

Journal of the Senate

FORTY-NINTH DAY

SENATE CHAMBER, TOPEKA, KANSAS
Monday, March 22, 2004—2:30 p.m.

The Senate was called to order by President Dave Kerr.
The roll was called with thirty-nine senators present.
Senator Allen was excused.
Invocation by Chaplain Fred S. Hollomon:

Heavenly Father,
Politics has been called
The art of compromise,
Which at times can be accepted
At other times despised.
Let's say I'm on a bus,
And the place I want to go
Is a little northwest town
Called Moscow, Idaho.
There is no bus to Moscow,
But I can make connections;
It only goes to Denver,
But it's in the right direction.
From there I go to Casper,
Where I can make connections.
It's still not Moscow, Idaho,
But it's in the right direction.
By now you get my drift, O God:
To get where I want to go,
I may have to go to Spokane,
Before I get to Moscow.
When major legislation
Is worth a major fight,
The elephant still is eaten
Only with small bites.
You've told us, Lord, when we attempt
Something You've desired;
The goal is never compromised,
But patience is required. (Romans 8:25)
I pray in the Name of Jesus,
AMEN

GUESTS

Senator Corbin rose on a point of personal privilege to introduce foreign exchange students, Kerim Atayevich Atayev of Turkmenistan; Oleksandra Lytvynova of Ukraine; Umrbek Olloqulov of Uzbekistan; Aleksandra Poshlyakova of Russia and Pablo Fernandez of Mexico, foreign exchange students visiting in the Senate today.

Senator Steineger rose on a point of personal privilege to introduce international guests, Jacob Breugem, Utrecht, The Netherlands; Radu-loan Gafta, Bucharest, Romania; Thomas Gerard, Paris, France; Yasen Guev, Sofia, Bulgaria; Matus Kostolny, Bratislava, Slovakia; and Elisabeth Niejahr, Berlin, Germany, members of the German Marshall Fellows Exchange Program who were visiting the Senate today.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was introduced and read by title:

SB 562, An act concerning state agencies; allowing state agencies to purchase collision and comprehensive coverage for vehicles; amending K.S.A. 74-4707 and repealing the existing section, by Committee on Ways and Means.

MESSAGE FROM THE HOUSE

Announcing passage of **HB 2751**.

Also, passage of **SB 316**, **SB 379**, **SB 508**, **SB 509**.

Passage of **SB 272**, as amended by **House Substitute for SB 272**; **SB 292**, as amended, **SB 328**, as amended, **Substitute SB 380**, as amended, **SB 393**, as amended, **SB 394**, as amended, **SB 417**, as amended, **SB 418**, as amended, **SB 480**, as amended, **SB 520**, as amended.

The House concurs in Senate amendments to **Substitute HB 2592**.

The House nonconcur in Senate amendments to **HB 2154**, requests a conference and has appointed Representatives O'Neal, Patterson and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2293**, requests a conference and has appointed Representatives O'Neal, Patterson and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2555**, requests a conference and has appointed Representatives O'Neal, Patterson and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2556**, requests a conference and has appointed Representatives O'Neal, Patterson and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2745**, requests a conference and has appointed Representatives Hayzlett, Faber and Long as conferees on the part of the House.

Announcing passage of **HB 2895**.

Passage of **SB 479**.

Also, passage of **SB 166** as amended by **House Substitute for SB 166**; **SB 197**, as amended.

The House nonconcur in Senate amendments to **HB 2312**, requests a conference and has appointed Representatives Loyd, Owens and Ward as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2617**, requests a conference and has appointed Representatives O'Neal, Patterson and Pauls as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2621**, requests a conference and has appointed Representatives Loyd, Owens and Ward as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2669**, requests a conference and has appointed Representatives Neufeld, Shultz and Feuerborn as conferees on the part of the House.

The House nonconcur in Senate amendments to **HB 2731**, requests a conference and has appointed Representatives Hutchins, Judy Morrison and Flaharty as conferees on the part of the House.

The House concurs in Senate amendments to **HB 2737**.

INTRODUCTION OF HOUSE BILLS AND CONCURRENT RESOLUTIONS

HB 2751, **HB 2895** were thereupon introduced and read by title.

REPORTS OF STANDING COMMITTEES

Committee on **Commerce** begs leave to submit the following report:

The following appointment was referred to and considered by the committee and your committee recommends that the Senate approve and consent to such appointment:

By the Governor:

Kansas Development Finance Authority: K.S.A. 74-8903

Thomas C. Schaller, term expires January 15, 2007

Also, **Substitute for HB 2647**, as amended by House Committee of the Whole, be amended by substituting a new bill to be designated as "SENATE Substitute for Substitute for HOUSE BILL NO. 2647," as follows:

"SENATE Substitute for Substitute for HOUSE BILL NO. 2647

By Committee on Commerce

"AN ACT concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding; amending K.S.A. 12-1771 and 12-1772 and K.S.A. 2003 Supp. 12-1770a, 74-8004 and 74-8017 and repealing the existing sections."; and the substitute bill be passed.

Committee on **Elections and Local Government** recommends **HB 2641**, as amended by House Committee, be amended on page 2, preceding line 38, by inserting:

"Sec. 2. K.S.A. 24-459 is hereby amended to read as follows: 24-459. (a) The board of directors of any drainage district incorporated pursuant to K.S.A. 24-458 shall consist of three *qualified* persons ~~who own land within the district but need not be residents therein as defined in paragraph (3) of subsection (e) of this section.~~

(b) The directors for the first term after the incorporation of the drainage district shall be selected and designated in the petition for the incorporation of the district and shall be declared directors by the county commissioners to which the petition is presented.

(c) The directors shall hold office until the first Tuesday in April next after the incorporation of the district, at which time and every four years thereafter directors shall be elected and shall hold their office for the term of four years and until their successors are elected and qualified.

(d) Every ~~taxpayer~~ *qualified person* of the district, ~~owning real estate therein, whether a resident of the district or not,~~ shall be entitled to vote at the election or at any election which may be held in the district.

(e) *For the purposes of this section:*

(1) "Owner" or "person who owns land" means any person or entity who is the record owner of the fee in any real estate in the district or the fee in the surface rights of any real estate in the district, but the owners of an oil and gas lease, mineral rights or interest, easements or mortgages as such shall not be considered owners, and school districts, cemetery associations, and municipal corporations shall not be considered owners.

(2) "Taxpayer" means any owner who has paid all taxes currently due on such real estate.

(3) "Qualified person" means any taxpayer 18 years of age or older, whether a resident of the district or not. A taxpayer who is a qualified person and who is not an individual may designate an individual to cast its vote or to serve as a director of the district.

(f) The county clerk shall determine the qualified persons entitled to vote at any election in the district. Any entity desiring to vote at an election shall register the name of its designated representative with the county election officer no later than 14 days in advance of any such election.";

By renumbering sections accordingly;

Also on page 2, in line 38, by striking "is" and inserting "and 24-459 are";

In the title, in line 12, preceding "and" by inserting "and 24-459"; in line 12, by striking "section" and inserting "sections"; and the bill be passed as amended.

Also, **HB 2793**, as amended by House Committee, be amended on page 1, in line 40, by striking all following "(11)"; in line 41, by striking all preceding "levy"; and the bill be passed as amended.

Committee on **Transportation** recommends **HB 2833** be amended on page 1, in line 24, following "signs" by inserting "and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs"; in line 35, following "signs" by inserting "and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs";

On page 2, in line 5, following "signs" by inserting "and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs"; following line 7, by inserting:

"New Sec. 4. From the junction of United States highway 400 with Lyon road in Labette county, east on United States highway 400 through the city of Parsons to the junction of United States highway 400 with Queens road, is hereby designated as the 930th ordnance ammunition company by-pass. The secretary of transportation shall place signs along the highway right-of-way at proper intervals to indicate that the highway is the 930th ordnance ammunition company by-pass, except that such signs shall not be placed until the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of placing such signs and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing suitable signs.

New Sec. 5. K-20 highway west from the west city limits of the city of Horton to the junction of K-20 highway with United States highway 75 is hereby designated as the Kickapoo veterans memorial highway. The secretary of transportation shall place signs along the highway right-of-way at proper intervals to indicate that the highway is the Kickapoo veterans memorial highway, except that such signs shall not be placed until the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of placing such signs and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing suitable signs.

New Sec. 6. That portion of K-4 highway from the eastern boundary of Wabaunsee county then west to the western boundary of Wabaunsee county is hereby designated the Maisie DeVore highway. The secretary of transportation shall place signs along the highway right-of-way at proper intervals to indicate that the highway is the Maisie DeVore highway, except that such signs shall not be placed until the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of placing such signs and an additional 50% of the initial cost to defray future maintenance or replacement costs of such signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing suitable signs.

New Sec. 7. From the junction of highway K-96 with United States highway 50, then north on highway K-96 north to the junction of highway K-96 and Wilson road, is hereby designated as the Senator Bob Dole by-pass. The secretary of transportation shall place signs along the highway right-of-way at proper intervals to indicate that the highway is the Senator Bob Dole by-pass, except that such signs shall not be placed until the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of placing such signs and an additional 50% of the initial costs to defray future maintenance and replacement cost of such signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing suitable signs.

New Sec. 8. The secretary of the Kansas department of transportation shall cause signs to be installed on the state highway system informing the public of the exits for post-secondary degree granting schools under the jurisdiction of the Kansas board of regents and which are accredited by the higher learning commission. Such signs shall not be installed unless such school requests the signs and the secretary has received sufficient moneys from gifts and donations to reimburse the secretary for the cost of installing such signs and an additional 50% of the initial cost to defray future maintenance or replacement costs of such

signs. The secretary of transportation may accept and administer gifts and donations to aid in obtaining and installing such exit signs.”;

By renumbering sections accordingly;

In the title, in line 9, following “ACT” by inserting “concerning the Kansas department of transportation;” also in line 9, after “designation” by inserting “of”; and the bill be passed as amended.

REPORT ON ENGROSSED BILLS

SB 534 reported correctly engrossed March 19, 2004.

REPORT ON ENROLLED BILLS

SB 338, SB 366, SB 443, SB 452 reported correctly enrolled, properly signed and presented to the Governor on March 19, 2004.

SR 1830 reported correctly enrolled, properly signed and presented to the Secretary of the Senate on March 19, 2004.

On motion of Senator Oleen, the Senate recessed until 3:30 p.m.

The Senate met pursuant to recess with President Kerr in the chair.

INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS

The following resolutions were introduced and read by title:

SENATE CONCURRENT RESOLUTION No. 1621—

By Committee on Education

A CONCURRENT RESOLUTION urging the United States Congress to reevaluate the requirements of the No Child Left Behind Act and to fund the authorized levels required by the act.

WHEREAS, on January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001 (Act) which applies to all states that accept federal Title I education funds; and

WHEREAS, The State of Kansas receives federal Title I funds and therefor is subject to the requirements of the Act; and

WHEREAS, The Act mandates that every public school in Kansas to make adequate yearly progress toward the goal of 100% student proficiency in math, reading, language arts and science by school year 2013-2014; and

WHEREAS, The Act requires that an entire school be identified as not making adequate yearly progress in any school year whether it is the school as a whole or a single subgroup within that school which fails to make such progress; and

WHEREAS, It will be extremely difficult for the subgroup of students with disabilities to make adequate yearly progress because of significant educational challenges which adversely affect their capacities to achieve proficiency in the measured areas; and

WHEREAS, It will be extremely difficult for the subgroup of students with limited English proficiency to meet the adequate yearly progress standard in the area of reading and language arts since those students are required to be tested in English after only three years in the public school system, which is not likely to be a sufficient time-period for such students to become proficient in English; and

WHEREAS, Once a student has been identified as not being proficient, the Act requires schools to help such students to become proficient which may involve tutoring, mentoring, summer school or other costly programs that provide for more instructional time; and

WHEREAS, Prior to the enactment of the Act, the state of Kansas had reached high levels of educational achievement through the efforts of its students, teachers and schools and by establishing its own quality performance accreditation system and standards of learning; and

WHEREAS, There is a projected shortfall of \$6.15 billion in the original congressional appropriation of Title I funds for 2004 with Kansas receiving funds in an amount which is \$150 million less than projected costs: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That the Kansas Legislature, on behalf of the people of the state of Kansas and its outstanding system of public elementary and secondary school education, respectfully requests the President and Congress of the United States to hold harmless those states which, as a result of their own educational accountability systems, meet or exceed requirements of or standards of the Act; and

Be it further resolved: That federal funding be provided in amounts consistent with the levels authorized in the Act for education programs and expanded information systems needed to accurately reflect student, school and school-district performance and to pay the costs of making students proficient; and

Be it further resolved: That appropriate methods of assessments be authorized for students who are not yet proficient in English and for students with certain disabilities; and

Be it further resolved: That an alternative methodology be allowed for determining adequate yearly progress targets and progress of students with disabilities or who are not proficient in English; and

Be it further resolved: That current provisions relating to adequate yearly progress be modified to apply sanctions only when the same groups or subgroups within a grade level fails to meet adequate yearly progress targets in the same subject area for two consecutive years; and

Be it further resolved: That flexibility be allowed in calculating adequate yearly progress for students belonging to multiple groups and subgroups; and

Be it further resolved: That provisions relating to school choice be modified by limiting the option only to those students whose performance consistently is below the proficient level; and

Be it further resolved: That an implementation study be conducted, including Congressional hearings to be completed by July 1, 2005, regarding federal and state funding, adequate yearly progress provisions and other significant provisions; and

Be it further resolved: That the current law and any revisions thereof recognize that under our federal system of government, education is primarily a state and local responsibility; and

Be it further resolved: That the Secretary of State send enrolled copies of this resolution to the Honorable George W. Bush, President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the members of the Kansas Congressional Delegation, the United States House of Representatives Committee on Education and the Workforce and the United States Senate Committee on Health, Education, Labor and Pensions.

SENATE CONCURRENT RESOLUTION No. 1622—

By Senator Oleen

A PROPOSITION to amend section 3c of article 15 of the constitution of the state of Kansas, relating to lotteries.

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the Senate and two-thirds of the members elected (or appointed) and qualified to the House of Representatives concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Section 3c of article 15 of the constitution of the state of Kansas is hereby amended to read as follows:

~~“§ 3c. State-owned and operated lottery~~ *Lotteries.* (a) Notwithstanding the provisions of section 3 of article 15 of the constitution of the state of Kansas, the legislature may provide for a state-owned and operated lottery, ~~except that such state-owned lottery shall not be operated after June 30, 1990, unless authorized to be operated after such date by a concurrent resolution approved by a majority of all of the members elected (or appointed) and qualified of each house and adopted in the 1990 regular session of the legislature. The state shall~~ and privately-owned electronic gaming casino locations.

(b) Whenever possible ~~provide the public~~, the state shall provide to the public information on the odds of winning a prize or prizes in a lottery game.

(c) The legislature may permit, regulate, license and tax no more than five privately-owned and operated electronic gaming casino locations. The state shall not have an ownership interest in an electronic gaming casino location.

No more than 400 electronic gaming machines shall be located at an electronic gaming casino location. Such machines shall be directly linked to a central communications system and shall be on-line and in constant communication with a central computer at a location determined by the casino gaming oversight commission.

An electronic gaming casino location shall not be located within 50 miles of any tribal casino operating pursuant to a state-tribal compact.

(d) The legislature may permit, regulate, license and tax the operation of a privately-owned and operated destination casino in Wyandotte county. A destination casino may be authorized pursuant to a state-tribal compact or pursuant to an authorization of the casino gaming oversight commission. The state shall not have an ownership interest in a destination casino.

(e) A casino authorized by this provision shall be permitted only in counties in which: (1) A majority of the qualified electors of the county voting thereon approve this proposed amendment; or (2) the qualified electors of the county approve a proposition, by a majority vote of those voting thereon at an election held within the county, to permit such casino within the boundaries of the county.

(f) The legislature shall provide for a casino gaming oversight commission. There shall be five members on such commission. Members shall be subject to confirmation by the senate. One member shall be appointed from each congressional district with the remaining member or members appointed at large. Once appointed, subsequent congressional redistricting shall not disqualify a member from serving for the remainder of the term. No more than three members shall belong to the same political party. The legislature may provide other qualifications for appointment to the commission.

(g) After consultation among the appointing authorities, the members of the casino gaming oversight commission shall be appointed as follows:

(1) One member shall be appointed by the speaker of the house of representatives from nominees submitted by the majority leader and the minority leader of the house of representatives.

(2) One member shall be appointed by the president of the senate from nominees submitted by the majority leader and minority leader of the senate.

(3) One member shall be appointed by the governor.

(4) One member shall be appointed by the attorney general.

(5) One member shall be appointed by the chief justice of the supreme court.

(h) The chairperson of the commission shall be designated by the governor, subject to the approval of the other appointing authorities.

(i) Members of the casino gaming oversight commission may be removed from office for cause as may be provided by law.

(j) Members of the casino gaming oversight commission shall be appointed for terms of four years. Any vacancy occurring in the membership of the commission shall be filled in the same manner as the original appointment for the remainder of the unexpired term.

(k) The legislature shall provide for the oversight and regulation of casinos. The legislature shall provide for the selection, by the casino gaming oversight commission, of the locations of any state-owned and operated casino. The legislature shall provide for the selection, by such commission, of the owner and operator of the privately-owned or operated destination casino.

(l) After the payment of the salaries and expenses of the casino gaming oversight commission and the costs of regulation of casinos and casino operations and the enforcement of laws relating thereto, the moneys derived from electronic casino gaming machines operated pursuant to this provision:

- (1) *Twenty-five percent shall be paid to the licensee operating the electronic casino location;*
- (2) *two percent shall be credited to the problem gambling fund;*
- (3) *twenty-five percent shall be awarded, by the department of commerce, to programs and services supporting and enhancing tourism in the state. Such grants shall be awarded on a competitive basis as provided by law and not less than 1/2 of such money shall be distributed equally among the congressional districts of the state;*
- (4) *sixteen percent shall be awarded by the state board of regents to vocational educational schools and technical colleges for facilities, equipment and program enhancements;*
- (5) *ten percent shall be credited to a fund created by law and administered by the executive director of the Kansas commission on veterans affairs. Such moneys shall be used to support and enhance veterans programs and services, including health care services, veterans hospitals, veterans cemeteries and other veterans programs and services as determined by law;*
- (6) *four percent shall be credited to the Kansas horse breeding development fund;*
- (7) *four percent shall be credited to the Kansas greyhound breeding development fund;*
- (8) *four percent shall be paid to the county in which the casino is located. If the casino is located within the corporate limits of a city, 2% shall be paid to such city and 2% to the county; and*
- (9) *the balance shall be credited to a fund created by law and administered by the secretary on aging. Such moneys shall be used to support and enhance programs and services provided under the senior care act or other programs and services for the elderly.*
- (m) *The casino gaming oversight commission shall not approve the operation of any casino without first conducting or providing for necessary feasibility studies, economic impact studies and marketing reports.*
- (n) *On or before January 14 of each year, the casino gaming oversight commission shall provide an annual report of its activities and any casinos operating in the state to the casino gaming oversight commission and the appointing authorities of the commission."*

Sec. 2. The following statement shall be printed on the ballot with the amendment as a whole:

"Explanatory statement.(a) The proposed amendment would authorize the legislature to provide for not to exceed five privately-owned and operated electronic casino locations.

(b) The proposed amendment would authorize the legislature to provide for one privately-owned and operated destination casino in Wyandotte county. The proposed amendment provides for the distribution of the money wagered at such casinos.

(c) The proposed amendment provides for an electronic casino gaming oversight commission.

"A vote for the proposed amendment would permit the legislature to provide for operation of privately-owned and operated electronic gaming casinos and a privately-owned and privately-operated destination casino.

"A vote against the proposed amendment would continue the current prohibition against such casinos."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the Senate, and two-thirds of the members elected (or appointed) and qualified to the House of Representatives shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the electors of the state at the general election in the year 2004 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it shall be submitted to the electors of the state at the special election.

CONSIDERATION OF MOTIONS TO CONCUR OR NONCONCUR

On motion of Senator Corbin the Senate nonconcurrred in the House amendments to **House Sub for SB 147** and requested a conference committee be appointed.

The President appointed Senators Corbin, Donovan and Lee as a conference committee on the part of the Senate.

On motion of Senator Morris the Senate nonconcurrred in the House amendments to **SB 312** and requested a conference committee be appointed.

The President appointed Senators Morris, Adkins and Downey as a conference committee on the part of the Senate.

ORIGINAL MOTION

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2154**.

The President appointed Senators Vratil, Schmidt and Goodwin as conferees on the part of the Senate.

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2293**.

The President appointed Senators Vratil, Pugh and Goodwin as conferees on the part of the Senate.

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2312**.

The President appointed Senators Vratil, Pugh and Goodwin as conferees on the part of the Senate.

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2555**.

The President appointed Senators Vratil, Pugh and Goodwin as conferees on the part of the Senate.

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2556**.

The President appointed Senators Vratil, Schmidt and Goodwin as conferees on the part of the Senate.

On motion of Senator Vratil, the Senate acceded to the request of the House for a conference on **HB 2617**.

The President appointed Senators Vratil, Schmidt and Goodwin as conferees on the part of the Senate.

On motion of Senator Tyson, the Senate acceded to the request of the House for a conference on **HB 2621**.

The President appointed Senators Tyson, Taddiken and Lee as conferees on the part of the Senate.

On motion of Senator Morris, the Senate acceded to the request of the House for a conference on **HB 2669**.

The President appointed Senators Morris, Adkins and Downey as conferees on the part of the Senate.

On motion of Senator Tyson, the Senate acceded to the request of the House for a conference on **HB 2731**.

The President appointed Senators Tyson, Taddiken and Lee as conferees on the part of the Senate.

On motion of Senator Donovan, the Senate acceded to the request of the House for a conference on **HB 2745**.

The President appointed Senators Donovan, Salmans and Goodwin as conferees on the part of the Senate.

On motion of Senator Donovan, the Senate acceded to the request of the House for a conference on **HB 2871**.

The President appointed Senators Donovan, Salmans and Goodwin as conferees on the part of the Senate.

REPORTS OF STANDING COMMITTEES

Committee on **Federal and State Affairs** recommends **HB 2053**, as amended by House Committee of the Whole, be amended on page 1, following line 20, by inserting:

“Section 1. K.S.A. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

- (a) “Commission” means the Kansas lottery commission.
- (b) “Executive director” means the executive director of the Kansas lottery.
- ~~(c) “Gaming equipment” means any electric, electronic or mechanical device or other equipment unique to the Kansas lottery used directly in the operation of any lottery and in the determination of winners pursuant to this act.~~
- (c) *“Gaming equipment” means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device, or any other equipment, which is: (1) Unique to the Kansas lottery and used pursuant to the Kansas lottery act; (2) integral to the operation of an electronic gaming machine; or (3) affects the results of an electronic gaming machine by determining win or loss.*
- (d) “Kansas lottery” means the state agency created by this act to operate a lottery or lotteries pursuant to this act.
- (e) “Lottery retailer” means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.
- (f) “Lottery” or “state lottery” means the lottery or lotteries operated pursuant to this act.
- (g) “Major procurement” means any gaming product or service, including but not limited to facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies.
- (h) “Person” means any natural person, association, corporation or partnership.
- (i) “Prize” means any prize paid directly by the Kansas lottery pursuant to its rules and regulations.
- (j) “Share” means any intangible manifestation authorized by the Kansas lottery to prove participation in a lottery game.
- (k) “Ticket” means any tangible evidence issued by the Kansas lottery to prove participation in a lottery game.
- (l) “Vendor” means any person who has entered into a major procurement contract with the Kansas lottery.
- (m) “Returned ticket” means any ticket which was transferred to a lottery retailer, which was not sold by the lottery retailer and which was returned to the Kansas lottery for refund by issuance of a credit or otherwise.
- (n) “Video lottery machine” means any electronic video game machine that, upon insertion of cash, is available to play or simulate the play of a video game authorized by the commission, including but not limited to bingo, poker, black jack and keno, and which uses a video display and microprocessors and in which, by chance, the player may receive free games or credits that can be redeemed for cash.
- (o) (1) “Lottery machine” means any machine or device that allows a player to insert cash or other form of consideration and may deliver as the result of an element of chance, regardless of the skill required by the player, a prize or evidence of a prize, including, but not limited to:
 - (A) Any machine or device in which the prize or evidence of a prize is determined by both chance and the player’s or players’ skill, including, but not limited to, any machine or device on which a lottery game or lottery games, such as poker or blackjack, are played;
 - (B) any machine or device in which the prize or evidence of a prize is determined only by chance, including, but not limited to, any slot machine or bingo machine; or
 - (C) any lottery ticket vending machine, such as a keno ticket vending machine, pull-tab vending machine or an instant-bingo vending machine.
- (2) “Lottery machine” shall not mean:
 - (A) Any food vending machine defined by K.S.A. 36-501, and amendments thereto;

(B) any nonprescription drug machine authorized under K.S.A. 65-650, and amendments thereto;

(C) any machine which dispenses only bottled or canned soft drinks, chewing gum, nuts or candies; or

(D) any electronic gaming machine or video lottery terminal operated in accordance with the provisions of the Kansas expanded gaming opportunity act; or

(E) any machine excluded from the definition of gambling devices under subsection (d) of K.S.A. 21-4302, and amendments thereto.

KANSAS EXPANDED GAMING OPPORTUNITY ACT

New Sec. 2. (a) Sections 2 through 34, and amendments thereto, shall be known and may be cited as the Kansas expanded gaming opportunity act and shall be part of and supplemental to the Kansas lottery act.

(b) If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect any other provision or application of the act which can be given effect without the invalid provision or application.

DESTINATION CASINOS

New Sec. 3. As used in this act, unless the context otherwise requires:

(a) "Accelerated destination casino net payment" means the advanced payment to the state treasurer of a portion of the state's future share of destination casino net revenues upon the final contract between the executive director and a destination enterprise manager for the construction of a destination enterprise pursuant to Kansas expanded gaming opportunity act. The destination casino commission shall authorize an accelerated destination casino net payment of up to \$15,000 for each electronic gaming machine to be operated at a destination casino. If the destination casino commission authorizes an accelerated destination casino net payment, it shall set a schedule for the destination casino manager's recovery of the accelerated destination casino net payment from the state's share of the destination casino net revenues of no shorter than five years. In any year, the amount of the recovery destination casino manager's recovery of the accelerated destination casino net payment from the state's share of the destination casino net revenues shall not exceed 20% of the total amount of the accelerated destination casino net payment.

(b) "Ancillary destination enterprise operations" means a service, facility, or operation, such as a restaurant, hotel, entertainment venue, or meeting space that is part of a destination enterprise and is likely to attract or retain consumers at a destination enterprise and its related destination casino.

(c) "Certificate of authority" means a written approval of the destination casino commission for establishment of a destination enterprise and destination casino, pending approval by the local voters, pursuant to this act.

(d) "Destination casino" means a gaming operation with destination casino games, owned and operated by the state of Kansas, approved by the destination casino commission and managed by the destination casino manager, which is designed as part of a destination enterprise to attract gaming consumers from outside its immediate area.

(e) "Destination casino expenses" means the normal business expenses, as defined by the destination casino commission in the certificate of authority and the executive director in the management contract pursuant to generally accepted accounting principles (GAAP), associated with the ownership and operation of a destination casino. Destination casino expenses also shall include a payment of 0.5% of the destination casino revenues to the problem gambling grant fund established by K.S.A. 2003 Supp. 79-4805, and amendments thereto.

(f) "Destination casino games" means electronic gaming machine games and any other games which, as of May 1, 2004, are authorized to be conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-9802, and amendments thereto, located within the exterior boundaries of this state.

(g) "Destination casino manager" means a person authorized, pursuant to a management contract with the Kansas lottery, to manage a destination casino. A "destination casino manager" and a "destination enterprise manager" may be the same person.

(h) "Destination casino net revenues" means the balance of destination casino revenues remaining after deducting destination casino expenses.

(i) "Destination casino revenues" mean the total revenues from destination casino games at a destination casino after all related prizes are paid.

(j) "Destination enterprise" means an entertainment enterprise which includes a destination casino authorized pursuant to the Kansas expanded gaming opportunity act and ancillary destination enterprise operations that have a common business or marketing strategy. A destination enterprise shall be designed to attract gaming consumers from outside its immediate area to its destination casino. A destination enterprise, including its physical infrastructure and real estate and all property and equipment associated with the destination casino, shall be owned by the destination enterprise manager. The destination enterprise manager shall provide financing for construction and development of the destination enterprise, including its destination casino.

(k) "Destination enterprise manager" means a person authorized by the destination casino commission to construct or manage a destination enterprise. A "destination casino manager" and a "destination enterprise manager" may be the same person.

(l) "Electronic gaming machine" means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the Kansas lottery which, upon insertion of cash, tokens, electronic cards or any consideration, is available to play, operate or simulate the play of a game authorized by the Kansas lottery pursuant to the Kansas expanded gaming opportunity act, including, but not limited to, bingo, poker, blackjack, keno and slot machines, and which may deliver or entitle the player operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Electronic gaming machines may use bill validators and may be single-position reel-type, single or multi-game video and single-position multi-game video electronic game, including but not limited to, poker, blackjack and slot machines. Electronic gaming machines shall be directly linked to a central computer at a location determined by the executive director for purposes of security, monitoring and auditing. Electronic gaming machines may be connected to the central video lottery terminal computer system.

(m) "Key gaming employee" means any natural person 21 years of age or older employed by or under contract with a destination enterprise manager or destination casino manager or employed by or under contract with a person providing on or off-site management or employee-related services to the destination enterprise manager or destination casino manager, including, but not limited to: (1) Assistant destination casino manager; (2) destination casino games manager; (3) accounting department personnel; (4) count room employees; (5) cage department employees, including cashiers and main bank employees; (6) vault department employees; (7) approvers of credit; (8) surveillance department employees; (9) security department employees; (10) floor managers; (11) electronic gaming machine technicians; (12) custodians of electronic gaming machines, including persons with access to cash and accounting records within such machines; (13) collection personnel; (14) internal auditors of the destination enterprise manager; (15) any employee whose total cash compensation is in excess of \$50,000 per year; and (16) any other type of employee specified by the executive director.

(n) "Management contract" means a contract, subcontract, or collateral agreement between the state and the destination enterprise manager and destination casino manager, implementing the certificate of authority and negotiated and signed by the executive director.

(o) "Market study" means an objective, scientific study commissioned by the destination casino commission. The proponent of a proposal for a destination enterprise shall pay for any market study required by this act for such proposal.

(p) "Parimutuel licensee" means a facility owner licensee or facility manager licensee under the Kansas parimutuel racing act.

(q) "Parimutuel licensee location" means the racetrack facility, as defined in K.S.A. 74-8802, and amendments thereto, owned or managed by the parimutuel licensee. A parimutuel licensee location may include any existing structure at such racetrack facility or any structure that may be constructed on real estate where such racetrack facility is located.

(r) "Technology provider" means any person or entity, other than a destination enterprise manager or destination casino manager, that designs, manufactures, installs, operates,

distributes, supplies or replaces an electronic gaming machine for sale, lease or use in accordance with this act.

New Sec. 4. (a) There is hereby created the destination casino commission. The commission shall consist of:

(1) Three members appointed by the governor; and
(2) one member each appointed by the following: The president of the senate, the minority leader of the senate, the speaker of the house of representatives and the minority leader of the house of representatives.

(b) Each member of the destination casino commission shall be appointed for a term of four years and until a successor is appointed and qualifies, except that members first appointed to the destination casino commission shall serve terms as follows: (1) Two members appointed by the governor shall be appointed for terms of four years and one for a term of one year, as designated by the governor; (2) members appointed by the president of the senate and the speaker of the house of representatives shall be appointed for terms of three years; and (3) members appointed by the minority leader of the senate and the minority leader of the house of representatives shall be appointed for terms of two years. No member shall serve more than two terms.

(c) The chairperson of the destination casino commission shall be appointed by the governor from among the members of the destination casino commission.

(d) Subject to the limitations of appropriations therefor, members of the destination casino commission shall receive such compensation as determined by the governor. Members of the commission attending meetings of the destination casino commission or subcommittee meetings thereof approved by the destination casino commission shall be paid subsistence allowances, mileage and other expenses as provided in K.S.A. 75-3223, and amendments thereto.

(e) A person shall not be eligible for appointment to the destination casino commission if, within two years before appointment, such person, or such person's spouse, child, stepchild, brother, stepbrother, sister, stepsister, parent or stepparent, has been employed by or had any financial interest in any business engaged in operating gaming or a lottery, selling goods or services used in the operation of gaming or a lottery or representing the gaming or lottery industry.

(f) No person, nor such person's spouse, child, stepchild, brother, stepbrother, sister, stepsister, parent or stepparent or anyone who resides in such person's household, shall:

(1) Be employed by or have any financial interest in any destination casino, any destination enterprise, destination enterprise manager, destination casino manager or any business engaged in gaming or operating a lottery, selling goods or services used in the operation of gaming or a lottery or representing the gaming or lottery industry, while or within two years before or after such person is a member of the destination casino commission; or

(2) accept any compensation, gift, loan, entertainment, hospitality, favor or service from any applicant for or holder of a certificate of authority, any destination enterprise, any destination enterprise manager, destination casino manager or any person selling goods or services used in the operation of gaming or a lottery, or any agent or employee thereof.

Violation of the provisions of this subsection is a class A nonperson misdemeanor upon conviction for a first offense. Violation of this subsection is a severity level 9, nonperson felony upon conviction for a second or subsequent offense.

(g) The destination casino commission is hereby attached to the Kansas lottery as a part thereof. All budgeting, purchasing and related management functions of the destination casino commission shall be administered by the executive director. The executive director shall provide office and meeting space and such clerical and other staff assistance as may be necessary to assist the destination casino commission in carrying out its powers, duties and functions under this act. The destination casino commission may employ any experts, consultants or other professionals at the expense of a prospective destination enterprise manager to provide assistance in evaluating a destination enterprise proposal submitted to the destination casino commission.

New Sec. 5. (a) The destination casino commission shall review proposals for destination enterprises and destination casinos submitted to the destination casino commission by applicants seeking to become destination enterprise managers and destination casino man-

agers. The destination casino commission may charge applicants an administrative application fee reasonably related to the actual costs of processing the application.

(b) A parimutuel licensee which has accepted placement of video lottery terminals by the Kansas lottery at a parimutuel licensee location as provided in sections 11 through 21, and amendments thereto, may apply to develop and manage a destination enterprise and destination casino at the parimutuel licensee location only if such development shall maintain live racing facilities and operations and included in the expenses of such operation are provisions for purse supplements adequate to encourage live racing and the associated agricultural industries in Kansas. The amount of such purse supplements shall be determined through the negotiation of a binding contract between the parimutuel licensee and representatives of the horse and greyhound racing industry. As a part of its application for authorization to develop a destination casino at a parimutuel licensee location, a parimutuel licensee shall provide the destination casino commission with a contract negotiated with the official breed registering agencies as recognized by the Kansas racing and gaming commission pursuant to K.S.A. 74-8830 and 74-8832, and amendments thereto. The contract shall specify the distributions to be made from the gross destination casino revenues to provide purse supplements to the appropriate breed groups. If a contract is not agreed to within 30 days after commencement of negotiations, the matter shall be referred to the Kansas racing and gaming commission, which shall render a final decision on the matter not more than 30 days after referral of the matter to the commission. Such contract shall become a part of the management contract if the parimutuel licensee is authorized to develop a destination casino. A parimutuel licensee must receive the consent of its organization licensee, as defined in K.S.A. 74-8802, and amendments thereto, before applying to develop a destination enterprise and destination casino under this act. A destination enterprise and destination casino shall not exist at a parimutuel licensee location except as provided in this section.

(c) Subject to the provisions of section 7, and amendments thereto, the destination casino commission, in its discretion, may issue a certificate of authority for the proposed destination casino, if the destination casino commission determines that:

(1) The proposal constitutes a destination enterprise and a destination casino;

(2) the proposal: (A) Includes ancillary destination enterprise operations which would provide for dining, lodging, meetings, conferences and entertainment other than gaming; and (B) demonstrates through a market study that, considering all other competing gaming and other entertainment venues, the proposal would (i) be economically feasible, (ii) be profitable for the state and (iii) not render economically infeasible any other destination enterprise, destination casino or tribal gaming facility which is approved by the state and in which the state has a financial stake;

(3) the proposed destination enterprise either: (A) Consists of an investment in infrastructure, including ancillary destination enterprise operations, of at least \$75 million; or (B) consists of an investment in infrastructure, including ancillary destination enterprise operations, of at least \$30 million and demonstrates through a market study that at least 25% of its gaming consumers would reside outside the state of Kansas; and

(4) the applicant: (A) Has sufficient access to financial resources to support the activities required under the Kansas expanded gaming opportunity act; (B) is current in payment of all taxes, interest and penalties owed to any taxing subdivision where the person is located in Kansas; and (C) is current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas, excluding items under formal appeal pursuant to applicable statutes; and

(5) the applicant, the principals and the officers and directors, if a corporation, have completed acceptable background investigations by federal or state authorities.

(d) If the destination casino commission is considering more than one proposal for a destination casino, the destination casino commission shall select the proposals that, in the judgment of the destination casino commission, are in the best interest of the state as a whole. The destination casino commission shall favor proposals that: (1) Have larger investments in infrastructure; (2) create more jobs and have higher payroll; (3) have lower management fees and expenses; (4) create more revenue for the state; (5) are likely to succeed in the marketplace; (6) have a more experienced and qualified management team;

(7) have more effective and aggressive plans for identifying and counteracting problem gambling; (8) would attract more tourists; and (9) have the support of the local community.

(e) The destination casino commission shall issue not more than five certificates of authority. After the destination casino commission has issued three certificates of authority, the destination casino commission shall commission a statewide feasibility study to determine whether additional destination casinos would be in the best interest of the state and where any additional destination casinos should be located. Such feasibility study shall be commissioned and completed within 12 months of the issuance of the third certificate of authority.

(f) The destination casino commission shall not issue a certificate of authority for a destination casino within 50 miles of any destination casino for which a certificate of authority has been issued during the preceding two years unless the destination casino commission determines that it is in the best interest of the state to approve either single or multiple proposals within the same market. The commission shall determine through a review of market studies included in the proposals whether development of more than one facility within the same marketplace is reasonably feasible. If the destination casino commission deems it necessary, it may provide for an independent market study, which assesses the market impact of more than one destination casino within 50 miles of each other.

(g) The destination casino commission shall not issue a certificate of authority that would violate market protection provisions in a tribal-state compact negotiated under the Indian gaming regulatory act (25 U.S.C. 2701, *et seq.*) and approved pursuant to K.S.A. 46-2301 *et seq.*, and amendments thereto, if such violation would cause the state to forfeit its share of revenue from the tribal casino.

New Sec. 6. (a) The certificate of authority issued by the destination casino commission shall:

(1) Define the size, scope and nature of the destination enterprise, destination casino and ancillary destination enterprise operations;

(2) include a comprehensive management plan, submitted by the destination enterprise manager and approved by the destination casino commission, for operation, oversight and monitoring of the destination enterprise. The plan shall provide for the management of the destination casino by the destination casino manager but shall place full, complete and ultimate ownership and control of the gaming operation of the destination casino with the Kansas lottery. In addition, the plan shall include, but not be limited to:

(A) Accounting procedures to determine destination casino revenues, destination casino expenses and net destination casino revenues;

(B) provisions for regular audits of the destination casino at any time but at least one a year;

(C) the location and operation of electronic gaming machines;

(D) minimum requirements for the destination enterprise manager and destination casino manager to provide qualified oversight, security and supervision of the operation of electronic gaming machines and destination casino games, including the use of qualified personnel with experience in applicable technology;

(E) a requirement that a parimutuel licensee developing a destination casino facility pursuant to this section, comply with all orders and rules and regulations of the Kansas racing and gaming commission regarding the conduct of live racing;

(F) a certification requirement and enforcement procedure for officers, directors, key employees and persons directly or indirectly owning a 5% or more interest in a destination enterprise manager or destination casino manager, which certification requirement shall include compliance with such security, fitness and background standards as the executive director may deem necessary relating to competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the destination casino; it being specifically understood that any person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to applying for a certificate as such sales agent or at any time thereafter shall be deemed unfit. The Kansas lottery shall conduct the security, fitness and background checks required pursuant to this subsection;

(G) a certification requirement and enforcement procedure for those persons, including electronic gaming machine manufacturers, technology providers and computer system providers, who propose to contract with a destination enterprise manager, a destination casino manager or the state for the provision of goods or services related to a destination casino, including management services, which certification requirements shall include compliance with such security, fitness and background standards of officers, directors, key gaming employees and persons directly or indirectly owning a 5% or more interest in such entity, as the executive director may deem necessary relating to competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the destination casino; it being specifically understood that any person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. The executive director may determine whether the certification standards of another state are comprehensive, thorough, and provide similar adequate safeguards and, if so, may in the executive director's discretion certify an applicant already certified in such state without the necessity of a full application and background check. The Kansas lottery shall conduct the security, fitness and background checks required under this rule or regulation;

(H) provisions for revocation of a certification provided for in paragraph (F) or (G) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 5% or more interest therein: (i) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or (ii) has been convicted of a felony, gambling related offense or any crime of moral turpitude; and

(I) provisions for suspension, revocation or nonrenewal of a certification provided for in paragraph (F) or (G) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 5% or more interest therein: (i) Failure to notify the Kansas lottery about a material change in ownership of the certificate holder, or any change in the directors or officers thereof; (ii) a delinquency in remitting money owed to the Kansas lottery; (iii) any violation of any provision of any contract between the Kansas lottery and the certificate holder; or (iv) any violation of any provision of the Kansas expanded gaming opportunity act or any rule or regulation adopted hereunder;

(3) specify the location of the destination enterprise and destination casino;

(4) establish the disposition of destination casino revenues, subject to the provisions of subsections (b) and (c);

(5) provide for an accelerated destination casino net payment and the terms of crediting the destination enterprise manager for such accelerated payment;

(6) include any limits on provisions of the management contract; and

(7) contain any additional conditions of issuance of the certificate negotiated by the destination casino commission and the applicant.

(b) If the destination enterprise manager or destination casino manager is a parimutuel licensee, the certificate of authority shall provide for the disposition of destination casino revenues as follows:

(1) Not more than 2% of destination casino revenues shall be credited to the gaming act oversight fund established by section 23, and amendments thereto;

(2) an aggregate of not less than 2% nor more than 4% of destination casino revenues shall be remitted, as determined by the destination casino commission in its discretion, to the county and city, if any, where the destination enterprise is located;

(3) the maximum percentage of destination casino revenues specified by the certificate of authority for expenses of operation of the destination casino shall be credited to the destination casino operating expenses fund established by section 25, and amendments thereto;

(4) a percentage of destination casino revenues specified by the certificate of authority, but not less than 18% of such revenues, shall be retained by the state; and

(5) a percentage of destination casino net revenues specified by the certificate of authority shall be paid to the destination casino manager.

(c) If the destination enterprise manager and destination casino manager are not a parimutuel licensee, the certificate of authority shall provide for the disposition of the gaming revenues from the destination casino as follows:

(1) Not more than 2% of destination casino revenues shall be credited to the gaming act oversight fund established by section 23, and amendments thereto;

(2) an aggregate of not less than 2% nor more than 4% of destination casino revenues shall be remitted, as determined by the destination casino commission in its discretion, to the county and city, if any, where the destination enterprise is located;

(3) the maximum percentage of destination casino revenues specified by the certificate of authority for expenses of operation of the destination casino shall be credited to the destination casino operating expenses fund established by section 25, and amendments thereto;

(4) a percentage of destination casino revenues specified by the certificate of authority, but not less than 22% of such revenues, shall be retained by the state; and

(5) a percentage of destination casino net revenues specified by the certificate of authority shall be paid to the destination casino manager.

(d) Upon approval of the voters of the county pursuant to section 7, and amendments thereto, and issuance of the certificate of authority, the executive director shall enter into a management contract with the destination enterprise manager and destination casino manager. The management contract shall implement the provisions of the certificate and shall be limited by the terms of the certificate. The management contract shall allow the destination casino manager to manage the destination casino in a manner consistent with this act and the certificate of authority but shall place full, complete and ultimate ownership and control of the gaming operation of the destination casino with the Kansas lottery. The Kansas lottery shall retain the ability to overrule any and all significant gaming decisions at any time, without notice and shall retain full control over all decisions concerning destination casino games, including which games are offered at a destination casino, the odds, the payout and other conditions under which destination casino games are played. Any management contract that attempts to transfer ownership or control of the destination casino or its gaming operation shall be null and void. Such contract shall not be subject to the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto. The management contract shall require the destination casino manager to submit a detailed gaming plan to the executive director for approval by the executive director. The gaming plan shall include procedures to identify and counteract problem gambling. Failure to follow these procedures shall be cause for cancelling the management contract. The management contract shall be for a term of not less than 10 years and shall be renewable by mutual consent of the state and the destination enterprise manager and destination casino manager. The management contract shall provide that any party may cancel the contract for cause.

New Sec. 7. (a) Before a management contract is entered into by the executive director, the qualified voters of the county where a destination enterprise is proposed to be located must approve the operation of a destination casino within the county as provided by this section.

(b) The board of county commissioners of any county may submit by resolution, and shall submit upon presentation of a petition filed in accordance with this section, to the qualified voters of the county a proposition to permit the operation of a destination casino within the county pursuant to this section. The proposition shall be submitted to the voters either at a special election called by the board of county commissioners for that purpose and held not less than 90 days after the resolution is adopted or the petition is filed or at the next general election, as shall be specified by the board of county commissioners or as specified in the petition, as the case may be.

(c) A petition to submit a proposition pursuant to this section shall be filed with the county election officer. The petition shall be signed by qualified voters of the county equal in number to not less than 10% of the voters of the county who voted for the office of secretary of state at the last preceding general election at which such office was elected. The following shall appear on the petition: "We request an election to determine whether the certificate of authority issued by the destination casino commission to (name of desti-

nation enterprise manager and destination casino manager) to operate a destination casino in _____ county shall be approved.”

(d) Upon the adoption of a resolution or the submission of a valid petition calling for an election pursuant to this section, the county election officer shall cause the following proposition to be placed on the ballot at the election called for that purpose: “Shall the certificate of authority issued by the destination casino commission to (name of destination enterprise manager and destination casino manager) to operate a destination casino in _____ county be approved?”

(f) If a majority of the votes cast and counted at such election is in favor of approving the specified certificate of authority within the county, the executive director may enter into a management contract as provided by this act for operation of a destination casino within the county. If a majority of the votes cast and counted at an election under this section is against permitting the operation of a destination casino within the county, the executive director shall not enter into any management contract pursuant to this act for the operation of a destination casino within the county. The county election officer shall transmit a copy of the certification of the results of the election to the executive director.

(g) The election provided for by this section shall be conducted, and the votes counted and canvassed, in the manner provided by law for question submitted elections of the county.

New Sec. 8. (a) The Kansas lottery shall examine prototypes of electronic gaming machines to determine compliance with the certificate of authority and the requirements of the Kansas expanded gaming opportunity act.

(b) No electronic gaming machine shall be operated pursuant to the Kansas expanded gaming opportunity act unless the executive director first issues a certificate for such machine authorizing its use at a specified destination casino. Each electronic gaming machine shall have the certificate prominently displayed thereon. Any machine which does not display the certificate required by this section is contraband and a public nuisance subject to confiscation by any law enforcement officer.

(c) The executive director shall require any manufacturer, supplier, provider, destination enterprise manager, destination casino manager or other person seeking the examination and certification of electronic gaming machines to pay the anticipated actual costs of the examination in advance. After the completion of the examination, the executive director shall refund any overpayment or charge and collect amounts sufficient to reimburse the executive director for any underpayment of actual costs. The executive director may contract for the examination of electronic gaming machines as required by this subsection and may rely upon testing done by or for other states regulating electronic gaming machines, if the executive director deems such testing to be reliable and in the best interest of the state of Kansas.

(d) (1) Electronic gaming machines operated pursuant to the Kansas expanded gaming opportunity act shall:

(A) Pay out an average of not less than 87% of the amount wagered over the life of the machine;

(B) be directly linked to a central lottery communications system to provide auditing and other program information as approved by the Kansas lottery; and

(C) be on-line and in constant communication with a central computer located at a location determined by the executive director.

(2) The Kansas lottery shall lease or purchase, at the expense of the destination casino manager, all gaming equipment necessary to implement the communications system and central computer. The executive director shall select the computer system most suitable for conducting the monitoring and auditing functions required by the Kansas expanded gaming opportunity act. The communications system and central computer selected shall not limit participation to only one electronic gaming machine manufacturer, distributor, supplier or provider.

New Sec. 9. In addition to any other power provided by this act, the executive director, and employees and agents designated by the executive director, shall have the power to:

(a) Investigate alleged violations of the Kansas expanded gaming opportunity act and alleged violations of the certificate of authority, the management contract and this act and rules and regulations adopted hereunder.

(b) Examine or cause to be examined by any agent or representative designated by the executive director any books, papers, records or memoranda of any destination enterprise manager, any destination casino manager or any business involved in electronic gaming or lottery games authorized pursuant to the Kansas expanded gaming opportunity act, for the purpose of ascertaining compliance with the provisions of the certificate of authority, the management contract and this act and rules and regulations adopted hereunder.

(c) Request a court to issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any destination enterprise manager or destination casino manager, or to compel the appearance of any destination enterprise manager or destination casino manager for the purpose of ascertaining compliance with the provisions of the certificate of authority, the management contract and this act and rules and regulations adopted hereunder. Subpoenas issued under the provisions of this subsection may be served upon natural persons and corporations in the manner provided in K.S.A. 60-304, and amendments thereto, for the service of process by any officer authorized to serve subpoenas in civil actions or by the executive director or an agent or representative designated by the executive director. In the case of the refusal of any person to comply with any such subpoena, the executive director may make application to the district court of any county where such books, papers, records, memoranda or person is located for an order to comply.

(d) Inspect and view the operation of all machines, equipment, systems or facilities where electronic gaming machines authorized pursuant to this act are located.

(e) Inspect and approve, prior to publication or distribution, all advertising by a destination enterprise manager or destination casino manager which includes any reference to the existence of gaming at the destination enterprise.

(f) Require, in accordance with the certificate of authorization and the management contract, appropriate security measures in any and all areas where electronic gaming machines or other destination casino games are located or operated.

(g) Provide for audits of the electronic gaming machine operations of each destination enterprise manager or destination casino manager in accordance with contracting with the certificate of authorization and the management contract.

(h) The executive director shall have the power to take any other action as may be reasonable or appropriate to enforce the provisions of this act and any rules and regulations, orders and final decisions of the executive director.

New Sec. 10. Each destination enterprise manager and each destination casino manager shall provide access for the executive director or the executive director's designee to all the destination enterprise manager's or destination casino manager's records and the physical premises where the electronic gaming machine and destination casino game activities occur for the purpose of monitoring or inspecting the electronic gaming machines and gaming equipment and the operation of other destination casino games. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act, K.S.A. 45-216 *et seq.*, and amendments thereto.

VIDEO LOTTERY TERMINALS

New Sec. 11. As used in this act, unless the context otherwise requires:

(a) "Central video lottery terminal computer system" means the central computer system, which monitors the operations of all video lottery terminals, approved by the Kansas lottery and which is provided by the central video lottery terminal computer system provider in accordance with this act.

(b) "Central computer system provider" means a person with whom the executive director has contracted for the purpose of providing and maintaining a central video lottery terminal computer system and the related management facilities with respect to operating and servicing the video lottery terminals.

(c) "Club location" means (1) the licensed premises of a veterans or fraternal organization or (2) a facility which has been in continuous existence and operation providing recreational and sports activities for a period of not less than five years prior to the date of the submission of an application and which is an approved club keno licensee with the Kansas Lottery.

(d) "Gray machine" means any mechanical, electro-mechanical or electronic device, capable of being used for gambling, that is: (1) Not authorized by the Kansas lottery, (2) not connected to the central video lottery terminal computer system, (3) available to the public for play and (4) capable of simulating a game played on a video lottery terminal or any similar gambling game authorized pursuant to the Kansas expanded gaming opportunity act.

(e) "Net video lottery terminal income" means all cash or other consideration utilized to play a video lottery terminal, less all cash or other consideration paid out to winning players as prizes.

(f) "Parimutuel licensee" has the meaning provided by section 3, and amendments thereto.

(g) "Parimutuel licensee location" has the meaning provided by section 3, and amendments thereto.

(h) "Progressive video lottery game" means any game whose jackpot grows and accumulates as it is being played on a video lottery terminal and whose outcome is randomly determined by the play of video lottery terminals linked to the central video lottery terminal computer system.

(i) "Video lottery" means any lottery conducted with a video lottery terminal or, with respect to a progressive game, a network of linked video lottery terminals.

(j) "Video lottery game" means any electronically simulated game of chance, including but not limited to video poker, keno, line-up, or blackjack, displayed and played on a video lottery terminal.

(k) "Video lottery terminal" means any electronic machine in which bills, coins, tokens or other media approved by the Kansas lottery are deposited in order to play in a game of chance in which the results, including options available to the player, are randomly and immediately determined by the machine, and is connected to the central video lottery terminal computer system. A video lottery terminal may use spinning reels or video displays or both and must print and deliver a voucher directly to each player with an existing credit balance at the end of play, or if approved by the Kansas lottery may dispense cash directly to the player.

(l) "Video lottery terminal associated equipment" means any proprietary device, machine or part used in the manufacture, operation or maintenance of a video lottery terminal.

(m) "Video lottery terminal manufacturer" means any individual, firm, corporation or other legal entity certified by the Kansas lottery to assemble or produce video lottery terminals or video lottery terminal associated equipment for sale or use in this state.

(n) "Video lottery parimutuel sales agent" means a parimutuel licensee specifically certified by the Kansas lottery to become a certified video lottery parimutuel sales agent and offer video lottery terminals for play to the public at the parimutuel licensee location.

(o) "Video lottery club sales agent" means a veterans and fraternal organization specifically certified by the Kansas lottery to become a certified video lottery club sales agent and offer video lottery terminals for play at the club location.

(p) "Veterans or fraternal organization" means an organization which is licensed as a class A club pursuant to the club and drinking establishment act, has been in continuous existence and operation for a period of not less than five years prior to the date of application to become a video lottery club sales agent and is a bona fide member of one of the following organizations:

- (1) The American Legion;
- (2) the Veterans of Foreign Wars;
- (3) the Fraternal Order of Eagles;
- (4) the Benevolent and Protective Order of Elks;
- (5) the Knights of Columbus;
- (6) the Loyal Order of Moose; or
- (7) the Order of the Mystic Shrine.

(q) "Voucher" means a bearer instrument in the form of a printed ticket or facsimile issued by a video lottery terminal to a player that represents the existing credit balance accumulated by a player of the video lottery terminal. A voucher is a secure document that

carries a unique identifier in the form of a serial number and bar code issued by the central video lottery terminal computer system.

New Sec. 12. (a) The Kansas lottery shall implement a video lottery program whereby it places video lottery terminals at parimutuel licensee locations and club locations.

(b) The Kansas lottery shall not place video lottery terminals at any parimutuel licensee location or club location unless the commission has adopted rules and regulations as provided in sections 11 through 21, and amendments thereto.

(c) The Kansas lottery shall not place video lottery terminals in a county unless the question of the placement of lottery terminals in such county has been submitted to and approved by the voters of such county at an election called and held thereon. Such election shall be called and held in the same manner as provided by section 7, and amendments thereto.

New Sec. 13. (a) In accordance with rules and regulations adopted by the commission, the executive director shall have general responsibility for the implementation and administration of the provisions of this act relating to video lottery, including, without limitation, the responsibility to:

(1) Establish a statewide video lottery terminal network in accordance with the provisions of this act;

(2) review and determine promptly and in reasonable order all certificate applications or proceedings for suspension or revocation of certificates;

(3) perform all duties required of the executive director under the provisions of this act relating to video lottery;

(4) collect all fees imposed pursuant to sections 11 through 21, and amendments thereto;

(5) certify net video lottery terminal income by inspecting records, conducting audits, having agents of the Kansas lottery on site or by any other reasonable means;

(6) assist the commission in the promulgation of rules and regulations concerning the operation of a statewide video lottery terminal network, which rules and regulations shall include, without limitation, the following:

(A) The denomination of all bills, coins, tokens or other media needed to play video lottery terminals;

(B) payout from video lottery terminals, provided that such payouts (i) shall not be less than 87% on an average annual basis and (ii) shall not exceed 95% on an average annual basis without express written approval from the executive director, who may approve payouts up to 99%;

(C) a certification requirement and enforcement procedure for officers, directors, board members and key employees, specified by the executive director, of video lottery parimutuel sales agents and video lottery club sales agents, which certification requirement shall include compliance with such security, fitness and background standards as the executive director may deem necessary relating to competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the video lottery; it being specifically understood that any person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to applying for a certificate as such sales agent or at any time thereafter shall be deemed unfit. The Kansas lottery shall conduct the security, fitness and background checks required pursuant to such rules and regulations;

(D) a certification requirement and enforcement procedure for those persons or entities, including video lottery terminal manufacturers and the central video lottery terminal computer system providers, who propose to contract with a video lottery parimutuel sales agent, a video lottery club sales agent or the state for the provision of goods or services related to the video lottery, including management services, which certification requirements shall include compliance with such security, fitness and background standards of officers, directors, key employees specified by the executive director and persons who own, directly or indirectly, 5% or more of such entity, as the executive director may deem necessary relating to competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the video lottery; it being specifically understood

that any person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to applying for a certificate hereunder or at any time thereafter shall be deemed unfit. The executive director may determine whether the certification standards of another state are comprehensive, thorough, and provide similar adequate safeguards and, if so, may in the executive director's discretion certify an applicant already certified in such state without the necessity of a full application and background check. The Kansas lottery shall conduct the security, fitness and background checks required under this rule or regulation;

(E) the number of video lottery terminals permitted in each parimutuel location and club location. The total number of video lottery terminals at all parimutuel locations shall not exceed 4,000. No club location shall have more than five video lottery terminals;

(F) standards for advertising, marketing and promotional materials used by video lottery parimutuel sales agents. Video lottery club sales agents shall not advertise, market or promote the existence of video lottery terminals at any club location, except to the members of the veterans or fraternal organization at which the video lottery terminals are located;

(G) the registration, kind, type, number and location of video lottery terminals at any parimutuel licensee location or club location;

(H) the on-site security arrangements for the video lottery terminals;

(I) regulations and procedures for the accounting and reporting of the payments required from video lottery parimutuel sales agents and video lottery club sales agents under section 22, and amendments thereto, including the calculations required for such payments;

(J) requiring the reporting of information about any video lottery parimutuel sales agent or video lottery club sales agent, its employees, vendors and finances necessary or desirable to ensure the security of the video lottery system. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act; and

(K) the reporting and auditing of financial information of video lottery parimutuel sales agents or video lottery club sales agents, including, but not limited to, the reporting of profits or losses incurred by video lottery parimutuel sales agents or video lottery club sales agents and the reporting of such other information as the executive director may require to determine compliance with the Kansas expanded gaming opportunity act and the regulations adopted hereunder. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act.

(b) The executive director may request a district court to issue subpoenas and compel the attendance of witnesses, administer oaths and require testimony under oath for the purpose of determining compliance with the provisions of this act relating to video lottery.

(c) The Kansas lottery shall operate the video lottery terminal network through the central video lottery terminal computer system. The central video lottery terminal computer system shall be capable of auditing the operation, financial data and program information of the video lottery terminal network. All equipment or devices required for operation of the central video lottery terminal computer system shall be included in any contract made for the purpose of providing or operating such system.

(d) The central video lottery terminal computer system shall be used for the operation of the video lottery terminal network and shall incorporate electronic fund transfer procedures to facilitate the collection of revenue, be capable of disabling any video lottery terminal from play, and be capable of communicating with all video lottery terminals approved by the Kansas lottery. The central video lottery terminal computer system provider shall provide certified manufacturers with the protocol documentation and the audit information and controls necessary to enable the manufacturers' video lottery terminals to communicate with the Kansas lottery's central video lottery terminal computer system. The central video lottery terminal computer system shall not limit participation to only one manufacturer of video lottery terminals or video lottery terminal associated equipment.

(e) The executive director may remove from play and confiscate any video lottery terminal or gray machine that does not comply with the requirements of the Kansas expanded gaming opportunity act. Any video lottery terminal that the executive director determines has been modified or the design of which has been modified without the consent of the

executive director may be removed from play, confiscated by the executive director and disposed of in any manner allowed by law.

(f) With regard to minutes and records of the commission:

(1) The Kansas lottery shall keep and maintain a list of all applicants for certification under the Kansas expanded gaming opportunity act, together with a record of all actions taken with respect to such applicants. A file and record of the Kansas lottery's actions shall be open to public inspection pursuant to the Kansas open records act, but the information regarding any applicant whose certificate has been denied, revoked or not renewed shall be removed from such list five years after the date certification was denied, revoked or not renewed.

(2) All information and data required by the Kansas lottery to be furnished to it, or which may otherwise be obtained, relative to the finances, earnings or revenue, except the net video lottery terminal income, of any vendor shall be considered confidential and shall not be revealed in whole or in part without permission of the vendor, except in the course of the necessary administration of the Kansas expanded gaming opportunity act, or upon the lawful order of a court of competent jurisdiction, or with the approval of the attorney general, to a duly authorized law enforcement agency.

(3) All information and data pertaining to an applicant's criminal record, family and background furnished to or obtained by the Kansas lottery from any source shall be considered confidential and shall not be revealed, in whole or part. Such information shall be released upon the lawful order of a court of competent jurisdiction or, with the approval of the attorney general, to a duly authorized law enforcement agency.

(4) Notice of the contents of any information released, except to a duly authorized law enforcement agency pursuant to subsection (f), shall be given to any applicant, certificate holder or vendor in a manner prescribed by the rules and regulations adopted by the commission.

New Sec. 14. (a) The executive director may issue, suspend, revoke and renew certificates for video lottery terminal manufacturers, video lottery terminals, video lottery parimutuel sales agents or video lottery club sales agents pursuant to rules and regulations adopted by the commission.

(b) Any individual, firm, corporation or other legal entity seeking to obtain a certificate pursuant to rules and regulations adopted by the commission shall apply to the executive director for such certificate on forms provided by the executive director.

(c) The executive director shall notify an applicant who is found, for any reason, to be unfit for certification, of the specific reasons therefor which constitute the basis for the finding.

(d) No certificate issued pursuant to this section shall be assignable or transferable.

(e) The executive director may examine any or all accounts, bank accounts, financial statements and records of the vendor in a vendor's possession or under its control in which it has an interest and the vendor must authorize all third parties, including parents, subsidiaries or related entities, in possession or control of the accounts or records of the vendor to allow examination of any or all of those accounts or records by the executive director.

(f) A certificate shall be revoked upon a finding that the certificate holder, or an officer, director or board member thereof:

(1) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or

(2) has been convicted of a felony, gambling related offense or any crime of moral turpitude.

(g) A certificate may be suspended, revoked or not renewed for any of the following causes:

(1) Failure to notify the Kansas lottery about a material change in ownership of the certificate holder, or any change in the directors, officers or board members thereof;

(2) a delinquency in remitting money owed to the Kansas lottery;

(3) any violation of any provision of any contract between the Kansas lottery and the certificate holder; or

(4) any violation of any provision of the Kansas expanded gaming opportunity act or any rule or regulation adopted by the commission.

New Sec. 15. (a) Every certified video lottery terminal manufacturer shall submit a training program for the service and maintenance of such video lottery terminals and associated equipment for approval by the Kansas lottery. The training program shall include an outline of the training curriculum, a list of instructors and their qualifications, a copy of the instructional materials and the dates, times and location of training classes. No service and maintenance program shall be held until approved by the Kansas lottery.

(b) Every service employee shall complete the requirements of the manufacturer's training program before such employee performs service, maintenance and repairs on video lottery terminals or video lottery terminal associated equipment. Upon the successful completion by a service employee of the training program required by this section, the Kansas lottery shall issue a certificate authorizing such employee to service, maintain and repair video lottery terminals and video lottery terminal associated equipment. No certificate of completion shall be issued to any service employee until the Kansas lottery has ascertained that such employee has completed the required training program. Any person certified as a service employee under this section shall pass a background investigation under the rules and regulations of the commission. The Kansas lottery may revoke certification upon finding a service employee in violation of any provision of the Kansas expanded gaming opportunity act or a commission rule or regulation.

New Sec. 16. (a) Except as provided in subsection (b):

(1) No video lottery terminal shall be operated at a parimutuel licensee location in Sedgwick county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the parimutuel licensee conducts at such location at least eight live greyhound racing programs each calendar week for the number of weeks raced during calendar year 2002, with at least 13 live races conducted each program.

(2) No video lottery terminal shall be operated at a parimutuel licensee location in Wyandotte county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the parimutuel licensee conducts live horse racing programs for at least 65 days, with at least 10 live races conducted each program, and must offer and make a reasonable effort to conduct a minimum number of three live races restricted for quarter horses each day and seven live thoroughbred races each day, of which not less than two races each day shall be limited to registered Kansas-bred horses apportioned in the same 70-30 ratio that live races are offered, and with at least eight live greyhound racing programs each calendar week for at least the same number of weeks raced during 2002, with at least 13 live races conducted each program.

(3) No video lottery terminal shall be operated at a parimutuel licensee location in Crawford county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the parimutuel licensee conducts at such location at least eight live greyhound racing programs each calendar week for the number of weeks equal to the number of days raced during calendar year 2002 at a parimutuel licensee location in Sedgwick county, with at least 13 live races conducted each program.

(4) If a parimutuel licensee has not held live races pursuant to a commission approved schedule in the preceding 12 months, the Kansas racing and gaming commission shall hold a hearing to determine the number of days of live racing required for the remaining days of the first calendar year of operation to qualify for operation of video lottery terminals. At such hearing, the commission shall receive testimony and evidence from affected breed groups, the licensee and others, as the Kansas racing and gaming commission deems appropriate concerning the schedule of live race days. The operation of video lottery terminals shall not commence more than 90 days prior to the start of live racing at such facility.

(5) No video lottery terminals shall be operated at a parimutuel licensee location in Greenwood county at Eureka Downs unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated, the parimutuel licensee shall conduct at such location at least 40 days of live horse racing.

(6) No video lottery terminals shall be operated at a parimutuel licensee location at Anthony Downs in Harper county unless during the first full calendar year and each year

thereafter in which video lottery terminals are operated the parimutuel licensee shall conduct at such location at least 20 days of live horse racing.

(7) Greenwood county fair association and Anthony fair association shall qualify as fair associations pursuant to the provisions of this section and shall be required to comply with all provisions of K.S.A. 74-8814, and amendments thereto.

(b) The Kansas racing and gaming commission may not grant an exception to the requirements of subsection (a) for a parimutuel licensee conducting live racing unless such exception is in the form of an agreement between the parimutuel licensee and the affected recognized breed group. Such agreement shall be reviewed and approved by the appropriate official breed registering agencies prior to submission to the racing and gaming commission for consideration. If an agreement is not reached between the licensee and the affected recognized breed group, the Kansas racing and gaming commission shall hold a hearing and hear evidence from affected breed groups, the licensee and others, as the Kansas racing and gaming commission deems appropriate. Following such hearing, the Kansas racing and gaming commission may determine whether the exception shall be granted. In the case of an emergency, weather-related issues or immediate circumstances beyond the control of the licensee, the commission may grant an exception after consultation with the affected recognized breed group at the facility.

New Sec. 17. (a) Video lottery terminals shall not be offered for use or play in this state unless approved by the Kansas lottery. Video lottery terminals may only offer video lottery games authorized by the Kansas lottery.

(b) Video lottery terminals approved for use or play in this state shall:

(1) Be incapable of manipulation to effect the random probability of winning plays;

(2) have one or more mechanisms that accept coins, tokens or other media approved by the Kansas lottery in exchange for game credits and a voucher evidencing said credits, or if approved by the Kansas lottery be capable of paying cash directly to the player, and such mechanisms shall be designed to prevent players from obtaining credits or cash by means of physical tampering;

(3) be capable of suspending play as a result of physical tampering until reset at the direction of the executive director or the executive director's designee;

(4) have non-resettable electronic meters housed in a locked area of the video lottery terminal that maintain a permanent record of all moneys inserted into the terminal, all refunds of winnings, all credits played and all credits won by players; and

(5) be capable of being linked to the Kansas lottery's central video lottery terminal computer system for the purpose of auditing the operation, financial data and program information as required by the executive director.

(c) Video lottery terminals operated at club locations shall:

(1) Only be capable of non-cash methods of initiating play and payment of prizes, whether by voucher, electronic card, or otherwise, but all prizes shall be payable in cash by the video lottery club sales agent where the terminal is located, which video lottery club sales agent shall receive credit on its lottery account for all prizes paid; however, if a video lottery club sales agent is unable or fails to pay any prize, subject to claim and validation such prize may be claimed through and paid by the Kansas lottery; and

(2) play from a minimum of \$.25 per play to a maximum of \$2 per play, and shall have a maximum prize of \$1,000 per game.

(d) Notwithstanding the provisions of subsections (a) and (b) of K.S.A. 74-8836, and amendments thereto, the Kansas racing and gaming commission may authorize simulcasting on any day the operation of video lottery terminals are authorized at the racetrack facility at Eureka Downs and the racetrack facility at Anthony Downs.

(e) Parimutuel licensee locations authorized to operate video lottery terminals may make available in the same facilities and where the video lottery terminals are operated displays of simulcast parimutuel races on video terminals and parimutuel windows for wagering on parimutuel races.

New Sec. 18. (a) No person who has held an interest in or been employed by a parimutuel licensee, a video lottery parimutuel sales agent or a video lottery club sales agent shall be employed by the Kansas lottery for two years after the expiration of such interest or employment.

(b) No person who holds an interest in or is employed by the video lottery terminal manufacturer's vendor shall be employed by the Kansas lottery.

(c) No employee of the Kansas lottery shall play a video lottery terminal unless specifically authorized by the executive director or the executive director's designee for purposes of testing, auditing or other security reasons.

(d) No person who was employed by the Kansas lottery shall hold an interest in or be employed by a parimutuel licensee, a video lottery terminal manufacturer's vendor or the central system provider for a period of two years after the termination of employment with the Kansas lottery.

New Sec. 19. Net video lottery terminal income shall be distributed as follows:

(a) Twenty-one percent of net video lottery terminal income shall be paid to the video lottery parimutuel sales agent or video lottery club sales agent;

(b) seven percent of net video lottery terminal income derived from video lottery terminals at parimutuel licensee locations shall be credited to the live horse racing purse supplement fund established by section 24, and amendments thereto;

(c) seven percent of net video lottery terminal income derived from video lottery terminals at parimutuel licensee locations shall be credited to the live greyhound racing purse supplement fund established by section 24, and amendments thereto;

(d) one-half of one percent of net video lottery terminal income shall be credited to the problem gambling grant fund established by K.S.A. 79-4805, and amendments thereto; and

(e) amounts appropriated for expenses of the Kansas lottery attributable to implementation, administration and enforcement of the provisions of the Kansas expanded gaming opportunity act and oversight, monitoring and of video lottery pursuant to the provisions of such act shall be credited to the gaming act oversight fund established by section 23, and amendments thereto.

New Sec. 20. The Kansas lottery commission, upon the recommendation of the executive director, shall adopt rules and regulations necessary to carry out the purposes of this act. Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register.

New Sec. 21. (a) All video lottery terminals shall be leased by the Kansas lottery and shall be obtained from video lottery terminal manufacturers certified pursuant to the Kansas expanded gaming opportunity act and the rules and regulations adopted by the commission.

(b) The executive director shall contract with an independent laboratory to test video lottery terminals and associated equipment on a periodic basis to ensure that the terminals and equipment comply with the requirements of the Kansas expanded gaming opportunity act and any other applicable standards and regulations. The video lottery terminal manufacturer providing such terminals and equipment shall pay all costs associated with such testing.

(c) Each video lottery parimutuel sales agent or video lottery club sales agent shall hold the executive director, the commission, and this state harmless from and defend and pay for the defense of any and all claims which may be asserted against the executive director, the commission, the state or the employees thereof, arising from the participation in the video lottery system; specifically excluding, however, any claims arising from the negligence or willful misconduct of the executive director, the commission, the state or the employees thereof.

(d) Each video lottery parimutuel sales agent or video lottery club sales agent shall provide access to all records of the video lottery parimutuel sales agent or video lottery club sales agent and the physical premises of the locations where the video lottery activities are conducted for the purpose of monitoring and inspecting the activities of the video lottery parimutuel sales agent or video lottery club sales agent and video lottery games, video lottery terminals and associated equipment.

GENERAL PROVISIONS

New Sec. 22. (a) There is hereby established in the state treasury the gaming act revenues fund. Separate accounts shall be maintained in such fund for receipt of moneys from each destination casino manager, video lottery parimutuel sales agent and video lottery club

sales agent. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director for the purposes set forth in this act.

(b) All destination casino revenue and all net video lottery terminal income shall be paid daily and electronically to the executive director. The executive director shall remit all moneys received therefrom to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of the remittance, the state treasurer shall deposit the entire amount in the state treasury and credit it to the respective account maintained for the destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent in the gaming act revenues fund.

(c) The executive director shall certify weekly to the director of accounts and reports the percentages or amounts to be transferred from each account maintained in the gaming act revenues fund to the gaming act oversight fund, the destination casino operating expenses fund, the live horse racing supplement fund, the live greyhound racing purse supplement fund and the problem gambling grant fund, as provided by the certificate of authority or section 19, and amendments thereto. Upon receipt of the certification, the director of accounts and reports shall transfer amounts from each such account in accordance with the certification of the executive director. Once each week, the executive director shall cause amounts from each such account to be paid to cities, counties and destination casino managers in accordance with the certificate of authority and to video lottery parimutuel sales agents and video lottery club sales agents in accordance with section 19, and amendments thereto.

(d) Amounts remaining in the gaming act revenues fund after transfers and payments pursuant to subsection (c) shall be transferred to the state general fund and expended in accordance with appropriation acts as follows:

(1) For the state scholarship program established pursuant to K.S.A. 72-6810 *et seq.*, and amendments thereto, \$3.75 million in the fiscal year ending June 30, 2005; \$7.5 million in the fiscal year ending June 30, 2006; \$11.25 million in the fiscal year ending June 30, 2007; and \$15 million in the fiscal year ending June 30, 2008, and each fiscal year thereafter;

(2) for Kansas comprehensive grant program established pursuant to K.S.A. 74-32,120 *et seq.*, and amendments thereto, \$3.75 million in the fiscal year ending June 30, 2005; \$7.5 million in the fiscal year ending June 30, 2006; \$11.25 million in the fiscal year ending June 30, 2007; and \$15 million in the fiscal year ending June 30, 2008, and each fiscal year thereafter;

(3) for repayment of bonds issued in support of the Kansas public employees retirement system, \$10 million in the fiscal year ending June 30, 2006; \$15 million in the fiscal year ending June 30, 2007; \$11.25 million in the fiscal year ending June 30, 2008; and \$27.4 million in the fiscal year ending June 30, 2009; and \$37.1 million in the fiscal year ending June 30, 2010, and each fiscal year thereafter; and

(4) for such other purposes as provided by law.

New Sec. 23. (a) There is hereby created in the state treasury the gaming act oversight fund.

(b) Moneys in the gaming act oversight fund shall be expended to pay for the expenses of the Kansas lottery attributable to implementation, administration and enforcement of the provisions of the Kansas expanded gaming opportunity act and oversight, monitoring and of operations of destination casinos, video lottery parimutuel sales agents and video lottery club sales agents pursuant to the provisions of such act.

(c) On or before the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the gaming act oversight fund interest earnings based on:

(1) The average daily balance of moneys in the gaming act oversight fund for the preceding month; and

(2) the net earnings rate for the pooled money investment portfolio for the preceding month.

(d) All expenditures from the gaming act oversight fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant

to vouchers approved by the executive director for the purposes set forth in the Kansas expanded gaming opportunity act.

New Sec. 24. (a) There is hereby created in the state treasury the live horse racing purse supplement fund. Twenty-five percent of all moneys paid into the live horse racing purse supplement fund shall be transferred to the Kansas horse breeding development fund created pursuant to K.S.A. 74-8829, and amendments thereto. Two percent of the moneys credited to the live horse racing purse supplement fund shall be distributed to the official registering agency to be used for horse registration, administration, development, representation and promotion of the Kansas horse racing and breeding industries. A complete financial accounting for the use of all funds received pursuant to this act shall be provided annually to the Kansas racing and gaming commission. Fifty percent of the moneys deposited in the Kansas horse breeding development fund pursuant to this subsection shall be used as purse supplements for registered Kansas bred foals and 50% of such amounts shall be used as breed awards for registered Kansas bred broodmares and stallions. The racing and gaming commission shall distribute moneys in the Kansas horse breeding development fund in accordance with the established percentage of purse shares between quarter horses and thoroughbreds. Based on the contribution to the horse racing and breeding industries in Kansas the distribution of the balance of the live horse purse supplement fund shall be in accordance with rules and regulations adopted by the commission with recommendations by the official horse registering agency. The board of directors of the official horse breed registering agency shall consist of the following number of representatives of the various breeds, five representatives of the quarter horse breed and five representatives of the thoroughbred breed. Representatives shall be selected by each breed organization from their respective memberships pursuant to rules and regulations established by the Kansas racing and gaming commission. In order to be eligible to serve on the board, a person shall be a resident of Kansas, and be a member of the Kansas quarter horse racing association or the Kansas thoroughbred association.

(b) There is hereby established in the state treasury the live greyhound racing purse supplement fund. Moneys available in such fund shall be paid to parimutuel licensees for distribution as purse supplements in accordance with rules and regulations of the Kansas racing and gaming commission. Such rules and regulations shall provide that 25% of the total amount credited to such fund shall be transferred to the credit of the greyhound breeding development fund, created pursuant to K.S.A. 74-8831, and amendments thereto. Funds transferred into the greyhound breeding development fund pursuant to this section shall be used to supplement special stake races and enhancing the amount per point paid to the owners of Kansas-whelped greyhounds which win live races at Kansas greyhound tracks in accordance with Kansas racing and gaming commission rules and regulations. Upon recommendation of the official greyhound breed registry, the Kansas racing and gaming commission may transfer funds from the Kansas greyhound breed development fund to the purse supplement fund.

(c) All purse supplements paid pursuant to this act shall be according to the point schedule in effect on January 1, 2003, at the respective parimutuel licensee locations. All purse supplements paid pursuant to this section shall be in addition to purses and supplements paid under K.S.A. 74-8801 *et seq.*, and amendments thereto.

(d) The Kansas racing and gaming commission shall establish a greyhound promotion and development fund which shall be funded through a voluntary greyhound purse check-off program which shall provide for deduction of 2% from all purses paid to kennels and greyhound owners who participate in the program. Greyhound owners and kennel operators shall be provided annually an opportunity to not participate in the program by signing a form approved by the commission. Moneys deposited into the fund shall be used for the development, promotion and representation of the greyhound industry in Kansas and shall be distributed by the commission to the organization contracted with the commission to administer the official greyhound registry in Kansas.

New Sec. 25. (a) There is hereby established in the state treasury the destination casino operating expenses fund. Separate accounts shall be maintained in such fund to pay expenses of operation of each destination casino. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports

issued pursuant to vouchers approved by the executive director for the purposes set forth in this act.

(b) Moneys in accounts in the destination casino operating expenses fund shall be expended only to pay expenses of operation of the respective destination casino in accordance with the certificate of authority and the management contract.

(c) Subject to the limitations of subsections (b)(5) and (c)(5) of section 6, and amendments thereto, any moneys remaining in an account in the destination casino operating expenses fund at the end of any fiscal year shall be transferred to the state general fund.

New Sec. 26. (a) Wagers shall be received only from a person at the location where the destination casino game or video lottery game is authorized pursuant to the Kansas expanded gaming opportunity act. No person present at such location shall place or attempt to place a wager on behalf of another person who is not present at such location.

(b) No employee or contractor of a destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent shall loan money to or otherwise extend credit to patrons of the destination enterprise, parimutuel licensee or veterans or fraternal organization.

(c) Violation of this section is a class A nonperson misdemeanor upon a conviction for a first offense. Violation of this section is a severity level 9, nonperson felony upon conviction for a second or subsequent offense.

New Sec. 27. (a) A person less than 21 years of age shall not be permitted in an area where destination casino games or video lottery games are being conducted.

(b) No person under the age of 21 shall be employed at a destination casino.

(c) No person under age 21 shall play or make a wager on a destination casino game or video lottery game.

New Sec. 28. (a) Except as when authorized in accordance with subsection (c), it is unlawful for any destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent, or any employee or agent thereof, to allow any person to play destination casino games or video lottery pursuant to the Kansas expanded gaming opportunity act, or share in winnings of such person, knowing such person to be:

- (1) Less than 21 years of age;
- (2) a member of the destination casino commission, the executive director, a member of the commission or an employee of the Kansas lottery;
- (3) an officer or employee of a vendor contracting with the Kansas lottery to supply gaming equipment or tickets to the Kansas lottery for use in the operation of any lottery conducted pursuant to the Kansas lottery act;
- (4) a spouse, child, stepchild, brother, stepbrother, sister, stepsister, parent or stepparent of a person described by subsection (a)(2) or (a)(3); or
- (5) a person who resides in the same household as any person described by subsection (a)(2) or (a)(3).

(b) Violation of subsection (a) is a class A nonperson misdemeanor upon conviction for a first offense. Violation of subsection (a) is a severity level 9, nonperson felony upon conviction for a second or subsequent offense.

(c) The executive director may authorize in writing any employee of the Kansas lottery and any employee of a lottery vendor to play a destination casino game or video lottery game to verify the proper operation thereof with respect to security and contract compliance. Any prize awarded as a result of such ticket purchase shall become the property of the Kansas lottery and be added to the prize pools of subsequent destination casino games or video lottery games. No money or merchandise shall be awarded to any employee playing a destination casino game or video lottery game pursuant to this subsection.

New Sec. 29. Except for persons acting in accordance with rules and regulations of the Kansas lottery in performing installation, maintenance and repair services, any person who, with the intent to manipulate the outcome, pay out or operation of a destination casino game or video lottery game, manipulates by physical, electrical or mechanical means the outcome, pay out or operation of such game shall be guilty of a severity level 8, nonperson felony.

New Sec. 30. (a) It is a class A nonperson misdemeanor for the executive director, any member of the lottery commission or any employee of the Kansas lottery knowingly to:

(1) Participate in the operation of or have a financial interest in any business of a destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent or in any business which sells goods or services to a destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent;

(2) participate directly or indirectly as an owner, operator, manager or consultant in electronic or other gaming operated pursuant to the Kansas expanded gaming opportunity act;

(3) while in Kansas place a wager on or bet or play a destination casino game or video lottery game;

(4) accept any compensation, gift, loan, entertainment, favor or service from any destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent except such suitable facilities and services within a destination casino, parimutuel licensee location or veterans or fraternal organization as may be required to facilitate the performance of the executive director's, member's or employee's official duties; or

(5) enter into any business dealing, venture or contract with a destination enterprise manager, destination casino manager, an owner or lessee of an ancillary destination enterprise operation, video lottery parimutuel sales agent or video lottery club sales agent.

(b) It is a severity level 8, nonperson felony for any person playing or using any electronic gaming machine or video lottery terminal in Kansas knowingly to:

(1) Use other than a lawful coin or legal tender of the United States of America, or to use coin not of the same denomination as the coin intended to be used in an electronic gaming machine or video lottery terminal, except that in the playing of any electronic gaming machine, video lottery terminal or similar gaming device, it shall be lawful for any person to use gaming billets, tokens or similar objects therein which are approved by the Kansas lottery;

(2) possess or use, while on premises where destination casino games or video lottery games are authorized pursuant to the Kansas expanded gaming opportunity act, any cheating or thieving device, including but not limited to, tools, wires, drills, coins attached to strings or wires or electronic or magnetic devices to facilitate removing from any electronic gaming machine or video lottery terminal any money or contents thereof, except that a duly authorized agent or employee of the Kansas lottery, destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent may possess and use any of the foregoing only in furtherance of the agent's or employee's employment while on the premises of the destination casino, video lottery parimutuel sales agent or video lottery club sales agent; or

(3) possess or use while on the premises of any destination casino, video lottery parimutuel sales agent or video lottery club sales agent any key or device designed for the purpose of or suitable for opening or entering any electronic gaming machine, video lottery terminal or similar gaming device or drop box, except that a duly authorized agent or employee of the Kansas lottery destination enterprise manager, destination casino manager, video lottery parimutuel sales agent or video lottery club sales agent may possess and use any of the foregoing only in furtherance of the agent's or employee's employment at the destination casino.

New Sec. 31. It shall be a severity level 9, nonperson felony for any individual, firm, corporation or other legal entity to place in operation or continue to have in place any gray machine for use by members of the public at any location in this state.

New Sec. 32. Each person subject to a background check pursuant to the Kansas expanded gaming opportunity act shall be subject to a state and national criminal history records check which conforms to applicable federal standards for the purpose of verifying the identity of the applicant and whether the person has been convicted of any crime that would disqualify the person from engaging in activities pursuant to this act. The executive director is authorized to use the information obtained from the national criminal history record check to determine the person's eligibility to engage in such activities.

New Sec. 33. (a) No taxes, fees, charges, transfers or distributions, other than those provided for in the Kansas expanded gaming opportunity act, shall be made or levied by any city, county or other municipality from or against destination casino revenue, destination casino net revenue or net video lottery revenue.

(b) All sales of destination casino games and games on video lottery terminals authorized by the Kansas expanded gaming opportunity act shall be exempt from sales taxes imposed pursuant to K.S.A. 12-187 *et seq.*, and 79-3601 *et seq.*, and amendments thereto.

New Sec. 34. (a) Pursuant to section 2 of the federal act entitled "An act to prohibit transportation of gambling devices in interstate and foreign commerce," 15 U.S.C. 1171 through 1777, the state of Kansas, acting by and through the duly elected and qualified members of the legislature, does hereby, in accordance with and in compliance with the provisions of section 2 of such federal act, declares and proclaims that section 2 of such federal act shall not apply to any gambling device in this state to the extent such device is specifically authorized by and is in compliance with the provisions of the Kansas expanded gaming opportunity act and any other applicable statute of this state, and any rules and regulations promulgated pursuant thereto, and that any such gambling device transported in compliance with state law and rules and regulations shall be exempt from the provisions of such federal act.

(b) All shipments into this state of gaming devices being transported to or from the Kansas lottery or to or from a location within the state of Kansas where such gambling devices are authorized pursuant to the Kansas expanded gaming opportunity act shall be deemed legal shipments into this state if the registering, recording and labeling of such devices has been duly made by the manufacturer or dealer in accordance with sections 3 and 4 of the federal act entitled "An act to prohibit transportation of gambling devices in interstate or foreign commerce," 15 U.S.C. 1171 through 1777.

Sec. 35. K.S.A. 74-8705 is hereby amended to read as follows: 74-8705. (a) Major procurement contracts shall be awarded in accordance with K.S.A. 75-3738 through 75-3744, and amendments thereto, or subsection (b), as determined by the *executive* director, except that:

(1) The contract or contracts for the initial lease of facilities for the Kansas lottery shall be awarded upon the evaluation and approval of the *executive* director, the secretary of administration and the director of architectural services;

(2) The commission shall designate certain major procurement contracts or portions thereof to be awarded, in accordance with rules and regulations of the commission, solely to minority business enterprises.

(b) The *executive* director may award any major procurement contract by use of a procurement negotiating committee. Such committee shall be composed of: (1) The executive director or a Kansas lottery employee designated by the executive director; (2) the chairperson of the commission or a commission member designated by the chairperson; and (3) the director of the division of purchases or an employee of such division designated by the director. Prior to negotiating a major procurement contract, the committee shall solicit bids or proposals thereon. The division of purchases shall provide staff support for the committee's solicitations. Upon receipt of bids or proposals, the committee may negotiate with one or more of the persons submitting such bids or proposals and select from among such persons the person to whom the contract is awarded. Such procurements shall be open and competitive and shall consider relevant factors, including security, competence, experience, timely performance and maximization of net revenues to the state. If a procurement negotiating committee is utilized, the provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto, shall not apply. Meetings conducted by the procurement negotiating committee shall be exempt from the provisions of the Kansas open meeting act, K.S.A. 75-4317 through 75-4320a, and amendments thereto.

(c) Before a major procurement contract is awarded, the executive director shall conduct a background investigation of: (1) The vendor to whom the contract is to be awarded; (2) all officers and directors of such vendor; (3) all persons who own a 5% or more interest in such vendor; (4) all persons who own a controlling interest in such vendor; and (5) any subsidiary or other business in which such vendor owns a controlling interest. The vendor shall submit appropriate investigation authorizations to facilitate such investigation. The

executive director may require, in accordance with rules and regulations of the commission, that a vendor submit any additional information considered appropriate to preserve the integrity and security of the lottery. In addition, the executive director may conduct a background investigation of any person having a beneficial interest in a vendor. The secretary of revenue, securities commissioner, attorney general and director of the Kansas bureau of investigation shall assist in any investigation pursuant to this subsection upon request of the executive director. Whenever the secretary of revenue, securities commissioner, attorney general or director of the Kansas bureau of investigation assists in such an investigation and incurs costs in addition to those attributable to the operations of the office or bureau, such additional costs shall be paid by the Kansas lottery. The furnishing of assistance in such an investigation shall be a transaction between the Kansas lottery and the respective officer and shall be settled in accordance with K.S.A. 75-5516, and amendments thereto.

Upon the request of the chairperson, the Kansas bureau of investigation and other criminal justice agencies shall provide to the chairperson all background investigation information including criminal history record information, arrest and nonconviction data, criminal intelligence information and information relating to criminal and background investigations of a vendor to whom a major procurement contract is to be awarded. Such information, other than conviction data, shall be confidential and shall not be disclosed, except as provided in this section. In addition to any other penalty provided by law, disclosure of such information shall be grounds for removal from office or termination of employment.

(d) All major procurement contracts shall be subject to approval of the commission.

(e) (1) *Except as provided by paragraph (2), the executive director shall not agree to any renewal or extension of a major procurement contract unless such extension or renewal is awarded in the manner provided by this section.*

(2) *The provisions of paragraph (1) shall not apply to the extension or renegotiation of an existing contract with a vendor for the purposes of providing services for the monitoring and control of electronic gaming machines, destination casino games or video lottery terminals pursuant to the Kansas expanded gaming opportunity act. The provisions of this subsection shall expire on June 30, 2005.*

Sec. 36. K.S.A. 74-8710 is hereby amended to read as follows: 74-8710. (a) The commission, upon the recommendation of the executive director, shall adopt rules and regulations governing the establishment and operation of a state lottery as necessary to carry out the purposes of this act. Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations may include but shall not be limited to:

(1) Subject to the provisions of subsection (c), the types of lottery games to be conducted, including but not limited to instant lottery, on-line and traditional games, but not including games on video lottery machines or lottery machines.

(2) The manner of selecting the winning tickets or shares, except that, if a lottery game utilizes a drawing of winning numbers, a drawing among entries or a drawing among finalists, such drawings shall always be open to the public and shall be recorded on both video and audio tape.

(3) The manner of payment of prizes to the holders of winning tickets or shares.

(4) The frequency of the drawings or selections of winning tickets or shares.

(5) The type or types of locations at which tickets or shares may be sold.

(6) The method or methods to be used in selling tickets or shares.

(7) Additional qualifications for the selection of lottery retailers and the amount of application fees to be paid by each.

(8) The amount and method of compensation to be paid to lottery retailers, including special bonuses and incentives.

(9) Deadlines for claims for prizes by winners of each lottery game.

(10) Provisions for confidentiality of information submitted by vendors pursuant to K.S.A. 74-8705, and amendments thereto.

(11) Information required to be submitted by vendors, in addition to that required by K.S.A. 74-8705, and amendments thereto.

(12) The major procurement contracts or portions thereof to be awarded to minority business enterprises pursuant to subsection (a) of K.S.A. 74-8705, and amendments thereto, and procedures for the award thereof.

(13) *Rules and regulations to implement, administer and enforce the provisions of the Kansas expanded gaming opportunity act.*

(14) *The types of electronic gaming machines, destination casino games and video lottery terminals operated pursuant to the Kansas expanded gaming opportunity act.*

(b) No new lottery game shall commence operation after the effective date of this act unless first approved by the governor or, in the governor's absence or disability, the lieutenant governor. *This subsection shall not be construed to require approval of games played on an electronic gaming machine or video lottery games.*

(c) The lottery shall adopt rules and regulations concerning the game of keno. Such rules and regulations shall require that the amount of time which elapses between the start of games shall not be less than four minutes.

Sec. 37. K.S.A. 74-8711 is hereby amended to read as follows: 74-8711. (a) There is hereby established in the state treasury the lottery operating fund.

(b) *Except as provided by the Kansas gaming act*, the executive director shall remit all moneys collected from the sale of lottery tickets and shares and any other moneys received by or on behalf of the Kansas lottery to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the lottery operating fund. Moneys credited to the fund shall be expended or transferred only as provided by this act. Expenditures from such fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director or by a person designated by the executive director.

(c) Moneys in the lottery operating fund shall be used for:

(1) The payment of expenses of the lottery, which shall include all costs incurred in the operation and administration of the Kansas lottery, *other than expenses incurred pursuant to the Kansas expanded gaming opportunity act*; all costs resulting from contracts entered into for the purchase or lease of goods and services needed for operation of the lottery, including but not limited to supplies, materials, tickets, independent studies and surveys, data transmission, advertising, printing, promotion, incentives, public relations, communications and distribution of tickets and shares; and reimbursement of costs of facilities and services provided by other state agencies;

(2) the payment of compensation to lottery retailers;

(3) transfers of moneys to the lottery prize payment fund pursuant to K.S.A. 74-8712, and amendments thereto;

(4) transfers to the state general fund pursuant to K.S.A. 74-8713, and amendments thereto;

(5) transfers to the state gaming revenues fund pursuant to subsection (d) of this section and as otherwise provided by law; and

(6) transfers to the county reappraisal fund as prescribed by law.

(d) The director of accounts and reports shall transfer moneys in the lottery operating fund to the state gaming revenues fund created by K.S.A. 79-4801, and amendments thereto, on or before the 15th day of each month in an amount certified monthly by the executive director and determined as follows, whichever is greater:

(1) An amount equal to the moneys in the lottery operating fund in excess of those needed for the purposes described in subsections (c)(1) through (c)(4); or

(2) except for pull-tab lottery tickets and shares, an amount equal to not less than 30% of total monthly revenues from the sales of lottery tickets and shares less estimated returned tickets. In the case of pull-tab lottery tickets and shares, an amount equal to not less than 20% of the total monthly revenues from the sales of pull-tab lottery tickets and shares less estimated returned tickets.

Sec. 38. K.S.A. 74-8723 is hereby amended to read as follows: 74-8723. (a) The Kansas lottery and the office of executive director of the Kansas lottery, established by K.S.A. 74-

8703, and amendments thereto, and the Kansas lottery commission, created by K.S.A. 74-8709, and amendments thereto, shall be and hereby are abolished on July 1, ~~2006~~ 2016.

(b) This section shall be part of and supplemental to the Kansas lottery act.

Sec. 39. K.S.A. 2003 Supp. 19-101a is hereby amended to read as follows: 19-101a. (a) The board of county commissioners may transact all county business and perform all powers of local legislation and administration it deems appropriate, subject only to the following limitations, restrictions or prohibitions:

(1) Counties shall be subject to all acts of the legislature which apply uniformly to all counties.

(2) Counties may not consolidate or alter county boundaries.

(3) Counties may not affect the courts located therein.

(4) Counties shall be subject to acts of the legislature prescribing limits of indebtedness.

(5) In the exercise of powers of local legislation and administration authorized under provisions of this section, the home rule power conferred on cities to determine their local affairs and government shall not be superseded or impaired without the consent of the governing body of each city within a county which may be affected.

(6) Counties may not legislate on social welfare administered under state law enacted pursuant to or in conformity with public law No. 271—74th congress, or amendments thereof.

(7) Counties shall be subject to all acts of the legislature concerning elections, election commissioners and officers and their duties as such officers and the election of county officers.

(8) Counties shall be subject to the limitations and prohibitions imposed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto, prescribing limitations upon the levy of retailers' sales taxes by counties.

(9) Counties may not exempt from or effect changes in statutes made nonuniform in application solely by reason of authorizing exceptions for counties having adopted a charter for county government.

(10) No county may levy ad valorem taxes under the authority of this section upon real property located within any redevelopment project area established under the authority of K.S.A. 12-1772, and amendments thereto, unless the resolution authorizing the same specifically authorized a portion of the proceeds of such levy to be used to pay the principal of and interest upon bonds issued by a city under the authority of K.S.A. 12-1774, and amendments thereto.

(11) Counties shall have no power under this section to exempt from any statute authorizing or requiring the levy of taxes and providing substitute and additional provisions on the same subject, unless the resolution authorizing the same specifically provides for a portion of the proceeds of such levy to be used to pay a portion of the principal and interest on bonds issued by cities under the authority of K.S.A. 12-1774, and amendments thereto.

(12) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

(13) Except as otherwise specifically authorized by K.S.A. 12-1,101 through 12-1,109, and amendments thereto, counties may not levy and collect taxes on incomes from whatever source derived.

(14) Counties may not exempt from or effect changes in K.S.A. 19-430, and amendments thereto.

(15) Counties may not exempt from or effect changes in K.S.A. 19-302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

(16) (A) Counties may not exempt from or effect changes in K.S.A. 13-13a26, and amendments thereto.

(B) This provision shall expire on June 30, 2005.

(17) (A) Counties may not exempt from or effect changes in K.S.A. 71-301a, and amendments thereto.

(B) This provision shall expire on June 30, 2005.

(18) Counties may not exempt from or effect changes in K.S.A. 19-15,139, 19-15,140 and 19-15,141, and amendments thereto.

(19) Counties may not exempt from or effect changes in the provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-1260 through 12-1270 and 12-1276, and amendments thereto.

(20) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-211, and amendments thereto.

(21) Counties may not exempt from or effect changes in the provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

(22) Counties may not regulate the production or drilling of any oil or gas well in any manner which would result in the duplication of regulation by the state corporation commission and the Kansas department of health and environment pursuant to chapter 55 and chapter 65 of the Kansas Statutes Annotated and any rules and regulations adopted pursuant thereto. Counties may not require any license or permit for the drilling or production of oil and gas wells. Counties may not impose any fee or charge for the drilling or production of any oil or gas well.

(23) Counties may not exempt from or effect changes in K.S.A. 79-41a04, and amendments thereto.

(24) Counties may not exempt from or effect changes in K.S.A. 79-1611, and amendments thereto.

(25) Counties may not exempt from or effect changes in K.S.A. 79-1494, and amendments thereto.

(26) Counties may not exempt from or effect changes in subsection (b) of K.S.A. 19-202, and amendments thereto.

(27) Counties may not exempt from or effect changes in subsection (b) of K.S.A. 19-204, and amendments thereto.

(28) Counties may not levy or impose an excise, severance or any other tax in the nature of an excise tax upon the physical severance and production of any mineral or other material from the earth or water.

(29) Counties may not exempt from or effect changes in K.S.A. 79-2017 or 79-2101, and amendments thereto.

(30) Counties may not exempt from or effect changes in K.S.A. 2-3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-1,178 through 65-1,199 or K.S.A. 2003 Supp. 17-5909, and amendments thereto.

(31) Counties may not exempt from or effect changes in K.S.A. 2003 Supp. 80-121, and amendments thereto.

(32) Counties may not exempt from or effect changes in K.S.A. 19-228, and amendments thereto.

(33) *Counties may not exempt from or effect changes in the Kansas lottery act or the Kansas expanded gaming opportunity act.*

(b) Counties shall apply the powers of local legislation granted in subsection (a) by resolution of the board of county commissioners. If no statutory authority exists for such local legislation other than that set forth in subsection (a) and the local legislation proposed under the authority of such subsection is not contrary to any act of the legislature, such local legislation shall become effective upon passage of a resolution of the board and publication in the official county newspaper. If the legislation proposed by the board under authority of subsection (a) is contrary to an act of the legislature which is applicable to the particular county but not uniformly applicable to all counties, such legislation shall become effective by passage of a charter resolution in the manner provided in K.S.A. 19-101b, and amendments thereto.

(c) Any resolution adopted by a county which conflicts with the restrictions in subsection (a) is null and void.

Sec. 40. K.S.A. 72-6810 is hereby amended to read as follows: 72-6810. As used in this act: (a) "State scholarship" means an award under this act by this state to a state scholar ~~who has established financial need.~~

(b) "Supplemental state scholarship" means an award to a state scholar who has established financial need and includes a state scholarship awarded to state scholars designated prior to July 1, 2004.

~~(b)~~ (c) "State scholar" means a full-time, in-state student who has exhibited scholastic ability and who is initially acceptable for entering an eligible institution or who has so entered and is in good standing and making satisfactory progress.

~~(c)~~ (d) "Full-time, in-state student" means a person who is a resident of Kansas and who is enrolled at an eligible institution in an educational program for at least 12 hours each semester or the equivalent thereof, or who is regularly enrolled at an eligible institution in a vocational or technical education program. The board of regents shall determine the number of hours for terms or program periods other than semesters to constitute the equivalent of 12 hours.

~~(d)~~ (e) "Financial need" means the difference between the available financial resources of a student and such student's total anticipated expenses to attend an eligible institution. A student's financial resources shall include (1) four hundred and fifty dollars each year from the student's own work and resources, and (2) a contribution from the income and assets of the student's parents, if sufficient, as determined by a completed financial needs analysis statement and based upon the accepted criteria of a nationally recognized financial needs analysis agency. Financial need shall be redetermined annually.

~~(e)~~ (f) "Eligible institution" means an institution of postsecondary education which maintains open enrollment, the main campus or principal place of operation of which is located in Kansas, and which qualifies as an eligible institution for the federal guaranteed-loan program under the higher education act of 1965 (P.L. 89-329), as amended.

~~(f)~~ (g) "Open enrollment" means the policy of an institution of postsecondary education which provides the opportunity of enrollment for any student who meets its academic and other reasonable enrollment requirements, without regard for race, gender, religion, creed or national origin.

~~(g)~~ (h) "Board of regents" means the state board of regents ~~provided for in the constitution of this state and described in article 32 of chapter 74 of Kansas Statutes Annotated.~~

~~(h)~~ (i) "Term" means one of two or more divisions of an academic year of an institution of postsecondary education in which substantially all courses begin and end at substantially the same time and during which instruction is regularly given to students.

~~(i)~~ (j) "Semester" means one of two principal terms, when there are only two principal terms in the academic year, whether or not there are other shorter terms during the same academic year.

~~(j)~~ (k) "Program period" means the duration of the period of time, or any division thereof, required for completion of a vocational or technical education program which is given in an institution of postsecondary education.

Sec. 41. K.S.A. 72-6812 is hereby amended to read as follows: 72-6812. (a) The amount of a state scholarship awarded to a state scholar for the fall and spring semesters, or the equivalent thereof, shall be \$1,500. *The amount of a supplemental state scholarship shall be the amount of the state scholar's financial need for the period, except that supplemental state scholarships awarded to a state scholar in any year shall not exceed:*

(1) ~~Five hundred dollars in any year if the state scholar initially is or was awarded a state scholarship for any program period, term or semester commencing prior to July 1, 1985, and~~

~~(2) One thousand dollars in any year if the state scholar initially is awarded a state scholarship for any program period, term or semester commencing after July 1, 1985 prior to July 1, 2004; and~~

(2) *one thousand five hundred dollars in any year if the state scholar initially is awarded a state scholarship for any program, period, term or semester commencing after July 1, 2004.*

(b) When state scholarships *and supplemental state scholarships* are awarded to a state scholar for any program period or for one or more terms that are not semesters, the board of regents shall determine the equivalent of the fall and spring semesters.

Sec. 42. K.S.A. 72-6813 is hereby amended to read as follows: 72-6813. (a) A state scholarship *and supplemental state scholarship* may be paid annually for both the fall and spring semesters, or the equivalent thereof. Payments under any state scholarship *and supplemental state scholarship* shall be allocated equally between the semesters, when the state scholar plans to attend two semesters in an academic year, and otherwise as specified by the board of regents. State scholarships *and supplemental state scholarships* shall be paid at

the beginning of each semester, program period or other term upon certification by the eligible institution that the state scholar is enrolled and is a qualified student. Payments of state scholarships *and supplemental state scholarships* shall be made upon vouchers approved by the administrative officer of the board of regents designated by it upon warrants of the director of accounts and reports. Payments of state scholarships *and supplemental state scholarships* may be made by the issuance of a single warrant to each eligible institution at which a state scholar is enrolled for the total amount of state scholarships *and supplemental state scholarships* for all state scholars enrolled at that institution. The director of accounts and reports shall cause such warrant to be delivered to the eligible institution at which such scholar or scholars are enrolled. Upon receipt of such warrant, the eligible institution shall credit immediately the account of each state scholar enrolled at that institution by an amount specified by the board of regents for each such state scholar.

(b) If a scholar discontinues attendance before the end of any semester, program period or other term, after the eligible institution has received payment under this section, the eligible institution shall pay to the state: (1) The entire amount which such scholar would otherwise qualify to have refunded not to exceed the amount of the payment made under such state scholarship *and supplemental state scholarship* at the beginning of such semester, program period or other term; or (2) if the scholar has received payments under any federal program of student assistance in the semester, program period or other term, the state's pro rata share of the entire amount which such scholar would otherwise qualify to have refunded, not to exceed the amount of the payment made under such state scholarship *and supplemental state scholarship* at the beginning of such semester, program period or other term.

(c) All amounts paid to the state by an eligible institution under subsection (b) shall be deposited in the state treasury and credited to the state scholarship discontinued attendance fund, which is hereby created. All expenditures from the state scholarship discontinued attendance fund shall be for state scholarships *and supplemental state scholarships*.

Sec. 43. K.S.A. 72-6814 is hereby amended to read as follows: 72-6814. The board of regents shall administer this act and shall:

- (a) Publicize application procedures;
- (b) Provide application forms, test forms, and forms for determining financial need;
- (c) Adopt rules and regulations for determining educational ability, selecting examinations of educational ability and methods for giving such examinations, selecting state scholars, determining financial need, selecting financial needs analysis agencies, determining priority or apportionment of state scholarships and other matters necessary for the administration of this act. The board of regents may provide for apportionment of state scholarships *and supplemental state scholarships* if the appropriations for state scholarships *and supplemental state scholarships* are insufficient to pay all state scholars ~~with financial need~~. To determine who is an in-state student for the purpose of this act, the board of regents shall adopt rules and regulations for determination of residence of students as provided by law;
- (d) Designate and notify each state scholar;
- (e) Approve and award state scholarships *and supplemental state scholarships*;
- (f) Make an annual report to the governor and legislature, and evaluate the state scholarship *and supplemental state scholarship* program for the period;
- (g) Require any eligible institution to promptly furnish any information which the board of regents requests relating to administration or effect of this act.

Sec. 44. K.S.A. 72-6815 is hereby amended to read as follows: 72-6815. Each applicant for a state scholarship *and supplemental state scholarship* in accordance with the rules and regulations of the board of regents shall:

- (a) Be responsible for the submission to the board of regents of the results of an examination of educational ability which is given by the board of regents or in a manner approved by the board of regents;
- (b) Complete and file an application for a state scholarship *and supplemental state scholarship*;
- (c) Be responsible for the submission of a financial needs analysis statement to the board of regents;

(d) Report promptly to the board of regents any information requested relating to administration of this act;

(e) File a new application and financial needs analysis statement annually on the basis of which his or her eligibility for a state scholarship *and supplemental state scholarship* shall be evaluated and determined.

Sec. 45. K.S.A. 74-32,120 is hereby amended to read as follows: 74-32,120. As used in this act: (a) "Kansas comprehensive grant program" means a program under which the state, in recognition that the provision of higher education for all residents of the state who have the desire and ability to obtain such education is an important public purpose and in response to the concern that many residents of the state are deterred by financial considerations from attending institutions of higher education, provides assistance to students with financial need through the award of grants.

(b) "Kansas comprehensive grant" means an award of financial assistance under the Kansas comprehensive grant program to an eligible Kansas student.

(c) "Financial need" means the difference between a student's available financial resources and the student's total anticipated cost of attendance at a certain Kansas educational institution. A student's financial resources shall be determined on the basis of criteria provided under the federal methodology of need analysis.

(d) "Full-time, in-state student" means a person who is a resident of Kansas and who is enrolling or enrolled at a Kansas educational institution for at least 12 credit hours each semester or the equivalent thereof. The board of regents shall determine the number of hours for terms other than semesters to constitute the equivalent of 12 credit hours.

(e) "Kansas student" means a full-time, in-state student who has established financial need and who is initially acceptable for entering a Kansas educational institution or who has so entered and is in good standing and making satisfactory progress toward graduation.

(f) "Kansas educational institution" means a ~~state educational institution under the control and supervision of the board of regents, a municipal university postsecondary educational institution as defined in K.S.A. 74-3202b, and amendments thereto~~, or a not-for-profit independent institution of higher education which is accredited by the north central association of colleges and secondary schools accrediting agency based on its requirements as of April 1, 1985, is operated independently and not controlled or administered by the state or any agency or subdivision thereof, maintains open enrollment, and the main campus or principal place of operation of which is located in Kansas.

(g) "Open enrollment" means the policy of an institution of higher education which provides the opportunity of enrollment for any student who meets its academic and other reasonable enrollment requirements, without regard for race, gender, religion, creed or national origin.

(h) "Board of regents" means the state board of regents ~~provided for in the constitution of this state and described in article 32 of chapter 74 of Kansas Statutes Annotated.~~

(i) "Term" means one of two or more divisions of an academic year of a Kansas educational institution in which substantially all courses begin and end at substantially the same time, and during which instruction is regularly given to students.

(j) "Semester" means one of two principal terms, when there are only two principal terms in the academic year, whether or not there are other shorter terms during the same academic year.

Sec. 46. K.S.A. 74-32,121 is hereby amended to read as follows: 74-32,121. A Kansas comprehensive grant may be awarded to any Kansas student enrolled at any Kansas educational institution. A Kansas student may be awarded grants for not more than eight semesters of undergraduate study or the equivalent thereof, ~~except that at an institution that awards a baccalaureate degree or four semesters of undergraduate study or the equivalent thereof at an institution that awards only an associate degree.~~ A student may be awarded grants for not more than an additional two semesters of study, or the equivalent thereof, when the requirements of the educational program in which the student is enrolled include the completion of a fifth year of study. The board of regents shall determine the equivalent of a semester when all or part of the terms for which a Kansas student is awarded a Kansas comprehensive grant are not semesters.

Sec. 47. K.S.A. 74-32,122 is hereby amended to read as follows: 74-32,122. (a) The amount of a Kansas comprehensive grant awarded to a Kansas student for the fall and spring semesters, or the equivalent thereof, shall be (1) for a student enrolled at a ~~state Kansas~~ educational institution ~~or municipal university~~, the amount of the student's financial need for the period, except that a grant awarded to such a student in any year shall not exceed an amount equal to one-half of the average amount of the total tuition and fees required of full-time, in-state students for enrollment at the state educational institutions for two semesters or the equivalent thereof, and (2) for a student enrolled at an independent institution of higher education, the amount of the student's financial need for the period, except that a grant awarded to such a student in any year shall not exceed the lesser of an amount equal to the total tuition and required fees of the student for two semesters, or the equivalent thereof, or an amount equal to one-half of the difference between the average amount of the total tuition and required fees of full-time, in-state students who are enrolled at the state educational institutions and the average amount of the total tuition and required fees of full-time, in-state students who are enrolled at the independent institutions of higher education.

(b) When Kansas comprehensive grants are awarded to a Kansas student for one or more terms that are not semesters, the board of regents shall determine the equivalent of the fall and spring semesters.

Sec. 48. K.S.A. 74-32,124 is hereby amended to read as follows: 74-32,124. (a) The board of regents shall administer the Kansas comprehensive grant program and shall:

- (1) Provide information regarding application procedures;
- (2) adopt rules and regulations for determining financial need and cost of attendance at Kansas educational institutions, determining the average amount of tuition and fees required of full-time, in-state students for enrollment at the state educational institutions, the municipal university, and the independent institutions of higher education, determining residence, determining priority or apportionment of Kansas comprehensive grants and other matters necessary for administration of the program;
- (3) allocate as base funding to each Kansas educational institution the amount of Kansas comprehensive grant funds awarded to the institution for fiscal year ~~1999~~ 2005; or, in the event funding is less than that provided for fiscal year ~~1999~~ 2005, the pro-rated share of that appropriation;
- (4) appoint a ~~five-member~~ *seven-member* advisory committee, including two representatives from ~~state Kansas~~ educational institutions *that award baccalaureate degrees, two representatives that award only associate degrees*, two representatives from not-for-profit independent institutions, and one representative from a municipal university, to recommend annually to the board of regents the formula to be used in apportioning funds in excess of the fiscal year ~~1999~~ 2005 appropriation to the Kansas educational institutions according to the formula based on financial need;
- (5) approve Kansas students for the award of Kansas comprehensive grants; and
- (6) evaluate the Kansas comprehensive grant program annually, and make a report thereon to the governor and legislature for the period.

(b) The board of regents may provide for apportionment of Kansas comprehensive grants if appropriations therefor are insufficient to pay all approved grants.

Sec. 49. K.S.A. 72-6810, 72-6812, 72-6813, 72-6814, 72-6815, 74-32,120, 74-32,121, 74-32,122, 74-32,124, 74-8702, 74-8705, 74-8710, 74-8711 and 74-8723 and K.S.A. 2003 Supp. 19-101a are hereby repealed.

Sec. 50. This act shall take effect and be in force from and after its publication in the Kansas register."

Also on page 1, by striking all in lines 21 through 43;

By striking all on pages 2 through 46;

In the title, by striking all in lines 14 through 18; following line 18, by inserting:

"AN ACT concerning lotteries; enacting the Kansas expanded gaming opportunity act; authorizing operation of destination casinos, electronic gaming machines, video lottery terminals and other lottery games at certain locations; providing for the distribution of revenues derived therefrom; prohibiting certain acts and providing penalties for violations; amending K.S.A. 72-6810, 72-6812, 72-6813, 72-6814, 72-6815, 74-32,120, 74-32,121, 74-32,122, 74-

32,124, 74-8702, 74-8705, 74-8710, 74-8711 and 74-8723 and K.S.A. 2003 Supp. 19-101a and repealing the existing sections.”;

and the bill be passed as amended.

Committee on Judiciary recommends **HB 2603**; **HB 2693**, as amended by House Committee be passed.

Also, **HB 2352** be amended by substituting a new bill to be designated as “SENATE Substitute for HOUSE BILL NO. 2352,” as follows:

“SENATE Substitute for HOUSE BILL NO. 2352

By Committee on Judiciary

“AN ACT concerning municipal court; relating to pre-trial authority; amending K.S.A. 12-4106, 12-4203, 12-4209 and 12-4213 and K.S.A. 2003 Supp. 22-3609 and repealing the existing sections.”;

and the substitute bill be passed.

HB 2375, as amended by House Committee, be amended by substituting a new bill to be designated as “SENATE Substitute for HOUSE BILL NO. 2375,” as follows:

“SENATE Substitute for HOUSE BILL NO. 2375

By Committee on Judiciary

“AN ACT amending the employment security law; relating to failure to pass a pre-employment drug screen and misconduct; amending K.S.A. 2003 Supp. 44-706 and repealing the existing section.”;

and the substitute bill be passed.

HB 2391, as amended by House Committee, be amended by substituting a new bill to be designated as “SENATE Substitute for HOUSE BILL NO. 2391,” as follows:

“SENATE Substitute for HOUSE BILL NO. 2391

By Committee on Judiciary

“AN ACT relating to the capitol area security patrol; concerning authority thereof; amending K.S.A. 2003 Supp. 75-4503 and repealing the existing section.”;

and the substitute bill be passed.

HB 2404, as amended by House Committee, be amended by substituting a new bill to be designated as “SENATE Substitute for HOUSE BILL NO. 2404,” as follows:

“SENATE Substitute for HOUSE BILL NO. 2404

By Committee on Judiciary

“AN ACT concerning drivers’ licenses and other identification cards; relating to taxpayer identification numbers; relating to medical information reported to the division; amending K.S.A. 8-255c and K.S.A. 2003 Supp. 8-240 and 8-1324 and repealing the existing sections.”;

and the substitute bill be passed.

HB 2554 be amended on page 4, in line 16, by striking “by addendum to the power of attorney” and inserting “in a written document”; and the bill be passed as amended.

HB 2889, as amended by House Committee, be amended on page 1, in line 30, by striking “or agreements” and inserting “of employees which provide for compensation funded in whole or in part by public funds appropriated by the state or public funds of any political or taxing subdivision of the state.”; and the bill be passed as amended.

Committee on **Natural Resources** recommends **SB 561** be passed.

Also, **Substitute for HB 2583** be amended on page 2, in line 19 by striking all after “amount”; in line 20 by striking all before “the” and inserting “set by”; also on page 2, in line 38 by striking all after “(c)”; by striking all in lines 39 through 43;

On page 3, by striking all in lines 1 through 4; in line 5 by striking “(d)”; and by relettering the remaining subsections accordingly;

Also on page 3, in line 8 by striking “agreed upon between the responsible party and” and inserting “set by”; in line 14 by striking all after the period; by striking all in lines 15 and 16; in line 17 by striking all before “Such”;

On page 5, by striking all in lines 3 through 43;

On page 6, by striking all in lines 1 through 43;

On page 7, by striking all in lines 1 through 3 and inserting the following: “If the responsible party fails to comply with the provisions of this act, any adjacent property owner, city or county aggrieved by the noncompliance may bring an action in the district court to enforce

the provisions of this act. Upon a finding that the responsible party has failed to comply with the provisions of this act, the court may enter any one or more of the following orders:

- (a) An order requiring the responsible party to comply with the provisions of this act;
- (b) an order requiring the responsible party to pay a civil penalty to the aggrieved party in an amount not exceeding \$100 for each day of noncompliance.

Also on page 7, in line 4, after "4." by inserting "If the time has expired for an action required by this act to be performed, the party required to perform such action shall have 90 days after this act takes effect to comply.

Sec. 5."

and by renumbering the remaining sections accordingly.

and the substitute bill be passed as amended.

HB 2604 be amended on page 2, in line 30, by striking "registra-"; in line 31, by striking "tions" and inserting "certificates of number";

On page 4, in line 42, following "taxes", by inserting "and sales tax";

On page 5, in line 16, before the semicolon by inserting "when the use thereof is directly connected to the business of such dealer"; in line 25, by striking "On or before the 20th day of each month, file a monthly" and inserting "File a quarterly"; in line 29, after the period by inserting "The department of wildlife and parks shall make a copy of the report available to the department of revenue."; and the bill be passed as amended.

HB 2653, as amended by House Committee of the Whole, be amended on page 2, by striking all in line 43;

On page 3, by striking all in lines 1 through 6;

and by renumbering the remaining sections accordingly;

On page 1, in the title, in line 11, by striking "bison display at"; in line 12, by striking "Frontenac";

and the bill be passed as amended.

Committee on **Public Health and Welfare** recommends **HB 2717**, as amended by House Committee, **HB 2718** be passed.

Committee on **Ways and Means** recommends **SB 515** be amended by substituting a new bill to be designated as "Substitute for SENATE BILL NO. 515," as follows:

"Substitute for SENATE BILL NO. 515

By Committee on Ways and Means

"AN ACT relating to the comprehensive transportation program; concerning the financing thereof; amending K.S.A. 2003 Supp. 79-3603, 79-3620, 79-3703 and 79-3710 and repealing the existing sections; also repealing K.S.A. 79-34,148 and K.S.A. 2003 Supp. 79-34,147, 79-3603c, 79-3620c and 79-3710a.";

and the substitute bill be passed.

SB 536 be amended on page 2, in line 43, by striking "\$344,517" and inserting "\$344,017";

On page 3, in line 22, by striking "\$21,916" and inserting "\$22,129"; in line 32, by striking "\$1,495,077" and inserting "\$1,479,792";

On page 4, in line 21, by striking "\$795,796" and inserting "\$810,796";

On page 5, in line 18, by striking "\$242,997" and inserting "\$60,525";

On page 8, after line 2, by inserting the following:

"(c) On the effective date of this act, the position limitation established for the fiscal year ending June 30, 2004, by section 85(a) of chapter 138 of the 2003 Session Laws of Kansas for the state gaming agency of the Kansas racing and gaming commission is hereby decreased from 24.0 to 23.0.";

Also on page 8, in line 24, by striking "\$40,693" and inserting "\$693";

On page 11, after line 32, by inserting the following:

"(k) On the effective date of this act, of the \$550,000 appropriated for the above agency for the fiscal year ending June 30, 2004, by section 50(c) of chapter 138 of the 2003 Session Laws of Kansas from the children's initiatives fund in the children's cabinet accountability account, the sum of \$541,105 is hereby lapsed.

(l) On the effective date of this act, of the \$3,500,000 appropriated for the above agency for the fiscal year ending June 30, 2004, by section 50(c) of chapter 138 of the 2003 Session

Laws of Kansas from the children’s initiatives fund in the children’s cabinet early childhood discretionary grant program account, the sum of \$8,895 is hereby lapsed.”;

On page 17, in line 4, by striking all after the colon; in line 5, by striking all before “modification” and inserting “Weather”;

On page 19, after line 12, by inserting the following:

“Sec. 54.

ADJUTANT GENERAL

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2004, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Homeland security federal fund..... No limit

Sec. 55.

ATTORNEY GENERAL — KANSAS BUREAU OF INVESTIGATION

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2004, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law shall not exceed the following:

Kansas bureau of investigation motor vehicle fund No limit

Provided, That expenditures may be made from the Kansas bureau of investigation motor vehicle fund to acquire and sell motor vehicles for the Kansas bureau of investigation: Provided further, That all moneys received for sale of motor vehicles of the Kansas bureau of investigation shall be deposited in the state treasury and credited to this fund.

(b) On June 1, 2004, the director of the budget shall certify to the director of accounts and reports the amount up to but not exceeding \$350,000 to be transferred from the state general fund to the Kansas bureau of investigation motor vehicle fund for the purposes of acquiring and selling motor vehicles for the Kansas bureau of investigation for fiscal year 2004. Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified by the director of the budget from the state general fund to the Kansas bureau of investigation motor vehicle fund for the purposes of acquiring and selling motor vehicles for the Kansas bureau of investigation for fiscal year 2004: Provided, That the amount certified by the director of the budget pursuant to this subsection shall not exceed the amount of the unencumbered balance as of June 1, 2004, in the operating expenditures account of the state general fund of the above agency.

(c) On June 1, 2004, of the \$11,569,515 appropriated for the above agency for the fiscal year ending June 30, 2004, by section 74(a) of chapter 138 of the 2003 Session Laws of Kansas from the state general fund in the operating expenditures account, the amount certified by the director of the budget to be transferred from the state general fund to the Kansas bureau of investigation motor vehicle fund pursuant to subsection (b) is hereby lapsed.

Sec. 56.

STATE BOARD OF REGENTS

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2005, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures shall not exceed the following:

Other federal grants fund..... No limit

Provided, That the above agency is authorized to make expenditures from the other federal grants fund of any moneys credited to this fund from any individual grant if the grant is: (1) Less than or equal to \$750,000 in the aggregate, and (2) does not require the matching expenditure of any other moneys in the state treasury during fiscal year 2004 other than moneys appropriated by this or other appropriation act of the 2004 regular session of the legislature: Provided, however, That, upon application to and authorization by the governor, the above agency may make expenditures of moneys credited to this fund from any individual federal grant which is more than \$750,000 in the aggregate or which requires the matching expenditure of moneys in the state treasury during fiscal year 2004, other than moneys appropriated by this or other appropriation act of the 2004 regular session of the legislature.

Sec. 57.

KANSAS LOTTERY

(a) On or after the effective date of this act, and before July 15, 2004, whenever sufficient funds are available as certified by the executive director of the Kansas lottery, the director of accounts and reports shall transfer \$2,000,000 from the lottery operating fund to the economic development initiatives fund for the purpose of financing an aviation program at Wichita state university for the fiscal year ending June 30, 2005.

Sec. 58.

DEPARTMENT OF REVENUE

(a) On or after the effective date of this act, and before June 30, 2004, whenever sufficient funds are available as certified by the secretary of revenue, notwithstanding the provisions of any other statutes, the director of accounts and reports shall transfer \$1,000,000 from the division of vehicles operating fund to the state general fund: *Provided*, That the amount transferred from the division of vehicles operating fund of the department of revenue to the state general fund pursuant to this subsection is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the state agency involved by other state agencies which receive appropriations from the state general fund to provide such services.

(b) On or after the effective date of this act, and before June 30, 2004, whenever sufficient funds are available as certified by the secretary of revenue, notwithstanding the provisions of any other statutes, the director of accounts and reports shall transfer \$1,200,000 from the electronic databases fee fund to the state general fund: *Provided*, That the amount transferred from the electronic databases fee fund of the department of revenue to the state general fund pursuant to this subsection is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the state agency involved by other state agencies which receive appropriations from the state general fund to provide such services.

Sec. 59.

KANSAS COMMISSION ON VETERANS AFFAIRS

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2004, the following:

Operating expenditures — Kansas soldiers' home	\$300,436
Operating expenditures — Kansas veterans' home.....	\$229,686
Additional operating expenditures — Kansas soldiers' home and Kansas veterans' home	\$136,000

Sec. 60.

STATE BOARD OF VETERINARY EXAMINERS

(a) On July 1, 2004, the expenditure limitation established for the fiscal year ending June 30, 2005, by section 59(b) of chapter 160 of the 2003 Session Laws of Kansas on the veterinary examiners fee fund is hereby increased from \$281,217 to \$281,238.”;

And by renumbering sections accordingly; and the bill be passed as amended.

SB 538 be amended on page 1, in line 19, after “ending” by inserting “June 30, 2004.”; after line 27, by inserting the following:

“(c) This act shall not be subject to the provisions of subsection (a) of K.S.A. 75-6702 and amendments thereto.”;

On page 2, in line 11, by striking “\$12,758,831” and inserting “\$12,727,045”;

On page 3, in line 2, preceding the period, by inserting: “: *And provided further*, That no expenditures shall be made to reimburse any legislator for out-of-state travel above an aggregate total of \$2,500 per calendar year without legislative coordinating council approval: *And provided further*, That no individual legislator, excluding the speaker of the house of representatives and the president of the senate, shall be paid for more than 150 days per calendar year without legislative coordinating council approval for each day above the 150 day total”;

On page 4, in line 9, preceding the period, by inserting: “: *And provided further*, That no expenditures shall be made to reimburse any legislator for out-of-state travel above an aggregate total of \$2,500 per calendar year without legislative coordinating council approval: *And provided further*, That no individual legislator, excluding the speaker of the house of representatives and the president of the senate, shall be paid for more than 150 days per calendar year without legislative coordinating council approval for each day above the 150 day total”;

On page 6, after line 27, by inserting the following:
 “*Provided*, That, in addition to the other purposes authorized by K.S.A. 82a-1802 and amendments thereto, expenditures may be made from the interstate water litigation fund for: (1) Litigation costs for the case of Kansas v. Colorado No. 105, Original in the Supreme Court of the United States, including repayment of past contributions; (2) expenses related to the appointment of a river master or such other official as may be appointed by the Supreme Court to administer, implement or enforce its decree or other orders of the Supreme Court related to this case; and (3) expenses incurred by agencies of the state of Kansas to monitor actions of the state of Colorado and its water users and to enforce any settlement, decree or order of the Supreme Court related to this case.”;

On page 7, in line 19, by striking “\$1,026,072” and inserting “\$1,176,072”; in line 24, preceding the period, by inserting: “: *Provided further*, That expenditures may be made from the tort claims fund for defense of state officials in connection with litigation brought pursuant to 2002 House Resolution 6003: *Provided, however*, That no such expenditure shall be made for defense of members of the Kansas legislature in connection with litigation brought pursuant to 2002 House Resolution 6003”;

On page 8, after line 36, by inserting the following:
 “(d) During the fiscal year ending June 30, 2005, of the aggregate amount of fines, penalties and forfeitures remitted each month to the state treasurer by the clerks of the district courts, the state treasurer shall credit (1) the amount equal to 1% of each such aggregate monthly remittance to the crime victims compensation fund; and (2) the amount equal to 1% of each such aggregate monthly remittance to the crime victims assistance fund: *Provided*, That all moneys credited to the crime victims compensation fund pursuant to this subsection shall be in addition to all other amounts credited to the crime victims compensation fund as prescribed by K.S.A. 74-7336 and amendments thereto or by any other statute: *Provided further*, That all moneys credited to the crime victims assistance fund pursuant to this subsection shall be in addition to all other amounts credited to the crime victims assistance fund as prescribed by K.S.A. 20-367 and 74-7336 and amendments thereto or by any other statute.

(e) During the fiscal year ending June 30, 2005, the director of accounts and reports is hereby authorized to transfer an amount certified by the attorney general of not to exceed \$100,000 from the crime victims compensation fund to the crime victims assistance fund.

(f) The attorney general is hereby directed to submit to the legislature any vouchers or claims for payment of expenses related to seeking an injunction to prohibit the expenditure of state funds for the purpose of terminating lives of human beings pursuant to 2002 House Resolution 6003.”;

On page 9, after line 6, by inserting the following:
 “*Provided*, That expenditures from the information and services fee fund for official hospitality shall not exceed \$2,500.”;

Also on page 9, in line 18, by striking “grants”; by striking all in lines 19 through 30;

On page 10, by striking all in line 8; after line 14, by inserting the following:
 “*Provided*, That the state treasurer is hereby authorized to fix, charge and collect a cash management fee for services provided by the state treasurer for banking services and for processing warrants and direct deposits except that payroll warrants shall not be subject to any fee prescribed by this section: *Provided further*, That such fees shall be fixed to recover all or part of the operating expenditures incurred in providing such services: *And provided further*, That fees fixed by the state treasurer for services provided by the state treasurer in providing banking services shall be fixed to collect an estimated aggregate amount not to exceed the actual transaction costs for the fiscal year ending June 30, 2005: *And provided further*, That fees fixed by the state treasurer for processing warrants and direct deposits

shall be fixed to collect an estimated aggregate amount not to exceed \$979,303 for the fiscal year ending June 30, 2005: *And provided further*, That the state treasurer is hereby authorized to fix, charge and collect a voucher processing fee for services provided by the state treasurer in processing vouchers and maintaining the voucher system: *And provided further*, That such fees shall be fixed to recover all or part of the operating expenditures incurred in providing such services: *And provided further*, That fees fixed by the state treasurer for services provided by the state treasurer in processing vouchers and maintaining the voucher system shall be fixed to collect an estimated aggregate amount not to exceed \$180,000 for the fiscal year ending June 30, 2005: *And provided further*, That all moneys received from such fees shall be deposited in the state treasury and credited to the services reimbursement fund: *And provided further*, That expenditures from this fund may be made for operating expenditures for the state treasurer’s office: *And provided further*, That during the fiscal year ending June 30, 2005, the director of accounts and reports shall transfer to the services reimbursement fund of the state treasurer one or more amounts certified by the state treasurer, for expenses incurred for warrants issued and processed and electronic transactions processed for the department of human resources payable from the employment security fund, from moneys made available to the state under section 903(d) of the federal social security act, as amended, and credited to the employment security fund, except that the aggregate of such amounts transferred shall not exceed \$451,000.”;

On page 12, preceding line 36, by inserting:
 “Monumental life settlement fund \$12,396

Provided, That all expenditures from the monumental life settlement fund shall be made for scholarship purposes: *Provided further*, That the scholarship recipients shall be African-American students who are making satisfactory progress toward a degree in actuarial sciences and who are attending an accredited higher education institution in the state of Kansas.”;

On page 13, in line 32, by striking “\$1,041,610” and inserting “\$1,059,786”;

On page 14, in line 36, by striking “\$15,400,621” and inserting “\$16,000,621”;

On page 16, in line 5, by striking “\$93,392,348” and inserting “\$89,972,387”;

On page 34, after line 19, by inserting the following:

“(p) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:

EDIF — public broadcasting capital equipment grants \$74,924

(q) In addition to the other purposes for which expenditures may be made by the department of administration from moneys appropriated from the state general fund or any special revenue fund for the fiscal year ending June 30, 2005, by this or other appropriation act of the 2004 regular session of the legislature, expenditures shall be made by the department of administration to produce paper copies of the health risk appraisal instrument for any participant in the group health insurance plan who submits a written request for such paper copy.

(r) In addition to other purposes for which expenditures may be made by the department of administration from moneys appropriated from the information technology fund for the fiscal year ending June 30, 2005, by this or other appropriation act of the 2004 regular session of the legislature, the director of the division of information systems and communications is hereby authorized to fix, charge and collect fees for publication and distribution of the KANS-A-N telephone directory.”;

On page 38, in line 42, by striking “\$9,303,945” and inserting “\$8,721,168”;

On page 40, in line 31, by striking “No limit” and inserting “\$1,650,753”;

On page 42, in line 10, by striking “\$2,000,000” and inserting “\$100,000”; in line 11, by striking “\$14,368,030” and inserting “\$15,168,030”;

On page 46, in line 16, by striking “\$215,906” and inserting “\$315,906”; in line 30, by striking “\$11,310,217” and inserting “\$11,510,217”;

On page 49, after line 6, by inserting the following:

“(c) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:

Older Kansans employment program \$239,430”;

And by relettering subsections accordingly;

On page 50, in line 6, by striking "\$1,452,603" and inserting "\$1,730,750"; in line 10, by striking "\$1,649,009" and inserting "\$1,760,410"; in line 20, by striking "\$1,922,298" and inserting "\$2,074,686"; in line 23, by striking "\$6,702,903" and inserting "\$5,833,139"; in line 42, by striking "\$6,876,940" and inserting "\$6,926,940";

On page 69, after line 37, by inserting the following:

Provided, That any unencumbered balance in the mental health and retardation services aid and assistance account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005.”;

On page 70, in line 13, by striking "\$22,359,876" and inserting "\$22,809,476";

On page 71, in line 32, by striking "\$1,000,000" and inserting "\$1,500,000";

On page 76, in line 13, by striking "\$1,800,000" and inserting "\$3,800,000"; in line 29, by striking "\$3,106,230" and inserting "\$3,006,230"; in line 33, by striking "\$2,000,000" and inserting "\$1,900,000"; in line 41, preceding the period, by inserting: “: *Provided further*, That \$250,000 from the children’s cabinet early childhood discretionary grant program account shall be expended for smoking cessation/avoidance for pregnant women through the Kansas department of health and environment smoking cessation program: *And provided further*, That \$250,000 from the children’s cabinet early childhood discretionary grant program account shall be expended for the Kansas department of health and environment infants and toddlers program”;

Also on page 76, in line 42, by striking "\$3,000,000" and inserting "\$2,900,000";

On page 77, in line 7, by striking "\$2,243,770" and inserting "\$2,143,770"; in line 12, by striking "\$2,000,000" and inserting "\$0"; after line 19, by inserting the following:

“Attendant care for independent living \$50,000”;

On page 79, after line 25, by inserting the following:

“(m) During the fiscal year ending June 30, 2005, the director of accounts and reports shall transfer the amounts specified by the director of the budget from the LTC — medicaid assistance — NF account of the state general fund of the department on aging to the LTC — medicaid assistance — HCBS/FE account of the state general fund of the department on aging or to the community based services account of the department of social and rehabilitation services: *Provided*, That such transfers shall be certified by the director of the budget on December 1, 2004, and on June 1, 2005, to reflect the nursing facility rate paid for persons moving from a nursing facility to the home and community- based services waiver for the physically disabled or the frail elderly for the six months preceding the date of certification: *Provided further*, That the aggregate of all such transfers certified during fiscal year 2005 shall not exceed the amount required to support the movement of 75 individuals from nursing facilities to home and community-based services: *And provided further*, That each of the 75 individuals must meet the requirements described in a policy jointly developed by the secretary of aging and the secretary of social and rehabilitation services governing the operations of this transfer: *And provided further*, That the director of the budget shall transmit a copy of each such certification to the director of the legislative research department.

(n) During the fiscal year ending June 30, 2005, no expenditures shall be made from the children’s initiatives fund above those approved for fiscal year 2004 without state finance council approval of the children’s cabinet plan to review the programs funded by the children’s initiatives fund.”;

Also on page 79, in line 30, by striking "\$1,027,513" and inserting "\$1,032,930";

On page 86, after line 39, by inserting the following:

“(c) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:

EDIF — arts programming grants and challenge grants \$35,000

Provided, That expenditures from the EDIF —arts programming grants and challenge grants account shall be only for the purpose of matching an equal or greater amount of federal grant moneys or local grant moneys, or both, for arts programming projects: *Provided further*, That expenditures from this account shall be made in a manner to benefit the maximum number of Kansas communities in the development of Kansas talent and art.”;

Also on page 86, in line 40, by striking “(c)” and inserting “(d)”;

On page 87, in line 5, by striking "\$4,501,339" and inserting "\$4,555,339”;

On page 89, preceding line 1, by inserting the following:
 “(b) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:
 Operations..... \$31,353”;
 Also on page 89, in line 1, by striking “(b)” and inserting “(c)”;
 On page 108, after line 13, by inserting the following:
 “Life sciences research \$400,000
 (g) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:
 Life sciences research \$100,000”;
 On page 110, after line 5, by inserting the following:
 “(d) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:
 Aviation research initiative \$2,000,000
Provided, That any unencumbered balance in the aviation research initiative account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005.”;
 On page 112, after line 13, by inserting the following:
 “Alternative teacher certification..... \$450,000
Provided, That the state board of regents is hereby authorized to transfer moneys from the alternative teacher certification account to the appropriate account or accounts of the state general fund of any state educational institution under the control and supervision of the state board of regents.”;
 On page 118, in line 7, by striking “\$30,113,364” and inserting “\$30,863,364”;
 On page 120, after line 15, by inserting the following:
 “*Provided*, That expenditures of \$200,000 shall be made by the department of corrections during fiscal year 2005 from the inmate benefit fund for the operation of the visitor centers.”;
 On page 126, in line 34, by striking “\$3,968,580” and inserting “\$4,257,665”;
 On page 130, after line 2, by inserting the following:
 “(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2005, the following:
 Operating expenditures \$30,688,004
Provided, That any unencumbered balance in the operating expenditures account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005: *Provided, however*, That expenditures from such reappropriated balance shall be made only upon approval of the state finance council: *Provided further*, That expenditures from this account for official hospitality shall not exceed \$3,000.”;
 And by relettering subsections accordingly;
 On page 132, in line 5, by striking “\$44,390,515” and inserting “\$13,702,511”; in line 43, by striking “\$11,097,628.75” and inserting “\$3,425,627.75”;
 On page 133, after line 29, by inserting the following:
 “(k) On July 1, 2004, October 1, 2004, January 1, 2005, and April 1, 2005, the director of accounts and reports shall transfer \$7,672,001 from the state highway fund of the department of transportation to the state general fund. In addition to other purposes for which expenditures may be made from the state highway fund during fiscal year 2005 and notwithstanding the provisions of K.S.A. 68-416 and amendments thereto or any other statute transfers and expenditures may be made from the state highway fund during fiscal year 2005 for the support and maintenance of the Kansas highway patrol.”;
 Also on page 133, by striking all in line 35 and inserting in lieu thereof the following:
 “Operating expenditures — salaries and wages \$10,468,373
 Other operating expenditures \$1,339,780”;
 On page 134, after line 22, by inserting the following:
 “Kansas bureau of investigation motor vehicle fund \$350,000”;
 On page 136, after line 3, by inserting the following:
 “(c) On July 1, 2004, the director of accounts and reports shall transfer \$350,000 from the state general fund to the Kansas bureau of investigation motor vehicle fund for the purpose of acquiring and selling motor vehicles for the Kansas bureau of investigation.”;
 Also on page 136, in line 14, by striking “\$959,301” and inserting “\$1,034,301”;

On page 141, after line 13, by inserting the following:

“(f) There is appropriated for the Kansas department of agriculture from the state water plan fund for the fiscal year ending June 30, 2005, from amounts first released from amounts encumbered by the Kansas department of agriculture, the department of health and environment, the state conservation commission, the Kansas water office, or any other state agency from the state water plan fund, or any account thereof, the amount of \$110,447 for the water appropriation subprogram of the state water plan fund of the Kansas department of agriculture.”;

On page 146, after line 9, by inserting the following:

“(f) During the fiscal year ending June 30, 2005, the state conservation commission is hereby authorized and directed to receive and expend moneys from the federal government, or any other public or private source, for the purpose of implementing a pilot program for irrigation transition grants, subject to the provisions prescribed in K.S.A. 2-1915 and 2-1919 and amendments thereto, with the condition that there shall be no cost-share requirement for the state or any local entity: *Provided*, That, in addition to the other purposes for which expenditures may be made by the state conservation commission from moneys appropriated from the state general fund or any special revenue fund of the state conservation commission by this or other appropriation act of the 2004 regular session of the legislature, the state conservation commission shall make expenditures from moneys appropriated from the state general fund or any special revenue fund of the state conservation commission by this or other appropriation act of the 2004 regular session of the legislature to develop and adopt rules and regulations not later than March 1, 2005, to implement such pilot program for irrigation transition grants: *Provided further*, That all water rights returned to the state under the provisions of K.S.A. 2-1915 and amendments thereto and such pilot program for irrigation transition grants shall be permanently dismissed by the chief engineer of the division of water resources of the Kansas department of agriculture.”;

On page 147, after line 29, by inserting the following:

“*Provided*, That any unencumbered balance in the assessment and evaluation account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005.”;

Also on page 147, in line 42, by striking “\$29,690” and inserting “\$39,690”; after line 43, by inserting the following:

“Any unencumbered balance in the federal cost-share programs account in excess of \$100 as of June 30, 2004, is hereby reappropriated for fiscal year 2005.”;

On page 149, after line 32, by inserting the following:

“(i) There is appropriated for the above agency from the state economic development initiatives fund for the fiscal year ending June 30, 2005, the following:

Water resource education \$10,000”;

On page 156, in line 31, by striking “938.4” and inserting “940.4”; in line 40, by striking “707.2” and inserting “726.2”;

On page 169, after line 24, by inserting the following:

“(p) In addition to the other purposes for which expenditures may be made by the legislature from the operations (including official hospitality) account of the state general fund for the fiscal year ending June 30, 2005, expenditures shall be made by the legislature from the operations (including official hospitality) account of the state general fund for fiscal year 2005, for an additional amount of allowance equal to the amount required to provide, along with the amount of allowance otherwise payable from appropriations for the legislature to each member of the legislature at the rate prescribed by subsection (c) of K.S.A. 46-137a and amendments thereto, an aggregate amount of allowance of \$324 for the two-week period which coincides with the first biweekly payroll period commencing in June, which is chargeable to fiscal year 2005, and for each of the 15 ensuing two-week periods thereafter and for the two-week period which coincides with the first biweekly payroll period commencing in April, 2005, and for each of the three ensuing two-week periods thereafter, for each member of the legislature to defray expenses incurred between sessions of the legislature for postage, telephone, office and other incidental expenses, which is chargeable to fiscal year 2005: *Provided*, That all expenditures under this subsection (p) for such purposes shall be made in the same manner and at the same times that such allowance is payable to such members

of the legislature for such two-week periods for which such allowance is payable and which are chargeable to fiscal year 2005.”;

On page 170, in line 16, by striking “\$3,158,312” and inserting “\$3,138,694”;

On page 172, in line 29, by striking “\$20,125,765” and inserting “\$20,031,930”;

On page 174, after line 16, by inserting the following:

“(5) The provisions of this subsection (b) shall not apply to:

(A) The health care stabilization fund of the health care stabilization fund board of governors; or

(B) the veterinary examiners fee fund of the state board of veterinary examiners; or

(C) the fire marshal fee fund of the state fire marshal or any other special revenue fund appropriated for the state fire marshal by this or other appropriation act of the 2004 regular session of the legislature; or

(D) any special revenue fund appropriated for the state historical society by this or other appropriation act of the 2004 regular session of the legislature; or

(E) the judicial council fund of the judicial council or any other special revenue fund appropriated for the judicial council by this or other appropriation act of the 2004 regular session of the legislature.”;

Also on page 174, in line 17, after “(1)” by inserting “(A)”; in line 18, after “statute” by inserting “except as otherwise provided in this subsection (c)”; in line 26, by striking “July 15, 2005” and inserting “April 19, 2004”; in line 34, by striking “subsection (c)(1)” and inserting “paragraph (c)(1)(A)”; in line 38, by striking “subsection (c)(1)” and inserting “paragraph (c)(1)(A)”; in line 42, preceding the period, by inserting “: *And provided further*, That the provisions of this paragraph (c)(1)(A) shall not apply to the bank commissioner fee fund of the state bank commissioner”; after line 42, by inserting the following:

“(B) Effective as of June 30, 2005, notwithstanding the provisions of any other statute, the director of accounts and reports shall transfer the amount of the unencumbered balance in the bank commissioner fee fund of the state bank commissioner that is in excess of \$600,000, as certified by the director of the budget to the director of accounts and reports on or before April 19, 2004, from the bank commissioner fee fund of the state bank commissioner to the state general fund: *Provided*, That, in making such certification, the director of the budget shall take into account the maximum prescribed by subsection (c)(2) and such other factors and considerations as are deemed appropriate by the director of the budget with respect to the bank commissioner fee fund of the state bank commissioner: *Provided further*, That, at the same time that such certification is made by the director of the budget to the director of accounts and reports under this paragraph (c)(1)(B), the director of the budget shall deliver a copy of such certification to the director of the legislative research department: *And provided further*, That the amount transferred from each such special revenue fund to the state general fund pursuant to this paragraph (c)(1)(B) is to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel and purchasing services and any other governmental services which are performed on behalf of the state bank commissioner by other state agencies which receive appropriations from the state general fund to provide such services.”;

On page 175, in line 4, by striking “\$6,422,848” and inserting “\$4,678,034”;

On page 177, in line 4, by striking “\$367,000” and inserting “\$767,000”;

On page 185, after line 30, by inserting the following:

“Sec. 82. On July 1, 2004, K.S.A. 2003 Supp. 75-6702 is hereby amended to read as follows: 75-6702. (a) The last appropriation bill passed in any regular session of the legislature shall be the omnibus reconciliation spending limit bill. Each bill which is passed during a regular session of the legislature and which appropriates or transfers money from the state general fund for the ensuing fiscal year shall contain a provision that such bill shall take effect and be in force from and after the effective date of the omnibus reconciliation spending limit bill for that regular session of the legislature or from and after such effective date and a subsequent date or an event occurring after such effective date.

(b) Except as provided in subsection (c), the maximum amount of expenditures and demand transfers from the state general fund that may be authorized by act of the legislature during the 2004 regular session of the legislature and each regular session of the legislature thereafter, is hereby fixed so that there will be an ending balance in the state general fund

for the ensuing fiscal year that is equal to 7½% or more of the total amount authorized to be expended or transferred by demand transfer from the state general fund in such fiscal year.

(c) The provisions of subsection (b) are hereby suspended for the fiscal year ending June 30, 2004 2005, and shall not prescribe a maximum amount of expenditures and demand transfers from the state general fund that may be authorized by act of the legislature during the 2003 2004 regular session of the legislature.:"

And by renumbering sections accordingly;

Also on page 185, in line 31, after "75-2319," by inserting "75-6702,;" after line 33, by inserting the following:

"Sec. 84. On July 1, 2004, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$500,000 from the children's initiatives fund to the state general fund.;"

And by renumbering sections accordingly;

On page 188, in line 35, by striking "July"; by striking all in lines 36 and 37; in line 38, by striking all before the period and inserting in lieu thereof "its publication in the Kansas register";

On page 1, in the title, in line 14, after "75-2319," by inserting "75-6702,;" and the bill be passed as amended.

COMMITTEE OF THE WHOLE

On motion of Senator Oleen, the Senate resolved itself into Committee of the Whole for consideration of bills on the calendar under the heading of General Orders with Senator Umbarger in the chair.

On motion of Senator Umbarger the following report was adopted:

Recommended **HB 2670** be passed.

SB 558; HB 2573, Sub HB 2698 be amended by adoption of the committee amendments, and the bills be passed as amended.

HB 2633 be amended by motion of Senator Vratil on page 3, line 6, by inserting "and ownership" after the word "registration", and **HB 2633** be passed as amended.

SB 537 be amended by adoption of the committee amendments, be further amended by motion of Senator Morris as amended by Senate Committee, on page 27, after line 1, by inserting the following:

"(q) During the fiscal year ending June 30, 2005, no expenditures shall be made from any moneys appropriated for the department of wildlife and parks from the state general fund or any special revenue fund for construction of any new river access on the Kansas River, unless (1) in any case of a new river access project on the Kansas river to be located wholly or partially outside an incorporated municipality, the secretary of wildlife and parks has obtained the prior written permission for the proposed river access from each owner of each parcel of real property on the river which is immediately adjacent to the real property upon which the proposed river access project is to be constructed, and, if a parcel of any such immediately adjacent real property is being leased, then the secretary also has obtained the prior written permission for the proposed new river access project from the lessor of such immediately adjacent real property, and (2) in any case of a new river access project on the Kansas river to be located wholly within an incorporated municipality, the secretary has obtained the prior written permission for the proposed new river access project from the governing body of the municipality.," and **SB 537** be passed as further amended.

A motion by Senator Huelskamp to amend **SB 537** failed and the following amendment was rejected: on page 26, line 6 - 15, by striking all and renumbering accordingly

SB 547 be amended by adoption of the committee amendments, be further amended by motion of Senator Tyson as amended by Senate Committee, on page 1, in line 36, following the period by inserting "Any private property's taking or appropriation for industrial or economic development may be exempted from the limitations on such takings provided by this subsection upon specific approval by virtue of legislative enactment that specifies the occasions, modes, conditions and agencies for such private property's taking or appropriation."

The Committee recommended **SB 547** be passed over and retain a place on the calendar.

HB 2545 be amended by adoption of the committee amendments, be further amended by motion of Senator Barnett as amended by Senate Committee, on page 39, following line 13, by inserting the following:

“Sec. 30. From and after July 1, 2004, K.S.A. 2003 Supp. 79-32,117 is hereby amended to read as follows: 79-32,117. (a) The Kansas adjusted gross income of an individual means such individual's federal adjusted gross income for the taxable year, with the modifications specified in this section.

(b) There shall be added to federal adjusted gross income:

(i) Interest income less any related expenses directly incurred in the purchase of state or political subdivision obligations, to the extent that the same is not included in federal adjusted gross income, on obligations of any state or political subdivision thereof, but to the extent that interest income on obligations of this state or a political subdivision thereof issued prior to January 1, 1988, is specifically exempt from income tax under the laws of this state authorizing the issuance of such obligations, it shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income. Interest income on obligations of this state or a political subdivision thereof issued after December 31, 1987, shall be excluded from computation of Kansas adjusted gross income whether or not included in federal adjusted gross income.

(ii) Taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state or any other taxing jurisdiction to the extent deductible in determining federal adjusted gross income and not credited against federal income tax. This paragraph shall not apply to taxes imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amendments thereto, for privilege tax year 1995, and all such years thereafter.

(iii) The federal net operating loss deduction.

(iv) Federal income tax refunds received by the taxpayer if the deduction of the taxes being refunded resulted in a tax benefit for Kansas income tax purposes during a prior taxable year. Such refunds shall be included in income in the year actually received regardless of the method of accounting used by the taxpayer. For purposes hereof, a tax benefit shall be deemed to have resulted if the amount of the tax had been deducted in determining income subject to a Kansas income tax for a prior year regardless of the rate of taxation applied in such prior year to the Kansas taxable income, but only that portion of the refund shall be included as bears the same proportion to the total refund received as the federal taxes deducted in the year to which such refund is attributable bears to the total federal income taxes paid for such year. For purposes of the foregoing sentence, federal taxes shall be considered to have been deducted only to the extent such deduction does not reduce Kansas taxable income below zero.

(v) The amount of any depreciation deduction or business expense deduction claimed on the taxpayer's federal income tax return for any capital expenditure in making any building or facility accessible to the handicapped, for which expenditure the taxpayer claimed the credit allowed by K.S.A. 79-32,177, and amendments thereto.

(vi) Any amount of designated employee contributions picked up by an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965, and amendments to such sections.

(vii) The amount of any charitable contribution made to the extent the same is claimed as the basis for the credit allowed pursuant to K.S.A. 79-32,196, and amendments thereto.

(viii) The amount of any costs incurred for improvements to a swine facility, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 2003 Supp. 79-32,204 and amendments thereto.

(ix) The amount of any ad valorem taxes and assessments paid and the amount of any costs incurred for habitat management or construction and maintenance of improvements on real property, claimed for deduction in determining federal adjusted gross income, to the extent the same is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203 and amendments thereto.

(x) Amounts received as nonqualified withdrawals, as defined by K.S.A. 2003 Supp. 75-643, and amendments thereto, if, at the time of contribution to a family postsecondary education savings account, such amounts were subtracted from the federal adjusted gross

income pursuant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amendments thereto, or if such amounts are not already included in the federal adjusted gross income.

(c) There shall be subtracted from federal adjusted gross income:

(i) Interest or dividend income on obligations or securities of any authority, commission or instrumentality of the United States and its possessions less any related expenses directly incurred in the purchase of such obligations or securities, to the extent included in federal adjusted gross income but exempt from state income taxes under the laws of the United States.

(ii) Any amounts received which are included in federal adjusted gross income but which are specifically exempt from Kansas income taxation under the laws of the state of Kansas.

(iii) The portion of any gain or loss from the sale or other disposition of property having a higher adjusted basis for Kansas income tax purposes than for federal income tax purposes on the date such property was sold or disposed of in a transaction in which gain or loss was recognized for purposes of federal income tax that does not exceed such difference in basis, but if a gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to that portion of such gain which is included in federal adjusted gross income.

(iv) The amount necessary to prevent the taxation under this act of any annuity or other amount of income or gain which was properly included in income or gain and was taxed under the laws of this state for a taxable year prior to the effective date of this act, as amended, to the taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive the income or gain, or to a trust or estate from which the taxpayer received the income or gain.

(v) The amount of any refund or credit for overpayment of taxes on or measured by income or fees or payments in lieu of income taxes imposed by this state, or any taxing jurisdiction, to the extent included in gross income for federal income tax purposes.

(vi) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the extent that the same are included in federal adjusted gross income.

(vii) Amounts received as annuities under the federal civil service retirement system from the civil service retirement and disability fund and other amounts received as retirement benefits in whatever form which were earned for being employed by the federal government or for service in the armed forces of the United States.

(viii) Amounts received by retired railroad employees as a supplemental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1) *et seq.*

(ix) Amounts received by retired employees of a city and by retired employees of any board of such city as retirement allowances pursuant to K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter ordinance exempting a city from the provisions of K.S.A. 13-14,106, and amendments thereto.

(x) For taxable years beginning after December 31, 1976, the amount of the federal tentative jobs tax credit disallowance under the provisions of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978, the amount of the targeted jobs tax credit and work incentive credit disallowances under 26 U.S.C. 280 C.

(xi) For taxable years beginning after December 31, 1986, dividend income on stock issued by Kansas Venture Capital, Inc.

(xii) For taxable years beginning after December 31, 1989, amounts received by retired employees of a board of public utilities as pension and retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249 and amendments thereto.

(xiii) For taxable years beginning after December 31, 1993, the amount of income earned on contributions deposited to an individual development account under K.S.A. 79-32,117h, and amendments thereto.

(xiv) For all taxable years commencing after December 31, 1996, that portion of any income of a bank organized under the laws of this state or any other state, a national banking association organized under the laws of the United States, an association organized under the savings and loan code of this state or any other state, or a federal savings association organized under the laws of the United States, for which an election as an S corporation under subchapter S of the federal internal revenue code is in effect, which accrues to the

taxpayer who is a stockholder of such corporation and which is not distributed to the stockholders as dividends of the corporation.

(xv) For all taxable years beginning after December 31, 1999, amounts not exceeding \$2,000, or \$4,000 for a married couple filing a joint return, for each designated beneficiary which are contributed to a family postsecondary education savings account established under the Kansas postsecondary education savings program for the purpose of paying the qualified higher education expenses of a designated beneficiary at an institution of postsecondary education. The terms and phrases used in this paragraph shall have the meaning respectively ascribed thereto by the provisions of K.S.A. 2003 Supp. 75-643, and amendments thereto, and the provisions of such section are hereby incorporated by reference for all purposes thereof.

(xvi) *For the tax year beginning after December 31, 2004, an amount not exceeding \$500; for the tax year beginning after December 31, 2005, an amount not exceeding \$600; for the tax year beginning after December 31, 2006, an amount not exceeding \$700; for the tax year beginning after December 31, 2007, an amount not exceeding \$800; for the tax year beginning December 31, 2008, an amount not exceeding \$900; and for all taxable years commencing after December 31, 2009, an amount not exceeding \$1,000 of the premium costs for qualified long-term care insurance contracts, as defined by subsection (b) of section 7702B of public law 104-191.*

(d) There shall be added to or subtracted from federal adjusted gross income the taxpayer's share, as beneficiary of an estate or trust, of the Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and amendments thereto.

(e) The amount of modifications required to be made under this section by a partner which relates to items of income, gain, loss, deduction or credit of a partnership shall be determined under K.S.A. 79-32,131, and amendments thereto, to the extent that such items affect federal adjusted gross income of the partner.;

And by renumbering remaining sections accordingly;

On page 39, in line 16, after "40-2202" by inserting "and K.S.A. 2003 Supp. 79-32,117";

In the title, in line 16, after the semicolon, by inserting "relating to income tax deduction for long-term care insurance premium costs;"; in line 18, after "and" by inserting "79-32,117 and", and **HB 2545** be passed as further amended.

HB 2563 be amended by adoption of the committee amendments, be further amended by motion of Senator Barnett as amended by Senate Committee, on page 1, in line 17, preceding "K.S.A." by inserting "On and after January 1, 2005,;"; in line 36, preceding "K.S.A." by inserting "On and after January 1, 2005,;";

On page 2, following line 12, by inserting the following:

"Sec. 3. K.S.A. 79-5107 is hereby amended to read as follows: 79-5107. (a) Except as provided in subsection (e), the tax imposed by this act upon any motor vehicle, other than a motor vehicle which replaces a motor vehicle previously registered and taxed in this state and to which registration plates are transferred, which has been acquired, or brought into the state, or for any other reason becomes subject to registration after the owner's regular annual motor vehicle registration date, shall become due and payable at the time such motor vehicle becomes subject to registration under the laws of this state and the amount of tax to be paid by the owner for the remainder of the tax year shall be an amount which is equal to $\frac{1}{12}$ of the tax which would have been due upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in the registration year of the owner of such vehicle. Such tax shall be paid at the time of the registration of such motor vehicle.

(b) Except as provided in subsection (e), the tax upon a motor vehicle, which replaces a motor vehicle previously registered and taxed in this state and to which registration plates are transferred, which is registered at any time other than the annual registration date prescribed by law for the registration of such motor vehicle, shall be in an amount equal to the amount by which: (1) One-twelfth of the tax which would have been due upon such replacement motor vehicle for the full registration year multiplied by the number of full calendar months remaining in the registration year for such motor vehicle, exceeds (2) one-twelfth of the tax which would have been due for the full registration year upon the motor

vehicle replaced multiplied by the number of full calendar months remaining in such registration year. Such tax shall be paid at the time of registration of such replacement vehicle.

(c) Whenever the tax imposed under this act has been paid upon any motor vehicle and title to such vehicle is transferred and no replacement vehicle is substituted therefor such taxpayer shall be entitled to a refund in an amount equal to 1/12 of the tax due upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in such registration year. Whenever the tax imposed under this act upon any replacement motor vehicle for the remainder of the registration year is less than the tax paid on the motor vehicle replaced for the remainder of such registration year, the taxpayer shall be entitled to a refund in the amount by which the tax paid upon the vehicle replaced exceeds the tax due upon the replacement vehicle. All refunds shall be paid by the county treasurer from the moneys received from taxes upon motor vehicles imposed by this act which have not been distributed. No refund shall be made under the authority of this subsection for a sum less than \$5.

(d) Whenever the tax imposed under this act has been paid upon any motor vehicle and the owner thereof has established residence in another state during such vehicle's registration year, such owner shall be entitled to a refund of such taxes in an amount equal to 1/12 of the tax paid upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in such registration year after the month of establishing residence in another state. No such refund shall be allowed unless and until the owner submits to the county treasurer evidence of a valid driver's license and motor vehicle registration in another state, and surrenders the Kansas license plate. All refunds shall be paid by the county treasurer from the moneys received from taxes upon motor vehicles which have not been distributed. No refund shall be made for a sum less than \$5.

(e) No tax shall be levied under the provisions of this act upon ~~any motor vehicle which is not more than two motor vehicles which are~~ owned by a resident individual who is in the full-time regular military service of the United States ~~and absent from this state solely by reason of military orders and which is maintained by such individual outside of this state~~ on the date of such individual's application for registration.

Sec. 4. K.S.A. 79-5107 is hereby repealed.”;

By renumbering sections accordingly;

Also on page 2, in line 13, preceding “K.S.A.” by inserting “On and after January 1, 2005,”; in line 14, by striking all following “after”; in line 15, by striking all preceding “its”;

On page 1, in the title, in line 12, after the second semicolon, by inserting “relating to the taxation thereof;”; in line 13, by striking “and 8-1611” and by inserting “, 8-1611 and 79-5107”, and **HB 2563** be passed as further amended.

SB 395 be passed over and retain a place on the calendar.

On motion of Senator Oleen the Senate adjourned until 2:30 p.m., Tuesday, March 23, 2004.

HELEN MORELAND, CAROL PARRETT, BRENDA KLING, *Journal Clerks.*

PAT SAVILLE, *Secretary of the Senate.*

