

MINUTES OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Vice- Chairman Mike Kiegrel at 1:30 p.m. on January 21, 2009, in Room 143-N of the Capitol.

Members absent:

Representative Neufeld, Excused
Representative Brown, Excused
Representative Henderson, Excused
Representative Lane, Excused
Representative Peterson, Excused

Committee staff present:

Nikki Feuerborn, Administrative Assistant
Julian Efird, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mike Heim, Office of the Revisor of Statutes
Jason Long, Office of the Revisor of Statutes

Conferees appearing before the committee:

Ann Mah, Representative
Ed Van Petten, Executive Director, Kansas Lottery
Keith Kocher, Executive Director, Gaming Facilities
Thomas Groneman, Director, Alcohol and Beverage Control

Others attending:

See attached list.

In the excused absence of Chairman Neufeld, Vice-Chairman Kiegerl presided at the meeting.

Representative Mah requested the introduction of two bills: (a) concerning the use of E-verify by state and local governments; and (b) concerning the increase of the penalty for misclassification of workers. Representative Benlon moved for the introduction of the legislation for both requests. Representative O'Brien seconded the motion. Motion carried.

Representative Olson moved for the introduction of legislation regarding music performances. Motion was seconded by Representative Knox. Motion carried.

Representative Holmes moved for the introduction of a resolution regarding states' rights and the 10th Amendment to the U.S. Constitution. Motion was seconded by Representative Heubert. Motion carried.

Representative Holmes moved for the introduction of legislation concerning search warrants. Motion was seconded by Representative Grant. Motion carried.

Ed Van Petten, Executive Director of the Kansas Lottery, presented an agency update on the Kansas Lottery (Attachment 1). Sales for FY 2008 totaled nearly \$237 million which is the second highest in Lottery history. The Lottery has worked with every entity that has approached them for a working partnership. The final decision on their participation is with the Executive Director. The distribution of the proceeds from the Lottery is decided through a budgetary process by the Legislature.

Regarding contracts for gaming facility management, Keith Kocher, Executive Director of Gaming Facilities, explained that the deadline for application for management of the proposed Southeast Kansas facility was today but if there were no applicants it would be extended to April 21, 2009. The current economic downturn has had a negative impact on the gambling industry. The Woodlands Racetrack manager declined the opportunity for slot machines at that facility due to the initial investment and the suspected lack of revenue they would produce.

Steve Martino, Executive Director of the Kansas Racing and Gaming Commission, presented a power point demonstration as part of their annual report (Attachment 2). He stated there had been "little to no interest" in opening a casino in Southeast Kansas as Northeast Oklahoma is saturated with such facilities. Many of

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these have Class II games which are not taxed, thus it becomes a real economic factor in the decision to build a facility in Kansas. The tax rate for Class III games in Oklahoma is 6.0 percent.

Thomas W. Groneman, Director of the Division of Alcoholic Beverage Control, presented a briefing on the responsibilities of the Division and a statistical report of their activities (Attachment 3).

The next meeting is on call of the Chair.

The meeting was adjourned at 3:20 m.