

SESSION OF 2011

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 26**

As Recommended by Senate Committee on  
Federal and State Affairs

**Brief\***

SB 26 would reduce the scope of the background check requirements for security audits of the Kansas Lottery. The bill would delete the requirement that security audit contracts be considered a major procurement contract. Under current law, before major procurement contracts are awarded, the Executive Director of the Kansas Lottery is required to conduct extensive background checks on potential vendors, all officers and directors of the vendor, all persons who own a five percent or more interest in such vendor, all persons who own a controlling interest in the vendor, and any subsidiary or other business in which such vendor owns a controlling interest. Under the bill, the background investigations would not require the extensive background investigations associated with major procurement contracts.

**Background**

The Legislative Post Audit Committee voted to introduce the bill and the Deputy Post Auditor of the Legislative Division of Post Audit testified in favor of the bill. The Deputy Post Auditor stated that because of the background check requirement, it may discourage large firms from pursuing the contract, therefore decreasing competition for such contracts, and thereby may increase the costs to the state.

No other conferees testified on the bill.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The fiscal note indicates that there would be no fiscal effect on the operations of the Kansas Lottery. In addition, the fiscal note stated that the number of vendors that choose to apply to perform a security audit may increase.