

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 March 17, 2004 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Legislative Research
Dennis Hodgins, Legislative Research
Theresa Kiernan, Revisor of Statutes' Office
John Beverlin, Committee Secretary

Conferees appearing before the committee:

Matt All, Governor's Chief Counsel
Doug Lawrence, Kansas Greyhound Association

Others attending:

See Attached List.

Chairperson Brungardt called the meeting to order and asked the committee to take action on **SB 499, Kansas expanded gaming opportunity act; authorizing destination casinos, electronic and video gaming and other games at certain locations**. He presented a petition signed by several members of The Loyal Order of Moose in support of **SB 499**, to the committee (Attachment 1). Chairperson Brungardt then asked Matt All to provide an overview of the bill to the committee.

Mr. All presented his an overview of the bill. He then asked the committee to consider an amendment to the bill concerning how monies would be transferred to accounts in the gaming revenue fund, oversight fund, the operating expenses fund for each destination casino, the breeds' purse supplement fund, and the problem gaming fund. The amendment would require the director to legally certify each transfer (Attachment 2).

Senator Gilstrap made a motion to amend the bill. The motion was seconded by Senator Vratil. The motion to amend SB 499 passed.

Chairperson Brungardt asked for additional amendments.

Senator Teichman stated she had several amendments to support Kansas breeders (Attachment 3). She explained each amendment to the committee.

Chairperson Brungardt asked the committee for questions.

Senator Vratil explained that it would not be proper to vote on all of Senator Teichman's amendments at once. He further explained there were some amendments he could support and some he felt like he could not support.

Chairperson Brungardt asked Senator Vratil to single out the amendments he could not support.

Senator Vratil explained that the first amendment he could not support was the amendment to page seven, line 33.

Senator Teichman explained the amendment was meant to enable local authorities to control whether gaming facilities are built in the area.

Senator Vratil explained that local authority would have control through zoning and development ordinances. He further explained that the bill requires a local vote before a gaming facility can be constructed.

Chairperson Brungardt called for a voice vote on the amendment.

The bill was not amended on page seven, line 33.

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Senator Vratil asked Senator Teichman to explain the proposed amendment to page 23 and page 24, section (b).

Senator Teichman deferred the question to Doug Lawrence.

Mr. Lawrence explained the proposed amendment on page 23 to the committee. The amendment concerned the number of live races a pari-mutuel track would be required to hold each year in order to be eligible for video lottery terminals.

Senator Vratil explained that it appears the proposal was an attempt to micro-manage the pari-mutuel tracks. For that reason, he further explained, he opposed the proposed amendment to page 23 and page 24, section (b).

Chairperson Brungardt asked Mr. All for his opinion.

Mr. All explained that the Governor's office did not oppose the amendment. He further explained that he saw the reason for the required racing days as a way to guarantee the pari-mutuel facilities also operated as a track for the benefit of Kansas breeders.

Senator Clark asked Mr. Lawrence why video lottery terminals would be allowed 90 days prior to the first race date in Pittsburgh.

Mr. Lawrence explained that the track was closed. The 90 days prior was beneficial to raise money for purses for the open period of racing.

Senator Vratil asked Mr. All why the Governor's original proposal did not include a provision requiring a number of race dates in order for the pari-mutuel track to qualify for video lottery terminals.

Mr. All explained that it was added after feed-back from the breeders.

Chairperson Brungardt asked the committee for a voice vote on the amendment to page 23 and page 24, section (b).

The bill was not amended on page 23 and page 24, section (b).

Senator Vratil stated he also opposed the amendment on page 24 sections (e) and (f). He explained that it was also an attempt to micro-manage pari-mutuel facilities.

Senator Teichman explained the attempt made by the breeders to come together. She explained that the amendments that she had proposed were a product of that effort.

Chairperson Brungardt asked about the effect of simulcasts on the breeds. He wanted to know if simulcasting brought revenue to the breeds.

Mr. Lawrence explained that the simulcasting exposed the industry of the breeders to the public.

Senator Vratil asked if the amendment required pari-mutuel facility owners to provide simulcasting, regardless of the owner's ability to pay for or benefit from the simulcasting.

Mr. Lawrence explained that the intention of the amendment was not to require simulcasting but will allow them to have simulcasting.

Senator Vratil explained that the way he reads the amendment, simulcasting would be required.

Mr. Lawrence explained that it was not the intention.

Senator Vratil suggested replacing the word "shall" in the proposed amendment to page 24 sections (e) and (f) with the word "may."

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Senator Vratil made a motion to change the wording in the proposed amendment and to amend the bill on page 24, proposed sections (e) and (f). The motion was seconded by Senator Teichman. The word changes were made and the bill was amended on page 24.

Senator Vratil asked for an explanation of the proposed amendment to page 25, section (a).

Mr. Lawrence explained that the net video lottery terminal income that goes to the pari-mutuel sales agent would increase from 21 to 25 percent. He further explained that the state's percentage is 68 percent.

Senator Vratil asked who would be losing four percent, if the pari-mutuel sales agent was getting an additional four percent.

Mr. Lawrence explained that ultimately it was reducing the bottom line to the state.

Senator Vratil explained that he would have to oppose the proposed amendment to page 25, section (a) because it decreases the amount of money that would be received by the state.

Chairperson Brungardt asked Mr. All for his opinion on the amendment.

Mr. All explained that 25 percent seems like the appropriate percent.

Chairperson Brungardt asked for a voice vote on the proposed amendment to page 25, section (a).

The bill was not amended on page 25, section (a).

Senator Vratil asked Mr. Lawrence about the second amendment to page 25, on section (c). He wanted to know which group would lose money if the bill was amended.

Mr. Lawrence explained that it would reduce the amount of money to be received by the state.

Senator Vratil stated he would have to oppose the proposed amendment to page 25, section (c).

Chairperson Brungardt asked the committee for a voice vote on the proposed amendment.

The bill was not amended on page 25, section (c).

Senator Vratil asked for an explanation of the proposed amendment to page 28.

Mr. Lawrence explained that the language deals with the funding of a breed development fund. He further explained that it only redistributes the money.

Senator Vratil asked if the amendment took money from any other entity.

Mr. Lawrence explained that it only redistributed money, no entity lost a share of money, including the state.

Senator Vratil stated that he had no objections to the proposed amendment to page 28. He also stated that he had no further objections to other proposed amendments by Senator Teichman.

Chairperson Brungardt asked the committee if there were any other oppositions to amendments.

Senator O' Connor stated that she opposed the proposed amendment to page nine, section (f). She explained that the amending language reverses the original language and its intent.

Mr. All explained her point was well taken. He explained that in some circumstances, it may be feasible to have more than one casino in sooner than two years. The amendment would require the Casino Commission to make a finding that it was the case where two casinos were feasible within the same community without waiting two years.

Senator O' Connor stated that she opposed the amendment. She explained that she felt two years was not that

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long to wait before a second casino was built in the same community.

Chairperson Brungardt asked for a vote on the proposed amendment to page 9, section (f).

The bill was amended on page 9, section (f).

Senator Clark asked for the reason behind the increase in the number of video lottery terminals on page 20, from 2500 to 4000 terminals.

Mr. All explained that the number was appropriate to give a proper amount of revenue to the track owners and the breeders in the state without becoming a destination casino. The number was reached by the track owners and the breeders.

Chairperson Brungardt asked if the legislation calls for up to 4000 video lottery terminals.

Mr. All stated that Chairperson Brungardt was correct, the legislation calls for up to 4000 video lottery terminals.

Chairperson Brungardt asked for a vote on the proposed amendment to page 20, section (e).

The bill was amended on page 20, section (e).

Chairperson Brungardt asked the committee if there were any other objections to Senator Teichman's proposed amendments.

Russell Mills explained that there was a technical problem with page 10.

Chairperson Brungardt asked the revisor to correct any technical problems that may exist within the bill. He then asked the committee to take action on the rest of the proposed amendments to **SB 499** by Senator Teichman.

The bill was amended according to the rest of the proposed amendments by Senator Teichman.

Chairperson Brungardt thanked the committee.

The meeting was adjourned at 12:00 p.m. The next meeting is scheduled for March 18, 2004, at 10:30 a.m. in room 231-N.