

SESSION OF 2025

SUPPLEMENTAL NOTE ON SENATE BILL NO. 260

As Amended by Senate Committee on Federal
and State Affairs

Brief*

SB 260, as amended, would amend the Kansas Parimutuel Racing Act to change certain licensing requirements regarding live horse racing and to alter the distribution of moneys from certain funds. The bill would also make technical changes.

Definitions (Section 1)

The bill would amend definitions for “horsemen’s association” and “horsemen’s nonprofit organization” to remove location restrictions and references to specific racetracks, which would permit organizations of either type to obtain licenses for racetrack facilities located anywhere in Kansas.

Organization Licenses (Section 2)

The bill would remove the requirement that race meets are held within the boundaries of the county where the applicant for licensure is located. [*Note:* Continuing law would still require organizations to conduct no more than two race meetings each year, and the meetings be held for no more than 40 days per year.]

*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 <https://klrd.gov/>

Fair Associations

The bill would require fair associations that intend to conduct live horse racing and are applying for licensure to submit documentation demonstrating the applicant is approved for the license by:

- The Kansas Quarter Horse Racing Association and the Kansas Thoroughbred Association; or
- A horsemen's nonprofit organization.

Horsemen's Nonprofit Organization

The bill would prohibit horsemen's nonprofit organizations that intend to conduct live horse racing and are applying for licensure from:

- Conducting live horse racing prior to March 1, 2028, unless the licensee intends to conduct the races at Eureka Downs; and
- Operating historical horse race machines.

Horsemen's Associations (Section 3)

The bill would prohibit a horsemen's association that is applying for a facility owner license or facility manager license from operating historical horse race machines at the racetrack facility for which it is seeking licensure.

State Racing Fund (Section 4)

The bill would redirect the distribution of moneys from the State Racing Fund. For moneys in excess of the amount required for operating expenditures of the Racing and Gaming Commission (Commission):

- 30 percent of the tax revenues from wagers on historical horse races would be transferred from the State Racing Fund to the Kansas Horse Breeding Development Fund (Development Fund); and
- 70 percent of the tax revenues from wagers on historical horse races would be transferred from the State Racing Fund to the Horse Fair Racing Benefit Fund (Benefit Fund).

The moneys would be transferred to each fund on or before July 15, 2025, and on the 15th day of each month thereafter.

Kansas Horse Breeding Development Fund (Section 5)

The bill would amend the distribution of moneys from the Development Fund. The bill would extend the stallion and breeder's awards to include owners of stallions and mares of Kansas-bred horses that compete in recognized parimutuel races and finish at a level determined by the Commission.

Horse Fair Racing Benefit Fund (Section 6)

The bill would permit 15 percent of moneys credited to the Benefit Fund to be used for the promotion of the parimutuel racing industry in Kansas. Nonprofit horsemen's organizations could apply to the Commission for the use of such moneys. Moneys in the Benefit Fund could also be used to pay for costs related to lease agreements for land, equipment, or other materials necessary to conduct a race meeting.

Background

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Fagg.

Senate Committee on Federal and State Affairs

In the Senate Committee hearing, **proponent** testimony was provided by Senator Fagg, Representative Droge, representatives of the Kansas Horse Council and Golden Circle Historic Racing, and two private citizens. Proponents generally stated the bill would have a positive economic impact for small farms and the state of Kansas. One proponent recommended an amendment clarifying that only the previously authorized organization in Sedgwick County could operate historic horse racing machines.

Written-only proponent testimony was provided by the Greenwood County Fair Association and five private citizens.

No other testimony was provided.

The Senate Committee amended the bill to:

- Prohibit horsemen's nonprofit organizations and horsemen's associations applying for licensure under the bill from operating historical horse racing machines; and
- Clarify the operating expenditures mentioned in the bill pertain to the Commission.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Kansas Racing and Gaming Commission indicates the bill has the potential to increase costs by unknown amounts for the regulation of a fair association and nonprofit horsemen's organization and the disbursement of the parimutuel tax receipts to the Development Fund and Benefit Fund. The Development Fund is used to provide purse supplements, stakes, and awards for Kansas-bred horses and research grants to Kansas Regents Institutions for equine research. The Benefit Fund is used for

fair-associated costs, including the Commission's regulatory costs, tote board expenses, background investigations for fair association or nonprofit organization's members, purse supplements, operating assistance grants, employment of key race officials, and capital improvements to racetrack facilities.

The Commission assumes that existing staff would be able to accommodate the regulation of a fair association, and no additional staff would be needed. Any additional costs associated with the regulation of a fair association would need to be reimbursed by the fair association. Funding for regulating racing activities has primarily come from parimutuel tax receipts to the State Racing Fund. The appropriations bill each year provides the authority for the Commission to bill a racing facility for any costs related to regulating racing activity.

A reliable estimate of the parimutuel tax revenue that might be generated from historical horse race machines cannot be made without a detailed market study, which would also include an estimate if the new facility would impact revenues from existing gaming facilities. The approved historical horse racing facility in Park City is expected to open in late 2025 or early 2026 with 1,000 historical horse race machines and simulcast parimutuel racing, but no actual live horse racing. It is unclear if any excess receipts will be generated in FY 2026.

Under current law, any excess parimutuel tax receipts not needed to regulate the parimutuel racing industry are distributed to the State Gaming Revenues Fund beginning in FY 2027. Receipts to the State Gaming Revenues Fund in excess of \$50.0 million and up to \$71,490,000 are transferred to the State General Fund at the end of the fiscal year, and any additional amounts above \$71,490,000 would be transferred to the Department of Commerce's Attracting Professional Sports to Kansas Fund. Changing the distribution of excess parimutuel tax receipts not needed to regulate the parimutuel racing industry has the potential to

reduce revenues to the Attracting Professional Sports to Kansas Fund by unknown amounts beginning in FY 2027.

Local governments in a region with a fair association may see increased expenditures associated with increased demands on public safety during the operation of a fair association. However, the Commission does not have a reliable estimate of those additional costs. Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Racing and Gaming Commission; Kansas Parimutuel Racing Act; historical horse races; parimutuel wagering; State Racing Fund; Kansas Horse Breeding Development Fund; Horse Fair Racing Benefit Fund; live horse racing