

February 20, 2024

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 432 by Senators Holscher and Peck

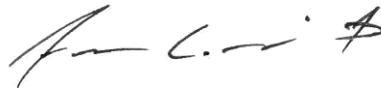
In accordance with KSA 75-3715a, the following fiscal note concerning SB 432 is respectfully submitted to your committee.

SB 432 would require the Kansas Lottery to adopt rules and regulation on or before January 1, 2025, that would prohibit sports wagering advertising published through internet websites, other online mediums, or electronic device applications. Sports wagering advertisements may be published as part of the content offered by an interactive sports wagering platform that has been affirmatively accessed by an individual holding an account with that platform. The prohibition of sports wagering advertisements would not apply to any advertisements published, broadcast, or otherwise presented as part of a marketing or other advertising contract that was in effect on July 1, 2024.

The Kansas Lottery estimates that SB 432 would decrease sports wagering revenue by unknown amounts beginning in FY 2025. Casino managers retain 90.0 percent of sports wagering revenue while the Kansas Lottery's Lottery Operating Fund receives the remaining 10.0 percent that is then distributed to other funds by statutory formula. The Kansas Lottery indicates that virtually all sports wagering platforms and other entities utilize the internet and other online mediums for advertisements. That includes the casino managers and interactive sports wagering platforms in operation at the four casinos with state-owned and operated games. The Kansas Lottery does not have data to make a precise estimate on how much sports wagering revenue would be reduced as result of this advertising prohibition. A market study would need to be completed to accurately estimate that impact. The Kansas Lottery expects significant legal challenges to any content-based restrictions on commercial speech otherwise protected by state and federal law. The bill would not have a significant fiscal effect on the operations of the Kansas Lottery or Kansas Racing and Gaming Commission.

The Attorney General indicates that the bill is not expected to have a fiscal effect on its operations. The Attorney General indicates this legislation could be susceptible to a legal challenge; however, the Attorney General did not provide an estimate of the additional resources needed to defend a legal challenge. The Judiciary indicates the bill would not have a significant fiscal effect on its operations. Any fiscal effect associated with SB 432 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a distinct flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Brandi White, Kansas Racing & Gaming Commission
Keith Kocher, Kansas Lottery
Trisha Morrow, Judiciary
William Hendrix, Office of the Attorney General
Sherry Rentfro, Department of Commerce