

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on January 15, 2004 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Legislative Research
Dennis Hodgins, Legislative Research
Theresa Kiernan, Revisor of Statutes' Office
John Beverlin, Committee Secretary

Conferees appearing before the committee:

Senator Lana Oleen
Colonel Tod Bunting, Adjutant General
Ed Van Petten, Executive Director, Kansas Lottery

Others attending:

See Attached List.

Chairperson Brungardt called the meeting to order and welcomed Senator Lana Oleen.

Senator Oleen appeared before the committee to discuss current matters concerning the State-Tribal Relations Committee which met four times in 2003.

Senator Oleen explained that the State-Tribal Relations Committee was created during the Graves administration because of Indian issues under litigation. She explained that because Indian Nations are separate from the state of Kansas, issues end up in federal court.

Senator Oleen stated that in the past three years the senate has passed a measure to try and better coordinate the resources and efforts of tribal and state law enforcement. She explained that the measure has gotten stalled in the house but they would be revisiting the issue this session.

Senator Oleen stated that there was concern over a case that had been going on for a considerable amount of time concerning tribal license plates. She explained that the state had lost the case at the district and the federal-district level and was continuing to retain special counsel on the issue. Senator Oleen asked for the committee to take a new look at the issue and a look at the amount of money Kansas is using in continuing to appeal the case. Senator Oleen stated that there was also concern over a fuel tax issue with the Winnebago Tribe of Nebraska. She further explained that the tribe was bringing fuel trucks into Indian reservations in Kansas.

Senator Oleen continued her testimony by stating that the issue of land-in-trust was still a problem. She explained that it was a complicated issue because of the different categories of lands-in-trust. She stated that it is not only a Kansas issue, but an issue for several states and tribes. She explained that the committee found a piece of land placed in trust in Kansas that appeared like it had not gone through the regular process with the Bureau of Indian Affairs. She further explained that the committee had asked for a congressional inquiry as to why the land in the Kansas City area was being deemed land-in-trust for gaming purposes. Senator Oleen stated that Senator Brownback, Congressman Moore, and Congressman Moran have indicated that they will be working with the State-Tribal Relations Committee.

Chairperson Brungardt thanked Senator Oleen and asked the committee for questions.

Senator O' Connor asked for further explanation of the tribal license plate issue.

Senator Oleen explained that the issue involved the Indian Nations to have their own license plates.

Senator O' Connor asked if the state of Kansas opposed the Indian Nations having their own license plates.

Senator Oleen explained the state was involved in litigation over the issue and had lost two decisions. But

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on January 15, 2004 in Room 231-N of the Capitol.

the person under special contract with the Attorney General's office was retained from the Grave's administration to continue the case. She further explained that some were concerned about comments made to take the issue all the way to the Supreme Court. She explained that some are wanting information about the amount of money it is costing Kansas to continue to pursue an issue that the state continues to lose.

Chairperson Brungardt again thanked Senator Oleen and then welcomed visitors from the KARL Program, Kansas Agricultural and Rural Leadership Program.

Chairperson Brungardt then welcomed and congratulated Colonel Tod Bunting on his promotion to Adjutant General.

Colonel Bunting introduced Gene Krase and General John Small. Colonel Bunting then provided the committee with a history of the Department of Adjutant General. He stated that the National Guard has a dual mission of protecting life and property on the state side. On the federal side, he explained, the National Guard trains for wartime support of the army and air force. Colonel Bunting stated that there were about 8000 members of the Kansas National Guard. The department has about 335 state employees, 1700 federal employees, assets of about 4 billion dollars and an economic impact on Kansas of about 500 million dollars. The department has two air wings, one in Topeka and one in Wichita, which are deployed around the world on a regular basis. The department is one of the first states to have a civil support team. Colonel Bunting further stated that the Adjutant General is responsible for homeland security and emergency management.

Colonel Bunting provided key issues concerning the Department of Adjutant General. He stated, foremost, the department was concerned for soldiers and families of soldiers who are deployed around the world. He also stated that tuition assistance to attract future soldiers and airmen, armory upgrades, and homeland security were a concern for the department.

Chairperson Brungardt asked the committee for questions. He then asked Colonel Bunting to provide a personal history.

Colonel Bunting explained that he was born in Wichita. He attended high school in Kansas and started college in Washington D.C. He then finished his degree at Washburn University. He stated that he had been in the air refueling wing in Topeka from 1978 to 1984. He then moved to a bomb wing at McConnell and was stationed there for nine years. He later returned to Kansas to work for the Adjutant General from 1993 to 1997. He left the state in 1997, in a national capacity in Colorado and Texas. In 2002, he worked at the National Guard Bureau. He then returned to Kansas in January 2004.

Chairperson Brungardt thanked Colonel Bunting; he then welcomed Ed Van Petten, Executive Director of the Kansas Lottery.

Mr. Van Petten provided an agency overview of the Kansas Lottery. He started by describing the contents of a packet that he had provided to each committee member. The packet included activity sheets ([Attachment 1](#)), EDIF allocation by county sheet ([Attachment 2](#)), funds transfer sheet ([Attachment 3](#)), organizational charts ([Attachment 4](#)), and news releases ([Attachment 5](#)). Mr. Van Petten introduced Jane Elliot, Public Information Officer, Kansas Lottery. He then continued with his overview of the Kansas Lottery ([Attachment 6](#)).

Upon completion of his testimony, Mr. Van Petten answered a question from Dennis Hodgins asked on January 13, concerning the impact of gaming on the Kansas Lottery. He stated that the department compared lottery sales in Wyandotte County of \$56.79 per capita, which has easy access to gaming, to per capita lottery sales in Sedgwick County of \$94.64; and the state wide average of lottery sales of \$77.75 per capita. He stated that the immediate presence of the casinos would have an effect on the lottery. He stated that he imagined a decrease in sales of 25 to 30 percent, such was the case in South Dakota and Rhode Island.

Chairperson Brungardt asked about the net sales and the amount that was then transferred to the state.

Mr. Van Petten answered last fiscal year, net sales were 202 million and transfers to the state were 62.5 million.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on January 15, 2004 in Room 231-N of the Capitol.

Chairperson Brungardt stated that if there is a reduction of 30 percent in the sale of lottery tickets the state would receive about 30 percent of that reduction.

Mr. Van Petten answered that Chairperson Brungardt was correct.

Chairperson Brungardt asked the committee for questions.

Senator O' Connor asked whether the per capita figure given by Mr. Van Petten included adults and children.

Mr. Van Petten answered that the figure included 18 and older. (Mr. Van Petten later changed his statement to say that the per capita figure included adults and children).

Senator O' Connor asked if Mr. Van Petten knew what percentage of over 18 individuals were active players of the lottery.

Mr. Van Petten answered the last demographics in 1996 indicated that about 30 percent of individuals in Kansas consistently play and another 25 percent of individuals play intermittently. He stated that the national average is higher because gaming is more popular on the east and west coasts.

Chairperson Brungardt thanked Mr. Van Petten and welcomed Russell Mills.

Mr. Mills reviewed the Report of the Joint Committee on State-Tribal Relations for the committee (Attachment 7).

Chairperson Brungardt asked whether the tribal law enforcement issue had to with Kansas roads that continued into the reservation.

Mr. Mills answered law enforcement on roads was one part of the issue. He stated that the tribal law enforcement officers would like to assist the local sheriff and local police department, but there are legal issues that need to be addressed.

Chairperson Brungardt asked if the Senate had passed the issue.

Mr. Mills answered the Senate has passed the bill three times.

Chairperson Brungardt asked if the house added insurance requirements concerning liability.

Mr. Mills answered yes. He further stated that the tribes were happy to secure a certain amount of liability insurance.

Chairperson Brungardt asked if the house took action on the bill.

Mr. Mills answered that the bill left committee for the floor but was referred back to committee.

Chairperson Brungardt asked the committee for questions.

Senator O' Connor asked if there was a reason why the House continued to have problems with the bill.

Mr. Mills answered there was a county sheriff, who is no longer an officer, that opposed the bill. Whether her leaving would have impact on the bill, he said he did not know.

Chairperson Brungardt thanked Mr. Mills. He read the agenda for next week and adjourned.

The meeting was adjourned at 11:35. The next meeting is scheduled for Tuesday, January 20, 2004, at 10:30 a.m. in room 231-N.

Senate Federal and State Affairs Committee

Date: 01/15/2004

Name:

Representing:

Don Sieber	Hein Law Firm
Glenn Thompson	Stand Up For KS,
Dan Murray	Federico Consulting
John Cassidy	KDOT
Brad Paten	KARL
Judy Shaw	PMCA of KS
Cheri Froetscher	Budget
Stephan Buchanan	DOB
Karen Waldrop	River Falls Entertainment LLC
John Burgess	" " "
Jennifer Pfortmiller	KARL
Whitney Damron	Kickapoo Tribe / Sac: Fox Nation
Tod Bunting	Adjutant Generals Dept
Gene Kruse	" " "
J.P. SMALL	" " "

KANSAS LOTTERY

To Date Activity 12/31/03

TESTIMONY - ED VAN PETTEN

Net Sales	\$2,434,190,165
FY 88	\$65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,206,003
FY 92	77,147,506
FY 93	114,499,165
FY 94	152,292,802
FY 95	177,074,245
FY 96	182,113,628
FY 97	185,356,681
FY 98	192,017,310
FY 99	198,920,985
FY 2000	192,560,800
FY 2001	184,727,159
FY 2002	190,083,880
FY 2003	202,942,874
FY 2004	115,723,933

Game Prizes	\$1,267,836,457
FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	32,800,224
FY 92	37,304,320
FY 93	58,865,299
FY 94	79,390,419
FY 95	92,074,812
FY 96	96,088,069
FY 97	99,351,785
FY 98	101,688,863
FY 99	107,079,089
FY 2000	104,377,074
FY 2001	97,938,088
FY 2002	98,963,631
FY 2003	107,660,534
FY 2004	61,433,875

Retailer Commissions	\$134,598,637
FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,657,131
FY 92	4,071,319
FY 93	5,819,600
FY 94	7,845,162
FY 95	9,145,434
FY 96	9,949,228
FY 97	10,409,462
FY 98	10,935,736
FY 99	11,133,848
FY 2000	11,086,788
FY 2001	10,657,155
FY 2002	10,970,973
FY 2003	11,743,157
FY 2004	6,634,305

Transfers To State (Cash basis)	\$745,838,985
FY 88 *	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	19,453,470
FY 92	27,147,019
FY 93	32,629,372
FY 94	47,888,013
FY 95	53,246,818
FY 96	58,114,547
FY 97	56,658,134
FY 98	60,304,388
FY 99	59,333,464
FY 2000	59,646,911
FY 2001	56,535,258
FY 2002 **	60,494,603
FY 2003	62,500,000
FY 2004 ***	36,782,800

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

** Includes \$4,000,000 payment on July 15, 2002

*** Includes extra \$782,800 transfer and \$500,000 veteran's transfer

--- FY 2004 is UNAUDITED ---

1/14/2004

SUMMARY.XLS

Sen. Federal & State Affairs Comm
 Date: **JANUARY 15, 2004**
 Attachment: # **1**

TESTIMONY - ED VAN PETTEN

COUNTY	PROGRAM NAME	RECIPIENT	AWARD	BSCJ
Allen	Kansas Industrial Retraining Program	B & W Custom Truck Beds, Inc.	\$ 6,444.00	Humb
			Total \$ 6,444.00	
Atchison	Attraction Development Grants Kansas Industrial Retraining Program	KS Lewis and Clark Bicentennial Commission	\$ 91,000.00	Atch
			Unit Rail Anchor Company	\$ 9,137.00
		Total \$ 100,137.00		
Barton	Attraction Development Grants From the Land of Kansas Kansas Existing Industry Expansion Program Kansas Industrial Retraining Program Kansas Industrial Retraining Program Kansas Industrial Training Program	City of Great Bend	\$ 16,400.00	Great B.
		Central Supply	\$ 500.00	Great Bend
		Kansas Country Estates	\$ 15,000.00	Great Bend
		Primus Sterilizer Company	\$ 5,071.00	Great Bend
		Great Bend Industries	\$ 13,264.00	Great Bend
		T&C MFG & Operating, Inc.	\$ 4,000.00	Great Bend
		Total \$ 54,235.00		
Bourbon	Agricultural Value Added Center Incentives Without Walls Kansas Industrial Retraining Program Training Equipment Grant Program	Rainbow Organic Farms	\$ 12,500.00	Bronson
		Downtown Fort Scott	\$ 12,146.00	Fort Scott
		Tower Metal Products LP	\$ 13,317.00	Fort Scott
		Fort Scott Community College	\$ 39,061.00	Fort Scott
		Total \$ 77,024.00		
Brown	From the Land of Kansas From the Land of Kansas Kansas Industrial Retraining Program Kansas International Trade Show Assistance Program	Mom & I's Candy	\$ 175.00	Everest
		Mom & I's Candy	\$ 75.00	Everest
		RHS Inc.	\$ 7,500.00	Hiawatha
		RHS, Inc.	\$ 500.00	Hiawatha
Total \$ 8,250.00				
Butler	Agricultural Value Added Center Incentives Without Walls Incentives Without Walls Kansas Economic Opportunity Initiative Fund Kansas Industrial Retraining Program Kansas Industrial Training Program Kansas Industrial Training Program	Prairie Pride	\$ 60,000.00	Potwin
		El Dorado Main Street	\$ 15,000.00	El Dorado
		El Dorado Main Street	\$ 15,000.00	El Dorado
		International Utility Structures (Kansas), Inc. (IUSI)	\$ 125,000.00	El Dorado
		Continental American Corporation	\$ 12,287.00	El Dorado
		IUS (Kansas) Inc.	\$ 100,000.00	El Dorado
		Prairie Pride, Inc.	\$ 13,000.00	Potwin
		Total \$ 340,287.00		

Sen. Federal & State Affairs Comm
 Date: JANUARY 15, 2004
 Attachment: # 2

TESTIMONY - ED VAN PETTEN

EDIF Allocation by County: FY03

Kansas Department of Commerce

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Cherokee	Attraction Development Grants	Heart of the Heartlands, Inc.	\$ 20,000.00	Scammon
	Kansas Industrial Retraining Program	Celltron, Inc.	\$ 25,069.00	Galena
	Kansas Industrial Retraining Program	Williams Machine & Tool Co., Inc.	\$ 25,069.00	Galena
	Kansas International Trade Show Assistance Program	Celltron, Inc.	\$ 3,500.00	Galena
			Total	\$ 73,638.00
Cheyenne	From the Land of Kansas	Connie Morris	\$ 500.00	St. Francis
	Kansas International Trade Show Assistance Program	Connie Morris Books	\$ 448.00	St. Francis
			Total	\$ 948.00
Cloud	Agricultural Value Added Center	Dinah's Noodles	\$ 79,500.00	Clyde
Cloud	Agricultural Value Added Center	Dinah's Noodles	\$ 52,000.00	Clyde
Cloud	Attraction Development Grants	Orphan Train Depot Project	\$ 8,800.00	Concordia
			Total	\$ 140,300.00
Coffey	Kansas Industrial Training Program	Kansas Assemblies, Inc.	\$ 22,582.00	Le Roy
			Total	\$ 22,582.00
Cowley	Kansas Economic Opportunity Initiative Fund	American Waste Management	\$ 25,000.00	Winfield
	Kansas Economic Opportunity Initiative Fund	Rubbermaid Home Products	\$ 100,000.00	Winfield
	Kansas Industrial Training Program	Good Time Productions, Inc.	\$ 15,000.00	Arkansas City
	Kansas International Trade Show Assistance Program	Prime Plastic Containers, Inc.	\$ 1,500.00	Winfield
	Training Equipment Grant Program	Cowley County Communit College	\$ 16,900.00	Arkansas City
			Total	\$ 158,400.00
Crawford	Certified Development Company Assistance	Mid America Incorporated	\$ 69,664.00	Pittsburg
	Certified Development Company Assistance	Mid-America, Inc. CDC	\$ 53,126.00	Pittsburg
	Kansas Industrial Retraining Program	Progressive Products, Inc.	\$ 14,000.00	Pittsburg
	Kansas Industrial Retraining Program	Superior Industries International, Inc.	\$ 60,000.00	Pittsburg
	Kansas Industrial Training Program	Progressive Products, Inc.	\$ 15,000.00	Pittsburg
	Kansas Industrial Training Program	HIX Corporation	\$ 9,000.00	Pittsburg
	Kansas Industrial Training Program	Superior Industries International, Inc.	\$ 90,000.00	Pittsburg
	Kansas International Trade Show Assistance Program	HIX	\$ 2,000.00	Pittsburg
	Kansas International Trade Show Assistance Program	HIX	\$ 429.00	Pittsburg
	Small Business Development Centers	Pittsburg State University SBDC	\$ 37,682.00	Pittsburg
			Total	\$ 350,901.00

EDIF Allocation by County: FY03

Kansas Department of Commerce

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Douglas	Agricultural Value Added Center	Davenport Orchards & Vineyards	\$ 75,000.00	Eudora
	Attraction Development Grants	Kansas Wildscape Foundation	\$ 80,000.00	Lawrence
	Certified Development Company Assistance	Wakarusa Valley Development, Inc.	\$ 19,979.00	Lawrence
	From the Land of Kansas	Pyle Meat Co.	\$ 250.00	Eudora
	Kansas Industrial Retraining Program	Heinz Pet Products-DLM Foods	\$ 27,385.00	Lawrence
	Kansas Industrial Retraining Program	Pine Family Farms, General Partnership	\$ 12,762.00	Lawrence
	Kansas Industrial Training Program	Packerware	\$ 22,000.00	Lawrence
	Kansas International Trade Show Assistance Program	IRIS	\$ 1,348.00	Lawrence
	Kansas International Trade Show Assistance Program	Cardinal Brands, Inc.	\$ 3,500.00	Lawrence
	Kansas International Trade Show Assistance Program	Griffin Technologies, LLC	\$ 2,368.00	Lawrence
	Kansas International Trade Show Assistance Program	Griffin Technologies, LLC	\$ 1,500.00	Lawrence
	Kansas International Trade Show Assistance Program	Cardinal Brands, Inc.	\$ 750.00	Lawrence
	Kansas International Trade Show Assistance Program	IRIS	\$ 1,475.00	Lawrence
	Small Business Development Centers	University of Kansas SBDC	\$ 28,374.00	Lawrence
				Total
Ellis	Community Capacity Building Program	City of Ellis	\$ 15,000.00	Ellis
	Community Capacity Building Program	Downtown Hays Development Corporation	\$ 14,000.00	Hays
	Incentives Without Walls	Ellis Mian Street	\$ 5,000.00	Ellis
	Kansas Industrial Retraining Program	Hess Services, Inc.	\$ 18,066.00	Hays
	Small Business Development Centers	Fort Hays State University SBDC	\$ 33,583.00	Hays
			Total	\$ 85,649.00
Ellsworth	Kansas Industrial Retraining Program	Maico Industries, Inc.	\$ 11,413.00	Ellsworth
			Total	\$ 11,413.00
Finney	Small Business Development Centers	Garden City Community College SBDC	\$ 28,981.00	Garden City
	Training Equipment Grant Program	Garden City Community College	\$ 10,000.00	Garden City
	Training Equipment Grant Program	Garden City Community College	\$ 17,049.00	Garden City
			Total	\$ 56,030.00
Ford	Certified Development Company Assistance	Great Plains Development, Inc.	\$ 47,178.00	Dodge City
	Kansas Industrial Retraining Program	Roto-Mix	\$ 21,856.00	Dodge City
			Total	\$ 69,034.00
Franklin	From the Land of Kansas	Maudie's Sweet Salsa	\$ 105.00	Ottawa

EDIF Allocation by County: FY03

Kansas Department of Commerce

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	Incentives Without Walls	Ottawa Main Street	\$ 13,658.00	Ottawa
	Incentives Without Walls	Ottawa Main Street	\$ 15,000.00	Ottawa
	Kansas Industrial Retraining Program	Midwest Cabinet Co., Inc.	\$ 21,585.00	Ottawa
		Total	\$ 50,348.00	
Geary	Kansas Industrial Retraining Program	Foot Locker, Inc.	\$ 6,993.00	Junction City
		Total	\$ 6,993.00	
Gove	Kansas Industrial Training Program	Coop. Agricultural Services, Inc.	\$ 1,000.00	Grinnell
		Total	\$ 1,000.00	
Graham	Certified Development Company Assistance	Pioneer Country Development	\$ 33,980.00	Hill City
		Total	\$ 33,980.00	
Harper	Community Capacity Building Program	Harper County	\$ 15,000.00	Anthony
Harper	Kansas Industrial Retraining Program	Nance Manufacturing, Inc./Prairie Belting	\$ 24,000.00	Anthony
		Total	\$ 39,000.00	
Harvey	Kansas Industrial Retraining Program	Mid-Continent Cabinetry	\$ 54,145.00	Newton
	Kansas Industrial Retraining Program	North American Nutrition	\$ 22,509.00	Hesston
	Kansas International Trade Show Assistance Program	Bunting Magnetics Co.	\$ 2,738.00	Newton
	Kansas International Trade Show Assistance Program	TracAbout, Inc	\$ 1,500.00	Newton
	Kansas International Trade Show Assistance Program	Continental Agra Equipment	\$ 1,524.00	Newton
	Kansas International Trade Show Assistance Program	Bunting Magnetics Co.	\$ 2,269.00	Newton
	Kansas International Trade Show Assistance Program	Bunting Magnetics Co.	\$ 3,429.00	Newton
		Total	\$ 88,114.00	
Johnson	Certified Development Company Assistance	Johnson County Certified Development Company	\$ 23,311.00	Overland Park
	Community Capacity Building Program	City of Olathe	\$ 13,000.00	Olathe
	Kansas Economic Opportunity Initiative Fund	Century Business Services, Inc.	\$ 324,000.00	Leawood
	Kansas Economic Opportunity Initiative Fund	B/E Aerospace, Inc.	\$ 100,000.00	Lenexa
	Kansas Economic Opportunity Initiative Fund	Cable Tech, LLC (Tech Investment, LLC)	\$ 36,000.00	Lenexa
	Kansas Economic Opportunity Initiative Fund	Community America Credit Union	\$ 125,000.00	Lenexa
	Kansas Economic Opportunity Initiative Fund	Encore receivable management, inc.	\$ 100,000.00	Lenexa
	Kansas Economic Opportunity Initiative Fund	Machine Laboratory, LLC	\$ 54,000.00	Lenexa
	Kansas Economic Opportunity Initiative Fund	Grundfos Pumps Corporation	\$ 75,000.00	Olathe
	Kansas Economic Opportunity Initiative Fund	American Identity	\$ 250,000.00	Overland Park

Kansas Economic Opportunity Initiative Fund	DaimlerChrysler Services North America LLC	\$ 125,000.00	Overland Park
Kansas Industrial Retraining Program	Audiovisual, Inc. DBA: AVI Systems	\$ 4,061.00	Lenexa
Kansas Industrial Retraining Program	Dimensional Innovations, Inc.	\$ 47,000.00	Overland Park
Kansas Industrial Retraining Program	DLR Group, Inc.	\$ 6,932.00	Overland Park
Kansas Industrial Retraining Program	Collegiate Marketing Services, Inc.	\$ 10,839.00	Overland Park
Kansas Industrial Retraining Program	Bayer Corp., Animal Health Division	\$ 80,000.00	Shawnee
Kansas Industrial Retraining Program	TED Manufacturing Corporation	\$ 5,000.00	Shawnee
Kansas Industrial Retraining Program	Sokkia Corporation	\$ 25,123.00	Olathe
Kansas Industrial Retraining Program	DD Traders aba DEMDACO	\$ 19,541.00	Stilwell
Kansas Industrial Retraining Program	Nazdar	\$ 40,000.00	Shawnee
Kansas Industrial Retraining Program	Seaboard Corporation	\$ 15,000.00	Shawnee Mission
Kansas Industrial Retraining Program	Aviation Simulation Technology, Inc.	\$ 19,855.00	Lenexa
Kansas Industrial Retraining Program	LaserCycle, Inc.	\$ 100,000.00	Lenexa
Kansas Industrial Retraining Program	Suhor Industries, Inc.	\$ 25,000.00	Overland Park
Kansas Industrial Retraining Program	TMS, Inc.	\$ 23,000.00	Mission
Kansas Industrial Training Program	LabOne, Inc.	\$ 60,000.00	Lenexa
Kansas Industrial Training Program	Encore Receivable Management, Inc.	\$ 84,579.00	Olathe
Kansas Industrial Training Program	DLR Group	\$ 6,000.00	Overland Park
Kansas Industrial Training Program	TradeNet Publishing, Inc	\$ 40,000.00	Gardner
Kansas Industrial Training Program	Cardinal Brush, Inc.	\$ 6,000.00	Olathe
Kansas Industrial Training Program	Silpada Designs	\$ 6,600.00	Stilwell
Kansas Industrial Training Program	Automotive Equipment Service, Inc.	\$ 25,000.00	Olathe
Kansas Industrial Training Program	Baldwin Graphic Systems, Inc.	\$ 37,400.00	Lenexa
Kansas Industrial Training Program	Horizon National Bank	\$ 88,000.00	Leawood
Kansas Industrial Training Program	American Identity, Inc.	\$ 72,722.00	Overland Park
Kansas Industrial Training Program	IAC Group/Individual Assurance Company	\$ 80,000.00	Prairie Village
Kansas Industrial Training Program	Bayer HealthCare LLC; Animal Health Division	\$ 25,000.00	Shawnee
Kansas Industrial Training Program	CFS West Holdings, Inc.	\$ 50,000.00	New Century
Kansas Industrial Training Program	Midwest Consulting Group, Inc.	\$ 60,000.00	Overland Park
Kansas Industrial Training Program	Foss Training & Consulting	\$ 30,000.00	Leawood
Kansas Industrial Training Program	Novartis Animal Vaccines, Inc.	\$ 18,000.00	Overland Park
Kansas Industrial Training Program	K.C. Strings, Inc	\$ 3,000.00	Merriam
Kansas International Trade Show Assistance Program	Aviation Simulation Technology	\$ 2,375.00	Lenexa
Kansas International Trade Show Assistance Program	Weather Metrics	\$ 2,763.00	Lenexa
Kansas International Trade Show Assistance Program	IBT	\$ 3,492.00	Merriam
Kansas International Trade Show Assistance Program	Butler National Corp	\$ 3,500.00	Olathe
Kansas International Trade Show Assistance Program	CareFore Medical , Inc.	\$ 1,500.00	Olathe

EDIF Allocation by County: FY03

Kansas Department of Commerce

	Kansas International Trade Show Assistance Program	Biologix Research Corporation	\$ 2,504.00	Overland Park
	Kansas International Trade Show Assistance Program	Disposable Instruments	\$ 1,777.00	Lenexa
	Kansas International Trade Show Assistance Program	RJJM Corp	\$ 1,500.00	Olathe
	Kansas International Trade Show Assistance Program	Disposable Instruments	\$ 2,769.00	Lenexa
	Kansas International Trade Show Assistance Program	Superior Signals, Inc.	\$ 3,437.00	Olathe
	Kansas International Trade Show Assistance Program	Kraft Tool Company	\$ 3,500.00	Shawnee
	Kansas International Trade Show Assistance Program	Butler National Corp.	\$ 3,500.00	Olathe
	Kansas International Trade Show Assistance Program	Biomune Company	\$ 1,925.00	Lenexa
	Kansas International Trade Show Assistance Program	Biomune Company	\$ 250.00	Lenexa
	Kansas International Trade Show Assistance Program	American Academy of Family Physicans	\$ 2,526.00	Leawood
	Kansas International Trade Show Assistance Program	American Academy of Family Physicans	\$ 974.00	Leawood
	Kansas International Trade Show Assistance Program	Back Porch Designs	\$ 765.00	Overland Park
	Kansas International Trade Show Assistance Program	Xenotech, LLC	\$ 1,100.00	Lenexa
	Small Business Development Centers	Johnson County Community College SBDC	\$ 45,913.00	Overland Park
	Training Equipment Grant Program	Johnson Count Community College	\$ 16,000.00	Overland Park
			Total	\$ 2,441,033.00
Labette	Incentives Without Walls	Downtown Parsons, Inc.	\$ 15,000.00	Parsons
	Incentives Without Walls	Downtown Parson, Inc	\$ 15,000.00	Parsons
	Incentives Without Walls	Downtown Parsons, Inc.	\$ 7,478.00	Parsons
	Kansas Industrial Retraining Program	Power Flame, Inc.	\$ 48,625.00	Parsons
	Kansas Industrial Training Program	Alexander Manufacturing Company, Inc.	\$ 30,000.00	Parsons
	Kansas International Trade Show Assistance Program	Alexander Mfg. Co.	\$ 1,500.00	Parsons
			Total	\$ 117,603.00
Lane	Kansas Economic Opportunity Initiative Fund	High Line Services, LLC	\$ 40,000.00	Dighton
	Kansas Industrial Training Program	High Line Services, LLC	\$ 40,000.00	Dighton
			Total	\$ 80,000.00
Leavenworth	Community Capacity Building Program	City of Leavenworth	\$ 95,000.00	Leavenworth
	From the Land of Kansas	Treehouse Berry Farms	\$ 250.00	Linwood
	From the Land of Kansas	Treehouse Berry Farm	\$ 250.00	Linwood
	Incentives Without Walls	Leavenworth Main Street	\$ 15,000.00	Leavenworth
	Incentives Without Walls	Leavenworth Main Street	\$ 15,000.00	Leavenworth
	Kansas Industrial Retraining Program	Peruvian connection	\$ 30,000.00	Tonganoxie
			Total	\$ 155,500.00

EDIF Allocation by County: FY03

Kansas Department of Commerce

Logan	Agricultural Value Added Center	Co-Ag	\$ 90,986.00	Oakley
	Kansas Industrial Retraining Program	Coop. Agricultural Services, Inc.	\$ 833.00	Oakley
		Total	\$ 91,819.00	
Lyon	Certified Development Company Assistance	Eastern Kansas Economic Development Group, Inc.	\$ 36,801.00	Emporia
	Community Capacity Building Program	City of Emporia	\$ 9,500.00	Emporia
	Incentives Without Walls	Emporia Main Street	\$ 3,500.00	Emporia
	Incentives Without Walls	Emporia Main Street	\$ 15,000.00	Emporia
	Kansas Industrial Retraining Program	Detroit Diesel Remanufacturing - Central	\$ 14,791.00	Emporia
	Kansas Industrial Training Program	Menu Foods Midwest Corporation	\$ 40,300.00	Emporia
	Kansas Industrial Training Program	Menu Foods Midwest Corporation	\$ 100,000.00	Emporia
	Total	\$ 219,892.00		
Marion	Agricultural Value Added Center	Jason Wiebe Dairy	\$ 30,000.00	Durham
	Community Capacity Building Program	City of Peabody	\$ 15,000.00	Peabody
		Total	\$ 45,000.00	
Marshall	Incentives Without Walls	Marysville Main Street program	\$ 5,743.00	Marysville
	Incentives Without Walls	Marysville Main Street	\$ 15,000.00	Marysville
		Total	\$ 20,743.00	
McPherson	Certified Development Company Assistance	McPherson County Small Business Development Association	\$ 19,292.00	McPherson
	From the Land of Kansas	Butterfield Books, Inc.	\$ 250.00	Lindsborg
	From the Land of Kansas	Smoky Hill Bison Co.	\$ 250.00	Lindsborg
	From the Land of Kansas	Farm Shed Goods & Gifts	\$ 250.00	Inman
	Kansas Economic Opportunity Initiative Fund	Abbott Labs	\$ 100,000.00	McPherson
	Kansas Industrial Retraining Program	Johns Manville Corporation	\$ 111,210.00	McPherson
	Kansas Industrial Retraining Program	Central Plastics, Inc.	\$ 11,000.00	McPherson
	Kansas International Trade Show Assistance Program	Moridge Manufacturing, Inc.	\$ 1,500.00	Moundridge
		Total	\$ 243,752.00	
Mitchell	Certified Development Company Assistance	Four Rivers Development, Inc.	\$ 14,980.00	Beloit
	Community Capacity Building Program	North Central Regional Planning Commission	\$ 13,000.00	Beloit
	Kansas Industrial Retraining Program	Sunflower Manufacturing	\$ 68,000.00	Beloit
		Total	\$ 95,980.00	
Montgomery	Kansas Industrial Retraining Program	Charloma, Inc.	\$ 11,750.00	Cherryvale

EDIF Allocation by County: FY03

Kansas Department of Commerce

2-8

	Kansas Industrial Retraining Program	Dixon Industries, Inc.	\$ 18,872.00	Coffeyville
	Kansas Industrial Training Program	Charloma, Inc	\$ 58,500.00	Cherryvale
	Kansas Industrial Training Program	Matcor Metal Fabrication, Inc.	\$ 48,354.00	Independence
		Total	\$ 137,476.00	
Morris	Attraction Development Grants	Kaw Nation of Oklahoma	\$ 80,000.00	Council Grove
	Kansas Economic Opportunity Initiative Fund	U.S. Stone Industries, LLC	\$ 50,000.00	Council Grove
	Kansas Industrial Retraining Program	Peterson Machine Tool, Inc.	\$ 22,380.00	Council Grove
		Total	\$ 152,380.00	
Nemaha	Kansas Industrial Training Program	C.J. Foods, Inc.	\$ 40,000.00	Bern
		Total	\$ 40,000.00	
Neosho	Incentives Without Walls	Main Street Chanute	\$ 2,800.00	Chanute
		Total	\$ 2,800.00	
Osborne	Kansas Industrial Retraining Program	RC Pork, Inc	\$ 5,000.00	Downs
	Kansas Industrial Training Program	RC Pork, Inc.	\$ 18,838.00	Downs
		Total	\$ 23,838.00	
Ottawa	Community Capacity Building Program	City of Minneapolis	\$ 13,000.00	Minneapolis
		Total	\$ 13,000.00	
Pottawatomie	Attraction Development Grants	Kaw Valley Muzzleloaders, Inc.	\$ 3,000.00	St. George
	Incentives Without Walls	Wamego Main Street	\$ 5,000.00	Wamego
		Total	\$ 8,000.00	
Reno	Attraction Development Grants	Reno County Historical Society	\$ 80,000.00	Hutchinson
	Incentives Without Walls	Downtown Hutchinson Revitalization Partnership, Inc.	\$ 15,000.00	Hutchinson
	Kansas Economic Opportunity Initiative Fund	Dillon Companies, Inc. (Kroger)	\$ 30,000.00	Hutchinson
	Kansas Industrial Retraining Program	Aroow Machine Inc.	\$ 13,850.00	Hutchinson
	Kansas International Trade Show Assistance Program	Lowen Sign Company	\$ 606.00	Hutchinson
	Training Equipment Grant Program	Hutchinson Community College	\$ 31,000.00	Hutchinson
		Total	\$ 170,456.00	
Republic	Incentives Without Walls	Belleville Main Street	\$ 15,000.00	Belleville
		Total	\$ 15,000.00	

Rice	Incentives Without Walls	Sterling Main Street	\$ 2,225.00	Sterling
	Incentives Without Walls	Sterling Main Street	\$ 3,580.00	Sterling
	Kansas Industrial Training Program	JACAM Chemicals, L.L.C.	\$ 7,500.00	Sterling
	Total			\$ 13,305.00
Riley	Agricultural Value Added Center	K-State Food Science	\$ 50,000.00	Manhattan
	Agricultural Value Added Center	K-State Meat Science	\$ 10,000.00	Manhattan
	Attraction Development Grants	Country Stampede	\$ 12,000.00	Manhattan
	Incentives Without Walls	Manhattan Main Street	\$ 15,000.00	Manhattan
	Incentives Without Walls	Downtown Manhattan, Inc	\$ 15,000.00	Manhattan
	Incentives Without Walls	Downtown Manhattan, Inc	\$ 15,000.00	Manhattan
	Kansas Existing Industry Expansion Program	Viewpoint Technologies, Inc.	\$ 25,000.00	Manhattan
	Kansas Industrial Training Program	It's Greek to Me, Inc.	\$ 19,000.00	Manhattan
	Kansas International Trade Show Assistance Program	Agtech	\$ 765.00	Manhattan
	Kansas International Trade Show Assistance Program	American Institute of Baking	\$ 1,128.00	Manhattan
	Small Business Development Centers	Kansas State University SBDC	\$ 36,851.00	Manhattan
	Total			\$ 199,744.00
Rooks	Community Capacity Building Program	City of Plainville	\$ 15,000.00	Plainville
Total			\$ 15,000.00	
Russell	Incentives Without Walls	Russell Main Street	\$ 15,000.00	Russell
	Kansas Economic Opportunity Initiative Fund	Murfin Drilling Company, Inc.	\$ 88,000.00	Russell
	Total			\$ 103,000.00
Saline	Agricultural Value Added Center	Smoky Hill Vineyards & Winery	\$ 102,900.00	Salina
	Kansas Economic Opportunity Initiative Fund	lock/line LLC	\$ 190,000.00	Salina
	Kansas Industrial Retraining Program	A-Plus Galvanizing, Inc.	\$ 13,829.00	Salina
	Kansas Industrial Retraining Program	Salina Vortex Corporation	\$ 31,000.00	Salina
	Kansas International Trade Show Assistance Program	Callabresi Combustion System	\$ 1,500.00	Salina
Total			\$ 339,229.00	
Sedgwick	Attraction Development Grants	City of Wichita	\$ 24,000.00	Wichita
	Attraction Development Grants	Kansas African American Museum, Inc.	\$ 26,140.00	Wichita
	Certified Development Company Assistance	South Central Kansas Economic Development District	\$ 57,803.00	Wichita
	From the Land of Kansas	Unique Equine	\$ 250.00	Valley Center

Kansas Economic Opportunity Initiative Fund	Wichita Educational Foundation of Aviation Manufacturing	\$ 100,000.00	Wichita
Kansas Industrial Retraining Program	Aerospace Systems & Components, Inc.	\$ 31,512.00	Wichita
Kansas Industrial Retraining Program	Norland Plastics Co.	\$ 20,000.00	Haysville
Kansas Industrial Retraining Program	HSP Inc.	\$ 9,451.00	Wichita
Kansas Industrial Retraining Program	Rapid Processing Solutions, Inc.	\$ 7,262.00	Wichita
Kansas Industrial Retraining Program	Raytheon Aircraft	\$ 75,657.00	Wichita
Kansas Industrial Retraining Program	Brytam Manufacturing, Inc.	\$ 1,525.00	Derby
Kansas Industrial Retraining Program	JMT Industries	\$ 3,831.00	Wichita
Kansas Industrial Retraining Program	Kansas Fun Drilling, Inc.	\$ 6,386.00	Wichita
Kansas Industrial Retraining Program	M6 Concrete Accessories Co., Inc.	\$ 20,000.00	Wichita
Kansas Industrial Retraining Program	Senior Aerospace Composites	\$ 56,390.00	Wichita
Kansas Industrial Retraining Program	Universal Products, Inc.	\$ 44,650.00	Goddard
Kansas Industrial Retraining Program	Aero-Mach Labs, Inc.	\$ 40,000.00	Wichita
Kansas Industrial Retraining Program	PCI Acquisition Company	\$ 53,100.00	Wichita
Kansas Industrial Retraining Program	ADR Inc., aba ADR Bookprint	\$ 13,300.00	Wichita
Kansas Industrial Retraining Program	McCormick-Armstrong Company, Inc.	\$ 14,926.00	Wichita
Kansas International Trade Show Assistance Program	Great Plains	\$ 2,623.00	Wichita
Kansas International Trade Show Assistance Program	Plastic Fabricating Company	\$ 2,759.00	Wichita
Kansas International Trade Show Assistance Program	Winona Van Norman	\$ 2,021.00	Wichita
Kansas International Trade Show Assistance Program	Midwest Technologies Inc.	\$ 3,050.00	Wichita
Kansas International Trade Show Assistance Program	Equential Technologies	\$ 2,800.00	Wichita
Kansas International Trade Show Assistance Program	Louvered Images	\$ 1,500.00	Wichita
Kansas International Trade Show Assistance Program	Filter Logix	\$ 1,500.00	Wichita
Kansas International Trade Show Assistance Program	Quantum Market Research	\$ 1,500.00	Wichita
Small Business Development Centers	Wichita State University SBDC	\$ 46,962.00	Wichita
Training Equipment Grant Program	Wichita Area Technical College	\$ 49,890.00	Wichita
	Total	\$ 720,788.00	

Seward	Attraction Development Grants	International Pancake Day of Liberal Fdn	\$ 65,760.00	Liberal
		Total	\$ 65,760.00	

Shawnee	Attraction Development Grants	Railroad Heritage, Inc.	\$ 50,000.00	Topeka
	Kansas Economic Opportunity Initiative Fund	Sports Car Club of America, Inc.	\$ 90,000.00	Topeka
	Kansas Economic Opportunity Initiative Fund	Target Corporation	\$ 350,000.00	Topeka
	Kansas Industrial Retraining Program	PTMW Inc.	\$ 4,000.00	Topeka
	Kansas Industrial Training Program	Personalized Brokerage Services, Inc.	\$ 30,000.00	Topeka
	Kansas Industrial Training Program	Sports Car Club of America, Inc.	\$ 68,800.00	Topeka

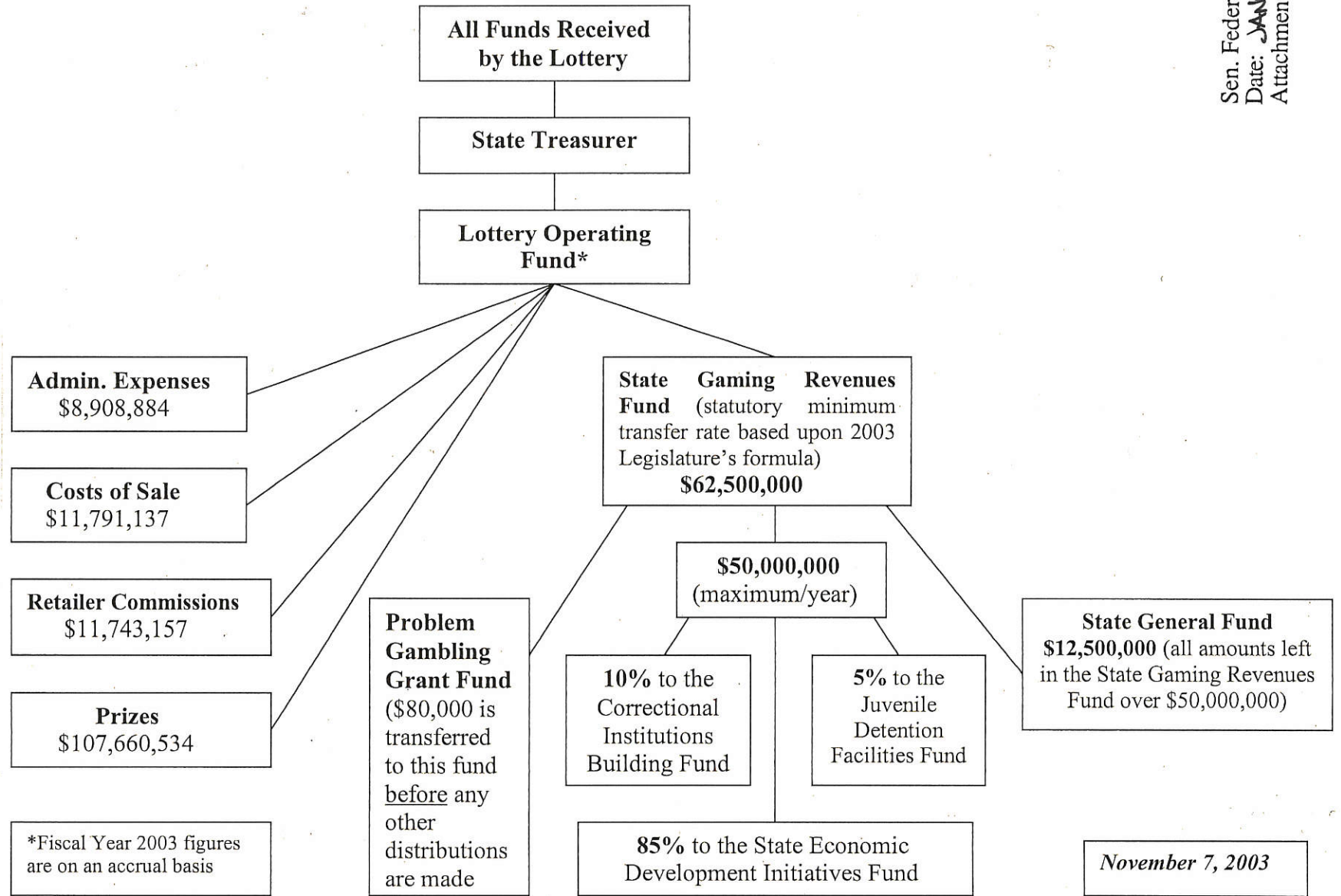
	Kansas Industrial Training Program	HME, Inc.	\$ 3,781.00	Topeka
	Kansas International Trade Show Assistance Program	PTMW	\$ 1,500.00	Topeka
	Small Business Development Centers	State Small Business Development Center	\$ 140,000.00	Topeka
	Small Business Development Centers	Washburn University SBDC	\$ 27,500.00	Topeka
		Total	\$ 765,581.00	
Smith	Community Capacity Building Program	City of Smith Center	\$ 9,748.00	Smith Center
		Total	\$ 9,748.00	
Stafford	Incentives Without Walls	St. John Main Street	\$ 2,000.00	St. John
		Total	\$ 2,000.00	
Stevens	Kansas International Trade Show Assistance Program	Almar Manufacturing	\$ 3,500.00	Hugoton
		Total	\$ 3,500.00	
Sumner	Community Capacity Building Program	City of Oxford	\$ 15,000.00	Oxford
		Total	\$ 15,000.00	
Wichita	Kansas Existing Industry Expansion Program	Heartland Mill, Inc.	\$ 30,000.00	Marienthal
	Kansas Industrial Training Program	Heartland Mill, Inc.	\$ 4,000.00	Marienthal
		Total	\$ 34,000.00	
Wilson	Incentives Without Walls	Main Street Neodesha	\$ 5,000.00	Neodesha
	Kansas Industrial Retraining Program	LaFarge Midwest, Inc.	\$ 3,200.00	Fredonia
	Kansas Industrial Training Program	Prestige, Inc.	\$ 20,000.00	Neodesha
		Total	\$ 28,200.00	
Wyandotte	Attraction Development Grants	National Agricultural Center & Hall of Fame	\$ 6,400.00	Bonner Springs
	Certified Development Company Assistance	Avenue Area, Inc.	\$ 18,006.00	Kansas City
	Kansas Economic Opportunity Initiative Fund	Assail, Inc.	\$ 150,000.00	Kansas City
	Kansas Existing Industry Expansion Program	Plastic Packaging Technologies, LLC (Tech Investments, LLC	\$ 30,000.00	Kansas City
	Kansas Industrial Retraining Program	Associated Wholesale Grocers	\$ 42,800.00	Kansas City
	Kansas Industrial Retraining Program	Griffin Wheel Company	\$ 40,000.00	Kansas City
	Kansas Industrial Retraining Program	Harlan Corporation	\$ 17,384.00	Kansas City
	Kansas Industrial Retraining Program	Plastic Packaging Technologies, LLC	\$ 20,000.00	Kansas City
	Kansas Industrial Training Program	Knight Transportation, Inc.	\$ 48,667.00	Kansas City
	Kansas Industrial Training Program	Staples, Inc.-Quill Distribution Center	\$ 32,800.00	Edwardsville

Kansas Industrial Training Program	NFM of Kansas, Inc.	\$ 199,000.00	Kansas City
Kansas Industrial Training Program	Ford Storage & Moving Company	\$ 32,000.00	Kansas City
Kansas International Trade Show Assistance Program	Columbian TecTank	\$ 2,009.00	Kansas City
Kansas International Trade Show Assistance Program	American Crane & Tractor	\$ 3,500.00	Kansas City
Kansas International Trade Show Assistance Program	<u>Magnum System</u>	\$ 2,443.00	Kansas City
		Total \$ 645,009.00	

TESTIMONY - ED VAN PETTEN

TESTIMONY - ED VAN PETTEN

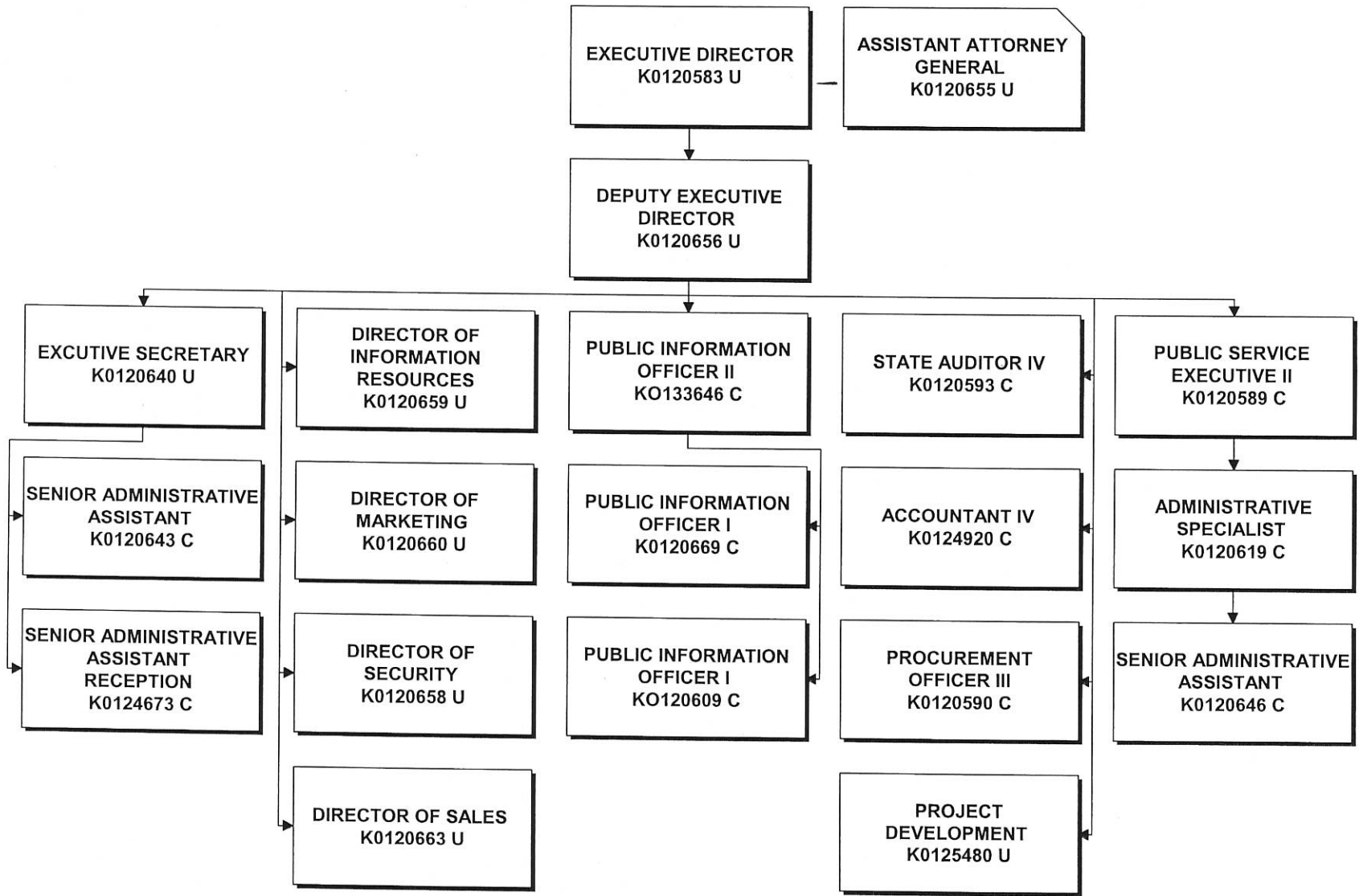
KANSAS LOTTERY FUNDS TRANSFER FY 2003



Sen. Federal & State Affairs Comm
Date: **JANUARY 15, 2004**
Attachment: # **3**

EXECUTIVE

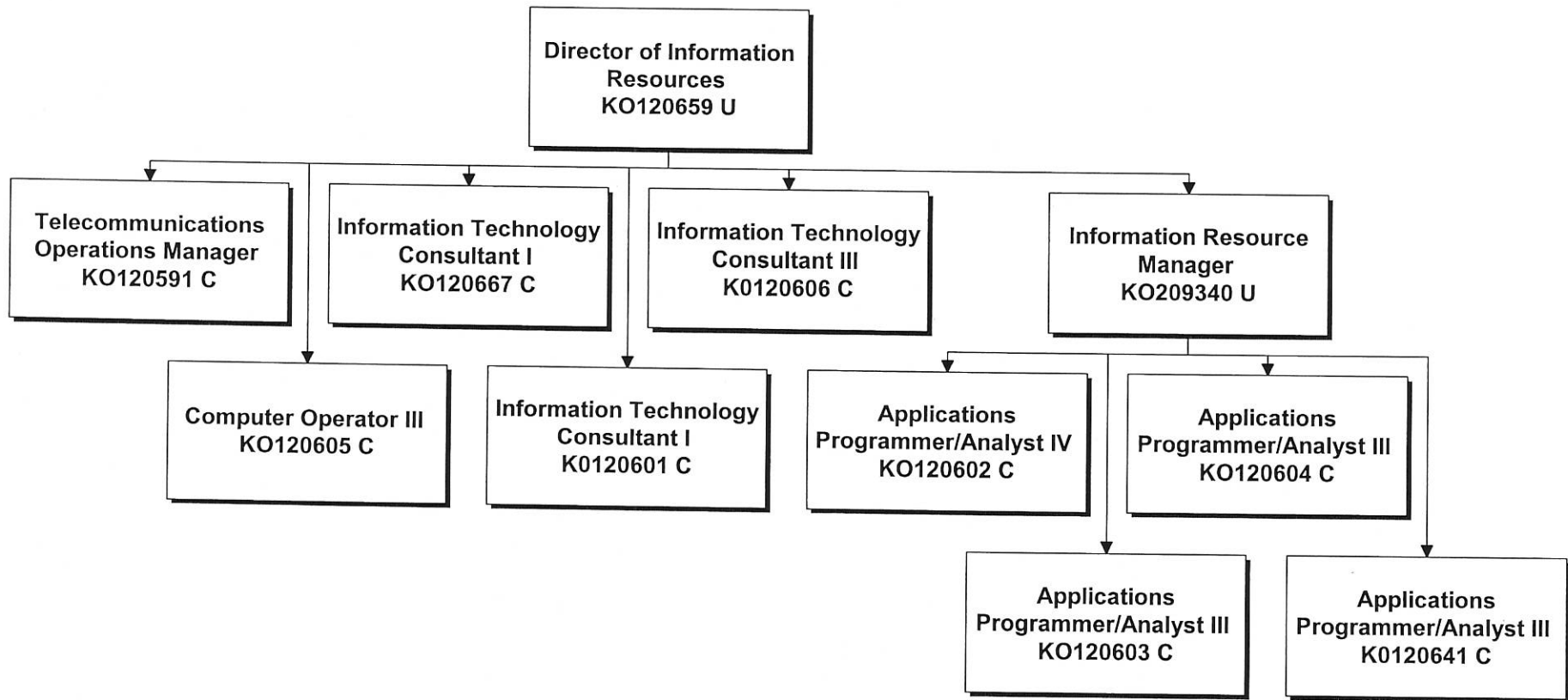
TESTIMONY - ED VAN PETTEN



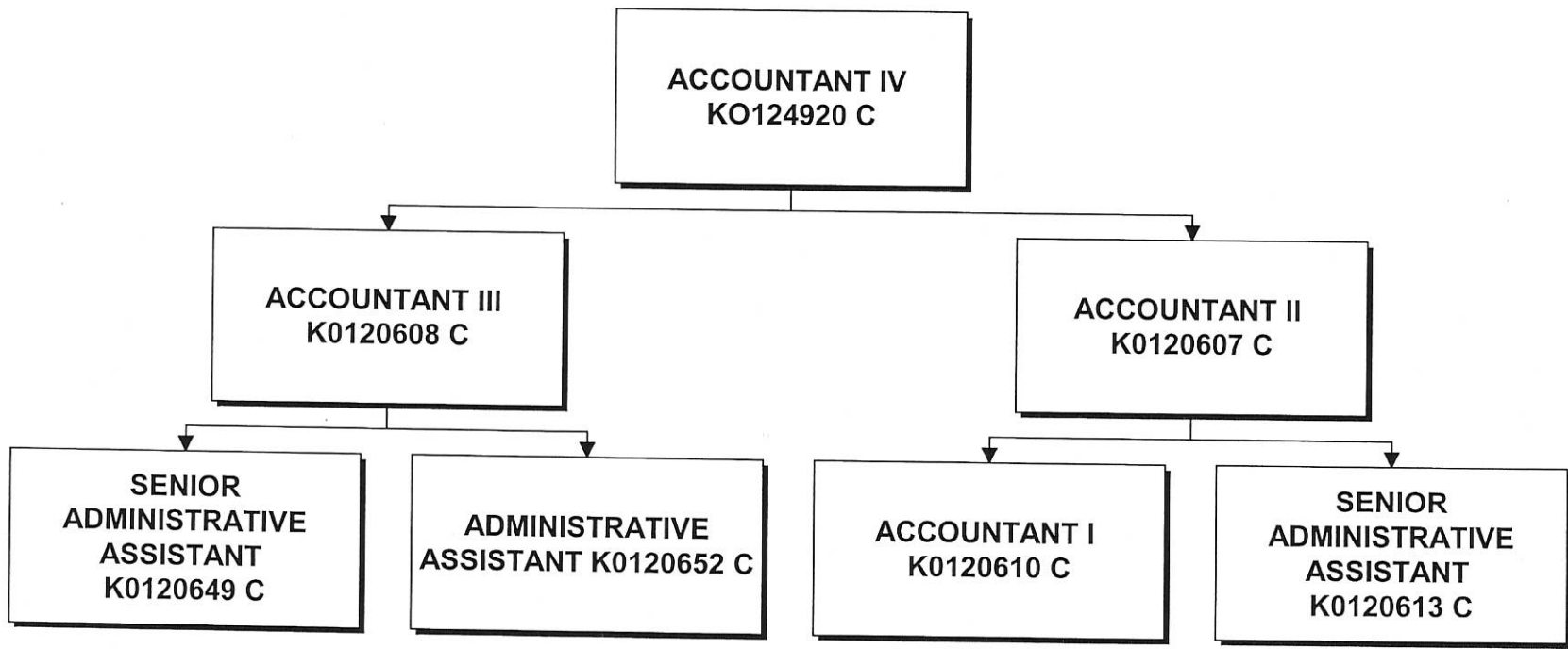
Sen. Federal & State Affairs Comm
Date: JANUARY 15, 2004
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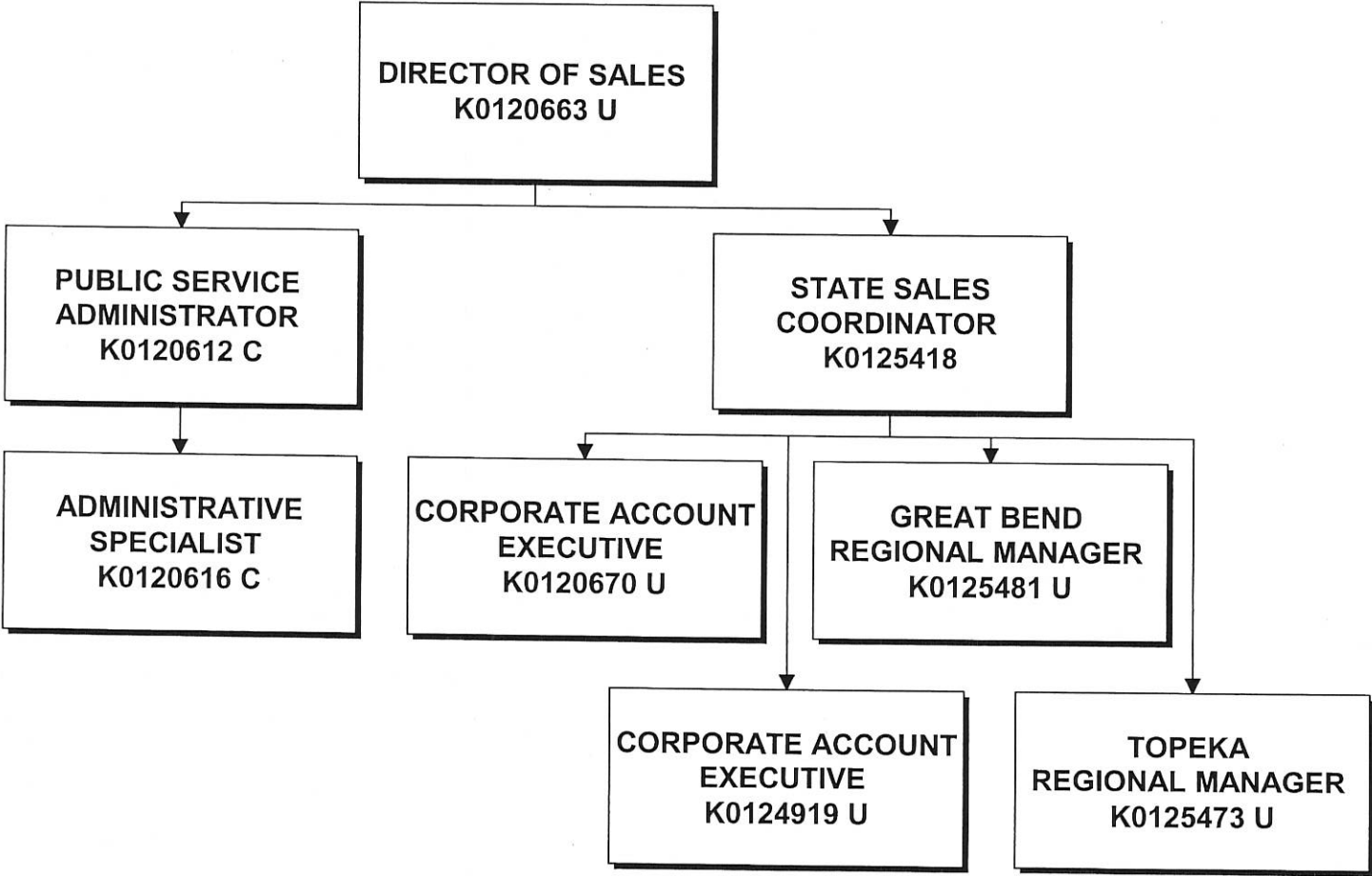
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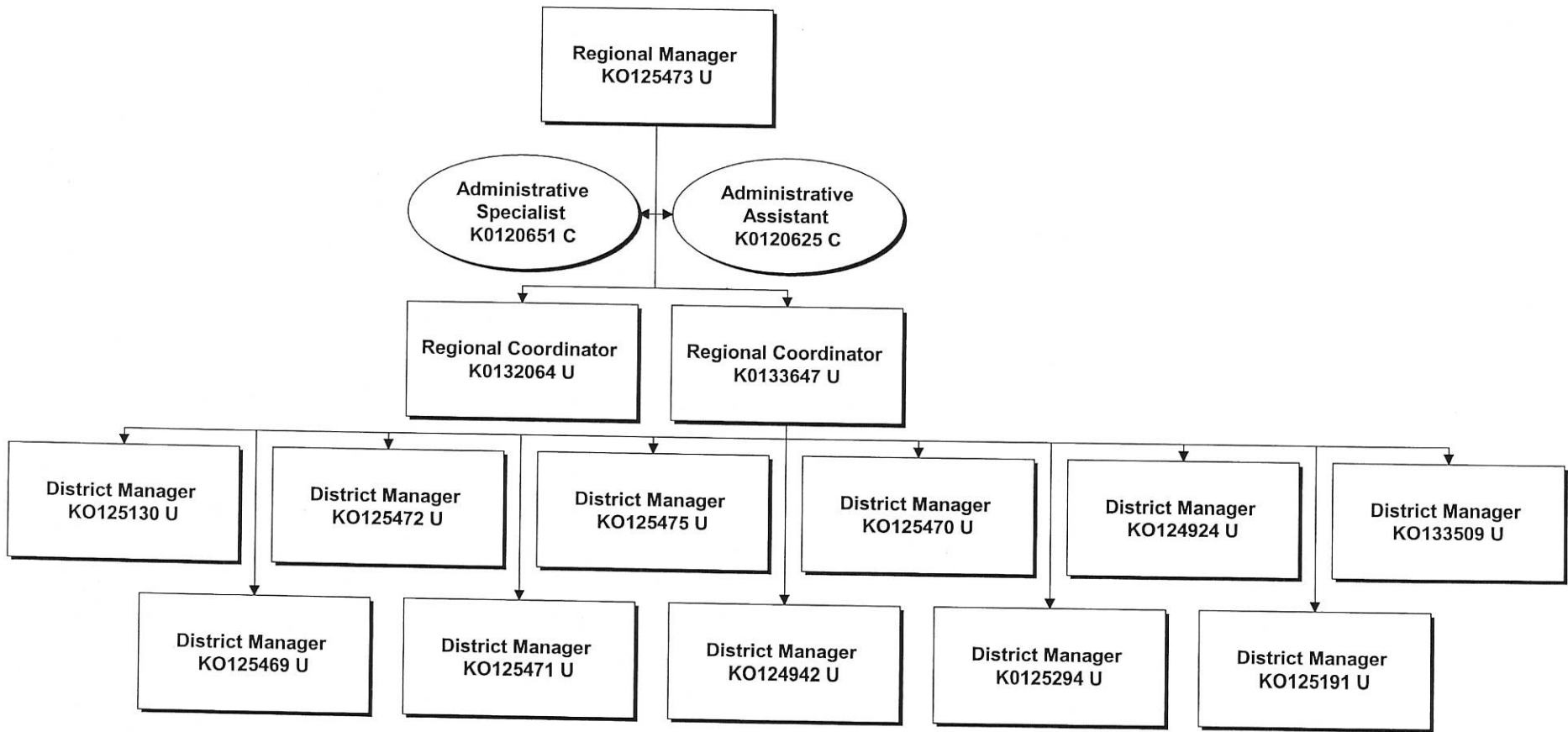
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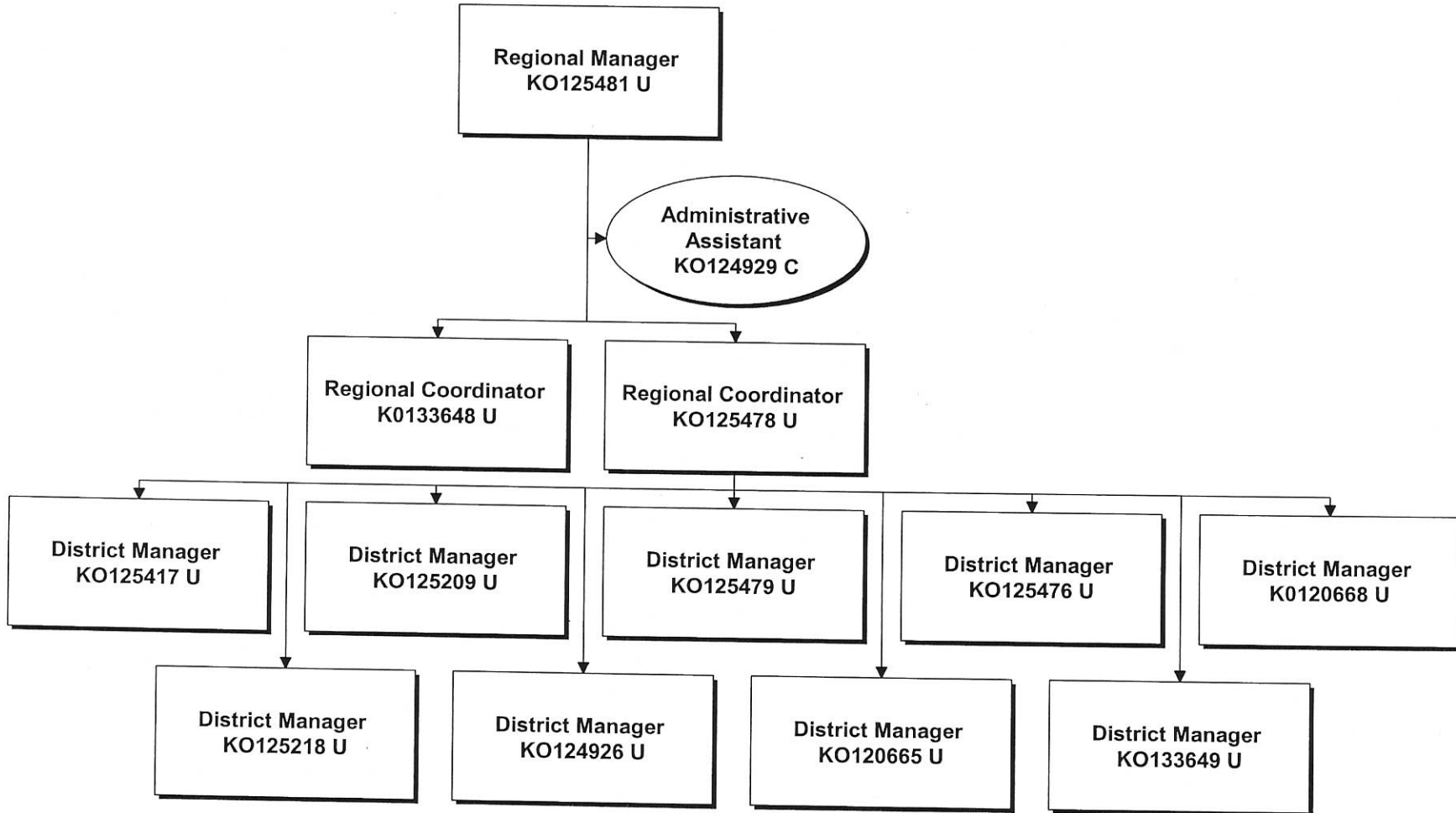
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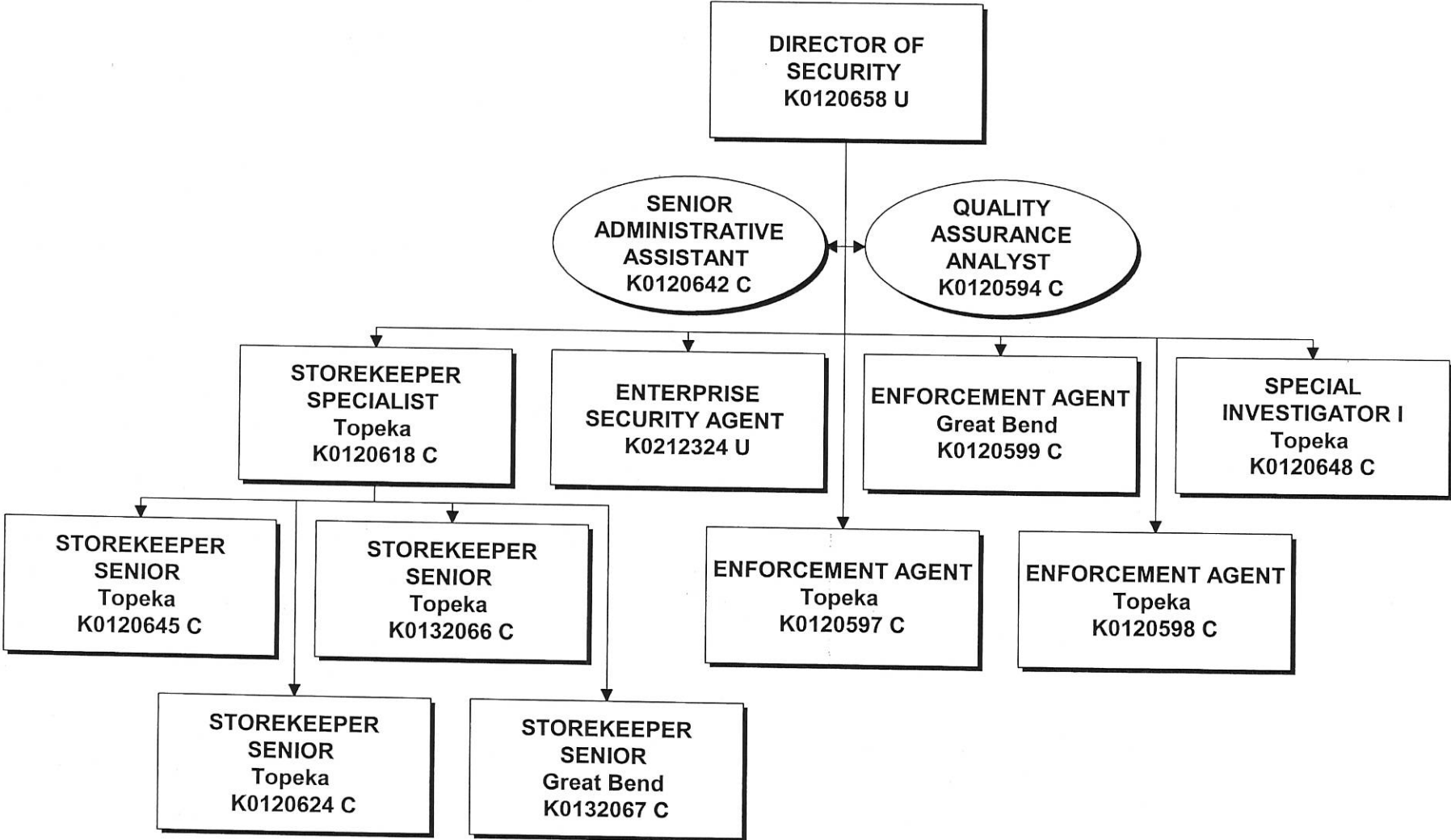
TOPEKA REGIONAL SALES OFFICE



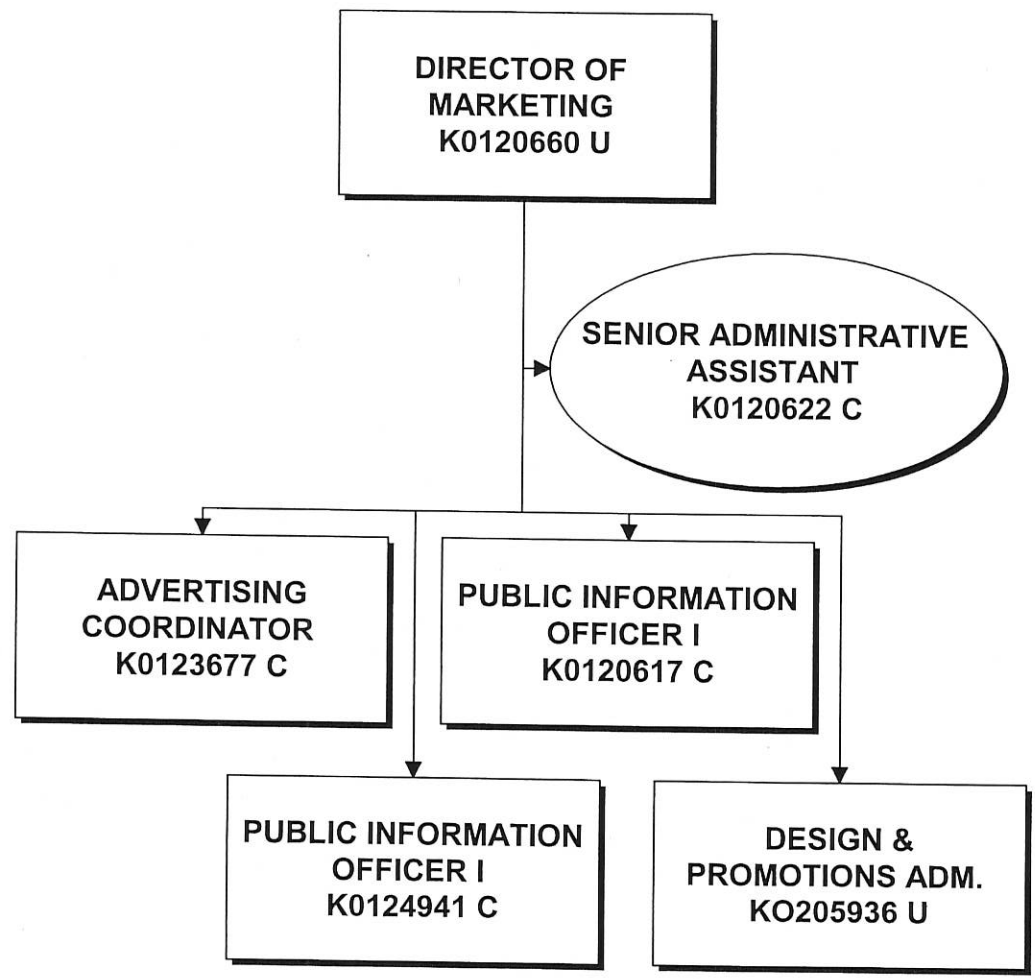
GREAT BEND REGIONAL SALES OFFICE



SECURITY ORGANIZATIONAL CHART



MARKETING





TESTIMONY - ED VAN PETTEN
NEWS RELEASE

DATE: Jan. 14, 2004
CONTACT: Jane Elliott (785) 296-5708

**Cabela's Cash Second-Chance Drawing Location Changed to State Capitol;
Governor Kathleen Sebelius Will Be the Lottery's Guest Draw Official**

TOPEKA, KAN. – The second-chance drawing for a \$10,000 Cabela's shopping spree and four additional \$2,000 shopping sprees will be held at 11 a.m., Friday, Jan. 23, 2004 on the second floor rotunda of the State Capitol Building. Governor Kathleen Sebelius has agreed to be the Lottery's guest draw official at the drawing. One entry will be drawn to win a \$10,000 shopping spree at the Cabela's store in Kansas City. Four additional prizewinners will be drawn, each winning a \$2,000 shopping spree at the Kansas City location.

The \$2 Cabela's Cash instant scratch game launched in September of 2003 and offered a \$10,000 top prize. The game officially ends on Friday, Jan. 16, 2004. Non-winning Cabela's Cash tickets were eligible for entry in the drawing. Entries must be received by the morning mail pick-up in Topeka, Kan. on Jan. 20, 2004 for the drawing on Jan. 23, 2004.

From its beginnings in 1961 with a simple ad in a Wyoming newspaper, Cabela's has grown into what we know today as the "World's Foremost Outfitter." The success of Cabela's resulted from a commitment by two men, Dick and Jim Cabela, founders of the family-owned company, which originated in Nebraska. The company currently employs over 7,000 persons and has stores in Nebraska, Michigan, Minnesota, Pennsylvania, Wisconsin, South Dakota, and Kansas.

The Cabela's store in Kansas City, Kan., has been a number one tourist attraction in Kansas and recorded more than two million visitors between August and December of 2002.

The Jan. 23 drawing will conclude the promotion, which was in effect since the Cabela's Cash ticket was launched in September. The drawing was originally scheduled to take place at the Cabela's store location in Kansas City, Kan.

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Sen. Federal & State Affairs Comm
Date: JANUARY 15, 2004
Attachment: # 5



NEWS RELEASE

DATE: January 14, 2004
CONTACT: Jane Elliott (785) 296-5708

Kansas Lottery Joins in AMBER Alert Program for Recovery of Abducted Children

TOPEKA, KAN. – A parent’s worst nightmare is the thought of losing a child. The abduction of a child is a devastating experience. The Kansas Lottery has joined the Kansas Attorney General’s Office, Kansas Bureau of Investigation, Kansas Highway Patrol, the Kansas Association of Broadcasters and other organizations to participate in the Kansas AMBER Plan. In March 2002, the AMBER Plan was implemented statewide in Kansas. The Kansas AMBER Plan is a voluntary, cooperative effort between law enforcement agencies, radio and television stations and citizens to help protect children.

When an AMBER Alert is activated by a local law enforcement agency, the relevant information is sent to the Kansas Bureau of Investigation, which disseminates the information to law enforcement agencies and media outlets. At this time, the Kansas Lottery will send an immediate message to all Kansas Lottery retailers, which includes approximately 1,850 locations statewide. The special message containing information about the child abduction will be sent to the retailer lotto terminals, which will appear as a printed message for posting at the counter. The information will also appear on the Keno TV monitors in the stores and on Beta Brite signs at Lottery locations. The Lottery’s online vendor, GTECH Corp., which owns and services the Kansas Lottery terminals, has supported the AMBER Plan program in Kansas, as well as several other lottery jurisdictions in the United States.

“If we can assist in even one recovery of an abducted child, it will be well worth the effort,” said Lottery Executive Director Ed Van Petten. “I know that our retailers, our players, GTECH, and all Kansas citizens join me in offering all of the support possible for this worthwhile project.”

-more-

Before a law enforcement agency can activate the AMBER Alert, the situation must meet all of these conditions:

- The abducted child is 17 years old or younger; or he/she has a physical or mental disability;
- The child is in danger of serious bodily harm or death;
- The information is available to disseminate to the public to assist in the safe recovery of the child and/or apprehension of the suspect.

The local law enforcement agency makes the final determination as to whether an AMBER Alert is activated.

There are 46 statewide systems and 96 total AMBER Alert systems in place nationwide. The systems are named after Amber Hagerman, the 9-year-old Texas girl who was kidnapped and killed in 1996. The National Center for Missing and Exploited Children reports that since 1996 the system has been responsible for the recovery of 43 abducted children.

For more information, contact the Kansas Bureau of Investigation at 785-296-8200.

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TESTIMONY ON THE KANSAS LOTTERY

Before the Senate Federal and State Affairs Committee
By: Ed Van Petten, Executive Director - Kansas Lottery
January 15, 2004

Committee Members:

Thank you for the opportunity to address this committee regarding the operation of the Kansas Lottery. As in the past, I have put together some facts regarding the operation of the lottery and sales figures for the present fiscal year to give this committee some insight into the direction that your lottery is taking. I am very confident that this fiscal year will again show the highest sales in the history of the lottery, as well as the largest transfer to our great state as we did last fiscal year.

I. Sales

Sales have shown an increase the last two fiscal years, after decreases in FY00 and FY01. As you will recall, there was substantial scandal during the year 2000 that created a lot of bad publicity which was rehashed repeatedly during the 2001 legislative session. Public perception of the Lottery during this time period was less favorable than during the previous years. This perception has improved at this time. Sales projections developed for budget preparation for this fiscal year and next, are as follows:

	<u>FY04</u>	<u>FY05</u>
Instant Games	\$83,800,000	\$85,000,000
Keno	39,000,000	39,000,000
Super Kansas Cash	20,500,000	20,500,000
Pick 3	6,000,000	6,000,000
Powerball	54,000,000	54,000,000
2by2	2,500,000	3,500,000
Pull tabs	<u>4,500,000</u>	<u>5,000,000</u>
Total projected sales	\$210,300,000	\$213,000,000

Sen. Federal & State Affairs Comm
Date: JANUARY 15, 2004
Attachment: # 6

Sales for the first half of FY04 are:

Instant Games	\$45,481,080
Keno	20,049,551
Super Kansas Cash	14,205,132
Pick 3	2,667,730
Powerball	33,006,916
2by2	1,373,707
Pull tabs	<u>1,930,143</u>
Total sales	\$118,714,259

As you can see, we are exceeding projected sales at this time by over \$10 million.

Although all reports are generated based on fiscal year results, I have requested calendar year sales for 2003, which are as follows:

Instant Games	\$92,083,469
Keno	39,909,861
Super Kansas Cash	23,470,679
Pick 3	5,491,073
Powerball	55,803,678
2by2	2,755,167
Pull tabs	<u>3,540,895</u>
Total sales	\$223,054,822

We feel that the increases we are seeing are a result of changes we have made in game development and marketing practices. We are printing smaller quantities of most of our instant games, but introducing more games to the market each week. This results in higher printing cost per ticket on the games affected, however, most games sell substantially out, which means fewer tickets are destroyed after a game is ended. We have seen a dramatic increase in total sales of our instant games since initiating this practice. Overall printing costs have not increased substantially, as we are printing more tickets of our staple games, such as Crossword, Bingo, Double Doubler and Triple Tripler, and printing more games at a time, which gives us a cost savings from our printer.

Increases in sales for Powerball, have been as a direct result of high jackpots during the first half of the fiscal year. Increases in sales continue with Super Kansas Cash, which was modified in February 2002, to pay many more and larger prizes other than the jackpot prize. The changes seem to have been well received by the players, even though the odds of winning the jackpot were increased from approximately 1:800,000 to 1:2.4 million.

We do advertise our products, mostly by radio advertisements and point of sale materials. Quarterly costs for media advertising usually run about \$300,000. We usually advertise only featured or specialty games, such as the "Cabela's Cash" or "Kansas Beef 'n Bucks" games with some periodic support for the lotto style games.

Although we continue to increase the number of retailers in our system, the increases have been due mostly to construction of additional convenience stores in metropolitan areas. A recruitment effort during 2003 directed at social environments met with little success, but the effort is continuing.

II. Transfers

The 2002 legislature allowed the Lottery to modify the method of calculating transfers made each month. Rather than the statutory provision of transferring 30% of gross sales each month, the Omnibus bill allowed for minimum monthly transfers of \$4.5 million, and a minimum annual total of \$59 million. This request was made to give us more flexibility in operations and the possibility of increasing prize payouts to bolster sales. As a result of these changes, the lottery has on occasion transferred less than 30% of sales in a month; however our average transfers have been running closer to 32%.

Our first year operating under the new plan resulted in \$62.5 million transferred. Transfers thus far for this fiscal year, which includes the transfer on December sales, total \$36,782,800. This reflects six of the twelve monthly transfers and includes a singular transfer in July of \$782,800 as ordered by the Governor as a budget reduction, and \$500,000 as the first transfer for the Veteran's Benefit games.

III. Operations

Our primary concern continues to be security, both in our gaming system and field operations. We have eliminated the ability of programmers to access the gaming system unaudited, by adding a test system, detached from the gaming system, for developing new programs. We have also increased the audit functions, or oversight, on the gaming system.

All divisions are required to reduce the use of paper to the greatest degree possible. Daily and weekly sales reports, which formerly were distributed on paper, are now paperless and maintained "on line" on our internal server. All draw information is also maintained paperless; however some reports and records must be maintained in paper form.

Our gaming system in the field now operates on a wireless communications system statewide. We utilize both satellite and radio technology, and have increased operations with approximately 99.9% up time. When operating on the telecommunications system,

uptime ran approximately 98.5%. Total savings per year will run approximately \$1.6 million.

Cellular telephone contracts are continually reviewed for better and cheaper coverage. Costs for FY04 should be reduced by about \$9,500 from FY03. All sales, security and IT personnel have cell phones issued to them.

We are required to survey retailers to ensure compliance with the Americans with Disabilities Act, which is a continuing responsibility. We have enjoyed a good working relationship with Anthony Fadale, State ADA Coordinator, and recently with Rocky Nichols who has assumed the position of Executive Director of Kansas Advocacy and Protective Services, Inc. We are considering at this time making modifications to the method followed in conducting surveys, as presently, we utilize sales staff for many surveys, and there could be an appearance of conflict, as these are the staff that are in daily contact with retailers.

IV. Partnerships

We continue to develop marketing partnerships with Kansas businesses and industries. As you are aware we market games with Kansas Speedway, the Kansas State Fair, Cabela's and various automobile dealers. We recently launched the "Kansas Beef 'n Bucks" instant ticket in cooperation with Dodge City Steak Company and the Kansas Livestock Association. Our intent with these games is to increase the exposure of Kansas business and industry and to generate enthusiasm in the Kansas citizens for our games. We will soon launch a game supporting the June 5, 2004, ARCA series race at the Kansas Speedway, and a game supporting the Country Stampede, held in June at Tuttle Creek Park.

There are a number of businesses in the lottery industry that license certain products for use of logos and using their merchandise for prizes in conjunction with lottery games. These licenses are quite often very expensive, so we have tried to generate the same effect of "brand" or name recognition, and hopefully help a Kansas business in the process. Instead of costing the Lottery extra, the merchandise has been provided at no cost, or reduced cost, with no charges for the use of logos and names. This seems to be a good way to stimulate economic development in Kansas without the use of public funds to do so. In fact, we are generating additional public funding in the process.

V. Veteran's Benefit Games

Unaudited sales figures for the Veteran's Benefit Games are as follows:

Sunflower Salute	\$1,171,568
Veteran's Cash	<u>1,053,469</u>
Total sales	\$2,225,037

All expenses relating to the game are to be deducted from gross sales to determine the amount transferred. We will transfer \$500,000 in January with the remainder being transferred at the end of the fiscal year. We anticipate a total transfer of approximately \$640,000.

Joint Committee on State-Tribal Relations

PRESENTED AND REVIEWED BY - RUSSELL MILLS

FIFTH ANNUAL REPORT (2003)

CONCLUSIONS AND RECOMMENDATIONS

The Joint Committee on State-Tribal Relations make the following recommendations.

- Regarding the tribal law enforcement issue, the Joint Committee recommends that the House Committee on Federal and State Affairs continue to work 2003 House Sub. for SB 9.
- The Joint Committee, with the approval of the Legislative Coordinating Council, has sent a letter to the members of the Kansas Congressional Delegation seeking their support in establishing a Congressional Inquiry or GAO Audit into certain actions of the U.S. Department of Interior which resulted in the Wyandotte Tribe of Oklahoma operating a gaming casino in downtown Kansas City, Kansas.
- The Joint Committee will continue to monitor the controversy over the South Lawrence Trafficway and its possible impact on the Baker Wetlands and Haskell Indian Nations University.
- The Joint Committee will continue to monitor the status of tribal-related litigation. The Joint Committee has requested expenditure information relative to these tribal cases.

Proposed Legislation: None

BACKGROUND

The Joint Committee on State-Tribal Relations was created through the enactment of 1999 HB 2065. The responsibilities and organization of the Joint Committee are summarized below.

The Joint Committee is authorized by statute to:

- establish and transmit to the Governor proposed guidelines reflecting the public policies and state interests that the Joint Committee will consider in reviewing proposed compacts;
- recommend to the Governor that any gaming compact provide for the imposition and collection of state sales and excise taxes on sales of nongaming goods and services to persons other than tribal members and imposition and collection of state income tax on revenues derived from sales of nongaming goods and services;
- hold public hearings on proposed gaming compacts submitted to the Joint Committee by the Governor;
- recommend modification of proposed gaming compacts submitted by the Governor and introduce resolutions approving proposed gaming compacts

Senate Federal and State Affairs Com.

Date: JANUARY 15, 2004

Attachment: # 7

and recommend that such resolutions be adopted or be not adopted, or report such resolutions without recommendation, and notify the Governor, in writing, of the Joint Committee's action;

- meet, discuss, and hold hearings on issues concerning state and tribal relations;
- make recommendations on issues of state-tribal relations; and
- introduce such legislation as deemed necessary in performing its functions.

Six members of the Committee constitute a quorum, however, actions of the Committee regarding approval of state-tribal gaming compacts require the affirmative vote of at least eight members, at least four senators, and four representatives. The Committee could report a compact without recommendation on the affirmative vote of any five legislative members.

Annually, the Committee elects its chairperson and vice-chairperson. The chairperson alternates between the House (even years) and Senate (odd years). The ranking minority member is from the same chamber as the chairperson. The Committee is authorized to appoint subcommittees and members may be paid and reimbursed for travel and subsistence for attendance at subcommittee or full Committee meetings.

COMMITTEE ACTIVITIES

The Joint Committee met for four days during the 2003 Interim. Two of the meetings were held in Topeka. One meeting was held at Haskell Indian Nations University in Lawrence. One meeting was held in the Holton City Hall, and also included a tour of the Prairie Band Potawatomi Nation Reservation. The Joint Committee received input on various issues from the four resident Kansas Tribes, and

from state and federal officials who are involved in state-tribal matters.

The Joint Committee reviewed the status of tribal-related bills considered by the 2003 Legislature. The Joint Committee also was given updates on the status of tribal-related litigation in Kansas by Steve Alexander and Brian Johnson, representatives of the Attorney General's Office. The updates reviewed the litigation involving the Wyandotte Tribe of Oklahoma's casino operation in Kansas City, the issuance of tribal license plates, and the taxation of tribal gasoline sales.

The Executive Director of the Kansas Office of Native American Affairs, Gail DuPuis, also provided updated information on the activities of that agency, including developments related to the Governor's Interstate Indian Council and the National American Indian and Alaska Native Heritage Month celebration.

A representative of the National Conference of State Legislatures (NCSL), Andrea Williams, reviewed the current joint project of NCSL and the National Congress of American Indians (NCAI) which focuses on promoting intergovernmental cooperation between states and tribal governments.

The Executive Director of the Kansas State Historical Society, Mary Allman, and other interested conferees reviewed the history of the state historical marker program. Some tribal members had expressed objections to the language used on some of the markers. At the request of the Joint Committee, the interested parties agreed to meet jointly to seek a resolution to the issue. The Joint Committee also received testimony from a representative of the State Historical Society, Christy Davis, on the impact of historic preservation laws on the new casino operation in Kansas City.

The Joint Committee also received testimony from representatives of the Haskell Wetland's Preservation Organization relative

to the proposed new South Lawrence Trafficway (SLT), including Nicholas Luna, Monette Terry, and Yulburton Sandcrane. Some members of the Joint Committee toured the wetlands acreage. The Chief Counsel for the Kansas Department of Transportation, Sally Howard, reviewed the history of the proposed South Lawrence Trafficway project from 1986 to the present. She advised the Joint Committee that on December 12, 2003, the Corps of Engineers released its Record of Decision for the final section of the SLT and a final alignment of the project along 32nd Street.

The Joint Committee also received testimony from various persons associated with the Lewis and Clark Bicentennial Commission, including Chris Howell, Karen Seaberg, and Sheri Wilson. This celebration will occur mostly in the spring and summer of 2004.

The Joint Committee also was given a review by Brent Widick of the various programs of the Department of Social and Rehabilitation Services (SRS) which impact the Native American Tribes. The Joint Committee also was given an update from the Kansas Arts Commission Director David Wilson. Kim Qualls of the Travel and Tourism Division of the Kansas Department of Commerce reviewed efforts and other programs to promote Native American heritage and culture.

The Joint Committee also attended a national conference hosted by the Haskell Indian Nations University relating to "Indian Records for the 21st Century and Beyond: Creating a Tribal/Federal Vision."

The Joint Committee received input on various issues from the four resident Kansas tribes: the Prairie Band Potawatomi Nation of Kansas; the Kickapoo Tribe; the Sac and Fox Nation of Missouri in Kansas and Nebraska; and the Iowa Tribe of Kansas and Nebraska.

The members of the Joint Committee applauded the decision by Chairperson Oleen

to invite representatives of the tribal governments to sit at the Committee table and participate in Committee discussion. Tribal representatives who sat with the committee included: Louis DeRoin, Iowa Tribe; Zach Pahmahmie, Prairie Band Potawatomi Nation; Emily Conklin and John Thomas, Kickapoo Tribe; and Don Pilcher, Sac and Fox Nation.

In addition to its usual review of tribal-related issues, the Joint Committee was charged by the Legislative Coordinating Council (LCC) to review the issue of placing lands into trust.

The charge from the LCC is as follows:

Placing Land into Trust. Study how land is placed in a trust and how that action impacts Kansas with regard to sovereignty issues, the Kansas Act of Admission, the Tenth Amendment to the U.S. Constitution and ongoing litigation with Native American tribes.

In conducting this review, the Joint Committee heard testimony from Steve Alexander of the Attorney General's Office; several Jackson County Commissioners, including Brad Hamilton and Lois Pelton; representatives of the resident tribes, as noted above; and officials with the Bureau of Indian Affairs, including Galen Hubbard of the Horton Office.

The Joint Committee discussed the possibility of contacting the Kansas Congressional Delegation to request that a Congressional inquiry or an audit by the General Accounting Office (GAO) into the actions of the U.S. Department of Interior which led to the Shriner tract in Kansas City, Kansas being taken into trust in such a short time frame. The Joint Committee approved a motion which directed the Chairperson to request the approval of the LCC to authorize the Joint Committee to make such a request of the Kansas Congressional Delegation. The LCC approved the request of the Joint Committee under LCC Policy 33. At its

December 15th meeting, the Joint Committee approved the letter to be sent to the Kansas Congressional Delegation.

The Joint Committee decided to revisit the issue of enhancing the powers and responsibilities of the tribal police officers and tribal police departments. The Joint Committee strongly believes that legislation is needed to improve law enforcement efficiency in those counties which have resident tribal reservations located in the county. The Joint Committee has recommended such legislation for the past four Legislative Sessions. Bills have passed the Senate on at least three occasions, only to fail in the House of Representatives. The Joint Committee again heard testimony from tribal police (J. T. Scott and Sam Grant, Prairie Band Tribal Police Department); county sheriffs (Bruce Tomlinson of Jackson County and Lamar Shoemaker of Brown County); Jackson County commissioners (Brad Hamilton and Lois Pelton); and interested legislators (Representative Becky Hutchins). The Joint Committee is aware that 2003 H. Sub. for SB 9, concerning this issue, has passed the Senate and is currently in the House Committee on Federal and State Affairs.

The Joint Committee received a presentation by representatives of the Intertribal Gaming Management Consortium, including Whitney Damron and Emily Conklin, regarding the proposed new casino project. This is a joint project of the Kickapoo Tribe in Kansas and the Sac and Fox Nation to construct a new casino in the Village West development in western Wyandotte County.

CONCLUSIONS AND RECOMMENDATIONS

The Joint Committee believes that more open communication and cooperation between the state and the tribes is the key to improving the state-tribal relationships. The

members believe that the Joint Committee is a useful forum to allow for improved communication and cooperation.

Tribal Law Enforcement. As noted above, the Joint Committee held considerable discussion on the tribal law enforcement issue, and reviewed a proposed balloon amendment to 2003 H. Sub. for SB 9. The Joint Committee reached a consensus that the House Committee on Federal and State Affairs continue to work H. Sub. for SB 9 during the 2004 Session. The Joint Committee continues to support legislation to improve the cooperative efforts of the tribal law enforcement departments and the local police and sheriff's departments and would like to have statutory language in this area. The Joint Committee was favorably impressed by the level of professionalism of tribal police officers.

Letter to Kansas Congressional Delegation. As discussed above, the Joint Committee, with the approval of the Legislative Coordinating Council, has sent a letter to the members of the Kansas Congressional Delegation seeking their support in establishing a Congressional Inquiry or GAO Audit into certain actions of the U.S. Department of Interior which resulted in the Wyandotte Tribe of Oklahoma operating a gaming casino in downtown Kansas City, Kansas.

Baker Wetlands and South Lawrence Trafficway. The Joint Committee heard testimony regarding the controversy over the South Lawrence Trafficway and its possible impact on the Baker Wetlands and Haskell Indian Nations University. The Committee members visited the Baker Wetlands site and received input from members of the Wetlands Preservation Organization. Although the members believe that this is largely a federal issue. The Joint Committee will continue to monitor developments in this area.

Tribal-Related Litigation. The Joint Committee received updates on the status

tribal-related litigation currently ongoing. Due to the expenses, lengthy time frame and topic of litigation involved in these cases, the Joint Committee urges the use of alternative dispute resolution or arbitration to expedite settlement of these issues.

At its meeting on December 15, the Joint Committee requested expenditure information relative to these tribal-related lawsuits. Staff has requested this expenditure information from the Office of the Attorney General and the Department of Revenue. Staff will provide this information to the Joint Committee as it becomes available.