

MINUTES OF THE HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Arlen Siegfroid at 1:30 P.M. on March 20, 2007 in Room 313-S of the Capitol.

All members were present except:

Representative Steve Brunk- excused
Representative Forrest Knox- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Mike Heim, Revisor of Statutes Office
Carol Doel, Committee Assistant

Conferees:

Phil Bradley, Executive Director, Kansas Licensed Beverage Association
Chuck Mageral, Free State Brewing Company
Denny Burgess, Thoroughbred Association
Jean Holthaus, Kansas Coalition on Problem Gambling
Duane Olberding, Kansas Coalition on Problem Gambling

Others attending:

See attached list

The Chairman opened the meeting requesting a motion for approval of the minutes from March 9th, 12th, 13th, and 14th.

Representative Ruiz moved the minutes of March 9th, 12th, 13th, and 14th be approved as read with a second by Representative Dillmore. Motion passed.

The Chair opened the floor for continuation of the hearing on **HB 2568** - Kansas destination casino act; destination casino commission; state owned and operated.

Denny Burgess, representing the Kansas Thoroughbred Association, presented testimony opposing **HB 2568**. Mr. Burgess opined that this bill would allow even more unfair competition for the racing industry which competes with other states that have slots at their tracks. It is his opinion that this bill should be amended by striking the entire bill and substituting **HB 2055**. (See Attachment 8 turned in on March 19th)

Ron Hein, representing the Prairie Band Potawatomi Nation, again approached the Committee to speak in opposition to **HB 2568**. Mr. Hein related that expanded gambling would have a serious impact on the Tribes. He further stated that the legislature should not make any recommendation for expanded gambling without determining how much of the revenue generated by expanded gambling will come from dollars already being spent at other businesses within the state, and how much state and local tax revenues will be lost from those businesses. They feel that if gambling is to be expanded in Kansas, it should involve a constitutional process, either legislation must be purely state-owned and operated casinos, or the legislature must approve a constitutional amendment allowing privately operated casinos. (See Attachment 9 turned in on March 19th)

Mr. Hein also submitted a copy of an article from the Kansas City Business Journal entitled *Butler National Will Develop Dodge City Casino*. (Attachment 1)

With no other person wishing to speak to the bill, Chairman Siegfroid closed the hearing on **HB 2568**, and opened the public hearing on **HB 2555** - Microbrewery; farm winery; license changes.

Phil Bradley, Executive Director of the Kansas Licensed Beverage Association, spoke in support of **HB 2555**. This bill would remove the restriction to only one license for microbreweries. (Attachment 2)

Chuck Magerl of the Free State Brewing Company, Lawrence, Kansas gives the opinion that by approving the provision of **HB 2555**, it would extend the opportunity for business growth to his company and others like them that see reason for good future in the Kansas market. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE House Federal and State Affairs Committee at 1:30 P.M. on March 20, 2007 in Room 313-S of the Capitol.

There were no opponents to the bill and the Chairman closed the hearing on **HB 2555**.

The Chair opened the public hearing on **HB 2478** - Problem gambling grant fund; increase in annual transfer.

Jean Holthaus, representing the Kansas Coalition on Problem Gambling, provided testimony in favor of **HB 2478**. Ms. Holthaus stated that the fastest growing addiction among youth in America is gambling. Gambling is the most frequently identified social activity among persons age 65 and older. Ms. Holthaus also reported that military personnel are vulnerable to problem gambling, and that financial institutions have expressed dismay about the devastating consequences they observe with customers suffering from pathological gambling. These are the reasons for her supporting **HB 2478** which increases the funds available to address problem gambling. (Attachment 4) Also submitted for Committee review was information regarding how Kansas compares with other Midwest states for problem gambling funds. (Attachment 5)

Duane Olberding, President of Kansas Coalition on Problem Gambling (KCGC), as a proponent to **HB 2478**. Mr. Olberding voiced the opinion that Kansas is not adequately supporting its citizens that are affected by problems associated with the legalized gambling that the State created and promoted. Kansas has benefitted from the proceeds of legalized gambling for years without correcting the mistake of not setting aside monies for the problems from the onset of legalized gambling. He further stated that it is time to correct this mistake and that the passage of **HB 2478** would provide financial support primarily for prevention and awareness efforts. (Attachment 6) Presented for Committee review was a chart showing the Kansas problem gambling grant fund - state lottery - 2007 legislative proposal. (Attachment 7)

With no further time left for the committee meeting, Ray Dalton, Deputy Secretary of the Social and Rehabilitation Services will be heard as neutral to **HB 2478** on Wednesday, March 21st. (Attachment 8)

Meeting adjourned.