

Approved: March 8, 2005
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 1, 2005 in Room 123-S of the Capitol.

Committee members absent: Senator Jim Barone - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Ed VanPetten, Executive Director, Kansas Lottery Commission
John McElroy, Executive Director, Kansas State Gaming Agency

Others attending:

See attached list.

Bill Introduction

Senator Kelly moved, with a second by Senator Steineger, to introduce a conceptual bill that would transfer five acres of land from the Juvenile Justice Authority to the Helping Hands Humane Society in Topeka. Motion carried on a voice vote.

Chairman Umbarger called the committee's attention to discussion and possible final action on:

SB 8– Research foundation capital improvement projects; limitation on amount

Senator Emler moved, with a second by Senator Teichman, to report **SB 8** favorable for passage. Motion carried on a roll call vote.

SB 46– Canceled state warrants, reissuance fee

Senator Emler moved, with a second by Senator Betts, to report **SB 46** favorable for passage and be placed on the Consent Calendar. Motion carried on a roll call vote.

The Chairman welcomed Ed VanPetten, Executive Director, Kansas Lottery Commission, who presented an overview of the agency (Attachment 1). Mr. Van Petten provided some historical information with his testimony. He noted that Lottery sales have shown an increase the last three fiscal years, after decreases in FY 2000 and FY 2001. Mr. Van Petten addressed the 2002 Legislature allowing the Lottery to modify the method of calculating transfers made each month. He explained that rather than the statutory provision of transferring 30 percent of gross sales each month, the Omnibus Bill allowed for minimum monthly transfers of \$4.5 million, and a minimum annual total of \$59 million. This gave the Lottery more flexibility in operations and the possibility of increasing prize pay-outs to bolster sales.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 1, 2005 in Room 123-S of the Capitol.

Mr. Van Petten also addressed their operations, partnerships with Kansas businesses and industries, the Veterans Benefit Games and the State of Oklahoma recently passing a number of gambling initiatives, which included the provision to start a lottery. Committee questions and discussion followed. Senator Betts and Senator Steineger requested additional information regarding the Kansas Lottery's contract with the Kansas Speedway.

Chairman Umbarger welcomed John McElroy, Executive Director, Kansas State Gaming Agency, who presented an overview of the agency (Attachment 2). Mr. McElroy explained that there are four Kansas tribes, the Iowa Tribe of Kansas and Nebraska, the Prairie Band Potawatomi Nation of Kansas, the Kickapoo Tribe in Kansas and the Sac and Fox Nation of Missouri in Kansas and Nebraska. Each tribe has a reservation and a casino and each casino operates through the terms of a Tribal State Contract. He explained that the Agency is entirely funded by contributions from the four recognized Kansas tribes. Mr. McElroy mentioned that all of the Tribes are current in paying their assessments and the Tribes pay no other funds to the State of Kansas.

Committee questions and discussion followed. Chairman Umbarger inquired about the Kansas State Gaming Agency being unable to inspect some gambling machines. Mr. McElroy responded that the Agency has been unable to inspect the gambling machines at the Sack and Fox Casino for over a year because the Agency needs the keys and the Casino holds the keys, but the Agency is working on it.

The Chairman recognized Dennis Hodgins, Principal Analyst, Kansas Legislative Research Department, who presented a staff briefing of bills and proposals in regard to gambling issues (Attachment 3). Details are contained in Mr. Hodgins' memorandum regarding the subjects of the Kansas Lottery, parimutuel wagering, charitable bingo and Indian casino gaming.

The meeting adjourned at 12:00 noon. The next meeting is scheduled for February 2, 2005.