

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen on adjournment on February 15, 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 Hensley
Senator Jordan
Senator Papay
Senator Praeger
Senator Ramirez
Senator Vidricksen
Senator Walker

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

Conferees appearing before the committee:
Greg Ziemack, Executive Director, Kansas Lottery
Leo Hafner, Legislative Post Audit

Others attending the meeting: See attached list

A hearing was held on **SB646** - Amounts transferred to gaming revenues fund from Kansas lottery pull-tab ticket revenues. This bill would increase the payback to players of the game from 20% to 30%. Greg Ziemack, Executive Director for the Kansas Lottery, appeared as a proponent of the bill (Attachment 1). There were no opponents.

Senator Oleen made the announcement that following the hearings on **SB627** that the members of ASCAP and BMI met with the proponents of **SB627** of the bill for about an hour to work out their differences. They have scheduled more sessions and will be reporting back on their progress.

Senator Oleen then directed the committee's attention to **SB582**, a bill concerning qualifications of veterans service representatives employed by the commission on veterans affairs. Senator Jones made a motion to amend the **SB582** to make it effective on publication in the register instead of the statute books and Senator Papay seconded the motion. The motion carried. Senator Jones made a motion to report **SB582** favorable for passage as amended and Senator Praeger seconded the motion. The motion carried.

Leo Hafner of Legislative Post Audit presented a review on the outcome of the Report of Policies and Procedures Placed in Operation and Tests of Operating Effectiveness of United Tote. This report incorporates the highlights of the report filed with Post Audit by Baird, Kurtz & Dobson of Kansas City, Missouri.

Senator Tillotson presented a bill draft for a bill concerning compulsive gamblers and requested the committee to introduce it as a committee bill. Senator Jordan seconded the motion. The motion carried.

Representative Tillotson made a motion that the minutes for February 6, 7, 8 be approved as printed and Senator Jordan seconded the motion. The motion carried.

The meeting was adjourned at 12:05 p.m.

FEDERAL & STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: 2-¹⁵~~16~~-96

NAME	REPRESENTING
Amy Jewell	Pat Hubbell Assoc.
Carol McDowell	Kansas Candy Partners
Reg Kernak	Kansas Lottery
Kevin Scott	KANSAS Lottery
Barb Hinton	Post Audit
Geo. Hobbs	" "
Moran & Leaf	Racing Comm
Do. Mason	Sen. Moran
J. Wright	Eagle



Bill Graves
Governor

Gregory P. Ziemak
Executive Director

Pull-tabs were introduced in Fiscal Year 1989. The Lottery started with two 50¢ games with a 60 percent payout. Originally they were sold in social venues, i.e., bars and taverns. Pull-tab sales were approximately \$2,500,000 the first year. The 60 percent payout was determined because of the 30 percent state transfer and five percent retailer commission. There was a margin of only five percent for administrative costs, including printing and distribution. Nearby states were, even at that time, paying more in prizes than the Kansas Lottery.

In 1993, the Legislature passed a bill allowing the Bingo halls and charitable groups to purchase pull-tab tickets directly. The Bingo halls and charitable groups currently pay over 70 percent in prizes in their pull-tab games and pay a one percent sales tax on pull-tab ticket sales. According to information provided by the Kansas Department of Revenue, Alcoholic Beverage Control Fiscal Year 1995 pull-tab sales were \$12,526,500. The amount of \$125,265 was collected by the State of Kansas as a result of the one percent sales tax.

The Lottery has introduced 10 different games over the last seven years. Pricing has been primarily at 50¢, although one \$1 ticket has been offered. The introduction of new games, an essential for stimulating interest, requires a 500,000 minimum ticket order. Our present low sales volume precludes us from introducing new games. We presently sell four games, each at 50¢.

Kansas does about six tenths of one cent per capita sales per week, roughly 31¢ per year. Iowa, in comparison, does 23¢ per capita sales per week, almost \$12 yearly.

*Attachment 1
Senate Federal ; State Affairs
2/15/96*

PULL-TAB SALES - KANSAS LOTTERY

	<u>Pull-Tab Sales</u>
FY 1989	\$2,454,649
FY 1990	1,611,552
FY 1991	2,043,294
FY 1992	2,092,660
FY 1993	2,119,524
FY 1994	1,450,476
FY 1995	975,896
FY 1996*	800,000 (projected)

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