handling system that pressurizes the gaming floor to move air and virtually remove the presence of smoke on the gaming floor was purchased. The specialized air handling system cost in excess of \$1.8 million. This purchase was made to allow for the comfort of both smokers and non-smokers on the gaming floor. Boot Hill believes this system adequately addresses the concerns regarding second hand smoke for our patrons while allowing the State of Kansas to maintain competitiveness with other regional casinos that permit smoking. Additionally, Boot Hill believes the local government in Dodge City is in the best position to determine the appropriate level of regulation in its smoking regulations.

Madam Chairperson, thank you for the opportunity to testify in opposition to House Bill 2340. I am pleased to answer any questions.