
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:

(1) Sports wagering retailers that have contracted with the Kansas lottery pursuant to section 2, and amendments thereto, to conduct sports wagering on behalf of the Kansas lottery;

(2) one or more lottery gaming facility managers or racetrack gaming facility managers that have contracted with the Kansas lottery in accordance with the Kansas expanded lottery act to operate and 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 a licensed interactive sports wagering platform approved by the Kansas lottery and the use of any such platform at the primary facility of a professional sports team pursuant to a marketing agreement entered into between the lottery gaming facility manager or racetrack gaming facility manager and the professional sports team in accordance with section 4, and amendments thereto; and

(3) one or more licensed interactive sports wagering platforms, including the use of any such platform at the primary facility of a professional sports team pursuant to a marketing agreement entered into between the Kansas lottery and the professional sports team in accordance with section 4, and amendments thereto.

New Sec. 2. (a) The executive director may select persons as sports wagering retailers that the executive director deems are best able to serve the public convenience and promote sports wagering in accordance with marketing plans developed by the Kansas lottery. In the selection of sports wagering retailers, the executive director shall consider factors such as
financial responsibility, security of the applicant's place of business or
activity, accessibility of the applicant's place of business or activity,
integrity, reputation, volume of expected wagers and such other factors as
the executive director may deem appropriate. The aggregate number of
sports wagering retailers shall not exceed 1,200. A sports wagering retailer
shall offer only tier one sports wagers.

(b) The executive director may charge an application fee to persons
applying to become sports wagering retailers.

(c) All sports wagering retailer contracts awarded by the Kansas
lottery under this section shall be renewed annually after issuance unless
sooner canceled or terminated.

(d) No sports wagering retailer contract awarded under this section
shall be transferable or assignable.

(e) The sports wagering retailer shall conduct sports wagering only as
approved by the Kansas lottery and in accordance with the provisions of
the Kansas expanded lottery act.

(f) To be selected as a sports wagering retailer, a natural person acting
as a sole proprietor shall:

(1) Be at least 21 years of age;

(2) have sufficient financial resources to support the activities
required to conduct sports wagering;

(3) be current in payment of all taxes, interest and penalties owed to
any taxing subdivision where the sports wagering retailer will conduct
sports wagering;

(4) be current in filing all applicable tax returns and in payment of all
taxes, interest and penalties owed to the state of Kansas, excluding items
under formal appeal pursuant to applicable statutes; and

(5) not be engaged exclusively in conducting sports wagering.

(g) No natural person shall be selected as a sports wagering retailer
who:

(1) Has been convicted of a felony in this or any other jurisdiction,
unless at least 10 years have passed since satisfactory completion of the
sentence or probation imposed by the court for each such felony;

(2) has been convicted of any crime involving illegal gambling
activity, fraud, dishonesty or deceit, or any financial crime in this or any
other jurisdiction;

(3) has been found to have violated the provisions of this act or any
rule and regulation adopted hereunder;

(4) is a vendor or an employee or agent of any vendor doing business
with the Kansas lottery;

(5) resides in the same household of an employee of the Kansas
lottery or of a member of the commission; or

(6) has made a statement of material fact to the Kansas lottery,
knowing such statement to be false.

(h) For a partnership to be selected as a sports wagering retailer, the partnership must meet the requirements of subsections (f)(2) through (f)(5), and each partner must meet the requirements of subsections (f)(1), (f)(3), (f)(4) and (g)(1) through (g)(6).

(i) For a corporation to be selected as a sports wagering retailer, the corporation must meet the requirements of subsections (f)(2) through (f)(5), and each officer or director and each stockholder who owns 5% or more of the stock of such corporation must meet the requirements of subsections (f)(3), (f)(4) and (g)(1) through (g)(6).

(j) For an unincorporated association to be selected as a sports wagering retailer, the association must meet the requirements of subsections (f)(2) through (f)(5), and each officer or director of such association must meet the requirements of subsections (f)(1), (f)(3), (f)(4) and (g)(1) through (g)(6).

(k) The executive director may terminate the contract of any sports wagering retailer that fails to meet any of the applicable qualifying standards for selection as a sports wagering retailer provided in this section or on the grounds for termination provided in the contract pursuant to rules and regulations adopted by the commission.

(l) If a sports wagering retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and such computation of retail sales is not explicitly defined to include sports wagering revenues under the Kansas expanded lottery act, the compensation received by the sports wagering retailer from conducting sports wagering on behalf of the Kansas lottery shall be considered the amount of the retail sale for purposes of computing the rental payment.

New Sec. 3. (a) The executive director may select an interactive sports wagering platform that the executive director deems is best able to serve the public convenience and promote sports wagering in accordance with marketing plans developed by the Kansas lottery. The interactive sports wagering platform selected by the executive director shall offer tier one and tier two sports wagers and shall be made available to any lottery gaming facility manager and racetrack gaming facility manager that has entered into a management contract for the operation and management of sports wagering under the Kansas expanded lottery act. 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) A lottery gaming facility manager or racetrack gaming facility manager may apply to the Kansas lottery for approval of one additional graphical user interface specific to such lottery gaming facility manager or
racetrack gaming facility manager to be used to access the interactive
sports wagering platform provided by the Kansas lottery.

(c) In addition to the interactive sports wagering platform provided by
the Kansas lottery, a lottery gaming facility manager or racetrack gaming
facility manager may apply to the Kansas lottery for approval of one
additional interactive sports wagering platform to be used by such lottery
gaming facility manager or racetrack gaming facility manager in operating
and managing sports wagering. All additional platforms shall comply with
the Kansas lottery act and the Kansas expanded lottery act for the legal
operation of sports wagering in this state. The lottery gaming facility
manager or racetrack gaming facility manager shall submit such request in
such form and manner as prescribed by the executive director and shall
provide such information regarding the interactive sports wagering
platform and such manager's intended use of such platform as the
executive director deems necessary. All background investigation
requirements shall be completed before the Kansas lottery shall consider
approval and usage of any additional platforms.

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

(b) (1) A marketing agreement shall provide that the professional
sports team shall promote and advertise sports wagering on behalf of the
other contracting party at the primary facility of the professional sports
team. 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 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
contracting party operating and managing sports wagering at the primary
facility.

(2) A marketing agreement shall expressly prohibit the professional
sports team and any owner, director, officer, employee or agent of such
professional sports team 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 Kansas lottery, the lottery gaming facility manager or the racetrack gaming facility manager to operate and manage sports wagering.

(c) Any lottery gaming facility manager or racetrack gaming facility manager seeking to enter into a marketing agreement pursuant to this section shall submit the 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 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 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, 2021, 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 sports wagering 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. A sports governing body may notify the Kansas lottery that the sports governing body desires to restrict, limit or exclude wagering on one or more sporting events overseen by such sports governing body by providing notice in such form and manner as prescribed by the executive director. Upon receiving such notice, the executive director shall review the request in good faith, seek input from sports wagering managers on such a request and, if deemed appropriate, the commission shall adopt rules and regulations to restrict sports wagering on such sporting events. If the executive director denies a request submitted pursuant to this section, the executive director shall notify the sports governing body of such denial. Any sports governing body whose request is denied may appeal the decision of the executive director in accordance with the Kansas administrative procedure act. Offering or taking wagers contrary to any published restrictions on a sporting event is a violation of the Kansas expanded lottery act. In the event that a request submitted pursuant to this section is submitted in response to an emergency situation, the executive director may temporarily prohibit sports wagering on the sporting event in
question until there is an opportunity to review the request and adopt rules and regulations in accordance with this section.

New Sec. 7. (a) Sports wagering managers shall use reasonable methods to:
   (1) Prohibit the 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;
   (2) prohibit the interactive sports wagering platform, and any director, officer, owner and employee of the platform, and any relative living in the same household as such persons, from placing wagers with the manager;
   (3) 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, sports wagering 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;
   (4) prohibit any person with access to nonpublic confidential information held by the manager from placing wagers with the manager;
   (5) prohibit persons from placing wagers as agents or proxies for other persons;
   (6) 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
   (7) 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) Sports wagering managers shall cooperate with any investigations conducted by the Kansas lottery, the Kansas racing and gaming commission, sports governing bodies 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) (1) Sports wagering managers shall immediately report to the Kansas lottery and the Kansas racing and gaming commission any
information relating to:

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

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

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

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

(E) 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.

(2) Sports wagering managers shall immediately report information relating to the conduct described in subparagraphs (B) through (D) to the relevant sports governing body.

(d) Information provided by a sports governing body to a sports wagering manager shall be confidential and not subject to the open records act, K.S.A. 45-215 et seq., and amendments thereto, and the sports wagering 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, 2025, unless the legislature acts to reenact such provision. The provisions of this subsection shall be reviewed by the legislature prior to July 1, 2025.

(e) Sports wagering managers may use data for determining the result of tier one sports wagers from any source such manager deems appropriate. Sports wagering managers shall use only official league data for determining the result of tier two sports wagers, provided that official league data is readily available for sports wagering managers to access or purchase on commercially reasonable terms.

New Sec. 8. (a) (1) Sports wagering managers shall maintain records of:

(A) All wagers placed, including personally identifiable information of the person placing the wager;

(B) the amount and type of wager;

(C) the time the wager was placed;

(D) the location of the wager, including the IP address, if applicable;

(E) the outcome of the wager;

(F) any records of abnormal wagering activity; and

(G) video camera recordings, in the case of in-person wagers.
(2) Such records shall be maintained for at least three years after the sporting event occurs. A sports wagering 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.

(b) If a sports governing body has notified the Kansas racing and gaming commission that real-time information sharing for wagers placed on such sports governing body's sporting events is necessary and desirable, sports wagering managers shall share in real time the information required to be retained pursuant to subsection (a), except video camera recordings, with the sports governing body, or such sports governing body's designee, with respect to wagers on such sports governing body's sporting events. Any information provided pursuant to this subsection shall not contain any personally identifiable information.

(c) The Kansas lottery and the Kansas racing and gaming commission shall cooperate with a sports governing body and sports wagering managers to ensure the timely, efficient and accurate sharing of information.

(d) Any disclosures made pursuant to this section shall be in accordance with section 9, and amendments thereto.

New Sec. 9. The Kansas racing and gaming commission and any sports wagering manager shall only disclose personal information of individuals placing wagers to a sports governing body if such sports governing body has entered into a data-sharing agreement with the Kansas lottery. Such agreement shall specify when and to what extent the personal information of individuals placing wagers may be disclosed by the Kansas racing and gaming commission or a sports wagering manager. Any disclosure of such information shall be in accordance with any such data-sharing agreement.

New Sec. 10. The state or a sports governing body 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 entity filing any such action 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 the state or a sports governing body may bring against such person, or any other claim the state or a sports governing body may bring for injuries or damages arising out of the operation of sports wagering.

New Sec. 11. Upon request by an individual, a sports wagering manager shall restrict such individual from placing sports wagers with the manager and shall take reasonable measures to prevent such individual from placing sports wagers. The sports wagering 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 sports wagering managers. Any sports wagering
manager that receives such individual's information from the Kansas
racing and gaming commission shall restrict such individual from placing
sports wagers.

New Sec. 12. (a) There is hereby established in the state treasury the
sports wagering receipts fund. Separate accounts shall be maintained in
such fund for receipt of moneys from sports wagering conducted by the
Kansas lottery, sports wagering retailers, each lottery gaming facility
manager and each racetrack 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 the Kansas
lottery, sports wagering retailers, lottery gaming facility managers and
racetrack 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 Kansas lottery, sports wagering retailers,
the lottery gaming facility manager or the racetrack gaming facility
manager.

(c) (1) The executive director shall certify monthly 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 sports wagering retailer contract,
lottery gaming facility management contract or racetrack 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) Once each month, the executive director shall cause amounts from
each such account to be paid to the sports wagering retailers, lottery
gaming facility managers and racetrack gaming facility managers in
accordance with each entity's respective contract with the Kansas lottery.

New Sec. 13. (a) There is hereby established in the state treasury the
white collar crime fund. The attorney general shall administer such fund.
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.

(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 attorney general, or the attorney general's designee, for the purposes set forth in this act.

(c) The attorney general 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 Kansas bureau of investigation as deemed appropriate by the attorney general to carry out the purposes of the white collar crime fund. 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 Kansas bureau of investigation in accordance with the certification of the attorney general.

New Sec. 14. (a) Notwithstanding the provisions of K.S.A. 74-8733, and amendments thereto, the attorney general may file an action in quo warranto in the supreme court within 90 days after July 1, 2020, on the question of the authority of a public official to act in accordance with the provisions of section 1 or 2, and amendments thereto. Such action may only be filed by the attorney general and shall only be filed in the supreme court.

(b) No action against the state of Kansas for specific performance, anticipatory breach or breach of contract, the basis of which is that a contract between the Kansas lottery and a sports wagering retailer to offer sports wagering pursuant to section 1, and amendments thereto, violates the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and amendments thereto, or that such contract creates a material breach of a lottery gaming facility management contract, shall be deemed to have accrued until such date as the Kansas lottery enters into a contract with a sports wagering retailer to offer sports wagering, or such date a final order is issued in any action brought by the attorney general pursuant to subsection (a), whichever occurs later. Any such action shall be
commenced in the district court of Shawnee county within 60 days from the date the cause of action accrued.

(c) No claim for equitable relief, including injunctive relief, may be brought in any action filed pursuant to this section except by the attorney general in an action brought under subsection (a).

(d) The monetary damages that may be 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 plus accrued interest from the date such action accrues as specified in subsection (b).

New Sec. 15. 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.

New Sec. 16. (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. 2019 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. 17. K.S.A. 2019 Supp. 21-6403 is hereby amended to read as follows: 21-6403. As used in K.S.A. 2019 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 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 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. 18. K.S.A. 2019 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.

(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)(1) through (a)(4), if committed with the intent to influence a betting outcome of a sports contest in order to obtain financial gain, in connection with betting or wagering on a sports contest, is a severity level 5, nonperson felony.

(c) As used in this section and K.S.A. 2019 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. 19. 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 15, 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. 20. 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 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) "Commission" means the Kansas lottery commission.

(c) "Electronic gaming machine" means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the Kansas lottery which, 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 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.

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

(e) "Gaming equipment" means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device or any other equipment, which 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) "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) "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.

(h) "Interactive sports wagering platform" means sports wagering
made available over the internet, including through websites and mobile
device applications, that accepts wagers or bets and pays prizes to
persons physically located within the geographical boundaries of the state
of Kansas by and through the Kansas lottery, a lottery gaming facility
manager or a racetrack gaming facility manager.

(h)(i) (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,
amendments thereto, from a registered distributor.

No more than two instant bingo vending machines may be located on
the premises of each licensee location.
"Kansas lottery" means the state agency created by this act to operate a lottery or lotteries pursuant to this act.

"Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.

"Lottery facility games" means any electronic gaming machines and any other games which, as of January 1, 2007, 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. The term "lottery facility games" does not include sports wagering.

"Lottery gaming enterprise" means an entertainment enterprise which 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.

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

"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.

"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.

"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.

"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.

"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—when 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. 2019 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.

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

(u) (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
sports wagering 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,
sports wagering 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 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, sports wagering 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 sports wagering retailer, or by cash, check or other prize from the office of the Kansas lottery.

(u) (v) (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.

(w) "Marketing agreement" means an agreement entered into between a professional sports team and the Kansas lottery, a lottery gaming facility manager or a racetrack gaming facility manager for the purposes described in section 4, and amendments thereto.

(x) "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.

(y) "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.

(z) "Official league data" means statistics, results, outcomes and other data relating to a sporting event that have been obtained from the relevant sports governing body, or an entity expressly authorized by the sports governing body to provide such information to sports wagering managers.
"Organization licensee" has the meaning provided by K.S.A. 74-8802, and amendments thereto.

"Parimutuel licensee" means a facility owner licensee or facility manager licensee under the Kansas parimutuel racing act.

"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 any existing structure at such racetrack facility or any structure that may be constructed on real estate where such racetrack facility is located.

"Person" means any natural person, association, limited liability company, corporation or partnership.

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

"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.

"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.

"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.

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

"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.

"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.

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

"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.

(nn) "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.

(oo) (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" shall not include:

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

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

(pp) (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 the Kansas lottery, a sports wagering retailer, a lottery gaming facility or a racetrack gaming facility.

(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. 2019 Supp. 21-6403, and amendments thereto.

(qq) "Sports wagering manager" means the Kansas lottery, any sports wagering retailer that has entered into a sports wagering retailer contract or any lottery gaming facility manager or racetrack gaming facility manager that has entered into an approved management contract that provides for operating and managing sports wagering.

(rr) "Sports wagering retailer" means any person with whom the Kansas lottery has contracted to conduct sports wagering on behalf of the Kansas lottery pursuant to section 2, and amendments thereto.

(ss) "Sports wagering revenues" means wagering revenue generated from sports wagering that is an amount equal to the total wagers less any voided wagers and any amounts paid as prizes.

(ht) "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.

(uu) "Tier one sports wager" means a sports wager that is determined solely by the final score or final outcome of the sporting event and is placed before the sporting event has begun.

(vv) "Tier two sports wager" means a sports wager that is not a tier
one sports wager.

(ii) "Token" means a representative of value, of metal or other material, which is not legal tender, redeemable for cash only by the issuing lottery gaming facility manager or racetrack gaming facility manager and which 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) "Vendor" means any person who has entered into a major procurement contract with the Kansas lottery.

(kk) "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. 21. 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, online, traditional games, lottery facility games and electronic gaming machine games but not including games on video lottery machines or lottery machines. No online lottery game shall:

(A) Functionally operate as an electronic gaming machine;

(B) allow for the redemption of a prize that exceeds $599 other than at a lottery retail location or a Kansas lottery office; or

(C) extend or arrange credit for the purchase of a lottery ticket.

(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 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) Sports wagering conducted by the Kansas lottery, including contracts for sports wagering conducted by sports wagering retailers; (B) management contracts for sports wagering conducted by lottery gaming facility managers and racetrack gaming facility managers; (C) provisions for the confidentiality of information submitted by an interactive sports wagering platform and
sports wagering managers; and (D) provisions ensuring the integrity of
sports wagering conducted in this state.

(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. 22. 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 issued 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 white collar crime fund of the attorney general pursuant to subsection (f);

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

(7)(8) 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 (c)(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 2019, 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, 2021, 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 of the attorney general established in section 13, and amendments thereto.

Sec. 23. 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:
HB 2671

(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
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. 24. K.S.A. 74-8718 is hereby amended to read as follows: 74-
8718. (a) It is unlawful:

1. To sell a lottery ticket or share at a price other than that fixed by
   rules and regulations adopted pursuant to this act;
2. for any person other than the Kansas lottery or a lottery retailer
   authorized by the Kansas lottery to sell or resell any lottery ticket or share;
or
3. to sell a lottery ticket or share to any person, knowing such person
   to be under 18 years of age; or
4. to sell a lottery ticket at retail by electronic mail, the internet or
   telephone if the lottery ticket:
   (A) Functionally operates as an electronic gaming machine;
   (B) allows for the redemption of a prize that exceeds $599 other than
       at a lottery retail location or a Kansas lottery office; or
   (C) extends or arranges credit for the purchase of a lottery ticket.

(b) (1) Violation of this section is a class A nonperson misdemeanor
upon conviction for a first offense; and

2. violation of this section is a severity level 9, nonperson felony
upon conviction for a second or subsequent offense.

Sec. 25. 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. 26. 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 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;
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 operating and 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 the following provisions:

(A) The lottery gaming facility may offer tier one or tier two sports
wagers, or both; and

(B) (i) The state shall receive 20% of the sports wagering revenues
received from wagers placed with the lottery gaming facility through an
interactive sports wagering platform; and

(ii) the state shall receive 14% of the sports wagering revenues
received from wagers placed in person at the lottery gaming facility.

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

(ii)(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.

(k) 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.

(l) 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.

(m) 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.

(n) (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 operate and 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 operating and 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. 27. K.S.A. 74-8741 is hereby amended to read as follows: 74-8741. (a) The executive director of the Kansas lottery shall negotiate a racetrack gaming facility management contract to place electronic gaming machines at one parimutuel licensee location in each gaming zone except the southwest Kansas gaming zone. The racetrack management contract may also provide for the racetrack gaming facility manager to operate and manage sports wagering as provided in subsection (d).

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

1. Have sufficient access to financial resources to support the activities required of a racetrack gaming facility manager under the Kansas expanded lottery act; and
2. be 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.

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

1. The term of the contract;
2. provisions for the Kansas racing and gaming commission to
oversee all 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 any required certification or licensing of officers, directors, board
members, employees, contractors and agents of the racetrack gaming
facility manager; auditing of net electronic gaming machine income and
maintenance of the integrity of electronic gaming machine operations;

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

(4) enforceable provisions: (A) Prohibiting the state, until July 1,
2032, from: (i) Entering into management contracts for more than three-
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 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
racetrack gaming facility manager an amount equal to the privilege fee
paid by such racetrack 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).

(d) (1) Any management contract approved by the commission under
K.S.A. 74-8742, and amendments thereto, may include provisions for
operating and managing sports wagering by the racetrack gaming facility
manager in person at the racetrack gaming facility and over the internet
via an interactive sports wagering platform.

(2) If a management contract includes such provisions, then such
contract shall include the following provisions:

(A) The racetrack gaming facility may offer tier one or tier two sports
wagers, or both; and

(B) (i) The state shall receive 20% of the sports wagering revenues
received from wagers placed with the racetrack gaming facility through an
interactive sports wagering platform; and

(ii) the state shall receive 14% of the sports wagering revenues
received from wagers placed in person at the racetrack gaming facility.

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

(1) Accounting procedures to determine net electronic gaming
machine income, unclaimed prizes and credits;
(2) minimum requirements for a racetrack gaming facility manager to provide qualified oversight, security and supervision of electronic gaming machines including the use of qualified personnel with experience in applicable technology;
(3) eligibility requirements for employees, contractors or agents of a racetrack gaming facility manager who will have responsibility for or involvement with electronic gaming machines or for the handling of cash or tokens;
(4) background investigations to be performed by the Kansas racing and gaming commission;
(5) credentialing or certification requirements of any employee, contractor or agent 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 racetrack gaming facility operations in a legal and fair manner.
(e)(f) A person who is the manager of a lottery gaming facility in a gaming zone shall not be eligible to be the manager of the racetrack gaming facility in the same zone.
(f)(g) A racetrack gaming facility 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.
(h) If a racetrack gaming facility manager agrees to operate and manage sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in conducting sports wagering, and the racetrack gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for operating and 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.
Sec. 28. 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:
(a)(f) 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;

(b)(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 certification requirement and enforcement procedure for: (1) Employees of a lottery gaming facility manager or racetrack gaming facility manager who are directly involved in the operation or management of sports wagering conducted by such manager; and (2) those persons who propose to contract with a lottery gaming facility manager or a racetrack gaming facility manager for the provision of goods or services related to sports wagering, including any interactive sports wagering platform requested by a lottery gaming facility manager
or racetrack gaming facility manager under section 3, and amendments thereto. 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 sports wagering conducted by the lottery gaming facility or racetrack gaming facility. Such certification shall be valid for one year from the date of issuance;

(e)(4) provisions for revocation of a certification required by subsection (a) or (b)(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

(d)(5) provisions for suspension, revocation or nonrenewal of a certification required by subsection (a) or (b)(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) The Kansas racing and gaming commission shall conduct the security, fitness and background checks required pursuant to this section. 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.

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

Sec. 29. K.S.A. 74-8752 is hereby amended to read as follows: 74-
HB 2671 40

(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. 30. 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. 31. 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
HB 2671

electronic gaming machine at a racetrack gaming facility 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 (3) the racetrack gaming facility manager or any employee of the racetrack gaming facility manager.

(c) 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 sports wager with a sports wagering retailer, a lottery gaming facility or a racetrack gaming facility: (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; (3) a sports wagering manager, or any director, officer, owner or employee of such sports wagering manager, or any relative living in the same household as such persons; (4) an interactive sports wagering platform, or any director, officer, owner or employee of such platform, or any relative living in the same household as such persons; (5) any director, officer or employee of a sports governing body; (6) any owner, officer, athlete, coach or other employee of a team; or (7) any director, officer or employee of a player union or referee union.

(d) 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 sports wagering 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) 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.

(e)(f) 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) 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. 32. 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. 33. K.S.A. 75-6202 is hereby amended to read as follows: 75-6202. As used in article 62 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto:

(a) "Debtor" means any person who:

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

(2) owes support to an individual, or an agency of another state, who is receiving assistance in collecting that support under K.S.A. 39-756 or K.S.A. 2019 Supp. 20-378, and amendments thereto, or under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended; or

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

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

(2) any amount of support due and owing an individual, or an agency of another state, who is receiving assistance in collecting that support under K.S.A. 39-756 or K.S.A. 2019 Supp. 20-378, and amendments thereto, or under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended, which amount shall be considered a debt due and owing the district court trustee or the Kansas department for children and families for the purposes of this act; or

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

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

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

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

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

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

(h) "Municipality" means any municipality as defined by K.S.A. 75-
1117, and amendments thereto, or any community mental health center
organized pursuant to the provisions of K.S.A. 19-4001 et seq., and
amendments thereto, and licensed pursuant to K.S.A. 2019 Supp. 39-2001
et seq., and amendments thereto, or any mental health clinic organized
pursuant to the provisions of K.S.A. 65-211 et seq., and amendments
thereto, and licensed pursuant to K.S.A. 2019 Supp. 39-2001 et seq., and
amendments thereto.

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

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

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

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

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

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

(o) "Sports wagering retailer" means the same as defined in K.S.A.
74-8702, and amendments thereto.

Sec. 34. K.S.A. 75-6204 is hereby amended to read as follows: 75-
6204. (a) Subject to the limitations provided in this act, if a debtor fails to
pay a debt or fails to pay to the state of Kansas or any state agency, foreign
state agency, municipality or the federal department of the treasury an
amount owed, the director may setoff such amount and a reasonable
collection assistance fee determined in accordance with K.S.A. 75-6210,
and amendments thereto, against any money held for, or any money owed
to, such debtor by the state, any state agency or lottery gaming facility
manager, racetrack gaming facility manager—or, facility owner licensee or
sports wagering retailer.

(b) The director may enter into an agreement with a municipality for
participation in the setoff program for the purpose of assisting in the collection of a debt. The director shall include in any such agreement a provision requiring the municipality to certify that the municipality has made at least three attempts to collect a debt prior to submitting such debt to setoff pursuant to this act.

(c) The director shall enter into an agreement with a lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer for participation in the setoff program for the purpose of assisting in the collection of a debt. The director shall include in any such agreement a provision agreeing to defend, indemnify and hold harmless a lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer with regard to all claims, demands, suits, actions, damages, judgments, costs, charges and expenses, including attorney fees, that may be brought or asserted against a lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer and that arise from the performance of an agreement to facilitate the collection of debts by a lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer.

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

(2) Any debts due and owing to an individual, the state of Kansas or an agency of another state that are being enforced by the Kansas department for children and families under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the cost of collection added to the debt owed and subject to setoff. Such cost of collection shall be paid by the Kansas department for children and families.

Sec. 35. K.S.A. 75-6217 is hereby amended to read as follows: 75-6217. (a) Prior to any lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer paying on behalf of the state any moneys requiring the completion of an internal revenue service form W-2G, the lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer shall cause the person winning the prize to be matched against the state debtor files maintained by the director of accounts and reports as prescribed under K.S.A. 75-6201 et seq., and amendments thereto. If such person is listed in the state debtor files, the prize shall be withheld by the lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee or sports wagering retailer to the extent of such person's debt as set forth in the state debtor files.

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

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

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

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

Sec. 36. 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. 38. This act shall take effect and be in force from and after its publication in the statute book.