

HOUSE BILL No. 2517

By Committee on Appropriations

1-22

1 AN ACT concerning gaming; dealing with lottery ticket vending machines
2 and revenues derived therefrom; dealing with instant bingo vending
3 machines; concerning certain debt setoff agreements; amending K.S.A.
4 74-8719 and K.S.A. 2017 Supp. 74-8702, 74-8711, 74-8723, 75-5173,
5 75-6202 and 75-6204 and repealing the existing section.
6

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

8 Section 1. K.S.A. 2017 Supp. 74-8702 is hereby amended to read as
9 follows: 74-8702. As used in the Kansas lottery act, unless the context
10 otherwise requires:

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

16 (b) "Commission" means the Kansas lottery commission.

17 (c) "Electronic gaming machine" means any electronic,
18 electromechanical, video or computerized device, contrivance or machine
19 authorized by the Kansas lottery which, upon insertion of cash, tokens,
20 electronic cards or any consideration, is available to play, operate or
21 simulate the play of a game authorized by the Kansas lottery pursuant to
22 the Kansas expanded lottery act, including, but not limited to, bingo,
23 poker, blackjack, keno and slot machines, and which may deliver or entitle
24 the player operating the machine to receive cash, tokens, merchandise or
25 credits that may be redeemed for cash. Electronic gaming machines may
26 use bill validators and may be single-position reel-type, single or multi-
27 game video and single-position multi-game video electronic game,
28 including, but not limited to, poker, blackjack and slot machines.
29 Electronic gaming machines shall be directly linked to a central computer
30 at a location determined by the executive director for purposes of security,
31 monitoring and auditing.

32 (d) "Executive director" means the executive director of the Kansas
33 lottery.

34 (e) "Gaming equipment" means any electric, electronic, computerized
35 or electromechanical machine, mechanism, supply or device or any other
36 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to

1 the Kansas lottery act; and (2) integral to the operation of an electronic
2 gaming machine or lottery facility game; and (3) affects the results of an
3 electronic gaming machine or lottery facility game by determining win or
4 loss.

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

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

17 (h) (1) *"Instant bingo vending machine" means a machine or*
18 *electronic device owned or leased by the Kansas lottery in fulfillment of*
19 *the Kansas lottery's obligations under an agreement between the Kansas*
20 *lottery and a licensee entered into pursuant to section 8, and amendments*
21 *thereto, the sole purpose of which is to:*

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

24 (B) *allow purchasers to manually check the winning status of the*
25 *instant bingo ticket.*

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

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

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

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

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

35 (E) *dispense any winnings;*

36 (F) *dispense any prize;*

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

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

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

42 (h)(i) "Kansas lottery" means the state agency created by this act to
43 operate a lottery or lotteries pursuant to this act.

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

3 ~~(k)~~(k) "Lottery facility games" means any electronic gaming machines
4 and any other games which, as of January 1, 2007, are authorized to be
5 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
6 9802, and amendments thereto, located within the boundaries of this state.

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

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

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

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

24 ~~(p)~~(p) "Lottery gaming facility manager" means a corporation,
25 limited liability company, resident Kansas American Indian tribe or other
26 business entity authorized to construct and manage, or manage alone,
27 pursuant to a lottery gaming facility management contract with the Kansas
28 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
29 gaming facility.

30 ~~(q)~~(q) "Lottery gaming facility revenues" means the total revenues
31 from lottery facility games at a lottery gaming facility after all related
32 prizes are paid.

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

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

43 (B) any machine or device in which the prize or evidence of a prize is

- 1 determined only by chance, including, but not limited to, any slot machine
- 2 or bingo machine; ~~or~~
- 3 ~~(C) any lottery ticket vending machine, such as a keno ticket vending~~
- 4 ~~machine, pull tab vending machine or an instant bingo vending machine.~~
- 5 (2) "Lottery machine" shall not mean:
- 6 (A) Any food vending machine defined by K.S.A. 36-501, and
- 7 amendments thereto;
- 8 (B) any nonprescription drug machine authorized under K.S.A. 65-
- 9 650, and amendments thereto;
- 10 (C) any machine which dispenses only bottled or canned soft drinks,
- 11 chewing gum, nuts or candies;
- 12 (D) any machine excluded from the definition of gambling devices
- 13 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
- 14 2017 Supp. 21-6403, and amendments thereto; ~~or~~
- 15 (E) any electronic gaming machine or lottery facility game operated
- 16 in accordance with the provisions of the Kansas expanded lottery act;
- 17 (F) *any lottery ticket vending machine; or*
- 18 (G) *any instant bingo vending machine.*
- 19 ~~(s)~~(s) "Lottery retailer" means any person with whom the Kansas
- 20 lottery has contracted to sell lottery tickets or shares, or both, to the public.
- 21 ~~(t)~~(t) (1) *"Lottery ticket vending machine" means a machine or*
- 22 *similar electronic device owned or leased by the Kansas lottery, the sole*
- 23 *purposes of which are to:*
- 24 (A) *Dispense a printed physical ticket, such as a lottery ticket, a keno*
- 25 *ticket, a pull tab ticket or an instant bingo ticket, or a coupon, the coupon*
- 26 *of which must be redeemed through something other than a lottery ticket*
- 27 *vending machine, after a purchaser inserts cash or other form of*
- 28 *consideration into the machine;*
- 29 (B) *allow purchasers to manually check the winning status of a*
- 30 *Kansas lottery ticket; and*
- 31 (C) *display advertising, promotions and other information pertaining*
- 32 *to the Kansas lottery.*
- 33 (2) *"Lottery ticket vending machine" shall not:*
- 34 (A) *Provide a visual or audio representation of an electronic gaming*
- 35 *machine;*
- 36 (B) *visually or functionally have the same characteristics of an*
- 37 *electronic gaming machine;*
- 38 (C) *automatically determine or display the winning status of any*
- 39 *dispensed ticket;*
- 40 (D) *extend or arrange credit for the purchase of a ticket;*
- 41 (E) *dispense any winnings;*
- 42 (F) *dispense any prize;*
- 43 (G) *dispense any evidence of a prize other than the lottery ticket,*

1 keno ticket, pull tab ticket or instant bingo ticket or any free Kansas
2 lottery ticket received as a result of the purchase of another Kansas lottery
3 ticket;

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

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

7 No more than two lottery ticket vending machines may be located at
8 each Kansas lottery retailer selling location.

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

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

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

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

31 ~~(t)~~(w) "Organization licensee" has the meaning provided by K.S.A.
32 74-8802, and amendments thereto.

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

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

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

42 ~~(t)~~(aa) "Prize" means any prize paid directly by the Kansas lottery
43 pursuant to the Kansas lottery act or the Kansas expanded lottery act or

1 any rules and regulations adopted pursuant to either act.

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

7 ~~(aa)~~(cc) "Racetrack gaming facility" means that portion of a
8 parimutuel licensee location where electronic gaming machines are
9 operated, managed and maintained.

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

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

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

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

26 ~~(ff)~~(hh) "Ticket" means any tangible evidence issued by the Kansas
27 lottery to prove participation in a lottery game other than a lottery facility
28 game.

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

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

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

43 Sec. 2. K.S.A. 2017 Supp. 74-8711 is hereby amended to read as

1 follows: 74-8711. (a) There is hereby established in the state treasury the
2 lottery operating fund.

3 (b) Except as provided by K.S.A. 2017 Supp. 74-8724 and the Kansas
4 expanded lottery act, and amendments thereto, the executive director shall
5 remit all moneys collected from the sale of lottery tickets and shares and
6 any other moneys received by or on behalf of the Kansas lottery to the
7 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
8 amendments thereto. Upon receipt of each such remittance, the state
9 treasurer shall deposit the entire amount in the state treasury to the credit
10 of the lottery operating fund. Moneys credited to the fund shall be
11 expended or transferred only as provided by this act. Expenditures from
12 such fund shall be made in accordance with appropriations acts upon
13 warrants of the director of accounts and reports issued pursuant to
14 vouchers approved by the executive director or by a person designated by
15 the executive director.

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

17 (1) The payment of expenses of the lottery, which shall include all
18 costs incurred in the operation and administration of the Kansas lottery; all
19 costs resulting from contracts entered into for the purchase or lease of
20 goods and services needed for operation of the lottery, including but not
21 limited to supplies, materials, tickets, independent studies and surveys,
22 data transmission, advertising, printing, promotion, incentives, public
23 relations, communications and distribution of tickets and shares; and
24 reimbursement of costs of facilities and services provided by other state
25 agencies;

26 (2) the payment of compensation to lottery retailers;

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

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

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

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

36 ~~(6)~~(7) transfers to the county reappraisal fund as prescribed by law.

37 (d) The director of accounts and reports shall transfer moneys in the
38 lottery operating fund to the state gaming revenues fund created by K.S.A.
39 79-4801, and amendments thereto, on or before the 15th day of each month
40 in an amount certified monthly by the executive director and determined as
41 follows, whichever is greater:

42 (1) An amount equal to the moneys in the lottery operating fund in
43 excess of those needed for the purposes described in subsections (c)(1)

1 through ~~(e)(4)~~ (c)(5); or

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

8 (e) (1) *Subject to the limitations set forth in paragraph (2) during*
9 *fiscal year 2019 through fiscal year 2023, on or before the 10th day of each*
10 *month, the director of the lottery shall certify to the director of accounts*
11 *and reports all net profits from the sale of lottery tickets and shares via*
12 *lottery ticket vending machines. Of such certified amount, the director of*
13 *accounts and reports shall transfer 75% from the lottery operating fund to*
14 *the community crisis stabilization centers fund of the Kansas department*
15 *for aging and disability services and 25% from the lottery operating fund*
16 *to the clubhouse model program fund of the Kansas department for aging*
17 *and disability services.*

18 (2) *Moneys transferred pursuant to paragraph (1) shall not exceed in*
19 *the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the*
20 *aggregate \$8,000,000 in each of the fiscal years 2020, 2021, 2022 and*
21 *2023.*

22 Sec. 3. K.S.A. 74-8719 is hereby amended to read as follows: 74-
23 8719. (a) It is unlawful for any person to purchase a lottery ticket or share,
24 or to share in the lottery winnings of a person, knowing that such person
25 is:

26 (1) The executive director, a member of the commission or an
27 employee of the Kansas lottery;

28 (2) an officer or employee of a vendor contracting with the Kansas
29 lottery to supply gaming equipment or tickets to the Kansas lottery for use
30 in the operation of any lottery conducted pursuant to this act;

31 (3) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
32 parent or stepparent of a person described by subsection (a)(1) or (2); or

33 (4) a person who resides in the same household as any person
34 described by subsection (a)(1) or (2).

35 (b) (1) Violation of subsection (a) is a class A nonperson
36 misdemeanor upon conviction for a first offense.

37 (2) Violation of subsection (a) is a severity level 9, nonperson felony
38 upon conviction for a second or subsequent offense.

39 (c) Notwithstanding subsection (a), the executive director may
40 authorize in writing any employee of the Kansas lottery and any employee
41 of a lottery vendor to purchase a lottery ticket for the purposes of verifying
42 the proper operation of the state lottery with respect to security, systems
43 operation and lottery retailer contract compliance. Any prize awarded as a

1 result of such ticket purchase shall become the property of the Kansas
2 lottery and be added to the prize pools of subsequent lottery games.

3 (d) Certain classes of persons who, because of the unique nature of
4 the supplies or services they provide for use directly in the operation of a
5 lottery pursuant to this act, may be prohibited, in accordance with rules
6 and regulations adopted by the commission, from participating in any
7 lottery in which such supplies or services are used.

8 (e) Nothing in this section shall prohibit lottery retailers or their
9 employees from purchasing lottery tickets and shares or from being paid a
10 prize of a winning ticket or share.

11 (f) Each person who purchases a lottery ticket or share thereby agrees
12 to be bound by rules and regulations adopted by the commission and by
13 the provisions of this act.

14 (g) *Any lottery ticket or share purchased by a person under 18 years*
15 *of age shall be null and void and may not be claimed for a prize.*

16 Sec. 4. K.S.A. 2017 Supp. 75-6202 is hereby amended to read as
17 follows: 75-6202. As used in ~~this act~~ *article 62 of chapter 75 of the*
18 *Kansas Statutes Annotated, and amendments thereto:*

19 (a) "Debtor" means any person who:

20 (1) Owes a debt to the state of Kansas or any state agency or any
21 municipality;

22 (2) owes support to an individual, or an agency of another state, who
23 is receiving assistance in collecting that support under K.S.A. 39-756 or
24 K.S.A. 2017 Supp. 20-378, and amendments thereto, or under part D of
25 title IV of the federal social security act, 42 U.S.C. § 651 et seq., as
26 amended; or

27 (3) owes a debt to a foreign state agency.

28 (b) "Debt" means:

29 (1) Any liquidated sum due and owing to the state of Kansas, or any
30 state agency, municipality or foreign state agency which has accrued
31 through contract, subrogation, tort, operation of law, or any other legal
32 theory regardless of whether there is an outstanding judgment for that sum.
33 A debt shall not include special assessments except when the owner of the
34 property assessed petitioned for the improvement and any successor in
35 interest of such owner of property;

36 (2) any amount of support due and owing an individual, or an agency
37 of another state, who is receiving assistance in collecting that support
38 under K.S.A. 39-756 or K.S.A. 2017 Supp. 20-378, and amendments
39 thereto, or under part D of title IV of the federal social security act, 42
40 U.S.C. § 651 et seq., as amended, which amount shall be considered a debt
41 due and owing the district court trustee or the Kansas department for
42 children and families for the purposes of this act; or

43 (3) any assessment of court costs, fines, fees, moneys expended by

1 the state in providing counsel and other defense services to indigent
2 defendants or other charges which a district court judgment has ordered to
3 be paid to the court and which remain unpaid in whole or in part, and
4 includes any interest or penalties on such unpaid amounts as provided for
5 in the judgment or by law. Such amount also includes the cost of collection
6 when the collection services of a contracting agent are utilized.

7 (c) "Refund" means any amount of income tax refund due to any
8 person as a result of an overpayment of tax, and for this purpose, a refund
9 due to a husband and wife resulting from a joint return shall be considered
10 to be separately owned by each individual in the proportion of each such
11 spouse's contribution to income, as the term "contribution to income" is
12 defined by rules and regulations of the secretary of revenue.

13 (d) "Net proceeds collected" means gross proceeds collected through
14 final setoff against a debtor's earnings, refund or other payment due from
15 the state or any state agency minus any collection assistance fee charged
16 by the director of accounts and reports of the department of administration.

17 (e) "State agency" means any state office, officer, department, board,
18 commission, institution, bureau, agency or authority or any division or unit
19 thereof and any judicial district of this state or the clerk or clerks thereof.
20 "State agency" also shall include any: (1) District court utilizing collection
21 services pursuant to K.S.A. 75-719, and amendments thereto, to collect
22 debts owed to such court; and (2) contracting agent, as defined in K.S.A.
23 75-719, and amendments thereto, with which a district court contracts to
24 collect debts owed to such court. Such contracting agent may directly
25 establish a debt setoff account with the director for the sole purpose of
26 collecting debts owed to courts.

27 (f) "Person" means an individual, proprietorship, partnership, limited
28 partnership, association, trust, estate, business trust, corporation, other
29 entity or a governmental agency, unit or subdivision.

30 (g) "Director" means the director of accounts and reports of the
31 department of administration.

32 (h) "Municipality" means any municipality as defined by K.S.A. 75-
33 1117, and amendments thereto.

34 (i) "Payor agency" means any state agency which holds money for, or
35 owes money to, a debtor.

36 (j) "Foreign state or foreign state agency" means the states of
37 Colorado, Missouri, Nebraska or Oklahoma or any agency of such states
38 which has entered into a reciprocal agreement pursuant to K.S.A. 75-6215,
39 and amendments thereto.

40 (k) *"Facility owner licensee" shall have the same meaning as the*
41 *term is defined in K.S.A. 74-8802, and amendments thereto.*

42 (l) *"Racetrack gaming facility manager" shall have the same*
43 *meaning as that term is defined in K.S.A. 74-8702, and amendments*

1 *thereto.*

2 (m) *"Lottery gaming facility manager" shall have the same meaning*
3 *as that term is defined in K.S.A. 74-8702, and amendments thereto.*

4 (n) *"Prize" shall have the same meaning as that term is defined in*
5 *K.S.A. 74-8702, and amendments thereto, and any winnings from*
6 *parimutuel wagering as provided by the Kansas parimutuel racing act,*
7 *K.S.A. 74-8801 et seq., and amendments thereto.*

8 Sec. 5. K.S.A. 2017 Supp. 75-6204 is hereby amended to read as
9 follows: 75-6204. (a) Subject to the limitations provided in this act, if a
10 debtor fails to pay a debt or fails to pay to the state of Kansas or any state
11 agency, foreign state agency, municipality or the federal department of the
12 treasury an amount owed, the director may setoff such amount and a
13 reasonable collection assistance fee determined in accordance with K.S.A.
14 75-6210, and amendments thereto, against any money held for, or any
15 money owed to, such debtor by the state ~~or~~, any state agency *or lottery*
16 *gaming facility manager, racetrack gaming facility manager or facility*
17 *owner licensee.*

18 (b) The director may enter into an agreement with a municipality for
19 participation in the setoff program for the purpose of assisting in the
20 collection of a debt ~~as defined by K.S.A. 75-6202, and amendments~~
21 ~~thereto.~~ The director shall include in any such agreement a provision
22 requiring the municipality to certify that the municipality has made at least
23 three attempts to collect a debt prior to submitting such debt to setoff
24 pursuant to this act.

25 (c) *The director shall enter into an agreement with a lottery gaming*
26 *facility manager, racetrack gaming facility manager or facility owner*
27 *licensee for participation in the setoff program for the purpose of assisting*
28 *in the collection of a debt. The director shall include in any such*
29 *agreement a provision agreeing to defend, indemnify and hold harmless a*
30 *lottery gaming facility manager, racetrack gaming facility manager or*
31 *facility owner licensee with regard to all claims, demands, suits, actions,*
32 *damages, judgments, costs, charges and expenses, including attorney fees,*
33 *that may be brought or asserted against a lottery gaming facility manager,*
34 *racetrack gaming facility manager or facility owner licensee and that*
35 *arise from the third party vendor's performance of an agreement to*
36 *facilitate the collection of debts by a lottery gaming facility manager,*
37 *racetrack gaming facility manager or facility owner licensee.*

38 (d) (1) Except as provided in subsection ~~(e)~~ (d)(2), the director shall
39 add the cost of collection and the debt for a total amount subject to setoff
40 against a debtor.

41 (2) Any debts due and owing to an individual, the state of Kansas or
42 an agency of another state that are being enforced by the Kansas
43 department for children and families under part D of title IV of the federal

1 social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the
2 cost of collection added to the debt owed and subject to setoff. Such cost
3 of collection shall be paid by the Kansas department for children and
4 families.

5 New Sec. 6. (a) Prior to any lottery gaming facility manager,
6 racetrack gaming facility manager or facility owner licensee paying on
7 behalf of the state any moneys requiring the completion of an internal
8 revenue service form W-2G, the lottery gaming facility manager, racetrack
9 gaming facility manager or facility owner licensee shall cause the person
10 winning the prize to be matched against the state debtor files maintained
11 by the director of accounts and reports as prescribed under K.S.A. 75-6201
12 et seq., and amendments thereto. If such person is listed in the state debtor
13 files, the prize shall be withheld by the lottery gaming facility manager,
14 racetrack gaming facility manager or facility owner licensee to the extent
15 of such person's debt as set forth in the state debtor files.

16 (b) The lottery gaming facility manager, racetrack gaming facility
17 manager or facility owner licensee shall not be subject to any civil,
18 criminal or administrative liability for any actions taken pursuant to this
19 section, unless such actions are intentional, malicious or wanton by such
20 lottery gaming facility manager, racetrack gaming facility manager or
21 facility owner licensee or employees or agents thereof. The state shall
22 indemnify the lottery gaming facility manager, racetrack gaming facility
23 manager or facility owner licensee for any and all expenses, losses,
24 damages and attorney fees that arise directly or indirectly from the
25 performance of activities related to this section. For the purposes of the
26 fair debt collection practices act, and any other federal or state law, the
27 lottery gaming facility manager, racetrack gaming facility manager or
28 facility owner licensee shall have all of the protections of the state under
29 the Kansas tort claims act, K.S.A. 75-6101 et seq., and amendments
30 thereto. The sole remedy at law for persons who claim prizes were
31 wrongfully withheld pursuant to this section shall be to submit an appeal
32 to the department of administration pursuant to K.S.A. 75-6201 et seq.,
33 and amendments thereto.

34 (c) Moneys withheld, based on the state debtor files, shall be remitted
35 to the state treasurer in accordance with K.S.A. 75-4215, and amendments
36 thereto. The state treasurer shall deposit the entire amount in the state
37 treasury and credit it to the department of administration's setoff clearing
38 fund.

39 (d) Nothing in this section shall apply to Native American tribal
40 gaming facilities.

41 (e) This section shall be part of and supplemental to the state debt
42 setoff program.

43 New Sec. 7. (a) The community crisis stabilization centers fund is

1 hereby created in the state treasury and shall be administered by the
2 Kansas department for aging and disability services. The community crisis
3 stabilization centers fund shall consist of those moneys credited to the
4 community crisis stabilization centers fund pursuant to K.S.A. 74-8711(e),
5 and amendments thereto. All expenditures from the community crisis
6 stabilization centers fund shall be for community crisis stabilization
7 centers operated through community mental health centers, and shall be
8 made in accordance with appropriation acts upon warrants of the director
9 of accounts and reports issued pursuant to vouchers approved by the
10 secretary for aging and disability services.

11 (b) The clubhouse model program fund is hereby created in the state
12 treasury and shall be administered by the Kansas department for aging and
13 disability services. The clubhouse model program fund shall consist of
14 those moneys credited to the clubhouse model program fund pursuant to
15 K.S.A. 74-8711(e), and amendments thereto. All expenditures from the
16 clubhouse model program fund shall be for certified clubhouse model
17 programs, and shall be made in accordance with appropriation acts upon
18 warrants of the director of accounts and reports issued pursuant to
19 vouchers approved by the secretary for aging and disability services.

20 New Sec. 8. (a) The executive director of the Kansas lottery is
21 authorized to enter into agreements with any nonprofit organization
22 licensed under K.S.A. 2017 Supp. 75-5171 et seq., and amendments
23 thereto, for the operation of instant bingo vending machines, as defined in
24 K.S.A. 74-8702, and amendments thereto, to be located on the premises of
25 such nonprofit organization, provided, that not more than two instant bingo
26 vending machines may be located on the premises of such nonprofit
27 organization. Such agreements shall provide for the remittance of the gross
28 receipts from the sale of instant bingo tickets via any instant bingo vending
29 machine to the nonprofit organization.

30 (b) All sales of instant bingo tickets via an instant bingo vending
31 machine operated pursuant to an agreement shall be considered sales by
32 the nonprofit organization, and all proceeds from such sales shall be
33 remitted to the nonprofit organization.

34 Sec. 9. K.S.A. 2017 Supp. 74-8723 is hereby amended to read as
35 follows: 74-8723. (a) The Kansas lottery and the office of executive
36 director of the Kansas lottery, established by K.S.A. 74-8703, and
37 amendments thereto, and the Kansas lottery commission, created by
38 K.S.A. 74-8709, and amendments thereto, shall be and hereby are
39 abolished on July 1, ~~2022~~ 2037.

40 (b) This section shall be part of and supplemental to the Kansas
41 lottery act.

42 Sec. 10. K.S.A. 2017 Supp. 75-5173 is hereby amended to read as
43 follows: 75-5173. As used in this act:

1 (a) "Act" means the Kansas charitable gaming act.

2 (b) "Administrator" means the administrator of charitable gaming
3 designated by the secretary pursuant to K.S.A. 2017 Supp. 75-5186, and
4 amendments thereto.

5 (c) "Bingo" or "games of bingo" means the games of call bingo and
6 instant bingo.

7 (d) "Bingo face" or "face" means a piece of paper which is marked
8 off into 25 squares arranged in five horizontal rows of five squares each
9 and five vertical rows of five squares each, with each square being
10 designated by a number, letter or combination of numbers and letters. Only
11 the center square shall be designated with the word "free." No two bingo
12 faces in the same game shall be identical. Faces shall be disposable and
13 shall not be reused after the game in which a player has used such face.

14 (e) "Call bingo" means a game in which: (1) Each player pays a
15 charge; (2) a prize or prizes are awarded to the winner or winners; (3) each
16 player receives one or more cards or faces; and (4) each player covers the
17 squares on each card or face as the operator of such game announces a
18 number, letter or combination of numbers and letters appearing on an
19 object selected by chance, either manually or mechanically from a
20 receptacle in which have been placed objects bearing numbers, letters or
21 combinations of numbers and letters corresponding to the system used for
22 designating the squares. The winner of each game is the player or players
23 first covering properly a predetermined and announced pattern of squares
24 upon the card or face being used by such player or players.

25 "Call bingo" shall include any regular, special, mini and progressive
26 game of bingo.

27 (f) "Charitable gaming" means bingo, including call bingo, and
28 instant bingo and charitable raffles.

29 (g) "Charitable raffle" means a raffle conducted by a nonprofit
30 religious, charitable, fraternal, educational or veterans' organization.

31 (h) "Department" means the department of revenue.

32 (i) "Director" means the director of taxation.

33 (j) "Distributor" means any person or entity that sells or distributes
34 instant bingo tickets, bingo cards or bingo faces.

35 (k) "Electronic gaming device" means a device that, as a result of the
36 insertion of a coin or other object, operates, either completely
37 automatically or with the aid of some physical act by the player, in such a
38 manner that, depending upon elements of chance, it may eject something
39 of value.

40 (l) "Instant bingo" means a game: (1) In which each player pays a
41 charge; (2) in which a prize or prizes are awarded to the winner or
42 winners; (3) in which each player receives one or more disposable pull-tab
43 or break-open tickets which accord a player an opportunity to win

1 something of value by opening or detaching the paper covering from the
 2 back of the ticket to reveal a set of numbers, letters, symbols or
 3 configurations, or any combination thereof; (4) ~~which that~~ is conducted by
 4 a licensee under this act; (5) ~~the conduct of which must be in the presence~~
 5 ~~of the players that may be dispensed by an instant bingo vending machine;~~
 6 and (6) ~~which that~~ does not utilize any dice, normal playing cards, instant
 7 ticket with a removable latex covering or slot machines.

8 Winners of instant bingo shall be determined either: (1) By a
 9 combination of letters, numbers or symbols determined and posted prior to
 10 the sale of instant bingo tickets; (2) by matching a letter, number or
 11 symbol under a tab of an instant bingo ticket with the winning letter,
 12 number or symbol in a designated call game of bingo during the same
 13 session; or (3) by matching a letter, number or symbol under a tab of an
 14 instant bingo ticket with one or more letters, numbers or symbols
 15 announced in, or as a continuation of, a designated call game of bingo
 16 during the same session.

17 ~~"Instant bingo" shall not include any game utilizing electronically~~
 18 ~~generated or computer-generated tickets.~~

19 (m) *"Instant bingo vending machine" means the same as that term is*
 20 *defined in K.S.A. 74-8702, and amendments thereto.*

21 ~~(n)~~(n) "Lessor" means the owner, co-owner, lessor or sublessor of
 22 premises upon which a licensee is permitted to manage, operate or conduct
 23 games of bingo.

24 ~~(o)~~(o) "Licensee" means any nonprofit organization holding a license
 25 to manage, operate or conduct games of bingo or charitable raffles
 26 pursuant to K.S.A. 2017 Supp. 75-5171 through 75-5188, and amendments
 27 thereto. A license shall be required for each affiliated organization of any
 28 state or national nonprofit religious, charitable, fraternal, educational or
 29 veteran's organization.

30 ~~(p)~~(p) "Mini bingo" means a game of call bingo in which the prizes
 31 awarded are not less than 50% of the gross receipts derived from the sale
 32 of cards or faces for participation in the game.

33 ~~(q)~~(q) "Net proceeds" means the gross receipts received by the
 34 licensee from charges imposed on players for participation in games of
 35 bingo or raffles and any admission fees or charges less amounts actually
 36 paid as prizes in games of bingo or raffles and any tax payable by the
 37 licensee.

38 ~~(r)~~(r) "Nonprofit religious organization" means any organization,
 39 church, body of communicants, or group, gathered in common
 40 membership for mutual support and edification in piety, worship, and
 41 religious observances, or a society of individuals united for religious
 42 purposes at a definite place and of which no part of the net earnings inures
 43 to the benefit of any private shareholder or individual member of such

1 organization, and which religious organization maintains an established
2 place of worship within this state and has a regular schedule of services or
3 meetings at least on a weekly basis and has been determined by the
4 administrator to be organized and created as a bona fide religious
5 organization and which has been exempted from the payment of federal
6 income taxes as provided by section 501(c)(3) or section 501(d) of the
7 federal internal revenue code of 1986, as amended, or determined to be
8 organized and operated as a bona fide nonprofit religious organization by
9 the administrator.

10 ~~(†)~~(s) "Nonprofit charitable organization" means any organization
11 which is organized and operated for:

12 (1) The relief of poverty, distress, or other condition of public
13 concern within this state;

14 (2) financially supporting the activities of a charitable organization as
15 defined in paragraph (1); or

16 (3) conferring direct benefits on the community at large; and of which
17 no part of the net earnings inures to the benefit of any private shareholder
18 or individual member of such organization and has been determined by the
19 administrator to be organized and operated as a bona fide charitable
20 organization and which has been exempted from the payment of federal
21 income taxes as provided by sections 501(c)(3), 501(c)(4), 501(c)(5),
22 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1986, as
23 amended, or determined to be organized and operated as a bona fide
24 nonprofit charitable organization by the administrator.

25 ~~(s)~~(t) "Nonprofit fraternal organization" means any organization
26 within this state which exists for the common benefit, brotherhood, or
27 other interests of its members and is authorized by its written constitution,
28 charter, articles of incorporation or bylaws to engage in a fraternal, civic or
29 service purpose within this state and has been determined by the
30 administrator to be organized and operated as a bona fide fraternal
31 organization and which has been exempted from the payment of federal
32 income taxes as provided by section 501(c)(8) or section 501(c)(10) of the
33 federal internal revenue code of 1986, as amended, or determined to be
34 organized and operated as a bona fide nonprofit fraternal organization by
35 the administrator.

36 ~~(†)~~(u) "Nonprofit educational organization" means any public or
37 private elementary or secondary school or institution of higher education
38 which has been determined by the administrator to be organized and
39 operated as a bona fide educational organization and which has been
40 exempted from the payment of federal income taxes as provided by section
41 501(c)(3) of the federal internal revenue code of 1986, as amended, or
42 determined to be organized and operated as a bona fide nonprofit
43 educational organization by the administrator.

1 ~~(t)~~(v) "Nonprofit veterans' organization" means any organization
2 within this state or any branch, lodge or chapter of a national or state
3 organization within this state, the membership of which consists
4 exclusively of individuals who qualify for membership because they were
5 or are members of the armed services or forces of the United States, or an
6 auxiliary unit or society of such a nonprofit veterans' organization, the
7 membership of which consists exclusively of individuals who were or are
8 members of the armed services or forces of the United States, or are
9 cadets, or are spouses, widows or widowers of individuals who were or are
10 members of the armed services or forces of the United States, and of
11 which no part of the net earnings inures to the benefit of any private
12 shareholder or individual member of such organization, and has been
13 determined by the administrator to be organized and operated as a bona
14 fide veterans' organization and which has been exempted from the
15 payment of federal income taxes as provided by section 501(c)(4) or
16 501(c)(19) of the federal internal revenue code of 1986, as amended, or
17 determined to be organized and operated as a bona fide nonprofit veterans'
18 organization by the administrator.

19 ~~(v)~~(w) "Person" means any natural person, corporation, partnership,
20 trust or association.

21 ~~(w)~~(x) "Premises" means any room, hall, building, enclosure or
22 outdoor area used for the management, operation or conduct of a game of
23 bingo by a licensee.

24 ~~(x)~~(y) "Progressive bingo" means a game of call bingo in which either
25 the established prize amount or number of bingo balls or objects called, or
26 both, may be increased from one session to the next scheduled session if
27 no player completes the required pattern within the specified number of
28 bingo balls or objects drawn. The player's opportunity to win shall increase
29 as the prize amount increases.

30 ~~(y)~~(z) "Raffle" means a game of chance in which each participant
31 buys a ticket or tickets from a nonprofit organization with each ticket
32 providing an equal chance to win a prize and the winner being determined
33 by a random drawing.

34 ~~(z)~~(aa) "Reusable bingo card" means a reusable card which is marked
35 off into 25 squares arranged in five horizontal rows of five squares each
36 and five vertical rows of five squares each, with each square being
37 designated by a number, letter or combination of numbers and letters. Only
38 the center square shall be designated with the word "free." No two cards in
39 the same game shall be identical.

40 ~~(aa)~~(bb) "Secretary" means the secretary of revenue or the secretary's
41 designee.

42 ~~(bb)~~(cc) "Session" means a day on which a licensee conducts games
43 of bingo.

1 Sec. 11. K.S.A. 74-8719 and K.S.A. 2017 Supp. 74-8702, 74-8711,
2 74-8723, 75-5173, 75-6202 and 75-6204 are hereby repealed.

3 Sec. 12. This act shall take effect and be in force from and after its
4 publication in the Kansas register.