

Approved:
Date 5/13/02

MINUTES OF THE SENATE JUDICIARY COMMITTEE.

The meeting was called to order by Chairperson Senator Vratil at 8:35 a.m. on May 10th, 2002 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Research
Dennis Hodgins, Research
Gordon Self, Revisor
Mary Blair, Secretary

Conferees appearing before the committee: none

Others attending: see attached sheet

The minutes of the May 8th meeting were approved on a motion by Senator Schmidt, seconded by Senator Donovan. Carried.

Sub HB 2183—authorizing electronic gaming machines at certain locations

The Chair noted a distributed letter from Lottery Director, Ed Van Petten, which clarified his testimony from the May 9th meeting. (attachment 1) Mr. Van Petten stood for questions and explained incorrect assumptions he had made the previous day.

The Chair categorized all of the amendments to **Sub HB 2183** as follows: expedite the bidding process; change the distribution of net machine income; remove the “at large” facility provision; change the Crawford County distribution; clarifying amendments; ethics provision (section 18) of the bill.

Following lengthy discussion of the first category regarding the bidding process (see May 9th minutes-attachment 1), Senator Gilstrap moved the amendment, Senator Haley seconded. Motion failed.

Following discussion regarding the second category regarding a change in the distribution of net machine income (see May 9th minutes-attachment 5), Senator Schmidt moved his amendment. Motion died for lack of second.

Following discussion regarding the greyhound amendment (see May 9th minutes-attachment 6), Senator Adkins moved the amendment, Senator Gilstrap seconded. Motion fails.

Following discussion regarding changes to the Crawford County distribution amendment (see May 9th minutes-attachment 8) and explanation of the changes by Senator Umbarger (attachment 2), Senator Umbarger moved the amendment, Senator Schmidt seconded. Carried.

A request was made by Senator Oleen to reconsider Senator Schmidt’s amendment. Following discussion, Senator Schmidt moved his amendment, Senator Oleen seconded. Carried.

Following discussion regarding the removal of the “at large” facility amendment (see May 9th minutes-attachment 3), Senator Goodwin moved her amendment, Senator Schmidt seconded. Senator Gilstrap stated why he opposed the amendment. Motion carried.

The Chair informed Committee that an opinion from the attorney general regarding “home rule” had not been received yet. He stated that he may consider a further meeting.

The meeting adjourned at 9:30 a.m.

SENATE JUDICIARY COMMITTEE GUEST LIST

DATE: May 10, 2002

NAME	REPRESENTING
Stephanie Buchanan	DOB
Glenn Thompson	Stand Up For Ks.
Chris Grenz	Topeka Capital - Journal
Patrick Hurley	OTECB
Terry Leatherman	KCCI
Ralph Snyder	Ks. Sunflower Assoc
Randy Conroy	Prairie Band Potawatomi
Cathy Biers	MURRAY'S PRAIRIE BAND
Axi HyTEN	JUDICIAL BRANCH
Scott Anglemeyer	KDOCH
Jim McHaff	IKAHL-CTD
Mr. K. Whit	PMCA
Russ F.	Ks Clubs & Assoc.
John Peterson	Ks Governmental Consultant
T Roy Smith	Washburn University
Mark Burghart	Ks. Greyhound Assn.
Keith Kocher	Ks Lottery
TERRY DREL	KR6C/SGA
Trista Beadles	Office of the Governor

SENATE JUDICIARY COMMITTEE GUEST LIST

DATE: _____

NAME	REPRESENTING
Robin Jennisari	Ruffia Companies
W.M. GRACE	Woodlands
John C. Botterby	Woodlands
Connie Burns	Whitney B. Dameron, PA
Doug Smith	Press, Smith & Associates
Sandy Jacquot	CKM
Mamie Bujnicki	tribal member
Gary Smith	Horsemen KTA
David Oldmann	Horsemen KTA
John T. McCoy	Horsemen KTA
John G. Tech	Federico Consulting
Ally Hayes	Federico Consulting
Brad Smart	Woodlands
J.P. SMALL	KS. Quarter Horse Racing Assn
Julie Hein	PBPN
Dore Halhaus	"
Ron Hein	PBPN
Steph Jones	Citigo
Jeff Burkhardt	Greyhound owner

Statement to Senate Judiciary
Sub. H.B. 2183
Ed Van Petten, Exec. Director
Kansas Lottery
May 9, 2002

Chairman Vratil and members of the committee:

After answering questions this morning, I found that I made assumptions that I was told were incorrect.

Sen. Oleen asked if I had input in the drafting of this legislation. I believed that the legislation was drafted by, or the drafting was directed by, Rep. Clay Aurand and Rep. John Ballou as chair and vice-chair of the House Tourism Sub-committee on Gaming Issues. I did meet with both Representatives in the office of Rep. Aurand on one occasion for about 30 minutes during the time period I believed they were drafting this legislation. Subsequent to that, both the Assistant Attorney General for the Lottery and I have made a number of suggestions in committee meetings for technical corrections.

I have been informed that, in fact, the bill was drafted by representatives of the track owners, and then modified in the committee process. I have met with Brad Smoot, John Bottenberg and Robin Jennison on a number of occasions, in my office and in the Capitol. In addition, on one occasion, in my office I met with these three and two other gentlemen who I understand were employees of Bill Grace. We discussed proposed legislation at all of these meetings.

These individuals have been receptive to concerns talked about regarding the routing of information from the electronic gaming machines to the central system that must be controlled by the Lottery. In my opinion, the machines must first be linked to the Lottery controlled central system, before the information is transmitted to any system controlled by the facility. This legislation does this.

I remain available for any assistance I can give.

*Ed Van Petten
5-10-02
att 1*

Substitute for HOUSE BILL No. 2183

By Committee on Tourism

4-10

AN ACT concerning lotteries; authorizing electronic gaming machines at certain locations; amending K.S.A. 2001 Supp. 19-101a, 74-8702, 74-8710, 74-8711 and 79-4805 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2001 Supp. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

(a) "Commission" means the Kansas lottery commission.

(b) "Executive director" means the executive director of the Kansas lottery.

~~(c) "Gaming equipment" means any electric, electronic or mechanical device or other equipment unique to the Kansas lottery used directly in the operation of any lottery and in the determination of winners pursuant to this act.~~

(c) "Gaming equipment" means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device, or any other equipment, which is: (1) Unique to the Kansas lottery and used pursuant to the Kansas lottery act; (2) integral to the operation of an electronic gaming machine; or (3) affects the results of an electronic gaming machine by determining win or loss.

(d) "Kansas lottery" means the state agency created by this act to operate a lottery or lotteries pursuant to this act.

(e) "Lottery retailer" means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.

(f) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.

(g) "Major procurement" means any gaming product or service, including but not limited to facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies.

(h) "Person" means any natural person, association, *limited liability*

Proposed Amendments to

Substitute for House Bill No. 2183

2/11/02
JMF

1 tion of electronic gaming machines. Moneys in such fund may be ex-
2 pended only pursuant to appropriation and moneys in excess of those
3 appropriated to the Kansas lottery and the Kansas racing and gaming
4 commission may be transferred to the state general fund and expended
5 as provided by appropriation.

6 New Sec. 8. (a) The executive director shall collect and remit to the
7 state treasurer in accordance with K.S.A. 75-4215, and amendments
8 thereto, all net machine income received from lottery gaming machine
9 contractors. Upon receipt of the remittance, the state treasurer shall de-
10 posit the entire amount in the state treasury and credit it to the electronic
11 gaming machine fund, established pursuant to section 7, and amendments
12 thereto. Separate accounts shall be maintained in the electronic gaming
13 machine fund for receipt of moneys from each lottery gaming machine
14 contractor.

15 (b) Not less than once each week, the state treasurer shall transfer
16 the following percentages of the balance remaining, after transfer of mon-
17 eys pursuant to subsection (b), in each account in the electronic gaming
18 machine fund for receipt of moneys from lottery gaming machine con-
19 tractors which are parimutuel licensees:

20 (1) To the lottery gaming machine contractors, 66%[, except that at
21 the parimutuel licensee location located in Crawford county, the
22 lottery gaming machine contractor shall receive 65.80%, 0.10% of
23 the money credited to the account of the electronic gaming ma-
24 chine contractor located in Crawford county shall be deposited to
25 the credit of the Frontenac bison maintenance fund created pur-
26 suant to section 27, and amendments thereto ~~and~~ 0.10% of the
27 money credited to the account of the electronic gaming machine
28 contractor located in Crawford county shall be deposited to the
29 credit of the U.S. 69 highway maintenance fund created pursuant
30 to section 28, and amendments thereto];

31 (2) to the problem gambling grant fund established pursuant to
32 K.S.A. 2001 Supp. 79-4805, and amendments thereto, 0.5%, except that
33 such transfer shall be to the credit of the state general fund at such time
34 as the balance in such fund is equal to the amount of \$4,000,000, but if
35 the balance in such fund falls below the amount of \$3,000,000, such trans-
36 fers shall resume;

37 (3) to the state general fund, 25%;

38 (4) to the nonprofit organization licensed by the Kansas racing and
39 gaming commission to conduct races at the parimutuel licensee location,
40 1%;

41 (5) to the fund established for restoration and repair of the statehouse
42 pursuant to K.S.A. 75-2262; and amendments thereto, 0.5%;

43 (6) to the city where the parimutuel location is located, 1%;

i

; 1% of the money credited to the account of the electronic gaming machine contractor located in Crawford county shall be deposited to the credit of the southeast Kansas, Inc. regional economic development fund pursuant to section 32, and amendments thereto; and .5% of the money credited to the account of the electronic gaming machine contractor located in Crawford county shall be deposited to the credit of the bison park and bike trail fund pursuant to section 33, and amendments thereto

1 cation, *treatment* and prevention efforts on the prevalence of pathological
2 gambling in Kansas. All grants shall be made after open solicitation of
3 proposals and evaluation of proposals against criteria established in rules
4 and regulations adopted by the secretary of the department of social and
5 rehabilitation services. Both public and private entities shall be eligible
6 to apply for and receive grants under the provisions of this section.

7 (d) The secretary of the department of social and rehabilitation serv-
8 ices is hereby authorized to receive moneys from any grants, gifts, con-
9 tributions or bequests made for the purpose of funding grants under this
10 section and to expend such moneys for the purpose for which received.

11 (e) All grants made in accordance with this section shall be made from
12 the problem gambling grant fund. The secretary shall administer the pro-
13 visions of this section and shall adopt rules and regulations establishing
14 criteria for qualification to receive grants and such other matters deemed
15 necessary by the secretary for the administration of this section. Such
16 rules and regulations shall include, but need not be limited to, a require-
17 ment that each recipient of a grant to provide treatment for pathological
18 gamblers report at least annually to the secretary the grantee's measurable
19 achievement of specific outcome goals.

20 (f) For the purpose of this section "pathological gambling" means the
21 disorder by that name described in the most recent edition of the diag-
22 nostic and statistical manual.

34 23 ~~Sec. 20-32-1~~ K.S.A. 2001 Supp. 19-101a, 74-8702, 74-8710, 74-8711
24 and 79-4805 are hereby repealed.

35 25 ~~Sec. 30-33-1~~ This act shall take effect and be in force from and after
26 its publication in the Kansas register.

2-3

New Sec. 32. (a) There is hereby created within the state treasury the southeast Kansas, Inc. regional economic development fund. All expenditures from the fund shall be made for the purpose of providing for economic development and tourism in southeast Kansas through a grant to southeast Kansas, Inc.

(b) All expenditures from the fund shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce and housing or the secretary's designee.

New Sec. 33. (a) There is hereby created within the state treasury the bison park and bike trail fund. All expenditures from the fund shall be made for the purpose of maintaining and developing the bison park and bike trail in Parsons and other tourism in southeast Kansas.

(b) All expenditures from the fund shall be upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of wildlife and parks or the secretary's designee.