

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Nancey Harrington at 10:30 a.m. on January 24, 2001 in Room 245-N of the Capitol.

All members were present.

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: Jim Edwards, Kansas Chamber of Commerce and Industry
 Carol Wiebe, Hillsboro Economic Development Corporation
 Kent Heermann, Regional Development Association of East-Central Kansas
 Bernie Koch, Wichita Chamber of Commerce
 Jim Dehoff, Kansas AFL-CIO
 Kim Wilcox, Executive Director of the Kansas Board of Regents

Others attending: See Attached List

Chairman Harrington opened the meeting for **SB 22 - Extension of the Kansas Lottery until 2007.**

Chairman Harrington stated that bill introductions would be held at the end of the meeting. She went on to say that Mr. Garry Winget, President, Kansans for Life At Its Best, had submitted written testimony opposing the bill, and it was distributed to members. (Attachment 1).

Mr. Jim Edwards, Kansas Chamber of Commerce and Industry, presented his testimony in support of the lottery. (Attachment 2). Mr. Edwards also included and briefly went over a packet of information entitled "History of the Kansas Lottery and The Economic Development Initiatives Fund". (Attachment 3). He then went on to introduce the rest of his group, Kansas Lottery Extension Coalition (KLEC).

Senator Vratil stated that there was discussion in the media that when the lottery was first approved, the lottery money was to go to education and he would like clarification of that.

Mr. Edwards stated that other stated that everything that had been written about the lottery had stated that the money from it would go toward economic development, but that the idea of educational funding had come from the fact that several other states such as California and Missouri had done that.

Ms. Carol Wiebe, Hillsboro Economic Development Corporation, presented her testimony in support of the lottery. (Attachment 4).

Mr. Kent Heermann, Regional Development Association of East-Central Kansas, then presented his testimony in support of the lottery. He provided no written testimony.

Mr. Heermann stated that he would like discuss the lottery, its renewal, and the programs that it funds. He stated that the Department of Commerce and Housing received about 45 per cent of the \$44 million that was spent last year, KTECH about 29 per cent, and the rest went to the Board of Regents for secondary education, state water plant, and other programs. He stated that many of these programs, such as small business development were important for smaller communities. He stated that lottery funds support trade shows and block grant funds. He

also stated that these funds play an important role in training workers, and that training helps to give Kansas a competitive edge which draws companies and investment to the state.

He stated that in recent years, he realized that lottery money was being shifted to general funds, and that it concerned him. He concluded by stating that KTECH had helped his local industry.

Mr. Bernie Koch, Wichita Chamber of Commerce, presented his testimony in support of the lottery. (Attachment 5). Following his testimony, he stated that lottery money had helped to rebuild Norland Plastics Plant and the community around it.

Chairman Harrington stated that the plant was in her district and that the rebuilding had done a great deal, so she appreciated him mentioning that.

Mr. Jim Dehoff, Kansas AFL-CIO presented his testimony in support of the lottery. (Attachment 6).

Mr. Kim Wilcox, Executive Director of the Kansas Board of Regents, presented his testimony in support of the lottery. (Attachment 7).

Chairman Harrington then asked the committee for questions and recognized Senator Lyon.

Senator Lyon stated that he was very supportive of EDIF funds. He stated that he was curious if it would be better or worse if the revenue source for these programs was from somewhere other than the lottery.

Mr. Edwards responded that his coalition was interested in the lottery because the legislature has not shown an interest in expenditures toward economic development.

Senator Lyon stated that he was interested in an analysis of how much money each district generates compared to the amount of money which they received from EDIF..

Mr. Edwards stated that originally, EDIF funds were divided so that a certain per cent went to each district, but that complications led to a different distribution method because of unequal utilization of funds. He stated that if the lottery funds were taken away, there would need to be \$24 million more put toward EDIF funds.

In response to a question from Senator Gooch, Mr. Edwards explained that the Department of Commerce and Housing explained that about \$137 million of the \$402 million that has been generated by the lottery since 1988.

Senator Gooch stated that it seemed that the majority of the good programs which he had heard about had been from the Department of Commerce and Housing.

Mr. Edwards stated that the figure he gave was 43 per cent of EDIF funds, and that it was those funds which made his coalition supportive of the lottery.

Senator Gooch stated that he was concerned about the origin of the lottery dollars themselves and whether or not it would be possible to have economic development without them because many were too poor to support these things, although they were criticized for being on welfare.

Mr. Edwards stated that creating new jobs might be the best benefit which can be given to the poor.

Chairman Harrington asked for additional questions and there were none. She then pointed the committee's attention to a fiscal note from the Division of the Budget and the written testimony from Mr. Garry Winget. She then asked for bill introductions and recognized Senator O'Connor.

Senator O'Connor moved to introduce two bills, both dealing with fire arms. Senator Lyon seconded the motion. The motion carried.

Chairman Harrington concluded the meeting by reminding the committee that they would finish up with **SB 22**, hold the confirmation hearing of Ed Van Petten, and hear **SB 32** the following day.

The meeting was adjourned at 11:28 a.m. The next meeting is scheduled for 10:30 a.m. on January 25, 2001.