

HOUSE BILL No. 2671

By Committee on Federal and State Affairs

2-13

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 authorizing sports wagering; amending K.S.A. 46-2301, 74-8702, 74-
3 8710, 74-8711, 74-8716, 74-8718, 74-8733, 74-8734, 74-8741, 74-
4 8751, 74-8752, 74-8757, 74-8760, 74-8761, 75-6202, 75-6204, 75-
5 6217 and 79-4806 and K.S.A. 2019 Supp. 21-6403 and 21-6507 and
6 repealing the existing sections.

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

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

12 (b) The Kansas lottery may offer sports wagering through:

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

16 (2) one or more lottery gaming facility managers or racetrack gaming
17 facility managers that have contracted with the Kansas lottery in
18 accordance with the Kansas expanded lottery act to operate and manage
19 sports wagering on behalf of the Kansas lottery, including, but not limited to,
20 sports wagering over the internet through websites and mobile device
21 applications through a licensed interactive sports wagering platform
22 approved by the Kansas lottery and the use of any such platform at the
23 primary facility of a professional sports team pursuant to a marketing
24 agreement entered into between the lottery gaming facility manager or
25 racetrack gaming facility manager and the professional sports team in
26 accordance with section 4, and amendments thereto; and

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

32 New Sec. 2. (a) The executive director may select persons as sports
33 wagering retailers that the executive director deems are best able to serve
34 the public convenience and promote sports wagering in accordance with
35 marketing plans developed by the Kansas lottery. In the selection of sports
36 wagering retailers, the executive director shall consider factors such as

1 financial responsibility, security of the applicant's place of business or
2 activity, accessibility of the applicant's place of business or activity,
3 integrity, reputation, volume of expected wagers and such other factors as
4 the executive director may deem appropriate. The aggregate number of
5 sports wagering retailers shall not exceed 1,200. A sports wagering retailer
6 shall offer only tier one sports wagers.

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

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

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

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

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

19 (1) Be at least 21 years of age;

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

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

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

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

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

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

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

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

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

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

43 (6) has made a statement of material fact to the Kansas lottery,

1 knowing such statement to be false.

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

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

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

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

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

29 New Sec. 3. (a) The executive director may select an interactive
30 sports wagering platform that the executive director deems is best able to
31 serve the public convenience and promote sports wagering in accordance
32 with marketing plans developed by the Kansas lottery. The interactive
33 sports wagering platform selected by the executive director shall offer tier
34 one and tier two sports wagers and shall be made available to any lottery
35 gaming facility manager and racetrack gaming facility manager that has
36 entered into a management contract for the operation and management of
37 sports wagering under the Kansas expanded lottery act. Sports wagering
38 conducted through the interactive sports wagering platform shall be
39 offered only as approved by the Kansas lottery and in accordance with the
40 provisions of the Kansas expanded lottery act.

41 (b) A lottery gaming facility manager or racetrack gaming facility
42 manager may apply to the Kansas lottery for approval of one additional
43 graphical user interface specific to such lottery gaming facility manager or

1 racetrack gaming facility manager to be used to access the interactive
2 sports wagering platform provided by the Kansas lottery.

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

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

28 (b) (1) A marketing agreement shall provide that the professional
29 sports team shall promote and advertise sports wagering on behalf of the
30 other contracting party at the primary facility of the professional sports
31 team. Promotion and advertising may include, but shall not be limited to:

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

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

37 (C) providing access to mobile device applications that allow patrons
38 to access the interactive sports wagering platforms utilized by the
39 contracting party operating and managing sports wagering at the primary
40 facility.

41 (2) A marketing agreement shall expressly prohibit the professional
42 sports team and any owner, director, officer, employee or agent of such
43 professional sports team from taking any bets, paying out any prizes or

1 otherwise having any control or access to the interactive sports wagering
2 platform, or any other system used by the Kansas lottery, the lottery
3 gaming facility manager or the racetrack gaming facility manager to
4 operate and manage sports wagering.

5 (c) Any lottery gaming facility manager or racetrack gaming facility
6 manager seeking to enter into a marketing agreement pursuant to this
7 section shall submit the marketing agreement to the Kansas lottery for
8 approval. No such marketing agreement shall become effective until it is
9 approved by the executive director of the Kansas lottery. If the marketing
10 agreement satisfies all requirements of the Kansas lottery act and the
11 Kansas expanded lottery act, then it shall be approved. If the agreement is
12 not approved, the executive director shall notify the parties to the
13 agreement that approval has been denied and the reasons for such denial.

14 New Sec. 5. The executive director shall adopt rules and regulations
15 regarding the advertisement for sports wagering. Such rules and
16 regulations shall be adopted on or before January 1, 2021, and shall
17 include, but not be limited to:

18 (a) Ensuring that advertisements, including limitations on the form,
19 content, quantity, timing and location of such advertisements, do not target
20 children and minors, or other persons who are ineligible to place wagers,
21 or problem gamblers or other vulnerable persons;

22 (b) disclosure of the identity of the sports wagering manager in all
23 such advertisements;

24 (c) provision of the toll-free number for information and referral
25 services for compulsive and problem gambling; and

26 (d) prohibitions on false, misleading or deceptive advertisements.

27 New Sec. 6. A sports governing body may notify the Kansas lottery
28 that the sports governing body desires to restrict, limit or exclude wagering
29 on one or more sporting events overseen by such sports governing body by
30 providing notice in such form and manner as prescribed by the executive
31 director. Upon receiving such notice, the executive director shall review
32 the request in good faith, seek input from sports wagering managers on
33 such a request and, if deemed appropriate, the commission shall adopt
34 rules and regulations to restrict sports wagering on such sporting events. If
35 the executive director denies a request submitted pursuant to this section,
36 the executive director shall notify the sports governing body of such
37 denial. Any sports governing body whose request is denied may appeal the
38 decision of the executive director in accordance with the Kansas
39 administrative procedure act. Offering or taking wagers contrary to any
40 published restrictions on a sporting event is a violation of the Kansas
41 expanded lottery act. In the event that a request submitted pursuant to this
42 section is submitted in response to an emergency situation, the executive
43 director may temporarily prohibit sports wagering on the sporting event in

1 question until there is an opportunity to review the request and adopt rules
2 and regulations in accordance with this section.

3 New Sec. 7. (a) Sports wagering managers shall use reasonable
4 methods to:

5 (1) Prohibit the manager, and any director, officer, owner and
6 employee of the manager, and any relative living in the same household as
7 such persons, from placing wagers with the manager;

8 (2) prohibit the interactive sports wagering platform, and any director,
9 officer, owner and employee of the platform, and any relative living in the
10 same household as such persons, from placing wagers with the manager;

11 (3) prohibit athletes, coaches, referees, team owners, employees of a
12 sports governing body or its member teams, and player and referee union
13 personnel from placing wagers on any sporting event overseen by such
14 sports governing body. In determining which persons are excluded from
15 placing wagers under this paragraph, sports wagering managers shall use
16 publicly available information and any list of such persons that the sports
17 governing body may provide to the Kansas lottery and the Kansas racing
18 and gaming commission;

19 (4) prohibit any person with access to nonpublic confidential
20 information held by the manager from placing wagers with the manager;

21 (5) prohibit persons from placing wagers as agents or proxies for
22 other persons;

23 (6) prohibit any person convicted of any felony or misdemeanor
24 offense involving sports wagering, including, but not limited to, the use of
25 funds derived from illegal activity to make wagers, placing wagers to
26 conceal money derived from illegal activity, the use of other individuals to
27 place wagers as part of any wagering scheme to circumvent any provision
28 of federal or state law, and the use of false identification to facilitate the
29 placement of any wager or the collection of any prize in violation of
30 federal or state law, from placing wagers; and

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

36 (b) Sports wagering managers shall cooperate with any investigations
37 conducted by the Kansas lottery, the Kansas racing and gaming
38 commission, sports governing bodies or law enforcement agencies,
39 including, but not limited to, providing or facilitating the provision of
40 account-level betting information and audio or video files relating to
41 persons placing wagers.

42 (c) (1) Sports wagering managers shall immediately report to the
43 Kansas lottery and the Kansas racing and gaming commission any

1 information relating to:

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

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

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

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

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

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

19 (d) Information provided by a sports governing body to a sports
20 wagering manager shall be confidential and not subject to the open records
21 act, K.S.A. 45-215 et seq., and amendments thereto, and the sports
22 wagering manager shall not disclose such information or any portion
23 thereof, unless disclosure is required by this act, the Kansas racing and
24 gaming commission, state or federal law or court order. The provisions of
25 this subsection shall expire on July 1, 2025, unless the legislature acts to
26 reenact such provision. The provisions of this subsection shall be reviewed
27 by the legislature prior to July 1, 2025.

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

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

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

38 (B) the amount and type of wager;

39 (C) the time the wager was placed;

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

41 (E) the outcome of the wager;

42 (F) any records of abnormal wagering activity; and

43 (G) video camera recordings, in the case of in-person wagers.

1 (2) Such records shall be maintained for at least three years after the
2 sporting event occurs. A sports wagering manager shall make such records
3 available for inspection upon request by the Kansas lottery or the Kansas
4 racing and gaming commission, or as required by court order.

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

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

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

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

29 New Sec. 10. The state or a sports governing body shall have a cause
30 of action against any person who knowingly engages in, facilitates or
31 conceals conduct that intends to improperly influence a betting outcome of
32 a sporting event for purposes of financial gain, in connection with betting
33 or wagering on a sporting event. The entity filing any such action may
34 seek damages or other equitable relief. The provisions of this section shall
35 not be construed as a limitation on or bar against any other claims the state
36 or a sports governing body may bring against such person, or any other
37 claim the state or a sports governing body may bring for injuries or
38 damages arising out of the operation of sports wagering.

39 New Sec. 11. Upon request by an individual, a sports wagering
40 manager shall restrict such individual from placing sports wagers with the
41 manager and shall take reasonable measures to prevent such individual
42 from placing sports wagers. The sports wagering manager shall submit the
43 restricted individual's name and pertinent information to the Kansas racing

1 and gaming commission for the sole purpose of having such information
2 disseminated to all other sports wagering managers. Any sports wagering
3 manager that receives such individual's information from the Kansas
4 racing and gaming commission shall restrict such individual from placing
5 sports wagers.

6 New Sec. 12. (a) There is hereby established in the state treasury the
7 sports wagering receipts fund. Separate accounts shall be maintained in
8 such fund for receipt of moneys from sports wagering conducted by the
9 Kansas lottery, sports wagering retailers, each lottery gaming facility
10 manager and each racetrack gaming facility manager. All expenditures
11 from the fund shall be made in accordance with appropriation acts upon
12 warrants of the director of accounts and reports issued pursuant to
13 vouchers approved by the executive director, or the executive director's
14 designee, for the purposes set forth in this act.

15 (b) All revenues from sports wagering conducted by the Kansas
16 lottery, sports wagering retailers, lottery gaming facility managers and
17 racetrack gaming facility managers shall be paid weekly and electronically
18 to the executive director, or as soon as reasonably possible based on the
19 sporting event and the wager placed, but in no event prior to the
20 completion and settling of all bets for the sporting events for which wagers
21 were placed. The executive director shall remit all moneys received
22 therefrom to the state treasurer in accordance with the provisions of K.S.A.
23 75-4215, and amendments thereto. Upon receipt of each such remittance,
24 the state treasurer shall deposit the entire amount in the state treasury and
25 credit such remittance to the respective account in the sports wagering
26 receipts fund maintained for the Kansas lottery, sports wagering retailers,
27 the lottery gaming facility manager or the racetrack gaming facility
28 manager.

29 (c) (1) The executive director shall certify monthly to the director of
30 accounts and reports the percentages or amounts to be transferred from
31 each account maintained in the sports wagering receipts fund to the lottery
32 operating fund in accordance with the provisions of K.S.A. 74-8711, and
33 amendments thereto, as provided by the sports wagering retailer contract,
34 lottery gaming facility management contract or racetrack gaming facility
35 management contract. Upon receipt of the certification, the director of
36 accounts and reports shall transfer amounts from each such account in
37 accordance with the certification of the executive director.

38 (2) Once each month, the executive director shall cause amounts from
39 each such account to be paid to the sports wagering retailers, lottery
40 gaming facility managers and racetrack gaming facility managers in
41 accordance with each entity's respective contract with the Kansas lottery.

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

1 All moneys credited to the white collar crime fund shall be expended only
2 for the purpose of investigating and prosecuting:

3 (1) Criminal offenses involving or facilitated by:

4 (A) The use of funds derived from illegal activity to make wagers;

5 (B) placing wagers to conceal money derived from illegal activity;

6 (C) the use of other individuals to place wagers as part of any
7 wagering scheme to circumvent any provision of federal or state law;

8 (D) the use of false identification to facilitate the placement of any
9 wager or the collection of any prize in violation of federal or state law;

10 (E) any other unlawful activity involving or facilitated by the placing
11 of wagers; or

12 (F) any other violation of the Kansas expanded lottery act; or

13 (2) any financial or economic crime.

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

18 (c) The attorney general may certify to the director of accounts and
19 reports amounts to be transferred from the white collar crime fund to any
20 special revenue fund or funds of the Kansas bureau of investigation as
21 deemed appropriate by the attorney general to carry out the purposes of
22 the white collar crime fund. Upon receipt of any such certification, the director
23 of accounts and reports shall transfer amounts from the white collar crime
24 fund to the special revenue fund or funds of the Kansas bureau of
25 investigation in accordance with the certification of the attorney general.

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

33 (b) No action against the state of Kansas for specific performance,
34 anticipatory breach or breach of contract, the basis of which is that a
35 contract between the Kansas lottery and a sports wagering retailer to offer
36 sports wagering pursuant to section 1, and amendments thereto, violates
37 the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and
38 amendments thereto, or that such contract creates a material breach of a
39 lottery gaming facility management contract, shall be deemed to have
40 accrued until such date as the Kansas lottery enters into a contract with a
41 sports wagering retailer to offer sports wagering, or such date a final order
42 is issued in any action brought by the attorney general pursuant to
43 subsection (a), whichever occurs later. Any such action shall be

1 commenced in the district court of Shawnee county within 60 days from
2 the date the cause of action accrued.

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

6 (d) The monetary damages that may be awarded in any action
7 brought pursuant to this section shall not exceed an amount equal to the
8 privilege fee paid by the lottery gaming facility manager plus accrued
9 interest from the date such action accrues as specified in subsection (b).

10 New Sec. 15. If any federally recognized Indian tribe, as described in
11 K.S.A. 74-9802(f), and amendments thereto, submits a request for
12 negotiation of a gaming compact regarding sports wagering in accordance
13 with K.S.A. 46-2302, and amendments thereto, the governor, or the
14 governor's designated representative, shall negotiate in good faith with
15 such Indian tribe to enter into such gaming compact.

16 New Sec. 16. (a) Misuse of nonpublic sports information is placing or
17 causing to be placed, a bet or wager on a sports contest on the basis of
18 material nonpublic information relating to such bet or wager.

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

21 (c) As used in this section:

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

27 (2) "sports contest" means the same as defined in K.S.A. 2019 Supp.
28 21-6507, and amendments thereto.

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

31 Sec. 17. K.S.A. 2019 Supp. 21-6403 is hereby amended to read as
32 follows: 21-6403. As used in K.S.A. 2019 Supp. 21-6403 through 21-
33 6409, and amendments thereto:

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

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

43 (2) offers of purses, prizes or premiums to the actual contestants in

1 any bona fide contest for the determination of skill, speed, strength or
2 endurance or to the bona fide owners of animals or vehicles entered in
3 such a contest;

4 (3) a lottery as defined in this section;

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

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

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

12 (7) tribal gaming;

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

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

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

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

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

23 (2) tribal gaming;

24 (c) "consideration" means anything which is a commercial or
25 financial advantage to the promoter or a disadvantage to any participant.
26 Mere registration without purchase of goods or services; personal
27 attendance at places or events, without payment of an admission price or
28 fee; listening to or watching radio and television programs; answering the
29 telephone or making a telephone call and acts of like nature are not
30 consideration. "Consideration" shall not include sums of money paid by or
31 for:

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

43 (2) participants in any lottery operated by the state pursuant to the

1 Kansas lottery act;

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

5 (4) a person to participate in tribal gaming;

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

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

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

19 (3) no winning outcome is based:

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

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

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

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

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

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

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

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

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

43 (C) subassembly or essential part intended to be used in connection

1 with any such machine, mechanical device, electronic device or other
2 contrivance, but—~~which that~~ is not attached to any such machine,
3 mechanical device, electronic device or other contrivance as a constituent
4 part; or

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

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

10 (2) "Gambling device" shall not include:

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

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

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

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

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

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

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

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

42 (h) "tribal gaming commission" means the same as in K.S.A. 74-
43 9802, and amendments thereto.

1 Sec. 18. K.S.A. 2019 Supp. 21-6507 is hereby amended to read as
2 follows: 21-6507. (a) Sports bribery is:

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

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

9 (3) accepting, agreeing to accept or soliciting by a sports participant
10 of any benefit from another person upon an understanding that such sports
11 participant will thereby be influenced not to give such participant's best
12 efforts in a sports contest; or

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

16 (b) Sports bribery as defined in:

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

18 ~~and~~

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

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

25 (c) As used in this section and K.S.A. 2019 Supp. 21-6508, and
26 amendments thereto:

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

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

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

36 Sec. 19. K.S.A. 46-2301 is hereby amended to read as follows: 46-
37 2301. As used in—~~this act~~ *K.S.A. 46-2301 through 46-2304, and*
38 *amendments thereto, and section 15, and amendments thereto:*

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

41 (b) "Gaming compact" means a tribal-state compact regarding class
42 III gaming as provided by section 11 of the Indian gaming regulatory act
43 (25 U.S.C. 2710).

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

3 Sec. 20. K.S.A. 74-8702 is hereby amended to read as follows: 74-
4 8702. As used in the Kansas lottery act, unless the context otherwise
5 requires:

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

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

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

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

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

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

42 (g) "Gray machine" means any mechanical, electro-mechanical or
43 electronic device, capable of being used for gambling, that is: (1) Not

1 authorized by the Kansas lottery; (2) not linked to a lottery central
2 computer system; (3) available to the public for play; or (4) capable of
3 simulating a game played on an electronic gaming machine or any similar
4 gambling game authorized pursuant to the Kansas expanded lottery act.

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

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

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

21 (B) allow purchasers to manually check the winning status of the
22 instant bingo ticket.

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

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

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

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

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

32 (E) dispense any winnings;

33 (F) dispense any prize;

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

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

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

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

42 No more than two instant bingo vending machines may be located on
43 the premises of each licensee location.

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

3 (†)(k) "Lottery" or "state lottery" means the lottery or lotteries
4 operated pursuant to this act.

5 (†)(l) "Lottery facility games" means any electronic gaming machines
6 and any other games ~~which~~ *that*, as of January 1, 2007, are authorized to
7 be conducted or operated at a tribal gaming facility, as defined in K.S.A.
8 74-9802, and amendments thereto, located within the boundaries of this
9 state. *The term "lottery facility games" does not include sports wagering.*

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

16 (†)(n) "Lottery gaming facility" means that portion of a building
17 used for the purposes of operating, managing and maintaining lottery
18 facility games.

19 (†)(o) "Lottery gaming facility expenses" means normal business
20 expenses, as defined in the lottery gaming facility management contract,
21 associated with the ownership and operation of a lottery gaming facility.

22 (†)(p) "Lottery gaming facility management contract" means a
23 contract, subcontract or collateral agreement between the state and a
24 lottery gaming facility manager for the management of a lottery gaming
25 facility, the business of which is owned and operated by the Kansas lottery,
26 negotiated and signed by the executive director on behalf of the state.

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

33 (†)(r) "Lottery gaming facility revenues" means the total revenues
34 from lottery facility games at a lottery gaming facility after all related
35 prizes are paid. *The term "lottery gaming facility revenues" does not*
36 *include sports wagering revenues.*

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

41 (A) Any machine or device in which the prize or evidence of a prize
42 is determined by both chance and the purchaser's or purchasers' skill,
43 including, but not limited to, any machine or device on which a lottery

- 1 game or lottery games, such as poker or blackjack, are played; or
- 2 (B) any machine or device in which the prize or evidence of a prize is
- 3 determined only by chance, including, but not limited to, any slot machine
- 4 or bingo machine.
- 5 (2) "Lottery machine" shall not mean:
- 6 (A) Any food vending machine defined by K.S.A. 36-501, and
- 7 amendments thereto;
- 8 (B) any nonprescription drug machine authorized under K.S.A. 65-
- 9 650, and amendments thereto;
- 10 (C) any machine ~~which~~ *that* dispenses only bottled or canned soft
- 11 drinks, chewing gum, nuts or candies;
- 12 (D) any machine excluded from the definition of gambling devices
- 13 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2019 Supp. 21-
- 14 6403, and amendments thereto;
- 15 (E) any electronic gaming machine or lottery facility game operated
- 16 in accordance with the provisions of the Kansas expanded lottery act;
- 17 (F) any lottery ticket vending machine; or
- 18 (G) any instant bingo vending machine.
- 19 ~~(s)~~(t) "Lottery retailer" means any person with whom the Kansas
- 20 lottery has contracted to sell lottery tickets or shares, or both, to the public.
- 21 ~~(u)~~(u) (1) "Lottery ticket vending machine" means a machine or
- 22 similar electronic device owned or leased by the Kansas lottery, the sole
- 23 purposes of which are to:
- 24 (A) Dispense a printed physical ticket, such as a lottery ticket, *a*
- 25 *sports wagering ticket*, a keno ticket, a pull tab ticket or a coupon, the
- 26 coupon of which must be redeemed through something other than a lottery
- 27 ticket vending machine, after a purchaser inserts cash or other form of
- 28 consideration into the machine;
- 29 (B) allow purchasers to manually check the winning status of a
- 30 Kansas lottery ticket; and
- 31 (C) display advertising, promotions and other information pertaining
- 32 to the Kansas lottery.
- 33 (2) "Lottery ticket vending machine" shall not:
- 34 (A) Provide a visual or audio representation of an electronic gaming
- 35 machine;
- 36 (B) visually or functionally have the same characteristics of an
- 37 electronic gaming machine;
- 38 (C) automatically determine or display the winning status of any
- 39 dispensed ticket;
- 40 (D) extend or arrange credit for the purchase of a ticket;
- 41 (E) dispense any winnings;
- 42 (F) dispense any prize;
- 43 (G) dispense any evidence of a prize other than the lottery ticket,

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

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

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

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

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

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

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

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

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

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

39 (z) "*Official league data*" means statistics, results, outcomes and
40 other data relating to a sporting event that have been obtained from the
41 relevant sports governing body, or an entity expressly authorized by the
42 sports governing body to provide such information to sports wagering
43 managers.

1 ~~(w)~~(aa) "Organization licensee" has the meaning provided by K.S.A.
2 74-8802, and amendments thereto.

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

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

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

12 (ee) "*Primary facility*" means the stadium or arena where a
13 professional sports team hosts competitive games in accordance with such
14 team's league rules.

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

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

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

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

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

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

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

42 ~~(gg)~~(mm) "Share" means any intangible manifestation authorized by
43 the Kansas lottery to prove participation in a lottery game, except as

1 provided by the Kansas expanded lottery act.

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

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

9 (2) The term "sporting event" shall not include:

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

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

15 (pp) (1) "Sports wagering" means placing a wager or bet on one or
16 more sporting events, or any portion thereof, or on the individual
17 performance statistics of athletes participating in a sporting event, or
18 combination of sporting events, by any system or method of wagering at or
19 through the Kansas lottery, a sports wagering retailer, a lottery gaming
20 facility or a racetrack gaming facility.

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

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

24 (B) fantasy sports leagues, as defined in K.S.A. 2019 Supp. 21-6403,
25 and amendments thereto.

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

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

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

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

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

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

1 *one sports wager.*

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

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

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

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

19 Sec. 21. K.S.A. 74-8710 is hereby amended to read as follows: 74-
20 8710. (a) The commission, upon the recommendation of the executive
21 director, shall adopt rules and regulations governing the establishment and
22 operation of a state lottery, sales of lottery tickets ~~and~~, the operation of
23 lottery gaming facilities and racetrack gaming facilities *and the operation*
24 *of sports wagering* as necessary to carry out the purposes of the Kansas
25 lottery act and the Kansas expanded lottery act. Temporary rules and
26 regulations may be adopted by the commission without being subject to
27 the provisions and requirements of K.S.A. 77-415 through 77-438, and
28 amendments thereto, but shall be subject to approval by the attorney
29 general as to legality and shall be filed with the secretary of state and
30 published in the Kansas register. Temporary and permanent rules and
31 regulations may include, but shall not be limited to:

32 (1) Subject to the provisions of subsection (c), the types of lottery
33 games to be conducted, including, but not limited to, instant lottery, ~~on-~~
34 ~~line~~ *online*, traditional games, lottery facility games and electronic gaming
35 machine games but not including games on video lottery machines or
36 lottery machines. *No online lottery game shall:*

37 (A) *Functionally operate as an electronic gaming machine;*

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

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

41 (2) The manner of selecting the winning tickets or shares, except that,
42 if a lottery game utilizes a drawing of winning numbers, a drawing among
43 entries or a drawing among finalists, such drawings shall always be open

1 to the public and shall be recorded on both video and audio tape.

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

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

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

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

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

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

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

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

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

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

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

33 (14) The types of electronic gaming machines, lottery facility games
34 and electronic gaming machine games to be operated pursuant to the
35 Kansas expanded lottery act.

36 (15) *Rules and regulations to implement, administer and enforce the*
37 *provisions of sections 1 through 14, and amendments thereto. Such rules*
38 *and regulations shall include, but not be limited to: (A) Sports wagering*
39 *conducted by the Kansas lottery, including contracts for sports wagering*
40 *conducted by sports wagering retailers; (B) management contracts for*
41 *sports wagering conducted by lottery gaming facility managers and*
42 *racetrack gaming facility managers; (C) provisions for the confidentiality*
43 *of information submitted by an interactive sports wagering platform and*

1 *sports wagering managers; and (D) provisions ensuring the integrity of*
2 *sports wagering conducted in this state.*

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

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

12 Sec. 22. K.S.A. 74-8711 is hereby amended to read as follows: 74-
13 8711. (a) There is hereby established in the state treasury the lottery
14 operating fund.

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

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

28 (1) The payment of expenses of the lottery, which shall include all
29 costs incurred in the operation and administration of the Kansas lottery; all
30 costs resulting from contracts entered into for the purchase or lease of
31 goods and services needed for operation of the lottery, including but not
32 limited to supplies, materials, tickets, independent studies and surveys,
33 data transmission, advertising, printing, promotion, incentives, public
34 relations, communications and distribution of tickets and shares; and
35 reimbursement of costs of facilities and services provided by other state
36 agencies;

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

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

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

42 (5) transfers to the community crisis stabilization centers fund and
43 clubhouse model program fund of the Kansas department for aging and

- 1 disability services pursuant to subsection (e);
2 (6) transfers to the white collar crime fund of the attorney general
3 pursuant to subsection (f);
4 ~~(6)~~(7) transfers to the state gaming revenues fund pursuant to
5 subsection (d) and as otherwise provided by law; and
6 ~~(7)~~(8) transfers to the county reappraisal fund as prescribed by law.
7 (d) The director of accounts and reports shall transfer moneys in the
8 lottery operating fund to the state gaming revenues fund created by K.S.A.
9 79-4801, and amendments thereto, on or before the 15th day of each month
10 in an amount certified monthly by the executive director and determined as
11 follows, whichever is greater:
12 (1) An amount equal to the moneys in the lottery operating fund in
13 excess of those needed for the purposes described in subsections (c)(1)
14 through ~~(c)(5)~~ (c)(6); or
15 (2) except for pull-tab lottery tickets and shares, an amount equal to
16 not less than 30% of total monthly revenues from the sales of lottery
17 tickets and shares less estimated returned tickets. In the case of pull-tab
18 lottery tickets and shares, an amount equal to not less than 20% of the total
19 monthly revenues from the sales of pull-tab lottery tickets and shares less
20 estimated returned tickets.
21 (e) (1) Subject to the limitations set forth in paragraph (2),
22 commencing in fiscal year 2019, on or before the 10th day of each month,
23 the director of the lottery shall certify to the director of accounts and
24 reports all net profits from the sale of lottery tickets and shares via lottery
25 ticket vending machines. Of such certified amount, the director of
26 accounts and reports shall transfer 75% from the lottery operating fund to
27 the community crisis stabilization centers fund of the Kansas department
28 for aging and disability services and 25% from the lottery operating fund
29 to the clubhouse model program fund of the Kansas department for aging
30 and disability services.
31 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in
32 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the
33 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.
34 (f) *On July 1, 2021, and each July 1 thereafter; or as soon thereafter*
35 *as moneys are available, the first \$750,000 credited to the lottery*
36 *operating fund from sports wagering revenues deposited in the lottery*
37 *operating fund shall be transferred by the director of accounts and reports*
38 *from the lottery operating fund to the white collar crime fund of the*
39 *attorney general established in section 13, and amendments thereto.*
40 Sec. 23. K.S.A. 74-8716 is hereby amended to read as follows: 74-
41 8716. (a) It is unlawful for the executive director, a member of the
42 commission or any employee of the Kansas lottery, or any person residing
43 in the household thereof to:

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

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

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

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

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

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

34 (d) No person who holds a license issued by the Kansas racing and
35 gaming commission shall serve as executive director or as a member of the
36 commission or shall be employed by the Kansas lottery while or within
37 five years after holding such license.

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

42 (f) It shall be unlawful for the executive director, a member of the
43 commission or an employee of the Kansas lottery to accept any

1 compensation, gift, loan, entertainment, favor or service from any lottery
2 gaming facility manager, subcontractor or agent of a lottery gaming
3 facility manager, manufacturer or vendor of electronic gaming machines,
4 *an interactive sports wagering platform* or central computer system
5 provider.

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

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

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

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

22 Sec. 24. K.S.A. 74-8718 is hereby amended to read as follows: 74-
23 8718. (a) It is unlawful:

24 (1) To sell a lottery ticket or share at a price other than that fixed by
25 rules and regulations adopted pursuant to this act;

26 (2) for any person other than the Kansas lottery or a lottery retailer
27 authorized by the Kansas lottery to sell or resell any lottery ticket or share;
28 *or*

29 (3) to sell a lottery ticket or share to any person, knowing such person
30 to be under 18 years of age; or

31 (4) to sell a lottery ticket at retail by electronic mail, the internet or
32 telephone *if the lottery ticket:*

33 (A) *Functionally operates as an electronic gaming machine;*

34 (B) *allows for the redemption of a prize that exceeds \$599 other than*
35 *at a lottery retail location or a Kansas lottery office; or*

36 (C) *extends or arranges credit for the purchase of a lottery ticket.*

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

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

41 Sec. 25. K.S.A. 74-8733 is hereby amended to read as follows: 74-
42 8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and*
43 *sections 1 through 14, and amendments thereto,* shall be known and may

1 be cited as the Kansas expanded lottery act. The Kansas expanded lottery
2 act shall be a part of and supplemental to the Kansas lottery act.

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

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

12 Sec. 26. K.S.A. 74-8734 is hereby amended to read as follows: 74-
13 8734. (a) The Kansas lottery may operate one lottery gaming facility in
14 each gaming zone.

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

23 (c) The lottery commission shall adopt standards to promote the
24 integrity of the gaming and finances of lottery gaming facilities, which
25 shall apply to all management contracts, shall meet or exceed industry
26 standards for monitoring and controlling the gaming and finances of
27 gaming facilities and shall give the executive director sufficient authority
28 to monitor and control the gaming operation and to ensure its integrity and
29 security.

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

41 (e) In determining whether to approve a management contract with a
42 prospective lottery gaming facility manager to manage a lottery gaming
43 facility or lottery gaming enterprise pursuant to this section, the

1 commission shall take into consideration the following factors: The size of
2 the proposed facility; the geographic area in which such facility is to be
3 located; the proposed facility's location as a tourist and entertainment
4 destination; the estimated number of tourists that would be attracted by the
5 proposed facility; the number and type of lottery facility games to be
6 operated at the proposed facility; and agreements related to ancillary
7 lottery gaming facility operations.

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

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

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

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

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

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

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

- 1 (2) specify the total amount to be paid to the lottery gaming facility
2 manager pursuant to the contract;
- 3 (3) establish a mechanism to facilitate payment of lottery gaming
4 facility expenses, payment of the lottery gaming facility manager's share of
5 the lottery gaming facility revenues and distribution of the state's share of
6 the lottery gaming facility revenues;
- 7 (4) include a provision for the lottery gaming facility manager to pay
8 the costs of oversight and regulation of the lottery gaming facility manager
9 and the operations of the lottery gaming facility by the Kansas racing and
10 gaming commission;
- 11 (5) establish the types of lottery facility games to be installed in such
12 facility;
- 13 (6) provide for the prospective lottery gaming facility manager, upon
14 approval of the proposed lottery gaming facility management contract, to
15 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
16 being selected as a lottery gaming facility manager of a lottery gaming
17 facility in the northeast or south central Kansas gaming zone and
18 \$5,500,000 for the privilege of being selected as a lottery gaming facility
19 manager of a lottery gaming facility in the southeast or southwest Kansas
20 gaming zone. Such fee shall be deposited in the state treasury and credited
21 to the lottery gaming facility manager fund, ~~which~~ *that* is hereby created in
22 the state treasury;
- 23 (7) incorporate terms and conditions for the ancillary lottery gaming
24 facility operations;
- 25 (8) designate as key employees, subject to approval of the executive
26 director, any employees or contractors providing services or functions
27 which are related to lottery facility games authorized by a management
28 contract;
- 29 (9) include financing commitments for construction;
- 30 (10) include a resolution of endorsement from the city governing
31 body, if the proposed facility is within the corporate limits of a city, or
32 from the county commission, if the proposed facility is located in the
33 unincorporated area of the county;
- 34 (11) include a requirement that any parimutuel licensee developing a
35 lottery gaming facility pursuant to this act comply with all orders and rules
36 and regulations of the Kansas racing and gaming commission with regard
37 to the conduct of live racing, including the same minimum days of racing
38 as specified in K.S.A. 74-8746, and amendments thereto, for operation of
39 electronic gaming machines at racetrack gaming facilities;
- 40 (12) include a provision for the state to receive not less than 22% of
41 lottery gaming facility revenues, which shall be paid to the expanded
42 lottery act revenues fund established by K.S.A. 74-8768, and amendments
43 thereto;

1 (13) include a provision for 2% of lottery gaming facility revenues to
2 be paid to the problem gambling and addictions grant fund established by
3 K.S.A. 79-4805, and amendments thereto;

4 (14) if the prospective lottery gaming facility manager is an American
5 Indian tribe, include a provision that such tribe agrees to waive its
6 sovereign immunity with respect to any actions arising from or to enforce
7 either the Kansas expanded lottery act or any provision of the lottery
8 gaming facility management contract; any action brought by an injured
9 patron or by the state of Kansas; any action for purposes of enforcing the
10 workers compensation act or any other employment or labor law; and any
11 action to enforce laws, rules and regulations and codes pertaining to
12 health, safety and consumer protection; and for any other purpose deemed
13 necessary by the executive director to protect patrons or employees and
14 promote fair competition between the tribe and others seeking a lottery
15 gaming facility management contract;

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

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

37 (17) allow the lottery gaming facility manager to manage the lottery
38 gaming facility in a manner consistent with this act and applicable law, but
39 shall place full, complete and ultimate ownership and operational control
40 of the gaming operation of the lottery gaming facility with the Kansas
41 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
42 power to overrule any action of the lottery gaming facility manager
43 affecting the gaming operation without prior notice. The Kansas lottery

1 shall retain full control over all decisions concerning lottery gaming
2 facility games *and sports wagering*;

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

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

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

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

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

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

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

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

43 (k) Any proposed management contract for which the privilege fee

1 has not been paid to the state treasurer within 30 days after the date of
 2 approval of the management contract shall be null and void.

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

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

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

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

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

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

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

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

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

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

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

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

1 (3) *If a lottery gaming facility manager agrees to operate and*
2 *manage sports wagering, the Kansas lottery shall be the licensee and*
3 *owner of all software programs used in conducting sports wagering, and*
4 *the lottery gaming facility manager, on behalf of the state, shall purchase*
5 *or lease for the Kansas lottery any equipment or other property necessary*
6 *for operating and managing sports wagering. All sports wagering shall be*
7 *subject to the ultimate control of the Kansas lottery in accordance with the*
8 *Kansas expanded lottery act.*

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

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

23 Sec. 27. K.S.A. 74-8741 is hereby amended to read as follows: 74-
24 8741. (a) The executive director of the Kansas lottery shall negotiate a
25 racetrack gaming facility management contract to place electronic gaming
26 machines at one parimutuel licensee location in each gaming zone except
27 the southwest Kansas gaming zone. *The racetrack management contract*
28 *may also provide for the racetrack gaming facility manager to operate and*
29 *manage sports wagering as provided in subsection (d).*

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

33 (1) Have sufficient access to financial resources to support the
34 activities required of a racetrack gaming facility manager under the Kansas
35 expanded lottery act; and

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

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

42 (1) The term of the contract;

43 (2) provisions for the Kansas racing and gaming commission to

1 oversee all racetrack gaming facility operations, including, but not limited to:
2 Oversight of internal controls; oversight of security of facilities;
3 performance of background investigations, determination of qualifications
4 and any required certification or licensing of officers, directors, board
5 members, employees, contractors and agents of the racetrack gaming
6 facility manager; auditing of net electronic gaming machine income and
7 maintenance of the integrity of electronic gaming machine operations;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 ~~(f)~~(g) A racetrack gaming facility management contract shall not
23 constitute property, nor shall it be subject to attachment, garnishment or
24 execution, nor shall it be alienable or transferable, except upon approval
25 by the executive director, nor shall it be subject to being encumbered or
26 hypothecated.

27 *(h) If a racetrack gaming facility manager agrees to operate and*
28 *manage sports wagering, the Kansas lottery shall be the licensee and*
29 *owner of all software programs used in conducting sports wagering, and*
30 *the racetrack gaming facility manager, on behalf of the state, shall*
31 *purchase or lease for the Kansas lottery any equipment or other property*
32 *necessary for operating and managing sports wagering. All sports*
33 *wagering shall be subject to the ultimate control of the Kansas lottery in*
34 *accordance with the Kansas expanded lottery act.*

35 Sec. 28. K.S.A. 74-8751 is hereby amended to read as follows: 74-
36 8751. (a) The Kansas racing and gaming commission, through rules and
37 regulations, shall establish:

38 ~~(a)~~(1) A certification requirement, and enforcement procedure, for
39 officers, directors, key employees and persons directly or indirectly
40 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or
41 racetrack gaming facility manager. Such certification requirement shall
42 include compliance with such security, fitness and background
43 investigations and standards as the executive director of the Kansas racing

1 and gaming commission deems necessary to determine whether such
2 person's reputation, habits or associations pose a threat to the public
3 interest of the state or to the reputation of or effective regulation and
4 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~
5 ~~person convicted of any felony, a crime involving gambling or a crime of~~
6 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~
7 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~
8 ~~commission shall conduct the security, fitness and background checks~~
9 ~~required pursuant to this subsection. Certification pursuant to this~~
10 ~~subsection shall not be assignable or transferable;~~

11 (b)(2) a certification requirement, and enforcement procedure, for
12 those persons, including electronic gaming machine manufacturers,
13 technology providers and computer system providers, who propose to
14 contract with a lottery gaming facility manager, a racetrack gaming facility
15 manager or the state for the provision of goods or services related to a
16 lottery gaming facility or racetrack gaming facility, including management
17 services. Such certification requirements shall include compliance with
18 such security, fitness and background investigations and standards of
19 officers, directors, key gaming employees and persons directly or
20 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the
21 executive director of the Kansas racing and gaming commission deems
22 necessary to determine whether such person's reputation, habits and
23 associations pose a threat to the public interest of the state or to the
24 reputation of or effective regulation and control of the lottery gaming
25 facility or racetrack gaming facility. ~~Any person convicted of any felony, a~~
26 ~~crime involving gambling or a crime of moral turpitude prior to applying~~
27 ~~for a certificate hereunder or at any time thereafter shall be deemed unfit.~~
28 If the executive director of the racing and gaming commission determines
29 the certification standards of another state are comprehensive, thorough
30 and provide similar adequate safeguards, the executive director may
31 certify an applicant already certified in such state without the necessity of
32 a full application and background check. ~~The Kansas racing and gaming~~
33 ~~commission shall conduct the security, fitness and background checks~~
34 ~~required pursuant to this subsection. Certification pursuant to this~~
35 ~~subsection shall not be assignable or transferable;~~

36 (3) a certification requirement and enforcement procedure for: (1)
37 *Employees of a lottery gaming facility manager or racetrack gaming*
38 *facility manager who are directly involved in the operation or*
39 *management of sports wagering conducted by such manager; and (2)*
40 *those persons who propose to contract with a lottery gaming facility*
41 *manager or a racetrack gaming facility manager for the provision of*
42 *goods or services related to sports wagering, including any interactive*
43 *sports wagering platform requested by a lottery gaming facility manager*

1 *or racetrack gaming facility manager under section 3, and amendments*
 2 *thereto. Such certification requirement shall include compliance with such*
 3 *security, fitness and background investigations and standards as the*
 4 *executive director of the Kansas racing and gaming commission deems*
 5 *necessary to determine whether such person's reputation, habits or*
 6 *associations pose a threat to the public interest of the state or to the*
 7 *reputation of or effective regulation and control of sports wagering*
 8 *conducted by the lottery gaming facility or racetrack gaming facility. Such*
 9 *certification shall be valid for one year from the date of issuance;*

10 ~~(e)(4)~~ provisions for revocation of a certification required by
 11 subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding that the certificate holder,
 12 an officer or director thereof or a person directly or indirectly owning a
 13 ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has knowingly provided false or
 14 misleading material information to the Kansas lottery or its employees; or
 15 ~~(2)(B)~~ has been convicted of a felony, gambling related offense or any
 16 crime of moral turpitude; ~~and~~

17 ~~(4)(5)~~ provisions for suspension, revocation or nonrenewal of a
 18 certification required by subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding
 19 that the certificate holder, an officer or director thereof or a person directly
 20 or indirectly owning a ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has failed
 21 to notify the Kansas lottery about a material change in ownership of the
 22 certificate holder, or any change in the directors or officers thereof; ~~(2)(B)~~
 23 is delinquent in remitting money owed to the Kansas lottery; ~~(3)(C)~~ has
 24 violated any provision of any contract between the Kansas lottery and the
 25 certificate holder; or ~~(4)(D)~~ has violated any provision of the Kansas
 26 expanded lottery act or any rule and regulation adopted hereunder; *and*

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

36 *(b) The Kansas racing and gaming commission shall conduct the*
 37 *security, fitness and background checks required pursuant to this section.*
 38 *Any person convicted of any felony, a crime involving gambling or a crime*
 39 *of moral turpitude prior to applying for a certificate hereunder or at any*
 40 *time thereafter shall be deemed unfit.*

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

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

1 8752. (a) The executive director of the Kansas lottery and the executive
2 director of the Kansas racing and gaming commission, or their designees,
3 may observe and inspect all electronic gaming machines, lottery facility
4 games, *sports wagering operations*, lottery gaming facilities, racetrack
5 gaming facilities and all related equipment and facilities operated by a
6 lottery gaming facility manager or racetrack gaming facility manager.

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

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

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

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

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

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

42 (c) Appropriate security measures shall be required in any and all
43 areas where electronic gaming machines, *sports wagering* and other lottery

1 facility games authorized pursuant to the Kansas expanded lottery act are
2 located or operated. The executive director of the Kansas racing and
3 gaming commission shall approve all such security measures.

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

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

15 Sec. 30. K.S.A. 74-8757 is hereby amended to read as follows: 74-
16 8757. (a) A person less than 21 years of age shall not be permitted in an
17 area where electronic gaming machines or lottery facility games are being
18 conducted, except for a person at least 18 years of age who is an employee
19 of the lottery gaming facility manager or the racetrack gaming facility
20 manager. No employee under age 21 shall perform any function involved
21 in gaming by the patrons.

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

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

27 Sec. 31. K.S.A. 74-8760 is hereby amended to read as follows: 74-
28 8760. (a) Except in accordance with rules and regulations of the Kansas
29 racing and gaming commission or by written authority from the executive
30 director of the Kansas racing and gaming commission in performing
31 installation, maintenance, inspection and repair services, it is a class A
32 nonperson misdemeanor for the following to place a wager on or play an
33 electronic gaming machine game or a lottery facility game at a lottery
34 gaming facility in this state: The executive director of the Kansas lottery, a
35 member of the Kansas lottery commission or any employee or agent of the
36 Kansas lottery; the executive director, a member or any employee or agent
37 of the Kansas racing and gaming commission; or the lottery gaming
38 facility manager or any employee of the lottery gaming facility manager.

39 (b) Except in accordance with rules and regulations of the Kansas
40 racing and gaming commission or by written authority from the executive
41 director of the Kansas racing and gaming commission in performing
42 installation, maintenance, inspection and repair services, it is a class A
43 nonperson misdemeanor for the following to place a wager on or play an

1 electronic gaming machine at a racetrack gaming facility in this state: (1)
 2 The executive director of the Kansas lottery, a member of the Kansas
 3 lottery commission or any employee or agent of the Kansas lottery; (2) the
 4 executive director, a member or any employee or agent of the Kansas
 5 racing and gaming commission; or (3) the racetrack gaming facility
 6 manager or any employee of the racetrack gaming facility manager.

7 (c) *Except in accordance with rules and regulations of the Kansas*
 8 *racing and gaming commission, or by written authority from the executive*
 9 *director of the Kansas racing and gaming commission, in performing*
 10 *installation, maintenance, inspection and repair services, it is a class A*
 11 *nonperson misdemeanor for the following to place a sports wager with a*
 12 *sports wagering retailer, a lottery gaming facility or a racetrack gaming*
 13 *facility: (1) The executive director of the Kansas lottery, a member of the*
 14 *Kansas lottery commission or any employee or agent of the Kansas*
 15 *lottery; (2) the executive director, a member or any employee or agent of*
 16 *the Kansas racing and gaming commission; (3) a sports wagering*
 17 *manager; or any director, officer, owner or employee of such sports*
 18 *wagering manager; or any relative living in the same household as such*
 19 *persons; (4) an interactive sports wagering platform, or any director,*
 20 *officer, owner or employee of such platform, or any relative living in the*
 21 *same household as such persons; (5) any director, officer or employee of a*
 22 *sports governing body; (6) any owner, officer, athlete, coach or other*
 23 *employee of a team; or (7) any director, officer or employee of a player*
 24 *union or referee union.*

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

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

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

42 (2) possess or use, while on premises where electronic gaming
 43 machines are authorized pursuant to the Kansas expanded lottery act, any

1 cheating or thieving device, including, but not limited to, tools, wires,
 2 drills, coins attached to strings or wires or electronic or magnetic devices
 3 to facilitate removing from any electronic gaming machine any money or
 4 contents thereof, except that a duly authorized agent or employee of the
 5 Kansas racing and gaming commission, lottery gaming facility manager or
 6 racetrack gaming facility manager may possess and use any of the
 7 foregoing only in furtherance of the agent's or employee's employment at
 8 the lottery gaming facility or racetrack gaming facility; or

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

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

22 Sec. 32. K.S.A. 74-8761 is hereby amended to read as follows: 74-
 23 8761. (a) It shall be a severity level 9, nonperson felony for any person to
 24 place in operation or continue to have in place any gray machine for use
 25 by members of the public at any location in this state.

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

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

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

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

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

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

43 (b) "Debt" means:

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

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

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

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

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

33 (e) "State agency" means any state office, officer, department, board,
34 commission, institution, bureau, agency or authority or any division or unit
35 thereof and any judicial district of this state or the clerk or clerks thereof.
36 "State agency" also shall include any: (1) District court utilizing collection
37 services pursuant to K.S.A. 75-719, and amendments thereto, to collect
38 debts owed to such court; and (2) contracting agent, as defined in K.S.A.
39 75-719, and amendments thereto, with which a district court contracts to
40 collect debts owed to such court. Such contracting agent may directly
41 establish a debt setoff account with the director for the sole purpose of
42 collecting debts owed to courts.

43 (f) "Person" means an individual, proprietorship, partnership, limited

1 partnership, association, trust, estate, business trust, corporation, other
2 entity or a governmental agency, unit or subdivision.

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

5 (h) "Municipality" means any municipality as defined by K.S.A. 75-
6 1117, and amendments thereto, or any community mental health center
7 organized pursuant to the provisions of K.S.A. 19-4001 et seq., and
8 amendments thereto, and licensed pursuant to K.S.A. 2019 Supp. 39-2001
9 et seq., and amendments thereto, or any mental health clinic organized
10 pursuant to the provisions of K.S.A. 65-211 et seq., and amendments
11 thereto, and licensed pursuant to K.S.A. 2019 Supp. 39-2001 et seq., and
12 amendments thereto.

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

15 (j) "Foreign state or foreign state agency" means the states of
16 Colorado, Missouri, Nebraska or Oklahoma or any agency of such states
17 ~~which~~ *that* has entered into a reciprocal agreement pursuant to K.S.A. 75-
18 6215, and amendments thereto.

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

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

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

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

31 (o) "*Sports wagering retailer*" *means the same as defined in K.S.A.*
32 *74-8702, and amendments thereto.*

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

43 (b) The director may enter into an agreement with a municipality for

1 participation in the setoff program for the purpose of assisting in the
2 collection of a debt. The director shall include in any such agreement a
3 provision requiring the municipality to certify that the municipality has
4 made at least three attempts to collect a debt prior to submitting such debt
5 to setoff pursuant to this act.

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

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

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

30 Sec. 35. K.S.A. 75-6217 is hereby amended to read as follows: 75-
31 6217. (a) Prior to any lottery gaming facility manager, racetrack gaming
32 facility manager~~or~~, facility owner licensee *or sports wagering retailer*
33 paying on behalf of the state any moneys requiring the completion of an
34 internal revenue service form W-2G, the lottery gaming facility manager,
35 racetrack gaming facility manager~~or~~, facility owner licensee *or sports*
36 *wagering retailer* shall cause the person winning the prize to be matched
37 against the state debtor files maintained by the director of accounts and
38 reports as prescribed under K.S.A. 75-6201 et seq., and amendments
39 thereto. If such person is listed in the state debtor files, the prize shall be
40 withheld by the lottery gaming facility manager, racetrack gaming facility
41 manager~~or~~, facility owner licensee *or sports wagering retailer* to the
42 extent of such person's debt as set forth in the state debtor files.

43 (b) The lottery gaming facility manager, racetrack gaming facility

1 manager~~or~~, facility owner licensee *or sports wagering retailer* shall not be
2 subject to any civil, criminal or administrative liability for any actions
3 taken pursuant to this section, unless such actions are intentional,
4 malicious or wanton by such lottery gaming facility manager, racetrack
5 gaming facility manager~~or~~, facility owner licensee *or sports wagering*
6 *retailer*, or employees or agents thereof. The state shall indemnify the
7 lottery gaming facility manager, racetrack gaming facility manager~~or~~,
8 facility owner licensee *or sports wagering retailer* for any and all
9 expenses, losses, damages and attorney fees that arise directly or indirectly
10 from the performance of activities related to this section. For the purposes
11 of the fair debt collection practices act, and any other federal or state law,
12 the lottery gaming facility manager, racetrack gaming facility manager~~or~~,
13 facility owner licensee *or sports wagering retailer* shall have all of the
14 protections of the state under the Kansas tort claims act, K.S.A. 75-6101 et
15 seq., and amendments thereto. The sole remedy at law for persons who
16 claim prizes were wrongfully withheld pursuant to this section shall be to
17 submit an appeal to the department of administration pursuant to K.S.A.
18 75-6201 et seq., and amendments thereto.

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

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

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

28 Sec. 36. K.S.A. 79-4806 is hereby amended to read as follows: 79-
29 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
30 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
31 shall be transferred and credited to the problem gambling *and addictions*
32 grant fund established by K.S.A. 79-4805, and amendments thereto.

33 Sec. 37. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
34 8718, 74-8733, 74-8734, 74-8741, 74-8751, 74-8752, 74-8757, 74-8760,
35 74-8761, 75-6202, 75-6204, 75-6217 and 79-4806 and K.S.A. 2019 Supp.
36 21-6403 and 21-6507 are hereby repealed.

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