

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:30 a.m. on February 8, 2001 in Room 245-N of the Capitol.

All members were present except: Senator Mark Gilstrap, Excused

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Mike Taylor, Governmental Relations Director, City of Wichita
Glen Thompson, Executive Director, Stand Up For Kansas
Ed Van Petten, Executive Director, Kansas Lottery
Denise Fiehler
Carolyn McGinn, Chairperson, Sedgwick County Commission
Joyce Merkhams, Saint Francis Hospital
Bernie Koch, Vice-President Government Relations, Wichita Area Chamber of Commerce
Jim Edwards, Kansas Chamber of Commerce and Industry, KIDA, and Kansas AFL-CIO

Others attending: See Attached List

Chairman Harrington opened the meeting by stating that **SB 152—An act relating to the regulation of alcoholic beverages** would be delegated to a subcommittee chaired by Senator Brungardt and including Senators Gooch and Lyon, who would then present a report to the full committee.

Chairman Harrington opened the hearing on:

HB 2038—Extension of the Kansas Lottery until 2008

Chairman Harrington introduced Representative Carlos Mayans, who stood before the committee to present testimony supporting a provision in **HB 2038** establishing and implementing financial incentive programs for developing and improving existing airline services. (Attachment 1).

Chairman Harrington asked the committee members for questions and recognized Senator Brungardt, who stated that he was confused about Representative Mayans' request for \$4 million when the house bill and supplemental note stated \$5 million. Representative Mayans stated that the true amount was \$4 million and that the other number had simply been a mistake that would be fixed.

Senator Brungardt stated that he believed that an increase in the cap would essentially be taking money from the General Fund, and Representative Mayans agreed.

In response to additional questions from Senator Brungardt, Representative Mayans stated that when Vanguard Airlines had moved into Mid-Continent Airport, the economic impact in the area was \$28 million. He stated that since that airline left, several hundreds of thousands of passengers had been lost, and that the citizens of the area had saved \$6 million from less expensive air travel when the airline was present.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

February 8, 2001

Senator Vratil stated that Representative Mayans' proposal was clearly one of economic development and that he wondered why it was not being presented as a separate bill rather than attaching it to the lottery.

Representative Mayans responded that it was based on circumstances which had aligned themselves correctly such as a rise in airline ticket prices and a consolidation of airline companies. Representative Mayans stated that by attaching this amendment to the lottery bill, it had also received a much greater deal of press attention. In response to further questions from Senator Vratil, Representative Mayans stated that a bill for this amendment had been presented in the House and that in addition to the change from \$5 million to \$4 million when then amendment would be revised, the date of completion of the project could also be pushed back from 2002 to 2003 to ease strain in passing this amendment.

Chairman Harrington stated that due to Senator Gilstrap's absence, the committee would wait until the following Monday, February 12, 2001, to vote on the amendment.

Theresa Kiernan, Office of the Revisor of Statutes, explained the house amendments to the lottery bill to the committee and Chairman Harrington explained that those revisions would be available to the committee on Monday, February 12, 2001.

Senator Gooch asked if section 4 of the amendment would take any machines which are in operation now out of use, and Mr. Ed Van Petten, Executive Director of the KS Lottery, stated that yes it would.

Mr. Mike Taylor, Governmental Relations Director, City of Wichita, stood before the committee to present testimony as a proponent of the amendment. (Attachment 2).

Mr. Glen Thompson, Executive Director, Stand Up For Kansas, presented testimony as a proponent of reducing the amount of time between keno games from 5 minutes to 4 minutes. (Attachment 3).

Mr. Ed Van Petten, Executive Director of the Kansas Lottery, presented testimony as a proponent of the extension of the lottery. (Attachment 4). He stated that he believed that any restrictions on the lottery or the sale of tickets would result in limiting the lottery's ability to create revenues for the state. The conferee then instructed the committee to look at an additional packet of materials which he had provided. (Attachment 5). Mr. Van Petten stated that convenience store workers may not be able, nor be willing, to make the distinction between buying lottery tickets with a credit card or a debit card. Mr. Van Petten stated that limiting internet advertising for the lottery was also a mistake because access to a computer was still not generally possible for the poor. Mr. Van Petten stated that after being confirmed by the legislature, he also felt entrusted with the responsibility to make sure that lottery machines would be placed in age restricted areas so that minors would be less likely to try to buy them illegally. The conferee concluded by pointing out a list of awards won by the lottery's marketing department, and assuring the committee that the Lottery would be run and act in a professional manner.

Ms. Denise Fiehler presented testimony on her own personal experience and struggle with gambling addiction. (Attachment 6).

Ms. Carolyn McGinn, Sedgwick County Commissioner, presented testimony as a proponent of Representative Mayan's amendment to the lottery bill, stating that Sedgwick county supports **HB 2038**. Ms. McGinn stated that Wichita has very high air travel rates and that the improvement in airline travel would not only be good for the city and county, but for all of South-Central Kansas.

Ms. Joyce Markham, Saint Francis Hospital, presented testimony concerning the treatment of gambling addicts and the need to dedicate a percentage of money from the lottery and gambling to treatment programs. (Attachment 7).

Mr. Bernie Koch, Vice-President Government Relations, Wichita Area Chamber of Commerce, presented testimony as a proponent of the lottery extension and of Representative Mayan's amendment. (Attachment 8). Mr. Koch stated that Mr. Morris Dunlap's written testimony as a proponent for the lottery extension had also been distributed to the members. (Attachment 9).

CONTINUATION SHEET
MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
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Mr. Jim Edwards presented testimony as a proponent of the lottery on behalf of Kansas Chamber of Commerce and Industry, KIDA, and the Kansas AFL-CIO. (Attachment 10).

In response to a question from Senator Vratil, Mr. Taylor stated that Wichita might be able to get a larger amount of businesses with increased flight capacity and lower rates.

Senator Teichman asked Mr. Taylor why the city had not been able to solve this problem before even though it had been working on the airport issue for several years. Mr. Taylor stated that no airline was able to make enough money, and that the city was looking for a discount carrier who would be able to provide flights to major hubs from which passengers would be able to get more affordable flights.

Senator Barnett asked about one of the restrictions which was to be placed on the lottery making it a class-A misdemeanor to allow anyone to buy a lottery ticket with a credit card, and what the typical legal charge was for such a misdemeanor. Dennis Hodgins, Legislative Research Department, replied that the sentence was up to a year in prison, but that probation was usually assigned.

Senator O'Connor asked if most casinos already gave money to groups that help problem gamblers. Russell Mills, Legislative Research Department, stated that Harrah's Prairie Band Potawatomi voluntarily donates some money. Mr. Ed Van Petten stated that the Kansas Lottery gives \$80,000 a year toward helping problem gamblers, and that the race tracks gave \$20,000 a year. Mr. Mills stated that the \$20,000 came from the Bingo tax.

Mr. Austin Barnwell presented testimony as an opponent of the credit card restriction on buying lottery tickets. He stated that he did not understand what was being gained by not letting people buy tickets with credit cards because they could just as easily walk a few feet away and get money from an ATM with a debit card.

Senator Lyon stated that he wanted to thank Ms. Fiehler for her testimony because it addressed an important aspect of lottery renewal at which the committee had not yet looked.

Senator Gooch stated that he hoped that the committee would have time to discuss several things which had tried to be worked on the House floor.

Chairman Harrington stated that committee members should bring their amendments on Monday to the meeting.

The meeting was adjourned at 12:00 p.m. The next meeting is scheduled for 10:30 a.m. on February 12, 2001.

**SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST**

DATE: February 8, 2001

NAME	REPRESENTING
Tom Palace	PMCA OF KS.
Keith Kocher	KS Lottery
Ed Van Petton	KS Lottery
Vicki Jacobsen	Mayetta, KS
Denise Fiehler	Support for compulsive gamblers
Bernie Koch	Wichita Area Chamber
Carolyn Mc Sinn	Sedgwick County
Michael Pepon	Sedgwick County
Ben Sciortino	"
Shanna McKee	KDOR/ABC
Garry Winget	KANSAS for life at Its Best
Tom Hoff	KS Lottery
Colleen Steel	KS Lottery
Jim Edwards	KCCI
Austin Bairwell	DownTown Amoco Topeka KS
KS Food Dealers Assn	1
Frances Kastner	KS Food Dealers Assn

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

GUEST LIST

DATE: 2/8/01

NAME	REPRESENTING
Erm Ginzburg	ABC
RC Longin	KDDK/ABC
BRIAN Cox	Revenue legal
Ben Cleves	Sen. Pres. Office
Joseph Mathew	H. Teague/KS COA/Hon
Joseph Mathew	KGC
Seth Bridge	Sen. Brungardt



TOPEKA

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REPRESENTATIVES

CARLOS MAYANS

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COMMITTEE ASSIGNMENTS
CHAIRMAN:
KANSAS FUTURES
MEMBER:
ETHICS & ELECTIONS
INSURANCE
HEALTH CARE REFORM OVERSIGHT
SRS TRANSITION OVERSIGHT

8 February 2001

Madam Chair and Members of the Committee. Thank you for the opportunity to appear before you today in support of **HB 2038** as amended.

I am here today to provide you with a summary of the provisions amended into **HB 2038** establishing and implementing **financial incentive** programs for developing and improving airline services from **existing Kansas airports**. These incentives will be designed to reduce the cost of airfares on **commercial air carriers** to/from these airports.

The most frequently asked questions about this **economic development initiative** are as follows:

How much money is being deposited in the airport services improvement fund and where is the money coming from?

On July 1 of each year, \$4,000,000 credited to the State Gaming Revenue fund shall be transferred and credited to the Airport Services Improvement Fund. All monies credited to the State Gaming Revenue fund on one fiscal year shall not exceed \$54,000,000. The cap on the SGRF is presently set at \$50,000,000 and we are increasing the economic development funds by an additional \$4,000,000.

How will the Airport Services Improvement Fund be administered?

It will be administered by the Secretary of Commerce and Housing. The chief economic development officer for the state.

Who will be in charge of developing the incentive programs?

The Secretary of Commerce and Housing will establish and implement a financial incentive program in partnership with the community. It is envisioned that the secretary shall make grants and other financial incentives to communities that present a program to the Secretary. The Secretary of Commerce and Housing shall develop rules and regulations for the granting of such incentives.

Which communities will be eligible?

Senate Federal + State
2-8-01
Attachment 1-1

Communities that have existing airports with commercial airlines service. Presently, that will apply to Garden City, Hays, Manhattan, Salina, Topeka, and Wichita. These communities may choose to participate in the incentive programs by developing and presenting a plan to the Secretary of Commerce and Housing for approval.

How will the incentives work?

Each community will have different needs and different plans, consequently, the incentives may varied with the plans that their community have designed in partnership with the commercial airlines.

Why are these incentive programs needed?

- 1) Airline fares to fly in/out of our Kansas' airports are too high costing our citizens over \$6,000,000 a year.**
- 2) Many passengers are driving either to Oklahoma, Missouri, or Colorado to fly at a discount out of those airports and spending valuable hours on the road.**
- 3) Airline schedules are becoming a nuisance and quality service is diminishing because of less and less competition in the marketplace.**
- 4) One major reason why many companies and businesses don't want to relocate to Kansas is our air service. Some recent companies that have left our state have cited our air service as a huge problem.**

I believe that government has a role to play in providing an environment where businesses can compete fairly, but in our airports the mega-carriers have a monopoly in price and service. Therefore, we must provide incentives to discount carriers to service our airports in order to improve service and lower our air fare costs.

I ask your consideration for moving favorably as amended HB 2038. Again, thank you for the opportunity to share this economic development initiative with you!

A handwritten signature in black ink, appearing to be "C. Anderson", written in a cursive style.



TESTIMONY

City of Wichita

Mike Taylor, Government Relations Director
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House Bill 2038 Lottery Reauthorization Airport Initiative Fund

**Delivered February 8, 2001
Senate Federal and State Affairs Committee**

The City of Wichita endorses the creation of an economic development fund to help bring competitive, affordable air fares to Wichita Mid-Continent Airport. We are pleased the House of Representatives recognizes the statewide importance of affordable air service to hundreds of thousands of Kansas travelers and realizes the major economic benefits this measure will bring to the State.

The problem of high airfares at Mid-Continent Airport are complex. The City of Wichita has been working on this issue for several years. We have very talented citizens with expert knowledge of the aviation industry serving on the Air Service Task Force. They have looked at this issue from every angle and are working on several possible ways to address it. But it is not a problem the City of Wichita can solve by itself. It is not a problem the City of Wichita should have to solve by itself.

This is an issue of statewide importance. Mid-Continent Airport is a major regional airport. It is the only major, full service airport in Kansas. It is the closest, most convenient airport for hundreds of thousands of Kansas travelers. Yet, because of high airfares, many people use airports in Missouri, Oklahoma or Colorado. High airfares at Mid-Continent Airport hurt people and businesses from western Kansas, north central Kansas, southeastern Kansas and south central Kansas, as well as the economy of the entire state.

Wichita Mid-Continent is the seventh most expensive U.S. airport in the top 100 passenger markets according to the U.S. Department of Transportation.

The positive economic impact of obtaining discount airline service at Mid-Continent Airport is indisputable. It will save Kansas citizens and businesses millions and millions of dollars a year in the cost of flying, while generating a major economic boost for the Kansas economy.

Given the extensive benefits, a \$4-million investment from EDIF/Lottery funds is a bargain.

Senate Fed + State
2-8-01
Attachment 2-1

Wichita Mid-Continent Airport

The High Cost of Flying & The Economic Toll it Takes on Kansas

Economic Impact on Kansas

- Mid-Continent Airport has seen only three years of positive growth since 1987. Those were in 1992 when airlines launched "super" fare wars during the summer months and in 1996 and 1997 when "discount" airlines Vanguard and Western Pacific served the airport.
- The minimum economic impact of discount airline service:
(according to 1999 Air Service study by Keihl Henderson Air Transportation Consultant)
- Vanguard Airlines: \$28 million economic impact
- Airtran Airlines: \$33 million economic impact
- Frontier Airlines: \$47 million economic impact
- Southwest Airlines: \$122 million economic impact

Air Fare Savings for Kansas Travelers

- Discount Air service at Mid-Continent Airport will save Kansas travelers millions of dollars:(estimates by discount carrier)
- Airtran Airlines: \$5.6 million savings in the cost of airline tickets
- Vanguard Airlines: \$6.0 million savings in the cost of airline tickets
- Frontier Airlines: \$6.7 million savings in the cost of airline tickers
- Southwest Airlines: \$20.9 million savings in the cost of airline tickets

- The positive economic impact of obtaining discount airline service at Mid-Continent Airport is indisputable. It will save Kansas citizens and businesses millions and millions of dollars a year in the cost of flying, while generating a major economic boost for the Kansas economy.
- Given the extensive benefits, a \$4-million investment from EDIF/lottery funds is a bargain.

Wichita Mid-Continent Airport

The High Cost of Flying & The Economic Toll it Takes on Kansas

- Wichita Mid-Continent is the only major, full service airport in Kansas. It is the closest, most convenient airport for hundreds of thousands Kansas travelers. Yet, because of high airfares, many people use airports in Missouri, Oklahoma or Colorado. High airfares at Mid-Continent Airport hurt people and businesses from western Kansas, north central Kansas, southeastern Kansas and south central Kansas, as well as the economy of the entire state.
- Wichita Mid-Continent is the seventh most expensive U.S. airport in the top 100 passenger markets according to the U.S Department of Transportation.

Average One-Way Domestic Airfares

- Wichita: \$205.31 or about 20 cents per mile.
- Kansas City: \$130.44 or about 15 cents a mile.
- Oklahoma City: \$142.56 or about 16 cents a mile.
- Tulsa: \$139.08 or about 16 cents a mile.
- U.S. average: \$159.37 or about 15 cents a mile.

Passengers In and Out

- Leaving: 621,378
- Arriving: 626,951
- Total: 1,248,329
- Passenger numbers for 2000 are expected to be down as much as 2%
- It's estimated high airfares cost Kansas 300,000- 400,000 travelers a year.
- In 1996, when two discount carriers, Vanguard and Western Pacific served Mid-Continent Airport, a grand total of 1,427,542 fly in and out of Wichita.

STAND UP FOR KANSAS

P.O. Box 780127 • Wichita, KS 67278 • (316) 634-2674

**Testimony to Senate Federal and State Affairs Committee
on House Bill 2038**

by

Glenn O. Thompson

Executive Director, Stand Up For Kansas

February 8, 2001

Introduction

Good morning Senator Harrington and other members of the committee. Thank you for this opportunity to speak at this public hearing. As in the past, I am speaking on behalf of grassroots citizens across the state who oppose the expansion of gambling in Kansas.

As you may know, HB 2109 was amended into HB 2038 during debate in the House. **We have taken a neutral position on the lottery renewal sections of HB 2038, but we urge you to support those sections related to HB 2109.**

In 1998, a bill (HB 2999) similar to HB 2109 passed the House **107 to 16** and was forwarded to the Senate and then to this committee. However, the legislative session ended before the committee could work the bill.

The sections of this bill related to HB 2109 place needed constraints on Ks. Lottery operations. Specifically, these sections:

- 1) Closes loopholes in lottery statutes related to the prohibition of lottery machines;
- 2) Prohibits sales of lottery tickets from vending machines;
- 3) Prohibits sale of lottery tickets and lottery advertising on the internet;
- 4) Prohibits sale of lottery tickets using credit cards;
- 5) Restores the time between Keno games from four to five minutes, and
- 6) Requires Ks. Lottery advertising to meet the advertising standards of the North American Association of State and Provincial Lotteries (NASPL).

Now, I would like to discuss each of these topics very briefly.

Senate Fed + State
2-8-01
Attachment 3-1

1. **Close loopholes in lottery statutes with regard to the prohibition of lottery machines**

In 1992, the legislature amended the Kansas Lottery Act to prohibit operation of video lottery machines. Since that time, Kansas Supreme Court rulings, Attorney General opinions, court cases in other states and advanced computer technology have exposed **loopholes and ambiguities** in the statutes. To save time, I am not going to discuss these loopholes. Specific problem areas are discussed in Appendix 1 of my written testimony. At this time, I simply want to emphasize that these loopholes and ambiguities need to be eliminated **so legislators and citizens can understand the gambling policy of our state with respect to lottery machines.**

2. **Prohibit sales of lottery tickets from vending machines**

In 1998 the Kansas Lottery began installing lottery ticket vending machines in bars. The previous executive director stated that he would like to expand these locations to other retail outlets, such as restaurants, if the machines were successful in bars.

Lottery machines are extremely addictive. Access is easy and gratification time from bet to prize is immediate. So, it's easy to get hooked.

Kansas statutes do not prohibit minors being in bars. Teenagers can purchase soft drinks in bars as easily as adults can purchase alcoholic drinks. K.S.A. 41-727 states only that: "No person under 21 years of age shall possess, consume, obtain, purchase or attempt to obtain or purchase alcoholic liquor or cereal malt beverage except as authorized by law." **In fact, one out of three Kansas bars sells liquor to minors.** A 1998 legislative post audit of ABC stated: "... current noncompliance with laws prohibiting sales (of liquor) to minors is high --- as high as 48% in establishments that are known to have a history of violating the state's liquor laws, and 32% in establishments chosen at random."

Why should tobacco vending machines be prohibited in public places open to minors but not lottery ticket vending machines? Ks. statutes prohibit retailers to "sell cigarettes or tobacco products by means of a vending machine in any establishment, or portion of an establishment, which is open to minors..." except behind a counter or in a place where minors are prohibited by law from having access. (KSA 79-3321)

3. Prohibit sale of lottery tickets and lottery advertising on the internet

Some states are considering selling lottery tickets over the Internet to increase sales. Last January, the Ohio Lottery Profits Review commission heard proposals from several internet lottery sales companies.

A federal internet gambling law being considered by Congress would specifically exempt internet lotteries while outlawing many other forms of online gambling. That would leave governing of lottery internet games up to the states.

GTECH Corp., the company that provides lottery services for the Ks. Lottery, is betting that internet gambling will eventually be legalized in the U.S. In fact, in 1998 the company launched a wholly owned subsidiary, UWin!, dedicated to developing new lottery games especially for the internet.

Legalizing lottery internet sales on home computers would increase problem gambling drastically, particularly among youth, since lottery tickets would be even easier to purchase.

4. Prohibit sale of lottery tickets using credit cards

Betting with credit cards contributes to gambling addiction. Prohibiting sale of lottery tickets on credit will help reduce the number of problem gamblers in the state.

5. Restore the time between Keno games from four to five minutes

Time from bet to prize is one of the most significant factors of gambling addictions. The shorter the time, the more addictive the game. During the initial years of operation, the time between Keno games was five minutes. However, in recent years, the Ks. Lottery reduced the time from five minutes to four minutes to increase sales. This bill would restore the time to five minutes.

6. Require Ks. Lottery advertising to meet the advertising standards of the North American Association of State and Provincial Lotteries (NASPL)

The North American association of State and Provincial Lotteries (NASPL) approved a list of advertising standards for their members on March 19, 1999. These standards address the content and tone of lottery advertising, including the use of minors in ads, the inclusion of game

information and a clear listing of lottery revenue beneficiaries. A copy of these standards is attached.

Conclusion

In conclusion, this bill closes loopholes in lottery statutes related to prohibition of lottery machines and places needed constraints on lottery operations. **We urge your support.**

Appendix 1

Loopholes in Ks. statutes related to lottery machines

1. The present statute **does not prohibit** lottery machines that dispense preprinted lottery tickets. In fact, the **Ks. Lottery is presently operating lottery ticket dispensers at retail facilities.**

In 1996, the Attorney General (AG) offered an opinion that a **pull-tab dispenser**, displayed in the capitol that year, **is not prohibited.** (AG opinion 96-39) You may recall that the machine looked like a slot machine, functioned like a slot machine, and in the opinion of many legislators, was a slot machine. The only difference was that the machine dispensed preprinted paper pull-tabs, printed in California, rather than metal tokens. The AG said the machine is legal since "... the vending machine does not generate the tickets, it merely dispenses them." In other words, if tickets are generated in the machine, the machine is prohibited. If the tickets are generated outside the machine the machine is legal. Why should the location of the ticket printer determine the legality of the machine?

2. The present statute **does not clearly prohibit** operation of a lottery machine **controlled from a remote computer.** The present statute appears to prohibit only machines controlled by internal computers (microprocessors). Several opinions provided by the AG seem to support this position. (AG opinions 92-125 and 96-39) Why should the location of the computer determine the legality of the machine?
3. The present statute **does not prohibit** operation of non-electronic (mechanical) slot machines. The AG thinks these machines are prohibited, but the AG's rationale is controversial. (AG opinion 92-125)
4. The present statute **needs to be more explicit in the area of "skill" versus "chance."** This is becoming an issue in several states. In fact, the South Carolina Supreme Court has agreed to hear a case on this issue. Gambling proponents contend that a video poker machine is not a lottery machine since "skill predominates over chance." According to proponents, the only activity involving chance is dealing of the cards, and all other plays are based on skill.

NASPL ADVERTISING STANDARDS

The North American Association of State and Provincial Lotteries (NASPL) approved a list of advertising standards for their members on March 19, 1999.⁷⁸ These standards address the content and tone of lottery advertising, including the use of minors in ads, the inclusion of game information and a clear listing of lottery revenue beneficiaries. According to the NASPL, signatory NASPL members "will conduct their advertising and marketing practices in accordance with the provisions of these standards."⁷⁹ These advertising standards are outlined below:

Content:

- Advertising should be consistent with principles of dignity, integrity, mission, and values of the industry and jurisdictions.
- Advertising should neither contain nor imply lewd or indecent language, images or actions.
- Advertising should not portray product abuse, excessive play, nor a preoccupation with gambling.
- Advertising should not imply nor portray any illegal activity.
- Advertising should not degrade the image or status of persons of any ethnic, minority, religious group nor protected class.
- Advertising by lotteries should appropriately recognize diversity in both audience and media, consistent with these standards.
- Advertising should not encourage people to play excessively nor beyond their means.
- Advertising and marketing materials should include a responsible play message when appropriate.
- Responsible play public service or purchased media messages are appropriate, especially during large jackpot periods.
- Support for compulsive gambling programs, including publications, referrals and employee training is a necessary adjunct to lottery advertising.
- Advertising should not present, directly nor indirectly, any lottery game as a potential means of relieving any person's financial or personal difficulties.
- Advertising should not exhort play as a means of recovering past gambling nor other financial losses.
- Advertising should not knowingly be placed in or adjacent to other media that dramatize or glamorize inappropriate use of the product.

⁷⁸ In addition to the national standards provided by NASPL, many state lotteries have created their own guidelines for advertising. The advertising codes for 24 lottery states were forwarded to the NGISC on April 20, 1999.

⁷⁹ See NASPL Advertising Standards, sent to NGISC by George Anderson, April 1999.

Tone:

- The lottery should not be promoted in derogation of nor as an alternative to employment, nor as a financial investment, nor a way to achieve financial security.
- Lottery advertisements should not be designed so as to imply urgency, should not make false promises, and should not present winning as the probable outcome.
- Advertising should not denigrate a person who does not buy a lottery ticket nor unduly praise a person who does buy a ticket.
- Advertising should emphasize the fun and entertainment aspect of playing lottery games and not imply a promise of winning.
- Advertising should not exhort the public to wager by directly or indirectly misrepresenting a person's chance of winning a prize.
- Advertising should not imply that lottery games are games of skill.

Minors:

- Persons depicted as lottery players in lottery advertising should not be, nor appear to be, under the legal purchase age.
- Age restriction should, at a minimum, be posted at the point of sale.
- Advertising should not appear in media directed primarily to those under the legal age.
- Lotteries should not be advertised at venues where the audience is reasonably and primarily expected to be below the legal purchase age.
- Advertising should not contain symbols nor language that are primarily intended to appeal to minors or those under the legal purchase age.
- The use of animation should be monitored to ensure that characters are not associated with animated characters on children's programs.
- Celebrity or other testimonials should not be used that would primarily appeal to persons under the legal purchase age.

Game information:

- Odds of winning must be readily available to the public and be clearly stated.
- Advertising should state alternative case and annuity values where reasonable and appropriate.

Beneficiaries:

- Lotteries should provide information regarding the use of lottery proceeds.
- Advertising should clearly denote where lottery proceeds go, avoiding statements that could be confusing or misinterpreted.



Bill Graves
Governor

Ed Van Petten
Executive Director

**TESTIMONY
BEFORE THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
REGARDING HB 2038**

**By: Ed Van Petten, Executive Director - Kansas Lottery
February 8, 2001**

Madam Chairman and Members of the Committee:

As you are well aware, this measure passed from the House by a margin of 82 to 40, showing a desire by the vast majority that the Kansas Lottery continue operations. While on the floor of the House, the original House Bill 2038 received two amendments. These are amendments that should be addressed separately.

The first amendment would provide that the State Gaming Revenues Fund be increased to \$54 million per year, of which \$4 million would be transferred to the newly created "Airport Services Improvement Fund." While the Kansas Lottery is not opposed to the creation of such a fund, it is a matter that should be addressed on its own merits in the appropriation process.

In the event the Senate determines to pass House Bill 2038 as it was received, that issue would be a moot point, as there would in all probability not be \$54 million transferred from the Kansas Lottery to the State Gaming Revenues Fund. The reason for that is the second amendment beginning at section 4 of House Bill 2038.

The second amendment proposes many changes and restrictions in the operation of the Kansas Lottery. Proposed changes in the Keno game could have a negative impact on the State

Treasury in excess of \$3.0 million. Other economic impacts of the bill are impossible to determine, but would be substantial.

The Internet site maintained by the Kansas Lottery, at this time, receives approximately 30,000 visits monthly. Obviously, this is a service relied upon by many individuals to determine winning numbers, prize amounts, and play information. This would apparently be eliminated by this act as proposed. You have previously voiced concerns regarding information which targets low income Kansans. Certainly, the Internet is one method of advertising that would not have that effect.

House Bill 2038, as it now reads, would prohibit the payment for a lottery ticket by credit card. At first blush, this seems like an admirable gesture. However, retailers currently receive 5.0 percent profit on lottery products. They discourage payment for lottery products by credit card because they pay a fee of 3.0 percent or more on most credit cards which they utilize. This, therefore, reduces their profit. Whether to accept a credit card is a decision to be made by the retailer, not the Kansas Legislature. In the event a customer comes to the counter with \$50 worth of merchandise and wishes to purchase lottery products in addition, there would be a necessity for two retail transactions as opposed to one.

The law also does not say anything about a debit card. How many in this room can tell the difference between a credit card and a debit card simply by looking at them? How many retail businesses want to trust compliance of this law to employees who may not know the difference between a credit card and a debit card? As written, a person could be jailed for a period of up to one year for one mistake in judgment in accepting a credit card for a purchase that includes even \$1 worth of lottery products.

There has been quite a bit of talk regarding the advertising of the Kansas Lottery. This measure also addressed this issue. I submit to you, attached to this testimony, a listing of all awards won by the Kansas Lottery Marketing Division since 1998. You will see that concerns regarding this matter are not founded.

I strongly urge you to amend House Bill 2038 to its original form, without amendments, and pass it to the floor of the Kansas Senate.



Kansas Lottery

Bill Graves
Governor

Ed Van Petten
Executive Director

**Kansas Lottery Marketing Awards
1998 - 1999 - 2000**

Year	Award	Media	Title
2000	Batchy 1st place	Radio	Robin Hood
2000	Batchy Finalist	Radio	Fill in the Blank
2000	Batchy Finalist	Print	Keno
2000	Batchy Finalist	Newsletter	<i>Kansas Winners</i> Player Newsletter
2000	Omni 1st place	Radio	Fill in the Blank
2000	Omni 3rd place	Radio	Coping Strategies
2000	Omni 3rd place	Radio	Robin Hood
2000	Omni 3rd place	TV	Rap Tractor
2000	Omni 3rd place	TV	Bring Your Mom to Work
2000	Telly 1st place	TV	Rap Tractor
1999	Batchy Finalist	Print	Annual Report
1999	Batchy Finalist	Newsletter	<i>Kansas Winners</i> Player Newsletter
1999	Batchy 1st place	Outdoor	I'd Tell Blank to Blank
1999	Omni 2nd place	Radio	Snappy
1999	Omni 3rd place	TV	Golf/Garth
1999	Omni 2nd place	Radio	Shatner Sings
1999	Omni 3rd place	Radio	Peter Graves
1999	Addy	Radio	Peter Graves
1999	Addy	TV	Golf/Garth
1999	New York Festival	TV	Golf/Garth
1999	Telly 1st place	TV	Cash 4 Life
1999	Clio Finalist	Outdoor	Fill in the Blanks
1998	Batchy 1st place	Newsletter	<i>Kansas Winners</i> Player Newsletter
1998	Batchy Finalist	Outdoor	I'd Tell Blank to Blank
1998	Batchy Finalist	Radio	Cash 4 Life
1998	Batchy Finalist	Print	Crossword
1998	Batchy Finalist	TV	Model Plane
1998	Omni 1st place	Outdoor	I'd Tell Blank to Blank

- ◆ The **Batchy** awards are presented to members of the North American Association of State and Provincial Lotteries for outstanding advertising achievements.
- ◆ **Omni** and **Addy** awards are regional awards for exceptional advertising.
- ◆ **Telly** awards are the national competition from Omni winners at the regional levels.
- ◆ **Clio** and **New York Festival** awards are international recognition.
- ◆ **Tom Hofts**, Marketing Director of the Kansas Lottery, was named the “International Marketing Director of the Year” in 1999 at the LaFleur’s Lottery World Symposium.
- ◆ **Colleen O’Neil**, Advertising Manager of the Kansas Lottery, was named the “International Advertising Manager of the Year” in 1998 at the LaFleur’s Lottery World Symposium.

Kansas Lottery Advertising Guidelines

1. Advertisements will not portray players or retailers in a negative manner.
2. Advertisements will not feature minors.
3. If advertisement features situations where the characters in the advertisement purchase items with their winnings from a specific game, all items must cost no more than the top prize for the featured game less state and federal income tax withholding.
4. Television ads for specific games will visually state the overall odds of winning for that game.
5. All television ads will be close-captioned for ADA compliance.
6. Advertisements will not appear in children's programming. This restriction does not exclude programming that would be considered "family" programming.
7. All media plans will be reviewed for potential controversial programming content before the buy is placed.
8. How to play brochures for lottery games will feature a source to contact for information on problem gambling.



NASPL ADVERTISING STANDARDS

Approved March 19,1999

Introduction

The producers and marketers of lottery products encourage responsible decision-making regarding lottery play by adults, and discourage abusive use of their products. The lottery industry urges that adults who choose to play the lottery, do so responsibly. Signatory NASPL members will conduct their advertising and marketing practices in accordance with the provisions of these Standards.

Content

1. Advertising should be consistent with principles of dignity, integrity, mission and values of the industry and jurisdictions.
 - Advertising should neither contain nor imply lewd or indecent language, images nor actions.
 - Advertising should not portray product abuse, excessive play nor a preoccupation with gambling.
 - Advertising should not imply nor portray any illegal activity.
2. Advertising should not degrade the image or status of persons of any ethnic, minority, religious group nor protected class.
3. Advertising by lotteries should appropriately recognize diversity in both audience and media, consistent with these standards.
4. Advertising should not encourage people to play excessively nor beyond their means.
 - Advertising and marketing materials should include a responsible play message when appropriate.

- Responsible play public service or purchased media messages are appropriate, especially during large jackpot periods.
- Support for compulsive gambling programs, including publications, referrals and employee training is a necessary adjunct to lottery advertising.
- Advertising should not present, directly nor indirectly, any lottery game as a potential means of relieving any person's financial or personal difficulties.
- Advertising should not exhort play as a means of recovering past gambling nor other financial losses.
- Advertising should not knowingly be placed in or adjacent to other media that dramatize or glamorize inappropriate use of the product.

Tone

1. The Lottery should not be promoted in derogation of nor as an alternative to employment, nor as a financial investment nor a way to achieve financial security.
2. Lottery advertisements should not be designed so as to imply urgency, should not make false promises and should not present winning as the probable outcome.
3. Advertising should not denigrate a person who does not buy a lottery ticket nor unduly praise a person who does buy a ticket.
4. Advertising should emphasize the fun and entertainment aspect of playing lottery games and not imply a promise of winning.
5. Advertising should not exhort the public to wager by directly or indirectly misrepresenting a person's chance of winning a prize.
6. Advertising should not imply that lottery games are games of skill.

Minors

1. Persons depicted as lottery players in lottery advertising should not be, nor appear to be, under the legal purchase age.
2. Age restrictions should, at a minimum, be posted at the point of sale.
3. Advertising should not appear in media directed primarily to those under the

legal age.

4. Lotteries should not be advertised nor marketed at venues where the audience is reasonably and primarily expected to be below the legal purchase age.

5. Advertising should not contain symbols nor language that are primarily intended to appeal to minors or those under the legal purchase age.

- The use of animation should be monitored to ensure that characters are not associated with animated characters on children's programs.
- Celebrity or other testimonials should not be used which would primarily appeal to persons under the legal purchase age.

Game Information

1. Odds of winning must be readily available to the public and be clearly stated.
2. Advertising should state alternative cash and annuity values where reasonable and appropriate.

Beneficiaries

1. Lotteries should provide information regarding the use of lottery proceeds.
2. Advertising should clearly denote where lottery proceeds go, avoiding statements that could be confusing or misinterpreted.

[| Home](#) | [| NASPL News](#) | [| Our Members](#) | [| Links](#) | [| History](#) | [| Problem Gambling](#) |
[| National Gambling Issues](#) | [| Did You Know?](#) | [| Resource Link](#) | [| Gambling Studies](#)
[| Where the Money Goes](#) |

Hi – my name is Denise Renee Fiehler and I am a compulsive gambler. I would like to speak with you today regarding my gambling addiction, in which I have found that I am not alone. I live in Emporia, KS – 80 miles from the closest casino. I am married and have a beautiful daughter who is 14 years old (freshman in high school). My daughter is wonderful child who brings home straight A's, is involved in sports and has nice friends. My family is middle-income with both parents working. I am, by all means, kind, compassionate, responsible, considerate, honest and trustworthy. Until I crossed the line and embezzled money from two different businesses, for my gambling addiction. I am now a felon. A title I never thought I'd have. I had never been in trouble with the law, but now I've been to jail to be booked twice. I thank God everyday that he has kept me alive (sometimes I don't understand why) and out of prison. I have to see the people's faces who once trusted and respected me. I will live with the guilt, shame and humiliation for the rest of my life, as well as the restitution money I owe. I have lost many whom I considered were my friends because they can't fathom that I could have done this. I still to this day can not understand why I embezzled, I do know right from wrong, this addiction is way more powerful than I can tell you. I have hurt many people, who would rather see me in prison or dead. I have tried to explain that I have a progressive illness like alcoholism and narcotics, and to please not take my gambling addiction personally.

Senate Fed & State
2-8-01
Attachment 6-1

Gambling is legal – gambling is socially acceptable – gambling is fun – so when did it become my addiction? My path to my addiction, to the best of my knowledge, began 7 years ago. Whenever I filled up my car with gas I'd buy \$5.00 in scratch off tickets, and I'd surely not miss the Wednesday or Saturday drawings of the lottery. Dreams. High Hopes. Never happened. Then I found slot machines, ever hoping for a higher payoff. While I found slot machines, I still continually played the lottery – still hoping. My husband and I would go to Harrahs in Kansas City as a night out once every couple of months. Every now and then we would win by playing quarter slots and come home with an extra \$500 - \$1000. Because of the length of time we were on the slots Harrahs would give us a free hotel room and meals. When the Station Casino opened we would also visit and gamble there. The Station Casino would give us free meals at the buffet. This was my husbands and my time together. About 5 years ago my gambling increased to once or twice a month. I would never want to leave to go to the room to sleep, I barely ate – at that time we were still playing \$.25 slots. During this time I was working at Valu-Line of Kansas as asst. comptroller, a job I loved as well as the people there. Once Harrahs, north of Topeka opened approximately 4 years ago, I was driving up there 1 to 2 nights a week. Harrahs staff made me feel so comfortable and at home. I got to know regular gamblers, the casino hosts and casino managers, I felt close to them and they knew all about me. Harrahs made

it very easy for me to get any amount of money I needed to continue to gamble and lose. When I was embezzling money I wrote checks to pay off the cash advances to my Visa card, I wrote checks to businesses, and to myself and deposited them in my personal checking account. The complimentary perks, such as free hotel rooms, free food, valet parking, made me feel very special. I was still playing slots - \$.25, \$.50 and sometimes \$1.00. It was July of 1997 that I actually crossed the line and started embezzling money from Valu-Line, at first with the intention of paying back, but eventually just as a means to gamble. Every time I'd pass the middle of the casino I'd look at the high limit machines and say "no way" but for some reason I couldn't stop thinking about them. About 2-½ years ago I started to drive up there 4 to 5 nights a week, making sure that I was home by 3:15 am when my husband left for work. At this point, gambling was all I could think about. It consumed my whole thought process and became my "priority" in life. The compulsion was uncontrollable. I would drive home from the casino asking God to please help me quit gambling and contemplating suicide because I felt worthless and all alone, but by the next day all I could do was to find a way to go back. I know now that they go together hand in hand. During the time I worked at Valu-Line of Kansas they were bought out by Birch Telecom. They sent auditors from Ernst & Young out of New York. I thought for sure I would be caught, but I wasn't. That scare still didn't enable me to stop

gambling. In January of 1999 I was offered a job as accountant at Complex Corp. in Emporia. I believed it was God's answer to all my prayers to stop gambling and turn my life back around. Even though I did not want to leave Birch and my friends there. I honestly was going to stop gambling, but the gambling got worse, I was completely out of control. One day I decided to play the \$10.00 machines. I put in \$200.00 and won \$3600. Before getting paid from the attendant, I moved down 2 machines and hit \$3600 again. The other gamblers around me were frustrated with me because I was not betting 2 coins. After that I was hooked on the high limit slots. I found myself losing big, however, I would not leave the casino. I would obtain more money in the hopes of winning back my losses. I played \$5.00 slots, two coins at a time – I started to play \$10.00 slots, one or two at a time – I started to play \$25.00 slots, one or two coins at a time and then I started to play the \$100.00 machines, just knowing that I was going to win the \$162,000. In 1999 I won over \$176,000 of taxable jackpots – but lost that and the money I had embezzled to keep me in action, so I gave the casino around \$290,000. I loved my job at Complex as well as the people I worked with, but I couldn't stop. I just about ran this business into the ground because of my gambling addiction. What I have just explained to you has taken me to the depths of hell. For the past 3 ½ years all that I have thought about was there was no way out of this way of life and I wasn't happy with myself and who I've become and how I was hurting

everyone around me. Although I don't believe now that I would do it, the thought of suicide felt like my only choice. I hated my life of gambling. I didn't know how to ask for help. I'd drive home swearing off gambling, praying to God for help and not knowing what to do and not knowing why this addiction was so powerful. I would say that I wasn't going back, but by noon the next day I was trying to figure out when I could go, I needed my "fix". I can't count how many times in the past 5 years I wanted to quit, or to gamble responsibly. I know now that I wasn't gambling for any amount of money. It wouldn't matter how much I'd win – I'd just gamble it back. GA has taught me that I have a progressive illness. A compulsive gambler does not know or have any concept of the amount of the losses, I sure never kept track. Money is just a means to keep in action to fulfill the addiction. I regret that I didn't have the knowledge that I have now from attending GA meetings, 12-step program meetings and the counseling at St. Francis. I have been told that the suicide rates are up 10% with gambling addicts, and will surely continue to grow. I understand that the responsibility lies with the people who gamble, but should the casinos be held with some of that responsibility for spotting gambling addicts? The casinos say that they can spot a compulsive gambler and will give them literature regarding the addiction. One question I might ask you, is this – Why was I never approached by a casino host or manager and given literature regarding gambling addiction? Harrahs knew exactly how much

money I was spending, they knew what my income was – yes, I crossed the line and I am paying the consequences. I have not yet met a person who is addicted to gambling that was ever approached with literature regarding gambling addiction. Why don't they hire someone like me, who has been there and would actually hand out the literature. Are they that money hungry? Do they care at all who and how many get hurt? Don't they understand that they are playing a part in this destruction? Maybe it wouldn't help, but then again maybe someone would read it and gain the knowledge that I now hold on to. People who gamble are losing their lives, families, homes, and retirement money over this addiction. I have a close friend, 39 years of age, who has banned herself from Harrahs – her picture was taken and everything. But she has continued to gamble there, even writing checks at Harrahs to gain more money to gamble with. She is about to lose her husband, and two beautiful little boys. She is suicidal and I'm very worried about her. How could Harrahs allow this to happen? One time when I was playing High Limit slots I met a teacher in her 40's who was gambling in the same area. We talked quite a bit, then about 1 a.m. she noticed her purse had been stolen. We got a hold of security, the tape showed it being stolen. She had no keys to her car, out of money, no credit card, etc.. Harrahs did offer her a hotel room but would not give her any money. We had both lost thousands that evening. I gave her my last \$200.00 and my address, she hailed a cab ride to her home 1 ½ hours

away. She sent me a check for the money, but why couldn't Harrahs of given her what she needed? There are nice people who are gambling and becoming addicted. I've met a college student who is hooked on internet gambling, actually took money from the business he was working for to pay off gambling debt. He now owes that money, plus credit card debt and struggles not to gamble. I know a women in her 60's who has gambled away her savings, sold her business and gambled that money too. A gentleman from Hartford has gambled away his retirement from the railroad, mortgaged his house, sold anything he owned of value, and his wife still can't stop him. I can go on and on with stories that remain unheard. Right now the gambling addicts are suffering a silent cry, with not much attention. Do we have to wait for the monstrous roar before we offer them the guidance they need? I hope not. Look around you – Gambling advertisements are everywhere, much more prevalent than alcohol. Commercial advertising, billboard advertising, but the best advertisement is word of mouth. I hear a gambling story everyday where I work, most people don't talk about the losses, just the wins. I will be working the program for the rest of my life – One Day At A Time.

Thank you so much for listening to me, I need to get this story out.

Dear all persons concerned with Birch Telecom,

I want to apologize from the bottom of my heart for the hell I've put you through. I have a very serious addiction to gambling. You might never understand this addiction but I'd like to tell you how I feel.

I thought gambling was making me "someone", but instead it was making me "no-one". I have never had any self-worth and how I was so blinded by gambling, I myself still can't fathom it. I see now that gambling takes you to the depths of hell; you don't want to live, because of the person you've become – you contemplate suicide often – you have hurt, beyond hurt, everyone you hold dear to your heart – you forget (reason out) right and wrong. All you can say is how very sorry you are, but the word doesn't mean how deep you feel.

I was astonished (as I know you were too) when the amount I gambled (threw away) was totaled. I own nothing, as a result of all the money I took from the company. The money contributed solely to my addiction to gamble. But with all that money gone – like I said – you gamble your life away. I'm so sorry.

I would drive home every night after gambling asking God to help me quit gambling and contemplating suicide. But by the next day I was finding a way to go back to the casino. When the job at Camplex opened I thought it was Gods way of telling me he opened the door for me to quit gambling. I didn't want to leave Birch but the hell I was going through for gambling I decided this would be best. I honestly was going to stop gambling completely and turn my life back around, but the gambling got worse. I was out of control. I didn't know how to ask for help. I have now lost at life, but I do now thank God everyday that I am still alive. I lost the two best jobs (at Birch and Camplex) that I ever had due to my gambling addiction. The people I worked with were awesome too. I'm asking you to please not take my gambling addiction personally towards you. It's a progressive illness like alcoholism and narcotics and with the help of my counseling at St. Francis and attending GA (Gamblers Anonymous) meetings I now have the knowledge I needed years ago. I will be working the program for the rest of my life – One Day At A Time.

I couldn't have gotten through this without the love and support of family and friends. This is not the "Denise" that God wanted me to be, and I will try for the rest of my life to be the person I was (but stronger) before gambling.

You all are such wonderful people – I am so sorry that I hurt you so badly. I hope that someday you could forgive me for the wrongs that I have done.

I am truly so sorry to hurt you,

Most compulsive gamblers will answer yes to at least seven of these questions.

1. Did you ever lose time from work or school due to gambling?
2. Has gambling ever made your home life unhappy?
3. Did gambling affect your reputation?
4. Have you ever felt remorse after gambling?
5. Did you ever gamble to get money with which to otherwise solve financial difficulties?
6. Did gambling cause a decrease in your ambition or efficiency?
7. After losing did you feel you must return as soon as possible and win back your losses?
8. After a win did you have a strong urge to return and win more?
9. Did you often gamble until your last dollar was gone?
10. Did you ever borrow to finance your gambling?
11. Have you ever sold anything to finance gambling?
12. Were you reluctant to use "gambling money" for normal expenditures?
13. Did gambling make you careless of the welfare of yourself or your family?
14. Did you ever gamble longer than you had planned?
15. Have you ever gambled to escape worry or trouble?
16. Have you ever committed, or considered committing, an illegal act to finance gambling?
17. Did gambling cause you to have difficulty in sleeping?
18. Do arguments, disappointments or frustrations create within you an urge to gamble?
19. Did you ever have an urge to celebrate any good fortune by a few hours of gambling?
20. Have you ever considered self destruction or suicide as a result of your gambling?

TESTIMONY OF KANSAS COALITION OF PROBLEM GAMBLING

FEBUARY 8, 2001

Madam Chairperson and distinguished committee members, thank you for the opportunity to appear before you this morning. I am Joyce Markham, President-elect of the Kansas Coalition on Problem Gambling. I am also a certified compulsive gambling counselor affiliated with St. Francis Chemical Dependency Treatment Services of St. Francis Hospital and Medical Center here in Topeka.

The American dream today for many includes winning the lottery so that everything else will be "Easy Street."

As legalized gaming has expanded to 48 of the 50 states with the exceptions of Utah and Hawaii, states have found a "painless" way to increase state revenue without increasing taxes.

For most individuals, occasional gaming will not result in problem gaming. For approximately 7% of all gamblers, gambling does result in problem gambling. For 1-2% of the population, gambling will result in compulsive behavior that may result in suicide, bankruptcy, divorce, and loss of hopes and dreams.

Since 1996, St. Francis Gambling Treatment program has been treating problem gambling clients. For many that seek treatment, they could not afford to pay for the treatment program. Insurance companies, for the most part, will not pay for the treatment of problem gambling.

Senate Fed + State
2-8-01
Attachment 7-1

One individual lost a 25 year marriage because of the debt he created from \$1.00 scratch tickets which rolled over into \$12,000 in debt. He thought about suicide believing that his family would at least have the insurance money to pay off his debts.

I am here today to request that the lottery put a percent of legalized gaming revenue into a dedicated fund to help finance treatment program for problem gamblers and for prevention/education.

The Coalition of Problem Coalition has worked with the Kansas SRS/SATR to help establish a toll free number to be available state wide, and provide training and education to help-line worker. Twenty individuals are involved in training for certification as compulsive gambling counselors.

We hope you give this growing problem your most serious concern and attention. We have an opportunity now to help stem the rising tide of problem gambling in our state. Please help us help some of our most vulnerable citizens who are either now or in the future will be caught in the web of problem gambling that our state has now made more accessible.

Thank-you for giving us the opportunity to share our concerns and hopes with you today.

**Testimony on HB 2038
February 8, 2001**

**Bernie Koch
Wichita Area Chamber of Commerce**

Senator Harrington, members of the committee, I'm Bernie Koch with the Wichita Area Chamber of Commerce. You've already heard testimony from me in support of renewal of the Kansas Lottery. I wanted to appear before you today in support of the House amendment to HB 2038 that establishes an airport services improvement program.

Many of you may not be familiar with the serious challenge facing South Central Kansas economy in the area of air service. No topic in the Wichita area generates more intensity than the subject of airfares. At our Chamber Board of Directors retreat last year, the topic kept surfacing as a matter of great concern.

We have a good airport in Wichita's Mid-Continent. We have eleven airlines serving ten cities with 44 scheduled departures daily. That's twice as many airlines as cities of similar size.

We are in the top 100 U.S. airports in terms of passenger count. To give you some perspective, Kansas City International Airport is ranked 35th in the country. We are ranked 95th. However, on average, we have the 7th highest airfares in the country.

On some routes, we are very competitive with Kansas City. We have lower average fares than Kansas City on trips to Seattle, Boston, New York City, Miami, Washington, D.C., and Memphis.

However, our fares have increased over 20 percent in the last three years to Chicago, Minneapolis, Salt Lake City, Atlanta, Denver, Houston, Phoenix, Dallas/Ft. Worth, and Kansas City.

The difference between three years ago and now is that we had a discount carrier at the time. That carrier no longer serves Wichita.

This is a Chamber and economic issue because our business community is a major user of the airport. The last survey of passengers was done four years ago. At that time 54 percent of those flying out of Wichita Mid-Continent were flying on business, while 46 percent were taking a personal trip. Twenty-six percent of all of those flying identified themselves as an executive, manager, or consultant.

That survey also found that 53 percent of departing passengers resided in Kansas. However, 43 percent resided outside of Kansas and 4 percent were residents of foreign countries.

Senate Fed + State
2-8-01
Attachment 8-1

So, here's the picture that presents. This is not just a local airport being used by local people. It's an airport with strong business usage by Kansans and business people from elsewhere in the country and the world. Our business people from the region use Mid-Continent to do business in other parts of the country and the world, but it also brings business people into Kansas.

High airfares make it more difficult for our people to get out to do business, and for the rest of the world to get to us to buy our products and services.

That's why this is an issue for the entire state. In 1999, Sedgwick County generated \$12.8 billion in personal income. That's 18 percent of all of the personal income generated in the state. High airfares threaten our ability to do business and that threatens the revenues that you depend on to run state government.

Finally, let me say something about free markets. Some might say, isn't this just the marketplace? I can tell you that even my staunchest free-market members support this legislation. That's because the airline market is not a functioning free, competitive market.

Airlines have monopolies on certain routes. Our only route with competition is Dallas/Ft. Worth. The limited availability of gates at hubs restricts competition. The air traffic control system in this country is antiquated and inadequate, and that limits traffic.

We believe there's an appropriate role for government in all of this. It is to provide incentives based on the delivery of needed service at a rate that provides a high cost-benefit ratio. I believe the House amendment to the Lottery extension provides the flexibility to do that. I also believe that local governments in the area will step forward to partner with the state in this matter.

Thank you for your attention.

Eleven Airlines

Provide Nonstop Service to 10 Major Cities from Wichita Mid-Continent Airport

<u>Airline</u> <u>Reservation</u> <u>Equipment</u> <u>Number</u>	<u>Daily</u> <u>Airport</u> <u>Gate</u>	<u>Nonstop</u> <u>Service</u>	<u>Number</u> <u>of Daily</u> <u>Departures</u>	<u>Aircraft</u>
American West (800-235-9292) http://www.americawest.com	1	Phoenix	2	Boeing 737
American (800-433-7300) http://www.aa.com	6	Dallas/Ft. Worth	5	Fokker 100
American Eagle (800-433-7300) http://www.aa.com	6	Dallas/Ft. Worth	3 1	Saab SF 340 ATR 72
Atlantic Southeast (Delta Connection) (800-282-3424) http://www.delta-air.com	11 11	Dallas/Ft. Worth Atlanta	5 3	Embraer 120 Brasilia Canadair Regional Jet
COMAIR (Delta Connection) (800-354-9822) http://www.fly-comair.com	11	Cincinnati	2	Canadair Regional Jet
Continental Express (800-523-3273) http://www.continental.com	3	Houston	3	Embraer Regional Jet-145
Northwest (800-225-2525) http://www.nwa.com	2	Memphis	1	McDonnell Douglas DC-9
Northwest Airlink (800-225-2525) http://www.nwa.com	2	Memphis	2	Canadair Regional Jet
TWA (800-221-2000) http://www.twa.com	5	St. Louis	3 3	McDonnell Douglas DC-9 Boeing 717
United (800-241-6522) http://www.united.com	10 10	Chicago Denver	3 3	Boeing 737 Boeing 737
USAirways Express (800-428-4322) http://www.usair.com	7	Kansas City	5	Beech 1900-D

For more information, contact the Wichita Airport Authority at (316) 946-4700 or www.flywichita.org

Effective: January, 2001

Morris Dunlap

Chair, State Legislative Affairs Committee

Wichita Independent Business Association

Kansas Organization for Private Enterprise

WRITTEN TESTIMONY IN SUPPORT OF HB 2038

Renewing the Kansas Lottery

Good morning Mr. Chairman and committee members. Thank you for the opportunity to submit written testimony in support of HB 2038.

My name is Morris Dunlap and I am writing to you on behalf of the Wichita Independent Business Association (WIBA) and the Kansas Organization for Private Enterprise (KOPE), where I am currently serving as the Chair of State Legislative Affairs Committee for both of these organizations. WIBA, an organization founded in 1931 by local grocers, today represents over 1,200 businesses in over 250 different industries in the Wichita Metro Area. KOPE is a new organization that was formed in March 2000, to allow WIBA to extend its benefits and services to independent businesses across the state of Kansas. Currently, KOPE has 150 members from all four corners of the state.

WIBA and KOPE recently surveyed a portion of our membership to determine if they supported renewing the Kansas Lottery. Of the 564 members surveyed, 234 members responded, for a response rate of 42.8%. Of those who responded, 77.8 % favored renewing the Kansas Lottery. Based on this positive response, it is evident the members of WIBA and KOPE strongly support passage of HB 2038.

As a past recipient of EDIF money, I personally support the renewal of the lottery. Continued funding of EDIF is essential to keeping the Kansas economy strong. EDIF helps create jobs for Kansans, funds worker training programs and provides venture capital for startup companies. By passing HB 2038, the Legislature will re-affirm its commitment to keeping the Kansas economy strong and providing Kansas communities and businesses the tools they need to succeed in the world's competitive markets.

Furthermore, establishing the Airport Services Improvement Fund would benefit not only Kansas business owners, but also all Kansans as a whole. By allowing the Secretary of Commerce and Housing to provide economic grants and financial incentives to airline carriers in an effort to attract more affordable airline service to Kansas airports will provide the accessibility to Kansas many prospective businesses demand and make it easier to conduct business for those who already live here. Currently, in the south central region of Kansas, finding affordable airfare is a constant struggle for our members. As a result, our members are often forced to travel from airports outside our state (i.e., Kansas City, Tulsa, Oklahoma City) in order to obtain affordable airfare. This not only takes dollars from the Kansas economy, but also serves as a disincentive for businesses to locate to this region.

In closing, I would like to thank you for the opportunity to submit written testimony in support of HB 2038. The members of WIBA and KOPE urge you to renew the Kansas Lottery and establish the Airport Services Improvement Fund.

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LEGISLATIVE TESTIMONY



The Unified Voice of Business

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HB 2038

February 8, 2001

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Federal and State Affairs Committee

by

Jim Edwards
Senior Vice President

Chairwoman Harrington and members of the Committee:

I appear before you today also representing the Kansas Chamber of Commerce and Industry and the Kansas Industrial Developers Association (KIDA). I am pleased to have this opportunity to reaffirm KCCI's and KIDA's support for the Kansas Lottery and its continuation. We support wholeheartedly HB 2038. KCCI and KIDA were the first groups to endorse a proposal which would create a state owned and operated lottery in Kansas and we have appeared at every sunset review for the Lottery since that time.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

In 1985, Kansas was being faced with some very big questions dealing with it's economic future. At that time, the Kansas Legislature appropriated \$40,000 for a comprehensive study of

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Kansas. This was subsequently matched by \$40,000 from the private sector and the study began. From this report came a vision. A vision for Kansans and their economic well-being.

There was one small problem though. Every time any of the issues were discussed in this vision statement, most everyone agreed on what needed to be done, they just could not find the money in a tight state budget for it. Also in 1985, Kansas Senator Bill Morris (Wichita) and others started talking about a state-owned and operated lottery in Kansas and had introduced, towards the end of the session, a measure which would provide for such an operation. This issue was not formally addressed in the 1985 session.

The 1986 session started and so once again did the discussion on the vision statement for Kansas as well as that big looming question...."How do we fund it?" That is where the Kansas Chamber of Commerce and Industry, the Kansas Industrial Developers Association, local chambers of commerce, labor and the others got into the act. For many years, these groups saw very little of State General Fund monies going towards projects that they thought were deserving. There was some hope though because the issue of a state-owned and operated lottery was still on the table. In Topeka, these groups, legislative leaders and Governor John Carlin shepherded the issue through the Statehouse where it received approval for submission to the state's voters. These groups then mounted the grassroots efforts to sell the issue to Kansans who ultimately passed it in the 1986 General Election. A vision for Kansas had not only been created but had finally been financed.

Since that time, over \$400 million has been invested in projects that have helped and continue to help address the vision created by this body in 1985. The monies have helped create jobs for Kansans, developed market opportunities for Kansas products, trained and retrained Kansas workers, provided seed capital for high tech operations and assisted many rural communities with tourism and small business opportunities. Lottery has created indirect revenues for the state and local units of government because it has helped create, as well as retain, taxpayers. If the Kansas Lottery is eliminated, you probably are not talking about only a \$60 million dollar loss in revenue. Just as the lottery has helped create and retain taxpayers, elimination of the lottery will most likely mean the exact opposite.

Thank you for the opportunity to visit with you about lottery and would urge you to pass HB 2038 out favorably. I would be pleased to answer any questions you might have for me.