

March 27, 2023

The Honorable Mike Thompson, Chairperson
Senate Committee on Federal and State Affairs
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Thompson:

SUBJECT: Fiscal Note for SB 322 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 322 is respectfully submitted to your committee.

Under current law, if a federally recognized Indian tribe submits a request to negotiate a gaming compact regarding sports wagering, then the Governor would be required to negotiate in good faith to enter into a gaming compact that would allow sports wagering only on the tribe's Indian lands operated by the Iowa Tribe of Kansas and Nebraska, the Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas, the Prairie Band Potawatomi Nation in Kansas, or the Sac and Fox Nation of Missouri in Kansas and Nebraska. SB 322 would allow a gaming compact to allow sports wagering beyond the boundaries of the compacting tribe's Indian lands.

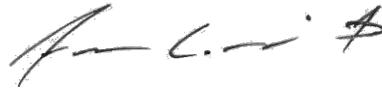
The Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency (part of the Kansas Racing and Gaming Commission that regulates tribal gaming) cannot estimate the fiscal effect for the enactment of SB 322 because the terms and conditions that would be included in a potential gaming compact are unknown. In addition, the fiscal effect regarding the operations of the Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency cannot be estimated. Depending on the terms and conditions including in a gaming compact, the bill has the potential to reduce the state's share of sports wagering revenue generated from the contracts between the Kansas Lottery and lottery gaming facility managers that allows sports wagering in the state. In addition, there would be potential for one or more of the existing lottery gaming facility managers would take any legal action in response to this legislation.

The Attorney General's Office indicates the bill has the potential to increase litigation costs starting in FY 2024. However, the Office did not provide an estimate of the additional litigation costs or how long the estimated litigation costs would continue from enactment from the bill.

Depending on current workload, the Office indicates that the bill could require it to hire outside counsel to defend the state.

Also, the bill has the potential to increase litigation in the courts. If it does, the Office of Judicial Administration (OJA) indicates that there would be a fiscal effect on the operations of the court system. OJA indicates that it is not possible to estimate the number of additional court cases that would arise or how complex and time-consuming the cases would be. However, the fiscal effect would most likely be negligible and could be accommodated within existing budget resources. Any fiscal effect associated with SB 322 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Kansas Racing & Gaming Commission, Kansas Lottery, Attorney General