

Kansas House committee rolls dice on racetrack bill — snake eyes

By Tim Carpenter

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The House budget committee didn't respond favorably Wednesday to an attempt to advance legislation granting billionaire Phil Ruffin fresh opportunity to convince Sedgwick County voters that slot machine gambling belongs at a Wichita racetrack.

Likelihood of the bill spawning lawsuits by four state-owned casinos and financial implications of the state losing in court convinced the House Appropriations Committee to idle House Bill 2173. The flurry of last-minute amendments also weighed the bill down.

Chairman Troy Waymaster, a Bunker Hill Republican, said he was frustrated by intransigence on bills designed to use slot machine revenue to improve chances of revitalizing defunct Kansas horse and dog racing tracks. Lobbying on the issue is punctuated with accusations, threats and one-sided arguments, he said.

"After many years of basically hearing the same story," Waymaster said, "I implore those on both sides to work together and put together a compromise to where the state will not be in any type of litigation or possibly responsible for any type of damages that would be incurred."

Potential litigation by operators of the state's casinos in Dodge City, Mulvane, Pittsburg and Kansas City, Kan., has been a stumbling block for racetrack legislation. Legal action would seek enforcement of contracts requiring the state to repay \$110 million in special privilege and, possibly, millions of dollars in damages for reshaping the landscape of legal gambling in Kansas.

Ruffin, who owns closed racetracks in Kansas and made billions in the casino industry, would be required by the House bill to place \$120 million to \$145 million in escrow to pay court decisions favorable to casino interests. He would be repaid from racetrack revenue.

Under House Bill 2173, Sedgwick County residents could vote again on the question of allowing slot machines at Wichita Greyhound Park near Park City. The track was shut down by Ruffin after county voters defeated a slot-machine initiative in 2007.

Kansas Attorney General Derek Schmidt issued a nonbinding opinion last year indicating a new vote in Sedgwick County on slots at the racetrack would violate the Kansas Lottery's contract with Kansas Star Casino in Mulvane.

Rep. J.R. Claeys, R-Salina, proposed an amendment allowing the public vote on track slots but deleting the escrow mandate on Ruffin. The attorney general would have 90 days to request the Kansas Supreme Court determine legality of the Kansas Lottery entering into a contract with Ruffin. Lawyers for Kansas Star wouldn't be able to sue until after the Supreme Court issued an opinion.

"The intent here is to mitigate some of the risk to the state," Claeys said.

Back-and-forth among lawmakers on the proposal from Claeys exposed entrenched positions on gambling.

Rep. Bradley Ralph, R-Dodge City, said the Claeys amendment ignored the attorney general's opinion and would force Schmidt to make a knee-jerk decision about litigation. He speculated a prolonged appellate battle would drive down revenue at existing casinos.

"Just doesn't seem to me to be the policy path you want to go down," Ralph said. "This is a losing proposition all the way around for the state."

Revitalization of horse and dog racing in Kansas can produce jobs in rural areas, said Rep. Sean Tarwater, R-Stilwell. Penalties resulting from breaking casino deals will be paid with revenue that otherwise would never exist, he said.

"This is a jobs bill. If this bill passes, it's 4,400 jobs," Tarwater said. "The investor here is not asking for anything. There is no risk. There is no downside."

Rep. Brenda Landwehr, a Wichita Republican, said Ruffin shouldn't be given a second bite at the apple in Sedgwick County.

"He had his opportunity," she said. "In many ways, this is a lot of bad legislation. I will fight it down to the end."

Landwehr gained approval of an amendment repealing the exemption held by casinos to the statewide indoor smoking ban applicable to businesses. The double-standard on indoor smoking was placed in state law because "money talks" when casinos flex lobbying muscle in the Statehouse, she said.

In the end, the committee easily defeated the bill reshaped at the behest of Claeys and Landwehr.

In March, the Kansas Senate defeated a proposal to boost investor interest in reopening the Woodlands in Kansas City, Kan., Camptown Greyhound Park in Frontenac and Wichita Greyhound Park. The idea was to cut the state's share of racetrack slot-machine revenue from 40 percent to 22 percent, the same rate paid by operators of the state's casinos.