

Approved: January 19, 2006
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE
SPECIAL LEGISLATIVE SESSION - 2005

The meeting was called to order by Chairman Dwayne Umbarger at 9:20 A.M. on June 21, 2005, in Room 123-S of the Capitol.

All members were present except:

Senator Mark Taddiken- excused

Committee staff present:

Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office
Mary Torrence, Senior Assistant, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See attached list.

Chairman Umbarger welcomed Eric Rucker, Office of the Attorney General, who was present with some written information (Attachment 1), as requested in the committee discussion during the previous day's meeting. Mr. Rucker presented the anticipated costs associated with the issue of litigation regarding the following two matters before the United States Supreme Court:

- State v. Marsh, 04-1170, approximately \$154,500.00
- Richards v. Prairie Band Potawatomi Nation, 04-631, approximately \$43,500.00

Total: approximately \$198,000.00

Following committee questions and discussion, Senator Morris recommended a separate bill to appropriate \$150,000 for Kansas v. Marsh and remove the cap on the Tort Claims Fund in order to pay expenditures associated with the Prairie Band Potawatomi Case in FY 2006. The Chairman explained that the bill would be read into the Senate the next day, June 22, 2005, and after that the Committee will consider action on the bill.

The Committee discussed the issue of the premium for the life insurance for the National Guard to reimburse life insurance premiums for those on a tour of duty. Senator Morris recommended the Legislature would appropriate the money to the Adjutant General's Office (approximately \$390,000 - \$400,000) and then when the approximately 2,000 individuals rotate back to Kansas, the Adjutant General's Office would issue a check for the insurance premium once a year. Senator Morris mentioned that there would have to be a disclaimer that if a person decided to opt out they would not be eligible for the insurance refund which would be contained within the Adjutant General's rules and regulations and some transition time would be necessary of 60 days, and let the Adjutant General establish their rules and regulations. Senator Morris noted

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that the three individuals that were killed in their tour of duty need to be grand-fathered into the bill. The Revisor will work on a draft bill.

The Chairman acknowledged J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, who presented an overview for an appropriations bill. Mr. Scott explained that in the substantive bill it will be explained how the money will be spent and the appropriations bill will determine how much money is to be spent. Then the money will be appropriated in the appropriations bill. The Committee came to a consensus that \$143 million is the amount that will be considered for the appropriations bill, but that amount could change after the Senate Education Committee meets on June 22, 2005.

Chairman Umbarger and Senator Morris explained that tomorrow, June 22, 2005, when the Legislature convenes for the special session, the Committee can take official action on anything discussed in committee on June 20 and June 21, 2005. For these two days, the Committee was agreeing by consensus prior to final action taking place by the Committee on June 22, 2005.

Chairman Umbarger called the committee's attention to discussion of the gambling issue. The Chairman said he and Senator Morris would recommend passage of **2005 HB 2481** tomorrow when the Special Session begins, along with consideration of two additional options. Senator Morris explained that the Special Session would require new bill numbers. By consensus, the Committee agreed to recommend passage of the contents of **2005 HB 2481** tomorrow when the Special Session begins with the official introduction this bill (5rs9043).

The Chairman said a second option for the Committee will be to look at reducing from five to two the number of destination zones. The Committee discussed Senator Barone's proposal. Senator Barone mentioned that no one has discussed changing the rules in **2005 HB 2481**. Chairman Umbarger acknowledged Mary Ann Torrence, Senior Assistant, Revisor of Statutes Office, who explained her understanding of what was talked about in the Committee the previous day. The bill draft (5rs9052) by Senator Barone was discussed at this time. Ms. Torrence reviewed the bill draft with the Committee and discussion followed.

Chairman Umbarger explained his suggested Gaming Proposal for Education (Attachment 2). Committee discussion followed. This bill draft number was 5rs9056. The Chairman asked staff for a comparison of these three gambling proposals in writing. The Chairman recognized Dennis Hodgins, Principal Analyst, Kansas Legislative Research Department, who reviewed Attachment 2 with the Committee and identified what was included in each gambling bill. Committee questions and discussion followed.

Regarding the sites, the Committee came to a consensus to agree on two zones (Wyandotte and Southeast Kansas - Cherokee and Crawford Counties). (See page one of Attachment 2.)

Regarding the Benefit District - four percent maximum, and (a) 2.5 percent to the home county and 0.5 percent to the other counties, the Committee came to a consensus for Option (a) which is a 2.5 percent to the home county and 1.5 percent divided among the counties that are contiguous to the home county. (See page two of Attachment 2 - Senator Umbarger's proposal) in reference to bill draft 5rs9056.

Chairman Umbarger asked that the Committee consider his proposal (5rs9056) that used **2005 HB 2481** as a blueprint with changes discussed. Following further discussion, the Committee came to a consensus to change the .05 percent for problem gambling to 1.0 percent. Regarding the first page, the Committee concurred by consensus to add wording regarding a bond and lawsuit provisions. The Committee discussed the site selection and in response to a question, Ed Van Petten, Executive Director, Kansas Lottery, mentioned that in regard to the site selection clause, the tighter the clause, the better. Mr. Van Petten will work with the Revisor about wording. The Committee came to a consensus to go with the Senator Umbarger's proposal (5rs9056) with the changes previously discussed. The Revisor will provide a draft of this bill later in the day for the Committee to review.

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The meeting recessed at 11:20 a.m. and reconvened at 4:40 p.m.

Chairman Umbarger recognized Mary Ann Torrence, Senior Assistant, Revisor of Statutes Office, who presented an overview of the revised proposed bill (5rs9066). There was Committee discussion and the Revisor indicated that "racing" will be added to the conflict clauses regarding the members of the Kansas Lottery Commission and other technical corrections will be made prior to the bill being introduced in the Senate.

Chairman Umbarger suggested withdrawing the benefit development districts from the proposal in order to attempt to pass the bill in the Senate, and discussion followed. Senator Morris suggested adding approximately \$160 million from the Senate Education Committee proposal. Chairman Umbarger acknowledged Julian Efird, Principal Analyst, who distributed the following information regarding administrative start-up costs:

- A memorandum addressed to the Senate Committee on Ways and Means from Julian Efird, Principal Analyst, Kansas Legislative Research Department, regarding the Initial Implementation Costs of Gambling Legislation (Attachment 3).
- A memorandum addressed to the Senate Committee on Ways and Means from Julian Efird, Principal Analyst, Kansas Legislative Research Department, regarding the Fiscal Impact of Gaming Legislation on Kansas Racing and Gaming Commission (Attachment 4)

Discussion followed concerning two subject matters cannot be in one appropriation bill. Alan Conroy, Director, Kansas Legislative Research Department, explained that, following discussion with his staff and the Revisor, the following items would be in the current bill discussed by the Committee:

- It would be best to have one appropriation bill that would include the appropriation for the Attorney General for the Supreme Court litigation.
- The appropriation for the Adjutant General in terms of paying the death benefit for military service personnel.
- The expenditures related to the enforcement activity of lottery, racing and gambling based on the gambling bill currently before the Committee now .
- There would be a loan mechanism for Education Opportunity Trust Fund which is created by the bill currently before the Committee which would be an appropriation authorized out of that special revenue fund of \$160.9 million dollars that has been recommended by the Senate Education Committee.
- There would be the loan mechanism in effect for the State General Fund to advance the \$160.9 million dollars to the Education Opportunity Trust Fund so the expenditure authority would be there to go out to the school districts.
- The appropriations bill would also require that the gambling activity would reimburse the State General Fund with the \$160.9 million dollars and be paid by the end of FY 2006.

Committee discussion continued. Chairman Umbarger called the Committee's attention to discussion regarding the developers that take the initiative to offer a quality casino. The Revisor explained the enhancement language of the gambling bill by Senator Barone and explained an amendment was offered regarding that language to replace the language in paragraph (2) on page 13, proposed by Senator Barone (Attachment 5). Regarding the infrastructure in gambling bill, the Committee concurred to bump it up to 20 percent and \$30 million dollars and concurred with the amendment offered by Senator Barone in his

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gambling bill.

The Committee came to a consensus to adopt the appropriations bill to be introduced in the 2005 Special Session. The Committee came to a consensus to adopt the gambling bill (5rs9066) as tweaked to be introduced in the 2005 Special Session. Staff was given the authority regarding the Adjutant General bill to make the substantive language to be on-going.

The Chairman expressed his thanks and appreciation, both to the Committee and Staff, for all of the good work during the days prior to the special session.

The meeting adjourned at 6:00 p.m. The next meeting was scheduled for June 23, 2005.