

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Senator Lana Oleen at 11:00 a.m. on January 26, 2000 in Room 245-N of the Capitol.

All members were present.

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:
Tracy Diel, Executive Director, Kansas Gaming
Senator Mark Gilstrap
John Novak, Individual, Kansas City, Kansas
Representative Kenny Wilk
Randy Tongier, Legislative Post Audit

Others attending: See Attached list

Chairman Oleen recognized Tracy Diel, Kansas Racing and Gaming Commission. Tracy Dial requested the introduction of a bill relating to the powers and duties of the state gaming agency. Senator Vidricksen moved to introduce the bill. Senator Becker seconded the motion. The motion passed.

Senator Gooch introduced Corporal David Wesley, a Junior ROTC cadet from Coleman Middle School, Wichita, Kansas who is shadowing Senator Gooch for the day.

Chairman Oleen opened hearing on:

SB 430– An act concerning alcoholic liquor relating to issuance of retailer licenses in certain townships

Theresa Kiernan, Revisor of statutes, reviewed the bill for committee members. This bill would allow the director to issue a license to liquor stores outside the city limits if the township had a population of more than 2000. Presently the township must have a population of 11,000.

Chairman Oleen recognized Senator Mark Gilstrap who appeared before the committee as a proponent to **SB 430** and to introduce John Novak, of Fairmount Township, Leavenworth County. Mr. Novak would like to locate a liquor store on his property in Fairmont Township, but the current law will not allow this unless Fairmont Township has a population of 11,000. (Attachment 1). Senator Gilstrap offered a proposed amendment that would not change the population requirement but added Fairmont township with the approval of the board of county commissioners of Leavenworth County.

Chairman Oleen called on Mr. John Novak, Kansas City, Kansas as a proponent to **SB 430**. Mr. Novak stated that he owns property in Fairmount Township, Leavenworth County, which is located just 7 miles from the new NASCAR Race Track. Mr. Novak stated that he would like to open a liquor store on this property and **SB 430** as amended would permit this. Mr. Novak ask the committee to support **SB 430** as amended to allow liquor stores in a township of less than 11,000. (Attachment 2)

Senator Oleen inquired if Mr. Novak was aware that in Kansas an individual can only own one liquor store. Mr. Novak stated that he has a store in Kansas City, but would liquidate it if he could obtain a license for Fairmount Township.

In response to a question from Senator Vratil, Mr. Novak stated that the bill as amended would only involve Fairmont Township, Leavenworth County.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS, Room 245-N Statehouse, at 11:00 a.m. on January 26, 2000.

Senator Biggs stated that he represented the area adjacent to this township and was supportive of the bill.

Chairman Oleen closed the hearing on the bill.

Chairman Oleen recognized Mr. Randy Tongier, Legislative Division of Post Audit. Mr. Tongier provided copies of The Financial and Compliance Audit Report, Kansas Racing and Gaming Commission, FY 1999 performed by McBride, Lock & Associates to members of the committee and presented an overview of the report. A copy of the report may be obtained from Legislative Research Department. The audit covered three areas 1) the financial report of the Racing and Gaming Commission, 2) the accounting practices and 3) Compliance with applicable legal requirements. The audit concluded that the financial report as presented is fair and accurate and that the accounting practices of the Racing and Gaming Commission are adequate and appropriate. The auditors did find one area of concern involving the untimely completion of background investigations. The State Gaming Agency is required by the tribal State Gaming Compact to provide a written report on background checks to the Tribes within 90 days. A recommendation was made by the audit that the State Gaming Agency continue to improve the timeliness for conducting background investigations.

Senator Biggs inquired about the effect of not completing background checks within the 90 days and how this effected the hiring by the Tribes. Tracy Diel stated that this is a marked improvement from past year because of the ability of the agency to do their own background checks. Previously these had been completed by the KBI. Mr. Diel stated that there are 6 factors that they look for that account for 90% of the reasons for a person to be rejected. These 6 things are normally completed within 4 to 6 weeks and if the person does not pass all 6 items, the Tribe is notified that the person is not a person who should be licensed until the complete background is completed. Mr. Diel stated that there are around 1600 persons which require a background investigation and there is a turnover rate of approximately 30%. However, due to facilities continuing to expand and new facilities opening the number of employees needing background checks is more.

In response to a question from Senator Vidricksen, Tracy Diel stated that the rejection rate from background checks is between 7 to 9%.

Chairman Oleen reopened hearings on:

SB 430--An act concerning alcoholic liquor relating to issuance of retailer licenses in certain townships.

Chairman Oleen recognized Representative Wilk, who spoke as a proponent for **SB-430**. Representative Wilk stated that he wanted to lend his support to the bill. He stated that Fairmount Township is in his district, but this situation could happen anywhere. Representative Wilk ask the committee for favorable consideration of the bill.

Chairman Oleen closed the hearing on the bill.

Chairman Oleen ask Mr. Randy Tongier to explain to the committee which audits were performed by Legislative Post Audit Staff and which audits were contracted to outside firms. Mr. Tongier stated that performance audits were done by Legislative Post Audit staff and financial audits that are more CPA type audits are contracted out. These contracts are issued out of the Legislative Post Audit and are awarded by competitive bids.

Chairman Oleen directed questions to Myron Scafe, Director of the Kansas Racing Commission about the sale of Camptown Race track. Mr. Scafe stated that an application had been received from Phil Ruffin concerning Camptown. There were many questions that needed to be answered on the application; that it was returned and the Commission has not received the application back. The transfer is to close on March 31.

Chairman Oleen requested that Mr. Scafe provide the committee with a list of the members of The Racing Association of Kansas (TRAK) Southeast for their use and information.

The meeting adjourned at 11:55 a.m. The next meeting will be held Thursday, January 27, 2000 at 11:00 a.m.

