

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Senator Nancey Harrington at 10:30 a.m. on February 8, 2001 in Room 245-N of the Capitol.

All members were present except: Senator Mark Gilstrap, Excused

Committee staff present: Russell Mills, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Theresa Kiernan, Office of the Revisor
Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Mike Taylor, Governmental Relations Director, City of Wichita
Glen Thompson, Executive Director, Stand Up For Kansas
Ed Van Petten, Executive Director, Kansas Lottery
Denise Fiehler
Carolyn McGinn, Chairperson, Sedgwick County Commission
Joyce Merkham, Saint Francis Hospital
Bernie Koch, Vice-President Government Relations, Wichita
Area Chamber of Commerce
Jim Edwards, Kansas Chamber of Commerce and Industry,
KIDA, and Kansas AFL-CIO

Others attending: See Attached List

Chairman Harrington opened the meeting by stating that **SB 152—An act relating to the regulation of alcoholic beverages** would be delegated to a subcommittee chaired by Senator Brungardt and including Senators Gooch and Lyon, who would then present a report to the full committee.

Chairman Harrington opened the hearing on:

HB 2038—Extension of the Kansas Lottery until 2008

Chairman Harrington introduced Representative Carlos Mayans, who stood before the committee to present testimony supporting a provision in **HB 2038** establishing and implementing financial incentive programs for developing and improving existing airline services . (Attachment 1).

Chairman Harrington asked the committee members for questions and recognized Senator Brungardt, who stated that he was confused about Representative Mayans' request for \$4 million when the house bill and supplemental note stated \$5 million. Representative Mayans stated that the true amount was \$4 million and that the other number had simply been a mistake that would be fixed.

Senator Brungardt stated that he believed that an increase in the cap would essentially be taking money from the General Fund, and Representative Mayans agreed.

In response to additional questions from Senator Brungardt, Representative Mayans stated that when Vanguard Airlines had moved into Mid-Continent Airport, the economic impact in the area was \$28 million. He stated that since that airline left, several hundreds of thousands of passengers had been lost, and that the citizens of the area had saved \$6 million from less expensive air travel when the airline was present.

CONTINUATION SHEET
MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
February 8, 2001

Senator Vratil stated that Representative Mayans' proposal was clearly one of economic development and that he wondered why it was not being presented as a separate bill rather than attaching it to the lottery.

Representative Mayans responded that it was based on circumstances which had aligned themselves correctly such as a rise in airline ticket prices and a consolidation of airline companies. Representative Mayans stated that by attaching this amendment to the lottery bill, it had also received a much greater deal of press attention. In response to further questions from Senator Vratil, Representative Mayans stated that a bill for this amendment had been presented in the House and that in addition to the change from \$5 million to \$4 million when then amendment would be revised, the date of completion of the project could also be pushed back from 2002 to 2003 to ease strain in passing this amendment.

Chairman Harrington stated that due to Senator Gilstrap's absence, the committee would wait until the following Monday, February 12, 2001, to vote on the amendment.

Theresa Kiernan, Office of the Revisor of Statutes, explained the house amendments to the lottery bill to the committee and Chairman Harrington explained that those revisions would be available to the committee on Monday, February 12, 2001.

Senator Gooch asked if section 4 of the amendment would take any machines which are in operation now out of use, and Mr. Ed Van Petten, Executive Director of the KS Lottery, stated that yes it would.

Mr. Mike Taylor, Governmental Relations Director, City of Wichita, stood before the committee to present testimony as a proponent of the amendment. (Attachment 2).

Mr. Glen Thompson, Executive Director, Stand Up For Kansas, presented testimony as a proponent of reducing the amount of time between keno games from 5 minutes to 4 minutes. (Attachment 3).

Mr. Ed Van Petten, Executive Director of the Kansas Lottery, presented testimony as a proponent of the extension of the lottery. (Attachment 4). He stated that he believed that any restrictions on the lottery or the sale of tickets would result in limiting the lottery's ability to create revenues for the state. The conferee then instructed the committee to look at an additional packet of materials which he had provided. (Attachment 5). Mr. Van Petten stated that convenience store workers may not be able, nor be willing, to make the distinction between buying lottery tickets with a credit card or a debit card. Mr. Van Petten stated that limiting internet advertising for the lottery was also a mistake because access to a computer was still not generally possible for the poor. Mr. Van Petten stated that after being confirmed by the legislature, he also felt entrusted with the responsibility to make sure that lottery machines would be placed in age restricted areas so that minors would be less likely to try to buy them illegally. The conferee concluded by pointing out a list of awards won by the lottery's marketing department, and assuring the committee that the Lottery would be run and act in a professional manner.

Ms. Denise Fiehler presented testimony on her own personal experience and struggle with gambling addiction. (Attachment 6).

Ms. Carolyn McGinn, Sedgwick County Commissioner, presented testimony as a proponent of Representative Mayan's amendment to the lottery bill, stating that Sedgwick county supports **HB 2038**. Ms. McGinn stated that Wichita has very high air travel rates and that the improvement in airline travel would not only be good for the city and county, but for all of South-Central Kansas.

Ms. Joyce Merkhams, Saint Francis Hospital, presented testimony concerning the treatment of gambling addicts and the need to dedicate a percentage of money from the lottery and gambling to treatment programs. (Attachment 7).

Mr. Bernie Koch, Vice-President Government Relations, Wichita Area Chamber of Commerce, presented testimony as a proponent of the lottery extension and of Representative Mayan's amendment. (Attachment 8). Mr. Koch stated that Mr. Morris Dunlap's written testimony as a proponent for the lottery extension had also been distributed to the members. (Attachment 9).

CONTINUATION SHEET
MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
February 8, 2001

Mr. Jim Edwards presented testimony as a proponent of the lottery on behalf of Kansas Chamber of Commerce and Industry, KIDA, and the Kansas AFL-CIO. (Attachment 10).

In response to a question from Senator Vratil, Mr. Taylor stated that Wichita might be able to get a larger amount of businesses with increased flight capacity and lower rates.

Senator Teichman asked Mr. Taylor why the city had not been able to solve this problem before even though it had been working on the airport issue for several years. Mr. Taylor stated that no airline was able to make enough money, and that the city was looking for a discount carrier who would be able to provide flights to major hubs from which passengers would be able to get more affordable flights.

Senator Barnett asked about one of the restrictions which was to be placed on the lottery making it a class-A misdemeanor to allow anyone to buy a lottery ticket with a credit card, and what the typical legal charge was for such a misdemeanor. Dennis Hodgins, Legislative Research Department, replied that the sentence was up to a year in prison, but that probation was usually assigned.

Senator O'Connor asked if most casinos already gave money to groups that help problem gamblers. Russell Mills, Legislative Research Department, stated that Harrah's Prairie Band Potawatomi voluntarily donates some money. Mr. Ed Van Petten stated that the Kansas Lottery gives \$80,000 a year toward helping problem gamblers, and that the race tracks gave \$20,000 a year. Mr. Mills stated that the \$20,000 came from the Bingo tax.

Mr. Austin Bamwell presented testimony as an opponent of the credit card restriction on buying lottery tickets. (Attachment 11). He stated that he did not understand what was being gained by not letting people buy tickets with credit cards because they could just as easily walk a few feet away and get money from an ATM with a debit card.

Senator Lyon stated that he wanted to thank Ms. Fiehler for her testimony because it addressed an important aspect of lottery renewal at which the committee had not yet looked.

Senator Gooch stated that he hoped that the committee would have time to discuss several things which had tried to be worked on the House floor.

Chairman Harrington stated that committee members should bring their amendments on Monday to the meeting.

The meeting was adjourned at 12:00 p.m. The next meeting is scheduled for 10:30 a.m. on February 12, 2001.