

February 13, 2017

The Honorable Jacob LaTurner, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

Dear Senator LaTurner:

SUBJECT: Fiscal Note for SB 168 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 168 is respectfully submitted to your committee.

SB 168 would eliminate the sunset provision in the statute governing the operation of the Kansas Lottery. Under current law, the agency will be abolished on July 1, 2022.

The Kansas Lottery indicates SB 168 would have no fiscal effect unless the sunset provision takes effect on July 1, 2022. The sunset date for the operation of the Kansas Lottery was created by the 1992 Legislature to occur on July 1, 1996 and was extended by the 1995 Legislature (until July 1, 2002), the 2001 Legislature (until July 1, 2008), and by the 2007 Legislature (until July 1, 2022). The Kansas Lottery indicates that if it were to be abolished on July 1, 2022, sales of on-line lottery games would end July 1, 2021 and instant lottery ticket sales would end January 1, 2022, to allow the required time for lottery players to redeem winning tickets. Proceeds from lottery tickets sales support economic development initiatives, prison construction and maintenance projects, local juvenile detention facilities, treatment of problem gambling and other addictions, veterans programs, and the State General Fund. On behalf of the state, the Kansas Lottery is also the owner of gaming operations at the four state-owned casinos and contractual obligations with Expanded Lottery Gaming Facility managers extend past the current sunset date. Proceeds from state-owned gaming operations are used to reduce state debt, reduce KPERS actuarial liability, increase the number of engineering graduates from the state's universities, and treat problem gambling and other addictions.

The Kansas Lottery indicates that by eliminating the sunset date, the bill has the potential to reduce costs by allowing it to negotiate longer term contracts with vendors. The Kansas Lottery indicates that its vendors make significant financial investments to provide services and products to the Kansas Lottery. The sunset date may occur prior to expiration of the contract

The Honorable Jacob LaTurner, Chairperson

February 13, 2017

Page 2—SB 168

between the Kansas Lottery and its vendors or before the vendor has recovered initial upfront investments which creates uncertainty in the contract negotiating process. Eliminating the sunset date would eliminate this uncertainty.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Stephen Durrell, Lottery