

House Substitute for Substitute for SENATE BILL No. 84

AN ACT concerning gaming; relating to the Kansas expanded lottery act; Kansas lottery and Kansas racing and gaming commission, rules and regulations; authorizing sports wagering; creating the sports wagering receipts fund, the white collar crime fund, the attracting professional sports to Kansas fund and the privilege fee repayment fund; authorizing parimutuel licensees to operate historical horse race machines; amending K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-8733, 74-8734, 74-8751, 74-8752, 74-8756, 74-8757, 74-8760, 74-8761, 74-8772, 74-8802, 74-8804, 74-8814, 74-8823, 74-8836, 79-4805 and 79-4806 and K.S.A. 2021 Supp. 21-6403, 21-6507 and 21-6508 and repealing the existing sections.

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

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

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

New Sec. 2. (a) Each lottery gaming facility manager shall be limited to three interactive sports wagering platforms that shall be approved by the executive director. Any interactive sports wagering platform approved by the executive director shall serve the public convenience and promote sports wagering in accordance with marketing plans developed by the Kansas lottery to offer sports wagers. Any lottery gaming facility manager may enter into a contract on behalf of the Kansas lottery with an approved interactive sports wagering platform. Any such contract shall be approved by the Kansas lottery. A lottery gaming facility manager shall only accept wagers placed through an interactive sports wagering platform from individuals who are physically located within the state of Kansas at the time of submitting the wager. Sports wagering conducted through the interactive sports wagering platform shall be offered only as approved by the Kansas lottery and in accordance with the provisions of the Kansas expanded lottery act.

(b) (1) Requests for approval of an interactive sports wagering platform submitted to the Kansas lottery shall be in such form and manner as prescribed by the executive director. The lottery gaming facility manager requesting approval shall provide such information regarding the interactive sports wagering platform and the manager's intended use of such platform as the executive director deems necessary. All background investigation requirements required by the Kansas racing and gaming commission pursuant to the Kansas expanded lottery act shall be completed before the executive director shall consider approval and usage of any interactive sports wagering platform. The executive director shall issue a final decision regarding approval of an interactive sports wagering platform within 30 days after the date the request for approval was submitted and shall not unreasonably withhold approval of an interactive sports wagering platform that a lottery gaming facility manager requests to be approved for conducting sports wagering. Lottery gaming facility managers shall not be required to use the same interactive sports wagering platforms.

(2) On or before September 1, 2022, the executive director shall prescribe a process for submission of requests for approval and a process for approval of interactive sports wagering platforms and shall notify all lottery gaming facility managers of such processes.

(3) On or before August 1, 2022, the executive director of the Kansas racing and gaming commission shall prescribe a process for conducting background investigations of interactive sports wagering platforms and shall notify all lottery gaming facility managers of such process. The Kansas racing and gaming commission shall commence background investigations of interactive sports wagering platforms on or before August 15, 2022.

(c) A lottery gaming facility manager may apply to the Kansas lottery for approval of three additional graphical user interfaces specific to a professional sports team or auto racetrack facility that has a marketing agreement with such lottery gaming facility manager to be used to access an interactive sports wagering platform approved by the Kansas lottery.

(d) No lottery gaming facility manager shall provide a line of credit to any person engaged in sports wagering.

(e) A lottery gaming facility manager shall include information and tools to assist players in making responsible decisions and shall provide, at a minimum:

(1) Prominently displayed tools to set limits on the amount of time and money a person spends on any interactive sport wagering platform;

(2) prominently displayed information regarding compulsive gambling and ways to seek treatment and support if a person has a problem; and

(3) a person the ability to exclude the use of certain electronic payment methods if desired by the person.

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

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

(2) Such application shall include:

(A) The identity of:

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

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

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

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

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

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

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

(c) Upon request by the applicant, the commission may issue a provisional sports wagering supplier license if the applicant has submitted a complete application and paid the required application fee.

Such provisional license shall be for a term specified on the license but not to exceed one year. The holder of a provisional license shall surrender such license to the commission upon the issuance of a sports wagering supplier license to such person.

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

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

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

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

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

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

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

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

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

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

(c) Any lottery gaming facility manager may enter into marketing agreements with not more than 50 marketing entities. Not less than 20% of such agreements shall be with a nonprofit fraternal or veterans organizations.

(d) Any lottery gaming facility manager seeking to enter into a marketing agreement pursuant to this section shall submit such marketing agreement to the Kansas lottery for approval. No such marketing agreement shall become effective until it is approved by the executive director of the Kansas lottery. If the marketing agreement

satisfies all of the requirements of the Kansas lottery act and the Kansas expanded lottery act, then it shall be approved. If the agreement is not approved, the executive director shall notify the parties to the agreement that approval has been denied and provide the reasons for such denial.

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

- (a) Ensuring that advertisements, including limitations on the form, content, quantity, timing and location of such advertisements, do not target children and minors, or other persons who are ineligible to place wagers, or problem gamblers or other vulnerable persons;
- (b) disclosure of the identity of the lottery gaming facility manager in all such advertisements;
- (c) provision of the toll-free number for information and referral services for compulsive and problem gambling; and
- (d) prohibitions on false, misleading or deceptive advertisements.

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

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

- (1) Prohibit such manager, and any director, officer, owner and employee of the manager, and any relative living in the same household as such persons, from placing wagers with the manager at the manager's location or through the manager's interactive sports wagering platform;
- (2) prohibit an interactive sports wagering platform, any director, officer, owner and employee of such platform and any relative living in the same household as such persons from placing any wager through such platform or at the manager's location, except that nothing in this paragraph shall be construed to prohibit any such person from placing any wager through a lottery gaming facility manager or interactive sports wagering platform with which such person has no affiliation;
- (3) prohibit any director, officer, owner and employee of the sports wagering platform, and any relative living in the same household as such persons, from placing wagers with the manager;
- (4) prohibit athletes, coaches, referees, team owners, employees of a sports governing body or its member teams, and player and referee union personnel from placing wagers on any sporting event overseen by such sports governing body. In determining which persons are excluded from placing wagers under this paragraph, lottery gaming facility managers shall use publicly available information and any list of such persons that the sports governing body may provide to the Kansas lottery and the Kansas racing and gaming commission;
- (5) prohibit any person with access to nonpublic confidential information held by the lottery gaming facility manager from placing wagers with such manager;
- (6) prohibit persons from placing wagers as agents or proxies for other persons;
- (7) prohibit any person convicted of any felony or misdemeanor offense involving sports wagering, including, but not limited to, the use of funds derived from illegal activity to make wagers, placing wagers to conceal money derived from illegal activity, the use of other

individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law and the use of false identification to facilitate the placement of any wager or the collection of any prize in violation of federal or state law, from placing wagers; and

(8) maintain the security of wagering data, customer data and other confidential information from unauthorized access and dissemination, provided that nothing in this act shall preclude the use of internet or cloud-based hosting of such data and information or disclosure as required by court order, state or federal law or as otherwise required by this act.

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

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

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

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

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

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

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

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

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

(f) Any interactive sports wagering platform used by a lottery gaming facility manager shall allow any individual placing a sports wager through such platform to elect to not have such individual's personally identifiable information collected by such platform or by such lottery gaming facility manager for any purpose other than recording the placing of the sports wager, payment of any prize and as otherwise permitted by this section. Such election by an individual shall be maintained by such platform and lottery gaming facility manager until such time as the individual affirmatively cancels such election. No personally identifiable information of an individual who makes such election shall be used by such platform or lottery gaming facility manager except as permitted by this section.

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

- (1) All wagers placed, including personally identifiable information of the person placing the wager;
- (2) the amount and type of wager;
- (3) the time the wager was placed;
- (4) the location of the wager, including the IP address, if applicable;
- (5) the outcome of the wager;
- (6) any records of abnormal wagering activity; and
- (7) video camera recordings, in the case of in-person wagers.

(b) The records described in subsections (a)(1) through (a)(6) shall be maintained for at least two years after the sporting event occurs. Video recordings described in subsection (a)(7) shall be maintained for at least 30 days after the sporting event occurs. A lottery gaming facility manager shall make such records available for inspection upon request by the Kansas lottery or the Kansas racing and gaming commission or as required by court order.

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

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

(b) Any winnings of any individual who has requested to be restricted from placing sports wagering bets shall forfeit such winnings, and such winnings shall be credited to the problem gambling grant fund established under K.S.A. 79-4805, and amendments thereto.

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

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

of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and credit such remittance to the respective account in the sports wagering receipts fund maintained for the lottery gaming facility manager.

(c) The executive director shall allow lottery gaming facility managers to carry over negative sports wagering revenues and apply such amounts to returns filed for subsequent weeks. Sports wagering revenues for a week will be considered negative if the sum of the winnings paid to patrons wagering on such manager's sports wagering plus all voided wagers and excise taxes on sports wagering paid pursuant to federal law, exceeds the manager's total bets accepted from sports wagering by patrons. The negative amount of sports wagering revenues shall not be applied back to an earlier week, and moneys previously received by the Kansas lottery will not be refunded unless the manager ceases to manage sports wagering and the last return reported negative sports wagering revenues.

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

(2) The executive director shall cause amounts remaining in each such account to be paid to the lottery gaming facility managers in accordance with each entity's respective contract with the Kansas lottery.

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

(1) Criminal offenses involving or facilitated by:

- (A) The use of funds derived from illegal activity to make wagers;
- (B) placing wagers to conceal money derived from illegal activity;
- (C) the use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law;
- (D) the use of false identification to facilitate the placement of any wager or the collection of any prize in violation of federal or state law;
- (E) any other unlawful activity involving or facilitated by the placing of wagers; or
- (F) any other violation of the Kansas expanded lottery act; or

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

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

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

racing and gaming commission in accordance with such certification.

New Sec. 13. (a) There is hereby established in the state treasury the attracting professional sports to Kansas fund. The attracting professional sports to Kansas fund shall be administered by the secretary of commerce. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce, or the secretary's designee, for the purpose set forth in this section.

(b) The secretary of commerce is authorized to pledge all or a portion of the funds held in the attracting professional sports to Kansas fund or sports wagering revenues credited to or to be credited to the attracting professional sports to Kansas fund for the benefit of any professional sports team and used to pay the principal or interest on any bonds issued by the state or any municipality, including, but not limited to, bonds issued pursuant to K.S.A. 12-1740 et seq., 12-1770 et seq. or 12-17,160 et seq., and amendments thereto, which shall include any such financing structured as pay-as-you-go, issued to fund the construction, rehabilitation, revitalization or expansion of a professional sports team's primary facility or any other ancillary development to such primary facility.

(c) Each month, the secretary of commerce shall certify to the director of accounts and reports the amount of moneys held in the attracting professional sports to Kansas fund that are in excess of the amount necessary for the purposes described in subsection (b). Upon receipt of each such certification, the director of accounts and reports shall transfer the amount certified from the attracting professional sports to Kansas fund to the lottery operating fund established in K.S.A. 74-8711, and amendments thereto.

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

New Sec. 15. (a) Wagering on one or more historical horse races is hereby authorized and may be conducted in accordance with the provisions of the Kansas parimutuel racing act.

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

(c) An organization licensee may conduct parimutuel wagering on historical horse races of any horse breed regardless of the type of breed that primarily races in live meets conducted or simulcast races

displayed by the licensee. A licensee may conduct parimutuel wagering on historical horse races on any days and hours approved by the commission and shall not be limited to times during which the licensee is conducting a live horse race meeting or displaying simulcast races.

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

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

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

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

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

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

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

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

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

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

New Sec. 16. (a) Prior to the operation of any historical horse race machines pursuant to section 15, and amendments thereto, the executive director shall provide written notice to any lottery gaming facility manager managing a lottery gaming facility located in the same gaming zone as a racetrack facility where such historical horse race machines are to be operated. Such notice shall state the commission's intent to authorize the operation of historical horse race machines at such racetrack facility.

(b) No action against the state of Kansas or any other person or party for specific performance, anticipatory breach or breach of contract, the basis of which is that the authorization of historical horse race machines under section 15, and amendments thereto, violates the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and amendments thereto, or that the authorization of historical horse race machines under section 15, and amendments thereto, creates a material breach of a lottery gaming facility manager's management contract with the Kansas lottery, including any claim for reimbursement of privilege fees and interest thereon, shall be deemed to have accrued until the lottery gaming facility manager receives written notice from the executive director pursuant to subsection (a). Any such action shall be

commenced within 60 days after receipt of such written notice and shall be filed as an original action in the supreme court. The supreme court shall have original jurisdiction for determination of any claims made and damages related thereto.

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

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

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

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

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

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

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

New Sec. 17. The provisions of sections 15 and 16, and amendments thereto, are hereby declared to be severable. If any part or provision of sections 15 and 16, and amendments thereto, is held to be void, invalid or unconstitutional, such part or provision shall not affect or impair any of the remaining parts or provisions of this act, and any such remaining provisions shall continue in full force and effect.

New Sec. 18. (a) If any federally recognized Indian tribe, as described in K.S.A. 74-9802(f), and amendments thereto, submits a request for negotiation of a gaming compact regarding sports wagering in accordance with K.S.A. 46-2302, and amendments thereto, the

governor or the governor's designated representative shall negotiate in good faith with such Indian tribe to enter into such gaming compact.

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

New Sec. 19. (a) Misuse of nonpublic sports information is placing or causing to be placed a bet or wager on a sports contest on the basis of material nonpublic information relating to such bet or wager.

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

(c) As used in this section:

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

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

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

Sec. 20. K.S.A. 2021 Supp. 21-6403 is hereby amended to read as follows: 21-6403. As used in K.S.A. 2021 Supp. 21-6403 through 21-6409, and amendments thereto:

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

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

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

(3) a lottery as defined in this section;

(4) any bingo game by or for participants managed, operated or conducted in accordance with the laws of the state of Kansas by an organization licensed by the state of Kansas to manage, operate or conduct games of bingo;

(5) a lottery operated by the state pursuant to the Kansas lottery act;

(6) any system of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act;

(7) tribal gaming;

(8) charitable raffles as defined by K.S.A. 75-5173, and amendments thereto; ~~or~~

(9) a fantasy sports league as defined in this section; *or*

(10) *sports wagering, as defined in K.S.A. 74-8702, and amendments thereto;*

(b) "lottery" means an enterprise wherein for a consideration the participants are given an opportunity to win a prize, the award of which is determined by chance. A lottery does not include:

(1) A lottery operated by the state pursuant to the Kansas lottery act; *or*

(2) tribal gaming;

(c) "consideration" means anything ~~which~~ *that* is a commercial or

financial advantage to the promoter or a disadvantage to any participant. Mere registration without purchase of goods or services; personal attendance at places or events, without payment of an admission price or fee; listening to or watching radio and television programs; answering the telephone or making a telephone call and acts of like nature are not consideration. "Consideration" shall not include sums of money paid by or for:

(1) Participants in any bingo game managed, operated or conducted in accordance with the laws of the state of Kansas by any bona fide nonprofit religious, charitable, fraternal, educational or veteran organization licensed to manage, operate or conduct bingo games under the laws of the state of Kansas and it shall be conclusively presumed that such sums paid by or for such participants were intended by such participants to be for the benefit of the sponsoring organizations for the use of such sponsoring organizations in furthering the purposes of such sponsoring organizations, as set forth in the appropriate paragraphs of section 501(c) or (d) of the internal revenue code of 1986 and as set forth in K.S.A. 79-4701, and amendments thereto;

(2) participants in any lottery operated by the state pursuant to the Kansas lottery act;

(3) participants in any system of parimutuel wagering managed, operated and conducted in accordance with the Kansas parimutuel racing act; or

(4) a person to participate in tribal gaming;

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

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

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

(3) no winning outcome is based:

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

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

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

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

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

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

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

and:

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

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

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

(D) any token, chip, paper, receipt or other document ~~which~~ that evidences, purports to evidence or is designed to evidence participation in a lottery or the making of a bet.

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

(2) "Gambling device" shall not include:

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

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

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

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

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

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

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

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

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

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

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

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

(3) accepting, agreeing to accept or soliciting by a sports participant of any benefit from another person upon an understanding

that such sports participant will thereby be influenced not to give such participant's best efforts in a sports contest;~~or~~

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

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

(b) Sports bribery as defined in:

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

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

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

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

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

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

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

Sec. 22. K.S.A. 2021 Supp. 21-6508 is hereby amended to read as follows: 21-6508. (a) Tampering with a sports contest is seeking to influence a sports participant or sports official, or tampering with any animal or equipment or other thing involved in the conduct or operation of a sports contest, in a manner known to be contrary to the rules and usages governing such contest and with intent to influence the outcome of such contest.

(b) Tampering with a sports contest is a severity level~~9~~ 8, nonperson felony.

Sec. 23. K.S.A. 46-2301 is hereby amended to read as follows: 46-2301. As used in ~~this act~~ *K.S.A. 46-2301 through 46-2304, and amendments thereto, and section 18, and amendments thereto:*

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

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

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

Sec. 24. K.S.A. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

(a) "Ancillary lottery gaming facility operations" means additional non-lottery facility game products and services not owned and operated by the state~~which~~ *that* may be included in the overall development associated with the lottery gaming facility. Such operations may include, but are not limited to, restaurants, hotels, motels, museums or entertainment facilities.

(b) *"Auto racetrack facility" means the same as defined in K.S.A. 2021 Supp. 12-17,162, and amendments thereto, and that is located in Wyandotte county with a minimum investment of \$50,000,000 and is in operation on July 1, 2022.*

(c) "Commission" means the Kansas lottery commission.

~~(e)-(d)~~ (1) "Electronic gaming machine" means any electronic, electromechanical, video or computerized device, contrivance or

machine authorized by the Kansas lottery ~~which~~ *that*, upon insertion of cash, tokens, electronic cards or any consideration, is available to play, operate or simulate the play of a game authorized by the Kansas lottery pursuant to the Kansas expanded lottery act, including, but not limited to, bingo, poker, blackjack, keno and slot machines, and ~~which~~ *that* may deliver or entitle the player operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Electronic gaming machines may use bill validators and may be single-position reel-type, single or multi-game video and single-position multi-game video electronic game, including, but not limited to, poker, blackjack and slot machines. Electronic gaming machines shall be directly linked to a central computer at a location determined by the executive director for purposes of security, monitoring and auditing.

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

~~(d)~~(e) "Executive director" means the executive director of the Kansas lottery.

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

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

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

(i) *"Interactive sports wagering platform" means an integrated system of hardware, software and applications, including, but not limited to, mobile applications and servers, through which sports wagering may be made available to persons physically located within the state of Kansas at the time of submitting the wager to a sports wagering manager over the internet or wireless services as defined in K.S.A. 66-2019, and amendments thereto, including, but not limited to, through websites and mobile device applications.*

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

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

(B) allow purchasers to manually check the winning status of the

instant bingo ticket.

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

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

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

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

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

(E) dispense any winnings;

(F) dispense any prize;

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

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

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

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

~~No~~ *Not* more than two instant bingo vending machines may be located on the premises of each licensee location.

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

~~(j)~~(l) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.

~~(k)~~(m) (l) "Lottery facility games" means any electronic gaming machines and any other games ~~which, as of January 1, 2007, that are authorized to be conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-9802, and amendments thereto, located within the boundaries of this state any licensed gaming facilities in the United States.~~

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

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

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

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

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

~~(p)~~(r) "Lottery gaming facility manager" means a corporation, limited liability company, resident Kansas American Indian tribe or other business entity authorized to construct and manage, or manage alone, pursuant to a lottery gaming facility management contract with

the Kansas lottery, and on behalf of the state, a lottery gaming enterprise and lottery gaming facility.

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

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

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

(B) any machine or device in which the prize or evidence of a prize is determined only by chance, including, but not limited to, any slot machine or bingo machine.

(2) "Lottery machine" shall not mean:

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

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

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

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

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

(F) any lottery ticket vending machine; or

(G) any instant bingo vending machine.

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

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

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

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

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

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

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

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

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

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

(E) dispense any winnings;

(F) dispense any prize;

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

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

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

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

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

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

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

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

(y) *"Marketing entity" means:*

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

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

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

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

(bb) *"Nonprofit fraternal organization" means any organization within this state that exists for the common benefit, brotherhood or other interests of its members and is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a fraternal, civic or service purpose within this state and has been determined by the executive director to be organized and operated as a bona fide fraternal organization and that has been exempted from the payment of federal income taxes as provided by section 501(c)(8) or section 501(c)(10) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit fraternal organization by the executive director.*

(cc) *"Nonprofit veterans' organization" means any organization within this state or any branch, lodge or chapter of a national or state organization within this state, the membership of which consists exclusively of individuals who qualify for membership because they were or are members of the armed services or forces of the United States, or an auxiliary unit or society of such a nonprofit veterans'*

organization, the membership of which consists exclusively of individuals who were or are members of the armed services or forces of the United States, or are cadets, or are spouses, widows or widowers of individuals who were or are members of the armed services or forces of the United States, and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and has been determined by the executive director to be organized and operated as a bona fide veterans' organization and that has been exempted from the payment of federal income taxes as provided by section 501(c)(4) or 501(c)(19) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit veterans' organization by the executive director.

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

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

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

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

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

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

~~(jj)~~ "Professional sports team" means an athletic team, whose primary facility is located in Kansas, that operates at the major league level in the sport of baseball, basketball, football, ice hockey or soccer.

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

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

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

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

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

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

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

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

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

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

(B) *any greyhound race; or*

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

(ss) (1) *"Sports wagering" means placing a wager or bet on one or more sporting events, or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering at or through a lottery gaming facility, including through an interactive sports wagering platform. "Sports wagering" includes, but is not limited to, single game wagers, teaser wagers, parlays, over-under wagers, moneyline wagers, pools, exchange wagering, in-game wagers, in-play wagers, proposition wagers, straight wagers and such other wagers approved by the commission.*

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

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

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

(tt) *"Sports wagering revenues" means wagering revenue generated from sports wagering that is an amount equal to the total wagers less any voided wagers, federal excise taxes, free plays or other promotional credits and any amounts paid as prizes.*

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

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

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

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

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

(zz) *"Wager" or "bet" means a bargain in which the parties agree that, dependent upon chance, one stands to win or lose something of*

value specified in the agreement.

Sec. 25. K.S.A. 74-8710 is hereby amended to read as follows: 74-8710. (a) The commission, upon the recommendation of the executive director, shall adopt rules and regulations governing the establishment and operation of a state lottery, sales of lottery tickets—~~and~~, the operation of lottery gaming facilities and racetrack gaming facilities *and the operation of sports wagering* as necessary to carry out the purposes of the Kansas lottery act and the Kansas expanded lottery act. Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations may include, but shall not be limited to:

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

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

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

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

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

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

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

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

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

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

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

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

(13) Rules and regulations to implement, administer and enforce the provisions of the Kansas expanded lottery act. Such rules and regulations shall include, but not be limited to, rules and regulations ~~which that~~ govern management contracts and ~~which that~~ are designed to: (A) Ensure the integrity of electronic gaming machines—~~and~~, other lottery facility games, *sports wagering* and the finances of lottery gaming facilities and racetrack gaming facilities; and (B) alleviate problem gambling, including a requirement that each lottery gaming facility and each racetrack gaming facility maintain a self-exclusion list by which individuals may exclude themselves from access to electronic gaming machines—~~and~~, other lottery facility games *and sports wagering*.

(14) The types of electronic gaming machines, lottery facility games and electronic gaming machine games to be operated pursuant to

the Kansas expanded lottery act.

(15) Rules and regulations to implement, administer and enforce the provisions of sections 1 through 14, and amendments thereto. Such rules and regulations shall include, but not be limited to:

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

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

(C) provisions ensuring the integrity of sports wagering conducted in this state;

(D) permitting each lottery gaming facility manager, or such manager's contracted parties, including any approved interactive sports wagering platform, to have employees located outside the state of Kansas so that all job functions will conform with 18 U.S.C. § 1081 et seq.;

(E) permitting the establishment of online sports wagering accounts held by a lottery gaming facility manager as approved by the Kansas lottery and preestablished online accounts from other states to be accessed within the borders of Kansas so that revenue is recorded correctly and all other Kansas online rules are followed; and

(F) allowing lottery gaming facility managers to carry over negative amounts to returns filed for subsequent weeks when sports wagering revenues for a week are a negative number because the sum of the winnings paid to patrons wagering on the manager's sports wagering plus all voided wagers and excise taxes on sports wagering paid pursuant to federal law exceeds the manager's total bets accepted from sports wagering by patrons. The negative amounts of sports wagering revenues shall not be carried back to an earlier week, and moneys previously received by the lottery will not be refunded, except if the manager ceases to manage sports wagering and the last return reported negative adjusted gross receipts.

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

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

Sec. 26. K.S.A. 74-8711 is hereby amended to read as follows: 74-8711. (a) There is hereby established in the state treasury the lottery operating fund.

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

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

(1) The payment of expenses of the lottery, which shall include all

costs incurred in the operation and administration of the Kansas lottery; all costs resulting from contracts entered into for the purchase or lease of goods and services needed for operation of the lottery, including but not limited to supplies, materials, tickets, independent studies and surveys, data transmission, advertising, printing, promotion, incentives, public relations, communications and distribution of tickets and shares; and reimbursement of costs of facilities and services provided by other state agencies;

(2) the payment of compensation to lottery retailers;

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

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

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

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

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

(8) *transfers to the problem gambling and addictions grant fund of the department for aging and disability services pursuant to subsection (g); and*

(9) *transfers to the attracting professional sports to Kansas fund of the department of commerce pursuant to subsection (h); and*

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

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

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

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

(e) (1) Subject to the limitations set forth in paragraph (2), commencing in fiscal year 2020, on or before the 10th day of each month, the director of the lottery shall certify to the director of accounts and reports all net profits from the sale of lottery tickets and shares via lottery ticket vending machines. Of such certified amount, the director of accounts and reports shall transfer 75% from the lottery operating fund to the community crisis stabilization centers fund of the Kansas department for aging and disability services and 25% from the lottery operating fund to the clubhouse model program fund of the Kansas department for aging and disability services.

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

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

fund established in section 12, and amendments thereto.

(g) On July 1, 2023, and each July 1 thereafter, or as soon thereafter as moneys are available, after the transfer required under subsection (f) has been made, 2% of the remaining moneys credited to the lottery operating fund from sports wagering revenues deposited in the lottery operating fund shall be transferred by the director of accounts and reports from the lottery operating fund to the problem gambling and addictions grant fund established in K.S.A. 79-4805, and amendments thereto.

(h) On July 1, 2023, and each July 1 thereafter, or as soon thereafter as moneys are available, after the transfer required under subsection (f) has been made, 80% of the remaining moneys credited to the lottery operating fund from sports wagering revenues deposited in the lottery operating fund shall be transferred by the director of accounts and reports from the lottery operating fund to the attracting professional sports to Kansas fund established in section 13, and amendments thereto.

Sec. 27. K.S.A. 74-8716 is hereby amended to read as follows: 74-8716. (a) It is unlawful for the executive director, a member of the commission or any employee of the Kansas lottery, or any person residing in the household thereof to:

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

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

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

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

(1) Any lottery gaming facility manager, subcontractor or agent of a lottery gaming facility manager, manufacturer or vendor of electronic gaming machines, *an interactive sports wagering platform* or central computer system provider, or any business ~~which~~ *that* sells goods or services to a lottery gaming facility manager; or

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

(d) No person who holds a license issued by the Kansas racing and gaming commission shall serve as executive director or as a member of the commission or shall be employed by the Kansas lottery while or

within five years after holding such license.

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

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

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

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

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

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

Sec. 28. K.S.A. 74-8733 is hereby amended to read as follows: 74-8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and sections 1 through 14, and amendments thereto*, shall be known and may be cited as the Kansas expanded lottery act. The Kansas expanded lottery act shall be *a* part of and supplemental to the Kansas lottery act.

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

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

Sec. 29. K.S.A. 74-8734 is hereby amended to read as follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming facility in each gaming zone.

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

(c) The lottery commission shall adopt standards to promote the integrity of the gaming and finances of lottery gaming facilities, which shall apply to all management contracts, shall meet or exceed industry standards for monitoring and controlling the gaming and finances of

gaming facilities and shall give the executive director sufficient authority to monitor and control the gaming operation and to ensure its integrity and security.

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

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

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

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

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

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

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

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

- (1) Have a maximum initial term of 15 years from the date of opening of the lottery gaming facility. At the end of the initial term, the contract may be renewed by mutual consent of the state and the lottery gaming facility manager;
- (2) specify the total amount to be paid to the lottery gaming facility manager pursuant to the contract;
- (3) establish a mechanism to facilitate payment of lottery gaming facility expenses, payment of the lottery gaming facility manager's share of the lottery gaming facility revenues and distribution of the state's share of the lottery gaming facility revenues;
- (4) include a provision for the lottery gaming facility manager to pay the costs of oversight and regulation of the lottery gaming facility manager and the operations of the lottery gaming facility by the Kansas racing and gaming commission;
- (5) establish the types of lottery facility games to be installed in such facility;
- (6) provide for the prospective lottery gaming facility manager, upon approval of the proposed lottery gaming facility management contract, to pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the northeast or south central Kansas gaming zone and \$5,500,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the southeast or southwest Kansas gaming zone. Such fee shall be deposited in the state treasury and credited to the lottery gaming facility manager fund, ~~which~~ *that* is hereby created in the state treasury;
- (7) incorporate terms and conditions for the ancillary lottery gaming facility operations;
- (8) designate as key employees, subject to approval of the executive director, any employees or contractors providing services or functions ~~which~~ *that* are related to lottery facility games authorized by a management contract;
- (9) include financing commitments for construction;
- (10) include a resolution of endorsement from the city governing body, if the proposed facility is within the corporate limits of a city, or from the county commission, if the proposed facility is located in the unincorporated area of the county;
- (11) include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;
- (12) include a provision for the state to receive not less than 22% of lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A. 74-8768, and amendments thereto;
- (13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A. 79-4805, and amendments thereto;
- (14) if the prospective lottery gaming facility manager is an American Indian tribe, include a provision that such tribe agrees to waive its sovereign immunity with respect to any actions arising from or to enforce either the Kansas expanded lottery act or any provision of the lottery gaming facility management contract; any action brought by an injured patron or by the state of Kansas; any action for purposes of enforcing the workers compensation act or any other employment or labor law; and any action to enforce laws, rules and regulations and

codes pertaining to health, safety and consumer protection; and for any other purpose deemed necessary by the executive director to protect patrons or employees and promote fair competition between the tribe and others seeking a lottery gaming facility management contract;

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

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

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

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

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

in (A).

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

(2) If a management contract includes such provisions, then such contract shall include a provision for the state to receive 10% of the sports wagering revenues received from wagers placed with the lottery gaming facility manager.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) *If a lottery gaming facility manager agrees to manage sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in conducting sports wagering, and the lottery*

gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for managing sports wagering. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with the Kansas expanded lottery act.

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

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

Sec. 30. K.S.A. 74-8751 is hereby amended to read as follows: 74-8751. (a) The Kansas racing and gaming commission, through rules and regulations, shall establish:

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

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

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

(3) (A) a certification requirement and enforcement procedure for:

(i) Employees of a lottery gaming facility manager or another entity owned by the lottery gaming facility manager's parent company that are directly involved in the management of sports wagering managed by such manager; and

(ii) those persons who propose to contract with a lottery gaming facility manager in an amount that exceeds \$250,000 per year for the provision of goods or services related to sports wagering, including any interactive sports wagering platform requested by a lottery gaming facility manager under section 2, and amendments thereto; and

(B) such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of, or effective regulation and control of, sports wagering conducted by the lottery gaming facility. Such certification shall be valid for one year from the date of issuance;

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

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

(6) provisions for suspension, revocation or nonrenewal of a certification required by subsection (a)(3) upon a finding that the certificate holder has: (A) Knowingly provided false or misleading material information to the Kansas lottery, the Kansas racing and gaming commission or to the employees of either entity; (B) been convicted of a felony, gambling-related offense or any crime of moral turpitude; (C) violated any provision of any contract between the Kansas lottery and the certificate holder; or (D) violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder.

(b) A certification issued pursuant to this section shall not be assignable or transferable.

Sec. 31. K.S.A. 74-8752 is hereby amended to read as follows: 74-8752. (a) The executive director of the Kansas lottery and the executive director of the Kansas racing and gaming commission, or their designees, may observe and inspect all electronic gaming machines, lottery facility games, *sports wagering operations*, lottery gaming

facilities, racetrack gaming facilities and all related equipment and facilities operated by a lottery gaming facility manager or racetrack gaming facility manager.

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

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

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

(3) request a court to issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any lottery gaming facility manager or racetrack gaming facility manager related to the management of the lottery gaming facility or racetrack gaming facility, or to compel the appearance of any lottery gaming facility manager or racetrack gaming facility manager for the purpose of ascertaining compliance with the provisions of the Kansas lottery act and the Kansas expanded lottery act or rules and regulations adopted thereunder; *and*

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

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

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

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

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

Sec. 32. K.S.A. 74-8756 is hereby amended to read as follows: 74-8756. (a) Wagers shall be received only from a person at the location

where the electronic gaming machine or lottery facility game is authorized pursuant to the Kansas expanded lottery act. No person present at such location shall place or attempt to place a wager on behalf of another person who is not present at such location.

(b) No employee or contractor of, or other person who has any legal affiliation with, a racetrack gaming facility manager shall loan money to or otherwise extend credit to patrons of the parimutuel licensee.

(c) (1) *Except as otherwise provided*, no employee or contractor of, or other person who has any legal affiliation with, a lottery gaming facility manager shall loan money to or otherwise extend credit to patrons of a lottery gaming facility.

(2) *A patron of a lottery gaming facility may fund an account held by a lottery gaming facility manager for the payment of sports wagers and pay for sports wagers through the use of:*

(A) *Cash and cash equivalents;*

(B) *electronic bank transfers of money, including transfers through third parties;*

(C) *bank and wire transfers of money;*

(D) *debit and credit cards;*

(E) *online and mobile application payment systems that support online money transfers;*

(F) *promotional funds provided by a lottery gaming facility manager; and*

(G) *any other payment method approved by the Kansas lottery.*

(3) *Nothing in this subsection shall be construed to prohibit any lottery gaming facility manager from obtaining insurance or check guarantee services to protect against any loss as a result of any check that is returned or otherwise not honored due to a stop payment order or nonsufficient funds.*

(d) Violation of this section is a class A nonperson misdemeanor upon a conviction for a first offense. Violation of this section is a severity level 9, nonperson felony upon conviction for a second or subsequent offense.

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

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

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

Sec. 34. K.S.A. 74-8760 is hereby amended to read as follows: 74-8760. (a) Except in accordance with rules and regulations of the Kansas racing and gaming commission or by written authority from the executive director of the Kansas racing and gaming commission in performing installation, maintenance, inspection and repair services, it is a class A nonperson misdemeanor for the following to place a wager on or play an electronic gaming machine game or a lottery facility game at a lottery gaming facility in this state: The executive director of the Kansas lottery, a member of the Kansas lottery commission or any employee or agent of the Kansas lottery; the executive director, a member or any employee or agent of the Kansas racing and gaming commission; or the lottery gaming facility manager or any employee of the lottery gaming facility manager.

(b) Except in accordance with rules and regulations of the Kansas racing and gaming commission or by written authority from the executive director of the Kansas racing and gaming commission in performing installation, maintenance, inspection and repair services, it is a class A nonperson misdemeanor for the following to place a ~~wager on or play an electronic gaming machine at a racetrack gaming facility~~ *sports wager* in this state:

(1) The executive director of the Kansas lottery, a member of the Kansas lottery commission or any employee or agent of the Kansas lottery;

(2) the executive director, a member or any employee or agent of the Kansas racing and gaming commission; ~~or the racetrack gaming facility manager or any employee of the racetrack gaming facility manager~~

(3) *a lottery gaming facility manager, any director, officer, owner or employee of such manager or any relative living in the same household as such persons who places any wager with the manager at the manager's location or through the manager's interactive sports wagering platform;*

(4) *an interactive sports wagering platform, any director, officer, owner or employee of such platform or any relative living in the same household as such persons who places any wager with the manager through such platform or at the manager's location, except that nothing in this paragraph shall be construed to prohibit any such person from placing any wager through a lottery gaming facility manager or interactive sports wagering platform with which such person has no affiliation;*

(5) *any owner, officer, athlete, coach or other employee of a team or any person participating as an individual in any sporting event; or*

(6) *any director, officer or employee of a player or referee union.*

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

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

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

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

gaming facility; or

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

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

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

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

Sec. 36. K.S.A. 74-8772 is hereby amended to read as follows: 74-8772. *On or before January 1, 2023, the Kansas racing and gaming commission shall adopt such permanent rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act. ~~Such Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations shall include, but not be limited to, rules and regulations:~~*

(a) Promoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operation and to ensure its integrity and security;

(b) prescribing the on-site security arrangements for lottery gaming facilities and racetrack gaming facilities;

(c) requiring reporting of information about any lottery gaming facility manager or racetrack gaming facility manager, and its employees, vendors and finances, necessary or desirable to ensure the security of lottery gaming facility and racetrack gaming facility operations. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act;

(d) requiring reporting and auditing of financial information of lottery gaming facility managers and racetrack gaming facility managers, including, but not limited to, the reporting of profits or losses incurred by lottery gaming facility managers and racetrack gaming facility managers and the reporting of such other information as the Kansas racing and gaming commission requires to determine

compliance with the Kansas expanded lottery act and rules and regulations adopted hereunder. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act; and

(e) provisions for oversight of all lottery gaming facility operations and racetrack gaming facility operations, including, but not limited to, oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of lottery gaming facility managers, ancillary lottery gaming facility operations and racetrack gaming facilities; auditing of lottery gaming facility revenues and net electronic gaming machine income of racetrack gaming facilities; enforcement of all state laws; and maintenance of the integrity of lottery gaming facility and racetrack gaming facility operations.

Sec. 37. K.S.A. 74-8802 is hereby amended to read as follows: 74-8802. As used in the Kansas parimutuel racing act unless the context otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

(k) "Financial interest" means an interest that could result directly

or indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a result of ownership or interest in a business entity or activity or as a result of a salary, gratuity or other compensation or remuneration from any person.

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

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

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

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

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

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

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

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

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

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

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

~~(n)~~(r) "Interstate combined wagering pool" means a parimutuel pool established in one jurisdiction ~~which~~ that is combined with comparable parimutuel pools from one or more racing jurisdictions for the purpose of establishing the amount of money returned on a successful wager in the participating jurisdictions.

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

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

~~(n)~~(u) "Kansas-whelped greyhound" means a greyhound whelped

and raised in Kansas for the first six months of its life.

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

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

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

(2) a fair association.

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

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

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

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

~~(aa)~~(bb) "Parimutuel wagering" means a form of wagering on the outcome of horse and greyhound races, *including historical horse races conducted by an historical horse race machine*, in which those who wager purchase tickets of various denominations on one or more horses or greyhounds and all wagers for each race are pooled and the winning ticket holders are paid prizes from such pool in amounts proportional to the total receipts in the pool.

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

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

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

~~(ee)~~(ff) "Racing or wagering equipment or services licensee" means any person, partnership, corporation or association licensed by the commission to provide integral racing or wagering equipment or

services, as designated by the commission, to an organization licensee.

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

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

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

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

Sec. 38. K.S.A. 74-8804 is hereby amended to read as follows: 74-8804. (a) During *live* race meetings *or simulcast racing operations*, the commission and its designated employees may observe and inspect all racetrack facilities operated by licensees—~~and~~, all racetracks simulcasting races to racetrack facilities in Kansas *and all historical horse race machines*, including, but not limited to, all machines, equipment and facilities used for parimutuel wagering.

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

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

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

(e) The commission shall allocate equitably race meeting dates, racing days and hours to all organization licensees and assign such

dates and hours so as to minimize conflicting dates and hours within the same geographic market area.

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

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

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

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

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

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

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

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

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

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

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

A decision of the commission to overrule any decision of a steward or racing judge shall not change the distribution of parimutuel pools to the holders of winning tickets. A decision of the commission which would affect the distribution of purses in any race shall not result in a change in that distribution unless a written claim is submitted to the commission within 48 hours after completion of the contested race by one of the owners or trainers of a horse or greyhound ~~which~~ *that* participated in such race and a preponderance of evidence clearly indicates to the commission that one or more of the grounds for protest, as provided for in rules and regulations of the commission, has been substantiated.

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

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

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

(1) Those drugs and medications ~~which~~ *that* may be administered, and possessed for administration, to a horse or greyhound within the

confines of a racetrack facility; and

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

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

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

~~(o)~~(p) The commission may receive from commission security personnel, the Kansas bureau of investigation or other criminal justice agencies, including, but not limited to, the federal bureau of investigation and the federal internal revenue service, such criminal history record information (including arrest and nonconviction data), criminal intelligence information and information relating to criminal and background investigations as necessary for the purpose of determining qualifications of licensees of the commission, employees of the commission, applicants for employment by the commission, and applicants for licensure by the commission, including applicants for simulcasting licenses. Upon the written request of the chairperson of the commission, the commission may receive from the district courts such information relating to juvenile proceedings as necessary for the purpose of determining qualifications of employees of and applicants for employment by the commission and determining qualifications of licensees of and applicants for licensure by the commission. Such information, other than conviction data, shall be confidential and shall not be disclosed except to members and employees of the commission as necessary to determine qualifications of such licensees, employees and applicants. Any other disclosure of such confidential information is a class A misdemeanor and shall constitute grounds for removal from office, termination of employment or denial, revocation or suspension of any license issued under this act.

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

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

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

Sec. 39. K.S.A. 74-8814 is hereby amended to read as follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the commission shall establish by rules and regulations an application fee not exceeding ~~\$500 for any of the following which applies \$50~~ for an organization license and ~~the a license fee of \$25 for each day of racing approved by the commission for any of the following organization granted an organization license shall be \$100 for each day of racing approved by the commission.~~

~~(1)~~(2) Any fair association ~~other than the Greenwood county and Anthony fair associations,~~ any, horsemen's nonprofit organization or

the national greyhound association of Abilene, Kansas, *may apply for an organization license* if:

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

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

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

~~(2) the Greenwood county fair association or a horsemen's nonprofit organization, with respect to race meetings conducted by such association or organization at Eureka Downs, or the Anthony fair association or a horsemen's nonprofit organization, with respect to race meetings conducted by such association or organization at Anthony Downs, for which the number of race meetings and days, and the dates thereof, shall be specified by the commission.~~

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

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

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

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

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

Sec. 40. K.S.A. 74-8823 is hereby amended to read as follows: 74-8823. (a) There is hereby imposed a tax on the gross sum wagered by the parimutuel method as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 41. K.S.A. 74-8836 is hereby amended to read as follows: 74-8836. (a) Any organization licensee that ~~conducts schedules to conduct~~ at least 150 days of live *greyhound racing or 60 days of live or simulcast horse racing* during a calendar year or a fair association that conducts fewer than 22 days of live *greyhound racing or 40 days of live horse racing* during a calendar year may apply to the commission for a simulcasting license to display simulcast horse ~~or greyhound~~ races and to conduct intertrack parimutuel wagering thereon. If the organization licensee conducts races at a racetrack facility that is owned by a facility owner licensee, both licensees shall join in the application. ~~A simulcasting license granted to a fair association that conducts fewer than 22 days of live racing shall restrict the fair association's display of simulcast races to a number of days, including days on which it conducts live races, equal to not more than twice the number of days on which it conducts live races.~~

(b) (1) ~~A simulcasting license granted to an organization licensee other than a fair association shall authorize the display of simulcast races at the racetrack facility where the live races are conducted so long as the licensee conducts at least eight live races per day and an average of 10 live races per day per week. If a simulcasting licensee conducts live horse races on a day when simulcast races are displayed by the licensee and the licensee conducts fewer than an average of 10 live horse races per day per week, not less than 80% of the races on which wagers are taken by the licensee during such week shall be live races conducted by the licensee unless approved by the recognized horsemen's group or upon a finding by the commission that the organization licensee was unable to do so for reasonable cause. If a simulcast licensee conducts live greyhound races on a day when simulcast races are displayed by the licensee and the licensee schedules fewer than 13 live greyhound races during a performance on such day, not less than 80% of the races on which wagers are taken by the licensee during such performance shall be live races conducted by the licensee.~~

~~(2) A simulcasting license granted to a fair association shall authorize the display of simulcast races at the racetrack facility where the races are conducted only if live races are scheduled for two or more days of the same calendar week, except that the licensee may conduct simulcast races in the week immediately before and immediately after a live meeting if the total number of days on which simulcast races are displayed does not exceed the total authorized in subsection (a). In no~~

~~ease shall the live meet or simulcast races allowed under this subsection exceed 10 consecutive weeks. For purposes of this subsection, a calendar week shall be measured from Monday through the following Sunday.~~

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

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

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

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

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

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

(2) submit with the application a written approval of the proposed simulcasting schedule signed by: (A) the recognized horsemen's group for the track, if the applicant is licensed to conduct only horse races; (B) ~~the recognized greyhound owners' group, if the applicant is licensed to conduct only greyhound races and only greyhound races are to be simulcast;~~ (C) both the recognized greyhound owners' group and a recognized horsemen's group, if the applicant is licensed to conduct only greyhound races and horse races are to be simulcast; ~~(D) the recognized greyhound owners' group, if the applicant is licensed to conduct both greyhound and horse races, only greyhound races are to be simulcast and races are to be simulcast only while the applicant is conducting live greyhound races;~~ (E) *or* (C) the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound and horse races, only horse races are to be simulcast and races are to be simulcast only while the applicant is conducting live horse races; ~~or (F) both the recognized greyhound owners' group and the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound races and horse races and horse races are to be simulcast while the applicant is conducting live greyhound races or greyhound races are to be simulcast while the applicant is conducting live horse races; and~~

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

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

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

prescribes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 42. K.S.A. 79-4805 is hereby amended to read as follows: 79-4805. (a) There is hereby established in the state treasury the problem gambling and addictions grant fund. All moneys credited to such fund shall be used only for the awarding of grants under this section. Such fund shall be administered in accordance with this section and the provisions of appropriation acts.

(b) All expenditures from the problem gambling and addictions grant fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved in the manner prescribed by law.

(c) (1) There is hereby established a state grant program to provide assistance for the direct treatment of persons diagnosed as suffering from pathological gambling and to provide funding for research ~~regarding the impact of gambling on~~, *prevention and recovery for the* residents of Kansas. Research grants awarded under this section may include, but need not be limited to, grants for determining the effectiveness of education and prevention efforts on the prevalence of pathological gambling in Kansas. All grants shall be made after open solicitation of proposals and evaluation of proposals against criteria established in rules and regulations adopted by the secretary of the Kansas department for aging and disability services. Both public and private entities shall be eligible to apply for and receive grants under the provisions of this section. *The secretary shall ensure that an adequate problem gambling treatment services network is available in Kansas to individuals seeking treatment for a pathological gambling disorder.*

(2) Moneys in the problem gambling and addictions grant fund ~~may~~ shall be used to:

(A) *To fund a helpline with text messaging and chat capabilities;*
and

(B) *for the treatment, research, education or prevention of pathological gambling.*

(3) *Moneys in the problem gambling and addictions grant fund that are not used for the purposes described in paragraph (2) shall be used to treat alcoholism, drug abuse and, other addictive behaviors and other co-occurring behavioral health disorders.*

(d) The secretary for aging and disability services is hereby authorized to receive moneys from any grants, gifts, contributions or bequests made for the purpose of funding grants under this section and to expend such moneys for the purpose for which received.

(e) All grants made in accordance with this section shall be made from the problem gambling and addictions grant fund. The secretary shall administer the provisions of this section and shall adopt rules and regulations establishing criteria for qualification to receive grants and such other matters deemed necessary by the secretary for the administration of this section. Such rules and regulations shall include, but need not be limited to, a requirement that each recipient of a grant to provide treatment for pathological gamblers report at least annually to the secretary the grantee's measurable achievement of specific outcome goals.

(f) *On or before January 15, 2023, and each January 15*

thereafter, the secretary for aging and disability services shall prepare and submit a report on expenditures from the problem gambling and addictions grant fund to the standing committees on federal and state affairs of the senate and house of representatives.

(g) For the purpose of this section "pathological gambling" means the disorder by that name described in the most recent edition of the *American psychiatric association's* diagnostic and statistical manual.

~~(g)(e) On the effective date of this act the director of accounts and reports shall transfer all moneys in the problem gambling grant fund to the problem gambling and addictions grant fund. Thereupon the problem gambling grant fund shall be and is hereby abolished~~*The problem gambling and addictions grant fund and any other moneys transferred pursuant to this section shall be used for the purposes set forth in this section and for no other governmental purposes. It is the intent of the legislature that the funds and the moneys deposited in this fund shall remain intact and inviolate for the purposes set forth in this section.*

Sec. 43. K.S.A. 79-4806 is hereby amended to read as follows: 79-4806. On July 1 of each year or as soon thereafter as sufficient moneys are available, ~~\$80,000~~ *\$100,000* credited to the state gaming revenues fund shall be transferred and credited to the problem gambling *and addictions* grant fund established by K.S.A. 79-4805, and amendments thereto.

Sec. 44. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-8733, 74-8734, 74-8751, 74-8752, 74-8756, 74-8757, 74-8760, 74-8761, 74-8772, 74-8802, 74-8804, 74-8814, 74-8823, 74-8836, 79-4805 and 79-4806 and K.S.A. 2021 Supp. 21-6403, 21-6507 and 21-6508 are hereby repealed.

Sec. 45. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE adopted

Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE

as amended _____

HOUSE adopted

Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.