

Approved: 2-9-12
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Pete Brungardt at 10:30 a.m. on January 17, 2012, Room 144-S of the Capitol.

All members were present except:

Senator Steve Morris - excused

Committee staff present:

Jason Long, Office of the Revisor of Statutes

Tamera Lawrence, Office of the Revisor of Statutes

Julian Efird, Kansas Legislative Research Department

Dennis Hodgins, Kansas Legislative Research Department

Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Richard Petersen-Klein, Kansas Racing and Gaming Commission

Others attending:

See attached list.

Introduction of Bills:

Senator Faust-Goudeau requested a bill introduction concerning amendments to the Kansas Expanded Lottery Act.

Senator Reitz moved that this request should be introduced as a committee bill. Senator Longbine seconded the motion. The motion carried.

Richard Petersen-Klein, Executive Director, Kansas Racing and Gaming Commission,(KRGC) provided an agency update. (Attachment 1) The KRGC is the agency empowered by the Kansas Expanded Lottery Act (KELA) and the Kansas Parimutuel Racing Act to regulate expanded gaming and pari-mutuel wagering in Kansas. The day to day operations of the agency are administered by an executive director and staff. Executive staff includes:

Richard Petersen-Klein, Executive Director

Kathy Lewis, Director of Administration, Finance and Audit

Don Brownlee, Director of security and Licensing

Bill Smith, Director of Information Technology and Electronic Security

Carol Spiker, Responsible Gambling Program Coordinator

Judith Taylor, General Counsel

CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on January 17, 2012, in Room 144-S of the Capitol.

The KRGC's primary mission is to ensure that state-owned casino-style gaming and pari-mutuel racetrack wagering is conducted with integrity. The State Gaming Agency's responsibility is the oversight of the tribal gaming operations Kansas. The KRGC has no authority for any aspect of tribal gaming oversight. As a regulatory agency, our chief mission is to seek compliance. The agency's regulatory duties include licensing, security, audit, electronic security, and responsible gambling coordination.

Except for state sanctioned gambling (i.e. lottery, expanded lottery, pari-mutuel wagering, bingo and tribal casinos) all other forms of gambling violate the Kansas constitution and the Kansas criminal code. KELA attempted to define and prohibit "gray machines," but the Kansas supreme Court in 2011 held the definition of a "gray machine" in KELA unconstitutionally overbroad, rendering the enforcement provision related thereto ineffective. THE KRGC continues to rely upon the criminal code to address illegal gambling activity in Kansas, and recently applied the criminal code in determining that a device voluntarily provided to the KRGC for review by the distributor and manufacturer constituted an illegal gambling device and should not be distributed in the State of Kansas.

The pari-mutuel racetracks in Kansas ceased operations in 2008 indicating that, until KELA was amended, the racetracks would remain closed.; all pari-mutuel wagering licenses have expired and no renewal applications have been filed with the KRGC. Efforts are presently underway by various interested parties seeking another vote in Sedgwick County to allow slot machines.

The committee requested further information on the Responsible Gambling Fund; who is responsible for how those funds are distributed and how effectively that is being handled.

The next meeting is scheduled for January 18, 2012. The meeting was adjourned at 11:10 a.m.