

Approved: 3-7-95  
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Senator Lana Oleen at 11:05 a.m. on February 13, 1995 in Room 254-E of the Capitol.

All members were present.

Committee staff present: Mary Galligan, Legislative Research Department  
Mary Ann Torrence, Revisor of Statutes  
Kim Perkins, Committee Secretary

Conferees appearing before the committee: Gregory Ziemak, Executive Director of the Kansas Lottery  
Art Neuheidel, Executive Director of the Kansas Racing Commission

Others attending: See attached list

Sen. Oleen introduced Gregory Ziemak who gave a presentation on the Kansas Lottery beginning with a video (produced at no cost to the lottery) which discussed general background information, a history of the Kansas Lottery, and outlined where money generated from the lottery is distributed. The video is shown to interested parties and was aired on Topeka and Wichita television stations as a public service spot.

Gregory Ziemak distributed a packet of information regarding the lottery (Attachment 1) and asked for questions from the committee. Sen. Ramirez referenced an information sheet, which showed the income tax withholdings of lottery winners, and asked if big winners were included in the information and Ziemak answered affirmatively. Sen. Oleen asked if the winners who were paid over several years were also taxed yearly. Ziemak answered that taxes are collected on a yearly basis for the amount distributed each year.

Sen. Gooch clarified that the lottery would be able to continue to pay big winners who get paid yearly if the lottery were to end in 1996 and no more revenue would be generated. Ziemak explained that with the closure of the lottery, there would have to be a provision made to create a prize fund in order to pay those winners. He continued to say that for every dollar that is spent on a ticket, approximately 52% is for prizes and if the lottery ends on July 1, 1996, the lottery will have to stop transferring money over to the state. The money that is no longer transferred to the state would then be placed in the prize fund to continue to pay the yearly prize winners. Sen. Parkinson and Sen. Jones clarified that the state of Kansas did not have to pay winners to the multi-state powerball lottery. Those distributions are funded through a different system.

Sen. Jones referenced a poll which showed that 70% of those people polled favored the lottery and questioned whether the 70% was too quiet with their opinions or if the 30% which are opposed to the lottery are simply more vocal. Ziemak answered that he tended to believe that those who are opposed to the lottery do seem to be louder, but that the increase in sales of 33% speaks loudly for those who favor the lottery.

Sen. Hensley asked how many \$100,000 winners the state of Kansas had and Ziemak answered that the number was 84 and the winning amount of \$100,000 was paid to the winners in one payment. Sen. Hensley asked whether any state had allowed their lottery to expire and Ziemak answered that no state had done so.

Sen. Papay stated that she found her district seemed to be very adamant in its support of the lottery. Sen. Oleen asked Gregory Ziemak to explain the \$50 million cap to the State General Fund. Gregory Ziemak explained that any money generated by the EDIF which exceeds \$50 million would then be transferred to the State General Fund. Last year, more than \$3 million was transferred to the State General Fund.

Sen. Oleen announced that the committee also had information regarding the February 1995 audit of the Kansas Lottery (Attachment 2), lottery budget information compiled by Mary Galligan (Attachment 3), and information regarding the Juvenile Detention Facilities Fund (Attachment 4).

Sen. Vidricksen stated that, from Ziemak's figures, the lottery had spent 13% of generated revenue on administration costs and they had been allotted up to 20% to pay for those costs. Sen. Vidricksen then asked

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 254-E Statehouse, at 11:00 a.m. on February 13, 1995.

where the excess 7% had gone. Ziemak answered that some of the money is transferred to the EDIF.

Sen. Oleen introduced Art Neuhedel, executive director of the Kansas Racing Commission, to present the Commission's proposed amendments to **SB 124**. Art Neuhedel presented the committee with a balloon which outlined the commission's proposals (Attachment 5). Art Neuhedel stated that on page 1, line 11, KSA 7408805 was inserted. Sen. Praeger made a motion to approve the amendment and the motion was seconded by Sen. Papay. The motion passed. Art Neuhedel stated that on page 5, line 22, the commission requests that the first word of that line, "be", is removed. Sen. Tillotson made a motion to approve the amendment and the motion was seconded by Sen. Papay. The motion passed.

Art Neuhedel asked the committee to turn to page 9 of the balloon and asked that the new Section 4 which amends KSA 74-8805 be approved. Sen. Praeger made a motion to approve the amendment and the motion was seconded by Sen. Hensley. The motion passed.

Sen. Oleen announced that the committee would continue working **SB 124** at a later date and the meeting was adjourned at 12:00 p.m.

The next meeting is scheduled for February 14, 1995.



# KANSAS LOTTERY OVERVIEW

\* The Kansas Lottery is a SELF-FUNDING and SELF-SUSTAINING state agency. No tax money is used to support any lottery operation. Of every dollar spent on a Lottery ticket, 30 percent is transferred to the State Gaming Revenues Fund. As determined by the Kansas Legislature, 90 percent is earmarked for economic development and 10 percent is allocated to prison construction.

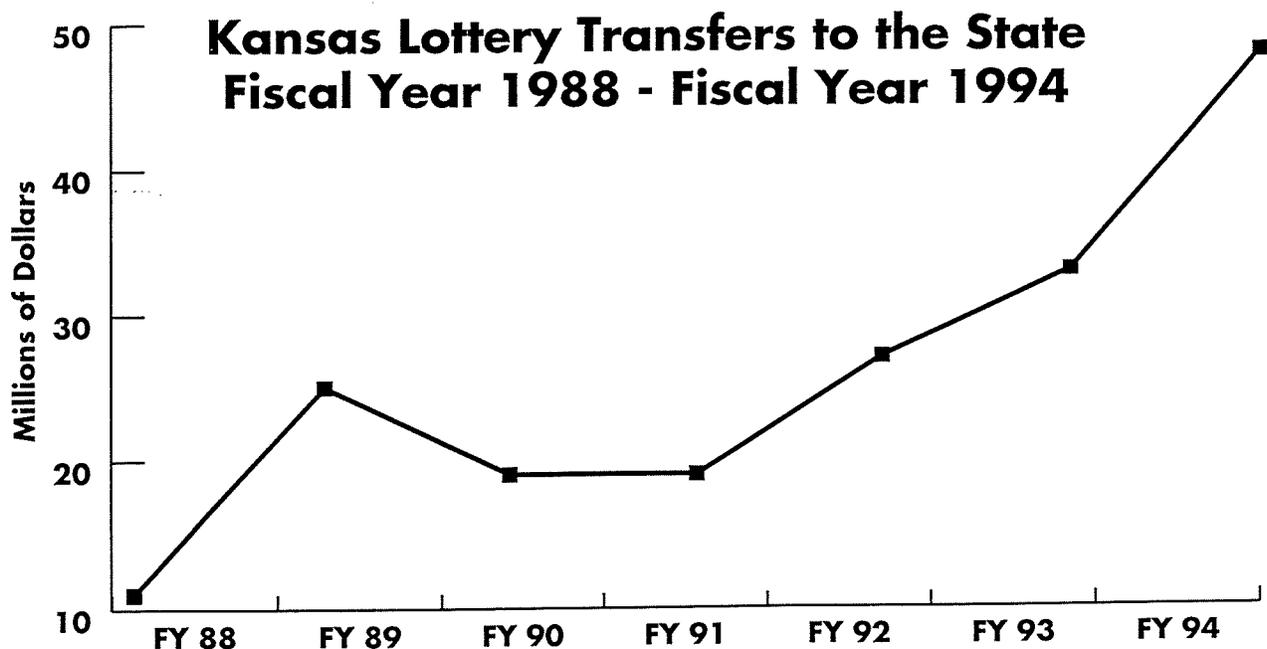
\* In November 1986, 64% of Kansas voters said "YES" to the establishment of a Lottery in Kansas. Just 200 days after the Kansas Lottery was established ticket sales began.

\* The Lottery Commission, a five-member board appointed by the Governor to staggered four-year terms, oversees the operation of the Kansas Lottery.

\* Executive Director Greg Ziemak works closely with the Lottery Commission and oversees the day-to-day operations of the Kansas Lottery.

\* Kansas Lottery products include Powerball, Cash Lotto, Club Keno, Pick 3, instant games and pull tab tickets. Lottery products are sold at approximately 2,000 businesses throughout Kansas. In FY 1994, Lottery product sales generated over \$7.6 million in sales.

\* Kansas Lottery jackpot winners include: Linus McCue, \$11,000,000, May 21, 1988; Gerald Stoltenberg, \$6,000,000, July 2, 1988; Ed Frahm, \$23,000,000, June 6, 1990; Dave Wagner, \$35,000,000, July 14, 1990; Lydia Shellenberger, \$2,000,000, October 20, 1990; Ed Braun, \$3,900,000, November 21, 1990; Donna Morrison, \$6,000,000, April 17, 1991; Paul Ridder, \$959,405, May 15, 1991; Howard Wilburn, \$2,000,000, May 29, 1991; John Towse, \$17,661,167, March 27, 1993; Lucy Padilla, \$1,000,000, June 30, 1993; Randy Frye, \$12,251,580, October 23, 1993; Janet Rickey, \$1,000,000, December 18, 1993; Felix Kane, \$22,500,000, May 21, 1994; and Lois Hampton, \$21,000,000, October 15, 1994.



Sen. Fed & State  
2-13-95  
Attachment 1

**Kansas Lottery**  
**NET SALES**

FY 88	\$ 65,804,532
FY 89	68,188,022
FY 90	64,530,640
FY 91	70,206,003
FY 92	77,039,764
FY 93	114,499,165
FY 94	152,292,802
FY 95	*81,127,344
<b>TOTAL</b>	<b>\$693,688,272</b>

**RETAILER COMMISSIONS**

FY 88	\$3,618,110
FY 89	3,602,985
FY 90	3,318,244
FY 91	3,657,131
FY 92	4,065,060
FY 93	5,819,600
FY 94	7,633,916
FY 95	*4,120,258
<b>TOTAL</b>	<b>\$35,835,304</b>

**GAME PRIZES**

FY 88	\$30,123,006
FY 89	33,755,427
FY 90	28,941,942
FY 91	32,800,224
FY 92	37,063,757
FY 93	58,865,299
FY 94	79,390,419
FY 95	*42,426,080
<b>TOTAL</b>	<b>\$343,366,154</b>

**TRANSFERS TO STATE**

FY 88	\$11,343,321
FY 89	24,500,950
FY 90	19,259,917
FY 91	19,453,470
FY 92	27,147,019
FY 93	32,629,372
FY 94	47,888,013
FY 95	*24,574,477
<b>TOTAL</b>	<b>\$206,796,539</b>

\*FY 95 Unaudited Activity to date 12/31/94

KANSAS LOTTERY FY 94 SALES BY COUNTY

COUNTIES	SALES	RETAILER COMM.	STATE'S SHARE	NUMBER OF RETAILERS
ALLEN	\$782,421.50	\$39,121.08	\$234,726.45	11
ANDERSON	\$483,236.50	\$24,161.83	\$144,970.95	5
ATCHISON	\$635,579.50	\$31,778.98	\$190,673.85	12
BARBER	\$650,708.50	\$32,535.43	\$195,212.55	8
BARTON	\$3,166,236.00	\$158,311.80	\$949,870.80	43
BOURBON	\$693,893.50	\$34,694.68	\$208,168.05	9
BROWN	\$507,412.00	\$25,370.60	\$152,223.60	9
BUTLER	\$2,672,587.50	\$133,629.38	\$801,776.25	36
CHASE	\$247,435.50	\$12,371.78	\$74,230.65	1
CHAUTAUQUA	\$169,443.50	\$8,472.18	\$50,833.05	2
CHEROKEE	\$1,450,526.50	\$72,526.33	\$435,157.95	18
CHEYENNE	\$126,762.50	\$6,338.13	\$38,028.75	4
CLARK	\$99,275.50	\$4,963.78	\$29,782.65	3
CLAY	\$582,374.50	\$29,118.73	\$174,712.35	10
CLOUD	\$569,586.00	\$28,479.30	\$170,875.80	11
COFFEY	\$563,029.50	\$28,151.48	\$168,908.85	6
COMANCHE	\$96,024.00	\$4,801.20	\$28,807.20	2
COWLEY	\$3,229,592.50	\$161,479.63	\$968,877.75	36
CRAWFORD	\$1,720,390.50	\$86,019.53	\$516,117.15	26
DECATUR	\$287,113.00	\$14,355.65	\$86,133.90	6
DICKINSON	\$1,420,861.50	\$71,043.08	\$426,258.45	19
DONIPHAN	\$501,007.00	\$25,050.35	\$150,302.10	8
DOUGLAS	\$3,075,904.00	\$153,795.20	\$922,771.20	43
EDWARDS	\$280,008.00	\$14,000.40	\$84,002.40	3
ELK	\$94,538.50	\$4,726.93	\$28,361.55	3
ELLIS	\$2,190,360.50	\$109,518.03	\$657,108.15	27
ELLSWORTH	\$525,193.00	\$26,259.65	\$157,557.90	10
FINNEY	\$2,258,955.50	\$112,947.78	\$677,686.65	30
FORD	\$2,344,992.00	\$117,249.60	\$703,497.60	26
FRANKLIN	\$1,111,084.00	\$55,554.20	\$333,325.20	14
GEARY	\$3,005,374.00	\$150,268.70	\$901,612.20	29
GOVE	\$147,552.50	\$7,377.63	\$44,265.75	4
GRAHAM	\$142,177.00	\$7,108.85	\$42,653.10	2
GRANT	\$673,032.00	\$33,651.60	\$201,909.60	5
GRAY	\$221,599.50	\$11,079.98	\$66,479.85	5
GREELEY	\$211,739.00	\$10,586.95	\$63,521.70	3
GREENWOOD	\$387,573.00	\$19,378.65	\$116,271.90	10
HAMILTON	\$325,443.00	\$16,272.15	\$97,632.90	5
HARPER	\$534,807.50	\$26,740.38	\$160,442.25	11
HARVEY	\$1,529,328.00	\$76,466.40	\$458,798.40	23
HASKELL	\$286,847.00	\$14,342.35	\$86,054.10	2
HODGEMAN	\$78,222.50	\$3,911.13	\$23,466.75	2
JACKSON	\$469,099.50	\$23,454.98	\$140,729.85	7
JEFFERSON	\$472,317.00	\$23,615.85	\$141,695.10	10
JEWELL	\$182,632.50	\$9,131.63	\$54,789.75	4

KANSAS LOTTERY FY 94 SALES BY COUNTY

COUNTIES	SALES	RETAILER COMM.	STATE'S SHARE	NUMBER OF RETAILERS
JOHNSON	\$16,914,685.00	\$845,734.25	\$5,074,405.50	186
KEARNY	\$359,228.50	\$17,961.43	\$107,768.55	3
KINGMAN	\$481,000.00	\$24,050.00	\$144,300.00	7
KIOWA	\$196,456.00	\$9,822.80	\$58,936.80	4
LABETTE	\$1,170,329.50	\$58,516.48	\$351,098.85	20
LANE	\$122,279.00	\$6,113.95	\$36,683.70	3
LEAVENWORTH	\$2,992,391.50	\$149,619.58	\$897,717.45	36
LINCOLN	\$132,908.00	\$6,645.40	\$39,872.40	2
LINN	\$308,344.50	\$15,417.23	\$92,503.35	5
LOGAN	\$178,620.00	\$8,931.00	\$53,586.00	6
LYON	\$1,744,756.00	\$87,237.80	\$523,426.80	29
MARION	\$388,674.00	\$19,433.70	\$116,602.20	7
MARSHALL	\$966,749.50	\$48,337.48	\$290,024.85	15
MCPHERSON	\$1,668,211.50	\$83,410.58	\$500,463.45	22
MEADE	\$377,778.00	\$18,888.90	\$113,333.40	5
MIAMI	\$1,221,223.50	\$61,061.18	\$366,367.05	16
MITCHELL	\$379,005.50	\$18,950.28	\$113,701.65	8
MONTGOMERY	\$3,037,918.00	\$151,895.90	\$911,375.40	34
MORRIS	\$293,468.50	\$14,673.43	\$88,040.55	8
MORTON	\$289,494.00	\$14,474.70	\$86,848.20	4
NEMAHA	\$615,080.50	\$30,754.03	\$184,524.15	13
NEOSHO	\$906,956.00	\$45,347.80	\$272,086.80	18
NESS	\$240,748.00	\$12,037.40	\$72,224.40	6
NORTON	\$324,957.50	\$16,247.88	\$97,487.25	5
OSAGE	\$730,718.50	\$36,535.93	\$219,215.55	13
OSBORNE	\$213,075.00	\$10,653.75	\$63,922.50	7
OTTAWA	\$271,852.50	\$13,592.63	\$81,555.75	3
PAWNEE	\$705,475.00	\$35,273.75	\$211,642.50	7
PHILLIPS	\$340,067.50	\$17,003.38	\$102,020.25	4
POTTAWATOMIE	\$927,626.00	\$46,381.30	\$278,287.80	18
PRATT	\$916,627.50	\$45,831.38	\$274,988.25	12
RAWLINS	\$168,526.00	\$8,426.30	\$50,557.80	4
RENO	\$4,655,796.50	\$232,789.83	\$1,396,738.95	53
REPUBLIC	\$269,612.00	\$13,480.60	\$80,883.60	8
RICE	\$574,587.50	\$28,729.38	\$172,376.25	10
RILEY	\$2,460,679.50	\$123,033.98	\$738,203.85	38
ROOKS	\$352,152.50	\$17,607.63	\$105,645.75	4
RUSH	\$351,209.00	\$17,560.45	\$105,362.70	8
RUSSELL	\$459,179.50	\$22,958.98	\$137,753.85	12
SALINE	\$4,434,052.50	\$221,702.63	\$1,330,215.75	48
SCOTT	\$381,719.50	\$19,085.98	\$114,515.85	8
SEDGWICK	\$28,050,130.50	\$1,402,506.53	\$8,415,039.15	285
SEWARD	\$1,928,045.50	\$96,402.28	\$578,413.65	23
SHAWNEE	\$14,272,920.50	\$713,646.03	\$4,281,876.15	125
SHERIDAN	\$234,166.50	\$11,708.33	\$70,249.95	1

KANSAS LOTTERY FY 94 SALES BY COUNTY

COUNTIES	SALES	RETAILER COMM.	STATE'S SHARE	TOTAL RETAILERS
SHERMAN	\$431,756.50	\$21,587.83	\$129,526.95	10
SMITH	\$220,628.50	\$11,031.43	\$66,188.55	6
STAFFORD	\$142,782.00	\$7,139.10	\$42,834.60	4
STANTON	\$129,230.00	\$6,461.50	\$38,769.00	3
STEVENS	\$202,477.00	\$10,123.85	\$60,743.10	2
SUMNER	\$1,685,916.50	\$84,295.83	\$505,774.95	20
THOMAS	\$733,574.00	\$36,678.70	\$220,072.20	12
TREGO	\$158,441.00	\$7,922.05	\$47,532.30	5
WABAUNSEE	\$189,375.50	\$9,468.78	\$56,812.65	7
WALLACE	\$94,101.50	\$4,705.08	\$28,230.45	3
WASHINGTON	\$358,731.50	\$17,936.58	\$107,619.45	12
WICHITA	\$142,838.00	\$7,141.90	\$42,851.40	3
WILSON	\$415,716.00	\$20,785.80	\$124,714.80	4
WOODSON	\$299,482.00	\$14,974.10	\$89,844.60	4
WYANDOTTE	\$8,202,142.00	\$410,107.10	\$2,460,642.60	86
<b>TOTALS</b>	<b>\$152,620,950.50</b>	<b>\$7,631,047.53</b>	<b>\$45,786,285.15</b>	<b>1897</b>
ADDITIONAL CONTRIBUTION TO GAMING REVENUES FUND			\$2,000,000.00	
<b>TOTAL LOTTERY MONIES TO GAMING FUND</b>			<b>\$47,786,285.15</b>	

# WHERE DOES THE MONEY GO?

Of every dollar spent on a Lottery ticket, 30 cents is transferred to the State Gaming Revenues Fund. Of that 30 percent, 90 percent is earmarked for the Economic Development Initiative Fund and 10 percent is allocated to prison construction. **IN FY 1994 THE LOTTERY TRANSFERRED \$47,787,328.54.** The Kansas Racing Commission transferred \$5,438,496. This report was supplied by Kansas Legislative Research Department and represents EDIF distribution for fiscal year 1994.

## APPROVED REVENUES

Beginning Balance .....	12,571,410
<b>LOTTERY .....</b>	<b>39,561,504</b>
Racing .....	5,438,496
Interest .....	890,000
Total Available .....	58,461,410
Transfers .....	51,126,822
Ending Balance .....	7,334,588

## TRANSFERS

### Department of Commerce and Housing

Salaries and Wages .....	1,384,250
Other Operating Expenditures .....	3,693,640
Strategic Planning Grants .....	440,550
Small Business Development and Centers .....	321,750
Certified Development Companies .....	470,250
Kansas Industrial Training/Retraining .....	2,527,500
Trade Show Promotion .....	272,420
Tourism Grants .....	1,029,600
Resource Network .....	5,000
KQIN .....	64,300
Olathe Travel Center .....	267,300
Kansas Economic Initiative Opportunity Fund .....	1,485,000
Kansas Partnership Fund .....	990,000
<b>Subtotal Commerce and Housing</b>	<b>12,951,560</b>

### Kansas Technology Enterprise Corporation

General Operations .....	764,736
Innovative Technology Program .....	50,000
Telecommunications Grant .....	125,000
Commercialization Operations .....	500,000
Centers of Excellence .....	4,392,333
Applied Research Grants .....	1,259,613
Industrial Liaison Offices .....	300,000
Training Equipment Grants .....	150,000
Business Innovative Grants .....	25,000
Ad Astra—Seed Capital .....	1,500,000
Special Projects .....	173,000
Kansas Value Added Processing Center .....	875,048
Mid-America Manufacturing Technology Center .....	990,000
<b>Subtotal KTEC</b>	<b>11,104,730</b>

### Department of Education

Innovative Grants Assistance .....	1,485,000
Matching Grants- AVTS .....	495,000
Postsecondary- AVTS .....	4,962,870
Capital Outlay- AVTS .....	990,000
Heritage Cultural Center .....	24,750
Foundation for Agriculture .....	24,750
<b>Subtotal Education</b>	<b>7,982,370</b>

### Regents Institutions and Board Office

Council on Economic Education .....	39,600
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Study of KUMC .....	49,500
Centers of Excellence .....	642,391
KSU-Extension .....	1,355,200
University General Research .....	942,187
KUMC Integrated Computer System .....	346,500
KSU-Forest Survey .....	188,100
<b>Subtotal Regents Institutions</b>	<b>3,563,478</b>

<b>Department of Revenue</b>	
County Reappraisal .....	2,970,000

<b>Department of Social and Rehabilitation Services</b>	
KANWORK .....	2,475,000

<b>Water Office</b>	
State Water Plan Fund .....	1,980,000

<b>Kansas Inc.</b>	
EPSCOR Grant .....	1,500,000
Operations .....	104,935
<b>Subtotal Kansas Inc.</b>	<b>1,604,935</b>

<b>Department of Wildlife and Parks</b>	
Capital Improvements .....	1,393,511

<b>State Library</b>	
Literacy Grants .....	277,200
Grants to Libraries. ....	973,077
Talking Book Equipment .....	105,668
Operations Grant .....	3,663
<b>Subtotal State Library</b>	<b>1,359,608</b>

<b>Kansas Arts Commission</b>	
Arts Programming Grants .....	1,024,650

<b>Kansas Development Finance Authority</b>	
Kansas Basic Enterprise Loan Program .....	990,000

<b>Historical Society</b>	
Center for Historical Research .....	682,959
Operating Expenditures .....	29,700
<b>Subtotal Historical Society</b>	<b>712,659</b>

<b>Department of Administration</b>	
Public Television Equipment Machine Grant .....	420,327

<b>Board of Agriculture</b>	
Market Promotion and Development .....	321,744
Hog Marketing .....	24,750
<b>Subtotal Board of Agriculture</b>	<b>346,494</b>

<b>School for the Blind</b>	
Accessible Arts, Inc. ....	148,500

<b>State Fair</b>	
Operating Expenditures .....	99,000

**EDIF TOTAL TRANSFERS AND EXPENDITURES** **\$51,126,822**

**DEPARTMENT OF CORRECTIONS**  
**KANSAS LOTTERY FUNDS FY 1994 DISTRIBUTION**

Of every dollar spent on a Kansas Lottery ticket 3 cents goes to the Correctional Institutions Building Fund. It is utilized to finance capital improvement projects at state correctional facilities.

An annual appropriation is made to the Department of Corrections for systemwide rehabilitation, remodeling, renovation and repair projects. For fiscal year 1994, the estimated expenditures for these projects total \$7,084,338. Of this amount \$3,243,678 represents the appropriation for FY 1994 and \$3,840,660 represents funds from FY 1993.

<b>Topeka Correctional Facility</b> Construction of women's unit.....	<b>\$700,000</b>
<b>Hutchinson Correctional Facility</b> water and sewer upgrade.....	<b>\$822,163</b>
<b>Lansing Correctional Facility</b> new steam plant.....	<b>\$201,201</b>
<b>Larned and El Dorado Correctional Facilities</b> Debt payment for construction.....	<b>\$1,000,000</b>

A transfer of \$426,519 was made on July 1, 1993 to repay the State General Fund for a debt service payment that was made in 1993.

# State of Kansas 1986 Lottery Election Results

64 percent Approval

56% Cheyenne	64% Rawlins	61% Decatur	54% Norton	49% Phillips	44% Smith	48% Jewell	58% Republic	56% Washington	56% Marshall	64% Nemaha	52% Brown	60% Doniphan	
71% Sherman	65% Thomas	62% Sheridan	58% Graham	59% Rooks	49% Osborne	59% Mitchell	56% Cloud	43% Clay	64% Pottawatomie	61% Jackson	71% Atchison	67% Leavenworth	
53% Wallace	54% Logan	48% Gove	61% Trego	75% Ellis	70% Russell	60% Lincoln	52% Ottawa	64% Riley	66% Geary	66% Wabaunsee	72% Shawnee	76% Wyandotte	
59% Greeley	58% Wichita	59% Scott	56% Lane	53% Ness	66% Rush	62% Ellsworth	66% Saline	72% Geary	58% Dickinson	63% Morris	67% Douglas	72% Johnson	
62% Hamilton	64% Kearny	65% Finney	55% Hodgeman	58% Pawnee	71% Barton	51% Rice	45% McPherson	64% Riley	38% Marion	57% Chase	62% Osage	68% Miami	
56% Stanton	59% Grant	46% Haskell	56% Gray	64% Ford	49% Edwards	58% Stafford	47% Harvey	64% Pottawatomie	58% Reno	64% Greenwood	57% Coffey	63% Anderson	
52% Morton	46% Stevens	52% Beward	49% Meade	45% Clark	40% Klowa	55% Pratt	54% Kingman	64% Sedgwick	59% Butler	59% Elk	60% Woodson	57% Allen	
52% Morton	46% Stevens	52% Beward	49% Meade	45% Clark	47% Comanche	55% Barber	51% Harper	58% Sumner	60% Cowley	54% Chautauqua	59% Wilson	76% Crawford	
											58% Montgomery	61% Labette	64% Cherokee

**KANSAS LOTTERY**  
**Income Tax Withholdings**

Calendar Year	Income Tax Withholdings	
	Kansas	Federal
1988	\$201,553.32	\$1,007,766.60
1989	\$184,412.56	\$939,132.80
1990	\$313,713.56	\$1,585,637.80
1991	\$414,728.89	\$2,089,214.44
1992	\$451,391.58	\$2,268,619.80
1993	\$923,050.97	\$4,664,052.72
1994	\$1,082,350.18	\$5,471,095.71
<b>Totals</b>	<b>\$3,571,201.06</b>	<b>\$18,025,519.87</b>

**AUDIT OF THE KANSAS LOTTERY**  
**February 1995**

**Summary of Findings and Recommendations**

**Berberich Trahan & Co., Auditors**

The audit found that the Lottery's financial statements are fairly presented in accordance with applicable accounting principles, its financial management practices are adequate to provide proper controls, and it complied with applicable legal requirements. The report recommends that the Lottery improve the documentation for its ticket reconciliation reports.

The previous audit report recommended that the Lottery periodically reconcile its prize-expense accounts to the supporting detail, review and document unusual adjustments to ticket reconciliation reports, and arrange for an independent review of its on-line game vendor's computer and security controls. All of those audit recommendations have been implemented or are in the process of implementation.

*Sen. Fed & State*  
*2-13-95*

*Attachment 2*

# KANSAS LOTTERY

Expenditure	Actual FY 94	Agency Est. FY 95	Governor's Rec. FY 95	Agency Red. FY 96	Governor's Rec. FY 96
All Funds:					
State Operations	\$ 17,331,659	\$ 18,617,483	\$ 18,568,070	\$ 19,543,722	\$ 19,473,212
Prizes and Retailer Commissions <sup>a</sup>	87,040,559	84,276,000	84,276,000	89,516,278	89,516,278
TOTAL	<u>\$ 104,372,218</u>	<u>\$ 102,893,483</u>	<u>\$ 102,844,070</u>	<u>\$ 109,060,000</u>	<u>\$ 108,989,490</u>
Percentage Change:					
State Operations	9.5%	7.4%	7.1%	5.0%	4.9%
Prizes and Retailer Commissions <sup>a</sup>	27.7	(3.2)	(3.2)	6.2	6.2
FTE Positions					
Special Project Appointments	98.0	98.0	98.0	98.0	98.0
TOTAL	<u>98.0</u>	<u>98.0</u>	<u>98.0</u>	<u>98.0</u>	<u>98.0</u>

a) Category of prizes and retailer commissions includes some transactions which are never recorded in the State Treasury as either receipts or expenditures.

## AGENCY MISSION

*The Kansas Lottery's budget narrative states that the agency mission is "To produce the maximum amount of revenue possible for the State of Kansas while insuring the integrity of all games." The Governor's Budget Report (Volume 1, page 48) states that "the purpose of this agency is to generate revenues for the State of Kansas. These revenues finance economic development initiatives and capital improvement projects for state correctional institutions. Therefore, the performance of the Lottery can best be measured by the dollar value of the lottery tickets it sells and the funds it is able to transfer to the State Gaming Revenues Fund for use by the state."*

## AGENCY OVERVIEW

Article 15, Section 3c of the *Kansas Constitution* authorizes a state-owned and operated lottery. K.S.A. 74-8710(a) allows by rule and regulation the establishment of the types of lottery games to be conducted, including but not limited to instant lottery, online and traditional games, but not including games on video lottery machines. The Kansas Lottery has established five programs to assist with the agency mission: the executive, administration, sales, security, and marketing. The agency has three regional offices located in Topeka, Wichita and Great Bend. The headquarters also is located in Topeka. The Lottery conducts several different types of games: instant or scratch ticket games, pull tabs, and online games, including PowerBall, CashLotto, Club Keno and Pick 3. Video lottery is prohibited by statute and the law authorizing instant bingo (which was not conducted by the Kansas Lottery) recently was ruled unconstitutional by the Kansas Supreme Court.

Kansas Lottery

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# BUDGET OVERVIEW

## Summary of Operating Budget Changes Agency Request -- FY 1995 and FY 1996

Expenditures	Actual FY 1994	Revised FY 1995	Change FY 1994-95	Estimated FY 1996	Change FY 1995-96
Agency Operations	\$ 8,331,475	\$ 9,349,483	\$ 1,018,008	\$ 9,588,622	\$ 239,139
Online Communications	2,298,755	2,455,000	156,245	2,607,600	152,600
Online Service Provider	6,701,429	6,813,000	111,571	7,347,500	534,500
Subtotal -- State Operations	\$ 17,331,659	\$ 18,617,483	\$ 1,285,824	\$ 19,543,722	\$ 926,239
State Paid Prizes	\$ 35,799,412	\$ 36,000,000	\$ 200,588	\$ 38,200,000	\$ 2,200,000
Retailer Paid Prizes	43,591,007	40,770,000	(2,821,007)	43,240,278	2,470,278
Retailer Commissions	7,650,140	7,506,000	(144,140)	8,076,000	570,000
Subtotal -- Prizes and Commissions	\$ 87,040,559	\$ 84,276,000	\$ (2,764,559)	\$ 89,516,278	\$ 5,240,278
Total -- Reportable	<u>\$ 104,372,218</u>	<u>\$ 102,893,483</u>	<u>\$ (1,478,735)</u>	<u>\$ 109,060,000</u>	<u>\$ 6,166,417</u>

## Summary of Operating Budget Changes Governor's Recommendations -- FY 1995 and FY 1996

Expenditures	Actual FY 1994	Revised FY 1995	Change FY 1994-95	Estimated FY 1996	Change FY 1995-96
Agency Operations	\$ 8,331,475	\$ 9,300,070	\$ 968,595	\$ 9,518,112	\$ 218,042
Online Communications	2,298,755	2,455,000	156,245	2,607,600	152,600
Online Service Provider	6,701,429	6,813,000	111,571	7,347,500	534,500
Subtotal -- State Operations	\$ 17,331,659	\$ 18,568,070	\$ 1,236,411	\$ 19,473,212	\$ 905,142
State Paid Prizes	\$ 35,799,412	\$ 36,000,000	\$ 200,588	\$ 38,200,000	\$ 2,200,000
Retailer Paid Prizes	43,591,007	40,770,000	(2,821,007)	43,240,278	2,470,278
Retailer Commissions	7,650,140	7,506,000	(144,140)	8,076,000	570,000
Subtotal -- Prizes and Commissions	\$ 87,040,559	\$ 84,276,000	\$ (2,764,559)	\$ 89,516,278	\$ 5,240,278
Total -- Reportable	<u>\$ 104,372,218</u>	<u>\$ 102,844,070</u>	<u>\$ (1,528,148)</u>	<u>\$ 108,989,490</u>	<u>\$ 6,145,420</u>

## **A. FY 1995 -- Current Year**

The agency's revised estimate for the current fiscal year projects sales at \$147.0 million. The current approved sales estimate for FY 1995 is \$130.0. An increase in state operations of almost \$1.3 million over actual FY 1994 is requested., including a one-time expenses of \$485,000 for computer equipment and \$245,000 for software modification associated with implementation of an instant ticket scanning system. (Staff Note: The 1994 Legislature approved a 1994 Governor's Budget Amendment for this new system based on expenditures of \$471,530 for printing bar codes on tickets and for other costs.) The Lottery's projected transfers of \$45.9 million to the State Gaming Revenues Fund (SGRF) are based on 30.0 percent of sales as provided by statute, plus an additional \$1.8 million approved by the 1994 Legislature.

The Governor concurs with the Lottery estimate of \$147.0 million in FY 1995 sales. The Governor concurs with the Lottery's state operations expenditures, with minor adjustments in salaries and benefits. Funding for additional costs of computer equipment and software modifications is included in the Governor's recommendations as requested by the Lottery. The estimated transfers are \$46,175,163, based on the Governor's assumptions about monthly cashflow, with \$45,250,755 anticipated for the SGRF and \$924,408 for the State General Fund (SGF) which will accrue in FY 1995 but will not be deposited into the SGF until July 15 of FY 1996. (Staff Note: Any amount greater than 30.0 percent of sales must be transferred by special appropriations language, which is referred to as a proviso. Current law authorizes special transfers of \$1,818,130 which are included in the Governor's recommendations.)

## **B. FY 1996 -- Budget Year**

The agency estimates net lottery sales of \$155.8 million next fiscal year. Expenditures for state operations would increase \$926,239 over the revised FY 1995 estimate. Included is an additional \$671,761 in Marketing, primarily for increased costs of ticket printing and advertising services. Some of the increase for state operations is attributed to paying additional fees for online communications and online service providers due to increased sales of Club Keno and other lotto games. Transfers to the SGRF in FY 1996 are estimated at \$46.7 million, based on 30.0 percent of retail sales, and no special transfers of additional funds.

The Governor concurs with the Lottery estimate of \$155.8 million in FY 1996 sales. Expenditures from state operations would increase \$905,142 by the Governor's recommendations. Included in the Governor's budget is an additional \$632,947 for the Marketing Program, primarily for increased ticket costs, advertising services, online communications, and the online service provider. Transfers are estimated at \$49,613,357, and based on the Governor's assumptions, the SGRF would be credited \$44,872,900 in FY 1996 and the SGF would receive \$4,740,457 on July 15 in FY 1997. (Staff Note: Any amount greater than 30.0 percent of sales must be transferred by special appropriations language, which is referred to as a proviso. Presumably the Governor's recommended transfers in excess of 30.0 percent, or \$3,375,788 will be addressed in the FY 1996 appropriations bill for the Lottery.)

## **C. Lottery Operating Fund Analysis**

The following table summarizes the status of the Lottery Operating Fund as estimated by the Lottery and recommended by the Governor. The agency's figures reflect ending balances of more than \$4.8 million in FY 1995 and \$6.0 million in FY 1996, indicating considerable cash on hand at the close of each fiscal year. In FY 1994, the Legislature authorized an additional transfer of \$2.0 million to the SGRF in order to reduce the unexpended cash balance. For FY 1995, the Legislature authorized additional transfers of \$1.8 million to the SGRF which is reflected in the estimates for this fiscal year shown below.

The Governor's recommendations provide for ending balances of \$4.8 million in FY 1995 and \$3.0 million in FY 1996, including the authorized, special transfers of \$1,808,130 in FY 1995 and the proposed special transfers of \$3,375,788 in the Governor's FY 1996 recommended cashflow.

Resource Estimate	Actual FY 94	Agency Est. FY 95	Gov. Rec. FY 95	Agency Est. FY 96	Gov. Rec. FY 96
Beginning Balance	\$ 3,303,938	\$ 5,994,084	\$ 5,994,084	\$ 4,972,347	\$ 4,846,851
Net Receipts	96,309,819	99,536,000	99,718,124	105,553,346	105,572,222
Total Funds Available	<u>\$ 99,613,757</u>	<u>\$ 105,530,084</u>	<u>\$ 105,712,208</u>	<u>\$ 110,525,693</u>	<u>\$ 110,419,073</u>
Less:					
Expenditures	\$ 17,331,660	\$ 18,617,483	\$ 18,568,070	\$ 19,543,722	\$ 19,473,212
Transfers to Prize Fund	28,400,000	36,000,000	36,000,000	38,200,000	38,200,000
Transfers to SGRF	47,787,329	45,918,130	46,175,163	46740000	49,613,357
Transfers to KBI	100,684	122,124	122,124	0	124,008
Nonreportable	0	0	0	0	0
Ending Balance	<u><u>\$ 5,994,084</u></u>	<u><u>\$ 4,872,347</u></u>	<u><u>\$ 4,846,851</u></u>	<u><u>\$ 6,041,971</u></u>	<u><u>\$ 3,008,496</u></u>

## BUDGET DETAIL

### Summary of Agency Operations Budget Changes Agency Request -- FY 1995 and FY 1996

Program Expenditures	Actual FY 1994	Revised FY 1995	Change FY 1994-95	Estimated FY 1996	Change FY 1995-96
Executive	\$ 375,198	\$ 454,989	\$ 79,791	\$ 472,913	\$ 17,924
Administration	1,765,079	2,662,237	897,158	2,104,255	(557,982)
Sales	1,394,698	1,442,565	47,867	1,533,208	90,643
Security	455,578	456,991	1,413	473,784	16,793
Marketing	4,340,922	4,332,701	(8,221)	5,004,462	671,761
Total -- Agency Operations	<u><u>\$ 8,331,475</u></u>	<u><u>\$ 9,349,483</u></u>	<u><u>\$ 1,018,008</u></u>	<u><u>\$ 9,588,622</u></u>	<u><u>\$ 239,139</u></u>

### Summary of Agency Operations Budget Changes Governor's Recommendations -- FY 1995 and FY 1996

Program Expenditures	Actual FY 1994	Revised FY 1995	Change FY 1994-95	Estimated FY 1996	Change FY 1995-96
Executive	\$ 375,198	\$ 424,783	\$ 49,585	\$ 470,692	\$ 45,909
Administration	1,765,079	2,648,993	883,914	2,090,619	(558,374)
Sales	1,394,698	1,438,533	43,835	1,520,826	82,293
Security	455,578	455,920	342	471,187	15,267
Marketing	4,340,922	4,331,841	(9,081)	4,964,788	632,947
Total -- Agency Operations	<u><u>\$ 8,331,475</u></u>	<u><u>\$ 9,300,070</u></u>	<u><u>\$ 968,595</u></u>	<u><u>\$ 9,518,112</u></u>	<u><u>\$ 218,042</u></u>

## STATE OPERATIONS

### Agency Request

**A. Agency Operations.** The Lottery includes five programs, which collectively are appropriated as *Agency Operations*, and subject to an expenditure limitation. A sixth program known as "cost of sales" is excluded from any expenditure limitation for *Agency Operations* and hence is not considered in this section. The approved limitation in FY 1995 is \$9,355,542, or \$6,059 more than requested in the revised agency estimate.

**1. Executive.** This program is headed by the Executive Director of the Lottery. It consists of 9.0 FTE staff and five Commissioners appointed by the Governor. This program is responsible for the overall operation of the Lottery, including personnel matters, legal matters and internal auditing.

**2. Administration.** This program provides support services and consists of 29.0 FTE positions. The program has three functional areas: accounting, information resources, and general services, including purchasing, mail, and reception. A reduction in FY 1996 expenses (\$557,982) is the result of one-time costs in FY 1995 for the new instant ticket scanning system which is estimated at \$730,000 for computer equipment for instant ticket validation (\$485,000) and for software modification (\$245,000).

**3. Sales.** This program develops and implements goals and strategies and coordinates the regional offices, including the distribution of instant and pull tab tickets. The program is staffed by 37.0 FTE positions, with nine based in Wichita, eight in Great Bend, and 19 in Topeka.

**4. Security.** A total of 13.0 FTE positions are assigned to this program which provides general security, manages retailer accounts, and operates instant ticket warehouses. K.S.A. 74-8706(d) authorizes a security audit of the Lottery. K.S.A. 74-8714 vests law enforcement powers in certain Lottery employees to enforce provisions of the Lottery Act. K.S.A. 74-8715 provides for an assistant attorney general to assist the Lottery in the enforcement of criminal and civil matters. K.S.A. 74-8704 and 74-8706 give the Executive Director a number of powers and duties associated with security matters. Finally, by appropriations acts, the Legislature has authorized transfer of funds to the Kansas Bureau of

### Governor's Recommendation

A. The Governor recommends FY 1995 expenditures of \$9,300,070 for *Agency Operations*, or \$55,472 less than the approved limitation. For FY 1996, the Governor recommends an increase of \$218,042 for expenditures, compared with the agency's request for an increase of \$239,139 in FY 1996. The Governor's FY 1996 adjustments to the Lottery requests are primarily in salary and benefits calculations.

1. Recommended funding by the Governor in FY 1995 and FY 1996 would maintain the Executive Director's program activities at their current level.

2. The Governor concurs with the revised FY 1995 expenses associated with acquiring and installing the new instant ticket scanning system for an estimated \$730,000 of one-time costs. A 1994 GBA, approved by the 1994 Legislature, had recommended \$471,530 in FY 1995 to print more tickets due to increase sales and to implement a bar coding program allowing for the automation of ticket sales, validation and inventory control. (Staff Note: In addition to computer equipment acquisition and software modification, the Lottery renegotiated and extended its contract with the current ticket provider for an additional two years as part of this initiative.)

3. Expenditures as requested by the Lottery are recommended by the Governor in FY 1995 and FY 1996, with minor adjustments in salaries and benefits calculations for existing staff. The activities of the Sales program would be continued in both fiscal years at existing levels by the Governor's recommendations.

4. The Governor's recommendations include continuing annual transfers of funds from the Lottery to the KBI Gaming Unit, with \$122,124 in FY 1995 and \$124,008 in FY 1996 to be transferred. Recommended funding for the Security program maintains its activities at current levels in FY 1995 and FY 1996. An independent firm contracted for a security audit of the Lottery's service provider for online games pursuant to a 1994 Subcommittee Report recommendation, and that report should be available to the 1995 Legislature for review.

Investigation for the purpose of paying a portion of the cost associated with the Gaming Unit.

5. **Marketing.** This program is responsible for the development of new games, contract advertising, and special promotions. The program is staffed by 10.0 FTE positions. Most of the increase of \$671,761 in FY 1996 expenses is attributed to additional costs for printing instant tickets and for advertising.

**B. State Operations.** The Lottery in last year's budget listed as one of its objectives to maintain administrative services at a cost not to exceed 13.0 percent of total sales, including online service provider payments and communications fees, along with agency operations, in its definition of administrative services. The agency requests an allocation of 12.7 percent in the revised FY 1995 budget and 12.5 percent in FY 1996 for state operations as a percentage of total sales.

**C. Online Fees.** The cost of sales category of expenses includes contracts with services providers which furnish telecommunications services and online lotto services. These expenses are excluded from the line item appropriation for *Agency Operations*. However, these contract costs are included in the agency's *State Operations* costs.

**D. Transfers to SGRF.** K.S.A. 74-8711(d) provides for the transfer to the State Gaming Revenues Fund (SGRF) of at least 30.0 percent of net sales or moneys in excess of an amount needed to pay administrative expenses, retailer commissions, prizes, and the 30.0 percent transfer.

**E. Prizes.** The Lottery is required by K.S.A. 74-8720 to allocate an amount of not less than 45.0 percent of total annual sales for payment of prizes.

**F. Appropriations.** The Lottery in FY 1995 has been appropriated one expenditure limitation for *Agency Operations* (\$9,355,542) as noted above and all other line items were appropriated as no limit. No adjustment in the expenditure limitation for FY 1995 is requested. The same appropriations format is requested in FY 1996.

5. An increase of \$632,947 in FY 1996 expenditures for the Marketing program is recommended by the Governor, including \$617,656 for printing instant tickets, advertising and capital outlay associated with expanded ticket sales. (Staff Note: At least \$488,469 is included in the Governor's recommendation for printing, advertising and capital outlay needed to expand instant ticket sales with *instant bingo* as a new type of game in FY 1996.)

B. The Governor's recommendations would provide for state operations to spend 12.6 percent of estimated FY 1995 sales and 12.5 percent of estimated FY 1996 sales.

C. Based on the sales mix estimated by the Lottery, the Governor's recommendations provide for increases in online communications of \$156,245 in FY 1995 and \$152,600 in FY 1996 as a result of instant ticket validations and in online service provider fees of \$111,571 in FY 1995 and \$534,500 in FY 1996 due to increased lotto sales and the change in vendor commission from 6.25 percent in FY 1994 to 6.5 percent of sales in FY 1995 and FY 1996.

D. Recommendations by the Governor provide for transfers of 30.0 percent of net estimates sales to the SGRF. In addition, the Governor concurs with transferring an extra \$1.8 million in FY 1995 and recommends \$3.4 million in FY 1996 be transferred in addition to the prescribed amount.

E. The Governor's recommendations provide for at least 45.0 percent of sales to be paid in prizes each fiscal year.

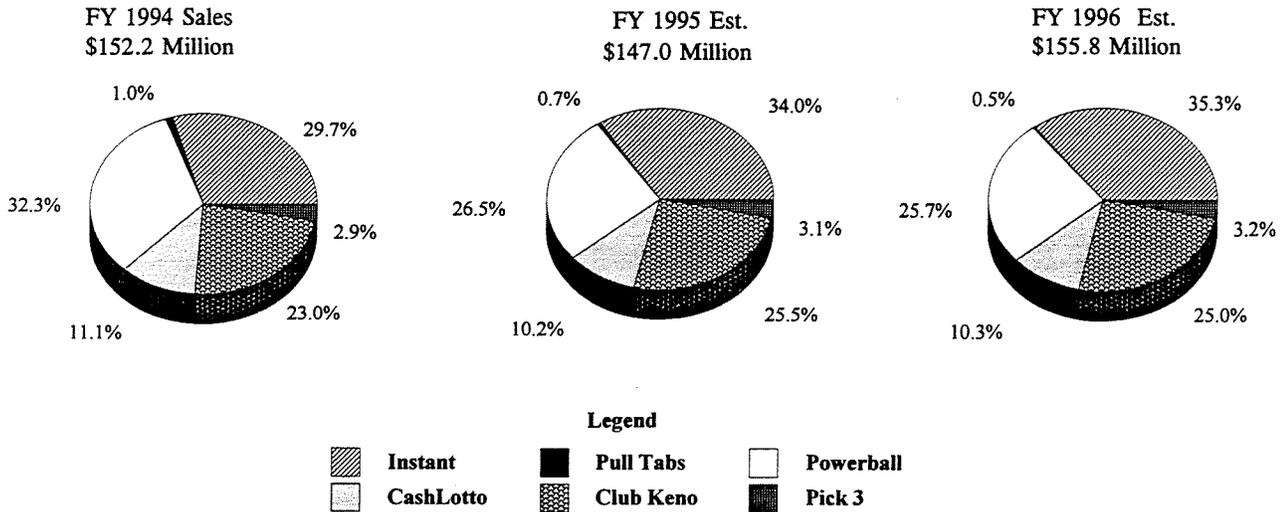
F. The Governor's FY 1996 appropriations bill and supplemental FY 1995 bill will contain any recommendations for changes in format and adjustments in line item expenditure limitations.

**G. Vendor Commissions.** The Lottery plans in FY 1996 to implement a 1.0 percent increase for retailers cashing instant prizes. Currently, retailers are paid a 5.0 percent commission for selling both lotto and instant tickets.

G. Based on the Governor's recommendations, an increase of 1.0 percent in FY 1996 is included in the estimate for prizes and retailer commissions. (Staff Note: The net cost of the additional 1.0 percent for retailers who pay instant ticket prizes is included in the estimated \$2.75 million to be paid in FY 1996 as retailer commissions and could be as much as \$550,000 if retailers cashed all of the estimated sales of 55.0 million instant tickets. Presumably, the amount will be less because the higher tier prizes must be paid by the Lottery.)

**OTHER INFORMATION**

**Lottery Sales**



## Transfers to the SGRF

The Lottery contributes a disproportionate share of the transfers to the State Gaming Revenues Fund (SGRF). A statutory provision requires that any funding in excess of \$50.0 million be deposited in the State General Fund in the subsequent fiscal year. The threshold will be exceeded in both FY 1995 and FY 1996, based on the estimates provided in the budgets submitted by the Lottery and Racing Commission, and as recommended by the Governor.

Financial Activity	Approved FY 1995	Agency Est. FY 95 a)	Gov. Rec. FY 95	Agency Est. FY 96 a)	Gov. Rec. FY 96
Transfers by Source:					
Lottery	\$ 40,607,553	\$ 45,918,130	\$ 46,175,163	\$ 46,740,000	\$ 49,613,357
Parimutuel	5,175,267	5,684,865	4,749,245	4,698,948	5127100
Total Estimated a)	<u>\$ 45,782,820</u>	<u>\$ 51,602,995</u>	<u>\$ 50,924,408</u>	<u>\$ 51,438,948</u>	<u>\$ 54,740,457</u>
SGF Estimate	\$ 0	\$ 1,602,995	\$ 924,408	\$ 1,438,948	\$ 4,740,000

a) Any amount in excess of \$50.0 million will be transferred to the State General Fund in the following fiscal year.

FEB 8 1995

LOTTERY

**KANSAS LEGISLATIVE RESEARCH DEPARTMENT**

**300 S.W. 10th Avenue  
Room 545-N -- Statehouse**

**Phone 296-3181**

February 7, 1995

**TO: Senator Lana Oleen**

**Office No. 136-N**

**RE: Juvenile Detention Facilities Fund and Correctional  
Institutions Building Fund**

This is in response to your request for information regarding the Juvenile Detention Facilities Fund (JDFF) and the Correctional Institutions Building Fund (CIBF).

The state's proceeds from lottery and parimutuel gaming are credited to the State Gaming Revenues Fund (SGRF) up to a maximum of \$50.0 million per year. Ten percent of the SGRF is credited to the CIBF to finance repairs and capital improvements at the state's penal institutions. The 1994 Legislature amended the statutes governing the JDFF to provide that the Fund, effective in FY 1996, will receive 5 percent of the SGRF. This action was taken, in part, to provide adequate resources for the JDFF to support increased assistance payments to juvenile detention facilities operated by local governmental units.

Attached please find several informational pieces prepared by this Department and the Department of Social and Rehabilitation Services regarding the JDFF and excerpts from this Department's annual *Appropriations Report* which details the usage of the CIBF.

I hope this answers your questions. Should you desire further information, please do not hesitate to contact me.



Paul R. West  
Senior Fiscal Analyst

PRW/mc

Enclosures

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2-13-95  
Attachment 4

With the passage of Senate Bill No. 794 (Chapter 351, 1994 Session Laws of Kansas), the 1994 Legislature merged the former Juvenile Detention Facilities Capital Improvement Fund with the Juvenile Detention Facilities Fund. The Fund receives a portion of docket fees paid to the courts, drivers' license reinstatement fees and fines, and, effective in FY 1996, 5 percent of the state's lottery and racing proceeds transferred to the State Gaming Revenues Fund. The statute imposes administration of the Fund on the Attorney General. Expenditures from the fund, however, are to be made by the Secretary of Social and Rehabilitation Services for grants to counties for the cost of constructing and operating juvenile detention facilities. The following summarizes estimated receipts, expenditures, and fund balances based on the Governor's recommendations:

<b>Juvenile Detention Facilities Fund</b>			
Item	Actual FY 94	Gov. Rec. FY 95	Gov. Rec. FY 96
Beginning Balance	\$ 1,935,494	\$ 2,361,050	\$ 1,115,895
Receipts:			
License Fees	\$ 12,509	\$ 15,500	\$ 15,500
Fines	128,884	165,965	165,500
Court Fees	593,314	675,000	675,000
Gaming Revenue	0	0	2,500,000
Subtotal - Receipts	<u>\$ 734,707</u>	<u>\$ 856,465</u>	<u>\$ 3,356,000</u>
Total Available	\$ 2,670,201	\$ 3,217,515	\$ 4,471,895
Less: Expenditures	309,151	2,101,620	1,500,000
Ending Balance	<u>\$ 2,361,050</u>	<u>\$ 1,115,895</u>	<u>\$ 2,971,895</u>

## REGIONAL DETENTION CENTERS

A statewide system of regional detention facilities was created in response to the Juvenile Justice & Delinquency Prevention Act (JJDP) of 1974, which called for the removal of juveniles from adult jails and lock-ups. The purpose of the detention facilities is to detain juvenile after arrest and prior to adjudication by the courts. New facilities were built in Trego, Geary, Crawford, and Finney counties. The Northeast Juvenile Detention Facility in Douglas County is still under construction and is expected to open in March. The Reno County facility which was already constructed is becoming the South Central Regional Detention facility. Several counties operate facilities which were built prior to the regional planning. These include Johnson, Saline, Sedgwick, Shawnee and Wyandotte.

Both regional and local facilities are operated by counties, not SRS.

Attached is information on the Juvenile Detention Facilities Fund. The Legislature created this fund to finance construction of the Regional Detention Facilities. The statute, however, is very broad, indicating the fund can be used for operations as well as capital outlay.

STATE OF KANSAS



KANSAS RACING COMMISSION

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STATEMENT OF THE  
KANSAS RACING COMMISSION  
Before the Kansas Senate  
Committee on Federal and State Affairs  
The Honorable Senator Lana Oleen, Chair  
on  
SENATE BILL NO. 124  
February 9, 1995

Madam Chair and Members of the Committee:

I am Art Neuhedel, executive director of the Kansas Racing Commission. Thank you for permitting me this opportunity to present the Kansas Racing Commission's proposed amendments to the Kansas parimutuel racing act, K.S.A. 74-8801, et seq., now pending before you in Senate Bill 124. When last before you I went through Senate Bill 124 line by line and discussed the proposed amendments to the racing act that the commission had considered during the course of several public meetings since the legislature's last meeting, particularly during several meetings this past fall. Today I have prepared for your consideration a balloon of Senate Bill 124 setting forth those changes that have been suggested to me by the chair since last we looked at Senate Bill 124. Turning to the

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balloon now before you I would like to take this opportunity to present those suggested changes.

On page 1 of the balloon at line 11 KSA 7408805 has been inserted as one of the statutes being amended by Senate Bill 124.

On page 5 at line 22 the first word of that line "be" has been deleted. This appears to have been a simple typographical error made when the original bill was printed up.

Commencing on page 9 of the balloon a new Section 4 has been added amending KSA 74-8805. The amendment in this statute begins on page 11 where subsection (d) of KSA 74-8805 is deleted and subsection (e) and (f) are renumbered. This proposed amendment has been brought up at the request of the chair. This position has never been filled at the racing commission and the House appropriations committee has deleted both the funding and the FTE for this position from the commission's budget. This proposal has not been formally considered by the commission and I am therefore unable to state an official position regarding this proposal. I have been informed of at least one

commissioner who does not favor deleting this position from the statute.

The remainder of the changes in the balloon on pages 9 through 17 merely reflect the renumbering of paragraphs and sections to accommodate the forgoing.

On page 18 of the balloon at line 11 the language "good cause" has been stricken and "reasons beyond the control of the licensee" inserted. This was done at the request of the chair in order to tighten up the the language.

Turning for a moment to subsection (4) commencing on line 36 by way of clarification it is the opinion of legal counsel to the commission that this subsection (4) allows the commissions officials, such as racing judges or stewards, to deal emergency problems on site in real time. This subsection does not conflict with the changes set forth in lines 10 and 11 as that provisions deal with after the fact determinations to be made by the commission.

The remaining changes in the balloon merely reflect the renumbering of sections.

Madam Chair and Members of the committee:

On behalf of the commission I want to thank you for this opportunity to appear before you to discuss Senate Bill 124.

If there any questions, I would be happy to take them at this time.