

Approved: 4-26-96
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 9:10 a.m. on March 27, 1996 in Room 531-N 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 Walker

Members not present: Senator Vidricksen - excused

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

Conferees Appearing Before the Committee:
Steve Montgomery, Kansas Greyhound Kennel Owners' Assn.
Greg Ziemack, Kansas Lottery
Bruce Rimbo, President, The Woodlands Race Track

Others attending: See attached list

Senator Oleen called on Steve Montgomery to respond to questions from the committee. Mr. Montgomery presented copies of information on a Pull-Tab Dispenser machine (Attachment 1). He stated that such a machine is currently located at a Topeka Bingo establishment and the information is being distributed to the public. He stated that the industry would like to be able to play the same games being played elsewhere in the state.

Senator Jordan requested clarification of the \$900,000 for staff or personnel that state would have to pick up under this bill--what happens if we cannot afford to pick that up? Mr. Montgomery replied that under the current law, the racing commission has the option to pick it up. Senator Oleen stated that the audit report identifies that the discretion is there with the tracks. It is not a recommendation but rather an identification that it could be--not, "should be".

Senator Tillotson requested clarification on current pay-out's for the Lottery. Greg Ziemack responded that the charitable organizations pay 70% to 75% and the current bill is designed to pay out in the 90% range. She also requested clarification as to why the bill is needed if the tracks want only to play games that are already in existence. Steve Montgomery responded that the bill is needed to allow some games to be converted for play at the tracks, the times and frequencies that they are played and to make adjustments to the track situations to allow such games. He said that if they are not allowed to formulate new games, the player interest would decline - just as the Lottery is constantly developing new games to maintain player interest. He said they are wanting games as they are allowed under current Kansas law.

Senator Hensley stated that the definition of "Video lottery machine" is listed on page 2, line 15 of the bill. Senator Praeger commented that in the bill, the definition of "Video lottery machine" is current language, not new law and if video lottery machine does not fall under that definition, it "could not" happen. Senator Oleen replied that her interpretation is that it "could" happen.

Steve Montgomery pointed out that the taverns and bowling alleys want to participate in such gaming, but none of them go through the expense and qualifications that those in the industry must. He stated that on page three, lines 27-33: Racetrack lottery game, Call bingo, keno, and any on-line lottery game utilizing a horse or greyhound racing them and played on player stations or terminals.

Mr. Montgomery state the if the committee wanted to do something for the industry to assist in keeping it going, vote for the bill. If not, vote against it. Senator Oleen responded that there was a bill earlier this year that would have allowed the Kansas Lottery to become more competitive with the non-profits and it did not pass the Senate--there was concern at that point by some legislators that there were enough other games to not

compete with the instant bingo and pull tabs.

Senator Oleen then asked Greg Ziemack of the Kansas Lottery how he saw this bill impacting the Kansas Lottery. Mr. Ziemack replied that he had a few concerns with the bill. The way the bill is currently written it would give the racetrack vendors the exclusive right to keno and instant bingo. These brought approximately \$50 million in sales last year and the lottery would be adversely affected by giving that operation to the tracks. Another concern would be in Section 5(D) which appears to allow the racetracks to borrow money to fund the games and the lottery does not have extra money to do that. Senator Oleen asked Bruce Rimbo of the Woodlands if that was their intent--to borrow from the lottery to purchase the machines. Mr. Rimbo responded that it was not the intent.

Senator Walker questioned why the racetracks have not already become lottery vendors under the current limitations of the Kansas Lottery. Mr. Ziemack responded that there was nothing keeping the racetracks from signing on as a vendor under the current laws, but that they would only receive 5% of the sales as any other retailer does. This new bill would create a new vendors class--racetrack vendor with an increased split for the tracks.

Senator Oleen stated that the way the bill is currently structured, the racetrack retailers would get 64% of the lottery revenue opposed to the 5% that other lottery retailers receive.

The meeting was adjourned at 10:00 and will meet again on second adjournment of the Senate today.

FEDERAL & STATE AFFAIRS COMMITTEE
 GUEST LIST
 DATE: 3-26-96

NAME	REPRESENTING
Carol McDowell	Topeka - KS Gaming Partners
Maggie Apt	John
Ralph Snyder	Sunflower Clubs
Dave Schneider	Kansas Pro Life HHS Best
Roger Faudie	FFC
John Dullell	WEP
Jim McHaff	KS AFH-CTC
Steve Zernak	KA Lottery
CONRAD MILLER, JR	KS Bowling Proprietors
E. B. Hedlund	Guest
Alice Thomas	Interested participant at Woodlands + interested in Gambling <i>casino</i>
Genevieve Ogden	Woodland Race Track + Gambling in <i>Kansas</i>
Mary Beecher	" " " "
Bruce Rinco	The Woodlands
Tom Johnson	KS Racing Comm
George Hambrin	Attorney General/Gaming Comm.
Tom Bruno	Allen + Assoc.
Tom Burgess	Sunflower
PHILIP HURLEY	PAT HURLEY & CO.
Ethel Nurga	Elders
Rbecca P	KS Coalition on Gaming Equity
John Peterson	K. Bowling Proprietors
Glen T. Thompson	Stand Up For Kansas
Ann Hadel	citizen
Ann Hadel	Self
Alan Stepp	PETE McGINN + Associates
Blayne	The Woodlands
Steve Montgomery	KS. Greyhound Kennel Owners' Assoc.

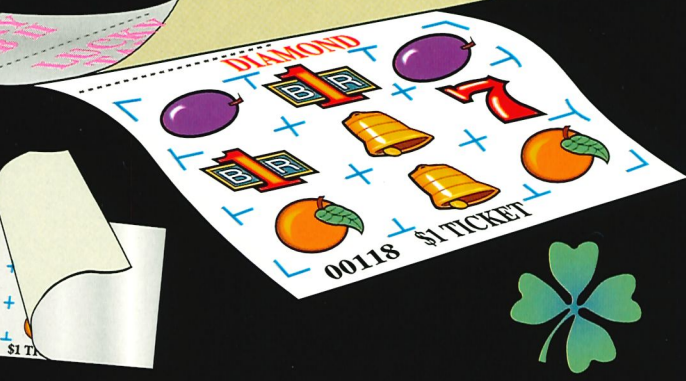
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*Attachment to State Affairs
3/27/96*



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Competition

Gaming competition is coming from all areas today. The casino industry is growing by leaps and bounds, whether it be Las Vegas, Atlantic City, Riverboat Casinos or state lotteries. Their advertising and promotions has impacted on your sales.

Player Appeal

Diamond Game Enterprises of Chatsworth, California has developed, designed and is currently manufacturing **the new Pull Tab Dispenser with Audio and Visual Enhancement**. See the excitement build and sales build as the game appears to be played on the screen, yet is controlled by the ticket.

Full Service Manufacturer

Diamond Game Enterprises manufactures the Pull Tab and Dispenser at it's locations in Chatsworth, California. It's product development engineers can accommodate almost any requirements that will require. Diamond Game Enterprises can **install, service and maintain** the systems or we can train your support staff.

Innovative Financing

We offer a financing package that requires no budget dollars to purchase the dispensers.

Accountability

Diamond Game Enterprises introduces the latest record keeping technology. **Our Bar Code Technology includes winner verification.**

The bookkeeping screen display will tell all. We have the following information:

- Dollars in**
- Dollars won**
- Total Tickets Dispensed**
- Winning Tickets Dispensed**
- Tickets left on roll**

Security

We have built in quality security features into our Pull Tab Dispenser. The cabinet has been constructed to industry standards and has features such as an inside piano hinge to prevent tampering.

Our advanced software tells you the following information:

- Number of Main Door Opens**
- Number of Cash Door Opens**
- Number of Power ups**

Ask for a complete list of security features. The unit also has the capability of integrating into an on line system.

Infinite Variety

We can create instant games that suit your market from **small stakes to megabucks.**

Randomization

Our ticket manufacturing process is state of the art. All games are created on a computer and the tickets are laved out in our software program. The software places the winning tickets randomly based on a computer program from within the software routine.

The data is compiled in individual data files that are loaded into the printing software at the printing plant. The games are printed and quality verified. The data file automatically erases the game once printed. **No two games have the same sequence of winners and losers.**

The roll is packaged with security tape that will not allow tampering, then shrink-wrapped and boxed for added security protection.



Americans with Disabilities Act



Our instant Pull Tab and Instant Ticket Lottery Dispenser with Audio and Visual enhancement can possibly help you comply with some regulations required by Federal Acts. See your legal counsel for further information.