

**HOUSE BILL No. 2740**

By Committee on Federal and State Affairs

3-16

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, the white collar crime fund, the privilege fee repayment  
5 fund and the facility manager licensee repayment fund; authorizing  
6 parimutuel licensees to operate historical horse race machines;  
7 amending K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-  
8 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8760, 74-  
9 8761, 74-8802, 74-8804, 74-8814, 74-8823, 74-8836 and 79-4806 and  
10 K.S.A. 2021 Supp. 21-6403 and 21-6507 and repealing the existing  
11 sections.  
12

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

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

17 (b) The Kansas lottery may offer sports wagering through one or  
18 more lottery gaming facility managers that have contracted with the  
19 Kansas lottery in accordance with the Kansas expanded lottery act to  
20 operate and manage sports wagering on behalf of the Kansas lottery,  
21 including, but not limited to, sports wagering over the internet through  
22 websites and mobile device applications, through an interactive sports  
23 wagering platform approved by the Kansas lottery and the use of any such  
24 platform at the primary facility of a professional sports team or other  
25 marketing entity pursuant to a marketing agreement entered into between  
26 the lottery gaming facility manager and the professional sports team or  
27 other marketing entity in accordance with section 4, and amendments  
28 thereto.

29 New Sec. 2. (a) Each lottery gaming facility manager shall be limited  
30 to three interactive sports wagering platforms that shall be approved by the  
31 executive director. Any interactive sports wagering platform approved by  
32 the executive director shall serve the public convenience and promote  
33 sports wagering in accordance with marketing plans developed by the  
34 Kansas lottery to offer sports wagers. Any lottery gaming facility manager  
35 may enter into a contract on behalf of the Kansas lottery with an approved  
36 interactive sports wagering platform. Any such contract shall be approved

1 by the Kansas lottery. A sports wagering manager shall only accept wagers  
2 placed through an interactive sports wagering platform from individuals  
3 who are physically located within the state of Kansas at the time of  
4 submitting the wager. Sports wagering conducted through the interactive  
5 sports wagering platform shall be offered only as approved by the Kansas  
6 lottery and in accordance with the provisions of the Kansas expanded  
7 lottery act.

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

22 (c) A lottery gaming facility manager may apply to the Kansas lottery  
23 for approval of one additional graphical user interface specific to a  
24 professional sports team that has a marketing agreement with such lottery  
25 gaming facility manager to be used to access an interactive sports  
26 wagering platform approved by the Kansas lottery.

27 New Sec. 3. (a) No person shall provide goods, services, software or  
28 any other components necessary for the determination of the odds or the  
29 outcomes of any wager on a sporting event, directly or indirectly, to a  
30 lottery gaming facility manager, including data feeds and odds services,  
31 unless such person holds a license issued pursuant to this section.

32 (b) (1) Upon receipt of a complete application and payment of the  
33 required license fee, the commission may issue a sports wagering supplier  
34 license to a person who satisfies the requirements of this section and any  
35 rules and regulations adopted pursuant thereto. Applications for a sports  
36 wagering supplier license shall be submitted in such form and manner as  
37 prescribed by the commission.

38 (2) Such application shall include:

39 (A) The identity of:

40 (i) Each person who directly owns at least a 10% ownership interest  
41 in the applicant;

42 (ii) each holding, intermediary or parent company that directly owns  
43 at least a 15% ownership interest in the applicant; and

1 (iii) the chief executive officer and chief financial officer of the  
2 applicant or the individual holding an equivalent office with respect to the  
3 applicant, as determined by the commission; and

4 (B) such other information as required by the commission.

5 (3) The disclosure of any of the following direct or indirect  
6 shareholders of the applicant shall be waived:

7 (A) Any government-created entity, including, but not limited to, any  
8 statutorily authorized pension investment board or crown corporation of  
9 Canada; and

10 (B) any investment funds or entities registered with the securities and  
11 exchange commission, including any investment advisors or entities under  
12 the management of an entity registered with the securities and exchange  
13 commission.

14 (c) Upon request by the applicant, the commission may issue a  
15 provisional sports wagering supplier license if the applicant has submitted  
16 a complete application and paid the required application fee. Such  
17 provisional license shall be for a term specified on the license but not to  
18 exceed one year. The holder of a provisional license shall surrender such  
19 license to the commission upon the issuance of a sports wagering supplier  
20 license to such person.

21 (d) The commission shall establish the fee for the issuance and  
22 renewal of a sports wagering supplier license and provisional sports  
23 wagering supplier license.

24 (e) A sports wagering supplier license shall be valid for a period of  
25 two years from the date issued.

26 (f) A sports wagering supplier license may be renewed by the licensee  
27 prior to the expiration thereof upon application and payment of the  
28 required renewal fee.

29 New Sec. 4. (a) A professional sports team or other marketing entity  
30 may enter into a marketing agreement with a lottery gaming facility  
31 manager for the purpose of marketing sports wagering at the primary  
32 facility of such professional sports team or the premises of such other  
33 marketing entity. All sports wagering shall be operated and managed by  
34 the lottery gaming facility manager. No owner, director, officer, employee  
35 or agent of the professional sports team or other marketing entity shall  
36 have any duties directly related to the operation or management of sports  
37 wagering except as expressly provided in the marketing agreement.

38 (b) (1) A marketing agreement shall provide that the professional  
39 sports team or other marketing entity shall promote and advertise sports  
40 wagering on behalf of the contracting lottery gaming facility manager at  
41 the primary facility of the professional sports team or the premises of such  
42 other marketing entity. Promotion and advertising may include, but shall  
43 not be limited to:

1 (A) Advertising through signage and other media, including  
2 electronic media;

3 (B) allowing devices, such as kiosks, to be located within the primary  
4 facility of the professional sports team to allow patrons to engage in sports  
5 wagering; and

6 (C) providing access to mobile device applications that allow patrons  
7 to access the interactive sports wagering platforms utilized by the lottery  
8 gaming facility manager operating and managing sports wagering at the  
9 primary facility or other premises.

10 (2) A marketing agreement shall expressly prohibit the professional  
11 sports team or other marketing entity and any owner, director, officer,  
12 employee or agent of such professional sports team or other marketing  
13 entity from taking any bets, paying out any prizes or otherwise having any  
14 control or access to the interactive sports wagering platform or any other  
15 system used by the lottery gaming facility manager to operate and manage  
16 sports wagering.

17 (3) If the primary facility or other premises specified in the marketing  
18 agreement is located outside a gaming zone, then all sports wagering at  
19 such facility or other premises shall be conducted through an interactive  
20 sports wagering platform.

21 (c) Any lottery gaming facility manager may enter into marketing  
22 agreements with not more than 50 marketing entities. Not fewer than 10  
23 such agreements shall be with a nonprofit fraternal or veterans  
24 organizations.

25 (d) Any lottery gaming facility manager seeking to enter into a  
26 marketing agreement pursuant to this section shall submit such marketing  
27 agreement to the Kansas lottery for approval. No such marketing  
28 agreement shall become effective until it is approved by the executive  
29 director of the Kansas lottery. If the marketing agreement satisfies all of  
30 the requirements of the Kansas lottery act and the Kansas expanded lottery  
31 act, then it shall be approved. If the agreement is not approved, the  
32 executive director shall notify the parties to the agreement that approval  
33 has been denied and provide the reasons for such denial.

34 New Sec. 5. The executive director shall adopt rules and regulations  
35 regarding the advertisement for sports wagering. Such rules and  
36 regulations shall be adopted on or before January 1, 2023, and shall  
37 include, but not be limited to:

38 (a) Ensuring that advertisements, including limitations on the form,  
39 content, quantity, timing and location of such advertisements, do not target  
40 children and minors, or other persons who are ineligible to place wagers,  
41 or problem gamblers or other vulnerable persons;

42 (b) disclosure of the identity of the lottery gaming facility manager in  
43 all such advertisements;

1 (c) provision of the toll-free number for information and referral  
2 services for compulsive and problem gambling; and

3 (d) prohibitions on false, misleading or deceptive advertisements.

4 New Sec. 6. The Kansas lottery may restrict, limit or exclude  
5 wagering on one or more sporting events by providing notice to all lottery  
6 gaming facility managers in such form and manner as prescribed by the  
7 executive director. Offering or taking wagers that are contrary to any such  
8 notice or any rules and regulations promulgated by either the Kansas  
9 lottery or the Kansas racing and gaming commission on a sporting event is  
10 a violation of the Kansas expanded lottery act.

11 New Sec. 7. (a) Lottery gaming facility managers shall use reasonable  
12 methods to:

13 (1) Prohibit such manager, and any director, officer, owner and  
14 employee of the manager, and any relative living in the same household as  
15 such persons, from placing wagers;

16 (2) prohibit any director, officer, owner and employee of the sports  
17 wagering platform, and any relative living in the same household as such  
18 persons, from placing wagers with the manager;

19 (3) prohibit athletes, coaches, referees, team owners, employees of a  
20 sports governing body or its member teams, and player and referee union  
21 personnel from placing wagers on any sporting event overseen by such  
22 sports governing body. In determining which persons are excluded from  
23 placing wagers under this paragraph, lottery gaming facility managers  
24 shall use publicly available information and any list of such persons that  
25 the sports governing body may provide to the Kansas lottery and the  
26 Kansas racing and gaming commission;

27 (4) prohibit any person with access to nonpublic confidential  
28 information held by the lottery gaming facility manager from placing  
29 wagers with such manager;

30 (5) prohibit persons from placing wagers as agents or proxies for  
31 other persons;

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

40 (7) maintain the security of wagering data, customer data and other  
41 confidential information from unauthorized access and dissemination,  
42 provided that nothing in this act shall preclude the use of internet or cloud-  
43 based hosting of such data and information or disclosure as required by

1 court order, state or federal law or as otherwise required by this act.

2 (b) Lottery gaming facility managers shall cooperate with any  
3 investigations conducted by the Kansas lottery, the Kansas racing and  
4 gaming commission or law enforcement agencies, including, but not  
5 limited to, providing or facilitating the provision of account-level betting  
6 information and audio or video files relating to persons placing wagers.

7 (c) Lottery gaming facility managers shall immediately report to the  
8 Kansas lottery and the Kansas racing and gaming commission any  
9 information relating to:

10 (1) Criminal or disciplinary proceedings commenced against such  
11 manager in connection with such manager's operations in any jurisdiction  
12 in which such manager operates;

13 (2) abnormal wagering activity or patterns that may indicate a  
14 concern with the integrity of a sporting event in any jurisdiction in which  
15 such manager operates;

16 (3) any potential breach of the relevant sports governing body's  
17 internal rules and codes of conduct pertaining to sports wagering;

18 (4) any other conduct that corrupts a betting outcome of a sporting  
19 event for purposes of financial gain, including match-fixing; and

20 (5) suspicious or illegal wagering activities, including the use of:  
21 Funds derived from illegal activity; wagers to conceal or launder funds  
22 derived from illegal activity; agents to place wagers; and false  
23 identification when placing wagers.

24 (d) Information provided by a sports governing body to a lottery  
25 gaming facility manager shall be confidential and not subject to the open  
26 records act, K.S.A. 45-215 et seq., and amendments thereto, and the lottery  
27 gaming facility manager shall not disclose such information or any portion  
28 thereof, unless disclosure is required by this act, the Kansas racing and  
29 gaming commission, state or federal law or court order. The provisions of  
30 this subsection shall expire on July 1, 2027, unless the legislature acts to  
31 reenact such provision. The provisions of this subsection shall be reviewed  
32 by the legislature prior to July 1, 2027.

33 (e) Lottery gaming facility managers may use data for determining  
34 the result of sports wagers from any source that provides certified league  
35 data approved by the executive director.

36 New Sec. 8. (a) Lottery gaming facility managers shall maintain  
37 records of:

38 (1) All wagers placed, including personally identifiable information  
39 of the person placing the wager;

40 (2) the amount and type of wager;

41 (3) the time the wager was placed;

42 (4) the location of the wager, including the IP address, if applicable;

43 (5) the outcome of the wager;

- 1 (6) any records of abnormal wagering activity; and  
2 (7) video camera recordings, in the case of in-person wagers.  
3 (b) Such records shall be maintained for at least three years after the  
4 sporting event occurs. A lottery gaming facility manager shall make such  
5 records available for inspection upon request by the Kansas lottery or the  
6 Kansas racing and gaming commission or as required by court order.

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

16 New Sec. 10. Upon request by an individual, a lottery gaming facility  
17 manager shall restrict such individual from placing sports wagers with  
18 such manager and shall take reasonable measures to prevent such  
19 individual from placing sports wagers. The lottery gaming facility manager  
20 shall submit the restricted individual's name and pertinent information to  
21 the Kansas racing and gaming commission for the sole purpose of having  
22 such information disseminated to all other lottery gaming facility  
23 managers. Any lottery gaming facility manager that receives such  
24 individual's information from the Kansas racing and gaming commission  
25 shall restrict such individual from placing sports wagers.

26 New Sec. 11. (a) There is hereby established in the state treasury the  
27 sports wagering receipts fund to be administered by the executive director  
28 of the Kansas lottery. Separate accounts shall be maintained in such fund  
29 for receipt of moneys from sports wagering conducted by each lottery  
30 gaming facility manager. All expenditures from the fund shall be made in  
31 accordance with appropriation acts upon warrants of the director of  
32 accounts and reports issued pursuant to vouchers approved by the  
33 executive director, or the executive director's designee, for the purposes set  
34 forth in this act.

35 (b) All revenues from sports wagering conducted by lottery gaming  
36 facility managers shall be paid weekly and electronically to the executive  
37 director, or as soon as reasonably possible based on the sporting event and  
38 the wager placed, but in no event prior to the completion and settling of all  
39 bets for the sporting events for which wagers were placed. The executive  
40 director shall remit all moneys received therefrom to the state treasurer in  
41 accordance with the provisions of K.S.A. 75-4215, and amendments  
42 thereto. Upon receipt of each such remittance, the state treasurer shall  
43 deposit the entire amount in the state treasury and credit such remittance to

1 the respective account in the sports wagering receipts fund maintained for  
2 the lottery gaming facility manager.

3 (c) (1) The executive director shall certify monthly to the director of  
4 accounts and reports the percentages or amounts to be transferred from  
5 each account maintained in the sports wagering receipts fund to the lottery  
6 operating fund in accordance with the provisions of K.S.A. 74-8711, and  
7 amendments thereto, as provided by the lottery gaming facility  
8 management contract. Upon receipt of the certification, the director of  
9 accounts and reports shall transfer amounts from each such account in  
10 accordance with the certification of the executive director.

11 (2) At least once each month, the executive director shall cause  
12 amounts from each such account to be paid to the lottery gaming facility  
13 managers in accordance with each entity's respective contract with the  
14 Kansas lottery.

15 New Sec. 12. (a) There is hereby established in the state treasury the  
16 white collar crime fund to be administered by the governor. All moneys  
17 credited to the white collar crime fund shall be expended only for the  
18 purpose of investigating and prosecuting:

19 (1) Criminal offenses involving or facilitated by:

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

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

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

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

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

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

29 (2) any financial or economic crime involving any unauthorized  
30 gambling.

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

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

1 amounts from the white collar crime fund to the special revenue fund or  
2 funds of the attorney general and the Kansas racing and gaming  
3 commission in accordance with such certification.

4 New Sec. 13. Upon receipt of a request to negotiate an existing  
5 gaming compact or a new gaming compact regarding sports wagering  
6 from a federally recognized Indian tribe pursuant to section 17, and  
7 amendments thereto, the governor shall submit notice of such request to  
8 the executive director. Upon receipt of such notice, the executive director  
9 shall enter into an agreement with the federally recognized Indian tribe  
10 that made such request for the operation and management of sports  
11 wagering by such tribe or any corporation, limited liability company or  
12 other business entity wholly owned by such tribe on behalf of the state of  
13 Kansas. Such agreement shall authorize the Kansas lottery to offer sports  
14 wagering through an interactive sports wagering platform to be operated  
15 and managed by such tribe or business entity. The terms and conditions of  
16 such agreement shall be substantially the same as any lottery gaming  
17 facility management contract with respect to the operation and  
18 management of sports wagering.

19 New Sec. 14. (a) Wagering on one or more historical horse races is  
20 hereby authorized and may be conducted in accordance with the  
21 provisions of the Kansas parimutuel racing act.

22 (b) Parimutuel wagering on historical horse races shall only be  
23 conducted by an organization licensee at a facility located in Sedgwick  
24 county and only through historical horse race machines approved by the  
25 commission. Such wagering shall only be permitted in a designated area  
26 on the licensed premises of an organization licensee. A licensee shall  
27 obtain approval from the commission for any types of wagers on historical  
28 horse races prior to conducting such wagering. No historical horse race  
29 machines shall be operated at any facility that conducts live greyhound  
30 races or displays simulcast greyhound races.

31 (c) An organization licensee may conduct parimutuel wagering on  
32 historical horse races of any horse breed regardless of the type of breed  
33 that primarily races in live meets conducted or simulcast races displayed  
34 by the licensee. A licensee may conduct parimutuel wagering on historical  
35 horse races on any days and hours approved by the commission and shall  
36 not be limited to times during which the licensee is conducting a live horse  
37 race meeting or displaying simulcast races.

38 (d) All wagering on historical horse races shall be conducted as  
39 follows:

40 (1) A patron may only wager on historical horse races through an  
41 historical horse race machine approved by the commission;

42 (2) once a patron deposits the wagered amount in the historical horse  
43 race machine, one or more historical horse races shall be chosen at

1 random;

2 (3) prior to the patron making a wager selection, the machine shall  
3 not display or otherwise make any information available that would allow  
4 the patron to identify a historical horse race on which such patron is  
5 wagering, including the location of the race, the date on which the race  
6 was run, the names of the horses in the race or the names of the jockeys  
7 that rode the horses in the race;

8 (4) the machine shall make available for viewing by the patron the  
9 true and accurate past performance information on a historical horse race  
10 prior to such patron making a wager selection. The information shall be  
11 current as of the day the historical horse race was run. The information  
12 provided to the patron shall be made available on the machine in data or  
13 graphical form; and

14 (5) after a patron finalizes such patron's wager selections and plays  
15 such selections, the machine shall make a video replay of a portion of the  
16 race or the finish of the race available for the patron to view and the  
17 official results of the race. The identity of the race shall only be revealed to  
18 the patron after the patron has placed and played such patron's wager.

19 (e) Not more than 1,000 historical horse race machines shall be  
20 placed and operated at a racetrack facility.

21 (f) No parimutuel wagering or other type of wagering on historical  
22 horse races shall be conducted over the internet or a digital cellular  
23 network, including through any website or mobile device application.

24 (g) On or before January 1, 2023, the commission shall adopt rules  
25 and regulations necessary to implement and enforce the provisions of this  
26 section.

27 (h) This section shall be a part of and supplemental to the Kansas  
28 parimutuel racing act.

29 New Sec. 15. (a) Prior to the operation of any historical horse race  
30 machines pursuant to section 14, and amendments thereto, the executive  
31 director shall provide written notice to any lottery gaming facility manager  
32 managing a lottery gaming facility located in the same gaming zone as a  
33 racetrack facility where such historical horse race machines are to be  
34 operated. Such notice shall state the commission's intent to authorize the  
35 operation of historical horse race machines at such racetrack facility.

36 (b) No action against the state of Kansas or any other person or party  
37 for specific performance, anticipatory breach or breach of contract, the  
38 basis of which is that the authorization of historical horse race machines  
39 under section 14, and amendments thereto, violates the provisions of  
40 K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and amendments thereto, or that  
41 the authorization of historical horse race machines under section 14, and  
42 amendments thereto, creates a material breach of a lottery gaming facility  
43 manager's management contract with the Kansas lottery, including any

1 claim for reimbursement of privilege fees and interest thereon, shall be  
2 deemed to have accrued until the lottery gaming facility manager receives  
3 written notice from the executive director pursuant to subsection (a). Any  
4 such action shall be commenced within 60 days after receipt of such  
5 written notice and shall be filed as an original action in the supreme court.  
6 The supreme court shall have original jurisdiction for determination of any  
7 claims made and damages related thereto.

8 (c) No claim for equitable relief, including injunctive relief, may be  
9 brought in any action filed pursuant to this section. No claim may be  
10 brought in any action filed pursuant to this section except by the lottery  
11 gaming facility manager for the lottery gaming facility located in the same  
12 gaming zone as the racetrack facility where such historical horse race  
13 machines are to be operated.

14 (d) Any monetary damages awarded in any action brought pursuant  
15 to this section shall not exceed an amount equal to the privilege fee paid  
16 by the lottery gaming facility manager filing such action, plus any interest  
17 from the date such action accrued as specified in subsection (b).

18 (e) (1) If no action is filed pursuant to subsection (b), the commission  
19 may authorize the operation of historical horse race machines at the  
20 racetrack facility.

21 (2) If an action is properly filed, the commission shall not authorize  
22 the operation of historical horse race machines until such time as the  
23 supreme court issues a final order in such action and such order does not  
24 prohibit the commission from authorizing the operation of such machines.

25 (3) If the final judgment of the court orders the repayment of the  
26 privilege fees, or any portion thereof, paid by the lottery gaming facility  
27 manager, including any interest from the date such action accrued, as  
28 specified in subsection (b), the executive director shall determine the total  
29 amount due for such repayment in accordance with such order and certify  
30 such repayment amount to the facility manager licensee for the racetrack  
31 facility. The commission shall not authorize the operation of any historical  
32 horse race machines at such racetrack facility until the executive director  
33 has received such certified amount. The executive director shall remit all  
34 such moneys received to the state treasurer in accordance with K.S.A. 75-  
35 4215, and amendments thereto. Upon receipt of such remittance, the state  
36 treasurer shall deposit the entire amount in the state treasury to the credit  
37 of the privilege fee repayment fund.

38 (f) If a payment is made in accordance with subsection (e)(3), the  
39 commission shall pay an equal amount to the facility manager licensee for  
40 the racetrack facility. Such payment shall be paid in installments on a  
41 monthly basis from moneys held in the facility manager licensee  
42 repayment fund. The amount of each monthly payment shall be a  
43 percentage of the moneys in the state racing fund that were collected by

1 the commission from the tax levied pursuant to K.S.A. 74-8823(a)(5), and  
2 amendments thereto, agreed to by the executive director and the facility  
3 manager licensee, except that such percentage shall not be less than 50%  
4 of the moneys in the state racing fund that were collected by the  
5 commission from the tax levied pursuant to K.S.A. 74-8823(a)(5), and  
6 amendments thereto. The executive director shall certify the amount to be  
7 paid each month under this subsection to the director of accounts and  
8 reports. Upon receipt of such certification, the director of accounts and  
9 reports shall transfer such certified amount from the state racing fund to  
10 the facility manager licensee repayment fund. Transfers from the state  
11 racing fund under this subsection shall only be made from those moneys  
12 held in the state racing fund that were collected by the commission from  
13 the tax levied pursuant to K.S.A. 74-8823(a)(5), and amendments thereto,  
14 on the total amount wagered on historical horse races conducted by  
15 historical horse race machines located at the facility manager licensee's  
16 racetrack facility.

17 (g) (1) The privilege fee repayment fund is hereby created in the state  
18 treasury and shall be administered by the Kansas lottery. The privilege fee  
19 repayment fund shall consist of those moneys credited to the privilege fee  
20 repayment fund from any payments received pursuant to subsection (e).  
21 All expenditures from the privilege fee repayment fund shall be for the  
22 repayment of privilege fees, including accrued interest thereon, and shall  
23 be made in accordance with appropriation acts upon warrants of the  
24 director of accounts and reports issued pursuant to vouchers approved by  
25 the executive director or the executive director's designee.

26 (2) The facility manager licensee repayment fund is hereby created in  
27 the state treasury and shall be administered by the Kansas racing and  
28 gaming commission. The facility manager licensee repayment fund shall  
29 consist of those moneys credited to the facility manager licensee  
30 repayment fund pursuant to subsection (f). All expenditures from the  
31 facility manager licensee repayment fund shall be for payment to the  
32 facility manager licensee pursuant to subsection (f) and shall be made in  
33 accordance with appropriation acts upon warrants of the director of  
34 accounts and reports issued pursuant to vouchers approved by the  
35 executive director or the executive director's designee.

36 (h) The provisions of this section shall be a part of and supplemental  
37 to the Kansas parimutuel racing act.

38 New Sec. 16. The provisions of sections 14 and 15, and amendments  
39 thereto, are hereby declared to be severable. If any part or provision of  
40 sections 14 and 15, and amendments thereto, is held to be void, invalid or  
41 unconstitutional, such part or provision shall not affect or impair any of the  
42 remaining parts or provisions of this act, and any such remaining  
43 provisions shall continue in full force and effect.

1 New Sec. 17. (a) If any federally recognized Indian tribe, as  
2 described in K.S.A. 74-9802(f), and amendments thereto, submits a  
3 request for negotiation of a gaming compact regarding sports wagering in  
4 accordance with K.S.A. 46-2302, and amendments thereto, the governor or  
5 the governor's designated representative shall negotiate in good faith with  
6 such Indian tribe to enter into such gaming compact.

7 (b) No compact described in subsection (a) shall include sports  
8 wagering beyond the boundaries of the compacting tribe's Indian lands,  
9 within the meaning of the Indian gaming regulatory act, 25 U.S.C. § 2701  
10 et seq.

11 New Sec. 18. (a) Misuse of nonpublic sports information is placing or  
12 causing to be placed a bet or wager on a sports contest on the basis of  
13 material nonpublic information relating to such bet or wager.

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

16 (c) As used in this section:

17 (1) "On the basis of material nonpublic information" means the  
18 person placing the bet or wager, or causing such bet or wager to be placed,  
19 was aware of the material nonpublic information relating to such bet or  
20 wager when the person placed the bet or wager, or caused such bet or  
21 wager to be placed; and

22 (2) "sports contest" means the same as defined in K.S.A. 2021 Supp.  
23 21-6507, and amendments thereto.

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

26 Sec. 19. K.S.A. 2021 Supp. 21-6403 is hereby amended to read as  
27 follows: 21-6403. As used in K.S.A. 2021 Supp. 21-6403 through 21-  
28 6409, and amendments thereto:

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

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

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

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

43 (4) any bingo game by or for participants managed, operated or

- 1 conducted in accordance with the laws of the state of Kansas by an  
2 organization licensed by the state of Kansas to manage, operate or conduct  
3 games of bingo;
- 4 (5) a lottery operated by the state pursuant to the Kansas lottery act;
- 5 (6) any system of parimutuel wagering managed, operated and  
6 conducted in accordance with the Kansas parimutuel racing act;
- 7 (7) tribal gaming;
- 8 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments  
9 thereto; ~~or~~
- 10 (9) a fantasy sports league as defined in this section; *or*
- 11 (10) *sports wagering, as defined in K.S.A. 74-8702, and amendments*  
12 *thereto;*
- 13 (b) "lottery" means an enterprise wherein for a consideration the  
14 participants are given an opportunity to win a prize, the award of which is  
15 determined by chance. A lottery does not include:
- 16 (1) A lottery operated by the state pursuant to the Kansas lottery act;  
17 *or*
- 18 (2) tribal gaming;
- 19 (c) "consideration" means anything ~~which~~ *that* is a commercial or  
20 financial advantage to the promoter or a disadvantage to any participant.  
21 Mere registration without purchase of goods or services; personal  
22 attendance at places or events, without payment of an admission price or  
23 fee; listening to or watching radio and television programs; answering the  
24 telephone or making a telephone call and acts of like nature are not  
25 consideration. "Consideration" shall not include sums of money paid by or  
26 for:
- 27 (1) Participants in any bingo game managed, operated or conducted  
28 in accordance with the laws of the state of Kansas by any bona fide  
29 nonprofit religious, charitable, fraternal, educational or veteran  
30 organization licensed to manage, operate or conduct bingo games under  
31 the laws of the state of Kansas and it shall be conclusively presumed that  
32 such sums paid by or for such participants were intended by such  
33 participants to be for the benefit of the sponsoring organizations for the use  
34 of such sponsoring organizations in furthering the purposes of such  
35 sponsoring organizations, as set forth in the appropriate paragraphs of  
36 section 501(c) or (d) of the internal revenue code of 1986 and as set forth  
37 in K.S.A. 79-4701, and amendments thereto;
- 38 (2) participants in any lottery operated by the state pursuant to the  
39 Kansas lottery act;
- 40 (3) participants in any system of parimutuel wagering managed,  
41 operated and conducted in accordance with the Kansas parimutuel racing  
42 act; *or*
- 43 (4) a person to participate in tribal gaming;

1 (d) "fantasy sports league" means any fantasy or simulation sports  
2 game or contest in which no fantasy or simulation sports team is based on  
3 the current membership of an actual team that is a member of an amateur  
4 or professional sports organization and that meets the following  
5 conditions:

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

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

14 (3) no winning outcome is based:

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

17 (B) solely on any single performance of an individual athlete in any  
18 single real-world sporting event.

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

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

23 (i) ~~Which~~ That when operated may deliver, as the result of chance,  
24 any money or property; or

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

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

34 (i) ~~Which~~ That when operated may deliver, as the result of chance,  
35 any money or property; or

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

38 (C) subassembly or essential part intended to be used in connection  
39 with any such machine, mechanical device, electronic device or other  
40 contrivance, but ~~which that~~ is not attached to any such machine,  
41 mechanical device, electronic device or other contrivance as a constituent  
42 part; or

43 (D) any token, chip, paper, receipt or other document ~~which that~~

1 evidences, purports to evidence or is designed to evidence participation in  
2 a lottery or the making of a bet.

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

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

6 (A) Any machine, mechanical device, electronic device or other  
7 contrivance used or for use by a licensee of the Kansas racing *and gaming*  
8 commission as authorized by law and rules and regulations adopted by the  
9 commission or by the Kansas lottery or Kansas lottery retailers as  
10 authorized by law and rules and regulations adopted by the Kansas lottery  
11 commission;

12 (B) any machine, mechanical device, electronic device or other  
13 contrivance, such as a coin-operated bowling alley, shuffleboard, marble  
14 machine, a so-called pinball machine, or mechanical gun, ~~which that~~ is not  
15 designed and manufactured primarily for use in connection with gambling,  
16 and:

17 (i) ~~Which That~~ when operated does not deliver, as a result of chance,  
18 any money; or

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

22 (C) any so-called claw, crane or digger machine and similar devices  
23 ~~which that~~ are designed and manufactured primarily for use at carnivals or  
24 county or state fairs; or

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

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

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

37 (h) "tribal gaming commission" means the same as in K.S.A. 74-  
38 9802, and amendments thereto.

39 Sec. 20. K.S.A. 2021 Supp. 21-6507 is hereby amended to read as  
40 follows: 21-6507. (a) Sports bribery is:

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

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

4 (3) accepting, agreeing to accept or soliciting by a sports participant  
 5 of any benefit from another person upon an understanding that such sports  
 6 participant will thereby be influenced not to give such participant's best  
 7 efforts in a sports contest; ~~or~~

8 (4) accepting, agreeing to accept or soliciting by a sports official any  
 9 benefit from another person upon an understanding that such official will  
 10 perform such official's duties improperly; *or*

11 (5) *match-fixing, as defined in K.S.A. 74-8702, and amendments*  
 12 *thereto.*

13 (b) Sports bribery as defined in:

14 (1) Subsection (a)(1) or (a)(2) is a severity level 9, nonperson felony;

15 ~~and~~

16 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;

17 *and*

18 (3) *subsection (a)(5) is a severity level 5, nonperson felony.*

19 (c) As used in this section and K.S.A. 2021 Supp. 21-6508, and  
 20 amendments thereto:

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

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

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

30 Sec. 21. K.S.A. 46-2301 is hereby amended to read as follows: 46-  
 31 2301. As used in ~~this act~~ *K.S.A. 46-2301 through 46-2304, and*  
 32 *amendments thereto, and section 17, and amendments thereto:*

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

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

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

40 Sec. 22. K.S.A. 74-8702 is hereby amended to read as follows: 74-  
 41 8702. As used in the Kansas lottery act, unless the context otherwise  
 42 requires:

43 (a) "Ancillary lottery gaming facility operations" means additional

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

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

6 (c) (1) "Electronic gaming machine" means any electronic,  
7 electromechanical, video or computerized device, contrivance or machine  
8 authorized by the Kansas lottery ~~which~~ that, upon insertion of cash,  
9 tokens, electronic cards or any consideration, is available to play, operate  
10 or simulate the play of a game authorized by the Kansas lottery pursuant to  
11 the Kansas expanded lottery act, including, but not limited to, bingo,  
12 poker, blackjack, keno and slot machines, and ~~which~~ that may deliver or  
13 entitle the player operating the machine to receive cash, tokens,  
14 merchandise or credits that may be redeemed for cash. Electronic gaming  
15 machines may use bill validators and may be single-position reel-type,  
16 single or multi-game video and single-position multi-game video  
17 electronic game, including, but not limited to, poker, blackjack and slot  
18 machines. Electronic gaming machines shall be directly linked to a central  
19 computer at a location determined by the executive director for purposes  
20 of security, monitoring and auditing.

21 (2) *"Electronic gaming machine" does not mean an historical horse*  
22 *race machine, as defined in K.S.A. 74-8802, and amendments thereto.*

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

25 (e) "Gaming equipment" means any electric, electronic, computerized  
26 or electromechanical machine, mechanism, supply or device or any other  
27 equipment, ~~which~~ that is: (1) Unique to the Kansas lottery and used  
28 pursuant to the Kansas lottery act; ~~and~~ (2) integral to the operation of an  
29 electronic gaming machine or lottery facility game; and (3) affects the  
30 results of an electronic gaming machine or lottery facility game by  
31 determining win or loss.

32 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,  
33 which consists of Wyandotte county; (2) the southeast Kansas gaming  
34 zone, which consists of Crawford and Cherokee counties; (3) the south  
35 central Kansas gaming zone, which consists of Sedgwick and Sumner  
36 counties; and (4) the southwest Kansas gaming zone, which consists of  
37 Ford county.

38 (g) "Gray machine" means any mechanical, electro-mechanical or  
39 electronic device, capable of being used for gambling, that is: (1) Not  
40 authorized by the Kansas lottery; (2) not linked to a lottery central  
41 computer system; (3) available to the public for play; or (4) capable of  
42 simulating a game played on an electronic gaming machine or any similar  
43 gambling game authorized pursuant to the Kansas expanded lottery act.

1       (h) *"Interactive sports wagering platform" means sports wagering*  
 2 *made available over the internet, including through websites and mobile*  
 3 *device applications, that accepts wagers or bets and pays prizes to*  
 4 *persons physically located within the geographical boundaries of the state*  
 5 *of Kansas by and through a lottery gaming facility manager.*

6       ~~(h)~~(i) (1) "Instant bingo vending machine" means a machine or  
 7 electronic device that is purchased or leased by a licensee, as defined by  
 8 K.S.A. 75-5173, and amendments thereto, from a distributor who has been  
 9 issued a distributor registration certificate pursuant to K.S.A. 75-5184, and  
 10 amendments thereto, or leased from the Kansas lottery in fulfillment of the  
 11 Kansas lottery's obligations under an agreement between the Kansas  
 12 lottery and a licensee entered into pursuant to K.S.A. 75-5189, and  
 13 amendments thereto, and the sole purpose of which is to:

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

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

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

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

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

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

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

27       (E) dispense any winnings;

28       (F) dispense any prize;

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

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

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

34       All physical instant bingo tickets dispensed by an instant bingo vending  
 35 machine shall be purchased by a licensee, as defined by K.S.A. 75-5173,  
 36 and amendments thereto, from a registered distributor.

37       ~~Not~~ more than two instant bingo vending machines may be located  
 38 on the premises of each licensee location.

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

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

43       ~~(l)~~(l) "Lottery facility games" means any electronic gaming

1 machines and any other games—~~which~~ *that*, as of January 1, 2007, are  
2 authorized to be conducted or operated at a tribal gaming facility, as  
3 defined in K.S.A. 74-9802, and amendments thereto, located within the  
4 boundaries of this state.

5 (2) *"Lottery facility games" does not include sports wagering or*  
6 *historical horse race machines, as defined in K.S.A. 74-8802, and*  
7 *amendments thereto.*

8 ~~(h)~~(m) "Lottery gaming enterprise" means an entertainment enterprise  
9 ~~which~~ *that* includes a lottery gaming facility authorized pursuant to the  
10 Kansas expanded lottery act and ancillary lottery gaming facility  
11 operations that have a coordinated business or marketing strategy. A lottery  
12 gaming enterprise shall be designed to attract to its lottery gaming facility  
13 consumers who reside outside the immediate area of such enterprise.

14 ~~(m)~~(n) "Lottery gaming facility" means that portion of a building  
15 used for the purposes of operating, managing and maintaining lottery  
16 facility games.

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

20 ~~(o)~~(p) "Lottery gaming facility management contract" means a  
21 contract, subcontract or collateral agreement between the state and a  
22 lottery gaming facility manager for the management of a lottery gaming  
23 facility, the business of which is owned and operated by the Kansas lottery,  
24 negotiated and signed by the executive director on behalf of the state.

25 ~~(p)~~(q) "Lottery gaming facility manager" means a corporation,  
26 limited liability company, resident Kansas American Indian tribe or other  
27 business entity authorized to construct and manage, or manage alone,  
28 pursuant to a lottery gaming facility management contract with the Kansas  
29 lottery, and on behalf of the state, a lottery gaming enterprise and lottery  
30 gaming facility.

31 ~~(q)~~(r) "Lottery gaming facility revenues" means the total revenues  
32 from lottery facility games at a lottery gaming facility after all related  
33 prizes are paid. *The term "lottery gaming facility revenues" does not*  
34 *include sports wagering revenues.*

35 ~~(r)~~(s) (1) "Lottery machine" means any machine or device that allows  
36 a purchaser to insert cash or other form of consideration and may deliver  
37 as the result of an element of chance, regardless of the skill required by the  
38 purchaser, a prize or evidence of a prize, including, but not limited to:

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

43 (B) any machine or device in which the prize or evidence of a prize is

1 determined only by chance, including, but not limited to, any slot machine  
2 or bingo machine.

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

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

6 (B) any nonprescription drug machine authorized under K.S.A. 65-  
7 650, and amendments thereto;

8 (C) any machine ~~which~~ *that* dispenses only bottled or canned soft  
9 drinks, chewing gum, nuts or candies;

10 (D) any machine excluded from the definition of gambling devices  
11 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2021 Supp. 21-  
12 6403, and amendments thereto;

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

15 (F) any lottery ticket vending machine; or

16 (G) any instant bingo vending machine.

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

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

22 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno  
23 ticket, a pull tab ticket or a coupon, the coupon of which must be  
24 redeemed through something other than a lottery ticket vending machine,  
25 after a purchaser inserts cash or other form of consideration into the  
26 machine;

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

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

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

32 (A) Provide a visual or audio representation of an electronic gaming  
33 machine;

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

36 (C) automatically determine or display the winning status of any  
37 dispensed ticket;

38 (D) extend or arrange credit for the purchase of a ticket;

39 (E) dispense any winnings;

40 (F) dispense any prize;

41 (G) dispense any evidence of a prize other than the lottery ticket,  
42 keno ticket, pull tab ticket or any free Kansas lottery ticket received as a  
43 result of the purchase of another Kansas lottery ticket;

1 (H) provide free games or any other item that can be redeemed for  
2 cash; or

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

4 ~~No~~*Not* more than two lottery ticket vending machines may be located  
5 at each Kansas lottery retailer selling location.

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

13 ~~(u)~~*(v)* (1) "Major procurement" means any gaming product or service,  
14 including, but not limited to, facilities, advertising and promotional  
15 services, annuity contracts, prize payment agreements, consulting services,  
16 equipment, tickets and other products and services unique to the Kansas  
17 lottery, but not including materials, supplies, equipment and services  
18 common to the ordinary operations of state agencies.

19 (2) "Major procurement" shall not mean any product, service or other  
20 matter covered by or addressed in the Kansas expanded lottery act or a  
21 lottery gaming facility management contract or racetrack gaming facility  
22 management contract executed pursuant to the Kansas expanded lottery  
23 act.

24 *(w) "Marketing agreement" means an agreement entered into*  
25 *between a professional sports team or other marketing entity and a lottery*  
26 *gaming facility manager for the purposes described in section 4, and*  
27 *amendments thereto.*

28 *(x) "Marketing entity" means:*

29 *(1) A corporation, limited liability company, partnership or other*  
30 *business entity registered to do business in this state; or*

31 *(2) a nonprofit fraternal or veterans organization.*

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

35 ~~(v)~~*(z)* "Net electronic gaming machine income" means all cash or  
36 other consideration utilized to play an electronic gaming machine operated  
37 at a racetrack gaming facility, less all cash or other consideration paid out  
38 to winning players as prizes.

39 *(aa) "Nonprofit fraternal organization" means any organization*  
40 *within this state that exists for the common benefit, brotherhood or other*  
41 *interests of its members and is authorized by its written constitution,*  
42 *charter, articles of incorporation or bylaws to engage in a fraternal, civic*  
43 *or service purpose within this state and has been determined by the*

1 executive director to be organized and operated as a bona fide fraternal  
 2 organization and that has been exempted from the payment of federal  
 3 income taxes as provided by section 501(c)(8) or section 501(c)(10) of the  
 4 federal internal revenue code of 1986, as amended, or determined to be  
 5 organized and operated as a bona fide nonprofit fraternal organization by  
 6 the executive director.

7 (bb) "Nonprofit veterans' organization" means any organization  
 8 within this state or any branch, lodge or chapter of a national or state  
 9 organization within this state, the membership of which consists  
 10 exclusively of individuals who qualify for membership because they were  
 11 or are members of the armed services or forces of the United States, or an  
 12 auxiliary unit or society of such a nonprofit veterans' organization, the  
 13 membership of which consists exclusively of individuals who were or are  
 14 members of the armed services or forces of the United States, or are  
 15 cadets, or are spouses, widows or widowers of individuals who were or  
 16 are members of the armed services or forces of the United States, and of  
 17 which no part of the net earnings inures to the benefit of any private  
 18 shareholder or individual member of such organization, and has been  
 19 determined by the executive director to be organized and operated as a  
 20 bona fide veterans' organization and that has been exempted from the  
 21 payment of federal income taxes as provided by section 501(c)(4) or  
 22 501(c)(19) of the federal internal revenue code of 1986, as amended, or  
 23 determined to be organized and operated as a bona fide nonprofit  
 24 veterans' organization by the executive director.

25 ~~(w)~~(cc) "Organization licensee" ~~has the meaning provided by~~ means  
 26 the same as defined in K.S.A. 74-8802, and amendments thereto.

27 ~~(x)~~(dd) "Parimutuel licensee" means a facility owner licensee or  
 28 facility manager licensee under the Kansas parimutuel racing act.

29 ~~(y)~~(ee) "Parimutuel licensee location" means a racetrack facility, as  
 30 defined in K.S.A. 74-8802, and amendments thereto, owned or managed  
 31 by the parimutuel licensee. A parimutuel licensee location ~~may include~~  
 32 includes any existing structure at such racetrack facility or any structure  
 33 that may be constructed on real estate where such racetrack facility is  
 34 located.

35 ~~(z)~~(ff) "Person" means any natural person, association, limited  
 36 liability company, corporation or partnership.

37 (gg) "Primary facility" means the stadium or arena where a  
 38 professional sports team hosts competitive games in accordance with such  
 39 team's league rules.

40 ~~(aa)~~(hh) "Prize" means any prize paid directly by the Kansas lottery  
 41 pursuant to the Kansas lottery act or the Kansas expanded lottery act or  
 42 any rules and regulations adopted pursuant to either act.

43 (ii) "Professional sports team" means an athletic team, whose

1 *primary facility is located in Kansas, that operates at the major league*  
2 *level in the sport of baseball, basketball, football, ice hockey or soccer.*

3 ~~(bb)~~(jj) "Progressive electronic game" means a game played on an  
4 electronic gaming machine for which the payoff increases uniformly as the  
5 game is played and for which the jackpot, determined by application of a  
6 formula to the income of independent, local or interlinked electronic  
7 gaming machines, may be won.

8 ~~(ee)~~(kk) "Racetrack gaming facility" means that portion of a  
9 parimutuel licensee location where electronic gaming machines are  
10 operated, managed and maintained.

11 ~~(dd)~~(ll) "Racetrack gaming facility management contract" means an  
12 agreement between the Kansas lottery and a racetrack gaming facility  
13 manager, negotiated and signed by the executive director on behalf of the  
14 state, for placement of electronic gaming machines owned and operated by  
15 the state at a racetrack gaming facility.

16 ~~(ee)~~(mm) "Racetrack gaming facility manager" means a parimutuel  
17 licensee specifically certified by the Kansas lottery to become a certified  
18 racetrack gaming facility manager and offer electronic gaming machines  
19 for play at the racetrack gaming facility.

20 ~~(ff)~~(nn) "Returned ticket" means any ticket ~~which~~ *that* was transferred  
21 to a lottery retailer, ~~which~~ *that* was not sold by the lottery retailer and  
22 ~~which~~ *that* was returned to the Kansas lottery for refund by issuance of a  
23 credit or otherwise.

24 ~~(gg)~~(oo) "Share" means any intangible manifestation authorized by  
25 the Kansas lottery to prove participation in a lottery game, except as  
26 provided by the Kansas expanded lottery act.

27 (pp) "*Sports governing body*" means the organization that prescribes  
28 the final rules and enforces codes of conduct with respect to a sporting  
29 event and the participants in such event.

30 (qq) (1) "*Sporting event*" means any professional or collegiate sport  
31 or athletic event, motor race event or any other special event authorized  
32 by the commission that has not occurred at the time wagers are placed on  
33 such event.

34 (2) The term "*sporting event*" does not include:

35 (A) Any horse race that is subject to the provisions of the Kansas  
36 parimutuel racing act, K.S.A. 74-8801 et seq., and amendments thereto;

37 (B) any greyhound race; or

38 (C) any sporting or athletic event where a majority of the  
39 participants are less than 18 years of age.

40 (rr) (1) "*Sports wagering*" means placing a wager or bet on one or  
41 more sporting events, or any portion thereof, or on the individual  
42 performance statistics of athletes participating in a sporting event, or  
43 combination of sporting events, by any system or method of wagering at or

1 through a lottery gaming facility, including through an interactive sports  
 2 wagering platform. "Sports wagering" includes, but is not limited to,  
 3 single game wagers, teaser wagers, parlays, over-under wagers,  
 4 moneyline wagers, pools, exchange wagering, in-game wagers, in-play  
 5 wagers, proposition wagers, straight wagers and such other wagers  
 6 approved by the commission.

7 (2) The term "sports wagering" shall not include:

8 (A) Parimutuel wagering, as defined in K.S.A. 74-8802, and  
 9 amendments thereto; or

10 (B) fantasy sports leagues, as defined in K.S.A. 2021 Supp. 21-6403,  
 11 and amendments thereto.

12 (ss) "Sports wagering revenues" means wagering revenue generated  
 13 from sports wagering that is an amount equal to the total wagers less any  
 14 voided wagers and any amounts paid as prizes.

15 (tt) "Sports wagering supplier" means a person providing goods,  
 16 services, software or any other components necessary for the  
 17 determination of the odds or the outcomes of any wager on a sporting  
 18 event, directly or indirectly, to a lottery gaming facility manager, including  
 19 data feeds and odds services, that is licensed under section 3, and  
 20 amendments thereto.

21 ~~(hh)~~(uu) "Ticket" means any tangible evidence issued by the Kansas  
 22 lottery to prove participation in a lottery game, including a sports wager,  
 23 other than a lottery facility game.

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

30 ~~(jj)~~(ww) "Vendor" means any person who has entered into a major  
 31 procurement contract with the Kansas lottery.

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

38 (yy) "Wager" or "bet" means a bargain in which the parties agree  
 39 that, dependent upon chance, one stands to win or lose something of value  
 40 specified in the agreement.

41 Sec. 23. K.S.A. 74-8710 is hereby amended to read as follows: 74-  
 42 8710. (a) The commission, upon the recommendation of the executive  
 43 director, shall adopt rules and regulations governing the establishment and

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

11 (1) Subject to the provisions of subsection (c), the types of lottery  
12 games to be conducted, including, but not limited to, instant lottery,~~on-~~  
13 ~~line~~ *online*, traditional games, lottery facility games and electronic gaming  
14 machine games but not including games on video lottery machines or  
15 lottery machines.

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

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

22 (4) The frequency of the drawings or selections of winning tickets or  
23 shares.

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

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

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

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

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

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

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

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

40 (13) Rules and regulations to implement, administer and enforce the  
41 provisions of the Kansas expanded lottery act. Such rules and regulations  
42 shall include, but not be limited to, rules and regulations ~~which~~ *that* govern  
43 management contracts and ~~which~~ *that* are designed to: (A) Ensure the

1 integrity of electronic gaming machines~~and~~, other lottery facility games,  
2 *sports wagering* and the finances of lottery gaming facilities and racetrack  
3 gaming facilities; and (B) alleviate problem gambling, including a  
4 requirement that each lottery gaming facility and each racetrack gaming  
5 facility maintain a self-exclusion list by which individuals may exclude  
6 themselves from access to electronic gaming machines~~and~~, other lottery  
7 facility games *and sports wagering*.

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

11 (15) *Rules and regulations to implement, administer and enforce the*  
12 *provisions of sections 1 through 13, and amendments thereto. Such rules*  
13 *and regulations shall include, but not be limited to:*

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

16 (B) *provisions for the confidentiality of information submitted by an*  
17 *interactive sports wagering platform and lottery gaming facility*  
18 *managers; and*

19 (C) *provisions ensuring the integrity of sports wagering conducted in*  
20 *this state.*

21 (b) No new lottery game shall commence operation after the effective  
22 date of this act unless first approved by the governor or, in the governor's  
23 absence or disability, the lieutenant governor. This subsection shall not be  
24 construed to require approval of games played on an electronic gaming  
25 machine.

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

30 Sec. 24. K.S.A. 74-8711 is hereby amended to read as follows: 74-  
31 8711. (a) There is hereby established in the state treasury the lottery  
32 operating fund.

33 (b) Except as provided by K.S.A. 74-8724 and the Kansas expanded  
34 lottery act, and amendments thereto, the executive director shall remit all  
35 moneys collected from the sale of lottery tickets and shares and any other  
36 moneys received by or on behalf of the Kansas lottery to the state treasurer  
37 in accordance with the provisions of K.S.A. 75-4215, and amendments  
38 thereto. Upon receipt of each such remittance, the state treasurer shall  
39 deposit the entire amount in the state treasury to the credit of the lottery  
40 operating fund. Moneys credited to the fund shall be expended or  
41 transferred only as provided by this act. Expenditures from such fund shall  
42 be made in accordance with appropriations acts upon warrants of the  
43 director of accounts and reports issued pursuant to vouchers approved by

1 the executive director or by a person designated by the executive director.

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

3 (1) The payment of expenses of the lottery, which shall include all  
4 costs incurred in the operation and administration of the Kansas lottery; all  
5 costs resulting from contracts entered into for the purchase or lease of  
6 goods and services needed for operation of the lottery, including but not  
7 limited to supplies, materials, tickets, independent studies and surveys,  
8 data transmission, advertising, printing, promotion, incentives, public  
9 relations, communications and distribution of tickets and shares; and  
10 reimbursement of costs of facilities and services provided by other state  
11 agencies;

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

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

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

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

20 (6) transfers to the state gaming revenues fund pursuant to subsection  
21 (d) and as otherwise provided by law; ~~and~~

22 (7) *transfers to the white collar crime fund of the governor pursuant*  
23 *to subsection (f); and*

24 (8) transfers to the county reappraisal fund as prescribed by law.

25 (d) The director of accounts and reports shall transfer moneys in the  
26 lottery operating fund to the state gaming revenues fund created by K.S.A.  
27 79-4801, and amendments thereto, on or before the 15<sup>th</sup> day of each month  
28 in an amount certified monthly by the executive director and determined as  
29 follows, whichever is greater:

30 (1) An amount equal to the moneys in the lottery operating fund in  
31 excess of those needed for the purposes described in subsections (c)(1)  
32 through ~~(e)(5)~~ (c)(6); or

33 (2) except for pull-tab lottery tickets and shares, an amount equal to  
34 not less than 30% of total monthly revenues from the sales of lottery  
35 tickets and shares less estimated returned tickets. In the case of pull-tab  
36 lottery tickets and shares, an amount equal to not less than 20% of the total  
37 monthly revenues from the sales of pull-tab lottery tickets and shares less  
38 estimated returned tickets.

39 (e) (1) Subject to the limitations set forth in paragraph (2),  
40 commencing in fiscal year 2020, on or before the 10<sup>th</sup> day of each month,  
41 the director of the lottery shall certify to the director of accounts and  
42 reports all net profits from the sale of lottery tickets and shares via lottery  
43 ticket vending machines. Of such certified amount, the director of

1 accounts and reports shall transfer 75% from the lottery operating fund to  
2 the community crisis stabilization centers fund of the Kansas department  
3 for aging and disability services and 25% from the lottery operating fund  
4 to the clubhouse model program fund of the Kansas department for aging  
5 and disability services.

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

9 *(f) On July 1, 2023, and each July 1 thereafter, or as soon thereafter*  
10 *as moneys are available, the first \$750,000 credited to the lottery*  
11 *operating fund from sports wagering revenues deposited in the lottery*  
12 *operating fund shall be transferred by the director of accounts and reports*  
13 *from the lottery operating fund to the white collar crime fund established*  
14 *in section 12, and amendments thereto.*

15 Sec. 25. K.S.A. 74-8716 is hereby amended to read as follows: 74-  
16 8716. (a) It is unlawful for the executive director, a member of the  
17 commission or any employee of the Kansas lottery, or any person residing  
18 in the household thereof to:

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

23 (2) accept or agree to accept any economic opportunity, gift, loan,  
24 gratuity, special discount, favor or service, or hospitality other than food  
25 and beverages, having an aggregate value of \$20 or more in any calendar  
26 year from a person knowing that such person: (A) Contracts or seeks to  
27 contract with the state to supply gaming equipment, materials, tickets or  
28 consulting services for use in the lottery; or (B) is a lottery retailer or an  
29 applicant for lottery retailer.

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

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

43 (1) Any lottery gaming facility manager, subcontractor or agent of a

1 lottery gaming facility manager, manufacturer or vendor of electronic  
2 gaming machines, *an interactive sports wagering platform* or central  
3 computer system provider, or any business—~~which~~ *that* sells goods or  
4 services to a lottery gaming facility manager; or

5 (2) any licensee pursuant to the Kansas parimutuel racing act, other  
6 than the Kansas lottery or a person holding a license on behalf of the  
7 Kansas lottery, or any business—~~which~~ *that* sells goods or services to a  
8 parimutuel licensee.

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

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

17 (f) It shall be unlawful for the executive director, a member of the  
18 commission or an employee of the Kansas lottery to accept any  
19 compensation, gift, loan, entertainment, favor or service from any lottery  
20 gaming facility manager, subcontractor or agent of a lottery gaming  
21 facility manager, manufacturer or vendor of electronic gaming machines,  
22 *an interactive sports wagering platform* or central computer system  
23 provider.

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

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

32 (i) If the executive director, a member of the commission or an  
33 employee of the Kansas lottery, or any person residing in the household  
34 thereof, is convicted of an act described by this section, such executive  
35 director, member or employee shall be removed from office or  
36 employment with the Kansas lottery.

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

40 Sec. 26. K.S.A. 74-8718 is hereby amended to read as follows: 74-  
41 8718. (a) It is unlawful:

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

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

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

5 (4) to sell a lottery ticket at retail by electronic mail, the internet or  
6 telephone, *except as provided in subsection (b).*

7 (b) *The lottery may sell tickets or shares over the internet or digital  
8 cellular network, including through a lottery website and mobile device  
9 application. No online game sold or conducted under this section shall:*

10 (1) *Allow a player to choose the denomination of a ticket during  
11 game play;*

12 (2) *offer a ticket or game at a price less than any traditional lottery  
13 ticket offered at retail;*

14 (3) *simulate the play of an electronic gaming machine;*

15 (4) *extend or arrange credit for the purchase of a ticket;*

16 (5) *allow for the redemption for payment of a lottery ticket other than  
17 at a lottery retail location or with the Kansas lottery;*

18 (6) *allow a player to use an automatic play feature for consecutive  
19 instant games; or*

20 (7) *allow a player to use a reveal all feature that functions over a  
21 period of less than three seconds.*

22 (c) (1) Violation of this section is a class A nonperson misdemeanor  
23 upon conviction for a first offense; and

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

26 Sec. 27. K.S.A. 74-8733 is hereby amended to read as follows: 74-  
27 8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and  
28 sections 1 through 13, and amendments thereto*, shall be known and may  
29 be cited as the Kansas expanded lottery act. The Kansas expanded lottery  
30 act shall be *a part of and supplemental to the Kansas lottery act.*

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

35 (c) Any action challenging the constitutionality of or arising out of  
36 any provision of this act, any lottery gaming facility management contract  
37 or any racetrack gaming facility management contract entered into  
38 pursuant to this act shall be brought in the district court of Shawnee  
39 county.

40 Sec. 28. K.S.A. 74-8734 is hereby amended to read as follows: 74-  
41 8734. (a) The Kansas lottery may operate one lottery gaming facility in  
42 each gaming zone.

43 (b) Not more than 30 days after the effective date of this act the

1 lottery commission shall adopt and publish in the Kansas register the  
2 procedure for receiving, considering and approving, proposed lottery  
3 gaming facility management contracts. Such procedure shall include  
4 provisions for review of competitive proposals within a gaming zone and  
5 the date by which proposed lottery gaming facility management contracts  
6 must be received by the lottery commission if they are to receive  
7 consideration.

8 (c) The lottery commission shall adopt standards to promote the  
9 integrity of the gaming and finances of lottery gaming facilities, which  
10 shall apply to all management contracts, shall meet or exceed industry  
11 standards for monitoring and controlling the gaming and finances of  
12 gaming facilities and shall give the executive director sufficient authority  
13 to monitor and control the gaming operation and to ensure its integrity and  
14 security.

15 (d) The Kansas lottery commission may approve management  
16 contracts with one or more prospective lottery gaming facility managers to  
17 manage, or construct and manage, on behalf of the state of Kansas and  
18 subject to the operational control of the Kansas lottery, a lottery gaming  
19 facility or lottery gaming enterprise at specified destination locations  
20 within the northeast, south central, southwest and southeast Kansas  
21 gaming zones where the commission determines the operation of such  
22 facility would promote tourism and economic development. The  
23 commission shall approve or disapprove a proposed management contract  
24 within 90 days after the deadline for receipt of proposals established  
25 pursuant to subsection (b).

26 (e) In determining whether to approve a management contract with a  
27 prospective lottery gaming facility manager to manage a lottery gaming  
28 facility or lottery gaming enterprise pursuant to this section, the  
29 commission shall take into consideration the following factors: The size of  
30 the proposed facility; the geographic area in which such facility is to be  
31 located; the proposed facility's location as a tourist and entertainment  
32 destination; the estimated number of tourists that would be attracted by the  
33 proposed facility; the number and type of lottery facility games to be  
34 operated at the proposed facility; and agreements related to ancillary  
35 lottery gaming facility operations.

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

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

40 (1) (A) The prospective lottery gaming facility manager is a resident  
41 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
42 to financial resources to support the activities required of a lottery gaming  
43 facility manager under the Kansas expanded lottery act; and (ii) has three

1 consecutive years' experience in the management of gaming ~~which that~~  
2 would be class III gaming, as defined in K.S.A. 46-2301, and amendments  
3 thereto, operated pursuant to state or federal law; or

4 (B) the prospective lottery gaming facility manager is not a resident  
5 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
6 to financial resources to support the activities required of a lottery gaming  
7 facility manager under the Kansas expanded lottery act; (ii) is current in  
8 filing all applicable tax returns and in payment of all taxes, interest and  
9 penalties owed to the state of Kansas and any taxing subdivision where  
10 such prospective manager is located in the state of Kansas, excluding  
11 items under formal appeal pursuant to applicable statutes; and (iii) has  
12 three consecutive years' experience in the management of gaming ~~which~~  
13 *that* would be class III gaming, as defined in K.S.A. 46-2301, and  
14 amendments thereto, operated pursuant to state or federal law; and

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

23 (h) Any management contract approved by the commission under this  
24 section shall:

25 (1) Have a maximum initial term of 15 years from the date of opening  
26 of the lottery gaming facility. At the end of the initial term, the contract  
27 may be renewed by mutual consent of the state and the lottery gaming  
28 facility manager;

29 (2) specify the total amount to be paid to the lottery gaming facility  
30 manager pursuant to the contract;

31 (3) establish a mechanism to facilitate payment of lottery gaming  
32 facility expenses, payment of the lottery gaming facility manager's share of  
33 the lottery gaming facility revenues and distribution of the state's share of  
34 the lottery gaming facility revenues;

35 (4) include a provision for the lottery gaming facility manager to pay  
36 the costs of oversight and regulation of the lottery gaming facility manager  
37 and the operations of the lottery gaming facility by the Kansas racing and  
38 gaming commission;

39 (5) establish the types of lottery facility games to be installed in such  
40 facility;

41 (6) provide for the prospective lottery gaming facility manager, upon  
42 approval of the proposed lottery gaming facility management contract, to  
43 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of

1 being selected as a lottery gaming facility manager of a lottery gaming  
2 facility in the northeast or south central Kansas gaming zone and  
3 \$5,500,000 for the privilege of being selected as a lottery gaming facility  
4 manager of a lottery gaming facility in the southeast or southwest Kansas  
5 gaming zone. Such fee shall be deposited in the state treasury and credited  
6 to the lottery gaming facility manager fund, ~~which~~ *that* is hereby created in  
7 the state treasury;

8 (7) incorporate terms and conditions for the ancillary lottery gaming  
9 facility operations;

10 (8) designate as key employees, subject to approval of the executive  
11 director, any employees or contractors providing services or functions  
12 ~~which~~ *that* are related to lottery facility games authorized by a  
13 management contract;

14 (9) include financing commitments for construction;

15 (10) include a resolution of endorsement from the city governing  
16 body, if the proposed facility is within the corporate limits of a city, or  
17 from the county commission, if the proposed facility is located in the  
18 unincorporated area of the county;

19 (11) include a requirement that any parimutuel licensee developing a  
20 lottery gaming facility pursuant to this act comply with all orders and rules  
21 and regulations of the Kansas racing and gaming commission with regard  
22 to the conduct of live racing, including the same minimum days of racing  
23 as specified in K.S.A. 74-8746, and amendments thereto, for operation of  
24 electronic gaming machines at racetrack gaming facilities;

25 (12) include a provision for the state to receive not less than 22% of  
26 lottery gaming facility revenues, which shall be paid to the expanded  
27 lottery act revenues fund established by K.S.A. 74-8768, and amendments  
28 thereto;

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

32 (14) if the prospective lottery gaming facility manager is an American  
33 Indian tribe, include a provision that such tribe agrees to waive its  
34 sovereign immunity with respect to any actions arising from or to enforce  
35 either the Kansas expanded lottery act or any provision of the lottery  
36 gaming facility management contract; any action brought by an injured  
37 patron or by the state of Kansas; any action for purposes of enforcing the  
38 workers compensation act or any other employment or labor law; and any  
39 action to enforce laws, rules and regulations and codes pertaining to  
40 health, safety and consumer protection; and for any other purpose deemed  
41 necessary by the executive director to protect patrons or employees and  
42 promote fair competition between the tribe and others seeking a lottery  
43 gaming facility management contract;

1 (15) (A) if the lottery gaming facility is located in the northeast or  
2 southwest Kansas gaming zone and is not located within a city, include a  
3 provision for payment of an amount equal to 3% of the lottery gaming  
4 facility revenues to the county in which the lottery gaming facility is  
5 located; or (B) if the lottery gaming facility is located in the northeast or  
6 southwest Kansas gaming zone and is located within a city, include  
7 provision for payment of an amount equal to 1.5% of the lottery gaming  
8 facility revenues to the city in which the lottery gaming facility is located  
9 and an amount equal to 1.5% of such revenues to the county in which such  
10 facility is located;

11 (16) (A) if the lottery gaming facility is located in the southeast or  
12 south central Kansas gaming zone and is not located within a city, include  
13 a provision for payment of an amount equal to 2% of the lottery gaming  
14 facility revenues to the county in which the lottery gaming facility is  
15 located and an amount equal to 1% of such revenues to the other county in  
16 such zone; or (B) if the lottery gaming facility is located in the southeast or  
17 south central Kansas gaming zone and is located within a city, provide for  
18 payment of an amount equal to 1% of the lottery gaming facility revenues  
19 to the city in which the lottery gaming facility is located, an amount equal  
20 to 1% of such revenues to the county in which such facility is located and  
21 an amount equal to 1% of such revenues to the other county in such zone;

22 (17) allow the lottery gaming facility manager to manage the lottery  
23 gaming facility in a manner consistent with this act and applicable law, but  
24 shall place full, complete and ultimate ownership and operational control  
25 of the gaming operation of the lottery gaming facility with the Kansas  
26 lottery. The Kansas lottery shall not delegate and shall explicitly retain the  
27 power to overrule any action of the lottery gaming facility manager  
28 affecting the gaming operation without prior notice. The Kansas lottery  
29 shall retain full control over all decisions concerning lottery gaming  
30 facility games *and sports wagering*;

31 (18) include provisions for the Kansas racing and gaming  
32 commission to oversee all lottery gaming facility operations, including, but  
33 not limited to: Oversight of internal controls; oversight of security of  
34 facilities; performance of background investigations, determination of  
35 qualifications and credentialing of employees, contractors and agents of  
36 the lottery gaming facility manager and of ancillary lottery gaming facility  
37 operations, as determined by the Kansas racing and gaming commission;  
38 auditing of lottery gaming facility revenues *and sports wagering revenues*;  
39 enforcement of all state laws and maintenance of the integrity of gaming  
40 operations; and

41 (19) include enforceable provisions: (A) Prohibiting the state, until  
42 July 1, 2032, from: (i) Entering into management contracts for more than  
43 four lottery gaming facilities or similar gaming facilities, one-to-be located

1 in the northeast Kansas gaming zone, one ~~to be~~ located in the south central  
2 Kansas gaming zone, one ~~to be~~ located in the southwest Kansas gaming  
3 zone and one ~~to be~~ located in the southeast Kansas gaming zone; (ii)  
4 designating additional areas of the state where operation of lottery gaming  
5 facilities or similar gaming facilities would be authorized; or (iii) operating  
6 an aggregate of more than 2,800 electronic gaming machines at all  
7 parimutuel licensee locations; and (B) requiring the state to repay to the  
8 lottery gaming facility manager an amount equal to the privilege fee paid  
9 by such lottery gaming facility manager, plus interest on such amount,  
10 compounded annually at the rate of 10%, if the state violates the  
11 prohibition provision described in (A).

12 *(i) (1) Any management contract approved by the commission under*  
13 *this section may include provisions for operating and managing sports*  
14 *wagering by the lottery gaming facility manager in person at the lottery*  
15 *gaming facility and over the internet via one or more interactive sports*  
16 *wagering platforms.*

17 *(2) If a management contract includes such provisions, then such*  
18 *contract shall include the following provisions:*

19 *(A) The state shall receive 20% of the sports wagering revenues*  
20 *received from wagers placed with the lottery gaming facility through an*  
21 *interactive sports wagering platform; and*

22 *(B) the state shall receive 14% of the sports wagering revenues*  
23 *received from wagers placed in person at the lottery gaming facility.*

24 ~~(j)~~ The power of eminent domain shall not be used to acquire any  
25 interest in real property for use in a lottery gaming enterprise.

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

29 ~~(l)~~ A person who is the manager of the racetrack gaming facility in  
30 a gaming zone shall not be eligible to be the manager of the lottery gaming  
31 facility in the same zone.

32 ~~(m)~~ Management contracts authorized by this section may include  
33 provisions relating to:

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

36 (2) minimum requirements for a lottery gaming facility manager to  
37 provide qualified oversight, security and supervision of the lottery facility  
38 games including the use of qualified personnel with experience in  
39 applicable technology;

40 (3) eligibility requirements for employees, contractors or agents of a  
41 lottery gaming facility manager who will have responsibility for or  
42 involvement with actual gaming activities or for the handling of cash or  
43 tokens;

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

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

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

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

12 ~~(m)~~(n) A management contract shall not constitute property, nor shall  
13 it be subject to attachment, garnishment or execution, nor shall it be  
14 alienable or transferable, except upon approval by the executive director,  
15 nor shall it be subject to being encumbered or hypothecated. The trustee of  
16 any insolvent or bankrupt lottery gaming facility manager may continue to  
17 operate pursuant to the management contract under order of the  
18 appropriate court for no longer than one year after the bankruptcy or  
19 insolvency of such manager.

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

23 (2) A lottery gaming facility manager, on behalf of the state, shall  
24 purchase or lease for the Kansas lottery all lottery facility games. All  
25 lottery facility games shall be subject to the ultimate control of the Kansas  
26 lottery in accordance with this act.

27 *(3) If a lottery gaming facility manager agrees to operate and*  
28 *manage sports wagering, the Kansas lottery shall be the licensee and*  
29 *owner of all software programs used in conducting sports wagering, and*  
30 *the lottery gaming facility manager, on behalf of the state, shall purchase*  
31 *or lease for the Kansas lottery any equipment or other property necessary*  
32 *for operating and managing sports wagering. All sports wagering shall be*  
33 *subject to the ultimate control of the Kansas lottery in accordance with the*  
34 *Kansas expanded lottery act.*

35 ~~(o)~~(p) A lottery gaming facility shall comply with any planning and  
36 zoning regulations of the city or county in which it is to be located. The  
37 executive director shall not contract with any prospective lottery gaming  
38 facility manager for the operation and management of such lottery gaming  
39 facility unless such manager first receives any necessary approval under  
40 planning and zoning requirements of the city or county in which it is to be  
41 located.

42 ~~(p)~~(q) Prior to expiration of the term of a lottery gaming facility  
43 management contract, the lottery commission may negotiate a new lottery

1 gaming facility management contract with the lottery gaming facility  
2 manager if the new contract is substantially the same as the existing  
3 contract. Otherwise, the lottery gaming facility review board shall be  
4 reconstituted and a new lottery gaming facility management contract shall  
5 be negotiated and approved in the manner provided by this act.

6 Sec. 29. K.S.A. 74-8751 is hereby amended to read as follows: 74-  
7 8751. (a) The Kansas racing and gaming commission, through rules and  
8 regulations, shall establish:

9 (a)(1) A certification requirement, and enforcement procedure, for  
10 officers, directors, key employees and persons directly or indirectly  
11 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or  
12 racetrack gaming facility manager. Such certification requirement shall  
13 include compliance with such security, fitness and background  
14 investigations and standards as the executive director of the Kansas racing  
15 and gaming commission deems necessary to determine whether such  
16 person's reputation, habits or associations pose a threat to the public  
17 interest of the state or to the reputation of or effective regulation and  
18 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~  
19 ~~person convicted of any felony, a crime involving gambling or a crime of~~  
20 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~  
21 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~  
22 ~~commission shall conduct the security, fitness and background checks~~  
23 ~~required pursuant to this subsection. Certification pursuant to this~~  
24 ~~subsection shall not be assignable or transferable;~~

25 (b)(2) a certification requirement, and enforcement procedure, for  
26 those persons, including electronic gaming machine manufacturers,  
27 technology providers and computer system providers, who propose to  
28 contract with a lottery gaming facility manager, a racetrack gaming facility  
29 manager or the state for the provision of goods or services related to a  
30 lottery gaming facility or racetrack gaming facility, including management  
31 services. Such certification requirements shall include compliance with  
32 such security, fitness and background investigations and standards of  
33 officers, directors, key gaming employees and persons directly or  
34 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the  
35 executive director of the Kansas racing and gaming commission deems  
36 necessary to determine whether such person's reputation, habits and  
37 associations pose a threat to the public interest of the state or to the  
38 reputation of or effective regulation and control of the lottery gaming  
39 facility or racetrack gaming facility. ~~Any person convicted of any felony, a~~  
40 ~~crime involving gambling or a crime of moral turpitude prior to applying~~  
41 ~~for a certificate hereunder or at any time thereafter shall be deemed unfit.~~  
42 If the executive director of the racing and gaming commission determines  
43 the certification standards of another state are comprehensive, thorough

1 and provide similar adequate safeguards, the executive director may  
 2 certify an applicant already certified in such state without the necessity of  
 3 a full application and background check. ~~The Kansas racing and gaming~~  
 4 ~~commission shall conduct the security, fitness and background checks~~  
 5 ~~required pursuant to this subsection. Certification pursuant to this~~  
 6 ~~subsection shall not be assignable or transferable;~~

7 (3) a certification requirement and enforcement procedure for: (A)  
 8 Employees of a lottery gaming facility manager who are directly involved  
 9 in the operation or management of sports wagering conducted by such  
 10 manager; and (B) those persons who propose to contract with a lottery  
 11 gaming facility manager for the provision of goods or services related to  
 12 sports wagering, including any interactive sports wagering platform  
 13 requested by a lottery gaming facility manager under section 2, and  
 14 amendments thereto. Such certification requirement shall include  
 15 compliance with such security, fitness and background investigations and  
 16 standards as the executive director of the Kansas racing and gaming  
 17 commission deems necessary to determine whether such person's  
 18 reputation, habits or associations pose a threat to the public interest of the  
 19 state or to the reputation of or effective regulation and control of sports  
 20 wagering conducted by the lottery gaming facility. Such certification shall  
 21 be valid for one year from the date of issuance;

22 ~~(e)(4)~~ provisions for revocation of a certification required by  
 23 subsection ~~(a) or (b)~~ (a)(1) or (a)(2) upon a finding that the certificate  
 24 holder, an officer or director thereof or a person directly or indirectly  
 25 owning a ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has knowingly  
 26 provided false or misleading material information to the Kansas lottery or  
 27 its employees; or ~~(2)(B)~~ has been convicted of a felony, gambling related  
 28 offense or any crime of moral turpitude; ~~and~~

29 ~~(d)(5)~~ provisions for suspension, revocation or nonrenewal of a  
 30 certification required by subsection ~~(a) or (b)~~ (a)(1) or (a)(2) upon a  
 31 finding that the certificate holder, an officer or director thereof or a person  
 32 directly or indirectly owning a ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~  
 33 Has failed to notify the Kansas lottery about a material change in  
 34 ownership of the certificate holder, or any change in the directors or  
 35 officers thereof; ~~(2)(B)~~ is delinquent in remitting money owed to the  
 36 Kansas lottery; ~~(3)(C)~~ has violated any provision of any contract between  
 37 the Kansas lottery and the certificate holder; or ~~(4)(D)~~ has violated any  
 38 provision of the Kansas expanded lottery act or any rule and regulation  
 39 adopted hereunder; and

40 (6) provisions for suspension, revocation or nonrenewal of a  
 41 certification required by subsection (a)(3) upon a finding that the  
 42 certificate holder has: (A) Knowingly provided false or misleading  
 43 material information to the Kansas lottery, the Kansas racing and gaming

1 *commission or to the employees of either entity; (B) been convicted of a*  
2 *felony, gambling-related offense or any crime of moral turpitude; (C)*  
3 *violated any provision of any contract between the Kansas lottery and the*  
4 *certificate holder; or (D) violated any provision of the Kansas expanded*  
5 *lottery act or any rule and regulation adopted hereunder.*

6 *(b) The Kansas racing and gaming commission shall conduct the*  
7 *security, fitness and background checks required pursuant to this section.*  
8 *Any person convicted of any felony, a crime involving gambling or a crime*  
9 *of moral turpitude prior to applying for a certificate hereunder or at any*  
10 *time thereafter shall be deemed unfit.*

11 *(c) A certification issued pursuant to this section shall not be*  
12 *assignable or transferable.*

13 Sec. 30. K.S.A. 74-8752 is hereby amended to read as follows: 74-  
14 8752. (a) The executive director of the Kansas lottery and the executive  
15 director of the Kansas racing and gaming commission, or their designees,  
16 may observe and inspect all electronic gaming machines, lottery facility  
17 games, *sports wagering operations*, lottery gaming facilities, racetrack  
18 gaming facilities and all related equipment and facilities operated by a  
19 lottery gaming facility manager or racetrack gaming facility manager.

20 (b) In addition to any other powers granted pursuant to this act, the  
21 executive director of the racing and gaming commission shall have the  
22 power to:

23 (1) Examine, or cause to be examined by any agent or representative  
24 designated by such executive director, any books, papers, records or  
25 memoranda of any lottery gaming facility manager or racetrack gaming  
26 facility manager, or of any business involved in electronic gaming  
27 machines—~~or~~, lottery facility games *or sports wagering operations*  
28 authorized pursuant to the Kansas expanded lottery act, for the purpose of  
29 ascertaining compliance with any provision of the Kansas lottery act, the  
30 Kansas expanded lottery act, or any rules and regulations adopted  
31 thereunder;

32 (2) investigate alleged violations of the Kansas expanded lottery act  
33 and alleged violations of any rules and regulations, orders and final  
34 decisions of the Kansas lottery commission, the executive director of the  
35 Kansas lottery, the Kansas racing and gaming commission or the executive  
36 director of the Kansas racing and gaming commission;

37 (3) request a court to issue subpoenas to compel access to or for the  
38 production of any books, papers, records or memoranda in the custody or  
39 control of any lottery gaming facility manager or racetrack gaming facility  
40 manager related to the management of the lottery gaming facility or  
41 racetrack gaming facility, or to compel the appearance of any lottery  
42 gaming facility manager or racetrack gaming facility manager for the  
43 purpose of ascertaining compliance with the provisions of the Kansas

1 lottery act and the Kansas expanded lottery act or rules and regulations  
2 adopted thereunder; *and*

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

6 ~~(5) take any other action as may be reasonable or appropriate to~~  
7 ~~enforce the provisions of the Kansas expanded lottery act and any rules~~  
8 ~~and regulations, orders and final decisions of the executive director of the~~  
9 ~~Kansas lottery, the Kansas lottery commission, the executive director of~~  
10 ~~the Kansas racing commission or the Kansas racing and gaming~~  
11 ~~commission.~~

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

17 (d) The executive director of the Kansas racing and gaming  
18 commission shall require an annual audit of the operations of each lottery  
19 gaming facility and ancillary lottery gaming facility operations and each  
20 racetrack gaming facility as determined by the commission. Such audit  
21 shall be conducted by the Kansas racing and gaming commission or a  
22 licensed accounting firm approved by the executive director of the Kansas  
23 racing and gaming commission and shall be conducted at the expense of  
24 the lottery gaming facility manager or racetrack facility manager.

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

28 Sec. 31. K.S.A. 74-8757 is hereby amended to read as follows: 74-  
29 8757. (a) A person less than 21 years of age shall not be permitted in an  
30 area where electronic gaming machines or lottery facility games are being  
31 conducted, except for a person at least 18 years of age who is an employee  
32 of the lottery gaming facility manager or the racetrack gaming facility  
33 manager. No employee under age 21 shall perform any function involved  
34 in gaming by the patrons.

35 (b) No person under age 21 shall play or make a wager on an  
36 electronic gaming machine game or a lottery facility game.

37 (c) *No person under age 21 shall directly or indirectly make a wager*  
38 *on any sporting event or otherwise be permitted to engage in sports*  
39 *wagering.*

40 Sec. 32. K.S.A. 74-8760 is hereby amended to read as follows: 74-  
41 8760. (a) Except in accordance with rules and regulations of the Kansas  
42 racing and gaming commission or by written authority from the executive  
43 director of the Kansas racing and gaming commission in performing

1 installation, maintenance, inspection and repair services, it is a class A  
2 nonperson misdemeanor for the following to place a wager on or play an  
3 electronic gaming machine game or a lottery facility game at a lottery  
4 gaming facility in this state: The executive director of the Kansas lottery, a  
5 member of the Kansas lottery commission or any employee or agent of the  
6 Kansas lottery; the executive director, a member or any employee or agent  
7 of the Kansas racing and gaming commission; or the lottery gaming  
8 facility manager or any employee of the lottery gaming facility manager.

9 (b) Except in accordance with rules and regulations of the Kansas  
10 racing and gaming commission or by written authority from the executive  
11 director of the Kansas racing and gaming commission in performing  
12 installation, maintenance, inspection and repair services, it is a class A  
13 nonperson misdemeanor for the following to place a wager on or play an  
14 electronic gaming machine at a racetrack gaming facility in this state: (1)  
15 The executive director of the Kansas lottery, a member of the Kansas  
16 lottery commission or any employee or agent of the Kansas lottery; (2)  
17 the executive director, a member or any employee or agent of the Kansas  
18 racing and gaming commission; or (3) the racetrack gaming facility  
19 manager or any employee of the racetrack gaming facility manager.

20 (c) *Except in accordance with rules and regulations of the Kansas*  
21 *racing and gaming commission, or by written authority from the executive*  
22 *director of the Kansas racing and gaming commission, in performing*  
23 *installation, maintenance, inspection and repair services, it is a class A*  
24 *nonperson misdemeanor for the following to place a sports wager with a*  
25 *lottery gaming facility manager: (1) The executive director of the Kansas*  
26 *lottery, a member of the Kansas lottery commission or any employee or*  
27 *agent of the Kansas lottery; (2) the executive director, a member or any*  
28 *employee or agent of the Kansas racing and gaming commission; (3) a*  
29 *lottery gaming facility manager; or any director, officer, owner or*  
30 *employee of such manager; or any relative living in the same household as*  
31 *such persons; (4) an interactive sports wagering platform, or any director,*  
32 *officer, owner or employee of such platform, or any relative living in the*  
33 *same household as such persons; (5) any director, officer or employee of a*  
34 *sports governing body; (6) any owner, officer, athlete, coach or other*  
35 *employee of a team; or (7) any director, officer or employee of a player*  
36 *union or referee union.*

37 (d) *It is a severity level 8, nonperson felony for any person knowingly*  
38 *to place a sports wager: (1) With access to nonpublic confidential*  
39 *information held by the lottery gaming facility manager; (2) as an agent*  
40 *or proxy for other persons; (3) using funds derived from illegal activity;*  
41 *(4) to conceal money derived from illegal activity; (5) through the use of*  
42 *other individuals to place wagers as part of any wagering scheme to*  
43 *circumvent any provision of federal or state law; or (6) using false*

1 *identification to facilitate the placement of the wager or the collection of*  
2 *any prize in violation of federal or state law.*

3 ~~(e)~~(e) It is a severity level 8, nonperson felony for any person playing  
4 or using any electronic gaming machine in Kansas knowingly to:

5 (1) Use other than a lawful coin or legal tender of the United States of  
6 America, or to use coin not of the same denomination as the coin intended  
7 to be used in an electronic gaming machine, except that in the playing of  
8 any electronic gaming machine or similar gaming device, it shall be lawful  
9 for any person to use gaming billets, tokens or similar objects therein  
10 which are approved by the Kansas racing and gaming commission;

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

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

26 ~~(d)~~(f) Any duly authorized agent or employee of the Kansas racing  
27 and gaming commission, a lottery gaming facility manager or a racetrack  
28 gaming facility manager may possess and use any of the devices described  
29 in ~~subsections (c)(3) and (c)(4)~~ subsection (e)(3) in furtherance of  
30 inspection or testing as provided in the Kansas expanded lottery act or in  
31 furtherance of such person's employment at any location where any  
32 electronic gaming machine or similar gaming device or drop box is  
33 authorized pursuant to the Kansas expanded lottery act.

34 Sec. 33. K.S.A. 74-8761 is hereby amended to read as follows: 74-  
35 8761. (a) It shall be a severity level 9, nonperson felony for any person to  
36 place in operation or continue to have in place any gray machine for use  
37 by members of the public at any location in this state.

38 (b) *It shall be the duty of the attorney general and the Kansas racing*  
39 *and gaming commission to enforce the provisions of this section, together*  
40 *with any rules and regulations adopted pursuant thereto. The attorney*  
41 *general and the Kansas racing and gaming commission shall have*  
42 *original jurisdiction to investigate and prosecute violations of this section.*

43 Sec. 34. K.S.A. 74-8802 is hereby amended to read as follows: 74-

1 8802. As used in the Kansas parimutuel racing act unless the context  
2 otherwise requires:

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

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

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

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

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

14 (d) "Contract" means an agreement, written or oral, between two or  
15 more persons, partnerships, corporations or associations, or any  
16 combination thereof, ~~which~~ *that* creates an obligation between the parties.

17 (e) "Crossover employment" means a situation in which an  
18 occupational licensee is concurrently employed at the same racing facility  
19 by an organization licensee and a facility owner licensee or facility  
20 manager licensee.

21 (f) "Dual racetrack facility" means a racetrack facility for the racing  
22 of both horses and greyhounds or two immediately adjacent racetrack  
23 facilities, owned by the same licensee, one for racing horses and one for  
24 racing greyhounds.

25 (g) "Executive director" means the executive director of the  
26 commission.

27 (h) "Facility manager licensee" means a person, partnership,  
28 corporation or association licensed by the commission and having a  
29 contract with an organization licensee to manage a racetrack facility  
30 *located in Sedgwick county*.

31 (i) "Facility owner licensee" means a person, partnership, corporation  
32 or association, or the state of Kansas or any political subdivision thereof,  
33 licensed by the commission to construct or own a racetrack facility ~~but~~  
34 *located in Sedgwick county*. "*Facility owner licensee*" does not mean an  
35 organization licensee ~~which~~ *that* owns the racetrack facility in which it  
36 conducts horse or greyhound racing.

37 (j) "Fair association" means an association organized pursuant to  
38 K.S.A. 2-125 et seq. and amendments thereto or a nonprofit association  
39 determined by the commission to be otherwise organized to conduct fair  
40 activities pursuant to findings of fact entered by the commission in a  
41 license order.

42 (k) "Financial interest" means an interest that could result directly or  
43 indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a

1 result of ownership or interest in a business entity or activity or as a result  
 2 of a salary, gratuity or other compensation or remuneration from any  
 3 person.

4 (l) "Greyhound" means any greyhound breed of dog properly  
 5 registered with the national greyhound association of Abilene, Kansas.

6 (m) *"Historical horse race machine" means any electronic,*  
 7 *electromechanical, video or computerized device, contrivance or machine*  
 8 *authorized by the commission that, upon insertion of cash, tokens,*  
 9 *electronic cards or any consideration, is available to accept wagers on*  
 10 *and simulate the running of historical horse races, and that may deliver or*  
 11 *entitle the patron operating the machine to receive cash, tokens,*  
 12 *merchandise or credits that may be redeemed for cash. Historical horse*  
 13 *race machines shall use historically accurate information of the horse*  
 14 *race selected to determine the place of finish of each horse. No random*  
 15 *number generator or other algorithm shall be used for determining the*  
 16 *results of an historical horse race. Historical horse race machines shall be*  
 17 *directly linked to a central computer at a location determined by the*  
 18 *commission for purposes of security, monitoring and auditing.*

19 (n) "Horsemen's association" means any association or corporation:

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

22 (2) ~~which is~~ applying for or has been issued a facility owner license  
 23 authorizing ownership of Eureka Downs, Anthony Downs or a racetrack  
 24 facility on or adjacent to premises used by a fair association to conduct fair  
 25 activities; and

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

29 ~~(n)(o)~~ "Horsemen's nonprofit organization" means any nonprofit  
 30 organization:

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

33 (2) ~~which is~~ applying for or has been issued an organization license  
 34 authorizing the conduct of horse races at Eureka Downs, Anthony Downs  
 35 or a racetrack facility on or adjacent to premises used by a fair association  
 36 to conduct fair activities.

37 ~~(p)~~ "Host facility" means the racetrack at which the race is run or,  
 38 if the race is run in a jurisdiction ~~which~~ that is not participating in the  
 39 interstate combined wagering pool, the racetrack or other facility ~~which~~  
 40 that is designated as the host facility.

41 ~~(q)~~ "Host jurisdiction" means the jurisdiction where the host  
 42 facility is located.

43 ~~(r)~~ "Interstate combined wagering pool" means a parimutuel pool

1 established in one jurisdiction~~which~~ *that* is combined with comparable  
 2 parimutuel pools from one or more racing jurisdictions for the purpose of  
 3 establishing the amount of money returned on a successful wager in the  
 4 participating jurisdictions.

5 ~~(s)~~(s) "Intertrack wagering" means wagering on a simulcast race at a  
 6 licensed racetrack facility or at a facility~~which~~ *that* is licensed in its racing  
 7 jurisdiction to conduct live races.

8 ~~(t)~~(t) "Intrastate combined wagering pool" means a parimutuel pool  
 9 ~~which~~ *that* is combined with comparable parimutuel pools from one or  
 10 more racetrack facilities for the purpose of establishing the amount of  
 11 money returned on a successful wager at the participating racetrack  
 12 facilities.

13 ~~(u)~~(u) "Kansas-whelped greyhound" means a greyhound whelped and  
 14 raised in Kansas for the first six months of its life.

15 ~~(v)~~(v) "Minus pool" means a parimutuel pool in which, after  
 16 deducting the takeout, not enough money remains in the pool to pay the  
 17 legally prescribed minimum return to those placing winning wagers, and in  
 18 which the organization licensee would be required to pay the remaining  
 19 amount due.

20 ~~(w)~~(w) "Nonprofit organization" means:

21 (1) A corporation~~which~~ *that* is incorporated in Kansas as a not-for-  
 22 profit corporation pursuant to the Kansas general corporation code and the  
 23 net earnings of which do not inure to the benefit of any shareholder,  
 24 individual member or person; or

25 (2) a fair association.

26 ~~(x)~~(x) "Occupation licensee" means a person licensed by the  
 27 commission to perform an occupation or provide services~~which~~ *that* the  
 28 commission has identified as requiring a license pursuant to this act.

29 ~~(y)~~(y) "Off-track wagering" means wagering on a simulcast race at a  
 30 facility~~which~~ *that* is not licensed in its jurisdiction to conduct live races.

31 ~~(z)~~(z) "Organization licensee" means a nonprofit organization  
 32 licensed by the commission to conduct races pursuant to this act and, if the  
 33 license so provides, to construct or own a racetrack facility.

34 ~~(aa)~~(aa) "Parimutuel pool" means the total money wagered by  
 35 individuals on one or more horses or greyhounds in a particular horse or  
 36 greyhound race to win, place or show, or combinations thereof, as  
 37 established by the commission, and, except in the case of an interstate or  
 38 intrastate combined wagering pool, held by the organization licensee  
 39 pursuant to the parimutuel system of wagering. There is a separate  
 40 parimutuel pool for win, for place, for show and for each of the other  
 41 forms of betting provided for by the rules and regulations of the  
 42 commission.

43 ~~(bb)~~(bb) "Parimutuel wagering" means a form of wagering on the

1 outcome of horse and greyhound races, *including historical horse races*  
2 *conducted by an historical horse race machine*, in which those who wager  
3 purchase tickets of various denominations on one or more horses or  
4 greyhounds and all wagers for each race are pooled and the winning ticket  
5 holders are paid prizes from such pool in amounts proportional to the total  
6 receipts in the pool.

7 ~~(bb)~~(cc) "Race meeting" means one or more periods of racing days  
8 during a calendar year designated by the commission for which an  
9 organization licensee has been approved by the commission to hold live ~~or~~  
10 ~~simulcast~~ horse or greyhound races *or simulcast horse races* at which  
11 parimutuel wagering is conducted, including such additional time as  
12 designated by the commission for the conduct of official business before  
13 and after the races.

14 ~~(ee)~~(dd) "Racetrack facility" means a racetrack within Kansas used  
15 for the racing of horses or greyhounds, or both, including the track surface,  
16 grandstands, clubhouse, all animal housing and handling areas, other areas  
17 in which a person may enter only upon payment of an admission fee or  
18 upon presentation of authorized credentials and such additional areas as  
19 designated by the commission. *The term "racetrack facility" includes a*  
20 *facility used for the display of and wagering on simulcast races and the*  
21 *operation of historical horse race machines without any live horse or*  
22 *greyhound races being conducted.*

23 ~~(dd)~~(ee) "Racing jurisdiction" or "jurisdiction" means a governmental  
24 authority ~~which~~ *that* is responsible for the regulation of live or simulcast  
25 racing in its jurisdiction.

26 ~~(ee)~~(ff) "Racing or wagering equipment or services licensee" means  
27 any person, partnership, corporation or association licensed by the  
28 commission to provide integral racing or wagering equipment or services,  
29 as designated by the commission, to an organization licensee.

30 ~~(ff)~~(gg) "Recognized greyhound owners' group" means the duly  
31 recognized group elected in accordance with rules and regulations of the  
32 commission by a majority of the Kansas licensed greyhound owners at the  
33 racetrack facility voting in the election. The commission may designate an  
34 organization such as the national greyhound association of Abilene,  
35 Kansas, to conduct the election.

36 ~~(gg)~~(hh) "Recognized horsemen's group" means the duly recognized  
37 group, representing the breeds of horses running at a racetrack facility,  
38 elected in accordance with rules and regulations of the commission by a  
39 majority of the licensed owners and trainers at the racetrack facility voting  
40 in the election. If the licensee does not have a recognized horsemen's  
41 group, the commission shall designate as the recognized horsemen's group  
42 one that serves another organization licensee, but not one that serves a fair  
43 association organization licensee.

1       ~~(hh)~~(ii) "Simulcast" means a live audio-visual broadcast of an actual  
2 horse or greyhound race at the time it is run.

3       ~~(ii)~~(jj) "Takeout" means the total amount of money withheld from  
4 each parimutuel pool for the payment of purses, taxes and the share to be  
5 kept by the organization licensee. Takeout does not include the breakage.  
6 The balance of each pool less the breakage is distributed to the holders of  
7 winning parimutuel tickets.

8       Sec. 35. K.S.A. 74-8804 is hereby amended to read as follows: 74-  
9 8804. (a) During *live* race meetings *or simulcast racing operations*, the  
10 commission and its designated employees may observe and inspect all  
11 racetrack facilities operated by licensees ~~and~~, all racetracks simulcasting  
12 races to racetrack facilities in Kansas *and all historical horse race*  
13 *machines*, including, but not limited to, all machines, equipment and  
14 facilities used for parimutuel wagering.

15       (b) Commission members and presiding officers may administer  
16 oaths and take depositions to the same extent and subject to the same  
17 limitations as would apply if the deposition was in aid of a civil action in  
18 the district court.

19       (c) The commission may examine, or cause to be examined by any  
20 agent or representative designated by the commission, any books, papers,  
21 records or memoranda of any licensee, or of any racetrack or business  
22 involved in simulcasting races to racetrack facilities in Kansas *or*  
23 *operating historical horse race machines*, for the purpose of ascertaining  
24 compliance with any provision of this act or any rule and regulation  
25 adopted hereunder.

26       (d) The commission may issue subpoenas to compel access to or for  
27 the production of any books, papers, records or memoranda in the custody  
28 or control of any licensee or officer, member, employee or agent of any  
29 licensee, or to compel the appearance of any licensee or officer, member,  
30 employee or agent of any licensee, or of any racetrack or business  
31 involved in simulcasting races to racetrack facilities in this state *or*  
32 *operating historical horse race machines*, for the purpose of ascertaining  
33 compliance with any of the provisions of this act or any rule and regulation  
34 adopted hereunder. Subpoenas issued pursuant to this subsection may be  
35 served upon individuals and corporations in the same manner provided in  
36 K.S.A. 60-304, and amendments thereto, for the service of process by any  
37 officer authorized to serve subpoenas in civil actions or by the commission  
38 or an agent or representative designated by the commission. In the case of  
39 the refusal of any person to comply with any such subpoena, the executive  
40 director may make application to the district court of any county where  
41 such books, papers, records, memoranda or person is located for an order  
42 to comply.

43       (e) The commission shall allocate equitably race meeting dates,

1 racing days and hours to all organization licensees and assign such dates  
2 and hours so as to minimize conflicting dates and hours within the same  
3 geographic market area.

4 (f) The commission shall have the authority, after notice and an  
5 opportunity for hearing in accordance with rules and regulations adopted  
6 by the commission, to exclude, or cause to be expelled, from any race  
7 meeting or racetrack facility, or to prohibit a licensee from conducting  
8 business with any person:

9 (1) Who has violated the provisions of this act or any rule and  
10 regulation or order of the commission;

11 (2) who has been convicted of a violation of the racing or gambling  
12 laws of this or any other state or of the United States or has been  
13 adjudicated of committing as a juvenile an act which, if committed by an  
14 adult, would constitute such a violation; or

15 (3) whose presence, in the opinion of the commission, reflects  
16 adversely on the honesty and integrity of horse or greyhound racing or  
17 interferes with the orderly conduct of a race meeting.

18 (g) The commission shall review and approve all proposed  
19 construction and major renovations to racetrack facilities owned or leased  
20 by licensees.

21 (h) The commission shall review and approve all proposed contracts  
22 with racetracks or businesses involved in simulcasting races to racetrack  
23 facilities in Kansas *or operating historical horse race machines*.

24 (i) The commission may suspend a horse or greyhound from  
25 participation in races if such horse or greyhound has been involved in any  
26 violation of the provisions of this act or any rule and regulation or order of  
27 the commission.

28 (j) The commission, within 72 hours after any action taken by a  
29 steward or racing judge and upon appeal by any interested party or upon  
30 its own initiative, may overrule any decision of a steward or racing judge,  
31 other than a decision regarding disqualifications for interference during the  
32 running of a race, if the preponderance of evidence indicates that:

33 (1) The steward or racing judge mistakenly interpreted the law;

34 (2) new evidence of a convincing nature is produced; or

35 (3) the best interests of racing and the state may be better served.

36 A decision of the commission to overrule any decision of a steward or  
37 racing judge shall not change the distribution of parimutuel pools to the  
38 holders of winning tickets. A decision of the commission which would  
39 affect the distribution of purses in any race shall not result in a change in  
40 that distribution unless a written claim is submitted to the commission  
41 within 48 hours after completion of the contested race by one of the  
42 owners or trainers of a horse or greyhound ~~which~~ *that* participated in such  
43 race and a preponderance of evidence clearly indicates to the commission

1 that one or more of the grounds for protest, as provided for in rules and  
2 regulations of the commission, has been substantiated.

3 (k) *The commission shall review and approve all proposed historical*  
4 *horse race machines and all proposed types of wagering to be conducted*  
5 *on such machines.*

6 (l) The commission, after notice and a hearing in accordance with  
7 rules and regulations adopted by the commission, may impose a civil fine  
8 not exceeding \$5,000 for each violation of any provision of this act, or any  
9 rule and regulation of the commission, for which no other penalty is  
10 provided.

11 ~~(m)~~(m) The commission shall adopt rules and regulations specifying  
12 and regulating:

13 (1) Those drugs and medications—~~which that~~ may be administered,  
14 and possessed for administration, to a horse or greyhound within the  
15 confines of a racetrack facility; and

16 (2) that equipment for administering drugs or medications to horses  
17 or greyhounds—~~which that~~ may be possessed within the confines of a  
18 racetrack facility.

19 ~~(n)~~(n) The commission may adopt rules and regulations providing  
20 for the testing of any licensees of the commission, and any officers,  
21 directors and employees thereof, to determine whether they are users of  
22 any controlled substances.

23 ~~(o)~~(o) The commission shall require fingerprinting of all persons  
24 necessary to verify qualification for employment by the commission or to  
25 verify qualification for any license, including a simulcasting license,  
26 issued pursuant to this act. The commission shall submit such fingerprints  
27 to the Kansas bureau of investigation and to the federal bureau of  
28 investigation for the purposes of verifying the identity of such persons and  
29 obtaining records of criminal arrests and convictions.

30 ~~(p)~~(p) The commission may receive from commission security  
31 personnel, the Kansas bureau of investigation or other criminal justice  
32 agencies, including, but not limited to, the federal bureau of investigation  
33 and the federal internal revenue service, such criminal history record  
34 information (including arrest and nonconviction data), criminal  
35 intelligence information and information relating to criminal and  
36 background investigations as necessary for the purpose of determining  
37 qualifications of licensees of the commission, employees of the  
38 commission, applicants for employment by the commission, and  
39 applicants for licensure by the commission, including applicants for  
40 simulcasting licenses. Upon the written request of the chairperson of the  
41 commission, the commission may receive from the district courts such  
42 information relating to juvenile proceedings as necessary for the purpose  
43 of determining qualifications of employees of and applicants for

1 employment by the commission and determining qualifications of  
 2 licensees of and applicants for licensure by the commission. Such  
 3 information, other than conviction data, shall be confidential and shall not  
 4 be disclosed except to members and employees of the commission as  
 5 necessary to determine qualifications of such licensees, employees and  
 6 applicants. Any other disclosure of such confidential information is a class  
 7 A misdemeanor and shall constitute grounds for removal from office,  
 8 termination of employment or denial, revocation or suspension of any  
 9 license issued under this act.

10 ~~(p)~~(q) The commission, in accordance with K.S.A. 75-4319, and  
 11 amendments thereto, may recess for a closed or executive meeting to  
 12 receive and discuss information received by the commission pursuant to  
 13 subsection (o) and to negotiate with licensees of or applicants for licensure  
 14 by the commission regarding any such information.

15 ~~(q)~~(r) The commission may enter into agreements with the federal  
 16 bureau of investigation, the federal internal revenue service, the Kansas  
 17 attorney general or any state, federal or local agency as necessary to carry  
 18 out the duties of the commission under this act.

19 ~~(r)~~(s) The commission shall adopt such rules and regulations as  
 20 necessary to implement and enforce the provisions of this act.

21 Sec. 36. K.S.A. 74-8814 is hereby amended to read as follows: 74-  
 22 8814. (a) (1) Subject to the provisions of subsection (b), the commission  
 23 shall establish by rules and regulations an application fee not exceeding  
 24 \$500 for any of the following which applies \$50 for an organization  
 25 license and ~~the a license fee of \$25 for each day of racing approved by the~~  
 26 ~~commission for any of the following organization granted an organization~~  
 27 ~~license shall be \$100 for each day of racing approved by the commission.~~

28 ~~(1)(2) Any fair association other than the Greenwood county and~~  
 29 ~~Anthony fair associations, any, horsemen's nonprofit organization or the~~  
 30 ~~national greyhound association of Abilene, Kansas, may apply for an~~  
 31 ~~organization license if:~~

32 (A) ~~Such association~~ organization conducts not more than two race  
 33 meetings each year;

34 (B) such race meets are held within the boundaries of the county  
 35 where the applicant is located; and

36 (C) such race meetings are held for a total of not more than 40 days  
 37 per year; ~~or~~

38 ~~(2) the Greenwood county fair association or a horsemen's nonprofit~~  
 39 ~~organization, with respect to race meetings conducted by such association~~  
 40 ~~or organization at Eureka Downs, or the Anthony fair association or a~~  
 41 ~~horsemen's nonprofit organization, with respect to race meetings~~  
 42 ~~conducted by such association or organization at Anthony Downs, for~~  
 43 ~~which the number of race meetings and days, and the dates thereof, shall~~

1 be specified by the commission.

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

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

7 (1) The president, vice-president, secretary and treasurer of a fair  
8 association, and such other members as the commission considers  
9 necessary, to determine eligibility for an organization license;

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

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

17 Sec. 37. K.S.A. 74-8823 is hereby amended to read as follows: 74-  
18 8823. (a) There is hereby imposed a tax on the gross sum wagered by the  
19 parimutuel method as follows:

20 (1) Of the total daily takeout from parimutuel pools for live horse  
21 races conducted in this state, a tax at the rate of  $\frac{3}{18}$ ;

22 (2) except as provided by subsection (a)(3), for live greyhound races  
23 conducted in this state at a racetrack facility for the racing of only  
24 greyhounds:

25 (A) During the first four years when racing with parimutuel wagering  
26 is conducted at such facility, a tax at the rate of  $\frac{3}{18}$  of the total daily  
27 takeout from parimutuel pools for live greyhound races; and

28 (B) thereafter, from parimutuel pools for each live greyhound  
29 performance, a tax at the rate of  $\frac{3}{18}$  of the first \$400,000 wagered,  $\frac{4}{18}$  of  
30 the next \$200,000 wagered and  $\frac{5}{18}$  of any amounts wagered exceeding  
31 \$600,000;

32 (3) for live greyhound races conducted in this state at a dual racetrack  
33 facility or at a racetrack facility owned by a licensee whose license  
34 authorizes the construction of a dual racetrack facility:

35 (A) During the first seven years when racing with parimutuel  
36 wagering is conducted at such facility, a tax at the rate of  $\frac{3}{18}$  of the total  
37 daily takeout from parimutuel pools for live greyhound races; and

38 (B) thereafter, from parimutuel pools for each live greyhound  
39 performance, a tax at the rate of  $\frac{3}{18}$  of the first \$600,000 wagered,  $\frac{4}{18}$  of  
40 the next \$200,000 wagered and  $\frac{5}{18}$  of any amounts wagered exceeding  
41 \$800,000; ~~and~~

42 (4) of the total daily takeout from amounts wagered in this  
43 jurisdiction on simulcast races displayed in this state, a tax at the rate of

1 <sup>3</sup>/<sub>18</sub>; and

2 (5) of the total amount wagered on historical horse races, a tax at the  
3 rate of 3%.

4 (b) The tax imposed by this section shall be no less than 3% nor more  
5 than 6% of the total money wagered each day at a racetrack facility.

6 (c) The tax imposed by this section shall be remitted to the  
7 commission by each organization licensee by the next business day  
8 following the day on which the wagers took place. The commission shall  
9 remit any such tax moneys received to the state treasurer in accordance  
10 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon  
11 receipt of each such remittance, the state treasurer shall deposit the entire  
12 amount in the state treasury to the credit of the state racing fund created by  
13 K.S.A. 74-8826, and amendments thereto, except as provided by K.S.A.  
14 74-8838, and amendments thereto.

15 (d) The commission shall audit and verify that the amount of tax  
16 received from each organization licensee hereunder is correct.

17 (e) Nothing in this section shall be construed to impose any tax on  
18 amounts wagered on electronic gaming machine games operated pursuant  
19 to the Kansas expanded lottery act.

20 Sec. 38. K.S.A. 74-8836 is hereby amended to read as follows: 74-  
21 8836. (a) Any organization licensee that ~~conducts schedules to conduct~~  
22 at least 150 days of live greyhound racing or 60 days of live or simulcast  
23 horse racing during a calendar year or a fair association that conducts  
24 fewer than 22 days of live greyhound racing or 40 days of live horse  
25 racing during a calendar year may apply to the commission for a  
26 simulcasting license to display simulcast horse or greyhound races and to  
27 conduct intertrack parimutuel wagering thereon. If the organization  
28 licensee conducts races at a racetrack facility that is owned by a facility  
29 owner licensee, both licensees shall join in the application. ~~A simulcasting~~  
30 ~~license granted to a fair association that conducts fewer than 22 days of~~  
31 ~~live racing shall restrict the fair association's display of simulcast races to a~~  
32 ~~number of days, including days on which it conducts live races, equal to~~  
33 ~~not more than twice the number of days on which it conducts live races.~~

34 (b) (1) ~~A simulcasting license granted to an organization licensee~~  
35 ~~other than a fair association shall authorize the display of simulcast races~~  
36 ~~at the racetrack facility where the live races are conducted so long as the~~  
37 ~~licensee conducts at least eight live races per day and an average of 10 live~~  
38 ~~races per day per week. If a simulcasting licensee conducts live horse races~~  
39 ~~on a day when simulcast races are displayed by the licensee and the~~  
40 ~~licensee conducts fewer than an average of 10 live horse races per day per~~  
41 ~~week, not less than 80% of the races on which wagers are taken by the~~  
42 ~~licensee during such week shall be live races conducted by the licensee~~  
43 ~~unless approved by the recognized horsemen's group or upon a finding by~~

1 the commission that the organization licensee was unable to do so for  
2 reasonable cause. If a simulcast licensee conducts live greyhound races on  
3 a day when simulcast races are displayed by the licensee and the licensee  
4 schedules fewer than 13 live greyhound races during a performance on  
5 such day, not less than 80% of the races on which wagers are taken by the  
6 licensee during such performance shall be live races conducted by the  
7 licensee.

8 (2) A simulcasting license granted to a fair association shall authorize  
9 the display of simulcast races at the racetrack facility where the races are  
10 conducted only if live races are scheduled for two or more days of the  
11 same calendar week, except that the licensee may conduct simulcast races  
12 in the week immediately before and immediately after a live meeting if the  
13 total number of days on which simulcast races are displayed does not  
14 exceed the total authorized in subsection (a). In no case shall the live meet  
15 or simulcast races allowed under this subsection exceed 10 consecutive  
16 weeks. For purposes of this subsection, a calendar week shall be measured  
17 from Monday through the following Sunday.

18 (3) Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),  
19 a fair association may apply to the commission for not more than five  
20 additional days of simulcasting of special events. In addition, the  
21 commission may authorize a fair association to display additional  
22 simulcast races but, if such fair association is less than 100 miles from an  
23 organization licensee that is not a fair association, it also shall secure  
24 written consent from that organization licensee.

25 (4)(2) Notwithstanding the provisions of subsection (b)(1), if an  
26 emergency causes the cancellation of all or any live races scheduled for a  
27 day or performance by a simulcasting licensee, the commission or the  
28 commission's designee may authorize the licensee to display any simulcast  
29 races previously scheduled for such day or performance.

30 (5)(3) Notwithstanding the provisions of subsection (b)(1), the  
31 commission may authorize the licensee to display simulcast special racing  
32 events as designated by the commission.

33 (c) The application for a simulcasting license shall be filed with the  
34 commission at a time and place prescribed by rules and regulations of the  
35 commission. The application shall be in a form and include such  
36 information as the commission prescribes.

37 (d) To qualify for a simulcasting license the applicant shall:

38 (1) Comply with the interstate horse racing act of 1978 (, 15 U.S.C. §  
39 3001 et seq.), as in effect December 31, 1991;

40 (2) submit with the application a written approval of the proposed  
41 simulcasting schedule signed by: (A) the recognized horsemen's group for  
42 the track, if the applicant is licensed to conduct only horse races; (B) the  
43 recognized greyhound owners' group, if the applicant is licensed to

1 ~~conduct only greyhound races and only greyhound races are to be~~  
2 ~~simulcast; (C) both the recognized greyhound owners' group and a~~  
3 ~~recognized horsemen's group, if the applicant is licensed to conduct only~~  
4 ~~greyhound races and horse races are to be simulcast; (D) the recognized~~  
5 ~~greyhound owners' group, if the applicant is licensed to conduct both~~  
6 ~~greyhound and horse races, only greyhound races are to be simulcast and~~  
7 ~~races are to be simulcast only while the applicant is conducting live~~  
8 ~~greyhound races; (E) or (C) the recognized horsemen's group for the track,~~  
9 ~~if the applicant is licensed to conduct both greyhound and horse races,~~  
10 ~~only horse races are to be simulcast and races are to be simulcast only~~  
11 ~~while the applicant is conducting live horse races; or (F) both the~~  
12 ~~recognized greyhound owners' group and the recognized horsemen's group~~  
13 ~~for the track, if the applicant is licensed to conduct both greyhound races~~  
14 ~~and horse races and horse races are to be simulcast while the applicant is~~  
15 ~~conducting live greyhound races or greyhound races are to be simulcast~~  
16 ~~while the applicant is conducting live horse races; and~~

17 (3) submit, in accordance with rules and regulations of the  
18 commission and before the simulcasting of a race, a written copy of each  
19 contract or agreement ~~which~~ *that* the applicant proposes to enter into with  
20 regard to such race, and any proposed modification of any such contract or  
21 agreement.

22 (e) The term of a simulcasting license shall be one year.

23 (f) A simulcasting licensee may apply to the commission or its  
24 designee for changes in the licensee's approved simulcasting schedule if  
25 such changes are approved by the respective recognized greyhound  
26 owners' group or recognized horsemen's group needed throughout the term  
27 of the license. Application shall be made upon forms furnished by the  
28 commission and shall contain such information as the commission  
29 prescribes.

30 (g) Except as provided by subsection (j), the takeout for simulcast  
31 horse ~~and greyhound~~ races shall be the same as it is for the live horse and  
32 greyhound races conducted during the current or next live race meeting at  
33 the racetrack facility where the simulcast races are displayed, *or, if the*  
34 *simulcasting licensee does not conduct live races, then such takeout shall*  
35 *be the same as if the race has been a live race.* For simulcast races the tax  
36 imposed on amounts wagered shall be as provided by K.S.A. 74-8823, and  
37 amendments thereto. Of the balance of the takeout remaining after  
38 deduction of taxes, an amount equal to a percentage, to be determined by  
39 the commission, of the gross sum wagered on simulcast races shall be used  
40 for purses, as follows:

41 (1) ~~For greyhound races conducted by the licensee, if the simulcast~~  
42 ~~race is a greyhound race and the licensee conducts only live greyhound~~  
43 ~~races;~~

1 (2) For horse races conducted by the licensee, if the simulcast race is  
2 a horse race and the licensee conducts only live horse races;

3 ~~(3) for horse races and greyhound races, as determined by both the~~  
4 ~~recognized horsemen's group and the recognized greyhound owners'~~  
5 ~~group, if the simulcast race is a greyhound race and the licensee does not~~  
6 ~~conduct or is not currently conducting live greyhound races; or~~

7 (4)(2) for horse races and greyhound races, as determined by both the  
8 recognized horsemen's group and the recognized greyhound owners'  
9 group, if the simulcast is a horse race and the licensee does not conduct or  
10 is not currently conducting live horse races. That portion of simulcast  
11 purse money determined to be used for horse purses shall be apportioned  
12 by the commission to the various horse race meetings held in any calendar  
13 year based upon the number of live horse race dates comprising such horse  
14 race meetings in the preceding calendar year.

15 (h) Except as provided by subsection (j):

16 (1) If a simulcasting licensee has a license to conduct live horse races  
17 and the licensee displays a simulcast horse race:

18 (A) All breakage proceeds shall be remitted by the licensee to the  
19 commission not later than the 15<sup>th</sup> day of the month following the race  
20 from which the breakage is derived and the commission shall remit any  
21 such proceeds received to the state treasurer in accordance with the  
22 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
23 each such remittance, the state treasurer shall deposit the entire amount in  
24 the state treasury to the credit of the Kansas horse breeding development  
25 fund created by K.S.A. 74-8829, and amendments thereto; and

26 (B) all unclaimed ticket proceeds shall be remitted by the licensee to  
27 the commission on the 61<sup>st</sup> day after the end of the calendar year and the  
28 commission shall remit any such proceeds received to the state treasurer in  
29 accordance with the provisions of K.S.A. 75-4215, and amendments  
30 thereto. Upon receipt of each such remittance, the state treasurer shall  
31 deposit the entire amount in the state treasury to the credit of the Kansas  
32 horse breeding development fund created by K.S.A. 74-8829, and  
33 amendments thereto.

34 ~~(2) If a simulcasting licensee has a license to conduct live greyhound~~  
35 ~~races and the licensee displays a simulcast greyhound race, breakage and~~  
36 ~~unclaimed winning ticket proceeds shall be distributed in the manner~~  
37 ~~provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for~~  
38 ~~breakage and unclaimed winning ticket proceeds from live greyhound~~  
39 ~~races.~~

40 ~~(3) If a simulcasting licensee has a license to conduct live racing of~~  
41 ~~only horses and the licensee displays a simulcast greyhound race,~~  
42 ~~unclaimed winning ticket proceeds shall be distributed in the manner~~  
43 ~~provided by K.S.A. 74-8822, and amendments thereto, for unclaimed~~

1 ~~winning ticket proceeds from live greyhound races. Breakage for such~~  
2 ~~races shall be distributed for use to benefit greyhound racing as determined~~  
3 ~~by the commission.~~

4 ~~(4)~~—If a simulcasting licensee has a license to conduct live racing of  
5 only greyhounds and the licensee displays a simulcast horse race:

6 (A) All breakage proceeds shall be remitted by the licensee to the  
7 commission not later than the 15<sup>th</sup> day of the month following the race  
8 from which the breakage is derived and the commission shall remit any  
9 such proceeds received to the state treasurer in accordance with the  
10 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
11 each such remittance, the state treasurer shall deposit the entire amount in  
12 the state treasury to the credit of the Kansas horse breeding development  
13 fund created by K.S.A. 74-8829, and amendments thereto; and

14 (B) all unclaimed ticket proceeds shall be remitted by the licensee to  
15 the commission on the 61<sup>st</sup> day after the end of the calendar year and the  
16 commission shall remit any such proceeds received to the state treasurer in  
17 accordance with the provisions of K.S.A. 75-4215, and amendments  
18 thereto. Upon receipt of each such remittance, the state treasurer shall  
19 deposit the entire amount in the state treasury to the credit of the Kansas  
20 horse breeding development fund created by K.S.A. 74-8829, and  
21 amendments thereto.

22 (i) The commission may approve a request by two or more  
23 simulcasting licensees to combine wagering pools within the state of  
24 Kansas pursuant to rules and regulations adopted by the commission.

25 (j) (1) The commission may authorize any simulcasting licensee to  
26 participate in an interstate combined wagering pool with one or more other  
27 racing jurisdictions.

28 (2) If a licensee participates in an interstate pool, the licensee may  
29 adopt the takeout of the host jurisdiction or facility. The amount and  
30 manner of paying purses from the takeout in an interstate pool shall be as  
31 provided by subsection (g).

32 (3) The tax imposed on amounts wagered in an interstate pool shall  
33 be as provided by K.S.A. 74-8823, and amendments thereto. Parimutuel  
34 taxes may not be imposed on any amounts wagered in an interstate  
35 combined wagering pool other than amounts wagered within this  
36 jurisdiction.

37 (4) Breakage for interstate combined wagering pools shall be  
38 calculated in accordance with the statutes and rules and regulations of the  
39 host jurisdiction and shall be allocated among the participating  
40 jurisdictions in a manner agreed to among the jurisdictions. Breakage  
41 allocated to this jurisdiction shall be distributed as provided by subsection  
42 (h).

43 (5) Upon approval of the respective recognized greyhound owners'

1 group or recognized horsemen's group, the commission may permit an  
2 organization licensee to simulcast to other racetrack facilities or off-track  
3 wagering or intertrack wagering facilities in other jurisdictions one or  
4 more races conducted by such licensee, use one or more races conducted  
5 by such licensee for an intrastate combined wagering pool or use one or  
6 more races conducted by such licensee for an interstate combined  
7 wagering pool at off-track wagering or intertrack wagering locations  
8 outside the commission's jurisdiction and may allow parimutuel pools in  
9 other jurisdictions to be combined with parimutuel pools in the  
10 commission's jurisdiction for the purpose of establishing an interstate  
11 combined wagering pool.

12 (6) The participation by a simulcasting licensee in a combined  
13 interstate wagering pool does not cause that licensee to be considered to be  
14 doing business in any jurisdiction other than the jurisdiction in which the  
15 licensee is physically located.

16 (k) If the organization licensee, facility owner licensee, if any, and the  
17 recognized horsemen's group or recognized greyhound owners' group are  
18 unable to agree concerning a simulcasting application, the matter may be  
19 submitted to the commission for determination at the written request of  
20 any party in accordance with rules and regulations of the commission.

21 (l) This section shall be *a* part of and supplemental to the Kansas  
22 parimutuel racing act.

23 Sec. 39. K.S.A. 79-4806 is hereby amended to read as follows: 79-  
24 4806. On July 1 of each year or as soon thereafter as sufficient moneys are  
25 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund  
26 shall be transferred and credited to the problem gambling *and addictions*  
27 grant fund established by K.S.A. 79-4805, and amendments thereto.

28 Sec. 40. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-  
29 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8760, 74-8761,  
30 74-8802, 74-8804, 74-8814, 74-8823, 74-8836 and 79-4806 and K.S.A.  
31 2021 Supp. 21-6403 and 21-6507 are hereby repealed.

32 Sec. 41. This act shall take effect and be in force from and after its  
33 publication in the statute book.