

SESSION OF 2014

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2469**

As Amended by House Committee on General  
Government Budget

**Brief\***

HB 2469, as amended, would enact new law that requires lottery gaming facility managers, racetrack gaming facility managers, and facility owner licensees to verify, prior to paying prizes requiring the completion of an Internal Revenue Service form W-2G, that the prize winner is not a state debtor as listed in the state debtor files maintained by the Department of Administration. If the prize winner is a state debtor, the facility manager or licensee would be required to withhold prize winnings to the extent of the prize winner's debt listed in state debtor files. Any withheld funds would be transferred to the State Treasurer who would deposit the funds in the State Treasury to be credited to the Department of Administration's Debt Setoff Clearing Fund.

The bill would exempt lottery gaming facility managers, racetrack gaming facility managers, and facility owner licensees from any civil, criminal, or administrative liability stemming from the withholding of prize winnings pursuant to this statute, provided that the action of the facility manager or the facility owner licensee was not made in an intentional, malicious, or wanton manner. The prize winner would be permitted to submit an appeal to the Department of Administration if the winner believes the gaming facility manager or facility owner licensee acted in violation of this statute.

The bill would also amend a statute that provides for debt setoff authority and certain agreements to allow the

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Department of Administration to work with lottery gaming managers, racetrack gaming facility managers, or facility owner licensees for the purposes of the State Debt Setoff Program.

## **Background**

The bill was introduced by Representatives DeGraaf, Alford, Anthimides, Bradford, Brunk, Campbell, Carpenter, Claeys, Couture-Lovelady, Crum, Doll, Dove, Edwards, Estes, Gandhi, Garber, Hedke, Highland, Hoffman, Houston, Howell, Jones, Kahrs, Kiegerl, Kinzer, Osterman, Peck, Rubin, Ryckman Jr., Sawyer, Schroeder, Seiwert, Sutton, Thimesch, and Weigel.

In the House Budget Committee, Representative Kiegerl, and representatives of the Department of Administration, Kansas Star Casino and Boyd Gaming Corporation, and the Department for Children and Families (DCF) spoke in favor of the bill. A representative of the city of Derby provided written proponent testimony. Written opponent testimony was provided by a representative of Hollywood Casino at the Kansas Speedway.

The House Budget Committee amended the bill, at the request of the Department of Administration, to clarify the name of Department of Administration's Debt Setoff Clearing Fund, and to specify the bill would not apply to Tribal gaming facilities.

According to the fiscal note provided by the Division of the Budget on the bill, as introduced, the Kansas Racing & Gaming Commission estimated negligible expenses related to additional staff time needed to modify regulations, facility operator internal controls, and audit programs. However, any costs incurred would be reimbursed by gaming facility managers. The Department of Administration estimated less than \$10,000 would be required to implement the bill. The DCF estimated, based on data from Colorado legislation and

comparisons of Kansas and Colorado caseloads, the bill would increase child support collections by \$157,300 annually. The agency anticipates approximately \$8,000 per year in expenses due to the recovery assistance fee imposed by the Department of Administration; however, DCF stated that absorption of these expenses is possible to eliminate fees being imposed on child support distributions.

Any fiscal effect associated with the bill is not reflected in *The FY 2014 Governor's Budget Report*.