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Senate Judiciary Committee

by Nick Jordan
Kansas Secretary of Revenue
Testimony in Support of Senate Bill 255

Senator Jeff King, Chairman and Members of the Committee:

The Department of Revenue respectfully submits this testimony in support of Senate Bill 255.

In order to meet its obligations of diligent enforcement under the Master Settlement Agreement the Attorney General is proposing several, significant statutory amendments to K.S.A. 50-6a01 *et seq*.

Kansas receives approximately $60,000,000.00 a year through the Master Settlement. To help ensure that Kansas continues to receive these annual payments, and to militate against the possibility of Kansas having to pay back any payments previously received under the Master Settlement, the Department firmly believes that the amendments proposed by the Attorney General, in conjunction with the Department's Senate Bill 203, are required to be implemented and enforced. There can be little doubt that these statutory amendments are not only necessary for Kansas to be in compliance with the Master Settlement, but equally necessary to assure that Kansas continues to receive future payments, and to counteract against the prospect of repayment of deposits received.

Since January 2014, representatives from the Department and Attorney General met and began the process of reviewing the various options available to Kansas under the Master Settlement Agreement and the 2012 Settlement (collectively the MSA) and the key component of the MSA, "diligent enforcement." Existing Kansas statutes, current processes, budget and staffing were reviewed. This team formulated what it believed was a viable approach for Kansas to meet its obligations to provide diligent enforcement. Senate Bills 255 and 203 are the outgrowth of these efforts.

Without the amendments proposed Attorney General in Senate Bill 255 and the Department in Senate Bill 203, diligent enforcement of the MSA and cigarette and tobacco acts will be difficult, if not impossible. This would imperil Kansas' continued receipt of annual payments of approximately $60,000,000.00, and risks Kansas, perhaps, having to repay payments previously received.

Based on the foregoing, the Department supports Senate Bill 255.