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MEMORANDUM

To: Chairman Estes
Members of the 2018 Special Committee on Federal and State Affairs

From: Jason B. Long, Senior Assistant Revisor

Date: December 4, 2018

Subject: HB 2793 – Authorizing sports wagering in Kansas.

House Bill No. 2793 (HB 2793) would authorize the Kansas Lottery (Lottery) to contract with casino and racetrack facility managers for the operation of sports wagering. Because all forms of lotteries must be owned and operated by the State, the bill requires the Lottery to own and control sports wagering in Kansas, but, as with class III gaming, the Lottery may contract with facility managers for the management of sports wagering. It is currently unlawful in Kansas for any individual to bet on or take bets on sports events. Due to federal law at the time it was drafted, HB 2793 would not be effective until such time as the Executive Director of the Kansas Racing and Gaming Commission (KRGCC) has certified that federal law does not prohibit states from conducting or authorizing sports wagering.

Section 1 of HB 2793 amends K.S.A. 21-6403 to exempt sports wagering from the criminal gambling laws.

Sections 2 through 4 amend the Kansas Lottery Act to add the pertinent definitions for sports wagering and to authorize the adoption of rules and regulations for conducting sports wagering. It should be noted that both professional and collegiate events are included in the definition of a "sporting event," but the term "sports wagering" does not include parimutuel wagering or fantasy sports leagues.

Sections 5 through 10 amends various provisions of the Kansas Expanded Lottery Act (KELA) to grant casino and racetrack facility managers the ability to manage sports wagering. The Lottery and the facility managers may agree to include sports wagering as part of the facility management contract. Under these agreements, the State would receive 6.75% of the sports wagering revenues, which are determined by calculating the total revenues from sports wagering

after all related prizes are paid out. The State's percentage is the same for both casino and racetrack facilities. Section 7 extends the KRGC's background certifications to officers, directors, and employees directly involved in the conduct, operation, or management of sports wagering. HB 2793 also makes amendments to KELA to put sports wagering under the regulatory authority of the KRGC.

Once again, HB 2793 would become only become effective when the Executive Director of KRGC has certified that federal law does not prohibit states from conducting or authorizing sports wagering.