

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 11:35 a.m. on April 10, 1992 in Room 254-E of the Capitol.

All members were present except:  
Sens. Daniels and Ehrlich were excused

Committee staff present:  
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:  
None

Others attending: See attached list

Sen. Reilly announced Mary Torrence is working on amendments to clean up the video lottery proposal (SB 695), which would strike the 3 percent provision, make it possible to issue bonds, provides that the state may be owner/operator and provides for video lottery on the riverboat for Kansas City. Sen. Strick made a motion that these amendments be adopted for SB 695, and the motion was seconded by Sen. Vidricksen. After discussion, the motion passed. Sen. Reilly announced that he does not intend to run it out of committee and that Mary Torrence will distribute copies of the amendments to committee members this afternoon. (Committee Report - Attachment 1)

Sen. Reilly called attention to SB 772, the riverboat casino gambling bill, and reminded committee members that Sen. Bond's motion was to table the bill until action was taken on video lottery, which has now taken place. He recommended an alternative proposal - only video lottery would be on the riverboat and also extend to, not only Kansas City and the Missouri River, but to the Arkansas River and Wichita as well. Sen. Strick made a motion the alternative proposal be adopted, and it was seconded by Sen. Vidricksen. The motion passed.

Sen. Bond made a substitute motion that the video lottery language from SB 695 be inserted into SB 772 and that moneys generated be put into the General Fund. The motion was seconded by Sen. Morris. There was confusion as to previous committee action on SB 772, and the Chairman explained that SB 772 was no more and the committee action today will result in a new bill. Question was called, and the motion passed.

Sen. Bond made a motion that the new bill be reported favorably, and it was seconded by Sen. Strick. The motion passed, and the bill will be reported favorably. (Committee Report - Attachment 2)

The Chairman announced a conference committee meeting at 2:00 in this committee room with Rep. Sebelius and other House members. He also announced a committee meeting tomorrow whenever time permits.

Meeting adjourned at 11:55.



4-4-92  
Sen. P.illy  
CRS695m.  
Attach. 1

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Federal and State Affairs

Recommends that Senate Bill No. 695

"AN ACT amending and supplementing the Kansas lottery act; concerning video lottery machine games; amending K.S.A. 21-4302 and K.S.A. 1991 Supp. 38-1602, 41-308, 74-8701, 74-8702, 74-8704, 74-8708, 74-8710, 74-8711, 74-8712, 74-8717, 74-8718, 74-8719, 74-8720 and 74-8721 and repealing the existing sections."

Be amended:

On page 1, in line 17, by striking "18" and inserting "19";

On page 2, in line 10, after "tickets", by inserting ", video lottery machines, associated equipment, services related to video lottery machines"; in line 42, after "means", by inserting "the Kansas lottery or";

On page 3, in line 4, by striking "or the"; by striking all of line 5; in line 6, by striking all before the period; in line 24, after "tickets", by inserting ", video lottery machines, associated equipment, services related to video lottery machines";

On page 4, in line 35, by striking all after "shares"; by striking all of lines 36 and 37; in line 38, by striking "machines in operation";

On page 5, in line 23, by striking all after the period; by striking all of line 24; in line 25, by striking "video" and inserting "Video";

On page 9, in line 20, after "(5)", by inserting "transfers to the racing impact fund pursuant to subsection (e);

(6)";

Also on page 9, in line 21, by striking "(e)" and inserting "(f)"; in line 23, by striking "(6)" and inserting "(7)"; in line 28, after "to", by inserting "92.5% of"; in line 30, after "and",

Att. 1  
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by inserting "100% of the amount received during the preceding month"; in line 34, after "(e)", by inserting "The director of accounts and reports shall transfer moneys in the lottery operating fund to the racing impact fund established by section 20 on or before the 15th day of each month. The transfer shall be in an amount certified by the executive director as equal to 7.5% of the amount received during the preceding month from the state's share of net video lottery machine income.

(f)";

Also on page 9, in line 43, by striking "(c)(4)" and inserting "(c)(5)";

On page 14, in line 9, after "operator", by inserting ", other than the Kansas lottery,"; in line 34, by striking "sell lottery tickets or shares" and inserting "be a video lottery machine manufacturer, distributor or operator"; in line 36, by striking all after "the"; by striking all of line 37 and inserting "person conducts any business; and"; in line 40, by striking the semicolon; by striking all of lines 41 and 42; in line 43, by striking "shares";

On page 15, by striking all of lines 11 and 12; in line 13, by striking "(5)" and inserting "(4)"; in line 15, by striking "(6)" and inserting "(5)"; in line 19, by striking ", (a)(4) and (a)(5)" and inserting "and (a)(4)"; in line 21, by striking "(b)(6)" and inserting "(b)(5)"; in line 24, by striking ", (a)(4) and (a)(5)" and inserting "and (a)(4)"; in line 29, by striking "(b)(6)" and inserting "(b)(5)"; in lines 32 and 33, by striking ", (a)(4) and (a)(5)" and inserting "and (a)(4)"; in line 35, by striking "(b)(6)" and inserting "(b)(5)";

On page 16, in line 28, after "machines", by inserting "that may be placed"; in line 29, by striking "That may be placed in" and inserting "In"; in line 31, by striking all after "(2)"; by striking all of line 32; in line 33, by striking all before the period and inserting "on an excursion boat operated on the Missouri river and lower five miles of the Kansas river within the state of Kansas, if dial-up or equivalent security is

provided";

On page 18, in line 15, by striking all after "(a)"; by striking all of line 16; in line 17, by striking "machine income" and inserting "Of net video lottery machine income, the state shall receive 40%"; in line 18, after the period, by inserting "If the Kansas lottery is the video lottery machine operator, the state shall receive 70% of net video lottery machine income."; after line 33, by inserting:

"New Sec. 19. The Kansas development finance authority is hereby authorized to issue revenue bonds pursuant to the Kansas development finance authority act upon request of the executive director to finance the purchase of video lottery machines and associated equipment, and provide for services related thereto. Such bonds shall be payable solely from the state's share of net video lottery machine income and payment thereof shall constitute an expense of the lottery pursuant to subsection (c)(1) of K.S.A. 1991 Supp. 74-8711 and amendments thereto.

New Sec. 20. (a) There is hereby established in the state treasury the racing impact fund.

(b) Moneys credited to the racing impact fund shall be expended or transferred only as provided by this section. Expenditures from such fund shall not be subject to any limitation imposed by any appropriations acts of the legislature. Such expenditures shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director of the Kansas racing commission or by a person designated by the executive director of the Kansas racing commission.

(c) Moneys in the racing impact fund shall be used for:

(1) The payment of purse supplements to any organization licensee licensed to conduct parimutuel racing in this state on the effective date of this act in amounts not to exceed the estimated amounts lost for statutory purse payments as a result of the negative impact of video lottery games on amounts wagered on horse and greyhound racing in this state, as determined by the

Kansas racing commission;

(2) the payment of compensation to any organization licensee licensed to conduct parimutuel racing in this state on the effective date of this act in an amount not to exceed the estimated amounts lost for revenues to the organization licensee as a result of the negative impact of video lottery games on amounts wagered on horse and greyhound races in this state, as determined by the Kansas racing commission; and

(3) the payment of compensation to any facility owner or facility manager licensee licensed to own or manage a racetrack facility in this state on the effective date of this act in an amount not to exceed the estimated amount of profits for concessions, programs, parking or other miscellaneous income lost by the facility owner or facility manager licensee as a result of the negative impact of video lottery games on the parimutuel handle, as determined by the Kansas racing commission.

(d) The Kansas racing commission shall determine not more frequently than monthly the estimated losses of statutory purse payments, revenues and profits as a result of the negative impact of video lottery games on the parimutuel handle and the amounts to be paid licensees pursuant to subsection (c) as a result thereof. The Kansas racing commission, in its sole discretion, shall make the determinations provided by this subsection and such determinations shall not be subject to the provisions of the Kansas administrative procedure act and shall not be subject to judicial review.

(e) On or before January 15 of each year, the director of accounts and reports shall transfer from the racing impact fund to the state gaming revenues fund an amount equal to any amounts credited to the racing impact fund during the preceding calendar year which are unexpended and unencumbered.

(f) This section shall be part of and supplemental to the Kansas racing act.";

By renumbering the remaining sections accordingly;

In the title, in line 8, by striking "amending and

supplementing the Kansas lottery act" and inserting "relating to the state lottery";

And the bill be passed as amended.

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Chairperson

*Turned*  
CRS772ML  
*Attach. 2*

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Federal and State Affairs

Recommends that Senate Bill No. 772

"AN ACT concerning the state lottery; relating to the conduct of excursion boat entertainment games; amending K.S.A. 1991 Supp. 74-8711 and repealing the existing section."

Be amended by substituting a new bill to be designated as "Substitute for SENATE BILL NO. 772," as follows:

"Substitute for SENATE BILL NO. 772

By Committee on Federal and State Affairs

"AN ACT amending and supplementing the Kansas lottery act; concerning video lottery machine games; amending K.S.A. 21-4302 and K.S.A. 1991 Supp. 38-1602, 41-308, 74-8701, 74-8702, 74-8704, 74-8708, 74-8710, 74-8711, 74-8712, 74-8717, 74-8718, 74-8719, 74-8720 and 74-8721 and repealing the existing sections."

And the substitute bill be passed.

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Chairperson

*Att. 2*  
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