

Approved

4/8/88
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at
Chairperson

11:00 a.m./p.m. on March 24, 1988 in room 254-E of the Capitol.

All members were present. ~~except~~

Committee staff present:

Mary Galligan, Legislative Research
Mary Torrence, Assistant Revisor of Statutes
June Windscheffel, Committee Secretary

Conferees appearing before the committee:

The Reverend Richard Taylor, Kansans for Life at its Best
Mr. Jon Brax, Kansans for Life at its Best
Mr. John Lamb, former Alcoholic Beverage Control Director
Mr. Don Lind, Johnson County Community Corrections
Mr. Sam Alvey, Director, Montgomery and Allen Counties Community Corrections

The Minutes of the Meetings of March 1, 7, and 16, 1988, were before the Committee. Senator Anderson moved approval of the Minutes.
The motion was seconded by Senator Arasmith. The motion carried.

Senator Martin had a handout for the Committee, concerning 7 RS 2785, pertaining to tax credits against privilege taxes imposed upon banks. (Attachment #1) He explained the proposed legislation to the Committee. Senator Martin moved to introduce the proposal as a Committee Bill. The motion was seconded by Senator Arasmith. The motion carried.

Senator Vidricksen then made a proposal. It concerns an act concerning land surveyors, and is 7 RS 2580 (Attachment #2). The Senator explained the proposed legislation. Senator Bond made the motion to introduce. The motion was seconded by Senator Vidricksen. The motion carried.

The Chairman referred the Committee to HB2819, concerning suspension of minor's driving privileges for any alcohol or drug-related offenses. Staff gave an overview for the Committee.

A handout was distributed from The Reverend Richard Taylor. (Attachment #3) The Reverend Taylor stated this is one of the finest pieces of legislation being worked in this Session.

Mr. Jon Brax spoke as a proponent, also. He said he was offering testimony as a college age student. He pointed out this Committee has often been worried about parental supervision. His father wanted him to get his driver's license as soon as possible in order to drive a grain truck. Mr. Brax said that being the case for many young people in similar circumstances, the parent might have reason to watch closely if there were the chance the minor might lose his license.

Mr. John Lamb asked to speak to the issue, also. He pointed out that suspensions work much better in rural areas, because the local law enforcement officials know the individuals. In urban areas it is less effective. He also said a short suspension works better than a long suspension time. The chances of violating the year are a lot greater than a 60-90 day suspension.

The Chairman thanked the conferees and said the Committee will take HB2819 under advisement.

SB457, concerning the formula for determining amount of community corrections grants, pertaining to Proposal No. 13, was next. The

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS,
room 254-E, Statehouse, at 11:00 a.m. on March 24, 1987.

Chairman stated that community corrections was delayed in terms of this Committee, because it was the desire to hear from the Secretary of Corrections in regard to approaches to the prison overcrowding program.

Senator Bond made the motion to remove chargebacks from the community corrections bill. The motion was seconded by Senator Martin. The motion carried.

Mr. Don Lind, of Johnson County Community Corrections, appeared to present amendments. He explained that Item No. 4 of his second proposed amendment is not needed if the chargebacks are done away with. Senator Bond moved that Mr. Lind's first proposed amendment, and Items Nos. 1, 2, and 3, of his second proposed amendment, be adopted. The motion was seconded by Senator Strick. The motion carried. (Attachment #4)

Senator Bond moved that SB457 go into effect as soon as printed in the State Register. The motion was seconded by Senator Morris. The motion carried.

Senator Bond moved that the Secretary of Corrections be allowed to use inmates for week-end programs. The motion was seconded by Senator Hoferer. The motion carried.

There was discussion concerning the contractual services of Community Corrections. Margaret Josten, of the Bourbon-Linn-Miami Community Corrections was present and said those could be used only if in a contiguous judicial district. Mr. Ken Hales of the Shawnee County Community Corrections reviewed the issue of contiguous counties.

Senator Vidricksen moved that the Secretary of Corrections provide, through rules and regulations, that contracts may be made in contiguous counties. The motion was seconded by Senator Bond. The motion carried.

Mr. Sam Alvey, Director, of Montgomery County and Allen County Community Corrections, appeared concerning the bill. His concern was the loss for that area in the entitlement program if the supplementary grant statute is repealed.

Senator Bond moved that bill be passed as amended. The motion was seconded by Senator Vidricksen. The motion carried.

The Chairman said the Prisons' Task Force would be meeting at noon today.

The Chairman called attention to HB3023, concerning the Kansas lottery, to the Committee's attention. This was discussed yesterday. Senator Bond made the motion to amend the imprest fund account to \$200,000. No more than \$200,000. The motion was seconded by Senator Strick. The motion carried. Senator Daniels voted "no." (Attachment #5)

Senator Vidricksen moved that the State Fair can sell lottery tickets. The motion was seconded by Senator Morris. The motion carried.

Senator Morris moved that the word "applicable" be inserted. The motion was seconded by Senator Bond. The motion carried.

Senator Morris moved to recommend HB3023 favorable for passage as amended. The motion was seconded by Senator Strick. The motion carried.

The meeting was adjourned at noon.

SENATE BILL NO. _____

By Committee on Federal and State Affairs

AN ACT relating to tax credits against privilege taxes imposed upon banks; amending K.S.A. 1987 Supp. 79-1126 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1987 Supp. 79-1126 is hereby amended to read as follows: 79-1126. (a) On and after the effective date of this act and prior to July 1, ~~1988~~ 1989, a state bank or national banking association which extends or renews an agricultural production loan under the provisions of this act to an eligible agricultural borrower at an interest rate which is at least one whole percentage point less than the prime interest rate then specified by the bank on such loans with equivalent collateral, and a state bank or national banking association which reduces the rate of interest being charged on any outstanding agricultural production loan to an eligible agricultural borrower by at least one whole percentage point shall receive a credit against its tax liability pursuant to K.S.A. 79-1106 et seq., for taxable years commencing after December 31, 1987, to the extent hereinafter provided. Such tax credit shall be allowed for such interest rate reductions upon agricultural production loans having a total principal amount not exceeding 15% of the amount of such loans reflected in the bank's report of condition filed with the federal deposit insurance corporation as of December 31, 1985.

(b) For the purposes of this section, the term "eligible agricultural borrower" means any person, partnership or family farm corporation, as defined in K.S.A. 17-5903, and amendments thereto, located in the state of Kansas, having an agricultural production loan which has been classified by any banking

Senate FSA
3/24/88
Attachment #1

*Reilly
Introduce
Send to gov. org.*

SENATE BILL NO. _____
By Committee on _____

AN ACT concerning land surveyors; amending K.S.A. 1987 Supp. 74-7022 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1987 Supp. 74-7022 is hereby amended to read as follows: 74-7022. (a) Minimum qualifications of applicants seeking licensure as land surveyors are the following:

(1) Graduation in an accredited engineering curriculum of four years or more, approved by the board and two or more years survey experience of a character satisfactory to the board; or

(2) graduation in an accredited surveying curriculum of not less than two years with two-years survey experience of a character satisfactory to the board; or

(3) completion of six years or more of active experience in land surveying, of a character satisfactory to the board. Each year of satisfactory work in an accredited engineering or surveying curriculum may be considered as equivalent to one year of experience in land surveying, but not exceeding a total of four years; and

(4) the satisfactory passage of an examination given by the board. Such examination may be taken prior to or during the period of work experience by any applicant who is a graduate in such approved curriculum.

~~(b)-(1)--The board--may--exempt--from--examination--and--may issue,--upon--application--therefor--and--receipt--of--payment--of--the application--fee--prescribed--under--K.S.A.--74-7009,--and--amendments thereto,--a--license--to--practice--land--surveying--to--any--professional engineer--licensed--in--the--state--of--Kansas--who--was--so--licensed prior--to--January--1,--1986,--and--who--submits,--under--oath,--evidence satisfactory--to--the--board--that--the--applicant--is--and--was,--for--at~~

*Senate FSA
3/24/88
Attachment #2*

~~least one year prior to July 1, 1986, a resident of the state of Kansas and is and was, for at least two years prior to July 1, 1986, in responsible charge of land surveying work.~~

~~(2) The provisions of this subsection shall expire on July 1, 1987.~~

(b) (1) The board may exempt from examination and may issue, upon application therefor and receipt of payment of the application fee prescribed under K.S.A. 74-7009, and amendments thereto, a license to practice land surveying to any professional engineer licensed in the state of Kansas who was so licensed prior to January 1, 1986, and who submits, under oath, evidence satisfactory to the board that the applicant is and was, for at least one year prior to July 1, 1986, a resident of the state of Kansas and is and was, for at least two years prior to July 1, 1986, in responsible charge of land surveying work.

(2) The provisions of this subsection (b) shall expire on July 1, 1989.

Sec. 2. K.S.A. 1987 Supp. 74-7022 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

The Journal of The American Medical Association tells us, "Alcohol is a drug. It is the No. 1 drug abuse in our society. Its only close rival is tobacco."

Why does a Spring break party turn into a riot? WHY is alcohol our number one drug problem? Dr. Morris Chafetz defends alcohol, yet here is a chapter from his book, LIQUOR THE SERVANT OF MAN.

In any case, it is not necessary to see a man drink himself to death in order to observe the interesting spectacle I am about to describe. For it is under the influence of alcohol that we are a witness to the retracing of the whole life history of the race — in one man, in one evening — all the way back down the evolutionary stairway. First, his herd-group tendencies disappear (these are the last tendencies man has acquired and are recognizable as the following: consideration of other people, restraints, refinements and niceties). Next to go are anxiety, prudence, modesty, reserve, and all the rest of what psychologists call "group logic," the orthodox rules of group or civilized conduct. Older, more basic impulses push up from below: jerky speech, roaring laughter, excessive sentimentality. By now he has gone a good way down; he has left the herd and is imitating the procedures of the hulking man with the one-inch forehead who was his forebear. Psychically he is roving alone — coarse, reckless, predatory, dangerous, and possibly criminal, because the criminal life of today comes close to the normal life of primitive man.

When you have 3,000 young people with the brains of the hulking man with the one-inch forehead, it is easy to understand why there is a problem. Put that same brain function behind the wheel of an automobile, and you understand why there is so much death and injury on our highways.

We are not interested in punishing young people. We want the law tough to help teenagers choose not to drink. We want young people to grow up healthy and strong, not injured - or dead.

We want to prevent teenage tragedy promoted by Spuds MacKenzie and all the silly commercials that portray beer drinking as a source of pure joy and good times and never a cause of any problems. Every beer commercial ought to include some footage of the Texas beach.

Every beer seller and lawmaker who votes to promote more drinking should be forced to help the ambulance driver pick up the blood splattered remains of a young person in a crushed automobile full of empty beer cans. Maybe they would support a warning label on beer cans in big letters saying, DON'T DRINK BEFORE DRIVING.

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Attachment #3

Nation

Spring break party turns to rioting

PORT ARANSAS, Texas (AP) — Hundreds of partying young people rioted on a Gulf coast beach during the night before police moved in with tear gas and helicopters early Sunday. A car that sped off a nearby ferry dock was pulled out of the gulf with two bodies inside.

"What you have down there is a tremendous amount of intoxication going on," said Jim Kaelin, an officer with the Texas Department of Public Safety. "All it takes sometimes is for someone to bump into someone else. The crowd just turned into a riot."

At least four people were stabbed and two law officers were injured in the midnight beach melee, police said. Eight people were arrested, and one person remained hospitalized Sunday.

"One thing led to another, and it became a riot out there," said Coast Guard spokesman Anthony E. Lloyd in Corpus Christi.

Lloyd said most of the students appeared to be high-school age. About 30,000 students were staying in Port Aransas, a popular spring-break resort on Mustang Island, off-shore from Corpus Christi.

The violence began when a motorist hit a 16-year-old girl on the beach and tried to leave the scene, said A.G. Michniak, an officer with the department of safety.

Angry youths attacked the driver and torched the car, said Police Chief Don Perkins. Officers pulled the man away from the crowd before youths set the car on fire, he said.

"They stomped the car, broke all the glass out of it and flipped it over," said Tom Frazier, 22, a student at the University of Texas.

More than 100 police officers broke up the mob with the help of tear gas and Coast Guard helicopters with searchlights.

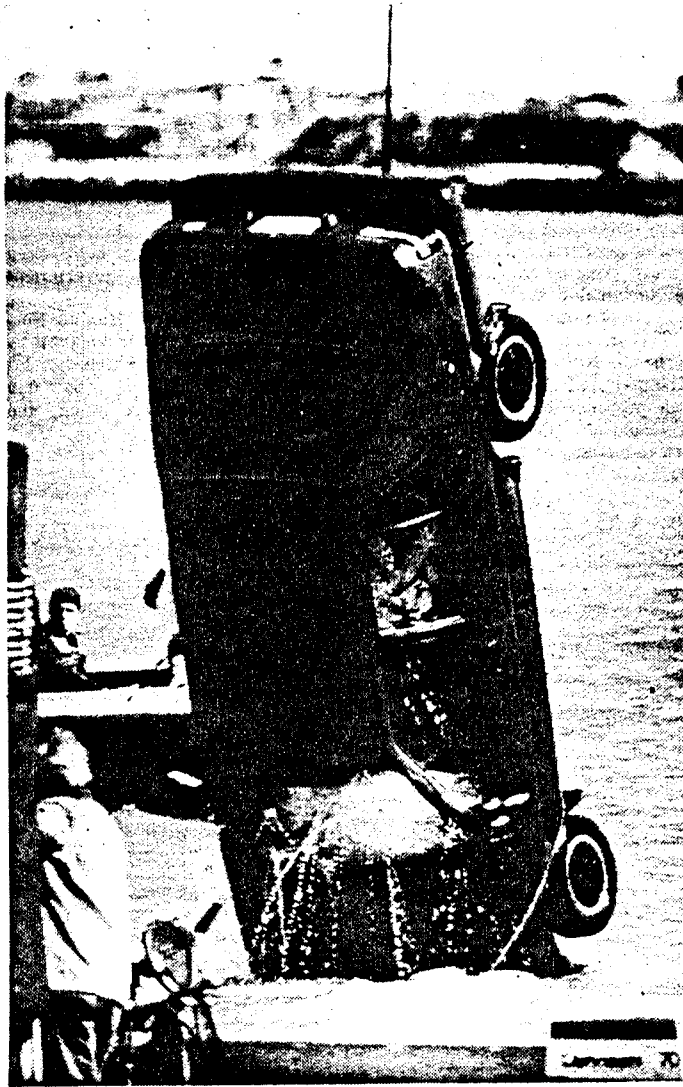
The driver of the car, a 26-year-old San Antonio man, was in the Nueces County Jail in connection with the accident, Perkins said. Charges had not been filed by Sunday evening.

The girl who was struck by the car was treated for abrasions and bruises at AMI Coastal Bend Hospital then released, nursing supervisor Sharon Parrack said Sunday.

The first police on the scene tried to arrest two people involved in the alleged hit-and-run accident but found the crowd too much to handle.

"Objects were tossed and thrown at the officers and they called for assistance," said a department of safety dispatcher in Corpus Christi who would not give her name.

Police fired seven tear gas projec-



—Associated Press

A car containing the bodies of two young men was lifted from the Gulf of Mexico on Sunday afternoon near the popular spring-break resort of Port Aransas, Texas. The car had been driven off a ferry dock at a high rate of speed at about 4 a.m. Sunday.

tiles to disperse the crowd, Kaelin said.

Michniak said the safety department received the first call at 11:35 p.m. Saturday and the disturbance was not declared under control until three hours later.

Paul Cline of Port Aransas said he saw a stabbing victim while leaving the beach.

"I left," he said. "I hate to say it, but I was afraid for my life."

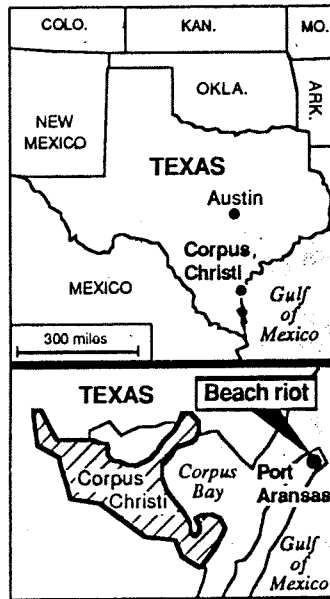
The safety department estimated the crowd at about 3,000.

In an unrelated incident several hours later, a speeding car crashed through a barrier at a ferry landing and sank in water 20 to 25 feet deep.

The small car sailed about 75 feet in the air before splashing into the water and sinking, said Coast Guard spokesman Bob Fisher.

"The car just flew right off the ferry landing," Lloyd said. "It didn't stop, didn't skid or anything."

The identities of the two young men found in the car were not immediately available, he said.



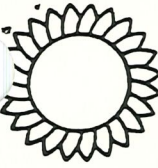
—Associated Press

HB 2819 is prevention at its best. Young people don't have to be driving after drinking to loose their driving privileges. Get tough on them for possession, use or abuse of alcoholic beverages before they drive. Legal driving privileges are very important to teenagers. This bill hits them where it really hurts.

This measure will help young people just say no to alcohol. It is an illegal drug for them. Prevention is our goal.

Respectfully yours,

Richard Taylor



February 8, 1988

Senator Edward F. Reilly, Jr.
State Capitol Building
Topeka, Kansas 66612

RE: SB 457

Dear Senator Reilly:

At the hearing on January 27, 1988 before the Federal and State Affairs Committee concerning SB 457, I made a series of suggestions on behalf of the Kansas Community Corrections Association that would require a change in language in the bill. Following is draft language for the Committee to consider:

1. Amend KSA 75-52,101(h) to read:

If the annual grant amount determined by the factors in this section is below the grant amount determined in FY 1988, the county or group of cooperating counties shall be eligible to receive the FY 1988 grant amount.

(the current subsection (h) is amended to become (i))

2. Amend SB 457, Sec. 2(c) to read:

(c) The Secretary may provide by rules and regulations procedures for:

- (1) The transfer of a county's entitlement funds not included in a county's program budget; and
- (2) The transfer of a county's unused entitlement funds at the end of the county's program year, which will not be budgeted by the county in the ensuing program year; and
- (3) The transfer of said entitlement funds to one or more counties as determined by the Secretary to further the purposes of this Act; and

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Attachment #4

RE: SB 457

- (4) The payment of financial credits to participating or groups of participating counties for providing correctional services to those persons exempted from a charge under KSA 75-52, 104(a).

The first of these suggestions would require a new section to SB 457. The second amends the present section 2 of the bill. I hope this proves useful. If I can be of any further assistance to the Committee in further consideration of SB 457, please advise.

Sincerely,



Donald L. Lind, Director
Johnson County Community Corrections

DLL/amg
file



KANSAS COMMUNITY CORRECTIONS ASSOCIATION

February 23, 1988

PARTICIPATING COUNTIES

BOURBON, LINN, MIAMI COUNTIES
P.O. Box 249
Mound City, KS 66056

DOUGLAS COUNTY
1910 Haskell
Lawrence, KS 66046

JOHNSON COUNTY
135 South Kansas
Olathe, KS 66061

LEAVENWORTH COUNTY
624 Olive St.
Leavenworth, KS 66048

MONTGOMERY COUNTY
P.O. Box 846
Independence, KS 67301

RILEY COUNTY
105 Courthouse Plaza
Manhattan, KS 66502

SALINE COUNTY
900 West Ash
Salina, KS 67401

SEDGWICK COUNTY
Sedgwick County Courthouse
Wichita, KS 67203

SHAWNEE COUNTY
1000 E. Hancock
Topeka, KS 66607

WYANDOTTE COUNTY
827 Armstrong
Kansas City, KS 66101

Senator Edward F. Reilly, Jr.
Federal and State Affairs Committee
State Capitol Building
Topeka, Kansas 66612

RE: SB 457

Dear Senator Reilly:

In previous correspondence I sent you several suggestions for language changes and additions to SB 457 on behalf of the Kansas Community Corrections Association. These suggestions were to facilitate the recommendations of the Special Committee that addressed Community Corrections issues in proposal #13.

I would also like to suggest a change in section four of SB 457 as follows:

This act shall take effect and be in force from and after its publication in the Kansas Register.

The changes to the Community Corrections Act represented in SB 457 are essential to the survival of our programs. Making the changes effective as rapidly as possible helps assure the stability of local correctional alternatives.

Thank you, and thanks to all the Committee members, for your consideration in all these matters.

Sincerely,

Donald L. Lind
President

DLL/amg
file

cc: Senate Federal and State Affairs Committee

IMPREST ACCOUNT

K.S.A. 1987 Supp. 74-8712(c), Section 6

Brief of Proposed Amendment:

- The second year of lottery operation has typically been the most difficult year to generate sales in U.S. lottery history.
- Immediate payment of instant winners provides a positive reason for increased participation in the Lottery.
- The proposed imprest account would allow the lottery and its four (4) regional offices to make immediate payments to lottery winners following verification of winning status.
- Prize winners would be able to receive payments by check upon presentation of winning tickets to the lottery or at lottery drawings.
- Set-off provisions are included in the amendment.

In the process of drafting legislation last year to create the Kansas Lottery, one of the primary concerns was the need to pay prize winners instantly.

Under the current system, prizes of \$5 and over are being paid from the lottery prize payment fund on warrants from the state treasurer, issued by the division of accounts and reports. Although accounts and reports can cut a warrant in less than 24 hours, the process of mailing, both from and to the winner, plus additional time to transfer information from department to department within state government, results in a week to 10 day delay. This was not the intent of the enabling legislation.

Payments from the proposed imprest account would be used solely for the payment of prizes to the holders of valid winning lottery tickets or shares who are "natural persons," as the enabling legislation intended.

The proposed imprest account provides that the bank be selected by the pooled money investment board and be placed in an interest-bearing account.

Conclusion: In keeping with the intent of the enabling legislation, it is recommended that The proposed amendment allowing for the creation of an "imprest account" be adopted. The major consideration for such an account is to allow instant payments at regional offices or at Lottery headquarters; provide a convenience to the players of the Kansas Lottery; and, consequently, to stimulate sales.

3/24/88
Attachment #5

0269 Supp. 74-8713 and amendments thereto;

0270 (5) transfers to the state gaming revenues fund pursuant to
0271 subsection (d);

0272 (d) The state treasurer shall transfer moneys in the lottery
0273 operating fund to the state gaming revenues fund created by
0274 K.S.A. 1986 1987 Supp. 70-4801 and amendments thereto at least
0275 quarterly as follows:

0276 (1) For the fiscal year commencing July 1, 1987, in an amount
0277 equal to the moneys in such fund in excess of those needed for
0278 the purposes described in subsections (c)(1) through (c)(4), as
0279 certified by the executive director; and

0280 (2) for fiscal years commencing on or after July 1, 1988, in an
0281 amount equal to the amount specified by subsection (d)(1) or an
0282 amount equal to not less than 30% of total revenues from the
0283 sales of lottery tickets and shares during the fiscal year, which
0284 ever is greater.

0285 [Sec. 6. K.S.A. 1987 Supp. 74-8712 is hereby amended to read
0286 as follows: 74-8712. (a) There is hereby established in the state
0287 treasury the lottery prize payment fund. *Moneys in such fund*
0288 *shall be kept in a bank account at a bank that is designated to*
0289 *receive active accounts pursuant to K.S.A. 1987 Supp. 75-4205*
0290 *and amendments thereto.*

0291 [(b) The executive director shall certify periodically to the
0292 director of accounts and reports such amounts as the executive
0293 director determines necessary to pay prizes to the holders of
0294 valid winning lottery tickets or shares. Upon receipt of such
0295 certification, the director of accounts and reports shall promptly
0296 issue a warrant to transfer the amount certified from the lottery
0297 operating fund to the lottery prize payment fund. Moneys cred-
0298 ited to the fund shall be expended only for the payment of prizes
0299 to the holders of valid winning lottery tickets or shares, for the
0300 payment for nonmonetary prizes, for the reimbursement of
0301 retailers who have paid holders of winning tickets or shares or
0302 as otherwise authorized by law. Expenditures from such fund
0303 shall be made in accordance with appropriations acts upon
0304 warrants of procedures prescribed by the director of accounts
0305 and reports, or a person designated by the director of accounts

Sec. 6 K.S.A. 1987 Supp. 74-8712 is hereby amended to read as follows:
74-8712. (a) There is hereby established in the state treasury the
lottery prize payment fund.

(b) The executive director shall certify periodically to the director of
accounts and reports such amounts as the executive director determines
necessary to pay prizes to the holders of valid winning lottery tickets or
shares. Upon receipt of such certification, the director of accounts and
reports shall promptly transfer the amount certified from the lottery
operating fund to the lottery prize payment fund. Moneys credited to the
fund shall be expended only for the payment of prizes to the holders of
valid winning lottery tickets or shares, for the reimbursement of retailers
who have paid holders of winning tickets or shares or as otherwise authorized
by law. Prior to making any expenditure for any prize of \$50 or more, the
executive director shall cause all proposed prize payments to be matched
against the state debtor files maintained by the director of accounts and
reports and shall certify and pay or deliver any matched prize or the cash
amount thereof to the director of accounts and reports for setoff as prescribed
under K.S.A. 75-6201 et seq. Expenditures from such fund shall be made in
accordance with appropriations acts upon warrants of the director of accounts
and reports, or a person designated by the director of accounts and reports
pursuant to K.S.A. 75-3732 and amendments thereto, issued pursuant to vouchers
approved by the executive director, or a person designated by the executive
director.

0306 and reports pursuant to K.S.A. 75-3732 and amendments thereto;
0307 issued pursuant to vouchers approved on checks signed by the
0308 executive director, or a person designated by the executive
0309 director.

0310 (e) In accordance with procedures prescribed by the director
0311 of accounts and reports, the executive director shall cause to be
0312 cancelled any check drawn on the lottery prize payment fund
0313 which has not been presented for payment within six months
0314 from the date it was issued.

0315 Sec. 7-5. K.S.A. 1987 Supp. 74-8719 is hereby amended to
0316 read as follows: 74-8719. (a) It is unlawful for any person to
0317 purchase a lottery ticket or share, or for another to pay a prize to
0318 such person, knowing that such to share in the lottery winnings
0319 of a person, knowing that such person is:

0320 (1) The executive director, a member of the commission or an
0321 employee of the Kansas lottery;

0322 (2) an officer or employee of a business which is currently
0323 engaged in supplying equipment, supplies or services being
0324 used directly vendor contracting with the Kansas lottery to
0325 supply gaming equipment or tickets to the Kansas lottery for use
0326 in the operation of any lottery conducted pursuant to this act;

0327 (3) a spouse, child, stepchild, brother, stepbrother, sister,
0328 stepsister, parent or stepparent of a person described by subsec-
0329 tion (a)(1) or (2); or

0330 (4) a person who resides in the same household as any person
0331 described by subsection (a)(1) or (2).

0332 (b) Violation of this section subsection (a) is a class A mis-
0333 demeanor upon conviction of the first offense and a class D
0334 felony upon conviction of a second or subsequent offense.

0335 (c) Notwithstanding subsection (a), the executive director
0336 may authorize in writing any employee of the Kansas lottery and
0337 any employee of a lottery vendor to purchase a lottery ticket for
0338 the purposes of verifying the proper operation of the state lottery
0339 with respect to security, systems operation and lottery retailer
0340 contract compliance. Any prize awarded as a result of such ticket
0341 purchase shall become the property of the Kansas lottery and be
0342 added to the prize pools of subsequent lottery games.

(c) In addition to the lottery prize payment fund the executive director of the Kansas lottery may establish an imprest account for the payment of prizes by the Kansas lottery. The imprest account of the Kansas lottery shall be funded from the lottery operating fund and shall maintain a sufficient balance to pay all prizes, and shall never have a balance in excess of \$750,000. The imprest account shall be deposited in a bank selected by the pooled money investment board in an interest bearing account. The executive director shall certify periodically to the director of accounts and reports such amounts as the executive director determines necessary to pay prizes to the holders of valid winning lottery tickets or shares. Upon receipt of such certification, the director of accounts and reports shall promptly transfer the amount certified from the lottery operating fund to the imprest account. Moneys credited to the account shall be expended only for the payment of prizes to the holders of valid winning lottery tickets or shares. At the end of each month, or at more frequent intervals as may be required by the director of accounts and reports, there shall be filed with the director of accounts and reports a reconciliation statement of the imprest account accompanied by documentation of all prize payments made therefrom. The imprest account shall be subject to setoff procedures prescribed in subsection (b). Expenditures from the imprest account shall be made by check by the executive director or person designated by the executive director pursuant to K.S.A. 1987 Supp. 74-8720.

(d) In accordance with procedures prescribed by the director of accounts and reports, the executive director shall cause to be cancelled any check drawn on the imprest account which has not been presented for payment within six months from the date it was issued.