



Stephen W. Durrell
Executive Director

Laura Kelly
Governor

**Testimony Before House Committee on Federal and State Affairs
February 13, 2024**

Mr. Chairman and members of the Committee:

Thank you for the opportunity for the Kansas Lottery to provide this written testimony regarding House Bill 2667.

In general, the Lottery does not have any preference regarding how revenues are directed by the legislature or by other agencies once they are transferred by the Lottery to a recipient fund. As such, the Lottery has no preference regarding the proposed increase in the amounts distributed to community crisis stabilization centers fund and the clubhouse model program fund in HB 2667.

The purpose of this testimony is to discuss the way these transfers are calculated and distributed. The Lottery notes that a fixed transfer amount provides greater stability and more predictable revenue than a calculation of net profits from Lottery self-service vending machines.

The Lottery has proudly made transfers from Lottery revenues to support veterans' programs since fiscal year 2004. Initially, these annual transfer amounts were made based on the calculation of net profits from designated veteran's benefit lottery tickets. The feedback from the Veteran's Administration over time was that it was difficult for them to budget based on variable transfer amounts from year to year. Beginning in FY 2019, the Lottery began making an annual fixed transfer amount to these veteran's programs of \$1.2 million in FY 2019 and \$1.26 million in subsequent years.

Legislation passed in 2018 authorizing the use of self-service vending machines, with the calculated net profits, up to a ceiling of \$4 million in FY 2019 and a ceiling of \$8 million in subsequent fiscal years, transferred monthly to support these mental health programs. When sales through the new vending machines commenced in FY 2020, there was similar uncertainty each year regarding what the ultimate transfer amounts would be.

Based on our previous experiences with the veterans' programs and the mental health programs, the Lottery would recommend striking the net profit calculation language from the statute and replacing it with a fixed and defined monthly or annual transfer amount. Preferably, this monthly transfer date would also be changed from the tenth to the fifteenth of each month in conjunction with other Lottery transfers.

Thank you for your consideration.

Stephen W. Durrell, J.D.

Executive Director, Kansas Lottery