

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 12, 2011, in Room 144-S of the Capitol.

All members were present except:
Senator Steve Morris

Committee staff present:
Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:
Dale Goter, City of Wichita
Ed Van Petten, Kansas Lottery Commission
Keith Kocher, Kansas Lottery Commission
Carol Foreman

Others attending:
See attached list.

Introduction of Bills

Senator Faust-Goudeau, requested a bill introduction in regards to custody rights dealing with grandparents.

Senator Faust-Goudeau moved that this request should be introduced as a committee bill. Senator Owens seconded the motion. The motion carried.

Dale Goter, City of Wichita, requested a bill introduced regarding temporary licenses for the sale of cereal malt beverage. (Attachment 1)

Senator Abrams moved that this request be introduced as a committee bills. Senator Owens seconded the motion. The motion carried.

Presentations:

Ed Van Petten, Executive Director, Kansas lottery, provided an agency update (Attachment 2) The Director stated that the Lottery Commission had no proposals at this time, as they have not had the opportunity to meet with the governor's staff and fully discuss the issues.

Sales are presently about .29% below last year's sales; instant ticket sales are up 4.05% from last year, with decreases in all jackpot games. Beginning January 31, 2010, the Powerball states, and states carrying the game Mega Millions began cross selling the games; this has not proved to be a profitable move.

The primary focus continues to be security, both in our gaming system and field operations, which has 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. In the last security audit conducted for Legislative Post Audit, Delahanty consulting LLC reported no significant security issues.

The Lottery continues to develop marketing partnerships for games to increase the exposure of Kansas business, industry and tourism.

Southeast Gaming Zone (Crawford and Cherokee counties)

The Kansas Lottery Commission is expected to once again extend that deadline when it meets on January 19. Most potential managers have stated the belief the required minimum \$250 million investment in

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on January 13, 2011, in Room 144-S of the Capitol.

infrastructure is not feasible in that gaming zone. Representatives Gatewood and Grant have pre-filed a bill seeking to amend the Kansas Expanded Lottery Act; among other things, the bill seeks to lower the minimum investment and the privilege fee required to be paid by a manager in this gaming zone.

South Central Gaming Zone (Sumner County)

The Lottery Commission approved two contracts, which by law were subsequently forwarded to the seven-member Lottery Gaming Facility Review Board, which in December culminated in selection of Peninsula Gaming's "Kansas Star" Casino by a 6-to-1 vote. If approved the Kansas Star Casino would eventually house approximately 1,500 slot machines and 42 table games, with a 150-room hotel, equestrian show and events center, restaurants, and a variety of other typical amenities.

Northeast Gaming Zone (Wyandotte County)

The Kansas Racing and Gaming Commission (KRGCC) finalized its background and suitability investigation and voted to approve the manager on February 12, 2010. Kansas Entertainment immediately commenced construction of the "Hollywood Kansas Casino at Kansas Speedway" on the second turn of the Kansas Speedway in Kansas City, Kansas. The target opening date is the first half of calendar year 2012.

Southwest Gaming Zone (Ford County)

In 2008 the Review Board chose Butler National Service Corporation as manager of the "Boot Hill Casino & Resort" to be located on the outskirts of Dodge City, Kansas; and opened to the general public on December 15, 2009. From December 15, 2009 to December 25, 2019, the State of Kansas' 22% share amounted to approximately \$8.6 million. Phase II of the project is to be completed no later than February 2012.

Racetrack Gaming Facilities

The Kansas Racing and Gaming Commission revoked the parimutuel licensees' to conduct races at the Woodlands Racetrack in Kansas City and Camptown Racetrack in Frontenac. The pre-filed bill sponsored by Representatives Gatewood and Grant would (again, among other things) re-allocate the electronic gaming machine revenues and give parimutuel licensees a larger portion.

Carol Foreman, Governor Parkinson's designee to conduct negotiations on a gaming compact with the Wyandotte Nation, appeared before the committee to discuss the proposed compact. ([Attachment 3](#)) The Wyandotte Nation requested negotiations of a tribal-state compact with the State of Kansas for Class III Gaming at the Shriner's Masonic Temple in Kansas City, Wyandotte County, Kansas, on August 2, 2010. The Wyandotte Nation submitted a proposed compact almost identical to the four existing Indian Gaming Compacts. The Wyandotte Nation was advised on September 14, 2010, that Governor Parkinson designated Carol Foreman to conduct negotiations on the Compact. Negotiations between the State and the Wyandotte Nation commenced shortly thereafter, and concluded resulting in the proposed Compact and its Appendices.

The Indian Gaming Regulatory Act creates a duty on states to negotiate in good faith with tribes. Kansas has four existing Indian Gaming Compacts that for all practical purposes are considered almost identical. Issues considered and addressed in Proposed Compact:

- The Wyandotte Nation owns land in Park City, and has shown interest in that property
- Administrative covers advanced technology, responsible gaming, assessment, and conversion
- Subject to tribal gaming Oversight Act

Ms. Foreman addressed questions from the committee on the Compact.

The next meeting is scheduled for January 13, 2011. The meeting was adjourned at 11:15 a.m.