

SENATE BILL No. 283

By Committee on Federal and State Affairs

1-21

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 Kansas lottery and Kansas racing and gaming commission, rules and
3 regulations; authorizing sports wagering; creating the sports wagering
4 receipts fund, executive director of the Kansas lottery; white collar
5 crime fund, governor; amending K.S.A. 46-2301, 74-8702, 74-8710,
6 74-8711, 74-8716, 74-8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-
7 8757, 74-8758, 74-8760, 74-8772 and 79-4806 and K.S.A. 2019 Supp.
8 21-6403, 21-6507 and 21-6508 and repealing the existing sections.
9

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

11 New Section 1. (a) Sports wagering shall only be conducted in this
12 state in accordance with the provisions of the Kansas lottery act and the
13 Kansas expanded lottery act.

14 (b) The Kansas lottery may offer sports wagering through:

15 (1) Lottery gaming facility managers who have contracted with the
16 Kansas lottery in accordance with the Kansas expanded lottery act to
17 manage sports wagering on behalf of the Kansas lottery, including, but not
18 limited to, sports wagering over the internet through websites and mobile
19 device applications approved by the Kansas lottery; or

20 (2) an interactive sports wagering platform if, within two years of the
21 effective date of this act, no more than one manager has continuously
22 offered sports wagering on an interactive sports wagering platform.

23 New Sec. 2. (a) No person under age 21 shall be permitted to place a
24 wager. A sports wagering manager shall verify that any person placing a
25 wager is of the legal minimum age for placing such wagers, including all
26 wagers placed through an interactive sports wagering platform.

27 (b) Sports wagering managers shall allow a person to restrict themself
28 from placing wagers with the operator, including wagering limits, and
29 shall take reasonable measures to prevent any such person from placing
30 such wagers. Upon the request of any such person, the operator shall
31 submit the restricted person's name and other pertinent information to the
32 Kansas racing and gaming commission. The executive director of the
33 commission may enter into a self-exclusion agreement with such person,
34 and disseminate such person's information to all other sports wagering
35 operators.

36 New Sec. 3. (a) Each lottery gaming facility manager shall be limited

1 to two interactive sports wagering platforms that shall be approved by the
2 executive director. Any interactive sports wagering platform approved by
3 the executive director shall be able to serve the public convenience and
4 promote sports wagering in accordance with marketing plans developed by
5 the Kansas lottery offer sports wagers and may be made available to any
6 lottery gaming facility manager that has entered into a management
7 contract for the management of sports wagering under the Kansas
8 expanded lottery act.

9 (b) An interactive sports wagering platform shall only accept wagers
10 from individuals who are physically located within the state of Kansas at
11 the time of submitting the wager. Sports wagering conducted through such
12 interactive sports wagering platform shall be offered only as approved by
13 the Kansas lottery and in accordance with the provisions of the Kansas
14 expanded lottery act.

15 (c) Requests for approval of an interactive sports wagering platform
16 submitted to the Kansas lottery shall be in such form and manner as
17 prescribed by the executive director. The lottery gaming facility manager
18 requesting approval shall provide such information regarding the
19 interactive sports wagering platform and the manager's intended use of
20 such platform as the executive director deems necessary. All background
21 investigation requirements required by the Kansas racing and gaming
22 commission pursuant to the Kansas expanded lottery act shall be
23 completed before the executive director shall consider approval and usage
24 of any interactive sports wagering platform. The executive director shall
25 not unreasonably withhold approval of an interactive sports wagering
26 platform that a lottery gaming facility manager requests to be approved for
27 conducting sports wagering. The lottery gaming facility managers shall not
28 be required to use the same interactive sports wagering platforms.

29 (d) A sporting facility may enter into a contract with a lottery gaming
30 facility manager for the purpose of allowing the sporting facility to offer a
31 location within the sporting facility that is designated as an area where
32 patrons may engage in sports wagering as authorized by the Kansas
33 expanded lottery act. Such sports wagering activity in the designated area
34 of the sporting facility shall be limited to the use of interactive sports
35 wagering platforms.

36 (e) As used in this section, "sporting facility" means an auto race
37 track facility or major multi-sport athletic complex as those terms are
38 defined in K.S.A. 2019 Supp. 12-17,162, and amendments thereto, that is
39 located in Wyandotte county with a minimum investment of \$50,000,000
40 and is in operation on the effective date of this act.

41 New Sec. 4. (a) The Kansas racing and gaming commission shall
42 adopt rules and regulations regarding the advertisement of sports
43 wagering. Such rules and regulations shall be adopted on or before

1 October 31, 2020, and shall include, but not be limited to:

- 2 (1) Ensuring that advertisements do not target children and minors, or
3 other persons who are ineligible to place wagers, or problem gamblers or
4 other vulnerable persons, including limitations on the form, content,
5 quantity, timing and location of such advertisements;
- 6 (2) disclosure of the identity of the sports wagering manager in all
7 such advertisements;
- 8 (3) provision of the toll-free number for information and referral
9 services for compulsive and problem gambling; and
- 10 (4) prohibitions on false, misleading or deceptive advertisements.

11 (b) The Kansas racing and gaming commission rules and regulations
12 related to voluntarily excluded persons shall apply to sports wagering.

13 New Sec. 5. The Kansas lottery may restrict, limit or exclude
14 wagering on one or more sporting events by providing notice to all sports
15 wagering managers in such form and manner as prescribed by the
16 executive director. Offering or taking wagers that are contrary to any such
17 notice or any rules and regulations promulgated by either the Kansas
18 lottery or the Kansas racing and gaming commission on a sporting event is
19 a violation of the Kansas expanded lottery act.

20 New Sec. 6. (a) Sports wagering managers and their interactive sports
21 wagering platforms shall use reasonable methods to:

22 (1) Prohibit the manager, any director, officer, owner and employee
23 of the manager and any relative living in the same household as such
24 persons from placing any wager with the manager at the manager's
25 location or through the manager's interactive sports wagering platform;

26 (2) prohibit the interactive sports wagering platform, any director,
27 officer, owner and employee of the platform and any relative living in the
28 same household as such persons from placing any wager at the manager's
29 location or through the manager's interactive sports wagering platform;

30 (3) prohibit any person with access to nonpublic confidential
31 information held by the manager from placing any wager with the
32 manager;

33 (4) prohibit persons from placing any wager as agents or proxies for
34 other persons;

35 (5) prohibit any person known by the manager to have been convicted
36 of any felony or misdemeanor offense involving sports wagering,
37 including, but not limited to, the use of funds derived from illegal activity
38 to make any wager, placing any wager to conceal money derived from
39 illegal activity, the use of other individuals to place any wager as part of
40 any wagering scheme to circumvent any provision of federal or state law
41 and the use of false identification to facilitate the placement of any wager
42 or the collection of any prize in violation of federal or state law, from
43 placing wagers;

1 (6) maintain the security of wagering data, customer data and other
2 confidential information from unauthorized access and dissemination,
3 except that nothing in this act shall preclude the use of internet or cloud-
4 based hosting of such data and information or disclosure as required by
5 court order, state or federal law or as otherwise required by this act; and

6 (7) subject to Kansas lottery approval, establish sports wagering rules
7 that specify the amounts to be paid on winning sports wagers and the
8 effect of changes in the scheduling of an authorized sporting event subject
9 to sports wagering.

10 (b) Sports wagering managers shall cooperate with any investigations
11 conducted by the Kansas lottery, the Kansas racing and gaming
12 commission or law enforcement agencies.

13 (c) Sports wagering managers shall immediately report to the Kansas
14 lottery and the Kansas racing and gaming commission any information
15 relating to:

16 (1) Criminal or disciplinary proceedings commenced against the
17 sports wagering manager in connection with such manager's operations in
18 any jurisdiction in which such sports wagering manager operates;

19 (2) abnormal wagering activity or patterns that may indicate a
20 concern with the integrity of a sporting event in any jurisdiction in which
21 such sports wagering manager operates;

22 (3) any other conduct that knowingly corrupts a betting outcome of a
23 sporting event, including match-fixing; and

24 (4) suspicious or illegal wagering activities, including, but not limited
25 to, the use of: Funds derived from illegal activity, wagers to conceal or
26 launder funds derived from illegal activity, agents to place wagers and
27 false identification when placing wagers.

28 New Sec. 7. (a) For all persons making wagers in an aggregate
29 amount of \$10,000 or more within any 24-hour period of time, sports
30 wagering managers, if available by reasonable efforts, shall maintain
31 records of:

32 (1) The name of the person placing the bet;

33 (2) the amount and type of the bet;

34 (3) the time the bet was placed;

35 (4) the location of the bet, including the IP address if applicable;

36 (5) the outcome of the bet; and

37 (6) any records of abnormal betting activity.

38 (b) Records required by subsection (a) shall be maintained for at least
39 30 days after the sporting event occurs, unless the Kansas racing and
40 gaming commission or the Kansas lottery contacts the sports wagering
41 manager and has reason to believe irregularities may have occurred in
42 regard to one or more particular wagering events, then such records shall
43 be maintained for at least three years after the event occurs.

1 (c) A sports wagering manager shall make such records available for
2 inspection upon request of the Kansas lottery, the Kansas racing and
3 gaming commission or as required by court order.

4 New Sec. 8. The state shall have a cause of action, and may seek
5 damages or other equitable relief, against any person who knowingly
6 engages in, facilitates or conceals conduct that intends to improperly
7 influence a wagering outcome of a sporting event for purposes of financial
8 gain in connection with wagering on a sporting event. The provisions of
9 this section shall not be construed as a limitation on or bar against any
10 other claims the state may bring against such person, or any other claim
11 the state may bring for injuries or damages arising out of the operation of
12 sports wagering.

13 New Sec. 9. (a) There is hereby established in the state treasury the
14 sports wagering receipts fund. Separate accounts shall be maintained in
15 such fund for receipt of moneys from sports wagering conducted by the
16 Kansas lottery through each lottery gaming facility manager. All
17 expenditures from the fund shall be made in accordance with appropriation
18 acts upon warrants of the director of accounts and reports issued pursuant
19 to vouchers approved by the executive director, or the executive director's
20 designee, for the purposes set forth in this act.

21 (b) All revenues from sports wagering conducted by the Kansas
22 lottery through lottery gaming facility managers shall be paid
23 electronically to the executive director. Such revenues shall be paid
24 weekly, or as soon as reasonably possible based on the sporting event and
25 the wager placed, but in no event prior to the completion and settling of all
26 bets for the sporting events for which wagers were placed. The executive
27 director shall remit all moneys received therefrom to the state treasurer in
28 accordance with of K.S.A. 75-4215, and amendments thereto. Upon
29 receipt of each such remittance, the state treasurer shall deposit the entire
30 amount in the state treasury and credit such remittance to the respective
31 account in the sports wagering receipts fund maintained for the lottery
32 gaming facility manager.

33 (c) The executive director shall allow lottery gaming facility
34 managers to carry over negative sports wagering revenues and apply such
35 amounts to returns filed for subsequent weeks. Sports wagering revenues
36 for a week will be considered negative if the winnings paid to patrons
37 wagering on such manager's sports wagering exceeds the manager's total
38 bets accepted from sports wagering by patrons. The negative amount of
39 sports wagering revenues may not be applied back to an earlier week and
40 moneys previously received by the lottery will not be refunded unless the
41 manager ceases to operate sports wagering and the last return reported
42 negative sports wagering revenues.

43 (d) The executive director shall certify weekly to the director of

1 accounts and reports the percentages or amounts to be transferred from
2 each account maintained in the sports wagering receipts fund to the lottery
3 operating fund in accordance with K.S.A. 74-8711, and amendments
4 thereto, as provided in the lottery gaming facility management contract.
5 Upon receipt of the certification, the director of accounts and reports shall
6 transfer amounts from each such account in accordance with the
7 certification of the executive director. Once each month, the executive
8 director shall cause amounts from each such account to be paid to the
9 lottery gaming facility managers in accordance with each respective
10 contract.

11 New Sec. 10. (a) There is hereby established in the state treasury the
12 white collar crime fund, which shall be administered by the governor. All
13 moneys credited to the white collar crime fund shall be expended only for
14 the purpose of investigating and prosecuting:

15 (1) Criminal offenses involving or facilitated by:

16 (A) The use of funds derived from illegal activity to make wagers;

17 (B) placing wagers to conceal money derived from illegal activity;

18 (C) the use of other individuals to place wagers as part of any
19 wagering scheme to circumvent any provision of federal or state law;

20 (D) the use of false identification to facilitate the placement of any
21 wager or the collection of any prize in violation of federal or state law;

22 (E) any other unlawful activity involving or facilitated by the placing
23 of wagers; or

24 (F) any other violation of the Kansas expanded lottery act; or

25 (2) any financial or economic crime involving any unauthorized
26 gambling.

27 (b) All expenditures from the fund shall be made in accordance with
28 appropriation acts upon warrants of the director of accounts and reports
29 issued pursuant to vouchers approved by the governor, or the governor's
30 designee, for the purposes set forth in this act.

31 (c) The attorney general and the executive director of the Kansas
32 racing and gaming commission annually, on or before August 1, shall
33 submit requests to the governor for the amount of such sums that they
34 consider necessary to carry out the purposes of the white collar crime fund.
35 The governor may certify to the director of accounts and reports amounts
36 to be transferred from the white collar crime fund to any special revenue
37 fund or funds of the attorney general and the Kansas racing and gaming
38 commission as deemed appropriate by the governor. Upon receipt of any
39 such certification, the director of accounts and reports shall transfer
40 amounts from the white collar crime fund to the special revenue fund or
41 funds of the attorney general and the Kansas racing and gaming
42 commission in accordance with such certification.

43 New Sec. 11. (a) Misuse of nonpublic sports information is placing,

1 or causing to be placed, a bet or wager on a sports contest on the basis of
2 material nonpublic information relating to such bet or wager.

3 (b) Misuse of nonpublic sports information is a severity level 5,
4 nonperson felony.

5 (c) As used in this section:

6 (1) "On the basis of material nonpublic information" means the
7 person placing the bet or wager, or causing such bet or wager to be placed,
8 was aware of the material nonpublic information relating to such bet or
9 wager when the person placed the bet or wager, or caused such bet or
10 wager to be placed.

11 (2) "Sports contest" means the same as that term is defined in K.S.A.
12 2019 Supp. 21-6507, and amendments thereto.

13 (d) The provisions of this section shall be a part of and supplemental
14 to the Kansas criminal code.

15 New Sec. 12. If any federally recognized Indian tribe described in
16 K.S.A. 74-9802(f), and amendments thereto, submits a request for
17 negotiation of a gaming compact regarding sports wagering in accordance
18 with K.S.A. 46-2302, and amendments thereto, the governor or the
19 governor's designated representatives shall negotiate in good faith with
20 such Indian tribe to enter into such a gaming compact.

21 Sec. 13. K.S.A. 2019 Supp. 21-6403 is hereby amended to read as
22 follows: 21-6403. As used in K.S.A. 2019 Supp. 21-6403 through 21-
23 6409, and amendments thereto:

24 (a) "Bet" means a bargain in which the parties agree that, dependent
25 upon chance, one stands to win or lose something of value specified in the
26 agreement. A bet does not include:

27 (1) Bona fide business transactions ~~which~~ *that* are valid under the law
28 of contracts including, but not limited to, contracts for the purchase or sale
29 at a future date of securities or other commodities, and agreements to
30 compensation for loss caused by the happening of the chance including,
31 but not limited to, contracts of indemnity or guaranty and life or health and
32 accident insurance;

33 (2) offers of purses, prizes or premiums to the actual contestants in
34 any bona fide contest for the determination of skill, speed, strength or
35 endurance or to the bona fide owners of animals or vehicles entered in
36 such a contest;

37 (3) a lottery as defined in this section;

38 (4) any bingo game by or for participants managed, operated or
39 conducted in accordance with the laws of the state of Kansas by an
40 organization licensed by the state of Kansas to manage, operate or conduct
41 games of bingo;

42 (5) a lottery operated by the state pursuant to the Kansas lottery act;

43 (6) any system of parimutuel wagering managed, operated and

1 conducted in accordance with the Kansas parimutuel racing act;

2 (7) tribal gaming;

3 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments
4 thereto; ~~or~~

5 (9) a fantasy sports league as defined in this section; *or*

6 (10) *sports wagering on sporting events, as both terms are defined by*
7 *K.S.A. 74-8702, and amendments thereto, pursuant to the Kansas*
8 *expanded lottery act;*

9 (b) "lottery" means an enterprise wherein for a consideration the
10 participants are given an opportunity to win a prize, the award of which is
11 determined by chance. A lottery does not include:

12 (1) A lottery operated by the state pursuant to the Kansas lottery act;
13 or

14 (2) tribal gaming;

15 (c) "consideration" means anything ~~which~~ *that* is a commercial or
16 financial advantage to the promoter or a disadvantage to any participant.
17 Mere registration without purchase of goods or services; personal
18 attendance at places or events, without payment of an admission price or
19 fee; listening to or watching radio and television programs; answering the
20 telephone or making a telephone call and acts of like nature are not
21 consideration. "Consideration" shall not include sums of money paid by or
22 for:

23 (1) Participants in any bingo game managed, operated or conducted
24 in accordance with the laws of the state of Kansas by any bona fide
25 nonprofit religious, charitable, fraternal, educational or veteran
26 organization licensed to manage, operate or conduct bingo games under
27 the laws of the state of Kansas and it shall be conclusively presumed that
28 such sums paid by or for such participants were intended by such
29 participants to be for the benefit of the sponsoring organizations for the use
30 of such sponsoring organizations in furthering the purposes of such
31 sponsoring organizations, as set forth in the appropriate paragraphs of
32 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
33 in K.S.A. 79-4701, and amendments thereto;

34 (2) participants in any lottery operated by the state pursuant to the
35 Kansas lottery act;

36 (3) participants in any system of parimutuel wagering managed,
37 operated and conducted in accordance with the Kansas parimutuel racing
38 act; or

39 (4) a person to participate in tribal gaming;

40 (d) "fantasy sports league" means any fantasy or simulation sports
41 game or contest in which no fantasy or simulation sports team is based on
42 the current membership of an actual team that is a member of an amateur
43 or professional sports organization and that meets the following

1 conditions:

2 (1) All prizes and awards offered to winning participants are
3 established and made known to the participants in advance of the game or
4 contest and their value is not determined by the number of participants or
5 the amount of any fees paid by those participants;

6 (2) all winning outcomes reflect the relative knowledge and skill of
7 the participants and are determined predominantly by accumulated
8 statistical results of the performance of individual athletes in ~~multiple~~ real-
9 world sporting events; and

10 (3) no winning outcome is based:

11 (A) On the score, point spread or any performance or performances
12 of any single real-world team or any combination of such teams; or

13 (B) solely on any single performance of an individual athlete in any
14 single real-world sporting event;:

15 (e) (1) "gambling device" means any:

16 (A) So-called "slot machine" or any other machine, mechanical
17 device, electronic device or other contrivance an essential part of which is
18 a drum or reel with insignia thereon, and:

19 (i) Which when operated may deliver, as the result of chance, any
20 money or property; or

21 (ii) by the operation of which a person may become entitled to
22 receive, as the result of chance, any money or property;

23 (B) other machine, mechanical device, electronic device or other
24 contrivance including, but not limited to, roulette wheels and similar
25 devices, which are equipped with or designed to accommodate the addition
26 of a mechanism that enables accumulated credits to be removed, is
27 equipped with or designed to accommodate a mechanism to record the
28 number of credits removed or is otherwise designed, manufactured or
29 altered primarily for use in connection with gambling, and:

30 (i) Which when operated may deliver, as the result of chance, any
31 money or property; or

32 (ii) by the operation of which a person may become entitled to
33 receive, as the result of chance, any money or property;

34 (C) subassembly or essential part intended to be used in connection
35 with any such machine, mechanical device, electronic device or other
36 contrivance, but which is not attached to any such machine, mechanical
37 device, electronic device or other contrivance as a constituent part; or

38 (D) any token, chip, paper, receipt or other document which
39 evidences, purports to evidence or is designed to evidence participation in
40 a lottery or the making of a bet.

41 The fact that the prize is not automatically paid by the device does not
42 affect its character as a gambling device.

43 (2) "Gambling device" shall not include:

1 (A) Any machine, mechanical device, electronic device or other
2 contrivance used or for use by a licensee of the Kansas racing *and gaming*
3 commission, as authorized by law and rules and regulations adopted by the
4 *Kansas racing and gaming* commission, or by the Kansas lottery or
5 Kansas lottery retailers, as authorized by law and rules and regulations
6 adopted by the Kansas lottery commission;

7 (B) any machine, mechanical device, electronic device or other
8 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
9 machine, a so-called pinball machine, or mechanical gun, which is not
10 designed and manufactured primarily for use in connection with gambling,
11 and:

12 (i) Which when operated does not deliver, as a result of chance, any
13 money; or

14 (ii) by the operation of which a person may not become entitled to
15 receive, as the result of the application of an element of chance, any
16 money;

17 (C) any so-called claw, crane or digger machine and similar devices
18 which are designed and manufactured primarily for use at carnivals or
19 county or state fairs; or

20 (D) any machine, mechanical device, electronic device or other
21 contrivance used in tribal gaming;

22 (f) "gambling place" means any place, room, building, vehicle, tent or
23 location which is used, *except in accordance with the Kansas expanded*
24 *lottery act*, for any of the following: Making and settling bets; receiving,
25 holding, recording or forwarding bets or offers to bet; conducting lotteries;
26 or playing gambling devices. Evidence that the place has a general
27 reputation as a gambling place or that, at or about the time in question, it
28 was frequently visited by persons known to be commercial gamblers or
29 known as frequenters of gambling places is admissible on the issue of
30 whether it is a gambling place;

31 (g) "tribal gaming" means the same as in K.S.A. 74-9802, and
32 amendments thereto; and

33 (h) "tribal gaming commission" means the same as in K.S.A. 74-
34 9802, and amendments thereto.

35 Sec. 14. K.S.A. 2019 Supp. 21-6507 is hereby amended to read as
36 follows: 21-6507. (a) Sports bribery is:

37 (1) Conferring, or offering or agreeing to confer, any benefit upon a
38 sports participant with intent to influence such participant not to give such
39 participant's best efforts in a sports contest;

40 (2) conferring or offering or agreeing to confer, any benefit upon a
41 sports official with intent to influence such official to perform such
42 official's duties improperly;

43 (3) accepting, agreeing to accept or soliciting by a sports participant

1 of any benefit from another person upon an understanding that such sports
2 participant will thereby be influenced not to give such participant's best
3 efforts in a sports contest; or

4 (4) accepting, agreeing to accept or soliciting by a sports official any
5 benefit from another person upon an understanding that such official will
6 perform such official's duties improperly.

7 (b) Sports bribery as defined in:

8 (1) Subsection (a)(1) or (a)(2) is a severity level 98, nonperson
9 felony; and

10 (2) Subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor.

11 (c) As used in this section and K.S.A. 2019 Supp. 21-6508, and
12 amendments thereto:

13 (1) "Sports contest" means any professional or amateur sports or
14 athletic game or contest viewed by the public;

15 (2) "sports participant" means any person who participates or expects
16 to participate in a sports contest as a player, contestant or member of a
17 team, or as a coach, manager, trainer or other person directly associated
18 with a player, contestant or team; and

19 (3) "sports official" means any person who acts or expects to act in a
20 sports contest as an umpire, referee, judge or otherwise to officiate at a
21 sports contest.

22 Sec. 15. K.S.A. 2019 Supp. 21-6508 is hereby amended to read as
23 follows: 21-6508. (a) Tampering with a sports contest is seeking to
24 influence a sports participant or sports official, or tampering with any
25 animal or equipment or other thing involved in the conduct or operation of
26 a sports contest, in a manner known to be contrary to the rules and usages
27 governing such contest and with intent to influence the outcome of such
28 contest.

29 (b) Tampering with a sports contest is a severity level 98, nonperson
30 felony.

31 Sec. 16. K.S.A. 46-2301 is hereby amended to read as follows: 46-
32 2301. As used in ~~this act~~ *K.S.A. 46-2301 through 46-2304, and*
33 *amendments thereto, and section 12, and amendments thereto:*

34 (a) "Class III gaming" has the meaning provided by the Indian
35 gaming regulatory act (25 U.S.C. 2701 et seq.).

36 (b) "Gaming compact" means a tribal-state compact regarding class
37 III gaming as provided by section 11 of the Indian gaming regulatory act
38 (25 U.S.C. 2710).

39 (c) "Committee" or "joint committee" means the joint committee on
40 state-tribal relations.

41 Sec. 17. K.S.A. 74-8702 is hereby amended to read as follows: 74-
42 8702. As used in the Kansas lottery act, unless the context otherwise
43 requires:

1 (a) "Ancillary lottery gaming facility operations" means additional
2 non-lottery facility game products and services not owned and operated by
3 the state which may be included in the overall development associated
4 with the lottery gaming facility. Such operations may include, but are not
5 limited to, restaurants, hotels, motels, museums or entertainment facilities.

6 (b) "Commission" means the Kansas lottery commission.

7 (c) "Electronic gaming machine" means any electronic,
8 electromechanical, video or computerized device, contrivance or machine
9 authorized by the Kansas lottery which, upon insertion of cash, tokens,
10 electronic cards or any consideration, is available to play, operate or
11 simulate the play of a game authorized by the Kansas lottery pursuant to
12 the Kansas expanded lottery act, including, but not limited to, bingo,
13 poker, blackjack, keno and slot machines, and which may deliver or entitle
14 the player operating the machine to receive cash, tokens, merchandise or
15 credits that may be redeemed for cash. Electronic gaming machines may
16 use bill validators and may be single-position reel-type, single or multi-
17 game video and single-position multi-game video electronic game,
18 including, but not limited to, poker, blackjack and slot machines.
19 Electronic gaming machines shall be directly linked to a central computer
20 at a location determined by the executive director for purposes of security,
21 monitoring and auditing.

22 (d) "Executive director" means the executive director of the Kansas
23 lottery.

24 (e) "Gaming equipment" means any electric, electronic, computerized
25 or electromechanical machine, mechanism, supply or device or any other
26 equipment, ~~which~~ that is:

27 (1) Unique to the Kansas lottery and used pursuant to the Kansas
28 lottery act; ~~and~~

29 (2) integral to the operation of an electronic gaming machine or
30 lottery facility game; and

31 (3) affects the results of an electronic gaming machine or lottery
32 facility game by determining win or loss.

33 (f) "Gaming zone" means:

34 (1) The northeast Kansas gaming zone, which consists of Wyandotte
35 county;

36 (2) the southeast Kansas gaming zone, which consists of Crawford
37 and Cherokee counties;

38 (3) the south central Kansas gaming zone, which consists of
39 Sedgwick and Sumner counties; and

40 (4) the southwest Kansas gaming zone, which consists of Ford
41 county.

42 (g) "Gray machine" means any mechanical, electro-mechanical or
43 electronic device, capable of being used for gambling; that is:

- 1 (1) Not authorized by the Kansas lottery;
- 2 (2) not linked to a lottery central computer system;
- 3 (3) available to the public for play; or
- 4 (4) capable of simulating a game played on an electronic gaming
- 5 machine or any similar gambling game authorized pursuant to the Kansas
- 6 expanded lottery act.

7 (h) *"Interactive sports wagering platform" means sports wagering*
8 *made available to persons physically located within the state of Kansas at*
9 *the time of submitting the wager through a lottery gaming facility over the*
10 *internet or wireless services as defined in K.S.A. 66-2019, and*
11 *amendments thereto, including, but not limited to, through websites and*
12 *mobile device applications.*

13 (i) (1) "Instant bingo vending machine" means a machine or
14 electronic device that is purchased or leased by a licensee, as defined by
15 K.S.A. 2019 Supp. 75-5173, and amendments thereto, from a distributor
16 who has been issued a distributor registration certificate pursuant to K.S.A.
17 2019 Supp. 75-5184, and amendments thereto, or leased from the Kansas
18 lottery in fulfillment of the Kansas lottery's obligations under an
19 agreement between the Kansas lottery and a licensee entered into pursuant
20 to K.S.A. 2019 Supp. 75-5189, and amendments thereto, and the sole
21 purpose of which is to:

22 (A) Dispense a printed physical instant bingo ticket after a purchaser
23 inserts cash or other form of consideration into the machine; and

24 (B) allow purchasers to manually check the winning status of the
25 instant bingo ticket.

26 (2) "Instant bingo vending machine" shall not:

27 (A) Provide a visual or audio representation of a bingo card or an
28 electronic gaming machine;

29 (B) visually or functionally have the same characteristics of an
30 electronic instant bingo game or an electronic gaming machine;

31 (C) automatically determine or display the winning status of any
32 dispensed instant bingo ticket;

33 (D) extend or arrange credit for the purchase of an instant bingo
34 ticket;

35 (E) dispense any winnings;

36 (F) dispense any prize;

37 (G) dispense any evidence of a prize other than an instant bingo
38 ticket;

39 (H) provide free instant bingo tickets or any other item that can be
40 redeemed for cash; or

41 (I) dispense any other form of a prize to a purchaser.

42 All physical instant bingo tickets dispensed by an instant bingo vending
43 machine shall be purchased by a licensee, as defined by K.S.A. 2019 Supp.

1 75-5173, and amendments thereto, from a registered distributor.

2 No more than two instant bingo vending machines may be located on
3 the premises of each licensee location.

4 ~~(j)~~(j) "Kansas lottery" means the state agency created by this act to
5 operate a lottery or lotteries pursuant to this act.

6 ~~(k)~~(k) "Lottery" or "state lottery" means the lottery or lotteries
7 operated pursuant to this act.

8 ~~(l)~~(l) "Lottery facility games" means any electronic gaming machines
9 and any other games ~~which, as of January 1, 2007, that~~ are authorized to
10 be conducted or operated at a tribal gaming facility, as defined in K.S.A.
11 74-9802, and amendments thereto, located within the boundaries of this
12 state any licensed gaming facility in the United States, except that the state
13 may also operate sports wagering as authorized by this act.

14 ~~(m)~~(m) "Lottery gaming enterprise" means an entertainment enterprise
15 which includes a lottery gaming facility authorized pursuant to the Kansas
16 expanded lottery act and ancillary lottery gaming facility operations that
17 have a coordinated business or marketing strategy. A lottery gaming
18 enterprise shall be designed to attract to its lottery gaming facility
19 consumers who reside outside the immediate area of such enterprise.

20 ~~(n)~~(n) "Lottery gaming facility" means that portion of a building
21 used for the purposes of operating, managing and maintaining lottery
22 facility games.

23 ~~(o)~~(o) "Lottery gaming facility expenses" means normal business
24 expenses, as defined in the lottery gaming facility management contract,
25 associated with the ownership and operation of a lottery gaming facility.

26 ~~(p)~~(p) "Lottery gaming facility management contract" means a
27 contract, subcontract or collateral agreement between the state and a
28 lottery gaming facility manager for the management of a lottery gaming
29 facility, the business of which is owned and operated by the Kansas lottery,
30 negotiated and signed by the executive director on behalf of the state.

31 ~~(q)~~(q) "Lottery gaming facility manager" means a corporation,
32 limited liability company, resident Kansas American Indian tribe or other
33 business entity authorized to construct and manage, or manage alone,
34 pursuant to a lottery gaming facility management contract with the Kansas
35 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
36 gaming facility.

37 ~~(r)~~(r) "Lottery gaming facility revenues" means the total revenues
38 from lottery facility games at a lottery gaming facility after all related
39 prizes are paid. *"Lottery gaming facility revenues" do not include any*
40 *sports wagering revenues.*

41 ~~(s)~~(s) (1) "Lottery machine" means any machine or device that allows
42 a purchaser to insert cash or other form of consideration and may deliver
43 as the result of an element of chance, regardless of the skill required by the

1 purchaser, a prize or evidence of a prize, including, but not limited to:

2 (A) Any machine or device in which the prize or evidence of a prize
3 is determined by both chance and the purchaser's or purchasers' skill,
4 including, but not limited to, any machine or device on which a lottery
5 game or lottery games, such as poker or blackjack, are played; or

6 (B) any machine or device in which the prize or evidence of a prize is
7 determined only by chance, including, but not limited to, any slot machine
8 or bingo machine.

9 (2) "Lottery machine" shall not mean:

10 (A) Any food vending machine defined by K.S.A. 36-501, and
11 amendments thereto;

12 (B) any nonprescription drug machine authorized under K.S.A. 65-
13 650, and amendments thereto;

14 (C) any machine which dispenses only bottled or canned soft drinks,
15 chewing gum, nuts or candies;

16 (D) any machine excluded from the definition of gambling devices
17 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2019 Supp. 21-
18 6403, and amendments thereto;

19 (E) any electronic gaming machine or lottery facility game operated
20 in accordance with the provisions of the Kansas expanded lottery act;

21 (F) any lottery ticket vending machine; or

22 (G) any instant bingo vending machine.

23 ~~(s)~~(t) "Lottery retailer" means any person with whom the Kansas
24 lottery has contracted to sell lottery tickets or shares, or both, to the public.

25 ~~(t)~~(u) (1) "Lottery ticket vending machine" means a machine or
26 similar electronic device owned or leased by the Kansas lottery, the sole
27 purposes of which are to:

28 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
29 ticket, a pull tab ticket or a coupon, the coupon of which must be
30 redeemed through something other than a lottery ticket vending machine,
31 after a purchaser inserts cash or other form of consideration into the
32 machine;

33 (B) allow purchasers to manually check the winning status of a
34 Kansas lottery ticket; and

35 (C) display advertising, promotions and other information pertaining
36 to the Kansas lottery.

37 (2) "Lottery ticket vending machine" shall not:

38 (A) Provide a visual or audio representation of an electronic gaming
39 machine;

40 (B) visually or functionally have the same characteristics of an
41 electronic gaming machine;

42 (C) automatically determine or display the winning status of any
43 dispensed ticket;

- 1 (D) extend or arrange credit for the purchase of a ticket;
 2 (E) dispense any winnings;
 3 (F) dispense any prize;
 4 (G) dispense any evidence of a prize other than the lottery ticket,
 5 keno ticket, pull tab ticket or any free Kansas lottery ticket received as a
 6 result of the purchase of another Kansas lottery ticket;
 7 (H) provide free games or any other item that can be redeemed for
 8 cash; or
 9 (I) dispense any other form of a prize to a purchaser.

10 No more than two lottery ticket vending machines may be located at
 11 each Kansas lottery retailer selling location.

12 Lottery ticket vending machines may only dispense the printed physical
 13 lottery ticket, keno ticket or pull tab ticket, including any free Kansas
 14 lottery ticket received as a result of the purchase of another Kansas lottery
 15 ticket, and change from a purchase to the purchaser. Any winnings from a
 16 lottery ticket vending machine shall be redeemed only for cash or check by
 17 a lottery retailer or by cash, check or other prize from the office of the
 18 Kansas lottery.

19 ~~(v)~~(v) (1) "Major procurement" means any gaming product or service,
 20 including, but not limited to, facilities, advertising and promotional
 21 services, annuity contracts, prize payment agreements, consulting services,
 22 equipment, tickets and other products and services unique to the Kansas
 23 lottery, but not including materials, supplies, equipment and services
 24 common to the ordinary operations of state agencies.

25 (2) "Major procurement" shall not mean any product, service or other
 26 matter covered by or addressed in the Kansas expanded lottery act or a
 27 lottery gaming facility management contract or racetrack gaming facility
 28 management contract executed pursuant to the Kansas expanded lottery
 29 act.

30 ~~(w)~~(w) "*Match-fixing*" means to arrange or determine any action that
 31 occurs during a sporting event, including, but not limited to, any action
 32 resulting in the final outcome of such sporting event, for financial gain.

33 (x) "Net electronic gaming machine income" means all cash or other
 34 consideration utilized to play an electronic gaming machine operated at a
 35 racetrack gaming facility, less all cash or other consideration paid out to
 36 winning players as prizes.

37 ~~(y)~~(y) "Organization licensee" has the meaning provided by K.S.A.
 38 74-8802, and amendments thereto.

39 ~~(z)~~(z) "Parimutuel licensee" means a facility owner licensee or
 40 facility manager licensee under the Kansas parimutuel racing act.

41 ~~(aa)~~(aa) "Parimutuel licensee location" means a racetrack facility, as
 42 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
 43 by the parimutuel licensee. A parimutuel licensee location may include any

1 existing structure at such racetrack facility or any structure that may be
2 constructed on real estate where such racetrack facility is located.

3 ~~(z)~~(bb) "Person" means any natural person, association, limited
4 liability company, corporation or partnership.

5 ~~(aa)~~(cc) "Prize" means any prize paid directly by the Kansas lottery
6 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
7 any rules and regulations adopted pursuant to either act.

8 ~~(bb)~~(dd) "Progressive electronic game" means a game played on an
9 electronic gaming machine for which the payoff increases uniformly as the
10 game is played and for which the jackpot, determined by application of a
11 formula to the income of independent, local or interlinked electronic
12 gaming machines, may be won.

13 ~~(ee)~~(ee) "Racetrack gaming facility" means that portion of a
14 parimutuel licensee location where electronic gaming machines are
15 operated, managed and maintained.

16 ~~(dd)~~(ff) "Racetrack gaming facility management contract" means an
17 agreement between the Kansas lottery and a racetrack gaming facility
18 manager, negotiated and signed by the executive director on behalf of the
19 state, for placement of electronic gaming machines owned and operated by
20 the state at a racetrack gaming facility.

21 ~~(ee)~~(gg) "Racetrack gaming facility manager" means a parimutuel
22 licensee specifically certified by the Kansas lottery to become a certified
23 racetrack gaming facility manager and offer electronic gaming machines
24 for play at the racetrack gaming facility.

25 ~~(ff)~~(hh) "Returned ticket" means any ticket which was transferred to a
26 lottery retailer, which was not sold by the lottery retailer and which was
27 returned to the Kansas lottery for refund by issuance of a credit or
28 otherwise.

29 ~~(gg)~~(ii) "Share" means any intangible manifestation authorized by the
30 Kansas lottery to prove participation in a lottery game, except as provided
31 by the Kansas expanded lottery act.

32 ~~(hh)~~(jj) (1) *"Sporting event" means any professional or collegiate*
33 *sport or athletic event, motor race event, horse race or any other special*
34 *event authorized by the executive director that has not been completed at*
35 *the time any wager is placed on such event.*

36 (2) *"Sporting event" does not include any greyhound race that is*
37 *subject to the provisions of K.S.A. 74-8801 et seq., and amendments*
38 *thereto, or any sporting or athletic event played by individuals that are at*
39 *the high school level or below unless the majority of the participants in the*
40 *sporting or athletic event are 18 years of age or older.*

41 ~~(kk)~~(1) *"Sports wagering" means placing a wager on one or more*
42 *sporting events, or any portion thereof, or on the individual performance*
43 *statistics of athletes participating in a sporting event, or combination of*

1 *sporting events, with the betting made at or through a lottery gaming*
 2 *facility, including the interactive sports wagering platform of a lottery*
 3 *gaming facility manager. "Sports wagering" includes, but is not limited to,*
 4 *single-game wagers, teaser wagers, parlays, over-under wagers,*
 5 *moneyline wagers, pools, exchange wagers, in-play wagers, in-game*
 6 *wagers, proposition wagers and straight wagers.*

7 (2) *"Sports wagering" does not include parimutuel wagering as*
 8 *defined in K.S.A. 74-8802, and amendments thereto, or fantasy sports*
 9 *leagues as defined in K.S.A. 2019 Supp. 21-6403, and amendments*
 10 *thereto.*

11 (ll) *"Sports wagering manager" means any lottery gaming facility*
 12 *manager that has an approved management contract that provides for*
 13 *management of sports wagering.*

14 (mm) *"Sports wagering revenues" means the amount of revenue*
 15 *generated from sports wagering equal to the total amount of all wagers,*
 16 *less any voided wagers, federal excise taxes, any free play approved by the*
 17 *Kansas lottery and any amounts paid as prizes. "Sports wagering*
 18 *revenues" shall not be considered lottery gaming facility revenues.*

19 (nn) *"Ticket" means any tangible evidence issued by the Kansas*
 20 *lottery to prove participation in a lottery game other than a lottery facility*
 21 *game.*

22 (ii)(oo) *"Token" means a representative of value, of metal or other*
 23 *material, which is not legal tender, redeemable for cash only by the issuing*
 24 *lottery gaming facility manager or racetrack gaming facility manager and*
 25 *which is issued and sold by a lottery gaming facility manager or racetrack*
 26 *gaming facility manager for the sole purpose of playing an electronic*
 27 *gaming machine or lottery facility game.*

28 (jj)(pp) *"Vendor" means any person who has entered into a major*
 29 *procurement contract with the Kansas lottery.*

30 (kk)(qq) *"Video lottery machine" means any electronic video game*
 31 *machine that, upon insertion of cash, is available to play or simulate the*
 32 *play of a video game authorized by the commission, including, but not*
 33 *limited to, bingo, poker, black jack and keno, and which uses a video*
 34 *display and microprocessors and in which, by chance, the player may*
 35 *receive free games or credits that can be redeemed for cash.*

36 (rr) *"Wager" means a bargain in which the parties agree that,*
 37 *dependent upon chance, one stands to win or lose something of value*
 38 *specified in the agreement.*

39 Sec. 18. K.S.A. 74-8710 is hereby amended to read as follows: 74-
 40 8710. (a) The commission, upon the recommendation of the executive
 41 director, shall adopt rules and regulations governing the establishment and
 42 operation of a state lottery, sales of lottery tickets, *sports wagering* and the
 43 operation of lottery gaming facilities and racetrack gaming facilities as

1 necessary to carry out the purposes of the Kansas lottery act and the
2 Kansas expanded lottery act. Temporary rules and regulations may be
3 adopted by the commission without being subject to the provisions and
4 requirements of K.S.A. 77-415 through 77-438, and amendments thereto,
5 but shall be subject to approval by the attorney general as to legality and
6 shall be filed with the secretary of state and published in the Kansas
7 register. Temporary and permanent rules and regulations may include, but
8 shall not be limited to:

9 (1) Subject to the provisions of subsection (c), the types of lottery
10 games to be conducted, including, but not limited to, instant lottery, on-
11 line, traditional games, lottery facility games and electronic gaming
12 machine games but not including games on video lottery machines or
13 lottery machines. *No online lottery games shall:*

14 (A) *Provide or be accompanied by any music or audio sound effects,*
15 *animated visual display or any audio or visual effects that portray,*
16 *simulate, emulate or resemble an electronic gaming machine;*

17 (B) *visually or functionally operate or appear to operate as an*
18 *electronic gaming machine or a facsimile thereof;*

19 (C) *extend or arrange credit for the purchase of a ticket;*

20 (D) *allow for the redemption of a lottery ticket other than at a lottery*
21 *retail location or a Kansas lottery office; or*

22 (E) *determine the winner of any game in less than four minutes from*
23 *the time the lottery ticket is purchased or acquired.*

24 (2) The manner of selecting the winning tickets or shares, except that,
25 if a lottery game utilizes a drawing of winning numbers, a drawing among
26 entries or a drawing among finalists, such drawings shall always be open
27 to the public and shall be recorded on both video and audio tape.

28 (3) The manner of payment of prizes to the holders of winning tickets
29 or shares.

30 (4) The frequency of the drawings or selections of winning tickets or
31 shares.

32 (5) The type or types of locations at which tickets or shares may be
33 sold.

34 (6) The method or methods to be used in selling tickets or shares.

35 (7) Additional qualifications for the selection of lottery retailers and
36 the amount of application fees to be paid by each.

37 (8) The amount and method of compensation to be paid to lottery
38 retailers, including special bonuses and incentives.

39 (9) Deadlines for claims for prizes by winners of each lottery game.

40 (10) Provisions for confidentiality of information submitted by
41 vendors pursuant to K.S.A. 74-8705, and amendments thereto.

42 (11) Information required to be submitted by vendors, in addition to
43 that required by K.S.A. 74-8705, and amendments thereto.

1 (12) The major procurement contracts or portions thereof to be
2 awarded to minority business enterprises pursuant to ~~subsection (a) of~~
3 K.S.A. 74-8705(a), and amendments thereto, and procedures for the award
4 thereof.

5 (13) Rules and regulations to implement, administer and enforce the
6 provisions of the Kansas expanded lottery act. Such rules and regulations
7 shall include, but not be limited to, rules and regulations which govern
8 management contracts and which are designed to:

9 (A) Ensure the integrity of electronic gaming machines ~~and, sports~~
10 *wagering*, other lottery facility games and the finances of lottery gaming
11 facilities and racetrack gaming facilities; and

12 (B) *promote responsible gaming and alleviate problem gambling*,
13 including a requirement that each lottery gaming facility and each
14 racetrack gaming facility maintain a self-exclusion list by which
15 individuals may exclude themselves from access to electronic gaming
16 machines ~~and, sports wagering and~~ other lottery facility games.

17 (14) The types of electronic gaming machines, lottery facility games
18 and electronic gaming machine games to be operated pursuant to the
19 Kansas expanded lottery act.

20 (15) *Rules and regulations to implement, administer and enforce*
21 *sports wagering. Such rules and regulations shall include, but not be*
22 *limited to:*

23 (A) *Management contracts for sports wagering conducted by lottery*
24 *gaming facility managers;*

25 (B) *provisions ensuring the integrity of sports wagering conducted in*
26 *the state;*

27 (C) *permitting each lottery gaming facility manager, or such*
28 *manager's contracted parties, to have employees located outside the state*
29 *of Kansas so that all job functions will conform with 18 U.S.C. § 1081 et*
30 *seq.;*

31 (D) *permitting preestablished online accounts from other states to be*
32 *accessed within the borders of Kansas so that revenue is recorded*
33 *correctly and all other Kansas online rules are followed; and*

34 (E) *allowing lottery gaming facility managers to carry over negative*
35 *amounts to returns filed for subsequent weeks when sports wagering*
36 *revenues for a week are a negative number because the winnings paid to*
37 *patrons wagering on the manager's sports wagering exceeds the*
38 *manager's total bets accepted from sports wagering by patrons. The*
39 *negative amounts of sports wagering revenues may not be carried back to*
40 *an earlier week and moneys previously received by the lottery will not be*
41 *refunded, except if the manager ceases to operate sports wagering and the*
42 *last return reported negative adjusted gross receipts.*

43 (b) No new lottery game shall commence operation after the effective

1 date of this act unless first approved by the governor or, in the governor's
2 absence or disability, the lieutenant governor. This subsection shall not be
3 construed to require approval of games played on an electronic gaming
4 machine.

5 (c) The lottery shall adopt rules and regulations concerning the game
6 of keno. Such rules and regulations shall require that the amount of time
7 which elapses between the start of games shall not be less than four
8 minutes.

9 Sec. 19. K.S.A. 74-8711 is hereby amended to read as follows: 74-
10 8711. (a) There is hereby established in the state treasury the lottery
11 operating fund.

12 (b) Except as provided by K.S.A. 74-8724, *and amendments thereto*,
13 and the Kansas expanded lottery act, ~~and amendments thereto~~, the
14 executive director shall remit all moneys collected from the sale of lottery
15 tickets and shares and any other moneys received by or on behalf of the
16 Kansas lottery to the state treasurer in accordance with the provisions of
17 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
18 remittance, the state treasurer shall deposit the entire amount in the state
19 treasury to the credit of the lottery operating fund. Moneys credited to the
20 fund shall be expended or transferred only as provided by this act.
21 Expenditures from such fund shall be made in accordance with
22 appropriations acts upon warrants of the director of accounts and reports
23 issued pursuant to vouchers approved by the executive director or by a
24 person designated by the executive director.

25 (c) Moneys in the lottery operating fund shall be used for:

26 (1) The payment of expenses of the lottery, which shall include all
27 costs incurred in the operation and administration of the Kansas lottery; all
28 costs resulting from contracts entered into for the purchase or lease of
29 goods and services needed for operation of the lottery, including but not
30 limited to supplies, materials, tickets, independent studies and surveys,
31 data transmission, advertising, printing, promotion, incentives, public
32 relations, communications and distribution of tickets and shares; and
33 reimbursement of costs of facilities and services provided by other state
34 agencies;

35 (2) the payment of compensation to lottery retailers;

36 (3) transfers of moneys to the lottery prize payment fund pursuant to
37 K.S.A. 74-8712, and amendments thereto;

38 (4) transfers to the state general fund pursuant to K.S.A. 74-8713, and
39 amendments thereto;

40 (5) transfers to the community crisis stabilization centers fund and
41 clubhouse model program fund of the Kansas department for aging and
42 disability services pursuant to subsection (e);

43 (6) transfers to the state gaming revenues fund pursuant to subsection

1 (d) and as otherwise provided by law; and

2 (7) transfers to the county reappraisal fund as prescribed by law.

3 (d) The director of accounts and reports shall transfer moneys in the
4 lottery operating fund to the state gaming revenues fund created by K.S.A.
5 79-4801, and amendments thereto, on or before the 15th day of each month
6 in an amount certified monthly by the executive director and determined as
7 follows, whichever is greater:

8 (1) An amount equal to the moneys in the lottery operating fund in
9 excess of those needed for the purposes described in subsections (c)(1)
10 through (c)(5); or

11 (2) except for pull-tab lottery tickets and shares, an amount equal to
12 not less than 30% of total monthly revenues from the sales of lottery
13 tickets and shares less estimated returned tickets. In the case of pull-tab
14 lottery tickets and shares, an amount equal to not less than 20% of the total
15 monthly revenues from the sales of pull-tab lottery tickets and shares less
16 estimated returned tickets.

17 (e) (1) Subject to the limitations set forth in paragraph (2),
18 commencing in fiscal year 2019, on or before the 10th day of each month,
19 the director of the lottery shall certify to the director of accounts and
20 reports all net profits from the sale of lottery tickets and shares via lottery
21 ticket vending machines. Of such certified amount, the director of
22 accounts and reports shall transfer 75% from the lottery operating fund to
23 the community crisis stabilization centers fund of the Kansas department
24 for aging and disability services and 25% from the lottery operating fund
25 to the clubhouse model program fund of the Kansas department for aging
26 and disability services.

27 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in
28 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the
29 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.

30 (f) *On July 1, 2021, and each July 1 thereafter, or as soon as moneys*
31 *are available, the first \$750,000 credited to the lottery operating fund from*
32 *sports wagering revenues deposited in the lottery operating fund shall be*
33 *transferred by the director of accounts and reports from the lottery*
34 *operating fund to the white collar crime fund established in section 10,*
35 *and amendments thereto.*

36 Sec. 20. K.S.A. 74-8716 is hereby amended to read as follows: 74-
37 8716. (a) It is unlawful for the executive director, a member of the
38 commission or any employee of the Kansas lottery, or any person residing
39 in the household thereof to:

40 (1) Have, either directly or indirectly, an interest in a business
41 knowing that such business contracts with the Kansas lottery for a major
42 procurement, whether such interest is as a natural person, partner, member
43 of an association, stockholder or director or officer of a corporation; or

1 (2) accept or agree to accept any economic opportunity, gift, loan,
2 gratuity, special discount, favor or service, or hospitality other than food
3 and beverages, having an aggregate value of \$20 or more in any calendar
4 year from a person knowing that such person (A) contracts or seeks to
5 contract with the state to supply gaming equipment, materials, tickets or
6 consulting services for use in the lottery or (B) is a lottery retailer or an
7 applicant for lottery retailer.

8 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
9 or a person who contracts or seeks to contract with the state to supply
10 gaming equipment, materials, tickets or consulting services for use in the
11 lottery to offer, pay, give or make any economic opportunity, gift, loan,
12 gratuity, special discount, favor or service, or hospitality other than food
13 and beverages, having an aggregate value of \$20 or more in any calendar
14 year to a person, knowing such person is the executive director, a member
15 of the commission or an employee of the Kansas lottery, or a person
16 residing in the household thereof.

17 (c) It shall be unlawful for any person to serve as executive director, a
18 member of the commission or an employee of the Kansas lottery while or
19 within five years after holding, either directly or indirectly, a financial
20 interest or being employed by or a consultant to any of the following:

21 (1) Any lottery gaming facility manager, subcontractor or agent of a
22 lottery gaming facility manager, manufacturer or vendor of electronic
23 gaming machines, *an interactive sports wagering platform* or central
24 computer system provider, or any business ~~which~~ *that* sells goods or
25 services to a lottery gaming facility manager; or

26 (2) any licensee pursuant to the Kansas parimutuel racing act, other
27 than the Kansas lottery or a person holding a license on behalf of the
28 Kansas lottery, or any business which sells goods or services to a
29 parimutuel licensee.

30 (d) No person who holds a license issued by the Kansas racing and
31 gaming commission shall serve as executive director or as a member of the
32 commission or shall be employed by the Kansas lottery while or within
33 five years after holding such license.

34 (e) No person shall participate, directly or indirectly, as an owner,
35 owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,
36 entered in a race meeting conducted in this state while executive director, a
37 member of the commission or an employee of the Kansas lottery.

38 (f) It shall be unlawful for the executive director, a member of the
39 commission or an employee of the Kansas lottery to accept any
40 compensation, gift, loan, entertainment, favor or service from any lottery
41 gaming facility manager, subcontractor or agent of a lottery gaming
42 facility manager, manufacturer or vendor of electronic gaming machines,
43 *an interactive sports wagering platform* or central computer system

1 provider.

2 (g) It shall be unlawful for the executive director, a member of the
3 commission or an employee of the Kansas lottery to accept any
4 compensation, gift, loan, entertainment, favor or service from any licensee
5 pursuant to the Kansas parimutuel racing act, except such suitable facilities
6 and services within a racetrack facility operated by an organization
7 licensee as may be required to facilitate the performance of the executive
8 director's, member's or employee's official duties.

9 (h) Violation of this section is a class A misdemeanor.

10 (i) If the executive director, a member of the commission or an
11 employee of the Kansas lottery, or any person residing in the household
12 thereof, is convicted of an act described by this section, such executive
13 director, member or employee shall be removed from office or
14 employment with the Kansas lottery.

15 (j) In addition to the provisions of this section, all other provisions of
16 law relating to conflicts of interest of state employees shall apply to the
17 members of the commission and employees of the Kansas lottery.

18 Sec. 21. K.S.A. 74-8718 is hereby amended to read as follows: 74-
19 8718. (a) It is unlawful:

20 (1) To sell a lottery ticket or share at a price other than that fixed by
21 rules and regulations adopted pursuant to this act;

22 (2) for any person other than the Kansas lottery or a lottery retailer
23 authorized by the Kansas lottery to sell or resell any lottery ticket or share;

24 (3) to sell a lottery ticket or share to any person, knowing such person
25 to be under 18 years of age; or

26 (4) to sell a lottery ticket at retail by electronic mail, the internet or
27 telephone *if the lottery ticket or any related online game:*

28 (A) *Provides or is accompanied by any music or audio sound effects,*
29 *animated visual display or any audio or visual effects that portray,*
30 *simulate, emulate or resemble an electronic gaming machine;*

31 (B) *visually or functionally operates or appears to operate as an*
32 *electronic gaming machine or facsimile thereof;*

33 (C) *extends or arranges credit for the purchase of a ticket;*

34 (D) *allows for the redemption of a lottery ticket other than at a*
35 *lottery retail location or a Kansas lottery office;*

36 (E) *determines the winner of any game in less than four minutes from*
37 *the time the lottery ticket is purchased or acquired; or*

38 (F) *allows a player to play more than one game at a time for any one*
39 *device or any one player.*

40 (b) (1) Violation of this section is a class A nonperson misdemeanor
41 upon conviction for a first offense; and

42 (2) violation of this section is a severity level 9, nonperson felony
43 upon conviction for a second or subsequent offense.

1 Sec. 22. K.S.A. 74-8733 is hereby amended to read as follows: 74-
2 8733. (a) K.S.A. 74-8733 through 74-8773, *and amendments thereto, and*
3 *sections 1 through 10*, and amendments thereto, shall be known and may
4 be cited as the Kansas expanded lottery act. The Kansas expanded lottery
5 act shall be part of and supplemental to the Kansas lottery act.

6 (b) If any provision of this act or the application thereof to any person
7 or circumstance is held invalid, the invalidity shall not affect any other
8 provision or application of the act which can be given effect without the
9 invalid provision or application.

10 (c) Any action challenging the constitutionality of or arising out of
11 any provision of this act, any lottery gaming facility management contract
12 or any racetrack gaming facility management contract entered into
13 pursuant to this act shall be brought in the district court of Shawnee
14 county.

15 Sec. 23. K.S.A. 74-8734 is hereby amended to read as follows: 74-
16 8734. (a) The Kansas lottery may operate one lottery gaming facility in
17 each gaming zone.

18 (b) Not more than 30 days after the effective date of this act the
19 lottery commission shall adopt and publish in the Kansas register the
20 procedure for receiving, considering and approving, proposed lottery
21 gaming facility management contracts. Such procedure shall include
22 provisions for review of competitive proposals within a gaming zone and
23 the date by which proposed lottery gaming facility management contracts
24 must be received by the lottery commission if they are to receive
25 consideration.

26 (c) The lottery commission shall adopt standards to promote the
27 integrity of the gaming and finances of lottery gaming facilities, which
28 shall apply to all management contracts, shall meet or exceed industry
29 standards for monitoring and controlling the gaming and finances of
30 gaming facilities and shall give the executive director sufficient authority
31 to monitor and control the gaming operation and to ensure its integrity and
32 security.

33 (d) The Kansas lottery commission may approve management
34 contracts with one or more prospective lottery gaming facility managers to
35 manage, or construct and manage, on behalf of the state of Kansas and
36 subject to the operational control of the Kansas lottery, a lottery gaming
37 facility or lottery gaming enterprise at specified destination locations
38 within the northeast, south central, southwest and southeast Kansas
39 gaming zones where the commission determines the operation of such
40 facility would promote tourism and economic development. The
41 commission shall approve or disapprove a proposed management contract
42 within 90 days after the deadline for receipt of proposals established
43 pursuant to subsection (b).

1 (e) In determining whether to approve a management contract with a
2 prospective lottery gaming facility manager to manage a lottery gaming
3 facility or lottery gaming enterprise pursuant to this section, the
4 commission shall take into consideration the following factors: The size of
5 the proposed facility; the geographic area in which such facility is to be
6 located; the proposed facility's location as a tourist and entertainment
7 destination; the estimated number of tourists that would be attracted by the
8 proposed facility; the number and type of lottery facility games to be
9 operated at the proposed facility; and agreements related to ancillary
10 lottery gaming facility operations.

11 (f) Subject to the requirements of this section, the commission shall
12 approve at least one proposed lottery gaming facility management contract
13 for a lottery gaming facility in each gaming zone.

14 (g) The commission shall not approve a management contract unless:

15 (1) (A) The prospective lottery gaming facility manager is a resident
16 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
17 to financial resources to support the activities required of a lottery gaming
18 facility manager under the Kansas expanded lottery act; and (ii) has three
19 consecutive years' experience in the management of gaming which would
20 be class III gaming, as defined in K.S.A. 46-2301, and amendments
21 thereto, operated pursuant to state or federal law; or

22 (B) the prospective lottery gaming facility manager is not a resident
23 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
24 to financial resources to support the activities required of a lottery gaming
25 facility manager under the Kansas expanded lottery act; (ii) is current in
26 filing all applicable tax returns and in payment of all taxes, interest and
27 penalties owed to the state of Kansas and any taxing subdivision where
28 such prospective manager is located in the state of Kansas, excluding
29 items under formal appeal pursuant to applicable statutes; and (iii) has
30 three consecutive years' experience in the management of gaming which
31 would be class III gaming, as defined in K.S.A. 46-2301, and amendments
32 thereto, operated pursuant to state or federal law; and

33 (2) the commission determines that the proposed development
34 consists of an investment in infrastructure, including ancillary lottery
35 gaming facility operations, of at least \$225,000,000 in the northeast and
36 south central Kansas gaming zones and of at least \$50,000,000 in the
37 southeast and southwest Kansas gaming zones. The commission, in
38 determining whether the minimum investment required by this subsection
39 is met, shall not include any amounts derived from or financed by state or
40 local retailers' sales tax revenues.

41 (h) Any management contract approved by the commission under this
42 section shall:

43 (1) Have a maximum initial term of 15 years from the date of opening

- 1 of the lottery gaming facility. At the end of the initial term, the contract
2 may be renewed by mutual consent of the state and the lottery gaming
3 facility manager;
- 4 (2) specify the total amount to be paid to the lottery gaming facility
5 manager pursuant to the contract;
- 6 (3) establish a mechanism to facilitate payment of lottery gaming
7 facility expenses, payment of the lottery gaming facility manager's share of
8 the lottery gaming facility revenues and distribution of the state's share of
9 the lottery gaming facility revenues;
- 10 (4) include a provision for the lottery gaming facility manager to pay
11 the costs of oversight and regulation of the lottery gaming facility manager
12 and the operations of the lottery gaming facility by the Kansas racing and
13 gaming commission;
- 14 (5) establish the types of lottery facility games to be installed in such
15 facility;
- 16 (6) provide for the prospective lottery gaming facility manager, upon
17 approval of the proposed lottery gaming facility management contract, to
18 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
19 being selected as a lottery gaming facility manager of a lottery gaming
20 facility in the northeast or south central Kansas gaming zone and
21 \$5,500,000 for the privilege of being selected as a lottery gaming facility
22 manager of a lottery gaming facility in the southeast or southwest Kansas
23 gaming zone. Such fee shall be deposited in the state treasury and credited
24 to the lottery gaming facility manager fund, which is hereby created in the
25 state treasury;
- 26 (7) incorporate terms and conditions for the ancillary lottery gaming
27 facility operations;
- 28 (8) designate as key employees, subject to approval of the executive
29 director, any employees or contractors providing services or functions
30 which are related to lottery facility games authorized by a management
31 contract;
- 32 (9) include financing commitments for construction;
- 33 (10) include a resolution of endorsement from the city governing
34 body, if the proposed facility is within the corporate limits of a city, or
35 from the county commission, if the proposed facility is located in the
36 unincorporated area of the county;
- 37 (11) include a requirement that any parimutuel licensee developing a
38 lottery gaming facility pursuant to this act comply with all orders and rules
39 and regulations of the Kansas racing and gaming commission with regard
40 to the conduct of live racing, including the same minimum days of racing
41 as specified in K.S.A. 74-8746, and amendments thereto, for operation of
42 electronic gaming machines at racetrack gaming facilities;
- 43 (12) include a provision for the state to receive not less than 22% of

1 lottery gaming facility revenues, which shall be paid to the expanded
2 lottery act revenues fund established by K.S.A. 74-8768, and amendments
3 thereto;

4 (13) include a provision for 2% of lottery gaming facility revenues to
5 be paid to the problem gambling and addictions grant fund established by
6 K.S.A. ~~2019 Supp.~~ 79-4805, and amendments thereto;

7 (14) if the prospective lottery gaming facility manager is an American
8 Indian tribe, include a provision that such tribe agrees to waive its
9 sovereign immunity with respect to any actions arising from or to enforce
10 either the Kansas expanded lottery act or any provision of the lottery
11 gaming facility management contract; any action brought by an injured
12 patron or by the state of Kansas; any action for purposes of enforcing the
13 workers compensation act or any other employment or labor law; and any
14 action to enforce laws, rules and regulations and codes pertaining to
15 health, safety and consumer protection; and for any other purpose deemed
16 necessary by the executive director to protect patrons or employees and
17 promote fair competition between the tribe and others seeking a lottery
18 gaming facility management contract;

19 (15) (A) if the lottery gaming facility is located in the northeast or
20 southwest Kansas gaming zone and is not located within a city, include a
21 provision for payment of an amount equal to 3% of the lottery gaming
22 facility revenues to the county in which the lottery gaming facility is
23 located; or (B) if the lottery gaming facility is located in the northeast or
24 southwest Kansas gaming zone and is located within a city, include
25 provision for payment of an amount equal to 1.5% of the lottery gaming
26 facility revenues to the city in which the lottery gaming facility is located
27 and an amount equal to 1.5% of such revenues to the county in which such
28 facility is located;

29 (16) (A) if the lottery gaming facility is located in the southeast or
30 south central Kansas gaming zone and is not located within a city, include
31 a provision for payment of an amount equal to 2% of the lottery gaming
32 facility revenues to the county in which the lottery gaming facility is
33 located and an amount equal to 1% of such revenues to the other county in
34 such zone; or (B) if the lottery gaming facility is located in the southeast or
35 south central Kansas gaming zone and is located within a city, provide for
36 payment of an amount equal to 1% of the lottery gaming facility revenues
37 to the city in which the lottery gaming facility is located, an amount equal
38 to 1% of such revenues to the county in which such facility is located and
39 an amount equal to 1% of such revenues to the other county in such zone;

40 (17) allow the lottery gaming facility manager to manage the lottery
41 gaming facility in a manner consistent with this act and applicable law, but
42 shall place full, complete and ultimate ownership and operational control
43 of the gaming operation of the lottery gaming facility with the Kansas

1 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
2 power to overrule any action of the lottery gaming facility manager
3 affecting the gaming operation without prior notice. The Kansas lottery
4 shall retain full control over all decisions concerning lottery gaming
5 facility games *and sports wagering*;

6 (18) include provisions for the Kansas racing and gaming
7 commission to oversee all lottery gaming facility operations, including, but
8 not limited to: Oversight of internal controls; oversight of security of
9 facilities; performance of background investigations, determination of
10 qualifications and credentialing of employees, contractors and agents of
11 the lottery gaming facility manager and of ancillary lottery gaming facility
12 operations, as determined by the Kansas racing and gaming commission;
13 auditing of lottery gaming facility revenues *and sports wagering revenues*;
14 enforcement of all state laws and maintenance of the integrity of gaming
15 operations; and

16 (19) include enforceable provisions: (A) Prohibiting the state, until
17 July 1, 2032, from: (i) Entering into management contracts for more than
18 four lottery gaming facilities or similar gaming facilities, one ~~to be~~-located
19 in the northeast Kansas gaming zone, one ~~to be~~-located in the south central
20 Kansas gaming zone, one ~~to be~~-located in the southwest Kansas gaming
21 zone and one ~~to be~~-located in the southeast Kansas gaming zone; (ii)
22 designating additional areas of the state where operation of lottery gaming
23 facilities or similar gaming facilities would be authorized; or (iii) operating
24 an aggregate of more than 2,800 electronic gaming machines at all
25 parimutuel licensee locations; and (B) requiring the state to repay to the
26 lottery gaming facility manager an amount equal to the privilege fee paid
27 by such lottery gaming facility manager, plus interest on such amount,
28 compounded annually at the rate of 10%, if the state violates the
29 prohibition provision described in *subparagraph (A)*.

30 (i) (1) *Any management contract approved by the commission under*
31 *this section may include provisions for operating and managing sports*
32 *wagering by the lottery gaming facility manager in person at the lottery*
33 *gaming facility and via the lottery gaming facility through no more than*
34 *two interactive sports wagering platforms using the odds and wagers*
35 *authorized by the Kansas lottery.*

36 (2) *If a management contract includes provisions for sports*
37 *wagering, then such contract shall provide that the state shall retain 7.5%*
38 *of all sports wagering revenues received from wagers placed in person at*
39 *each lottery gaming facility and 10% of all sports wagering revenues*
40 *received by each lottery gaming facility manager from wagers placed on*
41 *the interactive sports betting platform selected by the lottery gaming*
42 *facility manager and approved by the executive director.*

43 (j) The power of eminent domain shall not be used to acquire any

1 interest in real property for use in a lottery gaming enterprise.

2 ~~(j)~~(k) Any proposed management contract for which the privilege fee
3 has not been paid to the state treasurer within 30 days after the date of
4 approval of the management contract shall be null and void.

5 ~~(k)~~(l) A person who is the manager of the racetrack gaming facility in
6 a gaming zone shall not be eligible to be the manager of the lottery gaming
7 facility in the same zone.

8 ~~(l)~~(m) Management contracts authorized by this section may include
9 provisions relating to:

10 (1) Accounting procedures to determine the lottery gaming facility
11 revenues, unclaimed prizes and credits;

12 (2) minimum requirements for a lottery gaming facility manager to
13 provide qualified oversight, security and supervision of the lottery facility
14 games including the use of qualified personnel with experience in
15 applicable technology;

16 (3) eligibility requirements for employees, contractors or agents of a
17 lottery gaming facility manager who will have responsibility for or
18 involvement with actual gaming activities or for the handling of cash or
19 tokens;

20 (4) background investigations to be performed by the Kansas racing
21 and gaming commission;

22 (5) credentialing requirements for any employee, contractor or agent
23 of the lottery gaming facility manager or of any ancillary lottery gaming
24 facility operation as provided by the Kansas expanded lottery act or rules
25 and regulations adopted pursuant thereto;

26 (6) provision for termination of the management contract by either
27 party for cause; and

28 (7) any other provision deemed necessary by the parties, including
29 such other terms and restrictions as necessary to conduct any lottery
30 facility game in a legal and fair manner.

31 ~~(m)~~(n) A management contract shall not constitute property, nor shall
32 it be subject to attachment, garnishment or execution, nor shall it be
33 alienable or transferable, except upon approval by the executive director,
34 nor shall it be subject to being encumbered or hypothecated. The trustee of
35 any insolvent or bankrupt lottery gaming facility manager may continue to
36 operate pursuant to the management contract under order of the
37 appropriate court for no longer than one year after the bankruptcy or
38 insolvency of such manager.

39 ~~(n)~~(o) (1) The Kansas lottery shall be the licensee ~~and~~ or owner of all
40 software programs used at a lottery gaming facility for any lottery facility
41 game.

42 (2) A lottery gaming facility manager, on behalf of the state, shall
43 purchase or lease for the Kansas lottery all lottery facility games. All

1 lottery facility games shall be subject to the ultimate control of the Kansas
2 lottery in accordance with this act.

3 (3) *If a lottery gaming facility manager agrees to manage sports*
4 *wagering, the Kansas lottery shall be the licensee or owner of all software*
5 *programs used in conducting sports wagering and the lottery gaming*
6 *facility manager, on behalf of the state, shall purchase or lease for the*
7 *Kansas lottery in the name of the Kansas lottery any equipment or other*
8 *property deemed necessary for the lottery gaming facility manager for*
9 *managing sports wagering at the lottery gaming facility. All sports*
10 *wagering shall be subject to the control of the Kansas lottery in*
11 *accordance with the Kansas expanded lottery act.*

12 (⊕)(p) A lottery gaming facility shall comply with any planning and
13 zoning regulations of the city or county in which it is to be located. The
14 executive director shall not contract with any prospective lottery gaming
15 facility manager for the operation and management of such lottery gaming
16 facility unless such manager first receives any necessary approval under
17 planning and zoning requirements of the city or county in which it is to be
18 located.

19 (⊕)(q) Prior to expiration of the term of a lottery gaming facility
20 management contract, the lottery commission may negotiate a new lottery
21 gaming facility management contract with the lottery gaming facility
22 manager if the new contract is substantially the same as the existing
23 contract. Otherwise, the lottery gaming facility review board shall be
24 reconstituted and a new lottery gaming facility management contract shall
25 be negotiated and approved in the manner provided by this act.

26 Sec. 24. K.S.A. 74-8751 is hereby amended to read as follows: 74-
27 8751. (a) The Kansas racing and gaming commission, through *temporary*
28 *and permanent* rules and regulations, shall establish:

29 (⊕)(l) A certification requirement, and enforcement procedure, for
30 officers, directors, key employees and persons directly or indirectly
31 owning a-0.5% 5% or more interest in a lottery gaming facility manager or
32 racetrack gaming facility manager. Such certification requirement shall
33 include compliance with such security, fitness and background
34 investigations and standards as the executive director of the Kansas racing
35 and gaming commission deems necessary to determine whether such
36 person's reputation, habits or associations pose a threat to the public
37 interest of the state or to the reputation of or effective regulation and
38 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~
39 ~~person convicted of any felony, a crime involving gambling or a crime of~~
40 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~
41 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~
42 ~~commission shall conduct the security, fitness and background checks~~
43 ~~required pursuant to this subsection. Certification pursuant to this~~

1 ~~subsection shall not be assignable or transferable;~~

2 (b)(2) a certification requirement, and enforcement procedure, for
3 those persons, including electronic gaming machine manufacturers,
4 technology providers and computer system providers, who propose to
5 contract with a lottery gaming facility manager, a racetrack gaming facility
6 manager or the state for the provision of goods or services related to a
7 lottery gaming facility or racetrack gaming facility, including management
8 services. Such certification requirements shall include compliance with
9 such security, fitness and background investigations and standards of
10 officers, directors, key gaming employees and persons directly or
11 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the
12 executive director of the Kansas racing and gaming commission deems
13 necessary to determine whether such person's reputation, habits and
14 associations pose a threat to the public interest of the state or to the
15 reputation of or effective regulation and control of the lottery gaming
16 facility or racetrack gaming facility. ~~Any person convicted of any felony, a
17 crime involving gambling or a crime of moral turpitude prior to applying
18 for a certificate hereunder or at any time thereafter shall be deemed unfit.~~
19 If the executive director of the racing and gaming commission determines
20 the certification standards of another state are comprehensive, thorough
21 and provide similar adequate safeguards, the executive director may
22 certify an applicant already certified in such state without the necessity of
23 a full application and background check. ~~The Kansas racing and gaming
24 commission shall conduct the security, fitness and background checks
25 required pursuant to this subsection. Certification pursuant to this
26 subsection shall not be assignable or transferable;~~

27 (e) (3) (A) a certification requirement and enforcement procedure for:

28 (i) *Employees of a lottery gaming facility manager or another entity
29 owned by the lottery gaming facility manager's parent company that are
30 directly involved in the operation or management of sports wagering
31 managed by such manager; and*

32 (ii) *those persons who propose to contract with a lottery gaming
33 facility manager in an amount that exceeds \$250,000 per year for the
34 provision of goods or services related to sports wagering, including any
35 interactive sports wagering platform requested by a lottery gaming facility
36 manager under section 3, and amendments thereto; and*

37 (B) *such certification requirement shall include compliance with such
38 security, fitness and background investigations and standards as the
39 executive director deems necessary to determine whether such person's
40 reputation, habits or associations pose a threat to the public interest of the
41 state or to the reputation of, or effective regulation and control of, sports
42 wagering conducted by the lottery gaming facility. Such certification shall
43 be valid for one year from the date of issuance;*

1 (4) provisions for revocation of a certification required by subsection
 2 (a) ~~or (b)~~(1) or (2) upon a finding that the certificate holder, an officer or
 3 director thereof or a person directly or indirectly owning a ~~0.5%~~ 5% or
 4 more interest therein:

5 ~~(1)~~(A) Has knowingly provided false or misleading material
 6 information to the Kansas lottery or its employees; or

7 ~~(2)~~(B) has been convicted of a felony, gambling related offense or
 8 any crime of moral turpitude; ~~and~~

9 ~~(4)~~(5) provisions for suspension, revocation or nonrenewal of a
 10 certification required by subsection (a) ~~or (b)~~(1) or (2) upon a finding that
 11 the certificate holder, an officer or director thereof or a person directly or
 12 indirectly owning a ~~0.5%~~ 5% or more interest therein:

13 ~~(1)~~(A) Has failed to notify the Kansas lottery about a material change
 14 in ownership of the certificate holder, or any change in the directors or
 15 officers thereof;

16 ~~(2)~~(B) is delinquent in remitting money owed to the Kansas lottery;

17 ~~(3)~~(C) has violated any provision of any contract between the Kansas
 18 lottery and the certificate holder; or

19 ~~(4)~~(D) has violated any provision of the Kansas expanded lottery act
 20 or any rule and regulation adopted hereunder; *and*

21 (6) *provisions for suspension, revocation or nonrenewal of a*
 22 *certification required by subsection (a)(3) upon a finding that the*
 23 *certificate holder has:*

24 (A) *Knowingly provided false or misleading material information to*
 25 *the Kansas lottery, the Kansas racing and gaming commission or to the*
 26 *employees of either;*

27 (B) *been convicted of a felony, gambling-related offense or any crime*
 28 *of moral turpitude;*

29 (C) *intentionally violated any provision of any contract between the*
 30 *Kansas lottery and the certificate holder; or*

31 (D) *intentionally violated any provision of the Kansas expanded*
 32 *lottery act or any rule and regulation adopted pursuant to such act.*

33 (b) *A certification issued pursuant to this section shall not be*
 34 *assignable or transferable.*

35 Sec. 25. K.S.A. 74-8752 is hereby amended to read as follows: 74-
 36 8752. (a) The executive director of the Kansas lottery and the executive
 37 director of the Kansas racing and gaming commission, or their designees,
 38 may observe and inspect all electronic gaming machines, lottery facility
 39 games, *sports wagering operations*, lottery gaming facilities, racetrack
 40 gaming facilities and all related equipment and facilities operated by a
 41 lottery gaming facility manager or racetrack gaming facility manager.

42 (b) In addition to any other powers granted pursuant to this act, the
 43 executive director of the racing and gaming commission shall have the

1 power to:

2 (1) Examine, or cause to be examined by any agent or representative
3 designated by such executive director, any books, papers, records or
4 memoranda of any lottery gaming facility manager or racetrack gaming
5 facility manager, or of any business involved in electronic gaming
6 machines—~~or~~, lottery facility games *or sports wagering operations*
7 authorized pursuant to the Kansas expanded lottery act, for the purpose of
8 ascertaining compliance with any provision of the Kansas lottery act, the
9 Kansas expanded lottery act, or any rules and regulations adopted
10 thereunder;

11 (2) investigate alleged violations of the Kansas expanded lottery act
12 and alleged violations of any rules and regulations, orders and final
13 decisions of the Kansas lottery commission, the executive director of the
14 Kansas lottery, the Kansas racing and gaming commission or the executive
15 director of the Kansas racing and gaming commission;

16 (3) request a court to issue subpoenas to compel access to or for the
17 production of any books, papers, records or memoranda in the custody or
18 control of any lottery gaming facility manager or racetrack gaming facility
19 manager related to the management of the lottery gaming facility or
20 racetrack gaming facility, or to compel the appearance of any lottery
21 gaming facility manager or racetrack gaming facility manager for the
22 purpose of ascertaining compliance with the provisions of the Kansas
23 lottery act and the Kansas expanded lottery act or rules and regulations
24 adopted thereunder;

25 (4) inspect and approve, prior to publication or distribution, all
26 advertising by a lottery gaming facility manager or racetrack gaming
27 facility manager which includes any reference to the Kansas lottery; and

28 (5) take any other action as may be reasonable or appropriate to
29 enforce the provisions of the Kansas expanded lottery act and any rules
30 and regulations, orders and final decisions of the executive director of the
31 Kansas lottery, the Kansas lottery commission, the executive director of
32 the Kansas racing commission or the Kansas racing and gaming
33 commission.

34 (c) Appropriate security measures shall be required in any and all
35 areas where electronic gaming machines, *sports wagering* and other lottery
36 facility games authorized pursuant to the Kansas expanded lottery act are
37 located or operated. The executive director of the Kansas racing and
38 gaming commission shall approve all such security measures.

39 (d) The executive director of the Kansas racing and gaming
40 commission shall require an annual audit of the operations of each lottery
41 gaming facility and ancillary lottery gaming facility operations and each
42 racetrack gaming facility as determined by the commission. Such audit
43 shall be conducted by the Kansas racing and gaming commission or a

1 licensed accounting firm approved by the executive director of the Kansas
 2 racing and gaming commission and shall be conducted at the expense of
 3 the lottery gaming facility manager or racetrack facility manager.

4 (e) None of the information disclosed pursuant to subsection (b) or
 5 (d) shall be subject to disclosure under the Kansas open records act,
 6 K.S.A. 45-216 et seq., and amendments thereto.

7 Sec. 26. K.S.A. 74-8757 is hereby amended to read as follows: 74-
 8 8757. (a) A person less than 21 years of age shall not be permitted in an
 9 area where electronic gaming machines or lottery facility games are being
 10 conducted, except for a person at least 18 years of age who is an employee
 11 of the lottery gaming facility manager or the racetrack gaming facility
 12 manager. No employee under age 21 shall perform any function involved
 13 in gaming by the patrons.

14 (b) No person under age 21 shall:

15 (1) Play or make a wager on an electronic gaming machine game or a
 16 lottery facility game; *or*

17 (2) *be authorized to directly or indirectly make a wager on any*
 18 *sporting event or otherwise be permitted to engage in sports wagering.*

19 Sec. 27. K.S.A. 74-8758 is hereby amended to read as follows: 74-
 20 8758. (a) Except as authorized in subsection (c), it is unlawful for any
 21 racetrack gaming facility manager, or any employee or agent thereof, to
 22 allow any person to play an electronic gaming machine game at a
 23 racetrack gaming facility, or share in winnings of such person, knowing
 24 such person to be:

25 (1) Less than 21 years of age;

26 (2) the executive director of the Kansas lottery, a member of the
 27 Kansas lottery commission or an employee of the Kansas lottery;

28 (3) the executive director, a member or an employee of the Kansas
 29 racing and gaming commission;

30 (4) an officer or employee of a vendor contracting with the Kansas
 31 lottery to supply gaming equipment or tickets to the Kansas lottery for use
 32 in the operation of any lottery conducted pursuant to the Kansas expanded
 33 lottery act;

34 (5) an employee or agent of the racetrack gaming facility manager;

35 (6) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
 36 parent or stepparent of a person described by subsection (a)(2); *or* (a)(3);
 37 ~~(a)(4) or (a)(5);~~ *or*

38 (7) a person who resides in the same household as any person
 39 described by subsection (a)(2); *or* (a)(3); ~~(a)(4) or (a)(5).~~

40 Violation of this subsection is a class A nonperson misdemeanor upon
 41 conviction for a first offense. Violation of this subsection is a severity level
 42 9, nonperson felony upon conviction for the second or a subsequent
 43 offense.

1 (b) Except as authorized in subsection (c), it is unlawful for any
 2 lottery gaming facility manager, or its employees or agents, to allow any
 3 person to play electronic gaming machines or lottery facility games at a
 4 lottery gaming facility or share in winnings of such person knowing such
 5 person to be:

6 (1) Under 21 years of age;

7 (2) the executive director of the Kansas lottery, a member of the
 8 Kansas lottery commission or an employee of the Kansas lottery;

9 (3) the executive director, a member or an employee of the Kansas
 10 racing and gaming commission;

11 (4) an employee or agent of the lottery gaming facility manager;

12 (5) an officer or employee of a vendor contracting with the Kansas
 13 lottery to supply gaming equipment to the Kansas lottery for use in the
 14 operation of any electronic gaming machine or lottery facility game
 15 conducted pursuant to the Kansas expanded lottery act;

16 (6) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
 17 parent or stepparent of a person described in subsection (b)(2); *or* (b)(3);
 18 ~~(b)(4) or (b)(5);~~ or

19 (7) a person who resides in the same household as any person
 20 described by subsection (b)(2); *or* (b)(3); ~~(b)(4) or (b)(5).~~

21 Violation of this subsection is a class A nonperson misdemeanor upon
 22 conviction for a first offense. Violation of this subsection is a severity level
 23 9, nonperson felony upon conviction for a second or subsequent offense.

24 (c) The executive director of the Kansas racing and gaming
 25 commission may authorize in writing any employee of the Kansas racing
 26 and gaming commission and any employee of a lottery vendor to play an
 27 electronic gaming machine game or a lottery facility game to verify the
 28 proper operation thereof with respect to security and contract compliance.
 29 Any prize awarded as a result of such ticket purchase shall become the
 30 property of the Kansas lottery and be added to the prize pools of
 31 subsequent electronic gaming machine games or lottery facility games. No
 32 money or merchandise shall be awarded to any employee playing an
 33 electronic gaming machine game or a lottery facility game pursuant to this
 34 subsection.

35 Sec. 28. K.S.A. 74-8760 is hereby amended to read as follows: 74-
 36 8760. (a) Except in accordance with rules and regulations of the Kansas
 37 racing and gaming commission or by written authority from the executive
 38 director of the Kansas racing and gaming commission in performing
 39 installation, maintenance, inspection and repair services, it is a class A
 40 nonperson misdemeanor for the following to place a wager on or play an
 41 electronic gaming machine game or a lottery facility game at a lottery
 42 gaming facility in this state: The executive director of the Kansas lottery, a
 43 member of the Kansas lottery commission or any employee or agent of the

1 Kansas lottery; the executive director, a member or any employee or agent
 2 of the Kansas racing and gaming commission; or the lottery gaming
 3 facility manager or any employee of the lottery gaming facility manager.

4 (b) Except in accordance with rules and regulations of the Kansas
 5 racing and gaming commission or by written authority from the executive
 6 director of the Kansas racing and gaming commission in performing
 7 installation, maintenance, inspection and repair services, it is a class A
 8 nonperson misdemeanor for the following to place a ~~wager on or play an~~
 9 ~~electronic gaming machine at a racetrack gaming facility in this state~~
 10 *sports wager in the state:*

11 (1) The executive director of the Kansas lottery, a member of the
 12 Kansas lottery commission or any employee or agent of the Kansas lottery;

13 (2) the executive director, a member or any employee or agent of the
 14 Kansas racing and gaming commission; ~~or the racetrack gaming facility~~
 15 ~~manager or any employee of the racetrack gaming facility manager~~

16 (3) *a sports wagering manager, any director, officer, owner or*
 17 *employee of such sports wagering manager or any relative living in the*
 18 *same household as such persons who places any wager with the manager*
 19 *at the manager's location or through the manager's interactive sports*
 20 *wagering platform;*

21 (4) *an interactive sports wagering platform, any director, officer,*
 22 *owner or employee of such platform or any relative living in the same*
 23 *household as such persons who places any wager with the manager at the*
 24 *manager's location or through the manager's interactive sports wagering*
 25 *platform;*

26 (5) *any owner, officer, athlete, coach or other employee of a team; or*

27 (6) *any director, officer or employee of a player or referee union.*

28 (c) *It is a severity level 8, nonperson felony for any person knowingly*
 29 *to place a sports wager:*

30 (1) *As an agent or proxy for other persons;*

31 (2) *using funds derived from illegal activity;*

32 (3) *to conceal money derived from illegal activity;*

33 (4) *through the use of other individuals to place wagers as part of*
 34 *any wagering scheme to circumvent any provision of federal or state law;*
 35 *or*

36 (5) *using false identification to facilitate the placement of the wager*
 37 *or the collection of any prize in violation of federal or state law.*

38 (d) It is a severity level 8, nonperson felony for any person playing or
 39 using any electronic gaming machine in Kansas knowingly to:

40 (1) Use other than a lawful coin or legal tender of the United States of
 41 America, or to use coin not of the same denomination as the coin intended
 42 to be used in an electronic gaming machine, except that in the playing of
 43 any electronic gaming machine or similar gaming device, it shall be lawful

1 for any person to use gaming billets, tokens or similar objects therein
2 which are approved by the Kansas racing and gaming commission;

3 (2) possess or use, while on premises where electronic gaming
4 machines are authorized pursuant to the Kansas expanded lottery act, any
5 cheating or thieving device, including, but not limited to, tools, wires,
6 drills, coins attached to strings or wires or electronic or magnetic devices
7 to facilitate removing from any electronic gaming machine any money or
8 contents thereof, except that a duly authorized agent or employee of the
9 Kansas racing and gaming commission, lottery gaming facility manager or
10 racetrack gaming facility manager may possess and use any of the
11 foregoing only in furtherance of the agent's or employee's employment at
12 the lottery gaming facility or racetrack gaming facility; or

13 (3) possess or use while on the premises of a lottery gaming facility
14 or racetrack gaming facility, or any location where electronic gaming
15 machines are authorized pursuant to this act, any key or device designed
16 for the purpose of or suitable for opening or entering any electronic
17 gaming machine or similar gaming device or drop box.

18 ~~(d)(e)~~ Any duly authorized agent or employee of the Kansas racing
19 and gaming commission, a lottery gaming facility manager or a racetrack
20 gaming facility manager may possess and use any of the devices described
21 in subsections ~~(e)(3) and (e)(4)~~ (d)(3) and (d)(4) in furtherance of
22 inspection or testing as provided in the Kansas expanded lottery act or in
23 furtherance of such person's employment at any location where any
24 electronic gaming machine or similar gaming device or drop box is
25 authorized pursuant to the Kansas expanded lottery act.

26 Sec. 29. K.S.A. 74-8772 is hereby amended to read as follows: 74-
27 8772. The Kansas racing and gaming commission shall adopt such rules
28 and regulations as the commission deems necessary to carry out the duties
29 and functions of the commission pursuant to the Kansas expanded lottery
30 act. ~~Such Temporary rules and regulations may be adopted by the~~
31 *commission without being subject to the provisions and requirements of*
32 *K.S.A. 77-415 through 77-438, and amendments thereto, but shall be*
33 *subject to approval by the attorney general as to legality and shall be filed*
34 *with the secretary of state and published in the Kansas register. Temporary*
35 *and permanent rules and regulations shall include, but not be limited to,*
36 *rules and regulations:*

37 (a) Promoting the integrity of the gaming and finances of lottery
38 gaming facilities and racetrack gaming facilities and shall meet or exceed
39 industry standards for monitoring and controlling the gaming and finances
40 of lottery gaming facility operations and racetrack gaming facility
41 operations and shall give the Kansas racing and gaming commission
42 sufficient authority to monitor and control the gaming operation and to
43 ensure its integrity and security;

1 (b) prescribing the on-site security arrangements for lottery gaming
2 facilities and racetrack gaming facilities;

3 (c) requiring reporting of information about any lottery gaming
4 facility manager or racetrack gaming facility manager, and its employees,
5 vendors and finances, necessary or desirable to ensure the security of
6 lottery gaming facility and racetrack gaming facility operations. None of
7 the information disclosed pursuant to this subsection shall be subject to
8 disclosure under the Kansas open records act;

9 (d) requiring reporting and auditing of financial information of lottery
10 gaming facility managers and racetrack gaming facility managers,
11 including, but not limited to, the reporting of profits or losses incurred by
12 lottery gaming facility managers and racetrack gaming facility managers
13 and the reporting of such other information as the Kansas racing and
14 gaming commission requires to determine compliance with the Kansas
15 expanded lottery act and rules and regulations adopted hereunder. None of
16 the information disclosed pursuant to this subsection shall be subject to
17 disclosure under the Kansas open records act; and

18 (e) provisions for oversight of all lottery gaming facility operations
19 and racetrack gaming facility operations, including, but not limited to,
20 oversight of internal controls; oversight of security of facilities;
21 performance of background investigations, determination of qualifications
22 and credentialing of employees, contractors and agents of lottery gaming
23 facility managers, ancillary lottery gaming facility operations and
24 racetrack gaming facilities; auditing of lottery gaming facility revenues
25 and net electronic gaming machine income of racetrack gaming facilities;
26 enforcement of all state laws; and maintenance of the integrity of lottery
27 gaming facility and racetrack gaming facility operations.

28 Sec. 30. K.S.A. 79-4806 is hereby amended to read as follows: 79-
29 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
30 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
31 shall be transferred and credited to the problem gambling *and addictions*
32 grant fund established by K.S.A. 79-4805, and amendments thereto.

33 Sec. 31. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
34 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8758, 74-8760,
35 74-8772 and 79-4806 and K.S.A. 2019 Supp. 21-6403, 21-6507 and 21-
36 6508 are hereby repealed.

37 Sec. 32. This act shall take effect and be in force from and after its
38 publication in the statute book.