

February 23, 2015

The Honorable Connie O'Brien, Chairperson
House Committee on Children and Seniors
Statehouse, Room 187-N
Topeka, Kansas 66612

Dear Representative O'Brien:

SUBJECT: Fiscal Note for HB 2269 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2269 is respectfully submitted to your committee.

Under HB 2269, before any lottery gaming facility manager, racetrack gaming facility manager, or facility owner licensee pays any prize that requires the completion of an Internal Revenue Service form W-2G, the manager or licensee would be required to check the winner against the state debtor files maintained by the Department of Administration. If it is determined that the person is a state debtor, then the prize must be withheld to the extent of the amount owed.

The gaming facility manager or facility owner licensee would not be subject to any civil, criminal, or administrative liabilities for any prize that was mistakenly withheld provided that it was not due to any intentionally malicious, wanton, or negligent act by the gaming facility manager or facility owner licensee. The only remedy for a person whose winnings are wrongfully withheld would be to submit an appeal to the Department of Administration. Withheld winnings must be submitted to the State Treasurer and credited to the Department of Administration's Setoff Clearing Fund. The Department would be permitted to work with state-owned casinos and parimutuel racetracks for the purposes of the state debt setoff program. The bill would clarify that this program would not apply to Native American Tribal gaming facilities.

The Kansas Racing and Gaming Commission indicates that passage of HB 2269 would require additional staff time to modify regulations, facility operator internal controls, and audit programs. However, it is estimated that the costs associated with these activities would be negligible and, under the Kansas Expanded Lottery Act, would be reimbursed by gaming facility operators.

The Department of Administration indicates that expanding the debt setoff program would require computer programming to make sure that prizes or winnings at state-owned

casinos would be subject to the debt setoff program. The Department of Administration indicates that the costs associated with programming existing software and implementing the requirements of the bill would be less than \$10,000.

Based on data from similar legislation passed in the State of Colorado, the Department for Children and Families (DCF) anticipates that the bill would increase child support collections by \$157,300, annually (110 intercepts X \$1,430 per intercept). In calendar year 2009, Colorado's child support collections program collected approximately \$396,000 through 277 intercepts or about \$1,430 per intercept. It is expected that the Kansas average collection per intercept would be similar. The Department states that while Kansas and Colorado child support enforcement caseloads are comparable in size, Colorado has more gaming sites than Kansas. As a result, it is estimated that Kansas would have about 40.0 percent of the Colorado intercepts or approximately 110 gaming intercepts per year. DCF indicates that nearly all of the total amount that would be collected under the bill would be distributed to Kansas families. The only expense DCF expects to incur is the recovery assistance fee imposed by the Department of Administration which could approach approximately \$8,000 per year which could be absorbed within existing DCF resources. Any fiscal effect associated with HB 2269 is not reflected in *The FY 2016 Governor's Budget Report*.

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: Jackie Aubert, Children & Families
Pam Fink, Department of Administration
Stephen Durrell, Lottery
Brandi White, Racing & Gaming Commission