

MINUTES OF THE HOUSE TOURISM COMMITTEE.

The meeting was called to order by Vice-Chair Peggy Palmer at 3:40 p.m. on March 20, 2002 in Room 243-N of the Capitol.

All members were present except: Representative Carol Beggs - Excused

Committee staff present: Dennis Hodges, Research Department
Bob Nugent, Revisor of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee: Keith Kocher - Kansas Lottery
Glenn Thompson - Stand Up for Kansas
Brad Smoot - Legislative Counsel for Woodlands

Others attending: See attached list

Vice-Chair Peggy Palmer opened the meeting with the planned agenda for reviewing **Substitute for HB 2890-An act concerning lotteries; authorizing electronic gaming machines at certain locations** page by page with the help of Sub-Chairman Representative Aurand and Bob Nugent of the revisor's office.

Introduced to the committee was written testimony from the City of Wichita. The city of Wichita is not taking a position on the issue of expanded gambling in Kansas. The City Council believes decisions dealing with gaming are of statewide impact and are therefore best left for the members of the Kansas Legislature to decide. (Attachment 1) Also presented was written testimony from Representative Patricia Lightner to support her verbal testimony before the committee on March 18, 2002. Representative Lightner also attached information to her testimony which she thought would be helpful to the committee. (Attachment 2) There was also written testimony from Reverend Richard Taylor to support his verbal testimony on March 18, 2002. (Attachment 3)

Bob Nugent of the Revisor's Office was called to the podium to explain the **Substitute for HB 2890**. Attention was called to Section 1- subsection (4) Page 4 with a list of sixteen different categories of gaming employees who are subject to heightened scrutiny in terms of what they can do and background check.

Section 1- Page 5, (z) and (aa) Veteran's organization licensee and the veteran's organization licensee location are defined as added by the subcommittee.

Representative Mason came forth with the changing of the word bingo licensee to veteran's licensee in Section 1 - subsection (p) Page 3

Representative Ethel Peterson brought out the fact that Section 1 - subsection (s) Page 4 should read veteran's licensee rather than bingo licensee. Bob Nugent explained that there were approximately a half dozen of those phrases that had not been caught, but it is being corrected.

Section 3 - subsection (d) Page 6 This language was suggested by Kansas Clubs and Associates represented by Rebecca Rice. This states that a contract cannot be subject to attachment, garnishment, execution, nor alienable or transferable.

Section 3 - subsection (o) line 4, Page 11, the word licensee should be added between organization and location.

Section 5 - subsection (b) - line 3, Page 13, the word and should be changed to or.

Section 5 - subsection (g) - Page 14, the subcommittee extended the time period before which a county could hold an election again.

CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on March 20,2002 in Room 243-N of the Capitol.

Section 7 - subsections (a) and (b) Page 16 provide for separate funds for live horse racing purse supplements and live dog racing purse supplements. This section is to have a technical clean-up.

Bob Alderson of the Kansas Greyhound Association came before the committee to give an explanation regarding Section 7 - subsections (a) and (b) Page 16.

Section 8 - (c) (1) Page 18 needs a technical amendment regarding a cap on problem gambling as well as numbers for percentages. Another technical correction that needs to be made is for the bill to read (that any overage would revert to the management). This change would need to be made in each paragraph 1.

Section 8 - subsection (b) Page 18, line 2 - The word not should be inserted after section 26, and before the word less.

Kansas Legislative Research submitted a chart of Comparison of Selected Bills Concerning Gaming: **HB 2890**, **HB 2897** and House Subcommittee Recommendations (Attachment 4)

There was a question regarding ages. Bob Nugent explained that you cannot be on a gaming floor at age 18 unless you are an employee. At age 18 a person can wager on the races, but you cannot operate a slot machine. You must be 21 years of age to gamble.

Bob Nugent stated that Section 17 - subsection (e) Page 22 needs a technical language change which he has not done yet This should read that appropriate security measures shall be required in any and all areas where electronic gaming machines are located, the Kansas racing and gaming commission shall approve all such security measures.

Representative Long thought Section 19 - subsection (d) line 1, Page 26 should be changed to read may rather than shall. There was considerable discussion regarding this with Representative Ethel Peterson saying that in subcommittee it was changed to shall. After discussion, it was decided to return to this paragraph of the bill at the March 25th meeting.

Section 24 - Page 28 was purposed by Kansas Clubs and Associates represented by Rebecca Rice. This section spells out that the licensees will submit to legal jurisdiction here in Kansas rather than some foreign jurisdiction.

Representative Aurand feels there should be a language change in Section 26 - Page 29 after the first sentence (with the approval of the governor, may contract to operate) after that we probably should have in there what I envision as an RFP type device whether it is Dodge City or Milford, if they both want to compete with that, basically, forward to the state there proposal to the state executive director. He felt we should look at this on Monday.

Section 26 - subsection b (1) Page 29 There should be a 1% added at the end of the sentence reading to the electronic gaming machine operation and regulation fund;

Bob Nugent continued with explanation of the bill and made mention that there is a technical correction to be made on Section 31 - Page 39 as well as on Section 32 - Page 39.

He also asked that the committee clarify the cap on problem gambling, Section 8, subsection (c) - (1) Page 18 and how they want to handle that and if they want to invert the way the payout is done and where does the excess go.

It was Representative Aurand's impression that the subcommittee had decided that everything goes into the electronic gaming machine fund which the state controls. The state does all the payouts and what is left over will belong to the state. That is the funding mechanism of the bill.

Following the explanation of the bill committee discussion and recommendations continued.

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CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on March 20,2002 in Room 243-N of the Capitol.

Representative Aurand stated that in Section 8, subsection (d) - (2) Page 18 should be changed from 28% to 63.5% to state licensee and Section 8, subsection (c) (3) should be changed from 30% to 61.5% to state licensee.

Representative Aurand recommended technical clean-up of Section 7 - subsection (a) and (b) Page 16 should have 20% of the 2% allotted to the live dog and live horse purse supplements.

Again addressing the full committee, Representative Aurand informed that in Section 3, subsection (n) Page 11 that the subcommittee changed the language to read shall dispense cash directly to the player and remove or be capable of dispensing.

Another point for further consideration, is the people who apply for that had to be a certain distance from the parimutuel licensee so we didn't have someone coming in for 30 miles away and competing with them. Representative Aurand will have an amendment to say that location must be 100 miles away from a parimutuel facility in order to protect the parimutuel licensees.

Representative Aurand will probably also bring an amendment regarding one location parimutuel facility has such direct competition in the Wyandotte County area on the Missouri side that in keeping with that 100 miles for the stand alone, that will allow and extra 2 to 2-1/2% to flow to any location that has a competing facility of over X number of slot machines.

Vice-Chair Peggy Palmer asked the audience if they had any amendments they wished addressed.

Keith Kocher of the Kansas Lottery made some suggested changes. Section 3, subsection (h) Page 8 language should be changed to Kansas Lottery and not Kansas racing and gaming commission, also subsection (j) Page 9 should also read Kansas Lottery and not Kansas racing and gaming commission. Another request by the Kansas Lottery is that Section 3, subsection (I) 2 Page 8 the following sentence be removed Except as provided by this act, the days and hours of operation and the number of such electronic gaming machines shall not be restricted.

The committee wished to leave the sentence in the bill.

Another change recommended by the Kansas Lottery is in Section 3, subsection (m) 3 Page 11 is to require the lottery to purchase the central communications lottery equipment subject to reimbursement by the operator.

Representative Aurand recommended using similar language to what was used in Section 3, Page 8 that says that each specific type of electronic of gaming machine shall be approved by the lottery.

This would be agreeable with the State Lottery.

Requested by the State Lottery is in Section 8, subsection (b) Page 17, the word not be inserted before the word less on line 2.

Another remark from Mr. Kocher of the Kansas Lottery is Section 14, Page 21 does not provide any penalty for violating the age restriction.

The next change proposal by the lottery is in Section 16, subsection (f) Page 22, is to add and technology providers to the last sentence in that paragraph. They also purposed switching subsection (g) and subsection (h).

In Section 18, subsection (b) 1, Page 23 it was suggested that electronic cards be added. Another change recommended would be to Section 18, subsection (b) 2, Page 24 and his language recommendations have been prepared and he will give them to Bob Nugent of the revisor's office as the change is much too hard to explain.

In Section 19, subsection (c) Page 26, they made the recommendation it be changed to read The Kansas lottery and Kansas racing and gaming commission.

CONTINUATION SHEET

MINUTES OF THE HOUSE TOURISM COMMITTEE at on March 20,2002 in Room 243-N of the Capitol.

In Section 23, Page 28, recommended change would be to change line 4 to Kansas gaming act.

Glenn Thompson representing Stand Up For Kansas addressed the committee regarding Section 1, subsection (z) Page 5. He asked for clarification of the last clause (*that has been in existence for at least five years*). His second comment was regarding Section 6, subsection (c) 2, Page 15 (at least five live horse racing programs each calendar week for at least 60 days) and going back to compare previous revision it appears that a sentence was left out.

Next to address the committee was Brad Smoot, legal counsel for the Woodlands. He called the committees attention to previous discussion of may and shall in Section 19, subsection (d). He states that the original Cox bill read May and it was not until the substitute was introduced that the word was changed to shall. He also stated that the decision when to levy fines was given to a regulatory body.

There were no further persons to address the committee and no further discussion.

Vice-Chair Peggy Palmer adjourned the meeting at 5:45 p.m.

The next meeting will be Monday, March 25th at 3:30 p.m. in Room 243-N.