

## HOUSE BILL No. 2168

By Representatives Grant, Alcala, Alford, Barker, Bradford, Christmann, Claeys, Clayton, Dierks, Doll, Ewy, Finney, Henderson, Henry, Hibbard, Hill, Houser, Kuether, Lane, Menghini, Rothlisberg, Sawyer and Thimesch

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1 AN ACT concerning the Kansas expanded lottery act; relating to racetrack  
2 gaming facilities; relating to parimutuel racing; creating the Kansas  
3 agricultural opportunity act; amending K.S.A. 74-8826 and 74-8836  
4 and K.S.A. 2012 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747,  
5 74-8751, 74-8823 and 74-8831 and repealing the existing sections; also  
6 repealing K.S.A. 74-8824.

7

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

9 New Section 1. Sections 1 through 3, and amendments thereto, shall  
10 be known and may be cited as the Kansas agricultural opportunity act, and  
11 shall apply to implementation and operation of parimutuel racetrack  
12 facilities authorized to offer lottery gaming facility games pursuant to  
13 K.S.A. 74-8733 et seq., and amendments thereto, and shall provide for the  
14 establishment of a framework for encouraging economic opportunity in  
15 rural Kansas through the expansion of horse and greyhound ownership,  
16 breeding and investment.

17 New Sec. 2. (a) The official horse registering agency designated by  
18 the Kansas racing and gaming commission pursuant to K.S.A. 74-8830,  
19 and amendments thereto, shall be responsible for implementing procedures  
20 and making recommendations related to the operation of live horse racing  
21 pursuant to the requirements of section 3, and amendments thereto.

22 (b) The official greyhound registering agency designated by the  
23 Kansas racing and gaming commission pursuant to K.S.A. 74-8832, and  
24 amendments thereto, shall be responsible for implementing procedures and  
25 making recommendations related to the operation of live greyhound racing  
26 pursuant to the requirements of section 3, and amendments thereto.

27 New Sec. 3. (a) On or before December 1, the official breed  
28 registering agencies for both horse and greyhound breeds shall make  
29 recommendations to the Kansas racing and gaming commission for  
30 implementation of programs which will maximize the benefit to economic  
31 development in rural Kansas from purse supplements paid pursuant to  
32 K.S.A. 2012 Supp. 74-8747, and amendments thereto. Such  
33 recommendations made by each breed registering agency shall consider  
34 the following:

1 (1) Increasing the number of registered breed horses bred in Kansas  
2 and mares and stallions domiciled in Kansas;

3 (2) increasing the number of greyhounds whelped in Kansas and  
4 greyhounds in Kansas;

5 (3) increasing the number of horses and greyhounds owned by  
6 Kansas residents for the purposes of live racing; and

7 (4) creating jobs in Kansas associated with breeding and racing of  
8 horses and greyhounds.

9 (b) On or before January 15, the official breed registering agencies  
10 shall submit the following reports to the Kansas racing and gaming  
11 commission:

12 (1) The number of horses bred in Kansas and the number of mares  
13 and stallions domiciled in Kansas during the previous calendar year;

14 (2) the number of whelped greyhounds registered in Kansas during  
15 the previous calendar year;

16 (3) the estimated number of horses and greyhounds owned by Kansas  
17 residents during the previous calendar year; and

18 (4) the estimated amount of total purses paid by Kansas parimutuel  
19 racetrack facilities with separate total amounts for each source of purse  
20 funds.

21 New Sec. 4. (a) The board of county commissioners of Sedgwick  
22 county shall not submit by resolution any question seeking voter approval  
23 related to lottery gaming facilities or operation of electronic gaming  
24 machines within Sedgwick county except as provided in subsection (b).

25 (b) The board of county commissioners of Sedgwick county may  
26 submit by resolution, and shall submit upon presentation of a valid petition  
27 filed in accordance with subsection (c), to the qualified voters of the  
28 county a proposition to permit the operation of electronic gaming  
29 machines at an existing parimutuel racetrack within that county. The  
30 proposition shall be submitted to the voters at a special election to be held  
31 no later than 120 days after the effective date of this section.

32 (c) If the board of county commissioners does not submit a resolution  
33 in accordance with subsection (b) within 30 days after the effective date of  
34 this act, a petition to submit a proposition to the qualified voters of a  
35 county pursuant to this section shall be filed with the county election  
36 officer within 90 days after the effective date of this act. The petition shall  
37 be signed by not less than 5,000 qualified voters of the county. The  
38 following shall appear on the petition: "We request an election to  
39 determine whether the operation of electronic gaming machines at  
40 parimutuel racetrack facilities by the Kansas lottery shall be permitted in  
41 Sedgwick county."

42 (d) Upon the submission of a petition, the county election officer  
43 shall determine whether a sufficient number of qualified voters of the

1 county have signed such petition. If the submitted petition calling for an  
2 election pursuant to this section is deemed valid, the county election  
3 officer shall cause the following proposition to be placed on the ballot at  
4 the election called for that purpose: "Shall the operation of electronic  
5 gaming machines at the Wichita Greyhound Park by the Kansas lottery be  
6 permitted in Sedgwick county?"

7 (e) If a majority of the votes cast and counted at such election is in  
8 favor of permitting the operation of such machines, the executive director  
9 may enter into a contract with the parimutuel racetrack facility licensee in  
10 Sedgwick county to operate such machines at its existing location in the  
11 county. If a majority of the votes cast and counted at an election under this  
12 section is against permitting the operation of electronic gaming machines  
13 in the county, the Kansas lottery shall not operate such machines in the  
14 county. The county election officer shall transmit a copy of the  
15 certification of the results of the election to the executive director and to  
16 the Kansas racing and gaming commission.

17 (f) The election provided for by this section shall be conducted, and  
18 the votes counted and canvassed, in the manner provided by law for  
19 question submitted elections of the county.

20 (g) If in any election provided for by this section a majority of the  
21 votes cast and counted is against the proposition permitting the operation  
22 of electronic gaming machines in the county, another election submitting  
23 the same proposition shall not be held after the date of such election.

24 (h) This section shall be a part of and supplemental to the Kansas  
25 expanded lottery act.

26 Sec. 5. K.S.A. 2012 Supp. 74-8734 is hereby amended to read as  
27 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming  
28 facility in each gaming zone.

29 (b) Not more than 30 days after the effective date of this act the  
30 lottery commission shall adopt and publish in the Kansas register the  
31 procedure for receiving, considering and approving, proposed lottery  
32 gaming facility management contracts. Such procedure shall include  
33 provisions for review of competitive proposals within a gaming zone and  
34 the date by which proposed lottery gaming facility management contracts  
35 must be received by the lottery commission if they are to receive  
36 consideration.

37 (c) The lottery commission shall adopt standards to promote the  
38 integrity of the gaming and finances of lottery gaming facilities, which  
39 shall apply to all management contracts, shall meet or exceed industry  
40 standards for monitoring and controlling the gaming and finances of  
41 gaming facilities and shall give the executive director sufficient authority  
42 to monitor and control the gaming operation and to ensure its integrity and  
43 security.

1 (d) The Kansas lottery commission may approve management  
2 contracts with one or more prospective lottery gaming facility managers to  
3 manage, or construct and manage, on behalf of the state of Kansas and  
4 subject to the operational control of the Kansas lottery, a lottery gaming  
5 facility or lottery gaming enterprise at specified destination locations  
6 within the northeast, south central, southwest and southeast Kansas  
7 gaming zones where the commission determines the operation of such  
8 facility would promote tourism and economic development. The  
9 commission shall approve or disapprove a proposed management contract  
10 within 90 days after the deadline for receipt of proposals established  
11 pursuant to subsection (b).

12 (e) In determining whether to approve a management contract with a  
13 prospective lottery gaming facility manager to manage a lottery gaming  
14 facility or lottery gaming enterprise pursuant to this section, the  
15 commission shall take into consideration the following factors: The size of  
16 the proposed facility; the geographic area in which such facility is to be  
17 located; the proposed facility's location as a tourist and entertainment  
18 destination; the estimated number of tourists that would be attracted by the  
19 proposed facility; the number and type of lottery facility games to be  
20 operated at the proposed facility; and agreements related to ancillary  
21 lottery gaming facility operations.

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

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

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

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

1 (2) the commission determines that the proposed development  
2 consists of an investment in infrastructure, including ancillary lottery  
3 gaming facility operations, of at least \$225,000,000 in the northeast-  
4 ~~southeast~~ and south central Kansas gaming zones and *of at least*  
5 \$50,000,000 in the *southeast and* southwest Kansas gaming ~~zone~~ zones.  
6 The commission, in determining whether the minimum investment  
7 required by this subsection is met, shall not include any amounts derived  
8 from or financed by state or local retailers' sales tax revenues.

9 (h) Any management contract approved by the commission under this  
10 section shall:

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

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

17 (3) establish a mechanism to facilitate payment of lottery gaming  
18 facility expenses, payment of the lottery gaming facility manager's share of  
19 the lottery gaming facility revenues and distribution of the state's share of  
20 the lottery gaming facility revenues;

21 (4) include a provision for the lottery gaming facility manager to pay  
22 the costs of oversight and regulation of the lottery gaming facility manager  
23 and the operations of the lottery gaming facility by the Kansas racing and  
24 gaming commission;

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

27 (6) provide for the prospective lottery gaming facility manager, upon  
28 approval of the proposed lottery gaming facility management contract, to  
29 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of  
30 being selected as a lottery gaming facility manager of a lottery gaming  
31 facility in the northeast-~~southeast~~ or south central Kansas gaming zone  
32 and \$5,500,000 for the privilege of being selected as a lottery gaming  
33 facility manager of a lottery gaming facility in the *southeast or* southwest  
34 Kansas gaming zone. Such fee shall be deposited in the state treasury and  
35 credited to the lottery gaming facility manager fund, which is hereby  
36 created in the state treasury;

37 (7) incorporate terms and conditions for the ancillary lottery gaming  
38 facility operations;

39 (8) designate as key employees, subject to approval of the executive  
40 director, any employees or contractors providing services or functions  
41 which are related to lottery facility games authorized by a management  
42 contract;

43 (9) include financing commitments for construction;

1 (10) include a resolution of endorsement from the city governing  
2 body, if the proposed facility is within the corporate limits of a city, or  
3 from the county commission, if the proposed facility is located in the  
4 unincorporated area of the county;

5 (11) include a requirement that any parimutuel licensee developing a  
6 lottery gaming facility pursuant to this act comply with all orders and rules  
7 and regulations of the Kansas racing and gaming commission with regard  
8 to the conduct of live racing, including the same minimum days of racing  
9 as specified in K.S.A. 2012 Supp. 74-8746, and amendments thereto, for  
10 operation of electronic gaming machines at racetrack gaming facilities;

11 (12) include a provision for the state to receive not less than 22% of  
12 lottery gaming facility revenues, which shall be paid to the expanded  
13 lottery act revenues fund established by K.S.A. 2012 Supp. 74-8768, and  
14 amendments thereto;

15 (13) include a provision for 2% of lottery gaming facility revenues to  
16 be paid to the problem gambling and addictions grant fund established by  
17 K.S.A. 2012 Supp. 79-4805, and amendments thereto;

18 (14) if the prospective lottery gaming facility manager is an American  
19 Indian tribe, include a provision that such tribe agrees to waive its  
20 sovereign immunity with respect to any actions arising from or to enforce  
21 either the Kansas expanded lottery act or any provision of the lottery  
22 gaming facility management contract; any action brought by an injured  
23 patron or by the state of Kansas; any action for purposes of enforcing the  
24 workers compensation act or any other employment or labor law; and any  
25 action to enforce laws, rules and regulations and codes pertaining to  
26 health, safety and consumer protection; and for any other purpose deemed  
27 necessary by the executive director to protect patrons or employees and  
28 promote fair competition between the tribe and others seeking a lottery  
29 gaming facility management contract;

30 (15) (A) if the lottery gaming facility is located in the northeast or  
31 southwest Kansas gaming zone and is not located within a city, include a  
32 provision for payment of an amount equal to 3% of the lottery gaming  
33 facility revenues to the county in which the lottery gaming facility is  
34 located; or (B) if the lottery gaming facility is located in the northeast or  
35 southwest Kansas gaming zone and is located within a city, include  
36 provision for payment of an amount equal to 1.5% of the lottery gaming  
37 facility revenues to the city in which the lottery gaming facility is located  
38 and an amount equal to 1.5% of such revenues to the county in which such  
39 facility is located;

40 (16) (A) if the lottery gaming facility is located in the southeast or  
41 south central Kansas gaming zone and is not located within a city, include  
42 a provision for payment of an amount equal to 2% of the lottery gaming  
43 facility revenues to the county in which the lottery gaming facility is

1 located and an amount equal to 1% of such revenues to the other county in  
2 such zone; or (B) if the lottery gaming facility is located in the southeast or  
3 south central Kansas gaming zone and is located within a city, provide for  
4 payment of an amount equal to 1% of the lottery gaming facility revenues  
5 to the city in which the lottery gaming facility is located, an amount equal  
6 to 1% of such revenues to the county in which such facility is located and  
7 an amount equal to 1% of such revenues to the other county in such zone;

8 (17) allow the lottery gaming facility manager to manage the lottery  
9 gaming facility in a manner consistent with this act and applicable law, but  
10 shall place full, complete and ultimate ownership and operational control  
11 of the gaming operation of the lottery gaming facility with the Kansas  
12 lottery. The Kansas lottery shall not delegate and shall explicitly retain the  
13 power to overrule any action of the lottery gaming facility manager  
14 affecting the gaming operation without prior notice. The Kansas lottery  
15 shall retain full control over all decisions concerning lottery gaming  
16 facility games;

17 (18) include provisions for the Kansas racing and gaming  
18 commission to oversee all lottery gaming facility operations, including, but  
19 not limited to: Oversight of internal controls; oversight of security of  
20 facilities; performance of background investigations, determination of  
21 qualifications and credentialing of employees, contractors and agents of  
22 the lottery gaming facility manager and of ancillary lottery gaming facility  
23 operations, as determined by the Kansas racing and gaming commission;  
24 auditing of lottery gaming facility revenues; enforcement of all state laws  
25 and maintenance of the integrity of gaming operations; and

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

40 (i) The power of eminent domain shall not be used to acquire any  
41 interest in real property for use in a lottery gaming enterprise.

42 (j) Any proposed management contract for which the privilege fee  
43 has not been paid to the state treasurer within 30 days after the date of

1 approval of the management contract shall be null and void.

2 (k) A person who is the manager of the racetrack gaming facility in a  
3 gaming zone shall not be eligible to be the manager of the lottery gaming  
4 facility in the same zone.

5 (l) Management contracts authorized by this section may include  
6 provisions relating to:

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

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

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

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

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

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

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

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

36 (n) (1) The Kansas lottery shall be the licensee and owner of all  
37 software programs used at a lottery gaming facility for any lottery facility  
38 game.

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

43 (o) A lottery gaming facility shall comply with any planning and



1 zoning regulations of the city or county in which it is to be located. The  
2 executive director shall not contract with any prospective lottery gaming  
3 facility manager for the operation and management of such lottery gaming  
4 facility unless such manager first receives any necessary approval under  
5 planning and zoning requirements of the city or county in which it is to be  
6 located.

7 (p) Prior to expiration of the term of a lottery gaming facility  
8 management contract, the lottery commission may negotiate a new lottery  
9 gaming facility management contract with the lottery gaming facility  
10 manager if the new contract is substantially the same as the existing  
11 contract. Otherwise, the lottery gaming facility review board shall be  
12 reconstituted and a new lottery gaming facility management contract shall  
13 be negotiated and approved in the manner provided by this act.

14 Sec. 6. K.S.A. 2012 Supp. 74-8741 is hereby amended to read as  
15 follows: 74-8741. (a) The executive director of the Kansas lottery shall  
16 negotiate a racetrack gaming facility management contract to place  
17 electronic gaming machines at one parimutuel licensee location in each  
18 gaming zone except the southwest Kansas gaming zone.

19 (b) To be eligible to enter into a racetrack gaming facility  
20 management contract the prospective racetrack gaming facility manager  
21 shall, at a minimum:

22 (1) Have sufficient access to financial resources to support the  
23 activities required of a racetrack gaming facility manager under the Kansas  
24 expanded lottery act; and

25 (2) be current in filing all applicable tax returns and in payment of all  
26 taxes, interest and penalties owed to the state of Kansas and any taxing  
27 subdivision where such prospective manager is located in the state of  
28 Kansas, excluding items under formal appeal pursuant to applicable  
29 statutes.

30 (c) A racetrack gaming facility management contract shall include:

31 (1) The term of the contract;

32 (2) provisions for the Kansas racing and gaming commission to  
33 oversee all racetrack gaming facility operations, including, but not limited to:  
34 Oversight of internal controls; oversight of security of facilities;  
35 performance of background investigations, determination of qualifications  
36 and any required certification or licensing of officers, directors, board  
37 members, employees, contractors and agents of the racetrack gaming  
38 facility manager; auditing of net electronic gaming machine income and  
39 maintenance of the integrity of electronic gaming machine operations;

40 (3) provisions for the racetrack gaming facility manager to pay the  
41 costs of oversight and regulation of the racetrack gaming facility manager  
42 under this act and such manager's racetrack gaming facility operations by  
43 the *Kansas lottery and the* Kansas racing and gaming commission; ~~and~~

1 (4) enforceable provisions: (A) Prohibiting the state, until July 1,  
2 2032, from: (i) Entering into management contracts for more than  
3 ~~three~~four lottery gaming facilities or similar gaming facilities, one to be  
4 located in the northeast Kansas gaming zone, one to be located in the south  
5 central Kansas gaming zone ~~and~~, one to be located in the southeast Kansas  
6 gaming zone; *and one to be located in the southwest Kansas gaming zone;*  
7 (ii) designating additional areas of the state where operation of lottery  
8 gaming facilities or similar gaming facilities would be authorized; or (iii)  
9 operating an aggregate of more than 2,800 electronic gaming machines at  
10 all parimutuel licensee locations; and (B) requiring the state to repay to the  
11 racetrack gaming facility manager an amount equal to the privilege fee  
12 paid by such racetrack gaming facility manager, plus interest on such  
13 amount, compounded annually at the rate of 10%, if the state violates the  
14 prohibition provision described in (A); *and*

15 (5) *provisions for the distribution of the net electronic gaming*  
16 *machine income from the racetrack gaming facility which shall be in*  
17 *accordance with K.S.A. 2012 Supp. 74-8747, and amendments thereto.*

18 (d) Racetrack gaming facility management contracts authorized by  
19 this section may include provisions relating to:

20 (1) Accounting procedures to determine net electronic gaming  
21 machine income, unclaimed prizes and credits;

22 (2) minimum requirements for a racetrack gaming facility manager to  
23 provide qualified oversight, security and supervision of electronic gaming  
24 machines including the use of qualified personnel with experience in  
25 applicable technology;

26 (3) eligibility requirements for employees, contractors or agents of a  
27 racetrack gaming facility manager who will have responsibility for or  
28 involvement with electronic gaming machines or for the handling of cash  
29 or tokens;

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

32 (5) credentialing or certification requirements of any employee,  
33 contractor or agent as provided by the Kansas expanded lottery act or rules  
34 and regulations adopted pursuant thereto;

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

37 (7) any other provision deemed necessary by the parties, including  
38 such other terms and restrictions as necessary to conduct racetrack gaming  
39 facility operations in a legal and fair manner.

40 (e) A person who is the manager of a lottery gaming facility in a  
41 gaming zone shall not be eligible to be the manager of the racetrack  
42 gaming facility in the same zone.

43 (f) A racetrack gaming facility management contract shall not

1 constitute property, nor shall it be subject to attachment, garnishment or  
2 execution, nor shall it be alienable or transferable, except upon approval  
3 by the executive director, nor shall it be subject to being encumbered or  
4 hypothecated.

5 Sec. 7. K.S.A. 2012 Supp. 74-8744 is hereby amended to read as  
6 follows: 74-8744. (a) In accordance with rules and regulations adopted by  
7 the commission, the executive director shall have general responsibility for  
8 the implementation and administration of the provisions of this act relating  
9 to racetrack gaming facility operations, including the responsibility to:

10 (1) Certify net electronic gaming machine income by inspecting  
11 records, conducting audits, having agents of the Kansas lottery on site or  
12 by any other reasonable means; and

13 (2) assist the commission in the promulgation of rules and  
14 regulations concerning the operation of racetrack gaming facilities, which  
15 rules and regulations shall include, without limitation, the following:

16 (A) The number of electronic gaming machines allocated for  
17 placement at each racetrack gaming facility, subject to the provisions of  
18 subsection (b);

19 (B) standards for advertising, marketing and promotional materials  
20 used by racetrack gaming facility managers;

21 (C) the kind, type, number and location of electronic gaming  
22 machines at any racetrack gaming facility; and

23 (D) rules and regulations and procedures for the accounting and  
24 reporting of the payments required from racetrack gaming facility  
25 managers under K.S.A. 2012 Supp. 74-8766, and amendments thereto,  
26 including the calculations required for such payments.

27 (b) Rules and regulations establishing the minimum and maximum  
28 number of electronic gaming machines allocated for placement at each  
29 racetrack gaming facility shall be adopted and published not later than 120  
30 days after the effective date of this act. Such rules and regulations shall be  
31 subject to the following:

32 (1) At least ~~600~~400, *but not more than 1,200* electronic gaming  
33 machines shall be allocated to and placed at each racetrack gaming facility.

34 (2) The total number of electronic gaming machines allocated to and  
35 placed at all racetrack gaming facilities in the state shall not exceed 2,800.  
36 ~~Until lottery gaming facility management contracts for lottery gaming~~  
37 ~~facilities in all gaming zones become binding, the total number of~~  
38 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~  
39 ~~not exceed 2,200. When lottery gaming facility management contracts for~~  
40 ~~lottery gaming facilities in all gaming zones have become binding, the~~  
41 ~~lottery commission shall take privilege fee bids from the lottery gaming~~  
42 ~~facility manager and racetrack gaming facility manager in each gaming~~  
43 ~~zone for the remaining electronic gaming machines allocated to but not yet~~

1 placed at the racetrack gaming facility in such zone. The minimum bid  
2 shall be a privilege fee of \$2,500 per electronic gaming machine. If the  
3 racetrack gaming facility manager submits the highest bid, the lottery  
4 commission shall place the remaining electronic gaming machines at the  
5 racetrack gaming facility. If the lottery gaming facility manager submits  
6 the highest bid, the commission shall not place any additional electronic  
7 gaming machines at the racetrack gaming facility.

8 (3) ~~In addition to any privilege fee paid pursuant to paragraph (2),~~  
9 Each racetrack gaming facility manager shall pay a privilege fee of \$2,500  
10 for each electronic gaming machine placed at the racetrack gaming facility  
11 for which a privilege fee is not paid pursuant to paragraph (2).

12 (4) The racetrack gaming facility manager shall pay the privilege fees  
13 provided by this subsection to the executive director, who shall remit the  
14 entire amount to the state treasurer in accordance with K.S.A. 75-4215,  
15 and amendments thereto. Upon receipt of the remittance, the state treasurer  
16 shall deposit the entire amount in the state treasury and credit it to the  
17 expanded lottery act revenues fund.

18 Sec. 8. K.S.A. 2012 Supp. 74-8746 is hereby amended to read as  
19 follows: 74-8746. (a) Except as provided in subsection (b):

20 (1) No electronic gaming machines shall be operated at a parimutuel  
21 licensee location in Sedgwick county unless, during the first full calendar  
22 year and each year thereafter in which electronic gaming machines are  
23 operated at such location, the parimutuel licensee conducts at such location  
24 at least 100 live greyhound races each calendar week ~~for the number of~~  
25 ~~weeks raced during calendar year 2003~~ *for at least 25 weeks* with at least  
26 13 live races conducted each day for not less than five days per week.

27 (2) No electronic gaming machines shall be operated at a parimutuel  
28 licensee location in Wyandotte county unless, during the first full calendar  
29 year and each year thereafter in which electronic gaming machines are  
30 operated at such location, the parimutuel licensee conducts live horse  
31 racing programs for at least 60 days, with at least 10 live races conducted  
32 each program, and must offer and make a reasonable effort to conduct a  
33 minimum number of three live races restricted for quarter horses each day  
34 and seven live thoroughbred races each day, of which not less than two  
35 races each day shall be limited to registered Kansas-bred horses  
36 apportioned in the same ratio that live races are offered, except that the  
37 licensee shall not be required to conduct the second live race restricted to  
38 Kansas-bred horses unless there are at least seven qualified entries for such  
39 race, ~~and with at least 100 live greyhound races each calendar week for at~~  
40 ~~least the same number of weeks raced during calendar year 2003,~~ with  
41 ~~at least 13 live races conducted each day for not less than five days per week.~~

42 (3) No electronic gaming machines shall be operated at a parimutuel  
43 licensee location in Crawford county unless, during the first full calendar

1 year and each year thereafter in which electronic gaming machines are  
2 operated at such location, the parimutuel licensee conducts at such location  
3 at least 85 live greyhound races each calendar week ~~for the number of~~  
4 ~~weeks raced during calendar year 2003~~ *for at least 25 weeks* in Sedgwick  
5 county, with at least 12 live races conducted each day for not less than five  
6 days per week.

7 (4) If a parimutuel licensee has not held live races pursuant to a  
8 schedule approved by the Kansas racing and gaming commission in the  
9 preceding 12 months, the Kansas racing and gaming commission shall  
10 hold a hearing to determine the number of days of live racing required for  
11 the remaining days of the first calendar year of operation to qualify for  
12 operation of electronic gaming machines. At such hearing, the commission  
13 shall receive testimony and evidence from affected breed groups, the  
14 licensee and others, as the Kansas racing and gaming commission deems  
15 appropriate concerning the schedule of live race days. The operation of  
16 electronic gaming machines shall not commence more than 90 days prior  
17 to the start of live racing at such facility.

18 (b) The Kansas racing and gaming commission may not grant  
19 exceptions to the requirements of subsection (a) for a parimutuel licensee  
20 conducting live racing unless such exception is in the form of an  
21 agreement which: (1) Is between the parimutuel licensee and the affected  
22 recognized greyhound or recognized horsemen's group, as defined in  
23 K.S.A. 74-8802, and amendments thereto; (2) has been approved by the  
24 appropriate official breed registering agencies; and (3) has been submitted  
25 to and approved by the commission. In the case of emergencies, weather  
26 related issues or immediate circumstances beyond the control of the  
27 licensee, the Kansas racing and gaming commission may grant an  
28 exception.

29 Sec. 9. K.S.A. 2012 Supp. 74-8747 is hereby amended to read as  
30 follows: 74-8747. (a) *A racetrack gaming facility management contract*  
31 *shall include provisions for net electronic gaming machine income from a*  
32 *racetrack gaming facility shall to be distributed as follows:*

33 (1) ~~To the racetrack gaming facility manager,~~ An amount equal to  
34 ~~25%~~ *22%* of net electronic gaming machine income *shall be credited to the*  
35 *expanded lottery act revenues fund;*

36 (2) ~~7%~~ *seven percent* of net electronic gaming machine income  
37 *derived from electronic gaming machines located at racetrack gaming*  
38 *facilities licensed to conduct horse races* shall be credited to the live horse  
39 racing purse supplement fund established by K.S.A. 2012 Supp. 74-8767,  
40 and amendments thereto, ~~except that the amount of net electronic gaming~~  
41 ~~machine income credited to the fund during any fiscal year from electronic~~  
42 ~~gaming machines at a racetrack gaming facility shall not exceed an amount~~  
43 ~~equal to the average of \$3,750 per electronic gaming machine at each~~

1 location and any moneys in excess of such amount shall be distributed  
2 between the state and the racetrack gaming facility manager in accordance  
3 with the racetrack gaming facility management contract;

4 (3) ~~7%~~<sup>seven percent</sup> of net electronic gaming machine income  
5 *derived from electronic gaming machines located at racetrack gaming*  
6 *facilities licensed to conduct greyhound races* shall be credited to the live  
7 greyhound racing purse supplement fund established by K.S.A. 2012  
8 Supp. 74-8767, and amendments thereto, ~~except that the amount of net~~  
9 ~~electronic gaming machine income credited to the fund during any fiscal~~  
10 ~~year from electronic gaming machines at a racetrack gaming facility shall~~  
11 ~~not exceed an amount equal to the average of \$3,750 per electronic gaming~~  
12 ~~machine at each location and any moneys in excess of such amount shall~~  
13 ~~be distributed between the state and the racetrack gaming facility manager~~  
14 ~~in accordance with the racetrack gaming facility management contract;~~

15 (4) (A) if the racetrack gaming facility is located in the northeast  
16 Kansas gaming zone and is not located within a city, include a provision  
17 for payment of an amount equal to ~~3%~~<sup>2%</sup> of the ~~racetrack gaming facility~~  
18 ~~revenues~~ *net electronic gaming machine income* to the county in which the  
19 racetrack gaming facility is located; or (B) if the racetrack gaming facility  
20 is located in the northeast Kansas gaming zone and is located within a city,  
21 include provision for payment of an amount equal to ~~1.5%~~<sup>1%</sup> of the  
22 ~~racetrack gaming facility revenues~~ *net electronic gaming machine income*  
23 to the city in which the racetrack gaming facility is located and an amount  
24 equal to ~~1.5%~~<sup>1%</sup> of such ~~revenues~~ *income* to the county in which such  
25 facility is located;

26 (5) (A) if the racetrack gaming facility is located in the southeast or  
27 south central Kansas gaming zone and is not located within a city, include  
28 a provision for payment of an amount equal to 2% of the ~~racetrack gaming~~  
29 ~~facility revenues~~ *net electronic gaming machine income* to the county in  
30 which the racetrack gaming facility is located ~~and an amount equal to 1%~~  
31 ~~of such revenues to the other county in such zone~~; or (B) if the racetrack  
32 gaming facility is located in the southeast or south central Kansas gaming  
33 zone and is located within a city, provide for payment of an amount equal  
34 to 1% of the ~~racetrack gaming facility revenues~~ *net electronic gaming*  
35 *machine income* to the city in which the racetrack gaming facility is  
36 located; ~~and an amount equal to 1% of such revenues~~ *income* to the county  
37 in which such facility is located ~~and an amount equal to 1% of such~~  
38 ~~revenues to the other county in such zone~~;

39 (6) ~~2%~~<sup>an amount equal to 0.5%</sup> of net electronic gaming machine  
40 income shall be credited to the problem gambling and addictions grant  
41 fund established by K.S.A. 2012 Supp. 79-4805, and amendments thereto;

42 (7) ~~1%~~<sup>an amount equal to 0.4%</sup> of net electronic gaming machine  
43 income shall be credited to the Kansas horse fair racing benefit fund

1 established by K.S.A. 74-8838, and amendments thereto;

2 (8) ~~40% of net electronic gaming machine income shall be credited to~~  
3 ~~the expanded lottery act revenues fund; and an amount equal to 0.1% of~~  
4 *net electronic gaming machine revenue income shall be credited to the*  
5 *Kansas horse council fund created by section 15, and amendments*  
6 *thereto; and*

7 (9) ~~15% of electronic gaming machine income shall be used for~~  
8 ~~gaming expenses, subject to agreement between the Kansas lottery and the~~  
9 ~~racetrack gaming facility manager the remaining balance of net electronic~~  
10 *gaming machine income shall be paid to the racetrack gaming facility*  
11 *manager.*

12 (b) A racetrack gaming facility management contract may include  
13 provisions for a parimutuel licensee or any other entity to pay the  
14 parimutuel licensee's expenses related to electronic gaming machines, as  
15 the executive director deems appropriate, ~~subject to the requirements of~~  
16 ~~subsection (a)(9).~~

17 Sec. 10. K.S.A. 2012 Supp. 74-8751 is hereby amended to read as  
18 follows: 74-8751. The Kansas racing and gaming commission, through  
19 rules and regulations, shall establish:

20 (a) A certification requirement, and enforcement procedure, for  
21 officers, directors, key employees and persons directly or indirectly  
22 owning a ~~0.5%~~5% or more interest in a lottery gaming facility manager or  
23 racetrack gaming facility manager. Such certification requirement shall  
24 include compliance with such security, fitness and background  
25 investigations and standards as the executive director of the Kansas racing  
26 and gaming commission deems necessary to determine whether such  
27 person's reputation, habits or associations pose a threat to the public  
28 interest of the state or to the reputation of or effective regulation and  
29 control of the lottery gaming facility or racetrack gaming facility. *In the*  
30 *case of a publicly traded company subject to the jurisdiction of the United*  
31 *States securities and exchange commission, such certification*  
32 *requirements shall include such security, fitness and background*  
33 *investigations and standards, for officers, directors, key gaming employees*  
34 *and persons directly or indirectly owning a 5% or more interest in such*  
35 *entity, and shall specify that such publicly traded company annually*  
36 *provide a list of all identifiable shareholders. In the case of institutional*  
37 *investors in a publicly traded company, the certification requirement shall*  
38 *provide a procedure for issuance of waivers of the background*  
39 *investigation requirement by the executive director of the Kansas racing*  
40 *and gaming commission. Any person convicted of any felony, a crime*  
41 *involving gambling or a crime of moral turpitude prior to applying for a*  
42 *certificate hereunder or at any time thereafter shall be deemed unfit. The*  
43 *Kansas racing and gaming commission shall conduct the security, fitness*

1 and background checks required pursuant to this subsection. Certification  
2 pursuant to this subsection shall not be assignable or transferable;

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

38 (c) provisions for revocation of a certification required by subsection  
39 (a) or (b) upon a finding that the certificate holder, an officer or director  
40 thereof or a person directly or indirectly owning a ~~0.5%~~ 5% or more  
41 interest therein: (1) Has knowingly provided false or misleading material  
42 information to the Kansas lottery or its employees; or (2) has been  
43 convicted of a felony, gambling related offense or any crime of moral



1 turpitude; and

2 (d) provisions for suspension, revocation or nonrenewal of a  
3 certification required by subsection (a) or (b) upon a finding that the  
4 certificate holder, an officer or director thereof or a person directly or  
5 indirectly owning a ~~0.5%~~ 5% or more interest therein: (1) Has failed to  
6 notify the Kansas lottery about a material change in ownership of the  
7 certificate holder, or any change in the directors or officers thereof; (2) is  
8 delinquent in remitting money owed to the Kansas lottery; (3) has violated  
9 any provision of any contract between the Kansas lottery and the  
10 certificate holder; or (4) has violated any provision of the Kansas  
11 expanded lottery act or any rule and regulation adopted hereunder.

12 Sec. 11. K.S.A. 2012 Supp. 74-8823 is hereby amended to read as  
13 follows: 74-8823. (a) There is hereby imposed a tax on the gross sum  
14 wagered by the parimutuel method as follows:

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

17 (2) except as provided by subsection (a)(3), for live greyhound races  
18 conducted in this state at a racetrack facility for the racing of only  
19 greyhounds: (A) During the first four years when racing with parimutuel  
20 wagering is conducted at such facility, a tax at the rate of  $\frac{3}{18}$  of the total  
21 daily takeout from parimutuel pools for live greyhound races; and (B)  
22 thereafter, from parimutuel pools for each live greyhound performance, a  
23 tax at the rate of  $\frac{3}{18}$  of the first \$400,000 wagered,  $\frac{4}{18}$  of the next \$200,000  
24 wagered and  $\frac{5}{18}$  of any amounts wagered exceeding \$600,000;

25 (3) for live greyhound races conducted in this state at a dual racetrack  
26 facility or at a racetrack facility owned by a licensee whose license  
27 authorizes the construction of a dual racetrack facility: (A) During the first  
28 seven years when racing with parimutuel wagering is conducted at such  
29 facility, a tax at the rate of  $\frac{3}{18}$  of the total daily takeout from parimutuel  
30 pools for live greyhound races; and (B) thereafter, from parimutuel pools  
31 for each live greyhound performance, a tax at the rate of  $\frac{3}{18}$  of the first  
32 \$600,000 wagered,  $\frac{4}{18}$  of the next \$200,000 wagered and  $\frac{5}{18}$  of any  
33 amounts wagered exceeding \$800,000; and

34 (4) of the total daily takeout from amounts wagered in this  
35 jurisdiction on simulcast races displayed in this state, a tax at the rate of  
36  $\frac{3}{18}$ .

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

39 (c) The tax imposed by this section shall be remitted to the  
40 commission by each organization licensee by the next business day  
41 following the day on which the wagers took place. The commission shall  
42 remit any such tax moneys received to the state treasurer in accordance  
43 with the provisions of K.S.A. 75-4215, and amendments thereto. *Except as*

1 *provided in K.S.A. 74-8838, and amendments thereto*, upon receipt of each  
2 such remittance, the state treasurer shall deposit the entire amount in the  
3 state treasury to the credit of the state racing fund created by K.S.A. 74-  
4 8826, and amendments thereto, except as provided by K.S.A. 74-8838, and  
5 amendments thereto.

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

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

11 Sec. 12. K.S.A. 74-8826 is hereby amended to read as follows: 74-  
12 8826. (a) There is hereby created the state racing fund in the state treasury.

13 (b) Except as otherwise provided by K.S.A. ~~74-8824~~ and 74-8835,  
14 and amendments thereto, all taxes on parimutuel wagering, ~~admissions tax~~,  
15 application fees, license fees and fines which are collected by the  
16 commission shall be remitted to the state treasurer in accordance with the  
17 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
18 each such remittance, the state treasurer shall deposit the entire amount in  
19 the state treasury to the credit of the state racing fund. All moneys credited  
20 to such fund shall be expended or transferred only for the purposes and in  
21 the manner provided by this act. Expenditures from such fund shall be  
22 made in accordance with appropriation acts upon warrants of the director  
23 of accounts and reports pursuant to vouchers approved by the  
24 chairperson of the commission or a person designated by the chairperson.

25 (c) Except as otherwise provided by this act, all operating expenses of  
26 the commission and moneys for the promotion of horse and greyhound  
27 racing appropriated by the legislature shall be paid from the state racing  
28 fund. On January 15, 1990, and on the 15<sup>th</sup> day of each month thereafter,  
29 and at such other times as provided by law, the director of accounts and  
30 reports shall transfer to the state gaming revenues fund created by K.S.A.  
31 79-4801, and amendments thereto, any moneys in the state racing fund on  
32 each such date in excess of the amount required for operating expenditures  
33 and an adequate fund balance, taking into consideration encumbrances,  
34 anticipated revenues, revenue and expenditure experience to date and other  
35 relevant factors, as determined by the executive director and the director of  
36 accounts and reports.

37 (d) Any appropriation or transfer of state general fund moneys for the  
38 operation of the commission or the office of the executive director and any  
39 other expenses incurred in connection with the administration and  
40 enforcement of this act shall be considered a loan and shall be repaid with  
41 interest to the state general fund in accordance with appropriation acts.  
42 Such loan shall not be considered an indebtedness or debt of the state  
43 within the meaning of section 6 of article 11 of the constitution of the state

1 of Kansas. Such loan shall bear interest at a rate equal to the rate  
2 prescribed by K.S.A. 75-4210, and amendments thereto, for inactive  
3 accounts of the state effective on the first day of the month during which  
4 the appropriation or transfer takes effect.

5 (e) At the time of repayment of a loan pursuant to subsection (d), the  
6 executive director shall certify to the director of accounts and reports the  
7 amount to be repaid and any interest due thereon. Upon receipt of such  
8 certification, the director of accounts and reports shall promptly transfer  
9 the amount certified from the state racing fund to the state general fund.

10 Sec. 13. K.S.A. 2012 Supp. 74-8831 is hereby amended to read as  
11 follows: 74-8831. (a) There is hereby created in the state treasury the  
12 Kansas greyhound breeding development fund to which moneys shall be  
13 credited as provided by this act. Expenditures from such fund shall be  
14 made in accordance with appropriation acts upon warrants of the director  
15 of accounts and reports issued pursuant to vouchers approved by the  
16 chairperson of the commission or a person designated by the chairperson.

17 (b) Moneys credited to the fund shall be expended as follows:

18 ~~(1) An amount equal to 15% of all moneys credited to the fund during~~  
19 ~~a fiscal year shall be transferred by the director of accounts and reports on~~  
20 ~~June 30 of each year to the greyhound tourism fund created by subsection~~  
21 ~~(e);~~

22 ~~(2) (1) An amount equal to that is 35% of all moneys credited to the~~  
23 ~~fund during a fiscal year or \$100,000, whichever is less, shall be used for~~  
24 ~~research conducted within the state of Kansas relating to the prevention of~~  
25 ~~injury to and disease of greyhounds;~~

26 ~~(3) (2) subject to the provisions of subsection (e), an amount equal to~~  
27 ~~50% the remaining balance of all moneys credited to the fund during a~~  
28 ~~fiscal year, less the amount determined by the commission pursuant to~~  
29 ~~subsection (b)(4) (b)(3), shall be used by the racetrack facilities where~~  
30 ~~derived to supplement purses and stake races for Kansas-whelped~~  
31 ~~greyhounds as recommended by the official breed registering agency and~~  
32 ~~as approved by the commission;~~

33 ~~(4) (3) an amount determined by the commission, but not to exceed~~  
34 ~~\$30,000 of the moneys credited to the fund during a fiscal year, shall be~~  
35 ~~used to pay a portion of the administrative costs of the official registering~~  
36 ~~agency designated by the commission pursuant to K.S.A. 74-8832, and~~  
37 ~~amendments thereto; and~~

38 ~~(5) (4) as provided by subsection (e).~~

39 (c) Moneys credited to the Kansas greyhound breeding development  
40 fund shall be used only for the benefit of greyhounds.

41 (d) There is hereby created in the state treasury the greyhound  
42 tourism fund. Moneys in such fund shall be used only for the promotion of  
43 greyhound-related tourism. Expenditures from such fund shall be made in

1 accordance with appropriation acts upon warrants of the director of  
2 accounts and reports issued pursuant to vouchers approved by the  
3 secretary of commerce or a person designated by the secretary.

4 (e) If live greyhound racing ceases at a racetrack facility for a period  
5 of 60 continuous days or the commission finds that live greyhound racing  
6 is likely to cease at a racetrack facility for a period of 60 continuous days,  
7 any undisbursed moneys that would otherwise be expended pursuant to  
8 subsection ~~(b)(3)~~—(b)(2) shall be expended in accordance with the  
9 following:

10 (1) The commission shall compile a roster of Kansas-whelped  
11 greyhounds in each licensed kennel on the day of racing at the racetrack  
12 facility prior to the day of cessation of racing (the "census date"), except  
13 that any Kansas-whelped greyhound that has not been in residence in the  
14 kennel and on the kennel's active list for five of the 14 days immediately  
15 preceding the census date shall not be included in the roster.

16 (2) The undisbursed moneys shall be divided equally among the  
17 qualified Kansas-whelped greyhounds identified pursuant to the census  
18 described in subsection (e)(1).

19 (3) The funds awarded to each qualified Kansas-whelped greyhound  
20 shall be divided equally between the licensed owner of the Kansas-  
21 whelped greyhound and the licensed kennel owner in whose kennel the  
22 Kansas-whelped greyhound was resident. If such a greyhound or kennel  
23 has multiple owners, the owner's share and kennel owner's share shall be  
24 prorated in accordance with the ownership percentages of each part owner  
25 of such greyhound or kennel, as appears in the commission's multiple  
26 ownership or kennel registration records.

27 (4) Payments to Kansas-whelped greyhound owners and kennel  
28 owners pursuant to this subsection shall be made directly from the Kansas  
29 greyhound breeding development fund to such greyhound owners and  
30 kennel owners.

31 Sec. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-  
32 8836. (a) Any organization licensee that conducts at least 150 days of live  
33 racing during a calendar year, *or is in compliance with the provisions of*  
34 *K.S.A. 2012 Supp. 74-8746, and amendments thereto*, or a fair association  
35 that conducts fewer than ~~22~~ 40 days of live racing during a calendar year  
36 may apply to the commission for a simulcasting license to display  
37 simulcast horse or greyhound races and to conduct intertrack parimutuel  
38 wagering thereon. If the organization licensee conducts races at a racetrack  
39 facility that is owned by a facility owner licensee, both licensees shall join  
40 in the application. ~~A simulcasting license granted to a fair association that~~  
41 ~~conducts fewer than 22 days of live racing shall restrict the fair~~  
42 ~~association's display of simulcast races to a number of days, including~~  
43 ~~days on which it conducts live races, equal to not more than twice the~~

1 number of days on which it conducts live races.

2 (b) (1) A simulcasting license granted to an organization licensee  
3 other than a fair association shall authorize the display of simulcast races  
4 at the racetrack facility where the live races are conducted so long as: (A)  
5 The licensee conducts at least eight live races per day and an average of 10  
6 live races per day per week; or (B) *the licensee is in compliance with the*  
7 *provisions of K.S.A. 2012 Supp. 74-8746, and amendments thereto.* ~~If a~~  
8 ~~simulcasting~~ *If the licensee is not in compliance with the provisions of*  
9 *K.S.A. 2012 Supp. 74-8746, and amendments thereto, and if the licensee*  
10 *conducts live horse races on a day when simulcast races are displayed by*  
11 *the licensee and the licensee conducts fewer than an average of 10 live*  
12 *horse races per day per week, not less than 80% of the races on which*  
13 *wagers are taken by the licensee during such week shall be live races*  
14 *conducted by the licensee unless approved by the recognized horsemen's*  
15 *group or upon a finding by the commission that the organization licensee*  
16 *was unable to do so for reasonable cause.* ~~If a simulcast~~ *If the licensee is*  
17 *not in compliance with the provisions of K.S.A. 2012 Supp. 74-8746, and*  
18 *amendments thereto, and if the licensee conducts live greyhound races on*  
19 *a day when simulcast races are displayed by the licensee and the licensee*  
20 *schedules fewer than 13 live greyhound races during a performance on*  
21 *such day, not less than 80% of the races on which wagers are taken by the*  
22 *licensee during such performance shall be live races conducted by the*  
23 *licensee.*

24 (2) A simulcasting license granted to a fair association shall authorize  
25 the display of simulcast races at the racetrack facility where the races are  
26 conducted ~~only if live races are scheduled for two or more days of the~~  
27 ~~same calendar week, except that the licensee may conduct simulcast races~~  
28 ~~in the week immediately before and immediately after a live meeting if the~~  
29 ~~total number of days on which simulcast races are displayed does not~~  
30 ~~exceed the total authorized in subsection (a). In no case shall the live meet~~  
31 ~~or simulcast races allowed under this subsection exceed 10 consecutive~~  
32 ~~weeks. For purposes of this subsection, a calendar week shall be measured~~  
33 ~~from Monday through the following Sunday.~~

34 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~  
35 ~~a fair association may apply to the commission for not more than five~~  
36 ~~additional days of simulcasting of special events. In addition, the~~  
37 ~~commission may authorize a fair association to display additional~~  
38 ~~simulcast races but, if such fair association is less than 100 miles from an~~  
39 ~~organization licensee that is not a fair association, it also shall secure~~  
40 ~~written consent from that organization licensee.~~

41 (4) ~~Notwithstanding the provisions of subsection (b)(1), if an~~  
42 ~~emergency causes the cancellation of all or any live races scheduled for a~~  
43 ~~day or performance by a simulcasting licensee, the commission or the~~

1 commission's designee may authorize the licensee to display any simulcast  
2 races previously scheduled for such day or performance.

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

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

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

11 (1) Comply with the interstate horse racing act of 1978 (15 U.S.C. §  
12 3001 et seq.) as in effect December 31, 1991;

13 (2) submit with the application a written approval of the proposed  
14 simulcasting schedule signed by: (A) The recognized horsemen's group for  
15 the track, if the applicant is licensed to conduct only horse races; (B) the  
16 recognized greyhound owners' group, if the applicant is licensed to  
17 conduct only greyhound races and only greyhound races are to be  
18 simulcast; (C) both the recognized greyhound owners' group and a  
19 recognized horsemen's group, if the applicant is licensed to conduct only  
20 greyhound races and horse races are to be simulcast; (D) the recognized  
21 greyhound owners' group, if the applicant is licensed to conduct both  
22 greyhound and horse races, only greyhound races are to be simulcast and  
23 races are to be simulcast only while the applicant is conducting live  
24 greyhound races; (E) the recognized horsemen's group for the track, if the  
25 applicant is licensed to conduct both greyhound and horse races, only  
26 horse races are to be simulcast and races are to be simulcast only while the  
27 applicant is conducting live horse races; or (F) both the recognized  
28 greyhound owners' group and the recognized horsemen's group for the  
29 track, if the applicant is licensed to conduct both greyhound races and  
30 horse races and horse races are to be simulcast while the applicant is  
31 conducting live greyhound races or greyhound races are to be simulcast  
32 while the applicant is conducting live horse races; and

33 (3) submit, in accordance with rules and regulations of the  
34 commission and before the simulcasting of a race, a written copy of each  
35 contract or agreement which the applicant proposes to enter into with  
36 regard to such race, and any proposed modification of any such contract or  
37 agreement.

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

39 (f) A simulcasting licensee may apply to the commission or its  
40 designee for changes in the licensee's approved simulcasting schedule if  
41 such changes are approved by the respective recognized greyhound  
42 owners' group or recognized horsemen's group needed throughout the term  
43 of the license. Application shall be made upon forms furnished by the

1 commission and shall contain such information as the commission  
2 prescribes.

3 (g) Except as provided by subsection (j), the takeout for simulcast  
4 horse and greyhound races shall be the same as it is for the live horse and  
5 greyhound races conducted during the current or next live race meeting at  
6 the racetrack facility where the simulcast races are displayed. For  
7 simulcast races the tax imposed on amounts wagered shall be as provided  
8 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout  
9 remaining after deduction of taxes, an amount equal to a percentage, to be  
10 determined by the commission, of the gross sum wagered on simulcast  
11 races shall be used for purses, as follows:

12 (1) For greyhound races conducted by the licensee, if the simulcast  
13 race is a greyhound race and the licensee conducts only live greyhound  
14 races;

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

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

21 (4) for horse races and greyhound races, as determined by both the  
22 recognized horsemen's group and the recognized greyhound owners'  
23 group, if the simulcast is a horse race and the licensee does not conduct or  
24 is not currently conducting live horse races. That portion of simulcast  
25 purse money determined to be used for horse purses shall be apportioned  
26 by the commission to the various horse race meetings held in any calendar  
27 year based upon the number of live horse race dates comprising such horse  
28 race meetings in the preceding calendar year.

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

30 (1) If a simulcasting licensee has a license to conduct live horse races  
31 and the licensee displays a simulcast horse race: (A) All breakage proceeds  
32 shall be remitted by the licensee to the commission not later than the 15<sup>th</sup>  
33 day of the month following the race from which the breakage is derived  
34 and the commission shall remit any such proceeds received to the state  
35 treasurer in accordance with the provisions of K.S.A. 75-4215, and  
36 amendments thereto. Upon receipt of each such remittance, the state  
37 treasurer shall deposit the entire amount in the state treasury to the credit  
38 of the Kansas horse breeding development fund created by K.S.A. 74-  
39 8829, and amendments thereto; and (B) all unclaimed ticket proceeds shall  
40 be remitted by the licensee to the commission on the 61<sup>st</sup> day after the end  
41 of the calendar year and the commission shall remit any such proceeds  
42 received to the state treasurer in accordance with the provisions of K.S.A.  
43 75-4215, and amendments thereto. Upon receipt of each such remittance,

1 the state treasurer shall deposit the entire amount in the state treasury to  
2 the credit of the Kansas horse breeding development fund created by  
3 K.S.A. 74-8829, and amendments thereto.

4 (2) If a simulcasting licensee has a license to conduct live greyhound  
5 races and the licensee displays a simulcast greyhound race, breakage and  
6 unclaimed winning ticket proceeds shall be distributed in the manner  
7 provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for  
8 breakage and unclaimed winning ticket proceeds from live greyhound  
9 races.

10 (3) If a simulcasting licensee has a license to conduct live racing of  
11 only horses and the licensee displays a simulcast greyhound race,  
12 unclaimed winning ticket proceeds shall be distributed in the manner  
13 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed  
14 winning ticket proceeds from live greyhound races. Breakage for such  
15 races shall be distributed for use to benefit greyhound racing as determined  
16 by the commission.

17 (4) If a simulcasting licensee has a license to conduct live racing of  
18 only greyhounds and the licensee displays a simulcast horse race: (A) All  
19 breakage proceeds shall be remitted by the licensee to the commission not  
20 later than the 15<sup>th</sup> day of the month following the race from which the  
21 breakage is derived and the commission shall remit any such proceeds  
22 received to the state treasurer in accordance with the provisions of K.S.A.  
23 75-4215, and amendments thereto. Upon receipt of each such remittance,  
24 the state treasurer shall deposit the entire amount in the state treasury to  
25 the credit of the Kansas horse breeding development fund created by  
26 K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket  
27 proceeds shall be remitted by the licensee to the commission on the 61<sup>st</sup>  
28 day after the end of the calendar year and the commission shall remit any  
29 such proceeds received to the state treasurer in accordance with the  
30 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
31 each such remittance, the state treasurer shall deposit the entire amount in  
32 the state treasury to the credit of the Kansas horse breeding development  
33 fund created by K.S.A. 74-8829, and amendments thereto.

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

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

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



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

6 (4) Breakage for interstate combined wagering pools shall be  
7 calculated in accordance with the statutes and rules and regulations of the  
8 host jurisdiction and shall be allocated among the participating  
9 jurisdictions in a manner agreed to among the jurisdictions. Breakage  
10 allocated to this jurisdiction shall be distributed as provided by subsection  
11 (h).

12 (5) Upon approval of the respective recognized greyhound owners'  
13 group or recognized horsemen's group, the commission may permit an  
14 organization licensee to simulcast to other racetrack facilities or off-track  
15 wagering or intertrack wagering facilities in other jurisdictions one or  
16 more races conducted by such licensee, use one or more races conducted  
17 by such licensee for an intrastate combined wagering pool or use one or  
18 more races conducted by such licensee for an interstate combined  
19 wagering pool at off-track wagering or intertrack wagering locations  
20 outside the commission's jurisdiction and may allow parimutuel pools in  
21 other jurisdictions to be combined with parimutuel pools in the  
22 commission's jurisdiction for the purpose of establishing an interstate  
23 combined wagering pool.

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

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

33 (l) This section shall be part of and supplemental to the Kansas  
34 parimutuel racing act.

35 New Sec. 15. There is hereby established in the state treasury the  
36 Kansas horse council fund which shall be administered by the Kansas  
37 racing and gaming commission and which shall be funded by 0.1% of net  
38 electronic gaming machine income as provided in K.S.A. 2012 Supp. 74-  
39 8747, and amendments thereto. All expenditures from this fund shall be  
40 made in accordance with appropriation acts upon warrants of the director  
41 of accounts and reports issued pursuant to vouchers approved by the  
42 executive director of the Kansas racing and gaming commission. The  
43 moneys credited to this fund shall be used for the development, promotion

1 and representation of the equine industry in Kansas and shall be distributed  
2 to the Kansas horse council by contract with the Kansas racing and gaming  
3 commission for these purposes.

4 Sec. 16. K.S.A. 74-8824, 74-8826 and 74-8836 and K.S.A. 2012  
5 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747, 74-8751, 74-8823  
6 and 74-8831 are hereby repealed.

7 Sec. 17. This act shall take effect and be in force from and after its  
8 publication in the Kansas register.