

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2058**

As Amended by Senate Committee of the Whole

Brief*

Senate Sub. for HB 2058, as amended, would amend law to authorize any gaming compact concerning sports wagering to include provisions governing sports wagering outside the boundaries of Indian lands.

The bill would amend the Kansas Parimutuel Racing Act to credit tax revenue generated from wagers on historical horse races to the Kansas Horse Breeding Development Fund and the Horse Fair Racing Benefit Fund. One-third of the tax revenue generated from wagers on historical horse races would be credited to the Kansas Horse Breeding Development Fund and two-thirds would be credited to the Horse Fair Racing Benefit Fund.

The bill would also remove the exemption in the Kansas Indoor Clean Air Act for the gaming floors of lottery gaming facilities or racetrack gaming facilities.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The Senate Committee on Federal and State Affairs removed the contents of HB 2058, inserted its amended contents of SB 322, and recommended a substitute bill.

*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>

[*Note:* As passed by the House, HB 2058 would have amended provisions of the Kansas Liquor Control Act to require remittance of gallonage taxes by holders of a special order shipping license to be submitted to the Secretary of Revenue monthly rather than quarterly as required in current law.]

SB 322 (Sports Wagering)

SB 322 was introduced by the Senate Committee on Federal and State Affairs at the request of a representative of Prairie Band Potawatomi Nation.

Senate Committee on Federal and State Affairs

In the Senate Committee hearing, representatives of the Governor's Office and the Prairie Band Potawatomi Nation provided **proponent** testimony. The proponents stated the bill would allow negotiations to continue regarding the gaming compact between the State of Kansas and Prairie Band Potawatomi Nation.

Opponent testimony was provided by representatives of Boot Hill Casino and Resort, Kansas Crossing Casino and Kansas Star Casino, and Kansas Entertainment, LLC. The opponents generally stated the bill would expose the State to the risk of litigation and loss of revenue and create a disadvantage for managers of state-owned casinos.

The Senate Committee removed the contents of HB 2058, inserted modified contents pertaining to sports wagering and historical horse races (SB 322), and recommended a substitute bill be passed.

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to remove the exemption in the Kansas Indoor Clean Air Act for

gaming floors of lottery gaming facilities or racetrack gaming facilities.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 322, as introduced, the Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency (part of the Kansas Racing and Gaming Commission that regulates tribal gaming) cannot estimate the fiscal effect for the enactment of the bill because the terms and conditions that would be included in a potential gaming compact are unknown.

In addition, the fiscal effect regarding the operations of the Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency cannot be estimated. Depending on the terms and conditions including in a gaming compact, the bill has the potential to reduce the state's share of sports wagering revenue generated from the contracts between the Kansas Lottery and lottery gaming facility managers that allows sports wagering in the state. In addition, there would be potential for one or more of the existing lottery gaming facility managers would take any legal action in response to this legislation.

The Office of the Attorney General indicates the bill has the potential to increase litigation costs starting in FY 2024. However, the Office did not provide an estimate of the additional litigation costs or how long the estimated litigation costs would continue from enactment from the bill. Depending on current workload, the Office indicates that the bill could require it to hire outside counsel to defend the State.

Also, the bill has the potential to increase litigation in the courts. If it does, the Office of Judicial Administration (OJA) indicates that there would be a fiscal effect on the operations of the court system. The OJA indicates that it is not possible to estimate the number of additional court cases that would

arise or how complex and time-consuming the cases would be. However, the fiscal effect would most likely be negligible and could be accommodated within existing budget resources.

Any fiscal effect associated with enactment of SB 322 is not reflected in *The FY 2024 Governor's Budget Report*.

Gaming; gaming compact; sports wagering; historical horse races; State Racing Fund; Kansas Horse Breeding Development Fund; Horse Fair Racing Benefit Fund; Kansas Lottery; Kansas Racing and Gaming Commission; State Gaming Agency; Kansas Indoor Clean Air Act