

SENATE BILL No. 260

By Committee on Ways and Means

2-11

1 AN ACT concerning parimutuel wagering; relating to the Kansas
2 parimutuel racing act; modifying the qualifications for an organization
3 license; redefining horsemen's associations and horsemen's nonprofit
4 organizations; changing the distribution of certain tax revenues;
5 amending K.S.A. 74-8826, 74-8829 and 74-8838 and K.S.A. 2024
6 Supp. 74-8802 and 74-8814 and repealing the existing sections.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 2024 Supp. 74-8802 is hereby amended to read as
10 follows: 74-8802. As used in the Kansas parimutuel racing act unless the
11 context otherwise requires:

12 (a) "Breakage" means the odd cents by which the amount payable on
13 each dollar wagered exceeds:

14 (1) A multiple of \$.10, for parimutuel pools from races conducted in
15 this state; and

16 (2) a multiple of such other number of cents as provided by law of the
17 host jurisdiction, for interstate combined wagering pools.

18 (b) "Commission" means the Kansas racing and gaming commission
19 created by this act.

20 (c) "Concessionaire licensee" means a person, partnership,
21 corporation or association licensed by the commission to utilize a space or
22 privilege within a racetrack facility to sell goods or services.

23 (d) "Contract" means an agreement, written or oral, between two or
24 more persons, partnerships, corporations or associations, or any
25 combination thereof that creates an obligation between the parties.

26 (e) "Crossover employment" means a situation in which an
27 occupational licensee is concurrently employed at the same racing facility
28 by an organization licensee and a facility owner licensee or facility
29 manager licensee.

30 (f) "Dual racetrack facility" means a racetrack facility for the racing
31 of both horses and greyhounds or two immediately adjacent racetrack
32 facilities, owned by the same licensee, one for racing horses and one for
33 racing greyhounds.

34 (g) "Employee" means a person who has applied for a position of
35 employment or is currently employed by the commission.

36 (h) "Executive director" means the executive director of the

1 commission.

2 (i) "Facility manager licensee" means a person, partnership,
3 corporation or association licensed by the commission and having a
4 contract with an organization licensee to manage a racetrack facility
5 located in Sedgwick county.

6 (j) "Facility owner licensee" means a person, partnership, corporation
7 or association, or the state of Kansas or any political subdivision thereof,
8 licensed by the commission to construct or own a racetrack facility located
9 in Sedgwick county. "Facility owner licensee" does not mean an
10 organization licensee that owns the racetrack facility in which it conducts
11 horse or greyhound racing.

12 (k) "Fair association" means an association organized pursuant to
13 K.S.A. 2-125 et seq., and amendments thereto or a nonprofit association
14 determined by the commission to be otherwise organized to conduct fair
15 activities pursuant to findings of fact entered by the commission in a
16 license order.

17 (l) "Financial interest" means an interest that could result directly or
18 indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a
19 result of ownership or interest in a business entity or activity or as a result
20 of a salary, gratuity or other compensation or remuneration from any
21 person.

22 (m) "Greyhound" means any greyhound breed of dog properly
23 registered with the national greyhound association of Abilene, Kansas.

24 (n) "Historical horse race machine" means any electronic,
25 electromechanical, video or computerized device, contrivance or machine
26 authorized by the commission that, upon insertion of cash, tokens,
27 electronic cards or any consideration, is available to accept wagers on and
28 simulate the running of historical horse races, and that may deliver or
29 entitle the patron operating the machine to receive cash, tokens,
30 merchandise or credits that may be redeemed for cash. Historical horse
31 race machines shall use historically accurate information of the horse race
32 selected to determine the place of finish of each horse. No random number
33 generator or other algorithm shall be used for determining the results of an
34 historical horse race. Historical horse race machines shall be directly
35 linked to a central computer at a location determined by the commission
36 for purposes of security, monitoring and auditing.

37 (o) "Horsemen's association" means any association or corporation:

38 (1) All officers, directors, members and shareholders of which are
39 licensed owners of horses or licensed trainers of horses, or both;

40 (2) applying for or has been issued a facility owner license
41 authorizing ownership of ~~Eureka Downs, Anthony Downs~~ or a racetrack
42 facility ~~on or adjacent to premises used by a fair association to conduct fair~~
43 ~~activities; and~~

1 (3) none of the officers, directors, members or shareholders of which
2 holds another facility owner license or is an officer, director, member or
3 shareholder of another facility owner licensee.

4 (p) "Horsemen's nonprofit organization" means any nonprofit
5 organization:

6 (1) All officers, directors, members or shareholders of which are
7 licensed owners of horses or licensed trainers of horses, or both; and

8 (2) applying for or has been issued an organization license
9 authorizing the conduct of horse races at ~~Eureka Downs, Anthony Downs~~
10 ~~or a racetrack facility on or adjacent to premises used by a fair association~~
11 ~~to conduct fair activities.~~

12 (q) "Host facility" means the racetrack at which the race is run or, if
13 the race is run in a jurisdiction that is not participating in the interstate
14 combined wagering pool, the racetrack or other facility that is designated
15 as the host facility.

16 (r) "Host jurisdiction" means the jurisdiction where the host facility is
17 located.

18 (s) "Interstate combined wagering pool" means a parimutuel pool
19 established in one jurisdiction that is combined with comparable
20 parimutuel pools from one or more racing jurisdictions for the purpose of
21 establishing the amount of money returned on a successful wager in the
22 participating jurisdictions.

23 (t) "Intertrack wagering" means wagering on a simulcast race at a
24 licensed racetrack facility or at a facility that is licensed in its racing
25 jurisdiction to conduct live races.

26 (u) "Intrastate combined wagering pool" means a parimutuel pool that
27 is combined with comparable parimutuel pools from one or more racetrack
28 facilities for the purpose of establishing the amount of money returned on
29 a successful wager at the participating racetrack facilities.

30 (v) "Kansas-whelped greyhound" means a greyhound whelped and
31 raised in Kansas for the first six months of its life.

32 (w) "Licensee" means a person who has submitted an application for
33 licesure or currently holds a license issued by the commission.

34 (x) "Minus pool" means a parimutuel pool in which, after deducting
35 the takeout, not enough money remains in the pool to pay the legally
36 prescribed minimum return to those placing winning wagers, and in which
37 the organization licensee would be required to pay the remaining amount
38 due.

39 (y) "Nonprofit organization" means:

40 (1) A corporation that is incorporated in Kansas as a not-for-profit
41 corporation pursuant to the Kansas general corporation code and the net
42 earnings of which do not inure to the benefit of any shareholder, individual
43 member or person; or

1 (2) a fair association.

2 (z) "Occupation licensee" means a person licensed by the commission
3 to perform an occupation or provide services that the commission has
4 identified as requiring a license pursuant to this act.

5 (aa) "Off-track wagering" means wagering on a simulcast race at a
6 facility that is not licensed in its jurisdiction to conduct live races.

7 (bb) "Organization licensee" means a nonprofit organization licensed
8 by the commission to conduct races pursuant to this act and, if the license
9 so provides, to construct or own a racetrack facility.

10 (cc) "Parimutuel pool" means the total money wagered by individuals
11 on one or more horses or greyhounds in a particular horse or greyhound
12 race to win, place or show, or combinations thereof, as established by the
13 commission, and, except in the case of an interstate or intrastate combined
14 wagering pool, held by the organization licensee pursuant to the
15 parimutuel system of wagering. There is a separate parimutuel pool for
16 win, for place, for show and for each of the other forms of betting
17 provided for by the rules and regulations of the commission.

18 (dd) "Parimutuel wagering" means a form of wagering on the
19 outcome of horse and greyhound races, including historical horse races
20 conducted by an historical horse race machine, in which those who wager
21 purchase tickets of various denominations on one or more horses or
22 greyhounds and all wagers for each race are pooled and the winning ticket
23 holders are paid prizes from such pool in amounts proportional to the total
24 receipts in the pool.

25 (ee) "Race meeting" means one or more periods of racing days during
26 a calendar year designated by the commission for which an organization
27 licensee has been approved by the commission to hold live horse or
28 greyhound races or simulcast horse races at which parimutuel wagering is
29 conducted, including such additional time as designated by the
30 commission for the conduct of official business before and after the races.

31 (ff) "Racetrack facility" means a racetrack within Kansas used for the
32 racing of horses or greyhounds, or both, including the track surface,
33 grandstands, clubhouse, all animal housing and handling areas, other areas
34 in which a person may enter only upon payment of an admission fee or
35 upon presentation of authorized credentials and such additional areas as
36 designated by the commission. The term "racetrack facility" includes a
37 facility used for the display of and wagering on simulcast races and the
38 operation of historical horse race machines without any live horse or
39 greyhound races being conducted.

40 (gg) "Racing jurisdiction" or "jurisdiction" means a governmental
41 authority that is responsible for the regulation of live or simulcast racing in
42 its jurisdiction.

43 (hh) "Racing or wagering equipment or services licensee" means any

1 person, partnership, corporation or association licensed by the commission
2 to provide integral racing or wagering equipment or services, as designated
3 by the commission, to an organization licensee.

4 (ii) "Recognized greyhound owners' group" means the duly
5 recognized group elected in accordance with rules and regulations of the
6 commission by a majority of the Kansas licensed greyhound owners at the
7 racetrack facility voting in the election. The commission may designate an
8 organization such as the national greyhound association of Abilene,
9 Kansas, to conduct the election.

10 (jj) "Recognized horsemen's group" means the duly recognized
11 group, representing the breeds of horses running at a racetrack facility,
12 elected in accordance with rules and regulations of the commission by a
13 majority of the licensed owners and trainers at the racetrack facility voting
14 in the election. If the licensee does not have a recognized horsemen's
15 group, the commission shall designate as the recognized horsemen's group
16 one that serves another organization licensee, but not one that serves a fair
17 association organization licensee.

18 (kk) "Simulcast" means a live audio-visual broadcast of an actual
19 horse race at the time it is run.

20 (ll) "Takeout" means the total amount of money withheld from each
21 parimutuel pool for the payment of purses, taxes and the share to be kept
22 by the organization licensee. Takeout does not include the breakage. The
23 balance of each pool less the breakage is distributed to the holders of
24 winning parimutuel tickets.

25 Sec. 2. K.S.A. 2024 Supp. 74-8814 is hereby amended to read as
26 follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the
27 commission shall establish by rules and regulations an application fee not
28 exceeding \$50 for an organization license and a license fee of \$25 for each
29 day of racing approved by the commission for any organization granted an
30 organization license.

31 (2) *Subject to paragraphs (3) and (4),* any fair association,
32 horsemen's nonprofit organization or the national greyhound association of
33 Abilene, Kansas, may apply for an organization license if:

34 (A) Such organization conducts not more than two race meetings
35 each year; *and*

36 (B) ~~such race meets are held within the boundaries of the county~~
37 ~~where the applicant is located; and~~

38 (C) ~~such race meetings are held for a total of not more than 40 days~~
39 ~~per year.~~

40 (3) *If the applicant is a fair association intending to conduct live*
41 *horse racing, then, along with an application for an organization license,*
42 *such applicant shall submit documentation demonstrating such applicant*
43 *is approved for such license by:*

1 (A) *The Kansas quarter horse racing association and the Kansas*
2 *thoroughbred association; or*

3 (B) *a horsemen's nonprofit organization.*

4 (4) *If the applicant is a horsemen's nonprofit organization intending*
5 *to conduct live horse racing, such applicant shall not conduct live horse*
6 *racing prior to March 1, 2028, unless such licensee intends to conduct*
7 *such races at Eureka Downs.*

8 (b) The commission shall adopt rules and regulations providing for
9 simplified and less costly procedures and requirements for fair associations
10 and horsemen's nonprofit organizations applying for or holding a license to
11 conduct race meetings.

12 (c) The Kansas racing and gaming commission shall investigate:

13 (1) The president,~~vice-president~~ *vice president*, secretary and
14 treasurer of a fair association, and such other members as the commission
15 considers necessary, to determine eligibility for an organization license;

16 (2) each officer and each director of a ~~nonprofit~~ *horsemen's nonprofit*
17 organization, and such other members or shareholders as the commission
18 considers necessary to determine eligibility for an organization license.

19 (d) Except as otherwise provided by this section, all applicants for
20 organization licenses for the conduct of race meetings pursuant to the
21 provisions of this section shall be required to comply with all the
22 provisions of K.S.A. 74-8813, and amendments thereto.

23 Sec. 3. K.S.A. 74-8826 is hereby amended to read as follows: 74-
24 8826. (a) There is hereby created the state racing fund in the state treasury.

25 (b) Except as otherwise provided by K.S.A. 74-8824 and 74-8835,
26 and amendments thereto, all taxes on parimutuel wagering, admissions tax,
27 application fees, license fees and fines~~which~~ *that* are collected by the
28 commission shall be remitted to the state treasurer in accordance with the
29 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
30 each such remittance, the state treasurer shall deposit the entire amount in
31 the state treasury to the credit of the state racing fund. All moneys credited
32 to such fund shall be expended or transferred only for the purposes and in
33 the manner provided by this act. Expenditures from such fund shall be
34 made in accordance with appropriation acts upon warrants of the director
35 of accounts and reports issued pursuant to vouchers approved by the
36 chairperson of the commission or a person designated by the chairperson.

37 (c) Except as otherwise provided by this act, all operating expenses of
38 the commission and moneys for the promotion of horse and greyhound
39 racing appropriated by the legislature shall be paid from the state racing
40 fund. On January 15, 1990, and on the 15th day of each month thereafter,
41 and at such other times as provided by law, the director of accounts and
42 reports shall transfer to the state gaming revenues fund created by K.S.A.
43 79-4801, and amendments thereto, any moneys in the state racing fund on

1 each such date in excess of the amount required for operating
2 expenditures, *transfers made pursuant to subsection (d)* and an adequate
3 fund balance, taking into consideration encumbrances, anticipated
4 revenues, revenue and expenditure experience to date and other relevant
5 factors, as determined by the executive director and the director of
6 accounts and reports.

7 (d) (1) *On or before July 15, 2025, and on the 15th day of each month*
8 *thereafter, of the moneys in the state racing fund in excess of the amount*
9 *required for operating expenditures 30% of such moneys credited to the*
10 *state racing fund from tax revenues collected on wagers on historical*
11 *horse races pursuant to K.S.A. 74-8823(a)(5), and amendments thereto,*
12 *shall be transferred by the director of accounts and reports from the state*
13 *racing fund to the Kansas horse breeding development fund established in*
14 *K.S.A. 74-8829, and amendments thereto.*

15 (2) *On or before July 15, 2025, and on the 15th day of each month*
16 *thereafter, of the moneys in the state racing fund in excess of the amount*
17 *required for operating expenditures 70% of such moneys credited to the*
18 *state racing fund from tax revenues collected on wagers on historical*
19 *horse races pursuant to K.S.A. 74-8823(a)(5), and amendments thereto,*
20 *shall be transferred by the director of accounts and reports from the state*
21 *racing fund to the horse fair racing benefit fund established in K.S.A. 74-*
22 *8838, and amendments thereto.*

23 (e) Any appropriation or transfer of state general fund moneys for the
24 operation of the commission or the office of the executive director and any
25 other expenses incurred in connection with the administration and
26 enforcement of this act shall be considered a loan and shall be repaid with
27 interest to the state general fund in accordance with appropriation acts.
28 Such loan shall not be considered an indebtedness or debt of the state
29 within the meaning of section 6 of article 11 of the constitution of the state
30 of Kansas. Such loan shall bear interest at a rate equal to the rate
31 prescribed by K.S.A. 75-4210, and amendments thereto, for inactive
32 accounts of the state effective on the first day of the month during which
33 the appropriation or transfer takes effect.

34 ~~(e)~~(f) At the time of repayment of a loan pursuant to subsection (d),
35 the executive director shall certify to the director of accounts and reports
36 the amount to be repaid and any interest due thereon. Upon receipt of such
37 certification, the director of accounts and reports shall promptly transfer
38 the amount certified from the state racing fund to the state general fund.

39 Sec. 4. K.S.A. 74-8829 is hereby amended to read as follows: 74-
40 8829. (a) There is hereby created in the state treasury the Kansas horse
41 breeding development fund to which moneys shall be credited as provided
42 by this act. Expenditures from such fund shall be made in accordance with
43 appropriation acts upon warrants of the director of accounts and reports

1 issued pursuant to vouchers approved by the chairperson of the
2 commission or a person designated by the chairperson.

3 (b) Moneys credited to the Kansas horse breeding development fund,
4 including any moneys in the fund on March 24, 1994, and any moneys
5 credited to the fund on or after that date, shall be apportioned into
6 categories corresponding with the various breeds of horses ~~which~~ *that* are
7 participating in live races with parimutuel wagering conducted by
8 organization licensees in direct proportion to the number of horses in each
9 category participating in such live races and shall be used in each category
10 to provide:

11 (1) Purse supplements to owners of Kansas-bred horses;

12 (2) stakes and awards to be paid to the owners of the winning Kansas-
13 bred horses in certain races as determined by the commission;

14 (3) a stallion award to each owner of a Kansas-registered stallion
15 ~~which that~~ is the sire of a Kansas-bred horse if such horse ~~wins or wins,~~
16 ~~places or shows competes~~ in any *recognized parimutuel race conducted at*
17 ~~a Kansas race meeting, but and finishes at a level determined by the~~
18 *commission for such award.* No such award shall be paid to the owner of a
19 ~~Kansas~~ Kansas-registered stallion that served outside Kansas at any time
20 during the calendar year in which the ~~winning~~ Kansas-bred horse was
21 conceived;

22 (4) a breeder's award to each owner of a Kansas-registered mare
23 which is the dam of a Kansas-bred horse if such horse ~~wins or wins, places~~
24 ~~or shows competes~~ in any *recognized parimutuel race conducted at a*
25 ~~Kansas race meeting and finishes at a level determined by the commission~~
26 *for such award*; and

27 (5) moneys for equine research through institutions of higher
28 education under the state board of regents.

29 Sec. 5. K.S.A. 74-8838 is hereby amended to read as follows: 74-
30 8838. (a) The state treasurer shall credit $\frac{1}{3}$ of the taxes on the takeout from
31 parimutuel pools for simulcast races, as certified by the executive director,
32 to the horse fair racing benefit fund, which is hereby created in the state
33 treasury.

34 (b) Twenty-five percent of all moneys credited to the horse fair racing
35 benefit fund may be expended, upon application to the commission, for
36 capital improvements to racetrack facilities ~~on or adjacent to premises~~
37 ~~used by a fair association to conduct fair racing activities.~~

38 (c) *Fifteen percent of all moneys credited to the horse fair racing*
39 *benefit fund may be expended, upon application to the commission, by a*
40 *nonprofit horsemen's organization for the promotion of the parimutuel*
41 *racing industry in this state.*

42 (d) The remaining moneys in the horse fair racing benefit fund shall
43 be expended only for:

1 (1) Reimbursement of the commission for the commission's
2 administrative costs, as established by rules and regulations of the
3 commission, related to race meetings conducted by a fair association or a
4 horsemen's nonprofit organization, including the cost of stewards, racing
5 judges and assistant animal health officers performing services at such race
6 meetings;

7 (2) paying the costs of totalisator expenses incurred by an
8 organization licensee that is a fair association or horsemen's nonprofit
9 organization;

10 (3) paying the costs of background investigations required under the
11 Kansas parimutuel racing act for members of a fair association or
12 horsemen's nonprofit organization;

13 (4) *paying the costs related to any lease agreement for land,*
14 *equipment or other materials necessary to conduct a race meeting;*

15 (5) purse supplements at race meetings conducted by a fair
16 association or horsemen's nonprofit organization;

17 ~~(5)~~(6) basic operating assistance grants to an organization licensee
18 that is a fair association or horsemen's nonprofit organization; and

19 ~~(6)~~(7) costs for employment of key racing officials, as determined by
20 the commission, incurred by an organization licensee that is a fair
21 association or horsemen's nonprofit organization.

22 ~~(d)~~(e) The commission shall adopt rules and regulations establishing
23 procedures for distributing moneys in the horse fair racing benefit fund to
24 fair associations and nonprofit horsemen's organizations for the purposes
25 provided by this section.

26 ~~(e)~~(f) Expenditures from the horse fair racing benefit fund related to
27 the conduct of a race meeting shall not be allocated to any organization
28 licensee for a period exceeding 40 days.

29 ~~(f)~~(g) Expenditures from the horse fair racing benefit fund shall not
30 be allocated to any organization licensee to support the conduct of
31 parimutuel greyhound races unless the organization licensee conducts an
32 equal or greater number of parimutuel horse races during the race meeting.

33 ~~(g)~~(h) Expenditures from the horse fair racing benefit fund shall be
34 made in accordance with appropriation acts upon warrants of the director
35 of accounts and reports issued pursuant to vouchers approved by the
36 chairperson of the commission or a person designated by the chairperson.

37 Sec. 6. K.S.A. 74-8826, 74-8829 and 74-8838 and K.S.A. 2024 Supp.
38 74-8802 and 74-8814 are hereby repealed.

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