

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Representative Robert Krehbiel at \_\_\_\_\_  
Chairperson

1:30 ~~xxx~~ p.m. on Wednesday, March 18, 1992 in room 526-S of the Capitol.

All members were present except:  
Representative Kathleen Sebelius - Excused      Representative Joan Wagnon - Excused  
Representative Sherman Jones - Excused  
Representative Dick Edlund - Excused

Committee staff present:  
Lynne Holt, Kansas Legislative Research Department  
Mary Galligan, Kansas Legislative Research Department  
Mary Torrence, Office of the Revisor of Statutes  
Connie Criag, Secretary to the Committee

Conferees appearing before the committee:

**HB 3148 - PROPONENTS**

Dan Kolditz, Deputy Attorney General, Attorney General's Office, State of Kansas  
Gib Rhodes, President, Emporia Area Sports Collectors Club, Emporia, Kansas

**HB 3176**

Orion M. Jordan, Director, Department of Administration, Division of Facilities Management, State of Kansas

Vice Chairman Krehbiel called the meeting to order and opened the public hearing on **HB 3148**.

Deputy Attorney General Dan Kolditz, State of Kansas, gave testimony supporting the favorable passage of **HB 3148, Attachment #1**.

Questions from the Committee:

- Is the present consumer protection act inadequate to deal with this problem?
- What would happen to the market if this bill passes?
- How would this affect benefits that auction off these autographed memorabilia? Will they need a certificate of authenticity?
- Are supporters like the Royals, Chiefs and small businesses aware of the wording of this bill?
- What prompted the Attorney General to ask for this legislation?
- Have you had any cases or people calling you about this in the last year?
- Why can't we prosecute under the existing act?
- How would this affect fundraising donations like autographed baseballs?
- How large of a sports collectable industry is there in Kansas?
- How many dealers of sports collectibles are there?
- How would a dealer ever get the paperwork to verify authenticity?
- Does the word dealer include an auctioneer? Does an auctioneer have to authenticate an item?

Gib Rhodes testified in support of **HB 3148, Attachment #2**.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

## CONTINUATION SHEET

**MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS  
room 526-S, Statehouse, at 1:30 p.m. on Wednesday, March 18, 1992.**

Questions from Committee members:

- Couldn't your club could tell all of the members to buy only those items that are sold with a certificate of authenticity?
- Who is selling the illegal items, and how is it going to be solved?
- How long have you been collecting sports memorabilia and can you verify the authenticity of every item in your collection, especially if you were to sell any of the items?
- how do you verify authenticity of items where the autograph is of a deceased sports player?
- How about autographs of other famous people like Elvis Presley, are they covered by this legislation, and should they?
- Does this bill establish some kind of commission or council that can do the authenticating?
- Does the consumer have the right to go to court?
- Does the consumer pay sales tax?

Vice-Chairman Krehbiel closed the public hearing for HB 3148, and opened the public hearing on HB 3176.

Orion Jordan appeared before the Committee to explain HB 3176, Attachment #3. He also referred to a Program Statement regarding the Wichita Office Consolidation on file with the Department of Administration, Division of Facilities Management.

Questions from Committee members:

- Why are you trying to get out of the appraisal of the real estate?
- How much are the outstanding bonds that the City of Wichita and Sedgwick County are going to purchase? Mr. Jordan answered \$3.2 million.
- How much does the State have invested in the building including the bonds that have already been paid off?

Chris Churches appeared before the Committee representing the City of Wichita and Sedgwick County governments in support of HB 3176.

- Who owns the Dillard Building?
- Why is this bill in this Committee, and when was it introduced in appropriations?
- Are you going to ask this Committee to overrule the Joint Building Review Committee if they disapprove the plans you present to them by passing this bill out favorably?

Vice-Chairman Krehbiel closed the public hearing for HB 3176, and asked the Committee to turn their attention to SCR 1632 for action.

Representative Smith made a motion to amend SCR 1632 on lines 36 and 37, page 1, after the "and" then parenthesis too, add the following language, "any video lottery game specifically authorized by law" and go on to say "machines that do not dispense coins, cash or tokens", Attachment #4. Representative Rock made a second to the motion.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS  
room 526-S, Statehouse, at 1:30 p.m. on Wednesday, March 18, 1992.

Representative Baker made substitute motion to strike all the language in sub-paragraph 2 after "and" on line 36 of SCR 1632. Representative Gjerstad made a second to the substitute motion.

One Committee member pointed out that language preceding line 36 includes electronic or computerized versions of those games and asked if that is not the same as video lottery?

The Committee also discussed whether the projections of revenue that video lottery will bring in are accurate?

The substitute motion to strike all language in sub-paragraph 2, after the word "and" on line 36 failed on a voice vote.

Vice-Chairman Krehbiel stated that the Committee was now back on the original motion.

The Committee discussed riverboat gambling in relation to this legislation and the definition of gambling and lottery.

Representative Smith's amendment to add language, Attachment #4, passed on a voice vote.

Representative Smith made a motion to amend SCR 1632 on page 2, line 6 which is the explanatory statement, add the following language at the end of that paragraph, "the amendment is intended to limit gambling in Kansas to only those games specified and is an attempt to prohibit all casino gambling in the State. However, the outcome of the current court cases may prevent the State from prohibiting all casino gambling on Indian lands." Representative Baker made a second to the motion.

Several Committee members expressed that this motion to amend is not a good idea.

Representative Roy made a substitute conceptual motion to put the question on the ballot to repeal the existing authority to operate a state lottery. Representative Sprague made a second to the motion.

Some Committee members opposed the Representative Roy's motion, and some members supported this motion. One Committee member asked if this motion is germane?

Representative Roy's substitute conceptual motion failed on a voice vote.

Representative Sprague made a substitute motion to strike Senate amendment language about funding provisions and where the money goes which would leave it under its current situation going to the gaming fund. Representative Jones made a second to the motion.

One Committee member clarified that this would strike language on page 2

## CONTINUATION SHEET

**MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS**  
**room 526-S, Statehouse, at 1:30 p.m. on Wednesday, March 18, 1992.**

on lines 2 and 3, lines 9 and 10, and on lines 15 and 16, and the money would go to the gaming fund as it does now.

Representative Sprague's substitute motion passed on a voice vote.

Representative Smith renewed his original motion, Attachment #4, to add language. Representative Baker made a second to the motion.

Representative Charlton made a substitute motion to amend SCR 1632 with the same language Representative Smith suggested for the explanatory statement, page 2, line 6, but strike "an attempt" and replace with "is intended" in the first sentence, and strike the last sentence, altogether. Representative Sprague made a second to the motion.

The Committee discussed the purpose of this amendment. Some members felt that it is difficult to write an explanatory statement that says we're not sure what this is going to do.

Representative Charlton's substitute motion passed by a show of hands, eleven in favor, six opposed.

Representative Jones made a motion to pass favorably SCR 1632 as amended. Representative D. Smith made a second to the motion, which passed on a voice vote.

Vice-Chairman explained that the public hearing for SB 514 will be the following day, and adjourned the meeting.

GUEST LIST

DATE 3/18/92

(PLEASE PRINT)

NAME	ADDRESS	WHO YOU REPRESENT
Nick Roach	Topeka	I. G. T.
Tom Burgess	Topeka	Sun Flower
Barry Cores	"	D/A - DFM
Dave Perrin	Wichita	Consultant to City of Wichita
Ric Silber	Top	DFM
Gib Rhodes	Madison	Emporia Area Sports Coll. Club
Tony Hall	EMPORIA	Emporia Area Sports Collectors Club
Orion Jordan	Topeka	Department of Admin
ML Manning	"	DOB
John C. BOTTENBERG	TOPEKA	Video Lottery
Gene Yockers	top.	KREC
Robert Sheckman	Lapeer	Lapeer Inc
KAREN FRANCE	TOPEKA	KATR



STATE OF KANSAS

OFFICE OF THE ATTORNEY GENERAL

2ND FLOOR, KANSAS JUDICIAL CENTER, TOPEKA 66612-1597

ROBERT T. STEPHAN  
ATTORNEY GENERAL

Testimony of  
Deputy Attorney General Dan Kolditz  
On behalf of Attorney General Bob Stephan  
To the House Federal and State Affairs Committee

MAIN PHONE: (913) 296-2215  
CONSUMER PROTECTION: 296-3751  
TELECOPIER: 296-6296

RE: House Bill 3148

March 18, 1992

Attorney General Bob Stephan asked for House Bill 3148 to be introduced. It is a bill that would govern the sale of sports collectibles by dealers to consumers. This issue came to the attention of Attorney General Stephan last December when he received a letter from the members of The Emporia Area Sports Collectors Club. I have attached a copy of their letter to my testimony. Gib Rhodes, President of their club, will also be testifying today.

This bill would require a dealer to furnish to a consumer at the time of sale, a written certificate of authenticity whenever the dealer provides a description of such collectible as being autographed. A dealer would be prohibited from representing to a consumer that a collectible is autographed if it was signed other than by the sports personality in his or her own hand. If a dealer fails to provide the required certificate of authenticity or provides a certificate with materially false information the dealer would be liable to a consumer for up to three times the actual damages, attorney's fees and expert witness fees. In addition, the

*House Federal & State Affairs  
March 18, 1992  
Attachment #1*

Attorney General would be authorized to seek an injunctive relief as well as civil penalties.

Section 4 of the bill will require dealers to make certain statements at sale locations and in TV, radio and written advertisements. The entire bill would be part of the Kansas Consumer Protection Act.

The sale of autographed sports collectibles to consumers by dealers at sports memorabilia shows, through mail and catalog sales and through cable television shopping shows has increased dramatically in recent years. According to a well-documented hour-long ESPN special report titled, "Outside The Lines - The Autograph Game", the sports autograph business is now a reportedly \$1.5 billion a year industry. It is estimated that this represents a 70 fold increase in sales over the past decade. While the purchase of autographed sports memorabilia has become very attractive to consumers, the ESPN report exposed the sale of forged autographs as a serious consumer protection issue in the sports autograph industry. One California dealer estimated that 40 percent of sports autographs are fraudulent.

This bill would provide essential protection to consumers who purchase autographed sports collectibles from dealers. Autographed sports memorabilia are increasingly being bought by consumers. By requiring dealers to disclose certain material facts relevant to the collectibles offered for sale or sold and mandating an express warranty as to the authenticity of the autograph this bill will afford meaningful protection against the sale of forgeries. Also, it would increase the likelihood of better informed buying decisions by consumers.

HF 3 SA  
3/18/90  
1-2

A similar bill has been introduced in several other states including New York. The New York Attorney General's Office has informed us that their bill has been endorsed by a number of organizations including the National Baseball Hall of Fame and Major League Baseball.

I would ask you to consider two amendments to this bill. The first change is on page 3 line 18--change the word "may" to "shall". This change is needed because the consumer's attorney fees and expert witnesses fees could easily exceed his/her actual damages award. By use of the word "shall", courts will be required to grant fees in such actions.

The second change is also on page 3 line 35--change the \$1,000 to \$5,000. The \$5,000 amount would parallel the maximum civil penalty allowed under the Kansas Consumer Protection Act.

On behalf of Attorney General Stephan I ask for your support of House bill 3148. Thank you.

HF 3148  
3/18/92  
1-3



# THE EMPORIA AREA SPORTS COLLECTORS CLUB

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE:

As a Charter Member and President of the Emporia Area Sports Collector's Club, I am here today to give my Club's full support of the proposed House Bill 3148 on Sports Memorabilia.

The Emporia Area Sports Collector's Club is a non-profit club formed 5 years ago. We currently have 38 active members ranging from age 6 to 56. From the founding of our club, to the present, we have clearly stated the purposes of our club. These purposes are to promote friendship and honesty among collectors. To educate, share information and knowledge with fellow clubmembers and collectors. To help each other improve our personal collections. With an emphasis on fun, make a solid foundation to make a club that will create interest and enthusiasm for collecting.

After viewing the recent show "Outside the Lines - The Autograph Game" on ESPN, I was astonished to find that 40% of the \$1.5 billion autograph business is counterfeit. Next, I read a column in Baseball Card News (May 27, 1991) written by Steve Ryan. The article stated that a bill supported by New York Attorney General Robert Abrams would require dealers who sell autographed sports memorabilia to customers for \$50 or more to provide written certificates of authenticity. Attorney General Abrams is quoted as saying, "This bill will put scam artists on notice. If the legislature passes this, it provides a deterrent for this type of thing in the future."

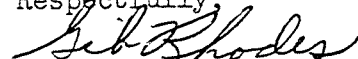
Armed with this information, I made a presentation at the May 16, 1991 meeting of the Emporia Area Sports Collector's Club. The club voted unanimously to support legislation for Kansas, similar to New York's Attorney General's Abrams proposed bill. I agreed to write a letter to Attorney General Stephan's office showing our support of a similar bill for the State of Kansas.

It is important for me to note that after collecting autographs over the past 10 years, I do not know of any Kansas Sports Memorabilia dealers who have in the past or presently deals counterfeit autographs. However, it is the position the Emporia Area Sports Collector's Club to make certain that consumers get what they are purchasing and if the sports memorabilia purchased turns out to be counterfeit, the consumer has some recourse.

As the autograph hobby continues to grow in popularity, if clear guidelines are not established, we are inviting scam artists and schuysters easy access to a market of consumers not always knowledgeable in the area of autograph authenticity.

In closing, the Emporia Area Sports Collector's Club supports House Bill 3148 to protect the citizens of our state.

Respectfully,



Gib Rhodes, President - Emporia Area Sports Collector's Club

RR #1

◇ P.O. BOX 625 ◇

MADISON, KANSAS 66860

House Federal & State Affairs  
March 18, 1992  
Attachment #2

THE EMPORIA AREA  
SPORTS COLLECTORS  
CLUB

RECEIVED  
KANSAS  
ATTORNEY GENERAL  
DEC 11 11 02 AM '91

Attorney General Office  
State of Kansas  
Topeka, Ks. 66612

Dear Sir:

The Emporia Area Sports Collector's Club supports and would like the Attorney General's office to support a bill that New York Attorney General Robert Abrams proposed to put controls on autographed sports memorabilia worth \$50.00 or more.

Abrams notes, "Many fans are easy prey for swindlers who sell authorized sports collectibles as the real thing. If these items turn out to be counterfeit, the consumer is stuck with a worthless ball or photo and usually has little legal recourse.

The legitimate dealers in sports collectibles have nothing to hide, and they are in a position to make sure that their goods are genuine. This disclosure bill would help both consumers and dealers, while putting a squeeze play on scam artists."

According to Abrams, 40% of the \$1.5 billion autograph business is counterfeit. Our club supports this type of bill to help protect the citizens of our state.

Enclosed is an article which appeared in the May 27, 1991 issue of Baseball Card News. Thank you for your attention.

Respectfully,

*Gib Rhodes*

Gib Rhodes, President  
Emporia Area Sports Collectors Club

*Blen Hitchland (Charter member)*  
*Jim Grayson member*  
*Jim Miller (Vice president)*  
*Stephen F. Fairs (Charter member)*  
*Tony HALL (SECRETARY/CHARTER MEMBER)*  
*Jay Onthor Member*

*Charlie Clark*  
*Aaron Hunt*  
*Nathan Hunt*  
*Jan Aheles Member*  
*Glenn Grayson member*  
*Larry Campbell*  
*Brock Campbell*  
*Eric Rinehart member*  
*Steven Houser*  
*Norman Hunt Member*

*Bruce Scott*

House Fed State Affairs  
3-18-92  
Attachment # 2 - 2

TESTIMONY: HB 3176  
March 18, 1992

Department of Administration  
Division of Facilities Management

Orion M. Jordan, Director

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House Bill 3176 is an identical, companion bill to Senate Bill 716.

Both Bills authorize the sale of the Wichita State Office Building currently occupied by the Department of Social and Rehabilitation Services. The City of Wichita and Sedgwick County have agreed to purchase the building as an integral part of the consolidation of S.R.S. and 10 other state agencies into the Dillard building in downtown Wichita. This consolidation is projected to occur on September 1, 1993. With the City and County assuming ownership of the Wichita State Office Building, S.R.S. will be able to relocate to the downtown Dillard building.

Senate Bill 716 which is identical to HB 3176 was referred by the Ways and Means Committee to the Joint Committee on State Building Construction. SB 716 and the related Program Statement for the Wichita Office Consolidation is currently being reviewed by the Joint Committee. Their final recommendation is pending agreement on final purchase option language in the Wichita Consolidation lease agreement. City, County and State officials expect to have the final purchase option formula developed this week.

*House Leader, State Affairs*  
*March 18, 1992*  
*Attachment # 3*

Bills were introduced in both the House and the Senate to expedite the process of consolidating offices in Wichita. Facilitating this process is important because consolidating offices under the proposal submitted by the City and County is financially feasible only if the City and County can issue bonds under currently favorable bond rates. The bonds issued by the Public Building Commission of Wichita would be issued by Wichita to purchase the Dillard Building.

The Dillard building has been selected as the best site for consolidation as the result of competitive bids. Prior to soliciting consolidation proposals from developers, a space needs assessment was conducted of each agency's space requirements. This review process established that the eleven agencies needed 130,988 square feet of office space as compared to the 113,612 square feet of office space currently being occupied. Some agencies, most notably Social and Rehabilitation Services, need more space. Some agencies need less space than is currently being leased.

The State received six consolidation proposals from five developers. The Dillard building consolidation proposal submitted by the City of Wichita and Sedgwick County was the most cost effective.

To consolidate offices in Wichita under the Dillard building proposal, the State will spend an additional \$3,338 per year for rent and operating costs as compared to a decentralized operation of offices. This cost difference is based on a twenty-year lease and a five-year lease option. In addition to the \$3,338 per year cost, \$446,666 in moving and telecommunications costs will occur during the first year. However, first-year savings in excess of half a million in rent and operating cost will be available to finance these moving costs.

With this minimal increase in cost, the State will experience the following benefits from consolidation:

- A centralized location for eleven State agencies will improve access to State services by the public.
- Enhanced accessibility will be provided to the disabled through compliance with the Americans With Disabilities Act.
- A joint effort between City, County and State will achieve redevelopment goals for downtown Wichita.
- Working environments will be improved through total renovation of the Dillard building, interior and exterior, including new fire protection system, energy saving heating and air-conditioning systems, and energy efficient lighting and construction.
- Convenient parking will be available to constituents and employees through renovation of an adjacent multi-story parking garage and construction of a new surface parking lot. A total of 675 spaces will be provided, 75 which are free for the public.

- If growth in office space is required through a reallocation of resources, the growth can be rationally planned in a single location. Future office space, equivalent to two floors (60,000 sq. ft.) of the Landon State Office Building, is available for expansion in the Dillard building. Rent of this space based on tenant finish, operating costs and 30% of base rent would result in substantial savings to the State.
- Shared use of 56 vehicles now assigned to eleven agency locations becomes feasible.
- Training of state employees can be scheduled in one location and thus save staff time and travel costs.

Prompt action on this Bill is requested as soon as a recommendation is issued by the Joint Committee on State Building Construction.

Senate Concurrent Resolution No. 1632

By Senators Bond, Burke, Winter, Bogina, Ehrlich, Frahm, Gaines, Hayden, Kanan, F. Kerr, Langworthy, Lee, McClure, Montgomery, Morris, Oleen, Rock, Salisbury, Sallee, Thiessen, Walker, Webb and Yost

1-23

12 A PROPOSITION to amend section 3c of article 15 of the constitution  
13 of the state of Kansas, relating to a state-owned and operated  
14 lottery.

15  
16 *Be it resolved by the Legislature of the State of Kansas, two-thirds*  
17 *of the members elected (or appointed) and qualified to the Senate*  
18 *and two-thirds of the members elected (or appointed) and qualified*  
19 *to the House of Representatives concurring therein:*

20 Section 1. The following proposition to amend the constitution  
21 of the state of Kansas shall be submitted to the qualified electors of  
22 the state for their approval or rejection: Section 3c of article 15 of  
23 the constitution of the state of Kansas is hereby amended to read  
24 as follows:

25 "§ 3c. State-owned and operated lottery. (a) Notwithstand-  
26 ing the provisions of section 3 of article 15 of the constitution  
27 of the state of Kansas, the legislature may provide for a state-  
28 owned and operated lottery, ~~except that such state-owned~~  
29 ~~lottery shall not be operated after June 30, 1990, unless~~  
30 ~~authorized to be operated after such date by a concurrent~~  
31 ~~resolution approved by a majority of all of the members~~  
32 ~~elected (or appointed) and qualified of each house and~~  
33 ~~adopted in the 1990 regular session of the legislature. Such~~  
34 ~~lottery may include only the following, as defined by law: (1)~~  
35 ~~Instant lottery, keno and lotto games, and electronic or com-~~  
36 ~~puterized versions of those games; and (2) if specifically au-~~  
37 ~~thorized by law, video lottery games on machines that do not~~  
38 ~~dispense coins, cash or tokens.~~ The state shall whenever pos-  
39 sible provide the public information on the odds of winning a  
40 prize or prizes in a lottery game.

41 (b) *One-half of the net revenues derived from any*  
*state-owned and operated lottery shall be used exclusively*  
*to fund economic development in Kansas and the re-*

any video lottery games specifically authorized by law,

House Federal Reserve Affairs  
March 18, 1992  
Attachment #4

*maintaining one-half shall be used exclusively for education [Net revenues from any state owned and operated lottery shall be deposited in the state general fund]."*

Sec. 2. The following statement shall be printed on the ballot with the amendment as a whole:

*"Explanatory statement. This amendment would limit the types of lottery games that the state may conduct and would require the revenues to be spent on economic development and education. [the net revenues to be deposited in the state general fund.]"*

"A vote for this proposition would limit the state lottery to instant lottery, keno and lotto games and, if specifically authorized by law, certain video lottery games and would require one-half of the net revenues to be spent on economic development and one-half on education. [the net revenues to be deposited in the state general fund.]"

"A vote against this proposition would continue to authorize the legislature to allow the state lottery to conduct all types of lottery games and would not require a specific use of revenues from the state lottery."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the Senate and two-thirds of the members elected (or appointed) and qualified to the House of Representatives, shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the electors of the state at the general [primary] election in the year 1992 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it shall be submitted to the electors of the state at the special election.

The amendment is intended to limit gambling in Kansas to only those games specified and is an attempt to prohibit all casino gambling in the state. However, the outcome of current court cases may prevent the state from prohibiting all casino gambling on Indian lands.

HF 35A  
3/19/92  
C.H.