

HOUSE BILL No. 2791

By Committee on Taxation

Requested by Representative Awerkamp

3-4

1 AN ACT concerning gaming; relating to sports wagering; imposing an
2 excise tax on all sports wagers at a rate of 3% of the amount wagered;
3 creating the public education fund and the sports wagering privilege tax
4 refund fund; transferring the proceeds of such tax to the state school
5 district finance fund; decreasing the statewide property tax levy for
6 school districts by 1.5 mills; amending K.S.A. 72-5133 and K.S.A.
7 2025 Supp. 72-5142 and 74-8733 and repealing the existing sections.
8

9 *Be it enacted by the Legislature of the State of Kansas:*

10 New Section 1. (a) For the privilege of placing sports wagers in this
11 state, there is hereby imposed on each sports wager placed with a lottery
12 gaming facility manager a privilege tax at a rate of 3% upon the total
13 amount wagered.

14 (b) The privilege tax imposed by this section shall be paid by the
15 person placing the sports wager to the lottery gaming facility manager.
16 Each lottery gaming facility manager shall collect from the person placing
17 the sports wager the full amount of such tax and remit such tax to the
18 department of revenue in the manner prescribed by subsection (c). The
19 department of revenue shall administer and enforce the payment of such
20 tax.

21 (c) The tax levied and collected pursuant to this section shall become
22 due and payable by the lottery gaming facility manager monthly, on or
23 before the 25th day of the following month from when such tax is
24 collected. Each lottery gaming facility manager shall make a true report to
25 the department of revenue, on a form prescribed by the secretary of
26 revenue, providing such information as may be necessary to determine the
27 amounts to which any such tax shall apply for all sports wagers accepted
28 by the lottery gaming facility manager for the applicable month or months.
29 Such report shall be accompanied by the tax disclosed by such report.

30 (d) All taxes collected under the provisions of this section shall be
31 remitted by the secretary of revenue to the state treasurer in accordance
32 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
33 receipt of each such remittance, the state treasurer shall deposit the entire
34 amount in the state treasury to the credit of the public education fund
35 established by section 2, and amendments thereto. Any refund due on

1 privilege tax collected pursuant to this section shall be paid out of the
2 sports wagering privilege tax refund fund, which is hereby established in
3 the state treasury and reimbursed by the director of taxation from
4 collections of the privilege tax authorized by this section.

5 (e) The director of taxation shall have the power to require any lottery
6 gaming facility manager to furnish additional information deemed
7 necessary for the purpose of computing the amount of the taxes due
8 pursuant to this section and, for such purpose, examine all books, records
9 and files of such persons or entities and issue subpoenas and examine
10 witnesses under oath. If any witness fails or refuses to appear at the
11 request of the director, or refuse access to books, records and files, the
12 district court of the proper county, or the judge thereof, on application of
13 the director, shall compel obedience by proceedings for contempt, as in the
14 case of disobedience of the requirements of a subpoena issued from such
15 court or a refusal to testify therein. The provisions of K.S.A. 75-5133, 79-
16 3610, 79-3611, 79-3612, 79-3613, 79-3615 and 79-3617, and amendments
17 thereto, relating to the assessment, collection, appeal and administration of
18 the retailers' sales tax, insofar as practicable, shall have full force and
19 effect with respect to the taxes, interest, penalties and fines imposed by
20 this section.

21 New Sec. 2. (a) There is hereby established in the state treasury the
22 public education fund. The public education fund shall be administered by
23 the executive director. Expenditures from such fund shall be made in
24 accordance with appropriations acts upon warrants of the director of
25 accounts and reports issued pursuant to vouchers approved by the
26 executive director or executive director's designee.

27 (b) Moneys in the public education fund shall only be used for
28 purposes of the state school district finance fund established by K.S.A. 72-
29 5133, and amendments thereto, and for the payment of sports wagering
30 privilege tax refunds. The director of accounts and reports shall transfer
31 moneys in the public education fund to the state school district finance
32 fund and the sports wagering privilege tax refund fund on or before the
33 15th day of each month to each respective fund in such amounts as certified
34 by the director of taxation.

35 Sec. 3. K.S.A. 72-5133 is hereby amended to read as follows: 72-
36 5133. (a) The state school district finance fund, established by K.S.A. 1991
37 Supp. 72-7081, prior to its repeal, is hereby continued in existence and
38 shall consist of: (1) All moneys credited to such fund under K.S.A. 2017
39 Supp. 72-6463 through 72-6481, prior to July 1, 2017; and (2) all amounts
40 transferred to such fund under K.S.A. 72-5136, 72-5142, 72-5143, 72-
41 5158, 72-5159 and 72-5160, and amendments thereto, *and section 2, and*
42 *amendments thereto.*

43 (b) The state school district finance fund shall be used for the purpose

1 of school district finance and for no other governmental purpose. It is the
2 intent of the legislature that the fund shall remain intact and inviolate for
3 such purpose, and moneys in the fund shall not be subject to the provisions
4 of K.S.A. 75-3722, 75-3725a and 75-3726a, and amendments thereto.

5 (c) Amounts in the state school district finance fund shall be allocated
6 and distributed to school districts as a portion of state foundation aid
7 provided for under this act.

8 Sec. 4. K.S.A. 2025 Supp. 72-5142 is hereby amended to read as
9 follows: 72-5142. (a) The board of education of each school district shall
10 levy an ad valorem tax upon the taxable tangible property of the school
11 district in the school years specified in subsection (b) for the purpose of:

12 (1) Financing that portion of the school district's general fund budget
13 that is not financed from any other source provided by law;

14 (2) paying a portion of the costs of operating and maintaining public
15 schools in partial fulfillment of the constitutional obligation of the
16 legislature to finance the educational interests of the state; and

17 (3) with respect to any redevelopment school district established prior
18 to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto,
19 paying a portion of the principal and interest on bonds issued by cities
20 under authority of K.S.A. 12-1774, and amendments thereto, for the
21 financing of redevelopment projects upon property located within the
22 school district.

23 (b) The tax required under subsection (a) shall be levied at a rate of
24 20 mills in the school ~~years~~ year 2025-2026 and *at a rate of 18.5 mills in*
25 *the school year 2026-2027.*

26 (c) The proceeds from the tax levied by a district under authority of
27 this section, except the proceeds of such tax levied for the purpose
28 described in subsection (a)(3), shall be remitted to the state treasurer in
29 accordance with the provisions of K.S.A. 75-4215, and amendments
30 thereto. Upon receipt of each such remittance, the state treasurer shall
31 deposit the entire amount in the state treasury to the credit of the state
32 school district finance fund.

33 (d) No school district shall proceed under K.S.A. 79-1964, 79-1964a
34 or 79-1964b, and amendments thereto.

35 Sec. 5. K.S.A. 2025 Supp. 74-8733 is hereby amended to read as
36 follows: 74-8733. (a) K.S.A. 74-8733 through 74-8773, and amendments
37 thereto, and K.S.A. 2025 Supp. 74-8781 through 74-8794 *and sections 1*
38 *and 2*, and amendments thereto, shall be known and may be cited as the
39 Kansas expanded lottery act. The Kansas expanded lottery act shall be a
40 part of and supplemental to the Kansas lottery act.

41 (b) If any provision of this act or the application thereof to any person
42 or circumstance is held invalid, the invalidity shall not affect any other
43 provision or application of the act which can be given effect without the

1 invalid provision or application.

2 (c) Any action challenging the constitutionality of or arising out of
3 any provision of this act, any lottery gaming facility management contract
4 or any racetrack gaming facility management contract entered into
5 pursuant to this act shall be brought in the district court of Shawnee
6 county.

7 Sec. 6. K.S.A. 72-5133 and K.S.A. 2025 Supp. 72-5142 and 74-8733
8 are hereby repealed.

9 Sec. 7. This act shall take effect and be in force from and after its
10 publication in the statute book.