

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on January 17, 2007, in Room 514-S of the Capitol.

All members were present except:

- Representative Barbara Ballard - excused
- Representative Jerry Henry - excused
- Representative Kevin Yoder - excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Becky Krahl, Legislative Research Department
- Aaron Klaassen, Legislative Research Department
- Amy Deckard, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Stephan Martino, Executive Director, State Racing and Gaming Commission
- John McElroy, Executive Director, State Gaming Agency
- Ed Van Petten, Executive Director, Kansas Lottery Commission
- Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS)

Others attending:

See attached list.

- Attachment 1 House Budget Committee Information
- Attachment 2 Presentation by Stephen Martino
- Attachment 3 Presentation by John McElroy
- Attachment 4 Presentation by Ed Van Petten
- Attachment 5 Overview of Economic Development Initiatives Fund (EDIF)
- Attachment 6 Presentation by Don Jordan

Representative Feuerborn moved to introduce legislation to (1) incorporate the Governor's proposed FY 2008 budget; (2) Governor's proposed supplemental budget; and (3) Governor's proposed capital improvements. The motion was seconded by Representative Gatewood. Motion carried.

Representative Gatewood moved to introduce legislation regarding a proposed rider to the state's insurance policy to cover mines in Southeast Kansas. The motion was seconded by Representative Lane. Motion carried.

Representative Bethell moved to introduce legislation regarding expansion of services for the medically underinsured. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Bethell moved to introduce legislation regarding the licensing of mental health technicians. The motion was seconded by Representative Holmes. Motion carried.

Representative McLeLand moved to introduce legislation regarding comprehensive accounting for school districts. The motion was seconded by Representative Masterson. Motion carried.

J. G. Scott, Legislative Research Department, explained the functions of the House Budget Committees as advisory committees to the House Appropriations Committee and as standing committees as authorized by House Rule 1105 (Attachment 1).

Chair Schwartz recognized Stephen Martino, Executive Director, State Racing and Gaming Commission, who presented an overview of the racing industry (Attachment 2). Mr. Martino

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reported that the trends in live and simulcast horse and dog racing are weakening, indicating that there has been a decline in the industry in each of the past sixteen years. This decline has caused a 40 percent reduction in live parimutuel tax collections and a 18 percent reduction in simulcast parimutuel tax collections. Responding to a question from the Committee, Mr. Martino indicated that the opening of casinos in Northeast Kansas appeared to have been a factor in the decline in racing. Mr. Martino noted that the agency is conducting a comprehensive review of rules and regulations, a review of the internal control policy and holding a series of listening meetings in Abilene, Kansas City and Pittsburg.

Chair Schwartz recognized John McElroy, Executive Director, State Gaming Agency, who presented an overview of the Agency ([Attachment 3](#)). Mr. McElroy stated that the Agency is funded by an assessment on the four recognized Kansas Indian tribes who operate the casinos in the State. The agency receives no State General Fund (SGF) funding except for any costs of arbitration, indicating that there were no arbitration costs in FY 2007.

The Chair recognized Ed Van Petten, Executive Director, Kansas Lottery, who presented an update on the agency ([Attachment 4](#)). Mr. Van Petten stated that the agency is proposing legislation to:

- Eliminate the sunset provision currently in effect which abolishes the lottery on July 1, 2008. Current statute already gives the Legislature the authority to end the lottery operations at any time.
- Eliminate the requirement that retailers post a certificate at their retail locations.
- Delete KSA 74-8705(e) which prohibits the renewal or extension of major procurement contracts.

Mr. Van Petten stated that current sales are 5.61 percent above the previous year's sales; however, sales in Southeast Kansas have declined since the opening of casinos in Oklahoma.

Amy Deckard, Legislative Research Department, presented an overview of the Economic Development Initiatives Fund (EDIF), the revenue flow, expenditures and proposed budget recommendations ([Attachment 5](#)).

Chair Schwartz recognized Don Jordan, Acting Secretary, Department of Social and Rehabilitation Services (SRS), who presented an overview of the agency including their mission and vision, guiding principles and an explanation of the various services ([Attachment 6](#)).

The meeting was adjourned at 10:55 a.m. The next meeting of the Committee will be held on January 18, 2007.

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Sharon Schwartz, Chair

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