

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 February 2, 2012, in Room 144-S of the Capitol.

All members were present except:

Senator Ralph Ostmeyer - excused

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Tamera Lawrence, Office of the Revisor of Statutes
Dennis Hodgins, Kansas Legislative Research Department
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Christopher J. Masoner, American Cancer Society
Ron Hein, Kansas Restaurant and Hospitality Association
Dr. John S. Neuberger, The University of Kansas, School of Medicine
Philip Bradley, Kansas Licensed Beverage Association
Richard Klemp, Kansas Star Casino
Whitney Damron, Kansas Entertainment, LLC
Sharon Stroburg, Boot Hill Casino & Resort
Carol Spiker, Kansas Racing and Gaming
George Williams, Problem Gambling Services

Others attending:

See attached list.

Introduction of Bills

Larrie Ann Brown, Aetna Health Insurance Company, requested a bill introduction relating to most favored nation status under health insurance laws.

Senator Reitz moved that this request should be introduced as a committee bill. Senator Longbine seconded the motion. The motion carried.

Sub for HB 2340 – Smoking regulations; casino exemption deleted

Chairman Brungardt opened the hearing on **Sub for HB 2340**.

Staff provided an overview of the bill.

Christopher J. Masoner, American Cancer Society, appeared before the committee as a proponent on the bill. (Attachment 1) The American Cancer Society has long supported a strong statewide smoke-free law to protect Kansans from the dangers of secondhand smoke. The American Cancer Society unequivocally supports expanding smoke-free policies to protect employees and patrons at casinos and other venues, and any effort to weaken the Kansas Indoor Clean Air Act would be a tremendous step backwards for the

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health of our State, and would be contrary to the wishes of an overwhelming majority of Kansas voters.

Ron Hein, Kansas Restaurant and Hospitality Association, (KRHA) testified in favor of the bill. (Attachment 2) The KRHA requests that either the current smoking ban be amended to provide an exemption for restaurants and hospitality businesses, or that **HB 2340** be passed, so that all entertainment competitors are treated equitably and fairly in this state. KRHA supports the passage of **HB 2340** unless the committee amends the bill to provide an exemption for restaurants and other hospitality businesses which compete with the state-owned casinos.

Dr. John S. Neuberger, Professor, The University of Kansas School of Medicine, provided neutral written testimony on the bill. (Attachment 3) Removing these air pollutants from casino gaming floors by removing this exemption will reduce the risk of morbidity and mortality from lung cancer, heart disease, chronic bronchitis, and asthma among the many casino employees and customers. Dr. Neuberger also requested the removal of most of the exemptions in the bill.

Written testimony was provided in support of the bill by:

Beth Marolf, Health Promotions Coordinator, American Lung Association of the Plains-Gulf Region. (Attachment 4)

James D. Gardner, MD, Primary Care Physicians, Manhattan, Kansas – Chairman, Tobacco Free Kansas Coalition, Inc. (Attachment 5)

Kevin Walker, Regional Vice President of Advocacy for the American Heart Association. (Attachment 6)

Deborah S. Clements, MD, President, Kansas Academy of Family Physicians. (Attachment 7)

Richard Morrissey, Health Policy Section Chair, Kansas Public Health Association, Inc. (Attachment 8) Mr. Morrissey urged the committee use caution to prevent this bill from becoming a vehicle to weaken the existing law.

Tanya Dorf Brunner, Executive director of Oral Health Kansas, Inc. (Attachment 9)

Philip Bradley, Kansas Licensed Beverage Association, (KLBA) appeared as an opponent to the bill. (Attachment 10) KLBA requested not advancing the bill but expanding the existing statutes and have businesses applying for exemptions that meet a certain criteria.

Richard Klemp, director of Government Relations for the Kansas Star Casino, spoke in opposition to the bill. (Attachment 11) A smoking ban would put Kansas' commercial gaming industry at a competitive disadvantage. Tribal casinos in Kansas and adjacent states would be exempt from such a smoking ban due to their sovereign nation status. Currently there is a tribal casino in their market area which would have a substantial competitive advantage if the bill became law.

Whitney Damron, on behalf of Kansas Entertainment, LLC, appeared in opposition to the bill. (Attachment 12) The bill would repeal the exemption in state law that currently allows for smoking on the

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gaming floor of casinos. The State wanted to create large, destination casino projects in the four gaming zones authorized under **SB 66** in 2007 and in order to achieve this objective, the Kansas casinos had to be competitive with both in-state and out-of-state casinos that would not be impacted by the smoking ban. Each of the Federally-recognized Indian Tribes in our state has a casino; the Wyandotte Nation owns and operates a Class II casino in Kansas City, Kansas; and, there are four casinos located with the greater Kansas City area in Missouri. All of these facilities allow smoking on their gaming floor.

Sharon Stroburg, General Manager, Boot Hill Casino & Resort in Dodge City, Kansas, spoke in opposition to the bill. (Attachment 13) The gaming revenue paid to the State of Kansas would be negatively impacted by the imposition of a smoking ban at state lottery gaming facilities.

Written testimony was provided in opposition to the bill:

Cindy Cash, President/CEO, Kansas City Kansas Area Chamber of Commerce. (Attachment 14)

Mark R. Nidiffer, Business Manager, Laborers Local Union #1290. (Attachment 15)

Commissioner Steve Warner, 1st District Sumner County. (Attachment 16)

Sheila Martin, a small business owner from Hutchinson, Kansas. (Attachment 17) Ms. Martin requested to not pass the bill out in its current form, but to add to the exemptions addressed in this bill to include all businesses that only allow adults to enter their establishments.

Chairman Brungardt closed the hearings on **Sub for HB 2340**.

Amy Deckard, Kansas Legislative Research Department, provided an overview on the SRS Problem Gambling and Other Addictions Fund (PGAF). (Attachment 18)

In FY 2011 most of the PGAF received was expended on SRS Problem Gambling Services.

FY 2012 – The 2011 Legislature swept \$900,000 from the FY 2012 PGAF to the State General Fund (SGF) to help balance the State budget. For FY 2012 SRS was requested by the Legislature to reduce the SRS budget by 5%. SRS leadership's strategy to accomplish this goal was to exchange \$1.45 Million in PGAF for SGF through the Medicaid Pre-Paid Inpatient Health Plan (PIHP) which provides addiction services to Medicaid eligible Kansas citizens via a contract with Value Options-Kansas, a managed care organization. While this strategy prevented any cuts in addiction services by using PGAF in place of SGF, it did not increase addiction services.

FY 2013- Tthe same budget was used for FY 2013 as was used for FY 2012. To balance the SRS budget in FY 2013, SRS will use the same strategy and therefore, will exchange \$1.45 Million in PGAF for SGF to fund Medicaid PIHP. The Governor's budget Recommendation based on the Consensus Revenue Estimates of \$7,190,000 for the PGAF for FY 2013 allowed for a \$5 Million exchange in PGAF for SGF to fund Medicaid PIHP in the SRS budget for a total of \$6.45 Million which helped balance the state budget.

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Carol Spiker, the Responsible Gambling Program Coordinator and Voluntary Exclusion Program Coordinator with the Kansas Racing and Gaming Commission, provided an overview of the program. (Attachment 19) With the passage of **SB 66** in 2007, Kansas had already begun to plan for state-owned casinos; a provision in the bill allowed for 2% of the gaming facility revenue to be paid to the Problem Gambling and Other Addictions Grant Fund, which would be managed by SRS. Services area included prevention, research and evaluation, crisis intervention and assessment, treatment, public awareness and marketing. Ms. Spiker provided a description and information on the different programs including budgets and actual dollars spent, and a chart on Voluntary Exclusion Program Data.

George Williams, Problem Gambling Services, provided a information on the number of individuals that have been served in the Problem Gambling Treatment. (Attachment 20)

The next meeting is scheduled February 7, 2012. The meeting was adjourned at 11:59 a.m.