

SENATE BILL No. 23

By Committee on Federal and State Affairs

1-17

1 AN ACT concerning gaming, creating the Kansas sports wagering act;
2 amending K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-
3 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and
4 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 and repealing the
5 existing sections.
6

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

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

11 (b) The Kansas lottery may offer sports wagering:

12 (1) In-person at a facility operated by the Kansas lottery;

13 (2) through lottery retailers who have contracted with the Kansas
14 lottery to conduct sports wagering on behalf of the Kansas lottery;

15 (3) over the internet, including, but not limited to, through websites
16 and mobile device applications; or

17 (4) through an interactive sports wagering platform.

18 (c) The executive director may enter into contracts with one or more
19 lottery gaming facility managers or racetrack gaming facility managers for
20 conducting, operating and managing sports wagering on behalf of the
21 Kansas lottery in-person at the lottery gaming facility or racetrack gaming
22 facility operated by such manager, or through the interactive sports
23 wagering platform that has contracted with the Kansas lottery to offer
24 sports wagering. Any contract entered into pursuant to this section shall be
25 made in accordance with the provisions of K.S.A. 74-8734, 74-8736, 74-
26 8741 and 74-8742, and amendments thereto.

27 New Sec. 2. (a) No person under age 21 shall be permitted to place a
28 wager. A sports wagering operator shall take commercially reasonable
29 measures to verify that any person placing a wager is of the legal
30 minimum age for placing such wagers, including all wagers placed
31 through an interactive sports wagering platform.

32 (b) Sports wagering operators shall allow a person to restrict such
33 person from placing wagers with the operator, including, wagering limits,
34 and shall take commercially reasonable measures to prevent any such
35 person from placing such wagers. Upon the request of any such person, the
36 operator shall submit the restricted person's name and other pertinent

1 information to the Kansas racing and gaming commission. The executive
2 director of the commission may enter into a self-exclusion agreement with
3 such person, and disseminate such person's information to all other sports
4 wagering operators.

5 (c) The executive director of the Kansas racing and gaming
6 commission shall adopt rules and regulations regarding the advertisement
7 for sports wagering. Such rules and regulations shall be adopted on or
8 before January 1, 2020, and shall include, but not be limited to:

9 (1) Taking commercially reasonable measures to ensure that
10 advertisements do not target children and minors, or other persons who are
11 ineligible to place wagers, or problem gamblers or other vulnerable
12 persons, including limitations on the form, content, quantity, timing and
13 location of such advertisements;

14 (2) disclosure of the identity of the sports wagering operator in all
15 such advertisements;

16 (3) provision of the toll-free number for information and referral
17 services for compulsive and problem gambling; and

18 (4) prohibitions on false, misleading or deceptive advertisements.

19 New Sec. 3. (a) Sports wagering operators shall use commercially
20 reasonable methods to:

21 (1) Prohibit the operator, and any directors, officers, owners and
22 employees of the operator, and any relative living in the same household as
23 such persons, from placing wagers with the operator;

24 (2) prohibit the interactive sports wagering platform, and any
25 directors, officers, owners and employees of the platform, and any relative
26 living in the same household as such persons, from placing wagers with
27 the operator;

28 (3) prohibit athletes, coaches, referees, team owners, employees of a
29 sports governing body or its member teams, and player and referee union
30 personnel from placing wagers on any sporting event overseen by such
31 sports governing body. In determining which persons are excluded from
32 placing wagers under this paragraph, operators shall use publicly available
33 information and any lists of such persons that the sports governing body
34 may provide to the Kansas racing and gaming commission;

35 (4) prohibit any person with access to nonpublic confidential
36 information held by the operator from placing wagers with the operator;

37 (5) prohibit persons from placing wagers as agents or proxies for
38 other persons; and

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

1 this act.

2 (b) A sports governing body may notify the Kansas racing and
3 gaming commission that it desires to restrict, limit or exclude wagering on
4 its sporting events by providing notice in such form and manner as
5 prescribed by the Kansas racing and gaming commission. Upon receiving
6 such notice, the Kansas racing and gaming commission shall review the
7 request in good faith, seek input from operators on such a request and, if
8 deemed appropriate, the commission shall adopt rules and regulations to
9 restrict sports wagering on such sports events. If the commission denies a
10 request submitted pursuant to this section, the commission shall notify the
11 sports governing body that submitted the request. Any sports governing
12 body whose request is denied may appeal the decision of the commission
13 in accordance with the Kansas administrative procedure act. Offering or
14 taking wagers contrary to such published restrictions is a violation of this
15 act. In the event that a request submitted pursuant to this section is
16 submitted in response to an emergency situation, the executive director of
17 the Kansas racing and gaming commission may temporarily prohibit the
18 specific sports wager in question until the commission has the opportunity
19 to review the request and adopt rules and regulations in accordance with
20 this section.

21 (c) Sports wagering operators shall cooperate with any investigations
22 conducted by the Kansas racing and gaming commission, sports governing
23 bodies or law enforcement agencies, including, but not limited to,
24 providing or facilitating the provision of account-level betting information
25 and audio or video files relating to persons placing wagers.

26 (d) Sports wagering operators shall immediately report to the Kansas
27 racing and gaming commission any information relating to:

28 (1) Criminal or disciplinary proceedings commenced against the
29 sports wagering operator in connection with its operations;

30 (2) abnormal wagering activity or patterns that may indicate a
31 concern with the integrity of a sporting event or events;

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

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

36 (5) suspicious or illegal wagering activities, including use of funds
37 derived from illegal activity, wagers to conceal or launder funds derived
38 from illegal activity, using agents to place wagers and using false
39 identification.

40 Sports wagering operators also shall immediately report information
41 relating to conduct described in paragraphs (2), (3) and (4) to the relevant
42 sports governing body.

43 (e) Information provided by a sports governing body to a sports

1 wagering operator shall be confidential, and the operator shall not disclose
2 such information or any portion thereof, unless disclosure is required by
3 this act, the Kansas racing and gaming commission, state or federal law or
4 court order.

5 (f) Operators may use whatever data source such operator deems
6 appropriate for determining the result of tier one sports wagers. Operators
7 shall use only official league data for determining the result of all tier two
8 sports wagers, provided the relevant sports governing body can provide a
9 feed of official league data to the operator and makes such feed available
10 for purchase by the operator on commercially reasonable terms.

11 New Sec. 4. A sports governing body shall have a cause of action
12 against any person who knowingly engages in, facilitates or conceals
13 conduct that intends to improperly influence a betting outcome of a
14 sporting event for purposes of financial gain, in connection with betting or
15 wagering on a sporting event. A sports governing body filing any such
16 action may seek damages or other equitable relief. The provisions of this
17 section shall not be construed as a limitation on or bar against any other
18 claims a sports governing body may bring against such person, or any
19 other claim a sports governing body may bring for injuries or damages
20 arising out of the operation of sports wagering.

21 New Sec. 5. (a) Sports wagering operators shall maintain records of
22 all bets and wagers placed, including personally identifiable information of
23 the person placing the bet, the amount and type of bet, the time the bet was
24 placed, the location of the bet, including the IP address, if applicable, the
25 outcome of the bet, any records of abnormal betting activity and video
26 camera recordings, in the case of in-person wagers, for at least three years
27 after the sporting event occurs. An operator shall make such data available
28 for inspection upon request by the Kansas racing and gaming commission
29 or as required by court order.

30 (b) If a sports governing body has notified the Kansas racing and
31 gaming commission that real-time information sharing for wagers placed
32 on its sporting events is necessary and desirable, sports wagering operators
33 shall share in real time the information required to be retained pursuant to
34 subsection (a), except video camera recordings, with the sports governing
35 body, or its designee, with respect to wagers on its sporting events.

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

39 (d) Any information provided pursuant to this section shall not
40 contain any personally identifiable information.

41 New Sec. 6. (a) On July 1, October 1, January 1 and April 1 of each
42 year, or as soon thereafter as sufficient moneys are available, each sports
43 wagering operator shall remit a sport betting right and integrity fee to each

1 sports governing body with authority over a sporting event on which bets
2 were placed through such operator in the immediately preceding calendar
3 quarter. The fee required by this section shall be in an amount equal to
4 0.25% of the aggregate amount wagered on sporting events conducted
5 under the authority of the sports governing body during the immediately
6 preceding calendar quarter, except such fee shall not exceed an amount
7 equal to 5% of the aggregate gross revenue on wagers placed on sporting
8 events conducted under the authority of the sports governing body during
9 the immediately preceding calendar quarter.

10 (b) For purposes of this section, the following terms shall have the
11 following meanings:

12 (1) "Aggregate amount wagered" means an amount equal to the total
13 of all wagers placed with a sports wagering operator on sporting events
14 that are not attributable to prohibited sports events.

15 (2) "Aggregate gross revenue" means an amount equal to the total of
16 all wagers placed with a sports wagering operator on sporting events that
17 are not attributable to prohibited sports events less the total of all moneys
18 not attributable to prohibited sports events paid as winnings to persons
19 who placed wagers with a sports wagering operator, except that the total of
20 all moneys paid as winnings shall not include the cash equivalent value of
21 any goods, services or any other thing of value awarded as a prize.

22 New Sec. 7. (a) There is hereby established in the state treasury the
23 sports wagering receipts fund. Separate accounts shall be maintained in
24 such fund for receipt of moneys from sports wagering conducted by the
25 Kansas lottery and each lottery gaming facility manager and racetrack
26 gaming facility manager. All expenditures from the fund shall be made in
27 accordance with appropriation acts upon warrants of the director of
28 accounts and reports issued pursuant to vouchers approved by the
29 executive director for the purposes set forth in this act.

30 (b) All revenues from sports wagering conducted by the Kansas
31 lottery shall be remitted to the state treasurer and deposited in the lottery
32 operating fund in accordance with K.S.A. 74-8711, and amendments
33 thereto.

34 (c) (1) All revenues from sports wagering conducted by lottery
35 gaming facility managers and racetrack gaming facility managers shall be
36 paid monthly and electronically to the executive director. The executive
37 director shall remit all moneys received therefrom to the state treasurer in
38 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
39 of the remittance, the state treasurer shall deposit the entire amount in the
40 state treasury and credit it to the respective account maintained for the
41 lottery gaming facility manager or racetrack gaming facility manager in
42 the expanded lottery receipts fund, established by K.S.A. 74-8766, and
43 amendments thereto.

1 (2) The executive director shall certify weekly to the director of
2 accounts and reports the percentages or amounts to be transferred from
3 each account maintained in the expanded lottery receipts fund to the
4 expanded lottery act revenues fund, as provided by the lottery gaming
5 facility management contract or racetrack gaming facility management
6 contract. Upon receipt of the certification, the director of accounts and
7 reports shall transfer amounts from each such account in accordance with
8 the certification of the executive director. Once each month, the executive
9 director shall cause amounts from each such account to be paid to lottery
10 gaming facility managers in accordance with the lottery gaming facility
11 management contract and to racetrack gaming facility managers in
12 accordance with the racetrack gaming facility management contract.

13 New Sec. 8. (a) The provisions of sections 1 through 8, and
14 amendments thereto, shall be known and may be cited as the Kansas sports
15 wagering act.

16 (b) The provisions of the Kansas sports wagering act shall be part of
17 and supplemental to the Kansas lottery act.

18 (c) If any provision of this act or the application thereof to any person
19 or circumstance is held invalid, the invalidity shall not affect any other
20 provision or application of the act that can be given effect without the
21 invalid provision or application.

22 Sec. 9. K.S.A. 2018 Supp. 19-101a is hereby amended to read as
23 follows: 19-101a.(a) The board of county commissioners may transact all
24 county business and perform all powers of local legislation and
25 administration it deems appropriate, subject only to the following
26 limitations, restrictions or prohibitions:

27 (1) Counties shall be subject to all acts of the legislature which apply
28 uniformly to all counties.

29 (2) Counties may not affect the courts located therein.

30 (3) Counties shall be subject to acts of the legislature prescribing
31 limits of indebtedness.

32 (4) In the exercise of powers of local legislation and administration
33 authorized under provisions of this section, the home rule power conferred
34 on cities to determine their local affairs and government shall not be
35 superseded or impaired without the consent of the governing body of each
36 city within a county which may be affected.

37 (5) Counties may not legislate on social welfare administered under
38 state law enacted pursuant to or in conformity with public law No. 271 –
39 74th congress, or amendments thereof.

40 (6) Counties shall be subject to all acts of the legislature concerning
41 elections, election commissioners and officers and their duties as such
42 officers and the election of county officers.

43 (7) Counties shall be subject to the limitations and prohibitions

1 imposed under K.S.A. 12-187 ~~to~~ through 12-195, ~~inclusive~~, and
2 amendments thereto, prescribing limitations upon the levy of retailers'
3 sales taxes by counties.

4 (8) Counties may not exempt from or effect changes in statutes made
5 nonuniform in application solely by reason of authorizing exceptions for
6 counties having adopted a charter for county government.

7 (9) No county may levy ad valorem taxes under the authority of this
8 section upon real property located within any redevelopment project area
9 established under the authority of K.S.A. 12-1772, and amendments
10 thereto, unless the resolution authorizing the same specifically authorized
11 a portion of the proceeds of such levy to be used to pay the principal of
12 and interest upon bonds issued by a city under the authority of K.S.A. 12-
13 1774, and amendments thereto.

14 (10) Counties shall have no power under this section to exempt from
15 any statute authorizing or requiring the levy of taxes and providing
16 substitute and additional provisions on the same subject, unless the
17 resolution authorizing the same specifically provides for a portion of the
18 proceeds of such levy to be used to pay a portion of the principal and
19 interest on bonds issued by cities under the authority of K.S.A. 12-1774,
20 and amendments thereto.

21 (11) Counties may not exempt from or effect changes in the
22 provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

23 (12) Except as otherwise specifically authorized by K.S.A. 12-1,101
24 through 12-1,109, and amendments thereto, counties may not levy and
25 collect taxes on incomes from whatever source derived.

26 (13) Counties may not exempt from or effect changes in K.S.A. 19-
27 430, and amendments thereto.

28 (14) Counties may not exempt from or effect changes in K.S.A. 19-
29 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

30 (15) Counties may not exempt from or effect changes in K.S.A. 19-
31 15,139, 19-15,140 and 19-15,141, and amendments thereto.

32 (16) Counties may not exempt from or effect changes in the
33 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
34 ~~and~~, 12-1226, ~~and amendments thereto, or the provisions of K.S.A. 12-~~
35 1260 through 12-1270 and 12-1276, and amendments thereto.

36 (17) Counties may not exempt from or effect changes in the
37 provisions of K.S.A. 19-211, and amendments thereto.

38 (18) Counties may not exempt from or effect changes in the
39 provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

40 (19) Counties may not regulate the production or drilling of any oil or
41 gas well in any manner which would result in the duplication of regulation
42 by the state corporation commission and the Kansas department of health
43 and environment pursuant to chapter 55 and chapter 65 of the Kansas

1 Statutes Annotated, and amendments thereto, and any rules and regulations
2 adopted pursuant thereto. Counties may not require any license or permit
3 for the drilling or production of oil and gas wells. Counties may not
4 impose any fee or charge for the drilling or production of any oil or gas
5 well.

6 (20) Counties may not exempt from or effect changes in K.S.A. 79-
7 41a04, and amendments thereto.

8 (21) Counties may not exempt from or effect changes in K.S.A. 79-
9 1611, and amendments thereto.

10 (22) Counties may not exempt from or effect changes in K.S.A. 79-
11 1494, and amendments thereto.

12 (23) Counties may not exempt from or effect changes in ~~subsection~~
13 ~~(b)~~ of K.S.A. 19-202(b), and amendments thereto.

14 (24) Counties may not exempt from or effect changes in ~~subsection~~
15 ~~(b)~~ of K.S.A. 19-204(b), and amendments thereto.

16 (25) Counties may not levy or impose an excise, severance or any
17 other tax in the nature of an excise tax upon the physical severance and
18 production of any mineral or other material from the earth or water.

19 (26) Counties may not exempt from or effect changes in K.S.A. 79-
20 2017 or 79-2101, and amendments thereto.

21 (27) Counties may not exempt from or effect changes in K.S.A. 2-
22 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-
23 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments
24 thereto.

25 (28) Counties may not exempt from or effect changes in K.S.A. 2018
26 Supp. 80-121, and amendments thereto.

27 (29) Counties may not exempt from or effect changes in K.S.A. 19-
28 228, and amendments thereto.

29 (30) Counties may not exempt from or effect changes in the wireless
30 enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of
31 K.S.A. 12-5301 through 12-5308, and amendments thereto.

32 (31) Counties may not exempt from or effect changes in K.S.A. 2018
33 Supp. 26-601, and amendments thereto.

34 (32) (A) Counties may not exempt from or effect changes in the
35 Kansas liquor control act except as provided by paragraph (B).

36 (B) Counties may adopt resolutions which are not in conflict with the
37 Kansas liquor control act.

38 (33) (A) Counties may not exempt from or effect changes in the
39 Kansas cereal malt beverage act except as provided by paragraph (B).

40 (B) Counties may adopt resolutions which are not in conflict with the
41 Kansas cereal malt beverage act.

42 (34) Counties may not exempt from or effect changes in the Kansas
43 lottery act, *the Kansas expanded lottery act or the Kansas sports wagering*

1 *act.*

2 (35) ~~Counties may not exempt from or effect changes in the Kansas~~
3 ~~expanded lottery act.~~

4 ~~(36)~~—Counties may neither exempt from nor effect changes to the
5 eminent domain procedure act.

6 ~~(37)~~(36) Any county granted authority pursuant to the provisions of
7 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be
8 subject to the limitations and prohibitions imposed under K.S.A. 19-5001
9 through 19-5005, and amendments thereto.

10 ~~(38)~~(37) Except as otherwise specifically authorized by K.S.A. 19-
11 5001 through 19-5005, and amendments thereto, counties may not exercise
12 any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and
13 amendments thereto, including the imposition or levy of any retailers' sales
14 tax.

15 (b) Counties shall apply the powers of local legislation granted in
16 subsection (a) by resolution of the board of county commissioners. If no
17 statutory authority exists for such local legislation other than that set forth
18 in subsection (a) and the local legislation proposed under the authority of
19 such subsection is not contrary to any act of the legislature, such local
20 legislation shall become effective upon passage of a resolution of the
21 board and publication in the official county newspaper. If the legislation
22 proposed by the board under authority of subsection (a) is contrary to an
23 act of the legislature which is applicable to the particular county but not
24 uniformly applicable to all counties, such legislation shall become
25 effective by passage of a charter resolution in the manner provided in
26 K.S.A. 19-101b, and amendments thereto.

27 (c) Any resolution adopted by a county which conflicts with the
28 restrictions in subsection (a) is null and void.

29 Sec. 10. K.S.A. 2018 Supp. 21-6403 is hereby amended to read as
30 follows: 21-6403. As used in K.S.A. 2018 Supp. 21-6403 through 21-
31 6409, and amendments thereto:

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

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

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

1 such a contest;

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

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

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

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

10 (7) tribal gaming;

11 (8) charitable raffles as defined by K.S.A. 2018 Supp. 75-5173, and
12 amendments thereto; ~~or~~

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

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

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

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

21 (2) tribal gaming;

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

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

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

43 (3) participants in any system of parimutuel wagering managed,

1 operated and conducted in accordance with the Kansas parimutuel racing
2 act; or

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

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

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

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

17 (3) no winning outcome is based:

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

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

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

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

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

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

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

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

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

41 (C) subassembly or essential part intended to be used in connection
42 with any such machine, mechanical device, electronic device or other
43 contrivance, but which is not attached to any such machine, mechanical

1 device, electronic device or other contrivance as a constituent part; or

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

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

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

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

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

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

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

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

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

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

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

38 (h) "tribal gaming commission" means the same as in K.S.A. 74-
39 9802, and amendments thereto.

40 Sec. 11. K.S.A. 2018 Supp. 21-6507 is hereby amended to read as
41 follows: 21-6507. (a) Sports bribery is:

42 (1) Conferring, or offering or agreeing to confer, any benefit upon a
43 sports participant with intent to influence such participant not to give such

1 participant's best efforts in a sports contest;

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

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

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

12 *(b) Misuse of nonpublic sports information is placing, or causing to*
13 *be placed, a bet or wager on a sports contest on the basis of material*
14 *nonpublic information relating to such bet or wager.*

15 ~~(b)~~(c) Sports bribery as defined in:

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

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

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

24 *(d) Misuse of nonpublic sports information is a severity level 5,*
25 *nonperson felony.*

26 ~~(e)~~(e) As used in this section and K.S.A. 2018 Supp. 21-6508, and
27 amendments thereto:

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

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

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

37 (4) *"on the basis of material nonpublic information" means the*
38 *person placing the bet or wager, or causing such bet or wager to be*
39 *placed, was aware of the material nonpublic information relating to such*
40 *bet or wager when the person placed the bet or wager, or caused such bet*
41 *or wager to be placed.*

42 Sec. 12. K.S.A. 74-8702 is hereby amended to read as follows: 74-
43 8702. As used in the Kansas lottery act, unless the context otherwise

1 requires:

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

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

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

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

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

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

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

1 (h) (1) "Instant bingo vending machine" means a machine or
2 electronic device that is purchased or leased by a licensee, as defined by
3 K.S.A. 2018 Supp. 75-5173, and amendments thereto, from a distributor
4 who has been issued a distributor registration certificate pursuant to K.S.A.
5 2018 Supp. 75-5184, and amendments thereto, or leased from the Kansas
6 lottery in fulfillment of the Kansas lottery's obligations under an
7 agreement between the Kansas lottery and a licensee entered into pursuant
8 to K.S.A. 2018 Supp. 75-5189, and amendments thereto, and the sole
9 purpose of which is to:

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

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

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

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

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

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

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

23 (E) dispense any winnings;

24 (F) dispense any prize;

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

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

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

30 All physical instant bingo tickets dispensed by an instant bingo vending
31 machine shall be purchased by a licensee, as defined by K.S.A. 2018 Supp.
32 75-5173, and amendments thereto, from a registered distributor.

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

35 (i) *"Interactive sports wagering platform" or "platform" means a*
36 *person or entity that offers sports wagering on behalf of the Kansas*
37 *lottery, a lottery gaming facility manager or a racetrack gaming facility*
38 *manager over the internet, including, but not limited to, through websites*
39 *and mobile device applications.*

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

42 (k) "Lottery" or "state lottery" means the lottery or lotteries
43 operated pursuant to this act.

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

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

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

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

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

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

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

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

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

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

42 (2) "Lottery machine" shall not mean:

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

1 amendments thereto;

2 (B) any nonprescription drug machine authorized under K.S.A. 65-
3 650, and amendments thereto;

4 (C) any machine which dispenses only bottled or canned soft drinks,
5 chewing gum, nuts or candies;

6 (D) any machine excluded from the definition of gambling devices
7 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2018 Supp. 21-
8 6403, and amendments thereto;

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

11 (F) any lottery ticket vending machine; or

12 (G) any instant bingo vending machine.

13 ~~(s)~~(t) "Lottery retailer" means any person with whom the Kansas
14 lottery has contracted to sell lottery tickets or shares, or both, to the public,
15 *or to conduct sports wagering on behalf of the Kansas lottery.*

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

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

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

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

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

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

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

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

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

36 (E) dispense any winnings;

37 (F) dispense any prize;

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

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

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

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

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

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

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

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

25 (x) *"Official league data" means statistics, results, outcomes and*
26 *other data relating to a sporting event that have been obtained from the*
27 *relevant sports governing body, or an entity expressly authorized by the*
28 *sports governing body to provide such information to sports wagering*
29 *operators.*

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

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

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

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

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

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

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

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

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

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

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

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

28 (kk) *"Sports wagering" means wagering on sporting events or any*
29 *portion thereof, or on the individual performance statistics of athletes*
30 *participating in a sporting event, or combination of sporting events, by*
31 *any system or method of wagering, including, but not limited to, in-person*
32 *communication and electronic communication through internet websites*
33 *and mobile device applications. The term "sports wagering" shall include,*
34 *but is not limited to, single-game bets, teaser bets, parlays, over-under*
35 *bets, moneyline, pools, exchange wagerings, in-game wagering, in-play*
36 *bets, proposition bets and straight bets.*

37 (ll) *"Sports wagering operator" means the Kansas lottery, a lottery*
38 *retailer, a lottery gaming facility or a racetrack gaming facility that offers*
39 *sports wagering, or an interactive sports wagering platform that offers*
40 *sports wagering on behalf of any such entity.*

41 (mm) *"Sports wagering revenue" means the total revenues from*
42 *sports wagering conducted at the lottery gaming facility or racetrack*
43 *gaming facility after all related prizes are paid.*

1 ~~(hh)~~(nn) "Ticket" means any tangible evidence issued by the Kansas
2 lottery to prove participation in a lottery game other than a lottery facility
3 game.

4 (oo) "*Tier one sports wager*" means a sports wager that is
5 determined solely by the final score or final outcome of the sports event
6 and is placed before the sports event has begun.

7 (pp) "*Tier two sports wager*" means a sports wager that is not a tier
8 one sports wager.

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

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

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

23 (tt) "*Wager*" or "*bet*" shall have the same meaning as the term "*bet*"
24 is defined in K.S.A. 2018 Supp. 21-6403, and amendments thereto.

25 Sec. 13. K.S.A. 74-8710 is hereby amended to read as follows: 74-
26 8710. (a) The commission, upon the recommendation of the executive
27 director, shall adopt rules and regulations governing the establishment and
28 operation of a state lottery, sales of lottery tickets~~and~~, the operation of
29 lottery gaming facilities and racetrack gaming facilities *and the operation*
30 *of sports wagering* as necessary to carry out the purposes of the Kansas
31 lottery act~~and~~, the Kansas expanded lottery act *and the Kansas sports*
32 *wagering act*. Temporary rules and regulations may be adopted by the
33 commission without being subject to the provisions and requirements of
34 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
35 subject to approval by the attorney general as to legality and shall be filed
36 with the secretary of state and published in the Kansas register. Temporary
37 and permanent rules and regulations may include, but shall not be limited
38 to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (15) *Rules and regulations to implement, administer and enforce the*
39 *provisions of the Kansas sports wagering act. Such rules and regulations*
40 *shall include, but not be limited to: (A) Sports wagering conducted by the*
41 *Kansas lottery, including contracts for sports wagering conducted by*
42 *lottery retailers; (B) management contracts for sports wagering conducted*
43 *by lottery gaming facility managers and racetrack gaming facility*

1 *managers; (C) provisions for the confidentiality of information submitted*
2 *to interactive sports wagering platforms and sports wagering operators;*
3 *and (D) provisions ensuring the integrity of sports wagering conducted in*
4 *this state.*

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

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

14 *(d) The lottery may contract with multiple interactive sports*
15 *wagering platforms without limitation.*

16 Sec. 14. K.S.A. 74-8711 is hereby amended to read as follows: 74-
17 8711. (a) There is hereby established in the state treasury the lottery
18 operating fund.

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

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

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

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

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

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

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

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

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

11 (d) The director of accounts and reports shall transfer moneys in the
12 lottery operating fund to the state gaming revenues fund created by K.S.A.
13 79-4801, and amendments thereto, on or before the 15th day of each month
14 in an amount certified monthly by the executive director and determined as
15 follows, whichever is greater:

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

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

25 (e) (1) Subject to the limitations set forth in paragraph (2),
26 commencing in fiscal year 2019, on or before the 10th day of each month,
27 the director of the lottery shall certify to the director of accounts and
28 reports all net profits from the sale of lottery tickets and shares via lottery
29 ticket vending machines. Of such certified amount, the director of
30 accounts and reports shall transfer 75% from the lottery operating fund to
31 the community crisis stabilization centers fund of the Kansas department
32 for aging and disability services and 25% from the lottery operating fund
33 to the clubhouse model program fund of the Kansas department for aging
34 and disability services.

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

38 Sec. 15. K.S.A. 74-8716 is hereby amended to read as follows: 74-
39 8716. (a) It is unlawful for the executive director, a member of the
40 commission or any employee of the Kansas lottery, or any person residing
41 in the household thereof to:

42 (1) Have, either directly or indirectly, an interest in a business
43 knowing that such business contracts with the Kansas lottery for a major

1 procurement, whether such interest is as a natural person, partner, member
2 of an association, stockholder or director or officer of a corporation; or

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

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

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

23 (1) Any lottery gaming facility manager, subcontractor or agent of a
24 lottery gaming facility manager, manufacturer or vendor of electronic
25 gaming machines or central computer system provider, or any business
26 ~~which~~ *that* sells goods or services to a lottery gaming facility manager; ~~or~~

27 (2) any licensee pursuant to the Kansas parimutuel racing act, other
28 than the Kansas lottery or a person holding a license on behalf of the
29 Kansas lottery, or any business which sells goods or services to a
30 parimutuel licensee; *or*

31 (3) *any interactive sports wagering platform, subcontractor or agent*
32 *of a platform or any business that sells goods or services to a platform.*

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

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

41 (f) It shall be unlawful for the executive director, a member of the
42 commission or an employee of the Kansas lottery to accept any
43 compensation, gift, loan, entertainment, favor or service from any lottery

1 gaming facility manager, subcontractor or agent of a lottery gaming
2 facility manager, manufacturer or vendor of electronic gaming machines or
3 central computer system provider.

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

11 (h) *It shall be unlawful for the executive director, a member of the*
12 *commission or an employee of the Kansas lottery to accept any*
13 *compensation, gift, loan, entertainment, favor or service from any*
14 *interactive sports wagering platform, subcontractor or agent of a*
15 *platform.*

16 ~~(i)~~ Violation of this section is a class A misdemeanor.

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

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

25 Sec. 16. K.S.A. 74-8734 is hereby amended to read as follows: 74-
26 8734. (a) The Kansas lottery may operate one lottery gaming facility in
27 each gaming zone.

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

36 (c) The lottery commission shall adopt standards to promote the
37 integrity of the gaming and finances of lottery gaming facilities, which
38 shall apply to all management contracts, shall meet or exceed industry
39 standards for monitoring and controlling the gaming and finances of
40 gaming facilities and shall give the executive director sufficient authority
41 to monitor and control the gaming operation and to ensure its integrity and
42 security.

43 (d) The Kansas lottery commission may approve management

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

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

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

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

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

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

43 (2) the commission determines that the proposed development

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

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

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

14 (2) specify the total amount to be paid to the lottery gaming facility
15 manager pursuant to the contract;

16 (3) establish a mechanism to facilitate payment of lottery gaming
17 facility expenses, payment of the lottery gaming facility manager's share of
18 the lottery gaming facility revenues and distribution of the state's share of
19 the lottery gaming facility revenues;

20 (4) include a provision for the lottery gaming facility manager to pay
21 the costs of oversight and regulation of the lottery gaming facility manager
22 and the operations of the lottery gaming facility by the Kansas racing and
23 gaming commission;

24 (5) establish the types of lottery facility games to be installed in such
25 facility;

26 (6) provide for the prospective lottery gaming facility manager, upon
27 approval of the proposed lottery gaming facility management contract, to
28 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
29 being selected as a lottery gaming facility manager of a lottery gaming
30 facility in the northeast or south central Kansas gaming zone and
31 \$5,500,000 for the privilege of being selected as a lottery gaming facility
32 manager of a lottery gaming facility in the southeast or southwest Kansas
33 gaming zone. Such fee shall be deposited in the state treasury and credited
34 to the lottery gaming facility manager fund, which is hereby created in the
35 state treasury;

36 (7) incorporate terms and conditions for the ancillary lottery gaming
37 facility operations;

38 (8) designate as key employees, subject to approval of the executive
39 director, any employees or contractors providing services or functions
40 which are related to lottery facility games authorized by a management
41 contract;

42 (9) include financing commitments for construction;

43 (10) include a resolution of endorsement from the city governing

1 body, if the proposed facility is within the corporate limits of a city, or
2 from the county commission, if the proposed facility is located in the
3 unincorporated area of the county;

4 (11) include a requirement that any parimutuel licensee developing a
5 lottery gaming facility pursuant to this act comply with all orders and rules
6 and regulations of the Kansas racing and gaming commission with regard
7 to the conduct of live racing, including the same minimum days of racing
8 as specified in K.S.A. 74-8746, and amendments thereto, for operation of
9 electronic gaming machines at racetrack gaming facilities;

10 (12) include a provision for the state to receive not less than 22% of
11 lottery gaming facility revenues, which shall be paid to the expanded
12 lottery act revenues fund established by K.S.A. 74-8768, and amendments
13 thereto;

14 (13) include a provision for 2% of lottery gaming facility revenues to
15 be paid to the problem gambling and addictions grant fund established by
16 K.S.A. 2018 Supp. 79-4805, and amendments thereto;

17 (14) if the prospective lottery gaming facility manager is an American
18 Indian tribe, include a provision that such tribe agrees to waive its
19 sovereign immunity with respect to any actions arising from or to enforce
20 either the Kansas expanded lottery act or any provision of the lottery
21 gaming facility management contract; any action brought by an injured
22 patron or by the state of Kansas; any action for purposes of enforcing the
23 workers compensation act or any other employment or labor law; and any
24 action to enforce laws, rules and regulations and codes pertaining to
25 health, safety and consumer protection; and for any other purpose deemed
26 necessary by the executive director to protect patrons or employees and
27 promote fair competition between the tribe and others seeking a lottery
28 gaming facility management contract;

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

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

1 such zone; or (B) if the lottery gaming facility is located in the southeast or
2 south central Kansas gaming zone and is located within a city, provide for
3 payment of an amount equal to 1% of the lottery gaming facility revenues
4 to the city in which the lottery gaming facility is located, an amount equal
5 to 1% of such revenues to the county in which such facility is located and
6 an amount equal to 1% of such revenues to the other county in such zone;

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

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

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

39 (i) *Any management contract approved by the commission under this*
40 *section may include provisions for conducting, operating and managing*
41 *sports wagering by the lottery gaming facility manager in accordance with*
42 *the Kansas sports wagering act. If a management contract includes such*
43 *provisions, then such contract shall include a provision for the state to*

1 *receive not less than 6.75% of the sports wagering revenues, which shall*
2 *be paid to the expanded lottery act revenue fund established by K.S.A. 74-*
3 *8768, and amendments thereto.*

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

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

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

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

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

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

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

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

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

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

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

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

43 ~~(o)~~ (1) The Kansas lottery shall be the licensee and owner of all

1 software programs used at a lottery gaming facility for any lottery facility
2 game.

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

7 (3) *If a lottery gaming facility manager agrees to offer sports*
8 *wagering, the Kansas lottery shall be the licensee and owner of all*
9 *software programs used in offering sports wagering, and the lottery*
10 *gaming facility manager, on behalf of the state, shall purchase or lease for*
11 *the Kansas lottery any equipment or other property necessary for offering*
12 *sports wagering. Each lottery gaming facility manager may contract with*
13 *up to three interactive sports wagering platforms. All sports wagering*
14 *shall be subject to the ultimate control of the Kansas lottery in accordance*
15 *with this act and the Kansas sports wagering act.*

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

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

30 Sec. 17. K.S.A. 74-8741 is hereby amended to read as follows: 74-
31 8741. (a) The executive director of the Kansas lottery shall negotiate a
32 racetrack gaming facility management contract to place electronic gaming
33 machines at one parimutuel licensee location in each gaming zone except
34 the southwest Kansas gaming zone. *The racetrack management contract*
35 *may also provide for the racetrack gaming facility manager to conduct,*
36 *operate and manage sports wagering as provided in subsection (d).*

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

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

43 (2) be current in filing all applicable tax returns and in payment of all

1 taxes, interest and penalties owed to the state of Kansas and any taxing
2 subdivision where such prospective manager is located in the state of
3 Kansas, excluding items under formal appeal pursuant to applicable
4 statutes.

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

6 (1) The term of the contract;

7 (2) provisions for the Kansas racing and gaming commission to
8 oversee all racetrack gaming facility operations, including, but not limited to:
9 Oversight of internal controls; oversight of security of facilities;
10 performance of background investigations, determination of qualifications
11 and any required certification or licensing of officers, directors, board
12 members, employees, contractors and agents of the racetrack gaming
13 facility manager; auditing of net electronic gaming machine income *and*
14 *sports wagering revenues* and maintenance of the integrity of electronic
15 gaming machine operations;

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

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

34 (d) *Any management contract approved by the commission under*
35 *K.S.A. 74-8742, and amendments thereto, may include provisions for*
36 *conducting, operating and managing sports wagering by the racetrack*
37 *gaming facility manager in accordance with the Kansas sports wagering*
38 *act. If a management contract includes such provisions, then such contract*
39 *shall include a provision for the state to receive not less than 6.75% of the*
40 *sports wagering revenues, which shall be paid to the expanded lottery act*
41 *revenues fund established by K.S.A. 74-8768, and amendments thereto.*

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

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

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

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

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

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

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

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

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

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

29 *(h) If a racetrack gaming facility manager agrees to offer sports*
30 *wagering, the Kansas lottery shall be the licensee and owner of all*
31 *software programs used in offering sports wagering, and the racetrack*
32 *gaming facility manager, on behalf of the state, shall purchase or lease for*
33 *the Kansas lottery any equipment or other property necessary for offering*
34 *sports wagering. Each racetrack gaming facility manager may contract*
35 *with up to three interactive sports wagering platforms. All sports wagering*
36 *shall be subject to the ultimate control of the Kansas lottery in accordance*
37 *with this act and the Kansas sports wagering act.*

38 Sec. 18. K.S.A. 74-8751 is hereby amended to read as follows: 74-
39 8751. The Kansas racing and gaming commission, through rules and
40 regulations, shall establish:

41 (a) A certification requirement, and enforcement procedure; for
42 officers, directors, key employees and persons directly or indirectly
43 owning a 0.5% or more interest in a lottery gaming facility manager or

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

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

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

1 turpitude; and

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

12 (e) a certification requirement and enforcement procedure for: (1)
13 Employees of a lottery retailer, a lottery gaming facility manager or
14 racetrack gaming facility manager who are directly involved in the
15 conduct, operation or management of sports wagering offered by such
16 retailer or manager; and (2) those persons, including interactive sports
17 wagering platforms and other technology and computer system providers,
18 who propose to contract with a lottery gaming facility manager, a
19 racetrack gaming facility manager or the state for the provision of goods
20 or services related to sports wagering, including management services.
21 Such certification requirement shall include compliance with such
22 security, fitness and background investigations and standards as the
23 executive director of the Kansas racing and gaming commission deems
24 necessary to determine whether such person's reputation, habits or
25 associations pose a threat to the public interest of the state or to the
26 reputation of or effective regulation and control of sports wagering offered
27 by the lottery gaming facility, racetrack gaming facility or the Kansas
28 lottery. Any person convicted of any felony, a crime involving gambling or
29 a crime of moral turpitude prior to applying for a certificate hereunder or
30 at any time thereafter shall be deemed unfit. Such certification shall be
31 valid for one year from the date of issuance. The Kansas racing and
32 gaming commission shall conduct the security, fitness and background
33 checks required pursuant to this subsection. Certification pursuant to this
34 subsection shall not be assignable or transferable; and

35 (f) provisions for suspension, revocation or nonrenewal of a
36 certification required by subsection (e) upon a finding that the certificate
37 holder: (1) Has knowingly provided false or misleading material
38 information to the Kansas lottery, the Kansas racing and gaming
39 commission or to the employees of either entity; (2) has been convicted of
40 a felony, gambling-related offense or any crime of moral turpitude; (3) has
41 violated any provision of any contract between the Kansas lottery and the
42 certificate holder; or (4) has violated any provision of the Kansas sports
43 wagering act or any rule and regulation adopted hereunder.

1 Sec. 19. K.S.A. 74-8752 is hereby amended to read as follows: 74-
2 8752. (a) The executive director of the Kansas lottery and the executive
3 director of the Kansas racing and gaming commission, or their designees,
4 may observe and inspect all electronic gaming machines, lottery facility
5 games, *sports wagering operations*, lottery gaming facilities, racetrack
6 gaming facilities and all related equipment and facilities operated by a
7 lottery gaming facility manager or racetrack gaming facility manager.

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

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

21 (2) investigate alleged violations of the Kansas expanded lottery act
22 *or Kansas sports wagering act* and alleged violations of any rules and
23 regulations, orders and final decisions of the Kansas lottery commission,
24 the executive director of the Kansas lottery, the Kansas racing and gaming
25 commission or the executive director of the Kansas racing and gaming
26 commission;

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

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

39 (5) take any other action as may be reasonable or appropriate to
40 enforce the provisions of the Kansas expanded lottery act *and the Kansas*
41 *sports wagering act* and any rules and regulations, orders and final
42 decisions of the executive director of the Kansas lottery, the Kansas lottery
43 commission, the executive director of the Kansas racing commission or the

1 Kansas racing and gaming commission.

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

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

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

19 Sec. 20. K.S.A. 74-8760 is hereby amended to read as follows: 74-
20 8760. (a) Except in accordance with rules and regulations of the Kansas
21 racing and gaming commission or by written authority from the executive
22 director of the Kansas racing and gaming commission in performing
23 installation, maintenance, inspection and repair services, it is a class A
24 nonperson misdemeanor for the following to place a wager on or play an
25 electronic gaming machine game ~~or~~, a lottery facility game at a lottery
26 gaming facility *or place a sports wager with a lottery gaming facility* in
27 this state: The executive director of the Kansas lottery, a member of the
28 Kansas lottery commission or any employee or agent of the Kansas lottery;
29 the executive director, a member or any employee or agent of the Kansas
30 racing and gaming commission; or the lottery gaming facility manager or
31 any employee of the lottery gaming facility manager.

32 (b) Except in accordance with rules and regulations of the Kansas
33 racing and gaming commission or by written authority from the executive
34 director of the Kansas racing and gaming commission in performing
35 installation, maintenance, inspection and repair services, it is a class A
36 nonperson misdemeanor for the following to place a wager on or play an
37 electronic gaming machine at a racetrack gaming facility *or place a sports*
38 *wager with a racetrack gaming facility* in this state: The executive director
39 of the Kansas lottery, a member of the Kansas lottery commission or any
40 employee or agent of the Kansas lottery; the executive director, a member
41 or any employee or agent of the Kansas racing and gaming commission; or
42 the racetrack gaming facility manager or any employee of the racetrack
43 gaming facility manager.

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

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

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

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

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

32 Sec. 21. K.S.A. 74-8763 is hereby amended to read as follows: 74-
33 8763. Each person subject to a background check pursuant to the Kansas
34 expanded lottery act *or Kansas sports wagering act* shall be subject to a
35 state and national criminal history records check which conforms to
36 applicable federal standards for the purpose of verifying the identity of the
37 applicant and whether the person has been convicted of any crime that
38 would disqualify the person from engaging in activities pursuant to this
39 act. The executive director is authorized to use the information obtained
40 from the national criminal history record check to determine the person's
41 eligibility to engage in such activities.

42 Sec. 22. K.S.A. 74-8765 is hereby amended to read as follows: 74-
43 8765. The Kansas lottery, lottery gaming facility managers, racetrack

1 gaming facility managers, lottery gaming facility management contracts
2 and racetrack gaming facility management contracts under the Kansas
3 expanded lottery act *and the Kansas sports wagering act* shall not be
4 subject to the provisions of and restrictions on major procurement
5 contracts, including, but not limited to, the provisions of K.S.A. 74-8705,
6 and amendments thereto.

7 Sec. 23. K.S.A. 74-8769 is hereby amended to read as follows: 74-
8 8769. Each person subject to a background check pursuant to the Kansas
9 expanded lottery act *or Kansas sports wagering act* shall be subject to a
10 state and national criminal history records check which conforms to
11 applicable federal standards for the purpose of verifying the identity of the
12 applicant and whether the person has been convicted of any crime that
13 would disqualify the person from engaging in activities pursuant to this
14 act. The executive director of the Kansas racing and gaming commission is
15 authorized to use the information obtained from the national criminal
16 history record check to determine the person's eligibility to engage in such
17 activities.

18 Sec. 24. K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-
19 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and
20 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 are hereby repealed.

21 Sec. 25. This act shall take effect and be in force from and after its
22 publication in the statute book.