

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Tuesday, January 26, 2016, 346-S of the Capitol.

All members were present

Committee staff present:

Linda Herrick, Kansas Legislative Committee Assistant
Reed Holwegner, Legislative Research Department
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Sherriene Jones-Sontag, Deputy Executive Director, Kansas Lottery
Phil Bradley, PBC Consulting
Dick Stoffer, Director, State Government Relations, Hy-Vee

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Hutton asked if there were any bills to be introduced. There were none.

Hearing on: HB2171 — Kansas lottery; sale of tickets; advertising; underage purchase of ticket prohibited.

Chairperson Hutton opened the hearing.

Chuck Reimer, Revisors Office, gave an overview of the bill. This bill was heard by House Commerce Committee last year, and sections of it were included in the **Senate Substitute for HB2155** which did become law in 2015. The remaining part of **HB2171** involves allowing Kansas Lottery to invest in and use electronic product dispensers.

Representative Billinger noted on page 7, lines 9-14, the wording was to be changed from shall to "may."

Sherriene Jones-Sontag gave proponent testimony ([Attachment 1](#)). In **HB2155**, the Legislature allowed Kansas Lottery to sell its own products and advertise at university sporting events. Rather than prohibiting lottery purchases by minors, it prohibited those under 18 years old from cashing winning lottery tickets. She added that it is illegal to knowingly sell tickets to minors, and the selling entity could lose its license. Concerning how other states are approaching the sale to minors and cashing the ticket, Ms. Jones-Sontag will furnish the Committee with this information.

CONTINUATION SHEET

MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Tuesday, January 26, 2016 in Room 346-S of the Capitol.

Ms. Jones-Sontag noted the State Efficiency Study completed by Alvarez & Marsal for Kansas Lottery was part of Attachment 1. The recommendation was to allow Kansas Lottery to use Instant Ticket Vending Machines (ITVMs) in Kansas. The study estimates Kansas would increase sales by \$25 million to \$30 million annually, increase retailer commissions by \$1.3 million to \$1.5 million annually, and increase transfers to the state by \$8 million to \$10 million annually. Posted on the machines is a notice about penalty for violation of sales. ITVMs sell scratch tickets. Powerball tickets can be purchased online.

Colorado, Oklahoma, and Missouri have electronic dispensers ([Attachment 2](#)). For all states that do have lottery, only seven do not have electronic dispensers. States with dispensers have reduced wait lines to buy tickets, have seen 30% to 50% increase in sales, and have cut labor costs. There are six states that do not have lottery.

Ms. Jones-Sontag reported the Legislature asked for \$75 million from Kansas Lottery in 2015, and with the recent sales for Powerball, the Kansas Lottery is rebounding and realizing another great year.

Mr. Phil Bradley, representing the Kansas Licensed Beverage Association, gave proponent testimony ([Attachment 3](#)). He urged that this bill be passed to use unmanned electronic machines. Allowing these machines in retail locations is positive for the retailers that wish to add another product.

Mr. Dick Stoffer of Hy-Vee, gave proponent testimony ([Attachment 4](#)) noting that other states are using the machines without problems. He added this will provide timely and friendly customer service and give customers another purchase point. He asked for support to pass this bill.

The presenters stood for questions.

Written only proponent testimony was submitted by:

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas ([Attachment 5](#))

Mike Thornbrugh, Manager, Public and Government Affairs, QuikTrip Corporation ([Attachment 6](#))

Adam Mills, President, Kansas Restaurant and Hospitality Association ([Attachment 7](#))

There was no opponent or neutral testimony.

The hearing on this bill was closed.

Adjournment

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The meeting adjourned at 2:10 p.m.

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