

Approved June 26, 1992

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Sen. Edward F. Reilly, Jr. at 11:00 a.m. on February 19, 1992 in Room 254-E of the Capitol.

All members were present except:

Committee staff present:

Mary Torrence, Office of Revisor of Statutes
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:

Tuck Duncan, Kansas Wine & Spirits Wholesalers Assoc.

Others attending: See attached list

Sen. Reilly called on Tuck Duncan, who provided additional information on SB 567 and offered proposed amendments to the bill (Attachment 1). Sen. Reilly stated it does not appear this bill would solve Sen. Hayden's constituent's problem, which has been previously outlined to the committee. Mr. Duncan answered questions from the committee regarding the situation, in particular, if partnerships are allowed and corporate entities. Sen. Morris stated he would be more comfortable if the bill had originated with the ABC, and Mr. Duncan responded that the ABC stated they have no authority to initiate proposals or legislation this year; but that they did encourage interest groups to come forward with their own proposals or legislation. Sen. Reilly stated he wanted to talk to Sen. Hayden further about the bill and also wanted the ABC to comment on the proposed amendments before further action. He stated the committee could introduce a substitute bill, depending upon the wishes of the bill's author.

Sen. Webb made a motion the committee reconsider SB 516, and it was seconded by Sen. Bond. Sen. Webb explained he thought the committee should look closer at the figures previously discussed, that further discussion relating to the bill is in order and that he hoped the committee would schedule hearings. Sen. Walker objected, saying nothing has changed since the committee voted on the bill. In voting on the motion, the Chairman was in doubt and called for a show of hands. Vote: Yes - 5; No - 4. The motion passed, and the committee will reconsider SB 516.

Sen. Reilly called on Sen. Bond, who explained that SCR 1632 amends the constitution, clearly defines the lottery and permits electors to approve the lottery or reject it. Sen. Walker made a motion to adopt the two amendments he presented to the committee (Attachment 2). He explained the amendments, and answered questions regarding distribution of funds from the lottery and clarifying that the second amendment specifies the lottery will expire in 1994, unless it is extended by amendment. Discussion centered around the electors not knowing what they were voting for in 1986; they did not know they were voting for casinos, riverboats, etc. Sen. Reilly outlined to the committee where the lottery revenue goes and 1986 election results in particular counties. Sen. Bond made a substitute motion SCR 1632 be passed, and it was seconded by Sen. Morris.

The committee discussed the fact that voters are confused when they are voting on constitutional amendments, and Sen. Ward stated he does not understand why double negatives or positives have to be used and emphasized that people have a right to decide. He stated he was frustrated because it is difficult to clarify to the voters what they are voting on. Mary Torrence stated that a "no" vote would leave the constitution as it is now, and a "yes" vote changes the constitution. Sen. Bond agreed with Sen. Ward on the need to clarify the wording for voters. Sen. Walker encouraged a vote on the substitute motion, and Sen. Strick requested the committee delay voting until tomorrow. Sen. Reilly stated he is confident that there is a way to state an amendment in a straight, forward, simple manner.

Sen. Reilly distributed a resolution (Attachment 3) to the committee and explained it would permit voters to decide on parimutuel racing and is worded in clear language and then read the "Explanatory statement". Questions were raised, and he distributed another resolution (Attachment 4) and explained it would permit voters to decide on a state-owned and operated lottery and read the "Explanatory statement". Question was called on Sen. Bond's substitute motion, and the motion passed. SCR 1632 will be reported favorably.

Sen. Walker made a motion the committee introduce both resolutions, and it was seconded by Sen. Ward. The motion passed.

Meeting adjourned at 12:10.

FEDERAL AND STATE AFFAIRS COMMITTEE

February 19, 1992

Consideration of bills previously heard:

SB 567 Liquor retailers license - Tuck Duncan

SCR 1632 Lottery Amendment

February 20, 1992

Possible action on:

SB 616 Corrections institutions consolidations

Concealed Carry Law: Jeff Gibbons, Topeka
 Larry Heff, Lawrence

MEMORANDUM

TO: Senator Edward F. Reilly, Jr., Chairman,
Senate State and Federal Affairs Committee

FROM: R. E. "Tuck" Duncan

At your request I have reviewed several issues relating to possible amendments to SB 567 and K.S.A. 1991 Supp. 41-311. The proposed amendments are as follows:

1. Maintain current law, see comments below.
2. Amend page 2, line 22 by inserting "corporation or trust." Amend page 2, line 26 by deleting (6). At line 40 insert "or retailer's" after "distributor's."
3. Add new section on page 4 to provide that: "The provisions of (b)(1), (c)(3), (c)(4), (d)(3), (d)(4), (f)(1), and (f)(2), shall not apply in determining eligibility for a renewal license, provided that the applicant designates with the Secretary a resident agent.

It is my understanding that the person whom this amendment is to assist is not yet an american citizen, therefore the bill as proposed does not provide a solution for the problem. The trust provisions in item 2 may provide partial relief.

Item 2 is intended to allow a corporation or trust to hold a single retail license. Such provision would afford a retailer the legal protection that a corporate structure provides, as well as affording benefits that may accrue to a corporation under the tax codes. A trust is often used as an estate planning tool, and there appears to be no policy reason to deny a retailer this opportunity.

Item 3 would allow for a person who has met the entry requirements in obtaining any of the licenses issued under the liquor control act to establish a residency elsewhere provided there is a resident agent upon whom service may be accomplished. There are various situations where owners would like to retire, relocate, and still maintain an ownership interest in their business along with other members of their family. Current law would prevent same. Inasmuch as significant contacts have been established with the state ab initio this provision upon renewal should have no negetive impact upon the regulation of the industry.

I have reviewed these matters as one familiar with the beverage alcohol laws but further review should be made by the Revisor's office to ensure that all sections requiring amendment have been identified.

Thank you for your attention to this matter.

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

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

14
15 *Be it resolved by the Legislature of the State of Kansas, two-thirds*
16 *of the members elected (or appointed) and qualified to the Senate*
17 *and two-thirds of the members elected (or appointed) and qualified*
18 *to the House of Representatives concurring therein:*

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

24 "§ 3c. State-owned and operated lottery. (a) Notwithstand-
25 ing the provisions of section 3 of article 15 of the constitution
26 of the state of Kansas, the legislature may provide for a state-
27 owned and operated lottery, except that such state-owned
28 lottery shall not be operated after June 30, 1990, unless
29 authorized to be operated after such date by a concurrent
30 resolution approved by a majority of all of the members
31 elected (or appointed) and qualified of each house and
32 adopted in the 1990 regular session of the legislature. Such
33 lottery may include only the following, as defined by law: (1)
34 Instant lottery, keno and lotto games, and electronic or com-
35 puterized versions of those games; and (2) if specifically au-
36 thorized by law, video lottery games on machines that do not
37 dispense coins, cash or tokens. The state shall whenever possi-
38 ble provide the public information on the odds of winning a
39 prize or prizes in a lottery game.

40 ~~(b) One half of the net revenues derived from any state-~~
41 ~~owned and operated lottery shall be used exclusively to fund~~
42 ~~economic development in Kansas and the remaining one-half~~
43 ~~shall be used exclusively for education."~~

2 Amendments —

(1) (b) The net revenues derived from any state-owned and operated lottery shall be used exclusively to promote excellence in education by funding grants to school districts which develop and implement plans for innovative educational programs or programs addressing the needs of at risk pupils.
(2) (c) The provisions of this section shall expire on July 1, 1994, unless extended by amendment of this section prior to that date.

Att. 2

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

3 "Explanatory statement. This amendment would limit the
4 types of lottery games that the state may conduct and would
5 require the revenues to be spent on economic development
6 and education.

7 "A vote for this proposition would limit the state lottery to
8 instant lottery, keno and lotto games and, if specifically au-
9 thorized by law, certain video lottery games and would require
10 one-half of the net revenues to be spent on economic devel-
11 opment and one-half on education.

12 "A vote against this proposition would continue to authorize
13 the legislature to allow the state lottery to conduct all types
14 of lottery games and would not require a specific use of rev-
15 enues from the state lottery."

16 Sec. 3. This resolution, if approved by two-thirds of the members
17 elected (or appointed) and qualified to the Senate and two-thirds of
18 the members elected (or appointed) and qualified to the House of
19 Representatives, shall be entered on the journals, together with the
20 yeas and nays. The secretary of state shall cause this resolution to
21 be published as provided by law and shall cause the proposed amend-
22 ment to be submitted to the electors of the state at the general
23 election in the year 1992 unless a special election is called at a
24 sooner date by concurrent resolution of the legislature, in which
25 case it shall be submitted to the electors of the state at the special
26 election.

grants for innovative educational programs
and programs which address the needs of
at risk pupils and would provide for the
expiration of the lottery on July 1, 1994
unless extended by constitutional amendment.

The amendment would require all net lottery revenues
to be spent on innovative educational programs or
programs addressing the problems of at risk pupils
and would provide for the expiration of the lottery
in 1994, unless extended by a statewide vote of the
people.

Att. 2
2

Att. 2
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SENATE CONCURRENT RESOLUTION NO. _____

By xxx

A PROPOSITION to repeal section 3b of article 15 of the constitution of the state of Kansas, relating to parimutuel wagering upon horse and dog racing.

Be it resolved by the Legislature of the State of Kansas, 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 concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection:

"Section 3b of article 15 of the constitution of the state of Kansas is hereby repealed."

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

"Explanatory statement. This amendment would repeal section 3b of article 15 of the constitution of the state of Kansas, which authorizes the legislature to permit, regulate and tax the operation or conduct, by bona fide nonprofit organizations, of horse and dog racing and parimutuel wagering thereon in any county in which a majority of the qualified electors voting on the proposition approve the same.

"A vote for this proposition would repeal the current authority of the legislature to permit parimutuel wagering on horse and dog racing. Such parimutuel wagering would then be prohibited by section 3 of article 15 of the constitution of the state of Kansas.

"A vote against this proposition would not repeal the present authority of the legislature to permit such parimutuel wagering on horse and dog racing. The legislature will be permitted to continue to regulate and tax wagering on horse and dog racing."

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 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.

SENATE CONCURRENT RESOLUTION NO. _____

By xxx

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

Be it resolved by the Legislature of the State of Kansas, 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 concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection:

"Section 3c of article 15 of the constitution of the state of Kansas is hereby repealed."

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

"Explanatory statement. This amendment would repeal section 3 of article 15 of the constitution of the state of Kansas, which authorizes the legislature to provide for a state-owned and operated lottery.

"A vote for this proposition would repeal the current authority of the legislature to provide for a state-owned and operated lottery. Such a lottery would then be prohibited by section 3 of article 15 of the constitution of the state of Kansas.

"A vote against this proposition would not repeal the present authority of the legislature to provide for a state-owned and operated lottery. The legislature would continue to have the authority to provide for a state-owned and operated 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 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.