

Approved: 4-1-98  
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 11:10 a.m. on March 25, 1998, in Room 254-E of the Capitol.

All members were present except:

Senator Nancey Harrington - excused  
Senator Keith Schraad - excused

Committee staff present: Mary Galligan, Legislative Research Department  
Robin Kempf, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Midge Donohue, Committee Secretary

Conferees appearing before the committee:

Ms. Sharon Patnode, Senior Auditor, Division of Legislative Post Audit  
Mr. Allan Foster, Principal Auditor, Division of Legislative Post Audit  
Mr. Phil Wilkes, Attorney, Alcoholic Beverage Control Division

Others attending: See attached list

The chair opened the meeting and directed the attention of the committee to **SB 586**, concerning microbreweries, which would increase the number of barrels of domestic beer manufactured by a licensee. She recalled that the proponent of the measure wanted to expand his brewery operation; however, in working with officials of the Alcoholic Beverage Control Division (ABC), an alternative approach could be found to satisfy his particular situation and the bill was no longer needed.

Senator Becker moved to report the bill unfavorably to the full Senate. Senator Jones seconded the motion, and the motion carried.

Attention was then turned to the performance audit report, "Reviewing the Regulatory Activities of the Division of Alcoholic Beverage Control", a report by the Legislative Division of Post Audit (copy on file with the Division of Legislative Post Audit).

Ms. Sharon Patnode, Senior Auditor, Division of Legislative Post Audit (LPA), reviewed the report, focusing her remarks on the enforcement portion pertaining to liquor control and enforcement agents of the Department of Revenue. She pointed out that, because of many non-related duties assigned to liquor control agents in recent years, agents spend much less time on liquor enforcement activities. Ms. Patnode discussed the qualifications, training and equipment of the enforcement staff and applicable laws and regulations related to hiring, promoting, reallocating and reclassifying personnel. Conclusions and recommendations in those areas of the audit were also explained.

Mr. Allan Foster, Principal Auditor, LPA, reviewed the findings of the audit as it related to tax revenues required by state law from bingo activities. He explained that current law allows two types of bingo, call and instant, and the report concentrated on call bingo. Mr. Foster told the committee that Kansas had received approximately \$1 million a year in bingo taxes over the past four years, but that amount has declined slightly. Further, he pointed out that it is unknown if the state is receiving all bingo taxes owed because Kansas does not require bingo licensees to keep the information needed to make such an assessment. The Department of Revenue does not audit bingo card distributors. He noted that responsibility for bingo regulation was recently transferred from ABC to the Compliance Management Section where its Audit Services Section is located. Conclusions and recommendations in those areas of the audit were explained by Mr. Foster.

The chair called attention to the formal response to the audit from Mr. LaFaver, Secretary of Revenue, included at the end of the report.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 254-E, Statehouse, at 11:10 a.m., on March 25, 1998.

Mr. Phil Wilkes, Attorney with the Alcoholic Beverage Control Division, was recognized by the chair. Mr. Wilkes told the committee he had worked with the Revisor of Statutes' office to draft a bill that would respond to information contained in the LPA report. He indicated the proposed bill would address collection of taxes on call bingo from the distributor, the same method used for instant bingo. Mr. Wilkes explained that it would require licensees to use only bingo cards purchased from registered distributors who had computed and paid taxes on the cards. This would result in less paperwork for the licensee and would not result in any new taxes.

Senator Jones moved for introduction of the proposed bill. Senator Biggs seconded the motion. The motion carried.

Senator Gooch moved for approval of the minutes of the March 23 meeting. Senator Biggs seconded the motion, and the motion carried.

The meeting adjourned at 12:05. The next meeting is scheduled for March 26, 1998.

SENATE FEDERAL & STATE AFFAIRS COMMITTEE  
GUEST LIST

DATE: 3-25-98

NAME	REPRESENTING
Dave Schneider	Kansans For Life At Its Best
Jim Clardy	KCDAA
Neel White	KBWA
David Lindquist	*Page*
Laura Kolb	Page
Alan Steppat	Pete McGinn & Associates
JEFF PURCELL	KDOR
Pete Bodyk	KDOR/ABC
Gina Walker	KDOR
Kenna Mlynar	KDOR/ABC
David McInnis	_____
Deil Wilkes	KDOR
Karla Piere	KDOR
Dean Reynoldson	KDOR
Sharon Patnode	Leg Post Audit
Allan Foster	" "
Amy A. Campbell	KELDA
P.R. -	KRLDA
Erik Sartorius	Pete McGill Assoc.