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Opposition Testimony

Committee on Health and Human Services

HB 2622

AN ACT amending the Kansas indoor clean air act; prohibiting smoking on the gaming floor of a lottery gaming facility or racetrack gaming facility; amending K.S.A. 21-6110 and repealing the existing section.

February 7, 2024

Good afternoon, Madam Chair Landwehr, and Members of the Committee:

On behalf of Kansas Entertainment, LLC, the lottery gaming facility manager of Hollywood Casino at Kansas Speedway, we appreciate the opportunity to share our concerns with HB 2622.

The Kansas Indoor Clean Air Act went into effect July 1, 2010, after the passage of HB 2221. When the legislation was passed, there were a number of exemptions included in the bill and the absence of any one of them could have jeopardized overall passage of the Act, which passed the Senate on a vote of 25-15 and the House concurred by a vote of 68-54.

Exemptions to the Kansas Indoor Clean Air Act include the following venues:

- Certain Class A and Class B Private Clubs.
- Cigar Lounge/Tobacco Shops.
- Gaming floor of a Lottery Gaming Facility.
- Up to 20% of hotel/motel rooms.
- Certain areas of adult care homes.
- Certain private clubs.

Should HB 2622 be passed, the Kansas State-owned and Operated Casinos will be at a competitive disadvantage against two major gaming markets in neighboring states (Missouri and Iowa) as well as with the tribal casinos of the State's four Resident Tribes.

As a representative of the Kansas Lottery testified before the House Federal and State Affairs Committee a few weeks ago, repeal of the smoking exemption would very likely impact state revenues, which will necessarily result in a loss of jobs at the casinos as well. For example, when Illinois banned smoking at its casinos, revenues were reduced by nearly 30 percent and thousands of jobs were lost.

Shreveport, Louisiana instituted a smoking ban in August of 2021 and reversed it two years later after a significant loss of revenue and jobs to neighboring gaming jurisdictions that allow for smoking on the gaming floor.

Hollywood Casino at Kansas Speedway is in the hospitality business, and we strive to meet the needs of both our smoking and nonsmoking patrons through a state-of-the-art ventilation system, high ceilings, and adequate separation between smoking and non-smoking areas. The real power at the end of the day on this issue rests with Hollywood's customers who can vote with their pocketbooks if they feel like we're not doing a good enough job catering to their needs. It's a balance and one that we feel the marketplace should determine, particularly in such a competitive environment.

For clarity, it is important to note the exemption in state law for the State-owned and Operated Casinos only applies to the gaming floor. Smoking is not permitted in our restaurants, VIP lounge, or our new \$5 million sports wagering lounge that opened earlier this year.

The State's four casinos should be left with the ability to weigh the impact of providing smoking opportunities for our patrons as allowed since the facilities were licensed and when exempted from the Kansas Indoor Clean Air Act in 2010.

Respectfully, Hollywood Casino at Kansas Speedway appreciates and understands the impact of the Kansas Indoor Clean Air Act, but at the same time notes that exemptions to the Act were made from the beginning of its enactment and businesses exempted have relied on these statutory exemptions when making investments into their facilities. These investments could very well be undermined with such a dramatic change in state law that places us at a competitive disadvantage to competitors that would not be impacted by the implementation of HB 2622.

On behalf of Kansas Entertainment, LLC, I appreciate the opportunity to convey our concerns to you today and will stand for questions at the appropriate time.

WBD

About Kansas Entertainment:

Kansas Entertainment, LLC is a joint-venture partnership of Penn Hollywood Kansas, Inc., and Kansas Speedway Development Corporation, and was selected by the State of Kansas in 2009 to develop a destination casino for the Northeast Kansas Gaming Zone. Since opening in 2012, Hollywood Casino and Kansas Speedway has paid over \$465 million in taxes and fees to the State and local government, provided over \$10 million in charitable contributions and currently employs more than 450 local team members.

About Penn Entertainment:

PENN Entertainment, Inc. is North America's leading provider of integrated entertainment, sports content, and casino gaming experiences. PENN operates 43 properties in 20 states, online sports betting in 18 jurisdictions and iCasino in five jurisdictions, under a portfolio of well-recognized brands including Hollywood Casino®, L'Auberge®, ESPN BET™ and theScore Bet Sportsbook and Casino®. PENN's portfolio is further bolstered by our industry-leading PENN Play™ customer loyalty program, which offers our over 27 million members a unique set of rewards and experiences across business channels.

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