

Approved: April 28, 2000
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Senator Lana Oleen at 5:40 p.m. on April 7, 2000 in Room 231-W of the Capitol.

All members were present.

Committee staff present: Mary Galligan, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Russell Galligan, Legislative Research Department
Judy Glasgow, Committee Secretary

Conferees appearing before the committee: Brad Smoot, lobbyist
William Grace, owner- The Woodlands

Chairman Oleen announced that time would be given to committee members to address questions to Brad Smoot concerning the amendments to **SB 667** that had been presented to the committee earlier.

In response to questions from Senator Oleen concerning where the headquarters would be for the slot machines, Mr. Smoot stated that there would be a central computer located on site at each of the race tracks. He indicated that the headquarters could be centralized at the Kansas Lottery Office, but that was not provided in the bill. Senator Oleen also expressed concern about the amount that had been set aside for starting up the operations. She stated that 1 percent was a small amount to be provided for start up for a 140 million dollar enterprise.

Senator Gooch questioned how the bill set out which counties would be voting on the electronic gaming machines and when the election would be held and at what cost. Mr. Smoot stated that the elections would be held in each county where the tracks were located. He stated that the details were outlined in Section 5 of the bill.

In response to how the \$140 million capitol investment would be divided between the three race tracks, Mr. Smoot stated that \$70 million was earmarked for the Kansas City track because of the intense competition, \$40 million for the Wichita track and \$30 million for Camptown.

Senator Harrington questioned whether the addition of slots at these three racetracks would provide sufficient competition for the Missouri riverboats and the Indian Casinos. Mr. Smoot stated that this would be a long term-investment. In response to questions about how it would be determined if the investment would be successful, Mr. Grace stated that it would be necessary to capture 20% of the current market in the Kansas City area.

Senator Jones ask how the funds allocated for education would be divided. Mr. Smoot stated that the funds are allocated for education in general. The legislature would make the final determination for distribution.

After further questions and discussion, Senator Vidricksen moved to adopt the balloon amendment as presented. Senator Vratil seconded the motion. The motion passed.

Senator Vratil moved to amend SB. 667 add a new section 5, which would require an annual audit of the electronic gaming operation at each operation by a licensed accounting firm approved by the Kansas Racing and Gaming Commission with the expenses paid by the gaming facility; and to add a new sub section (h) requiring that after 3 years from the commencement of the operation, the racing and gaming commission be required to prepare an economic impact report for the legislature which would detail the costs and benefits of the lottery gaming operation be filed with the Speaker of the House and the President of the Senate. Senator Biggs seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 231-W Statehouse, at 5:40 P.M. on April 7, 2000.

Senator Harrington moved to report amended SB 667 without recommendation to the full Senate. Senator Becker moved to make a substitution motion to report the bill favorably to the full Senate. Senator Vidricksen seconded the motion. The motion Carried. Senator Oleen and Senator Harrington requested that their "no" votes be recorded in the minutes. Senator Oleen will assign a member of the committee to carry the bill on the Senate floor.

The meeting adjourned at 6:30 p.m. The next meeting will be on the call of the chair.