

MINUTES OF THE SENATE FEDERAL & STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 am on January 10, 2006 in Room 231-N of the Capitol.

All members were present except:  
Senator O'Connorn- excused

Committee staff present:  
Athena Andaya, Kansas Legislative Research Department  
Dennis Hodgins, Kansas Legislative Research Department  
Mary Ann Torrence, Revisor of Statutes Office  
Connie Burns, Committee Secretary

Conferees appearing before the committee:  
Ed Van Petten, Executive Director, Kansas Lottery  
Tom Groneman, Director, Alcoholic Beverage Control

Others attending:  
See attached list.

Chairman Brungardt opened the meeting by welcoming committee members and staff. The Chairman introduced the new committee member, Senator Dennis Wilson, the staff members and Connie Burns as interim committee secretary.

Ed Van Petten, Director Lottery Commission, provided the committee with an overview of the Kansas Lottery. (Attachment 1) Mr. Van Petten talked about new programs, games, and sales. The decrease in sales for 2005 was due in large to lack of high jackpots in the Powerball and super Kansas Cash games. The increase experienced with instant tickets sales is a result of changes made in game development, distribution, and marketing practices.

The lottery continues to develop marketing partnerships with Kansas businesses and industries. There are a number of businesses in the lottery industry that license certain products for use of logos and their merchandise for prizes in conjunction with lottery games and is a good way to stimulate economic development in Kansas without the use of additional public funds.

The Oklahoma Lottery began selling instant tickets October 12, 2005, and the Kansas Lottery has not detected any loss of sales since that time. Powerball games commence in Oklahoma later this week (January 12, 2006) and as reported last year, some reduction in sales at retail locations on the southern border of Kansas is anticipated, but the total impact is unknown.

The definition class of gaming was covered in Appendix A, the elements of "Lottery and Gaming" in Appendix B, Comparison of "Video Lottery Terminal" to "Slot Machine" in Appendix C.

Mr. Van Petten explained the defect that stemmed from a hardware failure on the Lottery's Pick 3 games picking the same numbers three days in a row.

Tom Groneman, Director Alcoholic Beverage Control, (ABC) provided the committee with an overview of the division. (Attachment 2) The number one priority of the Alcoholic Beverage Control Division is to fairly administer and enforce the liquor laws in Kansas to ensure compliance and to maintain a level playing field among all licensees. It is the duty to see that all applicable liquor taxes due and owing are collected. There are three organizational units: licensing, administration and enforcement. Licensing is functionally part of the Customer Relations Bureau with the Division of Tax Operations, but under the authority of the director of ABC for issues related to liquor licenses.

In December 2004, ABC received a grant from Kansas Department of Transportation to address underage drinking problems in the State. The grant funds a statewide enforcement coordinator who works with local law enforcement and community groups to provide heightened awareness of underage drinking problems and assist in addressing these issues. The grant is funded through May 2007.

The 2005 Legislature passed **SB 298**, the bill allows for the issuance of retail liquor licenses within all

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cities in the state after November 15, 2005, unless the city passes an ordinance prohibiting such sales prior to February 15, 2006. **SB 298** also nullified all previous charter ordinances passed by cities and counties opting out of certain provisions of the liquor control act, mainly days and hours of sales. ABC is currently compiling a complete list of cities/counties that have adopted expanded hours. Included is what has been compiled to date.

The meeting adjourned at 11:30 am. The next scheduled meeting is January 11, 2006.