

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Ranking Minority Member Senator Sherman Jones at 11:05 a.m. on March 24, 2000 in Room 245-N of the Capitol.

All members were present except: Senator Lana Oleen, Excused
Senator Nancey Harrington, excused
Senator Laurie Bleeker, excused

Committee staff present: Mary Galligan, Legislative Research Department
Russell Mills, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Judy Glasgow, Committee Secretary

Conferees appearing before the committee: Craig Grant, KNEA
Charles Yunker, American Legion
Glenn Thompson, Stand up for Kansas
Rebecca Rice, Kansas Clubs and Associates
Greg Ziemak, Kansas Lottery

Others attending: See Attached Sheet

Senator Jones announced the committee would continue the hearing on:

SB 667- Act Concerning racing and gaming; concerning electronic gaming machines

Senator Jones recognized Glenn Thompson, representing Stand Up for Kansas, as an opponent to **SB 667**. Mr. Thompson stated that this bill is very similar in all areas to the bill defeated by the Senate last year except for the amount of revenue that the state would receive, which was increased from 15% to 23%. (Attachment 1) He stated that the electronic gaming machines are the most addictive form of gambling and would cost Kansas citizens at least \$81 million annually for theft, fraud, embezzlement, absenteeism and related matters. Mr. Thompson stated that if these are approved there would be no turning back and the potential for millions of dollars in profits would drive investors to push for more and more gambling expansion. He urged the committee to oppose **SB 667**.

Senator Jones recognized Charles Yunker, State Adjutant for The Kansas American Legion, as an opponent to **SB 667**. Mr. Yunker stated that The Kansas American Legion feels that this bill is unfair in that it creates a monopoly for a select few individuals. (Attachment 2). Mr. Yunker requested that **SB 667** be amended to include veterans and fraternal organizations who own or lease their own buildings on a full time basis and have been in existence for a minimum of five years.

Senator Jones recognized Rebecca Rice, Legislative Counsel, Kansas Clubs and Associates, as an opponent to **SB 667**. Ms. Rice stated that The Kansas Clubs and Associates believe that legislation which grants a monopoly license for most of the gambling revenue earned by lottery retail contractors to just three individuals is bad public policy and unnecessarily denies them equal protection. (Attachment 3). Ms. Rice referred to state challenges to state liquor license requirements and stated based upon recent liquor decisions, no rational basis seems to exist for granting racetracks a monopoly other than legislative preference for one business owner over another. Mr. Rice stated that a determination should be made as to whether or not the state actually "owns" the business or is the state being reimbursed for regulatory expense incurred and a minor annual stipend as payment for granting the monopoly. She stated that when a state is involved in a for-profit enterprise, the state does not retain the same protection from

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 245-N Statehouse, at 11:05 a.m. on March 24, 2000.

challenge as it does when providing essential government services.

Senator Jones announced that the hearing would now turn to proponents of the bill and recognized Craig Grant of the Kansas National Education Association. Mr. Grant stated that the education system in Kansas certainly can utilize and does need additional funding. (Attachment 4). Mr. Grant stated that a key part to section 7, indicates that such funds are not to be used to replace property taxes or general fund support, but are to be for enhancement of educational programs.

Senator Jones noted that written testimony had been distributed to members from the Kansas AFL-CIO as a proponent of **SB 667**. (Attachment 5)

In response to questions from committee members, Mr. Yunker stated the American Legion Posts in Kansas were not unanimous in their desire to have electronic gaming machines, some were in favor while others were against it. Mr. Grant, in response to a question from Senator Biggs, stated that special education could receive money from this fund.

Senator Jones recognized Mr. Ziemak and ask if the his agency could predict the requirement for additional full time employees and the fiscal impact of this bill. Mr. Ziemak stated that his agency was working on this, but he did not have exact figures at this time. He did state that there would be a need for additional personnel. In response to a question from Senator Gooch, he stated that these jobs would be professional in nature and salary, and not minimum wage jobs.

Senator Jones closed the hearing on **SB 667**.

The meeting adjourned at 11:55 a.m. The next meeting will be on March 28, 2000, at 11:00 a.m.