

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on January 15, 2008 in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Melissa Doeblin, Revisor of Statutes Office
Theresa Kiernan, Revisor of Statutes Office
Connie Burns, Committee Assistant

Conferees appearing before the committee:

Stephen Martino, Kansas Racing and Gaming Commission
Robert Krehbiel, Kansas Racing and Gaming Commission

Others attending:

See attached list.

Chairman Brungardt opened the meeting by welcoming the committee members and staff. The Chairman introduced the new committee members, Senator Marci Francisco, and new staff members Theresa Kiernan and Melissa Doeblin, Office of the Revisor.

Stephen Martino, Executive Director, Kansas Racing and Gaming Commission, (KRGC) provided the committee a presentation on the Racing and Gaming Commission. (Attachment 1) The Racing and Gaming Commission is made up of five members, and the Chief Gaming Officer coordinates specifically SB 66 between the Racing & Gaming Commission and the Lottery Commission, and in addition has some interaction and coordination with the State Gaming Agency. The presentation included charts on employee positions:

- Executive Division
- Administration Department
- Animal Health Department
- Audit and Electronic Security
- Licensing Department
- Racing Department
- Security Department

Audit and Electronic Security is a new division; the electronic security position responsibility of this division is to ensure compliance with our technical standards with the electronic gaming machines making sure the appropriate and authorized programs are actually functioning in the slot machines making them operational. The Racing Department organization and operations has not changed ; there are still three racing judges per statutory requirement. KRGC proposed gaming regulations through January 14, 2008, was provided. Senate Bill 66 requires that all electronic gaming machines be linked directly to a central computer at a location to be determined by the Lottery Commission's executive director for purposes of security, monitoring and auditing and a list of the approved standards was provided.

The KRGC has developed a very good working relationship with the Iowa Racing and Gaming Commission, and Iowa gave the KRGC their entire licensing system, which is a web pc based system, of which the KRGC has complete ownership, it was estimated to create a system would have cost \$3.7 million, so in getting the Iowa system free and with one vendor contract to make it specific for Kansas the cost is \$130,000.

The 2007 Legislature gave the KRGC the authority to a line of credit up to \$3 million to cover the start up costs associated with gaming regulations, and these funds will be repaid once all gaming facility managers have been selected. Other items will be website redesign, document imaging, live fingerprint scanning, and additional space. Three major policies that have already been adopted this year are:

- Code of Conduct - setting standard of ethical conduct for both the Commission and staff
- Employee Background Investigations - formalizing the initial and updating process for background investigations of employees

CONTINUATION SHEET

MINUTES OF THE Senate Federal and State Affairs Committee at 10:30 a.m. on January 15, 2008 in Room 526-S of the Capitol.

- Fingerprinting of Licensure - updating our current process to allow for reasonable reciprocity standards in pari-mutuel licensing and allowing for the inclusion of gaming licensees

Results of county elections, the Lottery Gaming Facility Review Board, an explanation of the Responsible Gaming, and the Policy Code of Conduct was provided.

Robert Krehbiel, Chief Gaming Officer State of Kansas, updated the committee on SB 66. (Attachment 2) The SB 66 time line was provided, which included application date, action by the Kansas Lottery Commission required, date privilege fees are due from applicants, date action by Lottery Gaming Facility Review Board required, and the date action by Kansas Racing & Gaming Commission required, which is 10 days after received and will be asking for an extension from the Governor on this action. Applications received by each gaming zone and the name of the manager was also provided; a copy of the position description was also provided .

The meeting was adjourned at 11:45 am. The next scheduled meeting is January 17, 2008.