

SENATE BILL No. 472

By Committee on Federal and State Affairs

4-26

1 AN ACT concerning the Kansas expanded lottery act; relating to racetrack
2 gaming facilities; creating the Kansas agricultural opportunity act;
3 amending K.S.A. 74-8826 and 74-8836 and K.S.A. 2011 Supp. 74-
4 8734, 74-8741, 74-8744, 74-8745, 74-8746, 74-8747, 74-8751 and 74-
5 8831 and repealing the existing sections; also repealing K.S.A. 74-
6 8824.

7

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

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

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

25 (b) The official greyhound registering agency designated

26 by the Kansas racing and gaming commission pursuant to

27 K.S.A. 74-8832, and amendments thereto, shall be responsible

28 for implementing procedures and making recommendations

29 related to the operation of live greyhound racing pursuant to

1 the requirements of section 3, and amendments thereto.

2 New Sec. 3. (a) On or before December 1, the official
3 breed registering agencies for both horse and greyhound
4 breeds shall make recommendations to the Kansas racing and
5 gaming commission for implementation of programs which
6 will maximize the benefit to economic development in rural
7 Kansas from purse supplements paid pursuant to K.S.A. 2011
8 Supp. 74-8747, and amendments thereto. Such
9 recommendations made by each breed registering agency shall
10 consider the following:

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

13 (2) increasing the number of greyhounds whelped in
14 Kansas and greyhounds in Kansas;

15 (3) increasing the number of horses and greyhounds
16 owned by Kansas residents for the purposes of live racing;
17 and

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

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

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

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

28 (3) the estimated number of horses and greyhounds
29 owned by Kansas residents during the previous calendar year;
30 and

31 (4) the estimated amount of total purses paid by Kansas

32 parimutuel racetrack facilities with separate total amounts for

33 each source of purse funds.

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

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

8 (c) If the board of county commissioners does not submit a resolution
9 in accordance with subsection (b) within 30 days after the effective date of
10 this act, a petition to submit a proposition to the qualified voters of
11 Sedgwick county pursuant to this section shall be filed with the county
12 election officer within 90 days after the effective date of this act. The
13 petition shall be signed by not less than 5,000 qualified voters of the
14 county. The following shall appear on the petition: "We request an election
15 to determine whether the operation of electronic gaming machines at
16 parimutuel racetrack facilities by the Kansas lottery shall be permitted in
17 Sedgwick county."

18 (d) Upon the submission of a petition, the county election officer
19 shall determine whether a sufficient number of qualified voters of the
20 county have signed such petition. If the submitted petition calling for an
21 election pursuant to this section is deemed valid, the county election
22 officer shall cause the following proposition to be placed on the ballot at
23 the election called for that purpose: "Shall the operation of electronic
24 gaming machines at the Wichita Greyhound Park by the Kansas lottery be
25 permitted in Sedgwick county?"

26 (e) If a majority of the votes cast and counted at such election is in
27 favor of permitting the operation of such machines, the executive director
28 may enter into a contract with the parimutuel racetrack facility licensee in
29 Sedgwick county to operate such machines at its existing location in the
30 county. If a majority of the votes cast and counted at an election under this
31 section is against permitting the operation of electronic gaming machines
32 in the county, the Kansas lottery shall not operate such machines in the
33 county. The county election officer shall transmit a copy of the
34 certification of the results of the election to the executive director and to
35 the Kansas racing and gaming commission.

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

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

43 (h) This section shall be a part of and supplemental to the Kansas

1 expanded lottery act.

2 Sec. 5. K.S.A. 2011 Supp. 74-8734 is hereby amended to read as
3 follows: 74-8734. (a) The Kansas lottery may operate one lottery
4 gaming facility in each gaming zone.

5 (b) Not more than 30 days after the effective date of this act the
6 lottery commission shall adopt and publish in the Kansas register the
7 procedure for receiving, considering and approving, proposed lottery
8 gaming facility management contracts. Such procedure shall include
9 provisions for review of competitive proposals within a gaming zone and
10 the date by which proposed lottery gaming facility management contracts
11 must be received by the lottery commission if they are to receive
12 consideration.

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

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

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

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

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

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

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

20 (2) the commission determines that the proposed development
21 consists of an investment in infrastructure, including ancillary lottery
22 gaming facility operations, of at least \$225,000,000 in the northeast-
23 ~~southeast~~ and south central Kansas gaming zones and *of at least*
24 \$50,000,000 in the *southeast and southwest* Kansas gaming ~~zone~~ zones.
25 The commission, in determining whether the minimum investment
26 required by this subsection is met, shall not include any amounts derived
27 from or financed by state or local retailers' sales tax revenues.

28 (h) Any management contract approved by the commission under this
29 section shall:

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

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

36 (3) establish a mechanism to facilitate payment of lottery gaming
37 facility expenses, payment of the lottery gaming facility manager's share of
38 the lottery gaming facility revenues and distribution of the state's share of
39 the lottery gaming facility revenues;

40 (4) include a provision for the lottery gaming facility manager to pay
41 the costs of oversight and regulation of the lottery gaming facility manager
42 and the operations of the lottery gaming facility by the Kansas racing and
43 gaming commission;

- 1 (5) establish the types of lottery facility games to be installed in such
2 facility;
- 3 (6) provide for the prospective lottery gaming facility manager, upon
4 approval of the proposed lottery gaming facility management contract, to
5 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
6 being selected as a lottery gaming facility manager of a lottery gaming
7 facility in the northeast, ~~southeast~~ or south central Kansas gaming zone
8 and \$5,500,000 for the privilege of being selected as a lottery gaming
9 facility manager of a lottery gaming facility in the *southeast or* southwest
10 Kansas gaming zone. Such fee shall be deposited in the state treasury and
11 credited to the lottery gaming facility manager fund, which is hereby
12 created in the state treasury;
- 13 (7) incorporate terms and conditions for the ancillary lottery gaming
14 facility operations;
- 15 (8) designate as key employees, subject to approval of the executive
16 director, any employees or contractors providing services or functions
17 which are related to lottery facility games authorized by a management
18 contract;
- 19 (9) include financing commitments for construction;
- 20 (10) include a resolution of endorsement from the city governing
21 body, if the proposed facility is within the corporate limits of a city, or
22 from the county commission, if the proposed facility is located in the
23 unincorporated area of the county;
- 24 (11) include a requirement that any parimutuel licensee developing a
25 lottery gaming facility pursuant to this act comply with all orders and rules
26 and regulations of the Kansas racing and gaming commission with regard
27 to the conduct of live racing, including the same minimum days of racing
28 as specified in K.S.A. 2011 Supp. 74-8746, and amendments thereto, for
29 operation of electronic gaming machines at racetrack gaming facilities;
- 30 (12) include a provision for the state to receive not less than 22% of
31 lottery gaming facility revenues, which shall be paid to the expanded
32 lottery act revenues fund established by K.S.A. 2011 Supp. 74-8768, and
33 amendments thereto;
- 34 (13) include a provision for 2% of lottery gaming facility revenues to
35 be paid to the problem gambling and addictions grant fund established by
36 K.S.A. 2011 Supp. 79-4805, and amendments thereto;
- 37 (14) if the prospective lottery gaming facility manager is an American
38 Indian tribe, include a provision that such tribe agrees to waive its
39 sovereign immunity with respect to any actions arising from or to enforce
40 either the Kansas expanded lottery act or any provision of the lottery
41 gaming facility management contract; any action brought by an injured
42 patron or by the state of Kansas; any action for purposes of enforcing the
43 workers compensation act or any other employment or labor law; and any

1 action to enforce laws, rules and regulations and codes pertaining to
2 health, safety and consumer protection; and for any other purpose deemed
3 necessary by the executive director to protect patrons or employees and
4 promote fair competition between the tribe and others seeking a lottery
5 gaming facility management contract;

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

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

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

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

1 and maintenance of the integrity of gaming operations; and

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

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

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

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

24 (l) Management contracts authorized by this section may include
25 provisions relating to:

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

28 (2) minimum requirements for a lottery gaming facility manager to
29 provide qualified oversight, security and supervision of the lottery facility
30 games including the use of qualified personnel with experience in
31 applicable technology;

32 (3) eligibility requirements for employees, contractors or agents of a
33 lottery gaming facility manager who will have responsibility for or
34 involvement with actual gaming activities or for the handling of cash or
35 tokens;

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

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

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

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

4 (m) A management contract shall not constitute property, nor shall it
5 be subject to attachment, garnishment or execution, nor shall it be
6 alienable or transferable, except upon approval by the executive director,
7 nor shall it be subject to being encumbered or hypothecated. The trustee of
8 any insolvent or bankrupt lottery gaming facility manager may continue to
9 operate pursuant to the management contract under order of the
10 appropriate court for no longer than one year after the bankruptcy or
11 insolvency of such manager.

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

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

19 (o) A lottery gaming facility shall comply with any planning and
20 zoning regulations of the city or county in which it is to be located. The
21 executive director shall not contract with any prospective lottery gaming
22 facility manager for the operation and management of such lottery gaming
23 facility unless such manager first receives any necessary approval under
24 planning and zoning requirements of the city or county in which it is to be
25 located.

26 (p) Prior to expiration of the term of a lottery gaming
27 facility management contract, the lottery commission may
28 negotiate a new lottery gaming facility management contract
29 with the lottery gaming facility manager if the new contract is
30 substantially the same as the existing contract. Otherwise, the
31 lottery gaming facility review board shall be reconstituted and
32 a new lottery gaming facility management contract shall be
33 negotiated and approved in the manner provided by this act.

34 Sec. 6. K.S.A. 2011 Supp. 74-8741 is hereby amended to
35 read as follows: 74-8741. (a) The executive director of the
36 Kansas lottery shall negotiate a racetrack gaming facility
37 management contract to place electronic gaming machines at
38 one parimutuel licensee location in each gaming zone except
39 the southwest Kansas gaming zone.

40 (b) To be eligible to enter into a racetrack gaming facility
41 management contract the prospective racetrack gaming facility manager
42 shall, at a minimum:

43 (1) Have sufficient access to financial resources to support the

1 activities required of a racetrack gaming facility manager under the Kansas
2 expanded lottery act; and

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

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

9 (1) The term of the contract;

10 (2) provisions for the Kansas racing and gaming commission to
11 oversee all racetrack gaming facility operations, including, but not limited to:
12 Oversight of internal controls; oversight of security of facilities;
13 performance of background investigations, determination of qualifications
14 and any required certification or licensing of officers, directors, board
15 members, employees, contractors and agents of the racetrack gaming
16 facility manager; auditing of net electronic gaming machine income and
17 maintenance of the integrity of electronic gaming machine operations;

18 (3) provisions for the racetrack gaming facility manager
19 to pay the costs of oversight and regulation of the racetrack
20 gaming facility manager under this act and such manager's
21 racetrack gaming facility operations by the Kansas racing and
22 gaming commission *and the Kansas lottery*; and

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

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

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

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

5 (3) eligibility requirements for employees, contractors or agents of a
6 racetrack gaming facility manager who will have responsibility for or
7 involvement with electronic gaming machines or for the handling of cash
8 or tokens;

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

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

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

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

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

22 (f) A racetrack gaming facility management contract shall

23 not constitute property, nor shall it be subject to attachment,

24 garnishment or execution, nor shall it be alienable or

25 transferable, except upon approval by the executive director,

26 nor shall it be subject to being encumbered or hypothecated.

27 Sec. 7. K.S.A. 2011 Supp. 74-8744 is hereby amended to
28 read as follows: 74-8744. (a) In accordance with rules and
29 regulations adopted by the commission, the executive director
30 shall have general responsibility for the implementation and
31 administration of the provisions of this act relating to
32 racetrack gaming facility operations, including the
33 responsibility to:

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

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

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

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

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

11 (D) rules and regulations and procedures for the accounting and
12 reporting of the payments required from racetrack gaming facility
13 managers under K.S.A. 2011 Supp. 74-8766, and amendments thereto,
14 including the calculations required for such payments.

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

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

23 (2) The total number of electronic gaming machines
24 allocated to and placed at all racetrack gaming facilities in the
25 state shall not exceed 2,800. ~~Until lottery gaming facility~~
26 ~~management contracts for lottery gaming facilities in all~~
27 ~~gaming zones become binding, the total number of electronic~~
28 ~~gaming machines placed at all racetrack gaming facilities~~
29 ~~shall not exceed 2,200. When lottery gaming facility~~
30 ~~management contracts for lottery gaming facilities in all~~
31 ~~gaming zones have become binding, the lottery commission~~
32 ~~shall take privilege fee bids from the lottery gaming facility~~
33 ~~manager and racetrack gaming facility manager in each~~
34 ~~gaming zone for the remaining electronic gaming machines~~
35 ~~allocated to but not yet placed at the racetrack gaming facility~~
36 ~~in such zone. The minimum bid shall be a privilege fee of~~
37 ~~\$2,500 per electronic gaming machine. If the racetrack~~
38 ~~gaming facility manager submits the highest bid, the lottery~~
39 ~~commission shall place the remaining electronic gaming~~
40 ~~machines at the racetrack gaming facility. If the lottery~~
41 ~~gaming facility manager submits the highest bid, the~~
42 ~~commission shall not place any additional electronic gaming~~
43 ~~machines at the racetrack gaming facility.~~

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

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

13 Sec. 8. K.S.A. 2011 Supp. 74-8745 is hereby amended to read as
14 follows: 74-8745. (a) All information and data required to be furnished to
15 the Kansas lottery or the Kansas racing and gaming commission pursuant
16 to K.S.A. 2011 Supp. 74-8741 through 74-8747, and amendments thereto,
17 or which may otherwise be obtained, relative to the finances, earnings or
18 revenue, except the net electronic gaming machine income, of any vendor
19 shall be considered confidential and shall not be revealed in whole or in
20 part without permission of the vendor, except: (1) In the course of the
21 necessary administration of the Kansas expanded lottery act; (2) upon the
22 lawful order of a court of competent jurisdiction; or (3) to a duly
23 authorized law enforcement agency.

24 (b) All information and data pertaining to a vendor's criminal record,
25 family and background furnished to or obtained by the Kansas lottery or
26 Kansas racing and gaming commission pursuant to K.S.A. 2011 Supp. 74-
27 8741 through 74-8747 and 74-8751, and amendments thereto, from any
28 source shall be considered confidential and shall not be revealed, in whole
29 or part. Such information shall be released upon the lawful order of a court
30 of competent jurisdiction or to a duly authorized law enforcement agency.

31 (c) Notice of the contents of any information released, except to a
32 duly authorized law enforcement agency pursuant to this section, shall be
33 given to any applicant, certificate holder or vendor in a manner prescribed
34 by the rules and regulations adopted by the commission.

1 Sec. 9. K.S.A. 2011 Supp. 74-8746 is hereby amended to
 2 read as follows: 74-8746. (a) Except as provided in subsection
 3 (b):

4 (1) No electronic gaming machines shall be operated at a
 5 parimutuel licensee location in Sedgwick county unless,
 6 during the first full calendar year and each year thereafter in
 7 which electronic gaming machines are operated at such
 8 location, the parimutuel licensee conducts at such location at
 9 least 100 live greyhound races each calendar week for the
 10 number of weeks raced during calendar year 2003 with at
 11 least 13 live races conducted each day for not less than five
 12 days per week.

13 (2) *(A) Electronic gaming machines may be operated at a*
 14 *parimutuel licensee location in Wyandotte county during the*
 15 *first year there is a valid license issued for such location*
 16 *pursuant to K.S.A. 74-8801 et seq., and amendments thereto,*
 17 *regardless of whether any live horse or greyhound races are*
 18 *conducted at such location. During the second consecutive*
 19 *year there is a valid license issued for such location pursuant*
 20 *to K.S.A. 74-8801 et seq., and amendments thereto, and each*
 21 *such year thereafter, electronic gaming machines shall be*
 22 *operated in accordance with the provisions of subparagraph*
 23 *(B).*

24 *(B) No electronic gaming machines shall be operated at a*
 25 *parimutuel licensee location in Wyandotte county unless,*
 26 ~~*during the first full calendar year and each year thereafter in*~~
 27 ~~*which electronic gaming machines are operated at such*~~
 28 ~~*location.*~~

29 *(i) During the second consecutive year there is a valid*
 30 *license issued for such location pursuant to K.S.A. 74-8801 et*
 31 *seq., and amendments thereto, the parimutuel licensee*
 32 *conducts live horse racing programs for at least 60 28 days,*
 33 *with at least 10 live races conducted each program, and must*
 34 *offer and make a reasonable effort to conduct a minimum*
 35 *number of three live races restricted for quarter horses each*
 36 *day and seven live thoroughbred races each day, of which not*
 37 *less than two races each day shall be limited to registered*
 38 *Kansas-bred horses apportioned in the same ratio that live*
 39 *races are offered, except that the licensee shall not be required*
 40 *to conduct the second live race restricted to Kansas-bred*
 41 *horses unless there are at least seven qualified entries for such*
 42 ~~*race, and with at least 100 live greyhound races each calendar*~~
 43 ~~*week for at least the same number of weeks raced during*~~

1 calendar year 2003, with at least 13 live races conducted each
2 day for not less than five days per week;

3 (ii) during the third consecutive year there is a valid
4 license issued for such location pursuant to K.S.A. 74-8801 et
5 seq., and amendments thereto, and each such year thereafter,
6 the parimutuel licensee conducts live horse racing programs
7 for at least 60 days, with at least 10 live races conducted each
8 program, and must offer and make a reasonable effort to
9 conduct a minimum number of three live races restricted for
10 quarter horses each day and seven live thoroughbred races
11 each day, of which not less than two races each day shall be
12 limited to registered Kansas-bred horses apportioned in the
13 same ratio that live races are offered, except that the licensee
14 shall not be required to conduct the second live race
15 restricted to Kansas-bred horses unless there are at least
16 seven qualified entries for such race.

17 (3) No electronic gaming machines shall be operated at a
18 parimutuel licensee location in Crawford county unless,
19 during the first full calendar year and each year thereafter in
20 which electronic gaming machines are operated at such
21 location, the parimutuel licensee conducts at such location at
22 least 85 live greyhound races each calendar week for the
23 number of weeks raced during calendar year 2003 in
24 Sedgwick county, with at least 12 live races conducted each
25 day for not less than five days per week.

26 (4) If a parimutuel licensee has not held live races
27 pursuant to a schedule approved by the Kansas racing and
28 gaming commission in the preceding 12 months, the Kansas
29 racing and gaming commission shall hold a hearing to
30 determine the number of days of live racing required for the
31 remaining days of the first calendar year of operation to
32 qualify for operation of electronic gaming machines. At such
33 hearing, the commission shall receive testimony and evidence
34 from affected breed groups, the licensee and others, as the
35 Kansas racing and gaming commission deems appropriate
36 concerning the schedule of live race days. The operation of
37 electronic gaming machines shall not commence more than 90
38 days prior to the start of live racing at such facility.

39 (b) The Kansas racing and gaming commission may not
40 grant exceptions to the requirements of subsection (a) for a
41 parimutuel licensee conducting live racing unless such
42 exception is in the form of an agreement which: (1) Is
43 between the parimutuel licensee and the affected recognized

1 greyhound or recognized horsemen's group, as defined in
2 K.S.A. 74-8802, and amendments thereto; (2) has been
3 approved by the appropriate official breed registering
4 agencies; and (3) has been submitted to and approved by the
5 commission. In the case of emergencies, weather related
6 issues or immediate circumstances beyond the control of the
7 licensee, the Kansas racing and gaming commission may
8 grant an exception.

9 Sec. 10. K.S.A. 2011 Supp. 74-8747 is hereby amended
10 to read as follows: 74-8747. (a) *For the northeast gaming zone, the*
11 *net electronic gaming machine income from a racetrack*
12 *gaming facility shall be distributed as follows:*

13 (1) (A) *To the racetrack gaming facility manager during*
14 *the first and second years the racetrack gaming facility is in*
15 *operation, an amount equal to 25% 65% of net electronic*
16 *gaming machine income;*

17 (B) *to the racetrack gaming facility manager during the*
18 *third year the racetrack gaming facility is in operation, an*
19 *amount equal to 63% of net electronic gaming machine*
20 *income; and*

21 (C) *to the racetrack gaming facility manager during the*
22 *fourth year the racetrack gaming facility is in operation and*
23 *each year thereafter, an amount equal to 61% of net*
24 *electronic gaming machine income;*

25 (2) (A) ~~7%~~ *During the first and second years the*
26 *racetrack gaming facility is in operation, 8% of net electronic*
27 *gaming machine income derived from electronic gaming*
28 *machines located at racetrack gaming facilities licensed to*
29 *conduct horse races shall be credited to the live horse racing*
30 *purse supplement fund established by K.S.A. 2011 Supp. 74-*
31 *8767, and amendments thereto, except that the amount of net*
32 *electronic gaming machine income credited to the fund during*
33 *any fiscal year from electronic gaming machines at a racetrack*
34 *gaming facility shall not exceed an amount equal to the*
35 *average of \$3,750 per electronic gaming machine at each*
36 *location and any moneys in excess of such amount shall be*
37 *distributed between the state and the racetrack gaming facility*
38 *manager in accordance with the racetrack gaming facility*
39 *management contract;*

40 (B) *during the third year the racetrack gaming facility is*
41 *in operation, 10% of net electronic gaming machine income*
42 *derived from electronic gaming machines located at racetrack*
43 *gaming facilities licensed to conduct horse races shall be*

1 credited to the live horse racing purse supplement fund
2 established by K.S.A. 2011 Supp. 74-8767, and amendments
3 thereto; and

4 (C) during the fourth year the racetrack gaming facility
5 is in operation and each year thereafter, 12% of net electronic
6 gaming machine income derived from electronic gaming
7 machines located at racetrack gaming facilities licensed to
8 conduct horse races shall be credited to the live horse racing
9 purse supplement fund established by K.S.A. 2011 Supp. 74-
10 8767, and amendments thereto;

11 (3) (A) 7% During the first and second years the
12 racetrack gaming facility is in operation, 8% of net electronic
13 gaming machine income derived from electronic gaming
14 machines located at racetrack gaming facilities licensed to
15 conduct greyhound races shall be credited to the live
16 greyhound racing purse supplement fund established by
17 K.S.A. 2011 Supp. 74-8767, and amendments thereto, ~~except~~
18 ~~that the amount of net electronic gaming machine income~~
19 ~~credited to the fund during any fiscal year from electronic~~
20 ~~gaming machines at a racetrack gaming facility shall not~~
21 ~~exceed an amount equal to the average of \$3,750 per~~
22 ~~electronic gaming machine at each location and any moneys~~
23 ~~in excess of such amount shall be distributed between the state~~
24 ~~and the racetrack gaming facility manager in accordance with~~
25 ~~the racetrack gaming facility management contract;~~

26 (B) during the third year the racetrack gaming facility is
27 in operation, 10% of net electronic gaming machine income
28 derived from electronic gaming machines located at racetrack
29 gaming facilities licensed to conduct greyhound races shall be
30 credited to the live greyhound racing purse supplement fund
31 established by K.S.A. 2011 Supp. 74-8767, and amendments
32 thereto; and

33 (C) during the fourth year the racetrack gaming facility
34 is in operation and each year thereafter, 12% of net electronic
35 gaming machine income derived from electronic gaming
36 machines located at racetrack gaming facilities licensed to
37 conduct greyhound races shall be credited to the live
38 greyhound racing purse supplement fund established by
39 K.S.A. 2011 Supp. 74-8767, and amendments thereto;

40 (4) (A) ~~if the racetrack gaming facility is located in the~~
41 ~~northeast Kansas gaming zone and is not located within a city,~~
42 include a provision for payment of an amount equal to ~~3%~~ 2%
43 of the ~~racetrack gaming facility revenues net electronic~~

1 *gaming machine income* to the county in which the racetrack
2 gaming facility is located; or

3 (B) if the racetrack gaming facility is ~~located in the~~
4 ~~northeast Kansas gaming zone and~~ is located within a city,
5 include provision for payment of an amount equal to ~~1.5%~~ 1%
6 of the ~~racetrack gaming facility revenues~~ *net electronic*
7 *gaming machine income* to the city in which the racetrack
8 gaming facility is located and an amount equal to ~~1.5%~~ 1% of
9 such ~~revenues~~ *income* to the county in which such facility is
10 located;

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

25 (6) (5) 2% of net electronic gaming machine income shall
26 be credited to the problem gambling and addictions grant fund
27 established by K.S.A. 2011 Supp. 79-4805, and amendments
28 thereto;

29 (7) (6) 1% of net electronic gaming machine income shall
30 be credited to the Kansas horse fair racing benefit fund
31 established by K.S.A. 74-8838, and amendments thereto; *and*

32 (8) (7) ~~40%~~ 22% of net electronic gaming machine
33 income shall be credited to the expanded lottery act revenues
34 fund; *and*

35 (9) ~~15% of electronic gaming machine income shall be~~
36 ~~used for gaming expenses, subject to agreement between the~~
37 ~~Kansas lottery and the racetrack gaming facility manager.~~

38 (b) *For the south central and southeast gaming zones, the*
39 *net electronic gaming machine income from a racetrack*
40 *gaming facility shall be distributed as follows:*

41 (1) (A) *To the racetrack gaming facility manager during*
42 *the first and second years the racetrack gaming facility is in*
43 *operation, an amount equal to 65% of net electronic gaming*

1 machine income;

2 (B) to the racetrack gaming facility manager during the
3 third year the racetrack gaming facility is in operation, an
4 amount equal to 63% of net electronic gaming machine
5 income; and

6 (C) to the racetrack gaming facility manager during the
7 fourth year the racetrack gaming facility is in operation and
8 each year thereafter, an amount equal to 61% of net
9 electronic gaming machine income;

10 (2) (A) During the first and second years the racetrack
11 gaming facility is in operation, 8% of net electronic gaming
12 machine income derived from electronic gaming machines
13 located at racetrack gaming facilities licensed to conduct
14 horse races shall be credited to the live horse racing purse
15 supplement fund established by K.S.A. 2011 Supp. 74-8767,
16 and amendments thereto;

17 (B) during the third year the racetrack gaming facility is
18 in operation, 10% of net electronic gaming machine income
19 derived from electronic gaming machines located at racetrack
20 gaming facilities licensed to conduct horse races shall be
21 credited to the live horse racing purse supplement fund
22 established by K.S.A. 2011 Supp. 74-8767, and amendments
23 thereto; and

24 (C) during the fourth year the racetrack gaming facility
25 is in operation and each year thereafter, 12% of net electronic
26 gaming machine income derived from electronic gaming
27 machines located at racetrack gaming facilities licensed to
28 conduct horse races shall be credited to the live horse racing
29 purse supplement fund established by K.S.A. 2011 Supp. 74-
30 8767, and amendments thereto;

31 (3) (A) During the first and second years the racetrack
32 gaming facility is in operation, 8% of net electronic gaming
33 machine income derived from electronic gaming machines
34 located at racetrack gaming facilities licensed to conduct
35 greyhound races shall be credited to the live greyhound
36 racing purse supplement fund established by K.S.A. 2011
37 Supp. 74-8767, and amendments thereto;

38 (B) during the third year the racetrack gaming facility is
39 in operation, 10% of net electronic gaming machine income
40 derived from electronic gaming machines located at racetrack
41 gaming facilities licensed to conduct greyhound races shall be
42 credited to the live greyhound racing purse supplement fund
43 established by K.S.A. 2011 Supp. 74-8767, and amendments

1 *thereto; and*

2 *(C) during the fourth year the racetrack gaming facility*
3 *is in operation and each year thereafter, 12% of net electronic*
4 *gaming machine income derived from electronic gaming*
5 *machines located at racetrack gaming facilities licensed to*
6 *conduct greyhound races shall be credited to the live*
7 *greyhound racing purse supplement fund established by*
8 *K.S.A. 2011 Supp. 74-8767, and amendments thereto;*

9 *(4) (A) if the racetrack gaming facility is not located*
10 *within a city, include a provision for payment of an amount*
11 *equal to 1% of the net electronic gaming machine income to*
12 *the county in which the racetrack gaming facility is located*
13 *and an amount equal to 1% of such income to the other*
14 *county in such zone; or*

15 *(B) if the racetrack gaming facility is located within a*
16 *city, provide for payment of an amount equal to 1% of the net*
17 *electronic gaming machine income to the city in which the*
18 *racetrack gaming facility is located, an amount equal to 0.5%*
19 *of such income to the county in which such facility is located*
20 *and an amount equal to 0.5% of such income to the other*
21 *county in such zone;*

22 *(5) 2% of net electronic gaming machine income shall be*
23 *credited to the problem gambling and addictions grant fund*
24 *established by K.S.A. 2011 Supp. 79-4805, and amendments*
25 *thereto;*

26 *(6) 1% of the net electronic gaming machine income shall*
27 *be credited to the development and promotions fund of the*
28 *department of wildlife, parks and tourism for the purposes of*
29 *promoting tourism;*

30 *(7) 1% of net electronic gaming machine income shall be*
31 *credited to the Kansas horse fair racing benefit fund*
32 *established by K.S.A. 74-8838, and amendments thereto; and*

33 *(8) 22% of net electronic gaming machine income shall*
34 *be credited to the expanded lottery act revenues fund.*

35 ~~*(b) (c) A racetrack gaming facility management contract*~~
36 ~~*may include provisions for a parimutuel licensee or any other*~~
37 ~~*entity to pay the parimutuel licensee's expenses related to*~~
38 ~~*electronic gaming machines, as the executive director deems*~~
39 ~~*appropriate, subject to the requirements of subsection (a)(9).*~~

40 *Sec. 11. K.S.A. 2011 Supp. 74-8751 is hereby amended to*
41 *read as follows: 74-8751. The Kansas racing and gaming*
42 *commission, through rules and regulations, shall establish:*

43 *(a) A certification requirement, and enforcement*

1 procedure, for officers, directors, key employees and persons
2 directly or indirectly owning a ~~0.5%~~ 5% or more interest in a
3 lottery gaming facility manager or racetrack gaming facility
4 manager. Such certification requirement shall include
5 compliance with such security, fitness and background
6 investigations and standards as the executive director of the
7 Kansas racing and gaming commission deems necessary to
8 determine whether such person's reputation, habits or
9 associations pose a threat to the public interest of the state or
10 to the reputation of or effective regulation and control of the
11 lottery gaming facility or racetrack gaming facility. *In the*
12 *case of a publicly traded company subject to the jurisdiction*
13 *of the United States securities and exchange commission,*
14 *such certification requirements shall require such security,*
15 *fitness and background investigations and standards of*
16 *officers, directors, key gaming employees and persons directly*
17 *or indirectly owning a 5% or more interest in such entity, and*
18 *specify that such publicly traded company annually provide a*
19 *list of all identifiable shareholders. In the case of institutional*
20 *investors in a publicly traded company, the certification*
21 *requirement shall provide a procedure for issuance of waivers*
22 *of the background investigation requirement by the executive*
23 *director of the Kansas racing and gaming commission. Any*
24 person convicted of any felony, a crime involving gambling or
25 a crime of moral turpitude prior to applying for a certificate
26 hereunder or at any time thereafter shall be deemed unfit. The
27 Kansas racing and gaming commission shall conduct the
28 security, fitness and background checks required pursuant to
29 this subsection. Certification pursuant to this subsection shall
30 not be assignable or transferable;

31 (b) a certification requirement, and enforcement
32 procedure, for those persons, including electronic gaming
33 machine manufacturers, technology providers and computer
34 system providers, who propose to contract with a lottery
35 gaming facility manager, a racetrack gaming facility manager
36 or the state for the provision of goods or services related to a
37 lottery gaming facility or racetrack gaming facility, including
38 management services. Such certification requirements shall
39 include compliance with such security, fitness and background
40 investigations and standards of officers, directors, key gaming
41 employees and persons directly or indirectly owning a ~~0.5%~~
42 5% or more interest in such entity as the executive director of
43 the Kansas racing and gaming commission deems necessary

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

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

39 (d) provisions for suspension, revocation or nonrenewal

40 of a certification required by subsection (a) or (b) upon a

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

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
13 state treasury.

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

26 (c) Except as otherwise provided by this act, all operating expenses of
27 the commission and moneys for the promotion of horse and greyhound
28 racing appropriated by the legislature shall be paid from the state racing
29 fund. On January 15, 1990, and on the 15th day of each month thereafter,

1 and at such other times as provided by law, the director of accounts and
2 reports shall transfer to the state gaming revenues fund created by K.S.A.
3 79-4801, and amendments thereto, any moneys in the state racing fund on
4 each such date in excess of the amount required for operating expenditures
5 and an adequate fund balance, taking into consideration encumbrances,
6 anticipated revenues, revenue and expenditure experience to date and other
7 relevant factors, as determined by the executive director and the director of
8 accounts and reports.

9 (d) Any appropriation or transfer of state general fund moneys for the
10 operation of the commission or the office of the executive director and any
11 other expenses incurred in connection with the administration and
12 enforcement of this act shall be considered a loan and shall be repaid with
13 interest to the state general fund in accordance with appropriation acts.
14 Such loan shall not be considered an indebtedness or debt of the state
15 within the meaning of section 6 of article 11 of the constitution of the state
16 of Kansas. Such loan shall bear interest at a rate equal to the rate
17 prescribed by K.S.A. 75-4210, and amendments thereto, for inactive
18 accounts of the state effective on the first day of the month during which
19 the appropriation or transfer takes effect.

20 (e) At the time of repayment of a loan pursuant to
21 subsection (d), the executive director shall certify to the
22 director of accounts and reports the amount to be repaid and
23 any interest due thereon. Upon receipt of such certification,
24 the director of accounts and reports shall promptly transfer the
25 amount certified from the state racing fund to the state general
26 fund.

27 Sec. 13. K.S.A. 2011 Supp. 74-8831 is hereby amended to read as
28 follows: 74-8831. (a) There is hereby created in the state treasury
29 the Kansas greyhound breeding development fund to which
30 moneys shall be credited as provided by this act. Expenditures
31 from such fund shall be made in accordance with
32 appropriation acts upon warrants of the director of accounts
33 and reports issued pursuant to vouchers approved by the
34 chairperson of the commission or a person designated by the

1 chairperson.

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

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

7 (2)(1) An amount equal to that is 35% of all moneys credited to the
 8 fund during a fiscal year or \$100,000, whichever is less, shall be used for
 9 research conducted within the state of Kansas relating to the prevention of
 10 injury to and disease of greyhounds;

11 ~~(3)(2) subject to the provisions of subsection (e), an amount equal to~~
 12 ~~50% the remaining balance of all moneys credited to the fund during a~~
 13 ~~fiscal year, less the amount determined by the commission pursuant to~~
 14 ~~subsection (b)(4)(b)(3), shall be used by the racetrack facilities where~~
 15 ~~derived to supplement purses and stake races for Kansas-whelped~~
 16 ~~greyhounds as recommended by the official breed registering agency and~~
 17 ~~as approved by the commission;~~

18 ~~(4)(3) an amount determined by the commission, but not to exceed~~
 19 ~~\$30,000 of the moneys credited to the fund during a fiscal year, shall be~~
 20 ~~used to pay a portion of the administrative costs of the official registering~~
 21 ~~agency designated by the commission pursuant to K.S.A. 74-8832, and~~
 22 ~~amendments thereto; and~~

23 ~~(5)(4) as provided by subsection (e).~~

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

26 (d) There is hereby created in the state treasury the greyhound
 27 tourism fund. Moneys in such fund shall be used only for the promotion of
 28 greyhound-related tourism. Expenditures from such fund shall be made in
 29 accordance with appropriation acts upon warrants of the director of
 30 accounts and reports issued pursuant to vouchers approved by the
 31 secretary of commerce or a person designated by the secretary.

32 (e) If live greyhound racing ceases at a racetrack facility for a period
 33 of 60 continuous days or the commission finds that live greyhound racing
 34 is likely to cease at a racetrack facility for a period of 60 continuous days,
 35 any undisbursed moneys that would otherwise be expended pursuant to
 36 subsection ~~(b)(3)(b)(2)~~ shall be expended in accordance with the
 37 following:

38 (1) The commission shall compile a roster of Kansas-whelped
 39 greyhounds in each licensed kennel on the day of racing at the racetrack
 40 facility prior to the day of cessation of racing (~~€, hereinafter referred to as~~
 41 ~~the "census date"~~), except that any Kansas-whelped greyhound that has not
 42 been in residence in the kennel and on the kennel's active list for five of
 43 the 14 days immediately preceding the census date shall not be included in

1 the roster.

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

5 (3) The funds awarded to each qualified Kansas-whelped greyhound
6 shall be divided equally between the licensed owner of the Kansas-
7 whelped greyhound and the licensed kennel owner in whose kennel the
8 Kansas-whelped greyhound was resident. If such a greyhound or kennel
9 has multiple owners, the owner's share and kennel owner's share shall be
10 prorated in accordance with the ownership percentages of each part owner
11 of such greyhound or kennel, as appears in the commission's multiple
12 ownership or kennel registration records.

13 (4) Payments to Kansas-whelped greyhound owners and
14 kennel owners pursuant to this subsection shall be made
15 directly from the Kansas greyhound breeding development
16 fund to such greyhound owners and kennel owners.

17 Sec. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-
18 8836. (a) Any organization licensee that conducts at least 150
19 days of live racing during a calendar year, *or is in compliance*
20 *with the provisions of K.S.A. 2011 Supp. 74-8746, and amendments*
21 *thereto*, or a fair association that conducts fewer than ~~22~~ 40 days
22 of live racing during a calendar year may apply to the
23 commission for a simulcasting license to display simulcast
24 horse or greyhound races and to conduct intertrack parimutuel
25 wagering thereon. If the organization licensee conducts races
26 at a racetrack facility that is owned by a facility owner
27 licensee, both licensees shall join in the application. ~~A~~
28 ~~simulcasting license granted to a fair association that conducts fewer than~~
29 ~~22 days of live racing shall restrict the fair association's display of~~
30 ~~simulcast races to a number of days, including days on which it conducts~~
31 ~~live races, equal to not more than twice the number of days on which it~~
32 ~~conducts live races.~~

33 (b) (1) A simulcasting license granted to an organization licensee
34 other than a fair association shall authorize the display of simulcast races
35 at the racetrack facility where the live races are conducted so long as: (A)
36 The licensee conducts at least eight live races per day and an average of 10
37 live races per day per week; *or (B) the licensee is in compliance with the*
38 *provisions of K.S.A. 2011 Supp. 74-8746, and amendments thereto.* ~~If a~~

1 ~~simuleasting~~ *If the licensee is not in compliance with the provisions of*
 2 *K.S.A. 2011 Supp. 74-8746, and amendments thereto, and if the licensee*
 3 *conducts live horse races on a day when simulcast races are displayed by*
 4 *the licensee and the licensee conducts fewer than an average of 10 live*
 5 *horse races per day per week, not less than 80% of the races on which*
 6 *wagers are taken by the licensee during such week shall be live races*
 7 *conducted by the licensee unless approved by the recognized horsemen's*
 8 *group or upon a finding by the commission that the organization licensee*
 9 *was unable to do so for reasonable cause. If a simuleast* *If the licensee is*
 10 *not in compliance with the provisions of K.S.A. 2011 Supp. 74-8746, and*
 11 *amendments thereto, and if the licensee conducts live greyhound races on*
 12 *a day when simulcast races are displayed by the licensee and the licensee*
 13 *schedules fewer than 13 live greyhound races during a performance on*
 14 *such day, not less than 80% of the races on which wagers are taken by the*
 15 *licensee during such performance shall be live races conducted by the*
 16 *licensee.*

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

28 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~
 29 ~~a fair association may apply to the commission for not more than five~~
 30 ~~additional days of simuleasting of special events. In addition, the~~
 31 ~~commission may authorize a fair association to display additional~~
 32 ~~simuleast races but, if such fair association is less than 100 miles from an~~
 33 ~~organization licensee that is not a fair association, it also shall secure~~
 34 ~~written consent from that organization licensee.~~

35 (4) ~~Notwithstanding the provisions of subsection (b)(1), if an~~
 36 ~~emergency causes the cancellation of all or any live races scheduled for a~~
 37 ~~day or performance by a simuleasting licensee, the commission or the~~
 38 ~~commission's designee may authorize the licensee to display any simulcast~~
 39 ~~races previously scheduled for such day or performance.~~

40 (5) ~~Notwithstanding the provisions of subsection (b)(1), the~~
 41 ~~commission may authorize the licensee to display simuleast special racing~~
 42 ~~events as designated by the commission.~~

43 (c) The application for a simulcasting license shall be filed with the

1 commission at a time and place prescribed by rules and regulations of the
2 commission. The application shall be in a form and include such
3 information as the commission prescribes.

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

5 (1) Comply with the interstate horse racing act of 1978 (15 U.S.C. §
6 3001 *et seq.*) as in effect December 31, 1991;

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

27 (3) submit, in accordance with rules and regulations of the
28 commission and before the simulcasting of a race, a written copy of each
29 contract or agreement which the applicant proposes to enter into with
30 regard to such race, and any proposed modification of any such contract or
31 agreement.

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

33 (f) A simulcasting licensee may apply to the commission or its
34 designee for changes in the licensee's approved simulcasting schedule if
35 such changes are approved by the respective recognized greyhound
36 owners' group or recognized horsemen's group needed throughout the term
37 of the license. Application shall be made upon forms furnished by the
38 commission and shall contain such information as the commission
39 prescribes.

40 (g) Except as provided by subsection (j), the takeout for simulcast
41 horse and greyhound races shall be the same as it is for the live horse and
42 greyhound races conducted during the current or next live race meeting at
43 the racetrack facility where the simulcast races are displayed. For

1 simulcast races the tax imposed on amounts wagered shall be as provided
2 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout
3 remaining after deduction of taxes, an amount equal to a percentage, to be
4 determined by the commission, of the gross sum wagered on simulcast
5 races shall be used for purses, as follows:

6 (1) For greyhound races conducted by the licensee, if the simulcast
7 race is a greyhound race and the licensee conducts only live greyhound
8 races;

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

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

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

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

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

41 (2) If a simulcasting licensee has a license to conduct live greyhound
42 races and the licensee displays a simulcast greyhound race, breakage and
43 unclaimed winning ticket proceeds shall be distributed in the manner

1 provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for
2 breakage and unclaimed winning ticket proceeds from live greyhound
3 races.

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

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

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

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

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

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

43 (4) Breakage for interstate combined wagering pools shall be

1 calculated in accordance with the statutes and rules and regulations of the
2 host jurisdiction and shall be allocated among the participating
3 jurisdictions in a manner agreed to among the jurisdictions. Breakage
4 allocated to this jurisdiction shall be distributed as provided by subsection
5 (h).

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

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

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

27 (l) This section shall be part of and supplemental to the

28 Kansas parimutuel racing act.

29 Sec. 15. K.S.A. 74-8824, 74-8826 and 74-8836 and K.S.A. 2011
30 Supp. 74-8734, 74-8741, 74-8744, 74-8745, 74-8746, 74-8747, 74-8751
31 and 74-8831 are hereby repealed.

32 Sec. 16. This act shall take effect and be in force from and after its
33 publication in the Kansas register.

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