

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairperson Nancey Harrington at 10:45 a.m. on March 5, 2003 in Room 245-N of the Capitol.

All members were present except: Senator Barnett, excused
Senator Vratil, 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: Senator Lana Oleen

Others attending: Please see attached.

Chairperson Harrington opened the presentation on:

A Brief History of Gaming in the State of Kansas

Senator Oleen began her presentation by stating to the committee that in the many years she had been on or chaired the Senate Federal and State Affairs committee, each and every year, they had dealt with gaming issues, and this year was no different. She referenced two reports from the Kansas Legislature entitled: "Report of Special Committee on Gaming to the 1996 Kansas Legislature: Proposal No. 37" ([Attachment 1](#)) and "Report of Special Committee on Gaming to the 1996 Kansas Legislature: Proposal Nos. 36 and 37" ([Attachment 2](#))

She stated that over time, the committee had agreed on three main findings: first, the Legislature should articulate its goals for legalization of gambling, not one interest group or another; secondly, the development of a program to address pathological gambling would be created, and, three years ago, the Kansas Lottery had established a fund in which a percentage of lottery ticket sales were used for treatment and a 1-800 number compulsive gamblers might call for help; thirdly, any proposed constitutional amendment to legalize gambling in Kansas should be put to a county option vote to approve it.

Senator Oleen went on to review the report entitled "A Brief History of Gaming in Kansas." ([Attachment 3](#))

Senator Oleen stated that Kansas, unlike other states, put a sunset date on our state lottery. She stated that although a sunset rule no longer exists in the state, it used to mean that if a sunset date was in one specific year, the issue would have to be reconsidered the year prior to that date and be finished up by then.

She also stated that the push for the introduction of a lottery was from the business community in the interest of economic development. She stated that although many people had made statements that the Kansas lottery was designed to fund education, that had been disproven through research into documents from that time. She stated that there had been a great deal of confusion in the state because at the same time Kansas was considering a lottery, so was Missouri, and Missouri had heavily advertised it as benefitting education. As a result, she said, the lines between the two were blurred and confusing for some people.

After further discussion of the report, Senator Oleen stated that the state had made some accommodations for the expansion of gaming in the state, including allowing broadcasts at racetracks, although she recognized that river boats in Kansas City had hurt the parimutuel industry. After further discussion, she stated that the proposals that are before the Legislature now are not really about slots at the tracks; they are about casinos at the locations where the tracks are. She stated that the issue has changed from people who were involved with the horse and dog industry initially to people who are involved in the operation of casinos. She stated

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 5, 2003 in Room 245-N of the Capitol.

that although she was trying not to show her bias, but that when you have a voting record on this issue that is difficult. She stated that the original kind of proposals that were submitted did deal with increasing participation at parimutuel organizations as well as trying to help those in that particular sector. Senator Oleen stated that the Legislature has seven or eight proposals that have been put up for consideration this year, and she doesn't know if there is going to be a coalescing of discussion of interest groups; she stated that she believes the Governor of the state of Kansas will propose expanding gambling this year as a way to address the budget. She stated that she would encourage this committee know that the Legislature's charge, referring to the reports from 1995, must be to ask the questions about what the goals of the Kansas Legislature are: to help one industry or several sides of the state, then so be it, if it is to add revenue to the state, then the Legislature has a different charge. She stated that whatever method the committee members felt was right, her advice was to simply be in charge of that without allowing some special interest set those parameters because this issue would remain in front of them as long as they have Legislative session.

She stated that as the Senators were aware, Kansas does have gaming in the state, but once certain decisions are made, they will not be asked about additional considerations.

Senator Oleen reviewed Indian casino gaming for the committee and went on to say that there have been border wars over economic development and gaming issues, but that the State Tribal Relations board had a positive working relationship with the four resident tribes of the state and that Kansas has a very good oversight process. She then asked the committee for any questions.

Senator O'Connor expressed interest in data on the state of Kansas' benefits from Indian gambling.

Senator Oleen stated that in Jackson County, there was a 26% increase in sales tax to the state from that county. Senator Oleen also stated that in another experience was that the increase in revenues for the tribes ended up helping the areas surrounding them, as well as benefitting the state through large percentage of non-tribal employees who pay payroll tax. She stated that although the state did not directly receive taxes, there are certainly positive effects felt.

Senator Gooch stated that if Kansas was going to have gaming, then he did not see what the difference was in having a little or a lot. He drew a comparison to alcohol legislation because although it is regulated, if it is allowed, people's behavior would not change. Senator Gooch went on to state that many people had contacted him and said that they knew they had voted for the lottery because the money was supposed to go for education. He stated that he has been concerned about who really benefits from lottery money because the term "economic development" has been stretched to include the expansion of prisons, which he does not see as economic development.

Following further discussion, Senator Oleen stated that the state is able to collect taxes on regular products such as gasoline and other goods. She stated that she had noticed that within the eight bills before the Legislature, most indicate the regulatory agency to be the lottery or the state's racing and gaming commission, yet neither of these bodies has proposed a bill. She again stated that the committee should keep in mind what the goal of the Legislature was in regard to this issue: to add revenue, to add entertainment, or to avoid raising taxes. She stated that she felt there were probably a variety of reasons, but that she thought it was interesting that these regulatory agencies have not been charged with coming up with a bill of their own. She stated that she felt the regulatory bodies should tell the Legislature how to write the bill, not those who would benefit from the bill.

Senator Gooch expressed concern with the meaning of the term "expanding gaming" and what that referred to exactly.

Senator Oleen stated that the state had already done some expansion through adjustments such as adding locations, making additions to others, and increasing the number and type of games available.

Chairperson Harrington stated that Senator Oleen had clarified that the Legislature, as policymakers, had a task before them this year to continue to look at those bills presented and decide how far the state wishes to expand beyond what it already has.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:45 a.m. on March 5, 2003 in Room 245-N of the Capitol.

Senator Oleen stated that she understood that they were dealing with a huge amount of dollars here and that everyone would like to have a share. She stated that she was not surprised at all that those who might benefit from a bill would certainly be in favor of it. She stated that in her experience as chair of Senate Federal and State Affairs, she had a great number of bills concerning gaming. Eventually, she said, she finally decided to combine things and put the state in charge of it all. She stated that, this done, the support for the expansion of gaming suddenly disappeared because the money was no longer big enough.

Staff provided the committee with an overview chart entitled "Comparison of Selected Bills Concerning Gaming." (Attachment 4)

Chairperson Harrington thanked Senator Oleen for her time and comments to the committee, and informed the committee that the following day they would be hearing a presentation on sexual predators.

The meeting was adjourned at 11:37 a.m. The next meeting will be at 10:45 a.m. on March 6, 2003 in Room 245-N.