

Approved: 3-28-95
Date

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Garry Boston at 1:30 p.m. on March 15, 1995 in Room 526-S of the Capitol.

All members were present except: Representative L. Candy Ruff, Absent

Committee staff present: Mary Galligan, Legislative Research Department
Lynne Holt, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

SB 27 - Repeal of statute abolishing state lottery in 1996

The Chairperson called the Committee's attention to a document, "Audits and Reviews of the Kansas Lottery" had been distributed for their review. (See Attachment #1)

The Chairperson stated that a petition with 5,648 signatures circulated by the Kansas Chamber of Commerce and Industries to 128 different communities were in support and continuation of the lottery.

The Chairperson stated, as you recall, yesterday when the committee recessed were working on **SB 27** and direct attention back to **SB 27**.

There was one amendment by Representative Swenson which had two parts, it failed, and are back on the bill.

Representative Franklin moved and Representative Lloyd seconded an amendment to **SB 27** which does four main things: (1) on-line game means a lottery in which a player by use of a computer, selects a combination of numbers or symbols, the type of game and amount of play and the drawing date or dates. In return for paying the appropriate fee, the player receives a computer-generated ticket with the player's selection printed on it. (2) on line game drawing means the procedure determined by the executive director by which the lottery selects the winning combination in an on-line game in accordance with the rules of the game (3) the Kansas lottery shall conduct a total of not more than one on-line game drawing, or award a total of not more than one on-line game prize, every two days. (4) change date from 1996 to 2001.

The sunset date was debated.

It was asked if the amendment could be divided? The entire amendment will be discussed.

There was concern that games could only be played every two days and this would eliminate or drastically reduce some games i.e.; Club Keno, Pick 3, Power Ball and would eliminate any slot machines at the parimutuel tracks. Therefore, there was opposition to this part of the amendment.

Staff stated there was confusion and to do what Representative Franklin wanted it should be amended to read: the Kansas lottery shall conduct not more than one drawing in an on-line game, or award not more than one prize in an on-line game every two days.

Representative Packer moved and Representative Graeber seconded a substitute amendment to amend **HB 2547** into **SB 27** and change language that says in November 96 goes to vote of the people. A lot of people voted for the lottery and the lottery should stay in effect.

It was felt **HB 2547** brings up a whole new set of issues and it hurts the lottery.

It was brought up that all the 5,648 people that signed the petition from the Chamber of Commerce were

asking loud and clear to keep **SB 27** as clean as possible and this could jeopardize all of the lottery.

Representative Graeber stated he agreed and would like to get a clean vote on **SB 27** and would withdraw his second to the motion.

Representative Packer withdrew his motion.

Representative Franklin stated that people in 1986 did not vote for the slots.

Representative Ballou moved and Representative Jones seconded a substitute motion that no credit cards be accepted in lieu of payment for on-line type games. The motion failed.

It was stated that an up and down straight vote on **SB 27** was needed, to either have a lottery or not.

It was suggested if there wasn't progress in committee and important issues not addressed, possibly a sub-committee should be appointed.

The Chairperson responded, saying we are trying to work and decide whether **SB 27** has merit the way it is now. It is very simple, we either continue what is in existence or we don't. There are serious and legitimate concerns and would do everything to try to organize an interim committee over the summer and have all the information at their disposal, but right now we are trying to work a bill. At this point I would hold off on appointing a sub-committee and will go ahead and try to work the bill.

The Chairperson asked Greg Ziemak, Executive Director of the Lottery, to respond to how lottery would be affected if the lottery could not conduct not more than one drawing, or award a total of not more than one prize in an on-line game prize every two days.

Greg Ziemak stated there are 9 ways to win at Power Ball, there are thousands of winners every drawing. One person in 35 is a winner. With this legislation, Power Ball would die. Club Keno has 226 drawings a day, Pick 3 has 6 drawings a week.

Representative Franklin withdraw his amendment.

Representative Adkins moved and Representative Smith seconded to moved **SB 27** out favorably.

Representative Packer moved and Representative Spangler seconded to Table **SB 27**. A Division was called for: Yeas - 10 and Nays - 10. The Chairperson voted and it was 11 Nays. The motion failed.

The Chairperson stated we are back on **SB 27** to pass out favorably.

Representative Lloyd stated he opposed the motion.

Representative Franklin stated the bill was not ready for the Floor. This is wide open and not a consensus and would like referred to an Interim Committee as it is not ready for the Floor.

Representative Nichols stated he liked the lottery but willing to bend the rules and need to debate now. Am concerned about the contracts, it is not ready for the Floor.

Representative Adkins stated this is a continuation of the present law in 1986 that this legislature approved. Instead of taxes the lottery is an appropriate source to finance economic development. The lottery did not go past its sunset. The Lottery tried to save money by going on with the contracts. This simply allows current law. It is not that big of a policy. This Committee needs to get this on the Floor.

Representative Packer moved and Representative Spangler seconded a substitute motion to move **SB 27** into a sub-committee. A Division was called for: Yeas - 9 and Nays - 10. The motion failed.

Representative Graeber moved and Representative Adkins seconded to move **SB 27** out favorably. A Division was called for: Yeas 11 and Nays 11. It was a tie vote.

Representative Adkins moved and Representative Smith seconded to move **SB 27** out without recommendation. A Division was called for: Yeas 9 and Nays - 11. The motion failed.

Representative Spangler moved and Representative Packer seconded to appoint a five member sub-committee and study and report back to the full committee on Monday. There was no vote.

The Chairperson stated the Chair would make the decision to appoint a sub-committee.

Representative Standifer stated there will be amendments on the Floor and move we pass **SB 27** out. It died for lack of a second.

Representative Cox stated there will be a bigger debate on the Floor if there is no recommendation. Question if it should be moved out without recommendation.

Representative Nichols moved and Representative Swenson seconded to amend sunset date to 2001. The motion carried.

Representative Adkins moved and Representative Graeber seconded to move **SB 27** out as amended. A Division was called: Yeas - 15 and Nays - 6. The motion carried.

The Chairperson stated he was going to request an Interim Committee to study over the summer.

The meeting adjourned at 2:40 p.m. The next meeting will be March 16, 1995.

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: March 15, 1995

NAME	REPRESENTING
David Johnson	KRC
Julius Hamblin	Kansas Racing Commission
Gregory T. Zemanek	Kansas Lottery
Carl Anderson	Kansas Lottery
Patrick Newley	MTCCW
Christy Young	Topeka Chamber of Comm
Jim Edwards	KCCI
Margaret Helblunt	Tobacco Free Kansas, Inc
Tom Bruno	Allen Assoc.
Jim Allen	Campdown Racing
Laura Albright	Potawatomi Nation
Shauna Wabaunsee	Potawatomi Nation
Tom Allen	Campdown
Tom Allen	Campdown
Mark Barcellina	KDOC&H
Bruce Kimbo	The Woodlands
Denny Rogers	" "
ART D NEUHEDEL	KS RACING COMM.
Whitney Damon	Pet-McMillan & Associates

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: March 15

NAME	REPRESENTING
Dave Schneider	Kansas For Life At It's Best
JOHN C. BOTTENBERG	WICHITA GREYHOUND PARK
Kathy Petern	KS Racing Alliance
Steve Montgomery	Ks. Greyhound Kennel Owners Assoc.
Pat McNeill	WQP

Audits & Reviews of the Kansas Lottery

Date	Type	Firm
March 1988	Performance Audit - Prize Payments	Legislative Post Audit
FY88	Financial and Compliance Audit	Arthur Andersen & Co.
FY88	Financial Review	Arthur Young & Co.
FY89	Financial and Compliance Audit	Arthur Andersen & Co.
FY89	Financial Review	Myers & Stauffer
FY89 QTR1	Financial Review	Arthur Young & Co.
FY89 QTR2	Financial Review	Ernst & Young
FY89 QTR3	Financial Review	Myers & Stauffer
July 1989	Security Audit	Battelle
FY90	Financial and Compliance Audit	Wendling Noe Nelson & Johnson
FY90	Financial Review	Myers & Stauffer
FY90 QTR1	Financial Review	Myers & Stauffer
FY90 QTR2	Financial Review	Myers & Stauffer
FY90 QTR3	Financial Review	Myers & Stauffer
FY91	Financial and Compliance Audit	Legislative Post Audit
FY91	Financial Review	Myers & Stauffer
FY91 QTR1	Financial Review	Myers & Stauffer
FY91 QTR2	Financial Review	Myers & Stauffer
FY91 QTR3	Financial Review	Myers & Stauffer
FY92	Financial and Compliance Audit	Legislative Post Audit
FY92	Financial Review	Myers & Stauffer
FY92 QTR1	Financial Review	Myers & Stauffer
FY92 QTR2	Financial Review	Myers & Stauffer
FY92 QTR3	Financial Review	Myers & Stauffer
April 1992	Performance Audit - Computer System	Legislative Post Audit
FY93	Financial and Compliance Audit	Berberich Trahan & Co, P.A.
FY93	Financial Review	Myers & Stauffer
FY93 QTR1	Financial Review	Myers & Stauffer
FY93 QTR2	Financial Review	Myers & Stauffer
FY93 QTR3	Financial Review	Myers & Stauffer
FY94	Financial Review	Myers & Stauffer
FY94	Financial & Compliance Audit	Berberich Trahan & Co, P.A.
FY94 QTR1	Financial Review	Myers & Stauffer
FY94 QTR2	Financial Review	Myers & Stauffer
FY94 QTR3	Financial Review	Myers & Stauffer
FY95 QTR1	Financial Review	Myers & Stauffer
Jan 1995	Security Audit	Ernst & Young

SUMMARY:

Financial & Compliance Audits	7
Performance Audits	2
Security Audits	2
Financial Reviews	26

An average of one audit or review every 2.4 months (based on 90 months or 7.5 yrs)

F+SA
3-15-95
Atch #1