

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 January 23, 2002 in Room 245-N of the Capitol.

All members were present except: Senator John Vratil, excused
Senator Bob Lyon, 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: Tracey Diel, Executive Director Kansas Gaming Agency and
Acting Director of the Kansas Racing and Gaming
Commission

Others attending: Please see attached

Chairman Harrington opened the meeting and invited Tracey Diel to the podium. Mr. Diel asked the committee for the introduction of a bill concerning race track breakage. He explained that race tracks pay winnings in increments of ten. He stated that if winnings equaled two dollars and fourteen cents, the four cents would be considered breakage. He stated that the breakage was then placed into certain accounts and is then by statute perforated into certain things. He stated that in the year 2000 a racetrack closed and that by statute fifty-percent of the breakage should have gone to an open stakes race; however, there was no opportunity to have such a race, and there are about eight thousand dollars which cannot be used. He stated that he would like an amendment so that the money could be dispensed whether through rules and regulations with the Kansas Racing and Gaming Commission or whatever the Legislature may deem appropriate because until that time the money will sit indefinitely unless the track re-opens and holds another race.

Senator Gooch asked Mr. Diel if the bill would allow Mr. Diel to do something without determining what that would be, and Mr. Diel confirmed.

Senator Gooch made a motion to introduce and Senator Brungardt seconded. The motion passed.

Mr. Diel presented "An Overview of the State Gaming Agency and the Kansas Racing and Gaming Commission". (**Attachment 1**)

Chairperson Harrington thanked Mr. Diel for his packet of information. (**Attachment 2**)

Senator Gooch asked Mr. Diel what is paid for out of the 2.2 million dollars the state received from the tribes. Mr. Diel responded that his organization does all of the background investigations for all of the gaming corporations that do business with the tribes. He stated that his organization does all of the background checks for all of the highest level and level two employees, does all renewals for all relicensing, has agents which go into the casinos daily to be sure that the casinos are complying with all of the regulations the tribes have passed and obeying Kansas law, investigate underage gambling, embezzlement, and other various criminal acts, and handles all of their communications equipment.

In response to questions from Senator Gooch, Mr. Diel stated that for background checks, his organization sends employees out to places where people being checked used to live, where products are manufactured, and where corporations are headquartered to thoroughly investigate them. He stated that there are currently twenty people employed in gaming and forty-five to fifty in racing. In response to a question from Senator Brungardt, Mr. Diel stated that due to the fiscal nature of the race tracks, they have agreed to a flat amount for charitable contributions. In response to a question from Senator Gooch, Mr. Diel explained to the committee that he is currently holding two titles because the head of the racing commission retired, so the governor asked him to oversee rather than bringing in someone new to a position which may be dissolved if the race tracks close. In response to a question from Chairperson Harrington, Mr. Diel stated that the commission is currently investigating some papers which have been turned over to it in order to determine if any rules and regulations have been broken.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at on January 23, 2002 in Room 245-N of the Capitol.

Senator Gooch asked the committee for the introduction of a bill concerning the licensing of private security guards.

Senator Barnett made a motion to introduce and Senator Gilstrap seconded. The motion was passed.

Russell Mills, Legislative Research Department presented a sheet to the committee showing the contributions of Lottery funds to K-12 education in response to a question from the previous day from Senator O'Connor. **(Attachment 3)**

Chairperson Harrington stated that the committee might want to have the other commissioners come to meet the committee. Mr. Diel stated that the chairman lives in Topeka, so he was sure that he would be more than happy to come, even if other members were unable to make it.

The meeting was adjourned at 11:30 a.m. The next meeting is scheduled for 10:30 a.m. on January 24, 2002.