

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:40 a.m. on Wednesday, February 2, 2005, in Room 231-N of the Capitol.

Committee members absent: Senator Brownlee (E)
Senator Gilstrap (E)
Senator O'Connor (E)

Committee staff present:

Athena Andaya, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Dee Woodson, Committee Secretary

Conferees appearing before the committee:

Doug Lawrence, Kansas Greyhound Association
Chuck Simmons, Kansas Department of Corrections

Others attending:

See attached list.

Chairman Brungardt called for bill introductions. Doug Lawrence, Kansas Greyhound Association, requested a bill be introduced regarding the Kansas Expanded Lottery Act, and the Revisor provided a bill draft covering the request. He made introductions of his group that were in attendance: former Kansas Attorney General, Bob Stephen; Ed Gillette, Legal Advisor to the River Falls Gaming and Destination Kansas consortium; Steve Ward, President of the Kansas Greyhound Association, Paul Treadwell, President of the Kansas Quarter Racing Association; Dave Assman, President of the Kansas Thoroughbred Association; and Larry Waldrop, Managing Partner of River Falls Gaming.

Mr. Lawrence explained that the purpose of this proposed bill was to provide the Legislature an alternative to raising taxes, in an effort to provide supplemental funding for education, while maximizing the opportunity to develop regional tourism destinations in Kansas. The estimated new revenue in FY06 is approximately \$150 million. He stated that the bill would limit locations to three Destination Development Zones: Wyandotte, Sedgwick, and Crawford/Cherokee Counties. The bill also limits Video Lottery Terminals (VLT's) to five existing racetrack locations, and a limited number of VLT's are allocated to non-profit Veteran's Service organizations like the American Legion and VFW. He said that destination resort casinos, nor VLT's, could be placed in any county unless there has been an election authorizing such placement. He added that the developer of the destination resort must have the formal endorsement of the city and county where they propose the project. (Attachment 1)

Senator Barnett made a motion to introduce the proposed bill, seconded by Senator Reitz, and the motion carried.

Chairman Brungardt called upon Chuck Simmons to give a presentation on the Prison Rape Elimination Act (PREA), and its implications for station correctional systems. Mr. Simmons explained that PREA became effective September 4, 2003, and applies to all correctional facilities: federal, state, local, private, adult, and juvenile. He stated the purposes of PREA are: (1) to make prevention of rape a top priority in corrections systems; (2) establish a zero-tolerance standard in correctional facilities; (3) provide for national standards to be developed for detection, prevention, reduction, and punishment of prison rape; (4) increase the availability of data on the incidence and prevalence of prison rape; and (5) increase accountability for the failure to prevent/reduce rape. (Attachment 2)

Mr. Simmons further explained that the law applies to staff sexual misconduct, and inmate sexual assault and rape. He told the Committee the Bureau of Justice Statistics of the Department of Justice will conduct each calendar year a comprehensive statistical review and analysis of the incidence and effects of prison rape. This will entail surveying not less than 10% of all inmates, at least one prison from each state, and

CONTINUATION SHEET

MINUTES OF THE Senate Federal and State Affairs Committee at 10:40 a.m. on Wednesday, February 2, 2005, in Room 231-N of the Capitol.

participation by state and local entity being required as is access to inmates in the custody of the facility being surveyed. He said the Review Panel on Prison Rape will hold hearings each year concerning the three prisons with the highest incidence of prison rape, and the two prisons with the lowest incidence of prison rape (for each category of facilities). The purpose is to identify common characteristics of victims and perpetrators, facilities or systems with a high incidence, and of systems that appear to be successful in deterring prison rape.

Mr. Simmons spoke briefly on grants, and that the purpose of grants was to protect inmates, safeguard communities, cover a period of two years and not to exceed \$1 million with a 50% match. He also explained the makeup of the National Prison Rape Reduction Commission.

Following Committee questions and discussion, the Chairman expressed appreciation to Mr. Simmons for his informative presentation.

SB 19 - Legislative post audits, confidentiality of surveys

Chairman Brungardt called for discussion and final action on **SB 19**. The Revisor distributed a balloon amendment to the bill. (Attachment 3)

Questions and discussion followed regarding the proposed balloon, along with clarification of the definition of "audit" in K.S.A. 46-1112. **Senator Vratil moved to adopt the balloon amendment for SB 19, seconded by Senator Reitz, and the motion carried.**

Senator Vratil made a motion to recommend SB 19 favorably as amended. Senator Reitz seconded the motion, and the motion carried.

The meeting was adjourned at 11:25 a.m. The next scheduled meeting is Wednesday, February 3, 2005.

SENATE FEDERAL & STATE AFFAIRS COMMITTEE GUEST LIST

DATE Weds, Feb 2, 2005

DOUG LAWRENCE KGA	Ks Greyhounds ASSN
Heidi Perkins	Sac. & Fox Nation
Fel Green	Sac & Fox Nation
Mike Pardo	CITY OF EUREKA - Mayor
Vickie Homblerkle	Conenwood County Econ Dev
BRIAN GARRELS	CITY OF EUREKA
DON DENNEY	UNIFIED GOVT OF WY CO
GENE RALSTON	KQHRA
PAUL TRENDWELL	KQHRA
Karen S Tolle	KQHRA
STEPHEN MARTIN	Foulston SIEKIN LLP.
David Sirucek	KTA - KHA
Tom Burgess	River Falls County
Gary Smith	KTA - KHA
John M. Coif	K.T.A.
Dave Assman	K.T.A.
Michelle Burhenn	KC Star
Glenn Thompson	Stand Up For KS.
Robert W McCoy	KTA
Donnie Mowee	K.T.A.
R. G. Jordan	K.T.A., KHA.
Ross Vogel	Kansas Economic Growth
John Stein	HEM LAW FIRM
William W Sneed	Kansas Economic Growth
WADE H. BOWLE, Jr	SSA

Introduction of Expanded Lottery Act
Doug Lawrence
Before Senate Federal and State Affairs Committee

February 2, 2005

Purpose

To provide legislature an alternative to raising taxes, in the effort to provide supplemental funding for education, while maximizing the opportunity to develop regional tourism destinations in Kansas.

Revenues

\$150 million dollars in new revenues in FY 2006, through expansion of the Kansas Lottery to authorize development of destination resort casinos in three locations, plus the addition of Video Lottery Terminals (VLT's) at existing parimutuel racing facilities, and limited Veteran's Service Club locations. Use of accelerated payments, plus VLT revenues at track and club locations in FY 2006. Full year revenues in 2007 would exceed 200 Million dollars.

Locations

Three Destination Development Zones are created, where the lottery is authorized to consider development of destination resort facilities. The Destination Resorts must be part of an overall strategy of creating tourism destinations in or near the zone.

Wyandotte County
Sedgwick County
Crawford/Cherokee County

Video Lottery Terminals authorized at existing parimutuel facilities in Wyandotte, Crawford and Sedgwick counties and two fair track locations in Eureka (Greenwood County) and Anthony (Harper County).

Counties identified in this legislation as qualified for Destination Development Zones, were identified as the best locations in the state by a market study conducted on behalf of the Kansas Lottery last year. These general areas, combined with VLT's at the tracks would – according to the study – generate the maximum revenues for the state.

Local Control

Kansas lottery may not place destination resort casinos, nor VLT's in any county unless there has been an election authorizing such placement. In addition to the local vote, the developer of the destination resort must have the formal endorsement of the city and county where they propose the project.

Senate Federal & State Affairs
Committee
2-02-05
Attachment 1

 Capitol Consulting
Group

Expanded Lottery Act

Outline

1. Revenues

A. \$150 Million dollars in revenues in FY 2006

Accelerated payments to the state by Destination Resort developers and Pari-mutuel Racetrack licensees would be calculated on the basis of a \$15,000 per machine payment, mandatory as specified in legislation. Actual revenue may be more, because the racetrack facilities would be generating direct revenues from VLT operation during FY 2006.

Three Destination Resorts (to be built) and five (existing) pari-mutuel facilities would be authorized to place electronic gaming machines or video lottery terminals at their facilities.

B. Revenues Allocated to Supplement Education Funding

Legislation places state's share of revenues in the state general fund, subject to appropriation for primary and secondary public education.

Revenues allocated to supplement education funding under this legislation are projected to exceed 200 million dollars beginning in FY 2007, assuming development of three destination resorts.

2. VLT's at five (5) existing racetrack locations

A. 200 Million dollars to rural economies of our state

The live horse racing and greyhound racing industry make a significant contribution to the economy of rural Kansas. Adding VLT's at the existing tracks will add big value to the rural sectors of Kansas, which benefit from the greyhound, quarterhorse and thoroughbred breeding industries. Help grow the agricultural side of live racing.

3. Veteran's Programs

A limited number of Video Lottery Terminals are allocated to non-profit Veteran's Service organizations like the American Legion and VFW, with a significant portion of the revenues from those terminals allocated to programs serving veterans and members of the military.

Expanded Lottery Act

Locations

Destination Development Zones

Three locations identified as Destination Development Zones. Development of Destination Resorts limited to counties identified in the legislation. Resort must be part of an overall strategy of creating tourism destinations in or near the zone.

Northeast Kansas Zone: Wyandotte County

Southeast Kansas Zone: Cherokee and Crawford County

Southcentral Kansas Zone: Sedgwick County

Local Control

Kansas Lottery cannot consider proposals for development of a destination resort until the voters in a county have authorized the county's participation. In addition to the local vote, the developer of a destination resort must have formal endorsement of the city and county where they propose a project.

Zone locations based on Lottery Market Study

The Counties included in this legislation as destination development zones were identified as the best locations in the state by a market study conducted last year by the Kansas Lottery. These general areas, combined with Video Lottery Terminals at the racetracks, would generate the maximum revenues for the state.

Expanded Lottery Act

Approval Process

- 1.) Lottery decides which developers qualify for development of Destination Resorts
 - a. Financial Capability to build such facilities
 - b. Experience necessary to operate such facilities
 - c. Background checks
- 2.) Community decides if it wants a facility built
 - a. Vote of the people
 - b. Local endorsements of City and County
 - c. Agreements for services, revenue sharing and development costs
- 3.) Developer puts together plan
 - a. Acquires land
 - b. Firm financing commitment
 - c. Construction contracts
 - d. All agreements including business structures and partnerships
- 4.) Lottery Commission reviews application
 - a. Meets statutory requirements
 - b. Meets financial requirements
 - c. Plan for Problem Gaming
- 5.) Lottery Director Negotiates Management Contract
 - a. All details spelled out
 - b. Accelerator payment due upon execution of agreement
- 6.) Construction begins
 - a. Two year construction period

KANSAS

KANSAS DEPARTMENT OF CORRECTIONS
ROGER WERHOLTZ, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Prison Rape Elimination Act of 2003

September 4, 2003-effective date

Applies to all corrections facilities:

- federal
- state
- local
- private
- adult
- juvenile

Purposes:

Makes prevention of rape a top priority in corrections systems;

Establishes a zero-tolerance standard in correctional facilities;

Provides for national standards to be developed for detection, prevention, reduction, & punishment of prison rape;

Increases the availability of data on the incidence and prevalence of prison rape;

Increases accountability for the failure to prevent/reduce rape.

Law applies to:

- staff sexual misconduct;
- inmate sexual assault and rape.

The Bureau of Justice Statistics of the Department of Justice will conduct each calendar year a comprehensive statistical review and analysis of the incidence and effects of prison rape.

- >survey not less than 10% of all inmates
- >at least one prison from each state
- >participation by state or local entity is required as is access to inmates in their custody.

Senate Federal & State Affairs
Committee

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Attachment 2

2-02-05

The Review Panel on Prison Rape will hold hearings each year concerning the three prisons with the highest incidence of prison rape and the two prisons with the lowest incidence of prison rape (for each category of facilities). Purpose is to identify common characteristics of victims and perpetrators, facilities or systems with a high incidence, and of systems that appear to be successful in deterring prison rape.

Grants:

Purposes-

- >protecting inmates
- >safeguarding communities
- >for a period of 2 years
- >not exceed \$1 million
- >50% match

National Prison Rape Reduction Commission

- >9 members
- >conduct comprehensive legal and factual study of the penological, physical, mental, medical, social, and economic impacts of prison rape
- >submit report within two years
- >include recommended standards for reducing prison rape

Standards

- >Attorney General shall adopt national standards not later than one year after receiving the report
- >For each fiscal year any amount that a state would receive for prison purposes under a covered grant program shall be reduced by 5% unless the state certifies full compliance with the standards.
- >For each fiscal year any amount a state receives for that fiscal year under a covered grant program shall not be used for prison purposes unless the state certifies that neither the state or any political subdivision or unit of local government is listed as failing to cooperate in the annual survey.
- >"covered grant program" is one administered by the Attorney General for prison purposes (list to be issued each fiscal year by the Attorney General)

(February, 2005)

SENATE BILL No. 19

By Legislative Post Audit Committee

1-10

9 AN ACT concerning the legislative post audit act; prescribing the con-
10 fidentiality of surveys administered for audits; amending K.S.A. 46- responses to
11 1119 and repealing the existing section.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) As used in this section:

15 (1) "Audit" means any financial-compliance audit, performance audit
16 or any other audit or audit work conducted by the division of post audit
17 or by a firm under the legislative post audit act;

18 (2) "survey" means any questionnaire or other survey instrument ad-
19 ministered by the division of post audit or by a firm under the legislative
20 post audit act for the purposes and in the course of an audit, ~~including~~
21 ~~the responses thereto,~~ regardless of form or characteristics; and

22 (3) any other words and phrases used in this section shall have the
23 meanings respectively ascribed thereto by K.S.A. 46-1112 and amend-
24 ments thereto.

25 (b) ~~Each~~ survey administered for the purposes and in the course of A response to any
26 an audit approved by the legislative post audit committee shall be confi-
27 dential and shall not be disclosed pursuant to the provisions of the open except as required pursuant to the legislative post audit act
28 records act or under any other law. Nothing in this section shall limit the
29 use of any information contained in any survey by the division of post responses to
30 audit for the purposes of any audit or for any other purpose authorized
31 or required under the legislative post audit act.

32 Sec. 2. K.S.A. 46-1119 is hereby amended to read as follows: 46-
33 1119. The provisions of K.S.A. 46-1101 through ~~46-1127~~ 46-1128 and
34 section 1 and amendments thereto and any other acts contained in article
35 11 of chapter 46 of the Kansas Statutes Annotated and any acts amen-
36 datory thereof or made specifically supplemental thereto, shall be con-
37 strued together and may be cited as the legislative post audit act.

38 Sec. 3. K.S.A. 46-1119 is hereby repealed.

39 Sec. 4. This act shall take effect and be in force from and after its
40 publication in the Kansas register.

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2-02-05
Attachment 3