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Laura Kelly, Governor

April 28, 2026

The Honorable Mike Thompson, Chairperson
Senate Committee on Federal and State Affairs
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Thompson:

SUBJECT: Fiscal Note for SB 516 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 516 is respectfully submitted to your committee.

SB 516 would provide a definition of an amusement machine that is a machine or device that requires a direct or indirect payment to play, does not involve chance, and automatically with mechanical operation provides music or amusement with or without vending any merchandise. In addition to vending merchandise, an amusement machine may provide a noncash, merchandise prize or a voucher, billet, ticket, token, or electronic credit redeemable only for a noncash, merchandise prize. The wholesale value of a noncash, merchandise prize awarded could not exceed $25. If tickets/vouchers are redeemed for a larger prize, the value would be based on the number of plays needed to earn it. Any redeemable voucher or noncash, merchandise prize would be required to be distributed at the site of the machine or device at the time of play. A noncash, merchandise prize would not be an alcoholic beverage, eligible for purchase or repurchase, or exchangeable for any cash, cash equivalents or something of value. The operation of amusement machines would not be defined as illegal gambling.

The bill would define an esports competition as a league, competitive circuit, tournament, or similar competition that involves two or more participants or teams of participants that compete directly against each other for entertainment and prizes in the same video game at the same time and at the same location in view of spectators; the results are determined solely on the basis of the skill of the players; the number of participants is fixed before the beginning of the competition; any fee collected to participate in the competition would be collected from all participants before the competition begins; at least one participant would receive something of value based on the

results of the competition; and the value of any prize would be predetermined before the competition begins. An esports competition would not include traditional casino games (such as poker, roulette, craps, blackjack, etc.). The operation of esports competitions would not be defined as illegal gambling.

The bill would provide a definition for skill-based contests as a live, in-person competitive event among two or more individuals or teams of individuals in which the ultimate winner is determined by skill, and the competitive event does not utilize a gambling device. The operation of skill-based contests would not be defined as illegal gambling.

The bill would update the definition of a gambling device related to slot machines by removing the requirement that an essential part of a slot machine is a drum or reel with insignia. The bill would specify that when a slot machine is operated it would deliver, as a result of any element of chance, any money or property. The bill would include playing or offering for play any game, contest, or competition using a gambling device in the definition of gambling.

The bill would add to the definition of a gambling device to include any mechanical or electronic device that is offered or made available to a person to play or participate in an actual or simulated gambling program in return for direct or indirect consideration. A gambling device would also be an electronic, computerized or mechanical contrivance, terminal, machine, or other device that requires the direct or indirect payment of consideration or offers games in which the outcomes are determined by any element of skill of the player and would deliver or entitle the person playing or operating the device to receive cash, cash equivalents or gift cards or vouchers, billets, tickets, tokens or electronic credits to be exchanged for cash or to receive merchandise or something of value, whether the payoff is made automatically from the device or manually.

The Kansas Racing and Gaming Commission indicates SB 516 would have no fiscal effect on its operations. The Commission would continue its role of investigating illegal gambling activities across the state.

The Kansas Lottery indicates the bill has the potential to reduce the number of illegal slot machines or "gray machines" operating in the state. Reducing or eliminating illegal gambling has the potential to increase revenues collected from legal gaming that is authorized by the State of Kansas, including gaming operations at the four state-owned casinos, sports wagering, and traditional lottery tickets offered by the Kansas Lottery.

The Attorney General indicates that the bill would not have any direct costs on its operations. However, the bill has the potential to increase litigation costs by unknown amounts. The Judiciary indicates that enactment of the bill would increase its operating expenditures by a negligible amount that could be absorbed within existing resources. The bill could also result in the collection of docket fees and fines, which would be deposited into the State General Fund. Any fiscal effect associated with SB 516 is not reflected in *The FY 2027 Governor's Budget Report*.

The League of Kansas Municipalities indicates that enactment of the bill could result in decreased costs related to local law enforcement and local court operations from exempting certain devices and contests from unlawful gambling prohibitions. Any decrease in costs as a result of the bill would be negligible. The Kansas Association of Counties indicates the bill would have no fiscal effect on county expenditures or revenues.

Sincerely,

Adam C. Proffitt
Director of the Budget

cc: Brandi White, Kansas Racing & Gaming Commission
Keith Kocher, Kansas Lottery
Bruce Chladny, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
Trisha Morrow, Judiciary
Matt Bingesser, Office of the Attorney General