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**Testimony Before
The Senate Committee on Federal And State Affairs
Senate Bill 168**

Terry Presta
Kansas Lottery

Mr. Chairman and Members of the Committee:

Thank you for your consideration of Senate Bill 168.

Senate Bill 168 would repeal K.S.A. 2016 Supp. 74-8723 of the Kansas Lottery Act, which is the sunset statute that abolishes the Kansas Lottery, the office of executive director of the Kansas Lottery, and the Kansas Lottery commission on July 1, 2022.

Eliminating sunset of the Kansas Lottery Act would strengthen the Lottery's ability to negotiate long-term contracts with vendors, especially with those who must make significant financial investments at the beginning of the contract.

For instance, the Lottery recently issued a Request for Proposals for new gaming and back office systems. The Lottery anticipates the winning vendor will potentially invest \$30 to \$35 million dollars before the new systems are online and the Lottery begins to pay the vendor. The 2022 sunset on the Lottery Act would potentially fall in year four of the ten year contract.

The Lottery's negotiating position is arguably weakened because of a vendor's uncertainty that the sunset of the Lottery may occur prior to expiration of its contract with the Lottery and/or before the vendor has even recovered its initial upfront investment. This strengthened position for the Lottery and added comfort level for vendors gained from eliminating the sunset could translate into reduced operational expenses and other costs for the Lottery over the long term.

Additionally, the Lottery already has contractual obligations which extend past the current sunset dates. Prime examples include the Expanded Lottery Gaming Facility Contracts.

Again, thank you Chairman LaTurner and Committee Members for consideration of Senate Bill 168.

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