

.Approved: _____

Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen on first adjournment at 11:00 on April 25, 1996 in Room 313-S 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

Members not present:

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

Conferees Appearing Before the Committee:
Jim Conant, ABC
Greg Ziemack, Kansas Lottery
Myron Scafe, Kansas Racing commission
Bruce Rimbo, The Woodlands

Discussion was held on **Sub for SB754** Kansas Lottery authorized to operate certain games at racetracks; disposition of revenues; payment of certain racing expenses by Racing commission. Senator Oleen asked Mr. Conant how the funds from Bingo are currently divided. He replied that 1/3 goes to the State General Fund, 1/3 goes to the Department of Revenue for enforcement of Bingo Laws, and 1/3 is returned to the cities and counties for enforcement (local general funds). She then asked him what kind of return there was from Bingo (both call and instant) last year. Mr. Conant responded that a total of \$10 million was returned from Bingo with \$9 million being from call Bingo and \$1 million from Instant Bingo. These funds were distributed in the same three way, 1/3 for State General Fund, 1/3 for Revenue to enforce Bingo laws, and 1/3 to the cities and counties for enforcement. Senator Oleen then asked Mr. Conant about the background checks done on those who hold Bingo licenses. He said the background checks are run through the KBI computer to ascertain if there have been any felony convictions in their backgrounds.

Senator Oleen asked Mr. Conant if he had been given an opportunity to review the substitute bill and if he still felt that the pull-tab dispensers would be illegal as he had stated during a previous hearing. He stated that in light of the Attorney General's opinion (Attachment 1), his department would neither prosecute nor confiscate should such a machine be found in operation.

Senator Oleen then asked Bruce Rimbo of the Woodlands what his intent was in the drafting of **Sub for SB754** with regard to Keno. As the bill is currently drafted, Keno would no longer be available outside of racetracks. The language is limiting in its scope. Mr. Rimbo replied that it was not the intent to remove Keno from the scope of other vendors, rather to create a new game similar to what is offered and have it run strictly from the tracks, perhaps group all the tracks together to increase the size of the pool.

Senator Oleen then asked him if he would see a problem in posting the odds on the machines. He replied that he did not know if it would be physically possible but that he had no problem with doing it and that he also did not have a problem with limiting the age requirement for playing Keno to 18 and over which is the age requirement for all lottery games at the current time.

Senator Oleen questioned Mr. Rimbo regarding the definition on page 4 of a slot machine and whether he would have a problem with inserting the language "chance and/or skill" as a part of that definition as already referenced. Mr. Rimbo replied that he had suggested that slot machines be prohibited.

Senator Oleen stated that the KBI currently does the background checks for Bingo, lottery and racetracks and asked Mr. Rimbo if he had any difficulty with having similar background checks for employees working with on-line lottery. Mr. Rimbo said that he had no problem.

The question arose as to how much money would be required from the Racing Commission to cover the cost of the stewards and judges and assistant animal health officers who currently work at the races conducted by the licensees. Myron Scafe responded that figures indicate that the cost would be somewhere around \$1.034 million for all the race tracks currently in operation. There was then discussion as to whether this expense should be paid by the Racing Commission or if the costs should be absorbed by the licensees who are operating the tracks.

Mr. Scafe stated that perhaps the fair way to handle the situation was that any expenses over and above the costs of personnel at the tracks should be reimbursable by the licensees to the tracks. Mr. Scafe remarked that Sub for SB754 states that the Lottery Commission is to be reimbursed for any expenses and although he did not know what the ramifications would be and that he did not know exactly what such expenses might be. Also, the Racing Commission should have the opportunity to pass any regulations necessary for a smooth operation of the Lottery at the tracks. He stated that the Racing Commission goes to great lengths to insure the integrity of the racing industry in the State of Kansas and would endeavor to do the same if the lottery is to be operated at the tracks.

Senator Praeger stated that the legislative intent of the bill is clear and that "no slot machines" is exactly what the language meant. She stated that the intent is very clear.

Senator Walker made a motion that the language for the definition of a slot machine be changed to add the words "or skill" following games of chance and add the language that the machine would be activated upon insertion of cash "tokens or other considerations" and Senator Jordan seconded the motion. The motion carried.

Senator Jones made a motion to make the bill effective upon publication in the state registry and Senator Vidricksen seconded the motion. The motion carried.

Senator Vidricksen made a motion to change the racing dates from 65 to 45 days on page 6 and also to change the racing days from 75 to 55 on the second line of page 7 as was set out in the original SB754. Senator Ramirez seconded the motion. The motion carried.

Senator Walker made a motion to pick up the \$1 million dollars and to reinsert the stricken language on the money issue back to the language as it was in the was the SB754 was originally drafted. Senator Jordan seconded the motion. The motion failed.

Senator Praeger made a motion to change the language on Page 4 to exclude video machines. Senator Tillotson seconded the motion. The motion carried.

Senator Praeger made a motion that the age restriction of age 18 that currently applies to all Lottery Commission operated games be applied to lottery games to be played at the tracks. Senator Ramirez seconded the motion. The motion carried.

Senator Praeger made a motion that should any expenses be incurred on the part of the Racing Commission in the operation of the tracks in conjunction with such games be reimbursed. Senator Ramirez seconded the motion. The motion carried.

Senator Jordan made a conceptual motion that the machines be tied into the Lottery Commission electronically for regulatory purposes. Senator Walker seconded the motion. The motion carried.

Senator Gooch made a motion that background checks be conducted for the workers involved with the Lottery games at the tracks in the same manner as those who are currently employed by the tracks. Senator Tillotson seconded the motion. The motion carried.

Senator Vidricksen made a motion that Sub for SB754 be reported favorable for passage as amended and Senator Gooch seconded the motion. The motion carried.

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