

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 16, 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, Revisor of Statutes
 Nikki Kraus, Committee Secretary

Conferees appearing before the committee: Russell Mills, Legislative Research Department
 Theresa Kiernan, Revisor of Statutes

Others attending: See Attached List

Chairman Harrington began the meeting by welcoming back everyone. The chairman then went on to say that the meeting today would primarily be a staff review of the history of the Kansas lottery.

Mr. Russell Mills presented a memorandum entitled "Kansas Lottery". (Attachment 1).

Mr. Mills added that state wide reappraisal used to be a big issue in Kansas and that approximately \$16 million had gone to county reappraisal.

Chairman Harrington asked if the Ways and Means committee had adjusted the funding.

Mr. Mills responded that the whole legislature had voted on it, not Ways and Means.

Senator John Vratil asked Mr. Mills if he had an estimate as to sales tax revenue generated by sales of lottery tickets.

Mr. Mills deferred to Mr. Julian Efird, who responded that it would be 5% of \$200 million.

Chairman Harrington asked if there were any additional questions, and there were none.

Mr. Mills went on to address EDIF spending and to conclude his testimony.

Chairman Harrington reminded the committee that the confirmation hearing of Mr. Ed Van Petten will be scheduled next week or the week after for his position as executive director of the lottery.

Chairman Harrington introduced Theresa Kiernan from the office of the Revisor of Statutes.

Ms. Kiernan then presented a memorandum entitled "Overview of the Kansas Lottery Act". (Attachment 2).

Chairman Harrington then asked for questions and recognized Senator Jim Barnett who asked about K.S.A. 74-8705 concerning background information and who would use that.

Ms. Kiernan responded that it would be the executive director, but that she was not sure if when the procurement committee is set up, whether it is all members or just the director, but that she would get back to the Senator on that.

CONTINUATION SHEET

Chairman Harrington then stated that such information would then be provided for the entire committee.

Senator Rip Gooch then asked if it was possible to identify who was doing that at this time.

Mr. Ed Van Petten, Acting Director of the Kansas Lottery, then stated that he was designated at this time.

Senator Gooch then asked if someone could explain how it was decided whether he wanted to be that person.

Ms. Kiernan then responded that it was the Executive Director or the Executive Director's designee, and then requested to direct Senator Barnett's question to Mr. Van Petten.

Mr. Van Petten stated that if there were any questions the lottery could determine whether or not they could enter into a state contract

Chairman Harrington asked whom is serving as the Director of Security currently.

Mr. Van Petten stated that the Director of Sales had resigned and that he had been replaced by Tom Hofts.

Chairman Harrington asked for any additional questions.

Senator O'Connor asked if there are certain security restrictions, and whether or not there is a background check on lottery commissioners.

Ms. Kiernan responded that those would be conducted by the Governor's Office.

Natalie Haag introduced herself from the audience as the Governor's chief legal counsel and said that she would get the statute to Senator O'Connor.

Chairman Harrington then introduced Tracey Diel from the tribal Relations Committee and Acting Director of Casino Gambling.

Chairman Harrington then asked committee members if they would prefer to have additional time at the beginning of meetings or if they would prefer to leave early and they agreed to leave early.

Mr. Russell Mills stated that there was an additional matter that he would like to address concerning the lottery. Mr. Mills state that back in 1986-87, many people have said that all money from the lottery was to go to education, but that was inaccurate to his recollection. Mr. Mills then stated that he had asked the state library to pull all articles which pertained to the lottery from those years, and that out of the 86 articles, not one was about education, but all said that money from the lottery would go toward economic development.

Chairman Harrington reminded the committee that both the Legislative Division of Post Audit and Mr. Van Petten would be making presentations the following day.

The meeting adjourned at 11:22 a.m.

The next scheduled meeting will be at 10:30 a.m. on January 17, 2001.