

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 11:05 a.m. on January 24, 1996 in Room 254-E of the Capitol.

Members present were: Senator Oleen, Chair
Senator Tillotson, Vice Chair
Senator Jones, Ranking Minority Member
Senator Gooch
Senator Jordan
Senator Papay
Senator Praeger
Senator Ramirez
Senator Vidricksen
Senator Walker

Members excused: Senator Hensley

Committee staff present: Mary Galligan, Legislative Research Department
Mary Torrence, Revisor of Statutes
Nancy Wolff, Committee Secretary

Conferees appearing before the Committee
Linda McGill, U. S. English
Natalie Haag, Executive Director of the State Gaming Agency

Senator Oleen introduced Linda McGill, a lobbyist on behalf of U.S. English, Inc. who requested a bill be introduced by the committee that would designate English as the common language and require its use as the language of public record and public meetings. Ms. McGill stated that 22 other states have already adopted such legislation.

Senator Praeger made a motion to introduce a bill designating English as the common language and Senator Papay seconded the motion. The motion carried.

Senator Oleen introduced Natalie Haag, executive director of the State Gaming Agency and is currently housed in the Department of Commerce. She appeared to give background information on **SB 495**, Implementation of tribal-state gaming compacts; fingerprinting and investigation to determine qualifications of gaming licensees and employees and as a proponent of the bill (Attachment 1).

Senator Oleen pointed out the fiscal impact study of **SB 495** prepared by the Kansas Bureau of Investigation (Attachment 2).

There were no opponents appearing on the bill.

Senator Oleen then requested action on the bill and Senator Ramirez made a motion to recommend **SB 495** favorable for passage and Senator Jordan seconded the motion. The motion carried.

There being no other business, the meeting was adjourned at 11:22 a.m.

FEDERAL & STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: 1-24-96

NAME	REPRESENTING
Cassie McClure	POTAWATOMIE TRIBE
Johnny Jackson	" "
Rose Masquist	" "
Dave Clarke	" "
Jay P. Jupt	" "
Mamie Ruppel	Potawatomie chairwoman
Natalie Haag	State Gaming Agency
Kyle Smith	KBI
DAVE JOHNSON	K.R.C.
Lynne Hamblin	Kansas Racing Commission
Dean McKinney	Potawatomie Tribe
Julia Jensen	" "
DAN MCKINNEY JR	" "
Rose Masquist	" "
Cecelia Jackson	" "
Elmer McClure	" "
Mary Kitcherman	" "
Shelagh Whetton	PBR Gaming Commission
Fay Hobbs	POTAWATOMIE TRIBE
Sarah Patterson	" "
Alberta Marshing	" "
Curtis P. Masquist	" " "
LINDA McGee	US ENGLISH
Guy Wetmore	
Laura Avey	Potawatomie Tribe

STATUS ON NATIVE AMERICAN GAMING

Ms. Chairperson, members of the committee, my name is Natalie Haag and currently I am serving as executive director of the State Gaming Agency. By executive order Governor Graves designated the Department of Commerce and Housing as the State Gaming Agency referenced in the Tribal-State Gaming Compacts.

Secretary of Commerce and Housing, Gary Sherrer, selected me to serve as executive director of the State Gaming Agency. I have been in that position since September 19, 1995. The State Gaming Agency now has two additional employees, including an office assistant and an assistant director. The assistant director, Allen Jones, retired from the Kansas Bureau of Investigation on December 16, 1995 and assumed a primary role in the compliance issues of the State Gaming Agency on December 18, 1995.

It is the responsibility of the State Gaming Agency to ensure compliance with the Tribal-State Gaming Compacts. Thus, we have been working with Native American tribal representatives, the Attorney General's office, the Indian Gaming Implementation Group and the Kansas Bureau of Investigation (KBI) to create adequate forms and procedures for compliance with the compacts and to ensure maximum protection for the State of Kansas and said tribes from organized crime. Additionally, our agency has held the quarterly meetings with the tribal gaming commissions as required by the compacts. We have also assisted several tribal gaming commissions in drafting rules, regulations and policies for protection of their gaming operations.

At this time the four Native American tribes with approved compacts are at various stages in the establishment of a gaming operation. Several tribal governments are continuing to negotiate consulting agreements and others are in the process of expanding their existing facilities for use as a Class III gaming facility. The State Gaming Agency was invited to and did participate in a job information seminar sponsored by the Kickapoo Nation. Additionally, the Prairie Band Potawatomi Nation of Kansas is sponsoring a job fair. The State Gaming Agency has been invited to participate in said fair.

*Attachment
Exhibit 1
Federal and State Affairs
1/24/96*

Report on the Status of
Native American Gaming

Currently, at least one tribe is training employees for jobs they will be performing in the gaming facility. Two tribal gaming commissions have submitted background investigations for potential employees and consultants. Three consultant/ key employee background investigations have been completed by the KBI, with a report of said investigation being forwarded to the Tribal Gaming Commission for a licensing decision. The tribes have also cumulatively deposited \$112,000 with the State Gaming Agency to reimburse the KBI for the costs and expenses of conducting said background investigations.

During the start up process of this agency we have discovered several statutory inconsistencies which prevent the State Gaming Agency from adequately performing its job. Specifically, the compacts provide that the Tribal Gaming Commission is to submit information to the State Gaming Agency for an extensive background investigation prior to making a licensing decision on certain employees and companies which will be providing gaming services. The compacts provide that the KBI will perform said background investigations. The State Gaming Agency is to review the background investigations and the decisions of the Tribal Gaming Commission regarding licensing to ensure said decisions adequately protect the interest of the general public.

Although the compacts provide a procedure for conducting background investigations to ensure informed employment decisions and to reduce the potential involvement of organized crime, current Kansas statutes do not authorize the KBI or the FBI to provide nonconviction data and expunged conviction data to the State Gaming Agency and the Tribal Gaming Commissions. Thus, background investigation reports are currently being forwarded to the State Gaming Agency and the Tribal Gaming Commissions without this critical licensing information. As you may know, it is often the nonconviction data, including ongoing criminal investigations, arrests without convictions, and suspected criminal activities, which become the determining factors in a decision not to allow an entity or person to participate in gaming.

Report on the Status of
Native American Gaming

Thus, legislation allowing the collection and dissemination of information necessary to make informed decisions regarding who to do business with and who to allow to participate in gaming is a top priority. Uninformed decisions can damage tribal gaming operations and the State of Kansas.

The Indian Gaming Implementation Group (IGIG) presented to the Joint Special Committee on Gaming a proposed bill which would amend Kansas statutes to make them consistent with the Tribal-State Gaming Compacts. This proposed legislation included new statutes which would allow the Tribal Gaming Commissions and the State Gaming Agency access to the KBI and FBI information critical to the licensing decisions. This committee is now assigned the legislation proposed by IGIG. On behalf of the State Gaming Agency I would request immediate attention to SB495 authorizing the dissemination of information from the KBI and FBI to both the Tribal Gaming Commissions and the State Gaming Agency.

FEB 12 1996



DIVISION OF THE BUDGET
Room 152-E
State Capitol Building
Topeka, Kansas 66612-1504
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Bill Graves
Governor

Gloria M. Timmer
Director

February 9, 1996

The Honorable Lana Oleen, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-N
Topeka, Kansas 66612

Dear Senator Oleen:

SUBJECT: Fiscal Note for SB 495 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 495 is respectfully submitted to your committee.

SB 495 would allow the tribal gaming commissions and the State Gaming Agency, which is located in the Department of Commerce and Housing, to receive criminal history record information, criminal intelligence information and information relating to criminal and background investigations from the Kansas Bureau of Investigation. This information would be necessary for the purpose of determining qualifications of employees of the State Gaming Agency or applicants for certain positions under one of the Tribal-State Gaming Compacts. The bill would also allow the KBI to assist the State Gaming Agency and tribal gaming commissions in conducting background investigations for determination of suitability of prospective employees of "a tribal gaming agency, gaming employees, key employees, manufacturer-distributors, management contractors, primary management officials, or standard gaming employees." Fingerprinting of employees for determination of qualifications of employees is authorized.

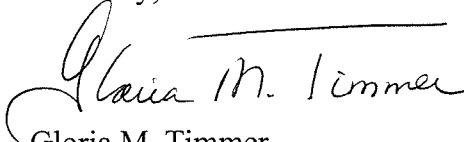
The bill also provides that unauthorized disclosure of such information is a Class A misdemeanor. The tribal gaming agencies, the KBI, and the State Gaming Agency would also be authorized to enter into agreements with the FBI, the IRS, the Kansas Attorney General, or any state, federal, or local agency if it is necessary to fulfill the duties under the gaming compacts.

*Attachment
Exhibit 2
Federal and State Affairs
1/24/96*

Estimated State Fiscal Impact				
	FY 1996 SGF	FY 1996 All Funds	FY 1997 SGF	FY 1997 All Funds
Revenue	--	--	--	\$360,942
Expenditure	--	--	--	\$360,942
FTE Pos.	--	--	--	5.0

Passage of this bill would require \$360,942 of expenditures for the KBI. All costs are billed to the tribes. Before the KBI does a background check for a tribal gaming commission, a \$3,000 deposit is made by the commission to the State Gaming Agency. After the KBI completes the background check, the costs associated with the check would be transferred to the KBI as a reimbursement. Only the costs necessary to perform the work needed for backgrounds and investigations will be billed to the commissions. Any funds received from the commissions in excess of operating costs will be returned to the commissions by the State Gaming Agency. The Kansas Bureau of Investigation anticipates that spending would decrease in the out-years to approximately \$313,850 because of one-time purchases of capital outlay that would be made in FY 1997. The 5.0 FTE positions required under this bill would be for 4.0 Special Agents and a 1.0 Office Specialist. The 4.0 Special Agents would be responsible for criminal investigations and perform background checks as required for the casinos. They would be assigned to the Gaming Unit of the KBI and would supplement the current 9.0 FTE in the unit that do background checks and investigations for the parimutuel industry.

Sincerely,



Gloria M. Timmer
 Director of the Budget

cc: Sherry Brown, Commerce and Housing
 Marsha Pappen, KBI