

Approved: 2-17-97
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 February 3, 1997 in Room 519-S of the Capitol.

All members were present except: Representative Steve Lloyd, Excused
Representative Doug Mays, Excused

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

Conferees appearing before the committee: Greg Ziemak, Executive Director, Kansas Lottery

Others attending: See attached list

The Chairperson brief the committee on the upcoming agenda for February. A sheet was distributed for members to sign up for the upcoming tour to the Lansing Correctional Facility on February 12.

Greg Ziemak, Executive Director, Kansas Lottery gave a background briefing on his previous employment and the Lottery. Mr. Ziemak was employed by the Connecticut Lottery from 1973 - 1991 and left there when was a change in the political power. Mr. Ziemak was employed by an advertising agency promoting the lottery for two years and was appointed to the Lottery in 1993 when Kansas authorized the Lottery. He was re-appointed in 1995.

The Kansas Lottery was approved by a Constitutional Amendment in 1986 and established during the 1987 legislative session. The Lottery was extended for 2 years in 1990 and extended for 4 years in 1992 and in 1995 extended for 6 years and it is due to sunset in 2001.

The Kansas Lottery is a self-funding and self-sustaining state agency. No tax money is used to support any Lottery operation. Of every dollar spent on a Kansas Lottery ticket, at least 30 cents is transferred to the state of Kansas. The State Gaming Revenues Fund receives transfer from certain receipts generated by the Kansas Lottery and the Kansas Racing and Gaming Commission.

Kansas Lottery products include Powerball, Kansas Cash, Keno, Pick 3, instant games and pull tab tickets. Lottery products are sold at more than 1,900 retail outlets throughout Kansas. In FY 1996, Lottery product sales generated over \$182 million.

Of every dollar spent on a Kansas Lottery ticket, at least 30 cents is transferred to the state of Kansas. In FY 96 the Lottery contributed more than 95 percent of the total monies transferred into the State Gaming Revenues Fund. Transfers, of up to \$50 million, are made from the gaming fund according to the following breakdown: 85 percent is earmarked for the Economic Development Initiatives Fund, 10 percent is allocated to the Correctional Institutions Building Fund and 5 percent is allocated to the Juvenile Detention Facilities Fund. In FY 96, the Lottery transferred \$58,009,876 to the state of Kansas. Total EDIF expenditures for FY 96 were \$46,532,055.

The net Lottery sales to 12/31/96 were \$1,062,960,477. The retailer commissions were \$56,109,365. The game prizes were \$538,310,011. \$320,993,084 was transferred to the state. This amount includes \$2,843,321 in loan and interest payback. FYs 96 and 97 are unaudited. (Attachments 1, 2, 3, & 4)

Staff will provided the per capita sales per county which was requested.

Discussion of the Lottery -- types of games authorized at the Indian Casinos, would more people play the Lottery if the payout was increased, and what happens to the winnings, and how the prize is taxed if a Powerball winner dies.

The meeting adjourned at 2:00 p.m. and the next meeting will be February 4.

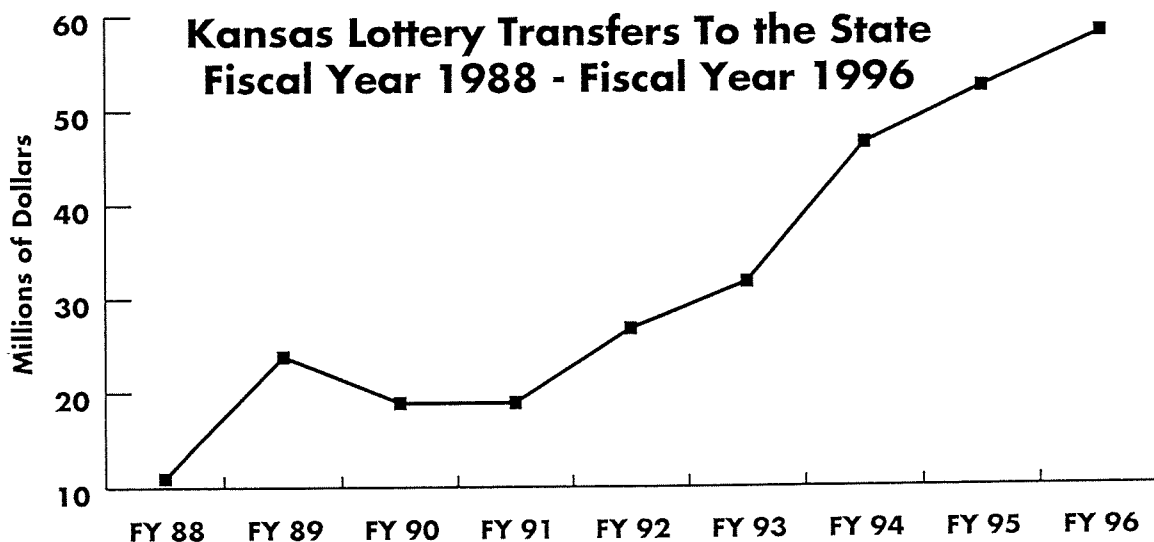
KANSAS LOTTERY OVERVIEW

- The Kansas Lottery is a **self-funding** and **self-sustaining** state agency. **No tax money is used to support any Lottery operation.** Of every dollar spent on a Kansas Lottery ticket, at least 30 cents is transferred to the state of Kansas. The State Gaming Revenues Fund receives transfers from certain receipts generated by the Kansas Lottery and the Kansas Racing and Gaming Commission.

In Fiscal Year 1996, the Lottery contributed more than 95 percent of the total monies transferred into the State Gaming Revenues Fund. Transfers, of up to \$50 million, are made from the gaming fund according to the following breakdown: 85 percent is earmarked for the Economic Development Initiatives Fund, 10 percent is allocated to the Correctional Institutions Building Fund and five percent is allocated to the Juvenile Detention Facilities Fund.

Transfers for these purposes are limited to \$50 million in a given fiscal year. Any receipts above that amount are transferred to the State General Fund.

- In November 1986, 64 percent of Kansas voters said "YES" to the establishment of a Lottery in Kansas. Just 200 days after the Kansas Lottery was established, ticket sales began.
- The Lottery Commission, a five-member board appointed by the Governor to staggered four-year terms, oversees the operation of the Kansas Lottery.
- Executive Director Greg Ziemak works closely with the Lottery Commission and oversees the day-to-day operations of the Lottery.
- Kansas Lottery products include Powerball, Kansas Cash, Keno, Pick 3, instant games and pull tab tickets. Lottery products are sold at more than 1,900 retail outlets throughout Kansas. In FY 1996, Lottery product sales generated over \$182 million in sales.



*Feds State
2-3-97
Atch #1*



Kansas Lottery™

WHERE DOES THE MONEY GO?

Of every dollar spent on a Kansas Lottery ticket, at least 30 cents is transferred to the state of Kansas. The State Gaming Revenues Fund receives transfers from certain receipts generated by the Kansas Lottery and the Kansas Racing and Gaming Commission. In Fiscal Year 1996, the Lottery contributed more than 95 percent of the total monies transferred into the State Gaming Revenues Fund.

Transfers, of up to \$50 million, are made from the gaming fund according to the following breakdown:

85 percent is earmarked for the Economic Development Initiatives Fund, 10 percent is allocated to the Correctional Institutions Building Fund and five percent is allocated to the Juvenile Detention Facilities Fund.

Transfers for these purposes are limited to \$50 million in a given fiscal year. Any receipts above that amount are transferred to the State General Fund.

IN FY 1996, THE LOTTERY TRANSFERRED \$58,009,876 TO THE STATE OF KANSAS.

Economic Development Initiatives Fund distribution for FY96

Department of Commerce and Housing

Small Business Development Centers	\$325,000
Certified Development Companies	\$474,990
Kansas Industrial Training/Retraining	\$2,999,349
Trade Show Promotion	\$210,127
Strategic Planning Grants	\$490,500
Tourism Promotion	\$371,642
Wichita World Trade Center	\$50,000
Agriculture Product Development	\$167,500
Olathe Travel Information Center	\$76,429
Economic Opportunity Initiatives Fund	\$4,000,000
High Performance Incentive Grants	\$73,417
Micro-Loan Program	\$100,000
Main Street Development Grants	\$221,412
Operations	\$5,584,980
Subtotal Commerce and Housing	\$15,145,346

Kansas Technology Enterprise Corporation

Research Matching Grants	\$1,259,613
Business Innovative Research Grants	\$85,000
Training Equipment	\$250,000
Industrial Liaison	\$300,000
Centers of Excellence	\$4,350,000
Seed Capital	\$3,252,221
EPSCoR	\$3,332,517
Special Projects	\$152,748
Commercialization Grants	\$1,237,514
Agricultural Value Added Center	\$921,634
Mid-America Manufacturing Technology Center	\$994,707
Operations	\$1,858,534
Subtotal KTEC	\$17,994,488

Feds State
2-3-97
Atch #2

WHERE DOES THE MONEY GO?

Page 2

Department of Education

At-Risk/Innovative Program Assistance	\$1,485,000
Matching Grants - AVTS	\$500,000
Post-secondary Aid - AVTS	\$6,050,000
Cultural Arts Center	\$20,000
Foundation for Agriculture	\$25,000
Capital Outlay - AVTS	\$1,650,000
Subtotal Department of Education	\$9,730,000

State Water Plan.....\$2,000,000

Agriculture Market Promotion.....\$366,707

Kansas Inc.....\$137,926

Wildlife and Parks.....\$144,898

State Fair.....\$114,000

Arts Commission.....\$500,000

Historical Society.....\$187,490

State Library.....\$211,200

TOTAL EDIF EXPENDITURES FOR FY96 - \$46,532,055

This report was taken from the Governor's Budget Report, Volume 1, Fiscal Year 1998.

KANSAS LOTTERY

To Date Activity 12/31/96

Net Sales	\$1,062,960,477
FY 88	\$65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,206,003
FY 92	77,147,506
FY 93	114,499,165
FY 94	152,292,802
FY 95	177,074,245
FY 96	182,113,628
FY 97	91,103,934
Retailer Commissions	\$56,109,365
FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,657,131
FY 92	4,071,319
FY 93	5,819,600
FY 94	7,845,162
FY 95	9,145,434
FY 96	9,949,228
FY 97	5,082,152
Game Prizes	\$538,310,011
FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	32,800,224
FY 92	37,304,320
FY 93	58,865,299
FY 94	79,390,419
FY 95	92,074,812
FY 96	96,088,069
FY 97	48,966,493
Transfers To State	\$320,993,084
FY 88 *	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	19,453,470
FY 92	27,147,019
FY 93	32,629,372
FY 94	47,888,013
FY 95	53,246,818
FY 96	58,114,547
FY 97	27,409,657

* Includes \$2,843,321 Loan & Interest Payback

** FY 96 & F 97 ARE UNAUDITED

Fed & State
2-3-97
Atch #3

KANSAS LOTTERY FY 1996

	SALES	RETAILER PROFIT	STATE'S SHARE	# of RETAILERS
ALLEN COUNTY	\$1,262,190	\$68,956	\$402,054	12
ANDERSON COUNTY	\$480,995	\$26,278	\$153,215	7
ATCHISON COUNTY	\$731,839	\$39,982	\$233,117	13
BARBER COUNTY	\$743,553	\$40,622	\$236,849	9
BARTON COUNTY	\$3,942,956	\$215,411	\$1,255,976	41
BOURBON COUNTY	\$838,486	\$45,808	\$267,088	9
BROWN COUNTY	\$561,224	\$30,661	\$178,771	11
BUTLER COUNTY	\$3,637,080	\$198,701	\$1,158,544	40
CHASE COUNTY	\$137,169	\$7,494	\$43,693	2
CHAUTAUQUA COUNTY	\$247,582	\$13,526	\$78,864	3
CHEROKEE COUNTY	\$1,841,875	\$100,625	\$586,705	20
CHEYENNE COUNTY	\$139,285	\$7,609	\$44,367	5
CLARK COUNTY	\$151,310	\$8,266	\$48,198	3
CLAY COUNTY	\$800,595	\$43,738	\$255,019	10
CLOUD COUNTY	\$656,257	\$35,853	\$209,042	11
COFFEY COUNTY	\$692,630	\$37,840	\$220,628	8
COMANCHE COUNTY	\$219,089	\$11,969	\$69,788	4
COWLEY COUNTY	\$4,574,792	\$249,930	\$1,457,239	32
CRAWFORD COUNTY	\$2,243,420	\$122,562	\$714,612	28
DECATUR COUNTY	\$227,419	\$12,424	\$72,441	6
DICKINSON COUNTY	\$1,553,353	\$84,863	\$494,800	21
DONIPHAN COUNTY	\$374,246	\$20,446	\$119,211	8
DOUGLAS COUNTY	\$3,889,875	\$212,512	\$1,239,068	48
EDWARDS COUNTY	\$403,230	\$22,029	\$128,443	3
ELK COUNTY	\$131,680	\$7,194	\$41,945	2
ELLIS COUNTY	\$2,718,228	\$148,502	\$865,855	31
ELLSWORTH COUNTY	\$569,139	\$31,093	\$181,292	9
FINNEY COUNTY	\$2,681,619	\$146,502	\$854,194	29
FORD COUNTY	\$2,765,209	\$151,069	\$880,821	29
FRANKLIN COUNTY	\$1,445,555	\$78,974	\$460,462	16
GEARY COUNTY	\$3,674,291	\$200,734	\$1,170,397	28
GOVE COUNTY	\$208,152	\$11,372	\$66,304	5
GRAHAM COUNTY	\$190,831	\$10,425	\$60,787	1
GRANT COUNTY	\$751,365	\$41,049	\$239,337	6
GRAY COUNTY	\$311,946	\$17,042	\$99,366	5
GREELEY COUNTY	\$156,633	\$8,557	\$49,893	3
GREENWOOD COUNTY	\$578,090	\$31,582	\$184,143	12
HAMILTON COUNTY	\$307,562	\$16,803	\$97,970	6
HARPER COUNTY	\$650,400	\$35,533	\$207,176	12
HARVEY COUNTY	\$1,907,998	\$104,238	\$607,767	22
HASKELL COUNTY	\$325,213	\$17,767	\$103,592	4
HODGEMAN COUNTY	\$89,396	\$4,884	\$28,476	2
JACKSON COUNTY	\$588,281	\$32,139	\$187,389	7
JEFFERSON COUNTY	\$719,436	\$39,304	\$229,167	11
JEWELL COUNTY	\$142,204	\$7,769	\$45,297	3
JOHNSON COUNTY	\$17,246,798	\$942,227	\$5,493,738	189
KEARNY COUNTY	\$433,675	\$23,693	\$138,141	
KINGMAN COUNTY	\$457,363	\$24,987	\$145,687	

Fed. State 3
12347
Atch #47

KANSAS LOTTERY FY 19

KIOWA COUNTY	\$194,328	\$10,617	\$61,901	4
LABETTE COUNTY	\$1,735,028	\$94,788	\$552,670	22
LANE COUNTY	\$120,469	\$6,581	\$38,374	3
LEAVENWORTH COUNTY	\$3,641,712	\$198,954	\$1,160,019	32
LINCOLN COUNTY	\$165,370	\$9,034	\$52,676	2
LINN COUNTY	\$366,176	\$20,005	\$116,640	6
LOGAN COUNTY	\$234,209	\$12,795	\$74,604	4
LYON COUNTY	\$2,482,824	\$135,642	\$790,871	27
MARION COUNTY	\$455,095	\$24,863	\$144,964	7
MARSHALL COUNTY	\$1,002,612	\$54,775	\$319,369	14
MCPHERSON COUNTY	\$1,869,689	\$102,145	\$595,565	22
MEADE COUNTY	\$422,232	\$23,067	\$134,496	4
MIAMI COUNTY	\$1,587,244	\$86,714	\$505,595	17
MITCHELL COUNTY	\$435,486	\$23,791	\$138,718	9
MONTGOMERY COUNTY	\$4,372,718	\$238,890	\$1,392,871	34
MORRIS COUNTY	\$396,706	\$21,673	\$126,366	6
MORTON COUNTY	\$390,646	\$21,342	\$124,435	4
NEMAHA COUNTY	\$570,072	\$31,144	\$181,589	13
NEOSHO COUNTY	\$1,096,880	\$59,925	\$349,396	15
NESS COUNTY	\$255,470	\$13,957	\$81,376	5
NORTON COUNTY	\$394,535	\$21,554	\$125,674	7
OSAGE COUNTY	\$1,120,825	\$61,233	\$357,024	15
OSBORNE COUNTY	\$367,815	\$20,094	\$117,162	7
OTTAWA COUNTY	\$309,329	\$16,899	\$98,533	4
PAWNEE COUNTY	\$744,809	\$40,690	\$237,249	6
PHILLIPS COUNTY	\$278,308	\$15,205	\$88,651	3
POTTAWATOMIE COUNTY	\$1,552,797	\$84,832	\$494,623	16
PRATT COUNTY	\$868,599	\$47,453	\$276,681	12
RAWLINS COUNTY	\$154,802	\$8,457	\$49,310	4
RENO COUNTY	\$6,065,889	\$331,392	\$1,932,208	53
REPUBLIC COUNTY	\$325,917	\$17,805	\$103,816	10
RICE COUNTY	\$724,686	\$39,591	\$230,839	9
RILEY COUNTY	\$3,371,726	\$184,204	\$1,074,018	41
ROOKS COUNTY	\$690,668	\$37,733	\$220,003	6
RUSH COUNTY	\$285,821	\$15,615	\$91,045	6
RUSSELL COUNTY	\$738,153	\$40,327	\$235,129	15
SALINE COUNTY	\$5,028,805	\$274,734	\$1,601,859	45
SCOTT COUNTY	\$460,294	\$25,147	\$146,621	8
SEDGWICK COUNTY	\$34,362,870	\$1,877,312	\$10,945,836	287
SEWARD COUNTY	\$2,483,474	\$135,677	\$791,078	25
SHAWNEE COUNTY	\$15,301,639	\$835,959	\$4,874,134	110
SHERIDAN COUNTY	\$114,604	\$6,261	\$36,506	2
SHERMAN COUNTY	\$746,941	\$40,807	\$237,928	13
SMITH COUNTY	\$194,070	\$10,602	\$61,819	7
STAFFORD COUNTY	\$216,758	\$11,842	\$69,045	5
STANTON COUNTY	\$145,420	\$7,945	\$46,321	3
STEVENS COUNTY	\$307,821	\$16,817	\$98,052	4
SUMNER COUNTY	\$2,214,113	\$120,961	\$705,276	20
THOMAS COUNTY	\$826,371	\$45,146	\$263,229	12

3
KANSAS LOTTERY FY 1996

TREGO COUNTY	\$337,858	\$18,458	\$107,620	5
WABAUNSEE COUNTY	\$275,833	\$15,069	\$87,863	7
WALLACE COUNTY	\$106,267	\$5,806	\$33,850	2
WASHINGTON COUNTY	\$332,508	\$18,166	\$105,916	12
WICHITA COUNTY	\$164,750	\$9,001	\$52,479	2
WILSON COUNTY	\$525,892	\$28,731	\$167,516	6
WOODSON COUNTY	\$352,818	\$19,275	\$112,386	4
WYANDOTTE COUNTY	\$8,423,365	\$460,185	\$2,683,151	83
TOTALS	\$182,113,628	\$9,949,228	\$58,009,876	1,922