

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 February 1, 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: Barb Hinton, Legislative Post Audit
 Trent LeDoux, presenting testimony from Senator Lana Oleen

Others attending: See Attached List

Chairman Harrington opened the meeting by allowing Senator Barnett to introduce his mother and father-in-law, Mr. And Mrs. York, and welcoming them to the committee meeting.

Chairman Harrington then asked for bill introductions. Michael Byington from the Envision group asked for the introduction of a bill concerning developing a mechanism within the department of transportation to deal with pedestrian safety issues and pedestrian rights.

Senator Barnett made a motion to introduce the bill. Senator Gooch seconded that motion. The motion passed.

Senator Harrington then called for bill introductions.

Senator Tim Huelskamp asked for introduction of a bill from the Committee on Ways and Means. Theresa Kiernan explained that this was an amendment to **SB 39—Concerning income taxation and community services** that would prohibit the use of public funds for the morning-after drug, RU-480. Chairman Harrington said that the amendment was being introduced in Federal and State Affairs, but would most likely be referred to the Committee on Public Health and Welfare.

Senator Lyon moved that the bill be introduced as amended. Senator Gilstrap seconded that motion. The motion passed.

Chairman Harrington opened the hearing on:

SB 34 Audits of the Kansas Lottery

Ms. Barb Hinton, Legislative Post Audit, following congratulations from the committee on her department's recent award, presented her testimony. (Attachment 1).

Ms. Hinton stated that she was concerned about wording, and specified that she thought that since the lottery had just undergone an audit, in keeping with the three year audit cycle, the next one ought to be in 2004, not 2002.

Senator Gilstrap then asked where the legislative post audit act which was referred to in the bill was located and Ms. Hinton pointed out the page and gave a brief explanation.

In response to a question from Senator Gooch, Ms. Hinton stated that there is an annual financial compliance audit, but that was a financial audit only and did not deal with security issues. In response to further questions, she stated

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that security issues dealt not only with the tickets themselves, but also with computer access.

Mr. Ed Van Petten, Executive Director of the Kansas Lottery, then stated that the Lottery had some concerns with **SB 34** and that it may need a couple of amendments. Regarding scratch tickets, he stated that they did have the potential for malicious changes because there was a logarithm used to decipher the bar codes on the tickets.

Senator Gooch stated that he did not understand how someone could research problems with so much security, as he had seen at the Texas gaming meeting the previous weekend.

Trent LeDoux then presented testimony on behalf of Senator Lana Oleen in support of **SB 34**. (Attachment 2).

Chairman Harrington asked for questions and there were none.

Chairman Harrington invited Mr. Van Petten to propose amendments that he had requested earlier. Mr. Van Petten stated that he had spoken with Senator Oleen and that she and he had discussed some changes in the bill. He stated that one of these changes was a language change from having a security audit at least every three years to every three years because of a need to budget for enough money to cover the cost of this relatively expensive operation. He stated that although he was aware of the makeup of the current committee, he was unsure of it in the future. He also stated that the background of whoever was contracted with the lottery would be fully checked.

Ms. Hinton requested that the language be clarified in the bill so that it was clear that Post Audit would have the same ability and authority over background checks on contractors.

Senator Vratil stated that he objected to excessive language in the bill, and felt that it already gave Post Audit the powers it needed. He also stated that he approved of the language which made a security audit possible more than once every three years if deemed necessary.

Senator Vratil then moved to amend **SB 34** to change line 32 from 2002 to 2004 for the date of the next security audit in order to stay with the three year plan. The motion was seconded by Senator O'Connor. The motion passed.

Senator Gooch stated that he also approved of the language in the bill which indicated that a security audit of the lottery bill would be held at least every three years.

Chairman Harrington announced that there would be a meeting at the rail of the entire committee upon adjournment of the Senate.

The meeting was adjourned at 11:13 a.m. The next scheduled meeting is upon adjournment of the Senate on February 1, 2001.