

SENATE BILL No. 174

By Committee on Federal and State Affairs

2-10

1 AN ACT concerning certain veterans organizations; dealing with
2 electronic gaming machines; amending K.S.A. 2010 Supp. 74-8702
3 and repealing the existing section.
4

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

6 New Section 1. (a) Any veterans service organization which is
7 qualified as a not-for-profit tax exempt organization under § 501(c)(3) of
8 the federal internal revenue code may operate on behalf of the state of
9 Kansas one electronic gaming machine per 50 members rounded up to the
10 nearest 50 members.

11 (b) All net electronic gaming machine income shall be utilized by
12 the veterans service organization for veterans service programs.

13 (c) The Kansas lottery is authorized to charge the veterans services
14 organization a service fee to offset any costs incurred in the periodic
15 inspections of the electronic gaming machines and the use of the proceeds
16 from the machine.

17 (d) The Kansas lottery shall adopt rules and regulations to
18 implement this act.

19 (e) This act shall be a part of and supplemental to the Kansas lottery
20 act.

21 Sec. 2. K.S.A. 2010 Supp. 74-8702 is hereby amended to read as
22 follows: 74-8702. As used in the Kansas lottery act, unless the context
23 otherwise requires:

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

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

31 (c) "Electronic gaming machine" means any electronic,
32 electromechanical, video or computerized device, contrivance or machine
33 authorized by the Kansas lottery which, upon insertion of cash, tokens,
34 electronic cards or any consideration, is available to play, operate or
35 simulate the play of a game authorized by the Kansas lottery pursuant to
36 the Kansas expanded lottery act, including, but not limited to, bingo,

1 poker, blackjack, keno and slot machines, and which may deliver or
2 entitle the player operating the machine to receive cash, tokens,
3 merchandise or credits that may be redeemed for cash. Electronic gaming
4 machines may use bill validators and may be single-position reel-type,
5 single or multi-game video and single-position multi-game video
6 electronic game, including, but not limited to, poker, blackjack and slot
7 machines. Electronic gaming machines shall be directly linked to a
8 central computer at a location determined by the executive director for
9 purposes of security, monitoring and auditing.

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

12 (e) "Gaming equipment" means any electric, electronic,
13 computerized or electromechanical machine, mechanism, supply or
14 device or any other equipment, which is: (1) Unique to the Kansas lottery
15 and used pursuant to the Kansas lottery act; ~~and~~ (2) integral to the
16 operation of an electronic gaming machine or lottery facility game; and
17 (3) affects the results of an electronic gaming machine or lottery facility
18 game by determining win or loss.

19 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
20 which consists of Wyandotte county; (2) the southeast Kansas gaming
21 zone, which consists of Crawford and Cherokee counties; (3) the south
22 central Kansas gaming zone, which consists of Sedgwick and Sumner
23 counties; and (4) the southwest Kansas gaming zone, which consists of
24 Ford county.

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

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

33 (i) "Lottery" or "state lottery" means the lottery or lotteries operated
34 pursuant to this act.

35 (j) "Lottery facility games" means any electronic gaming machines
36 and any other games which, as of January 1, 2007, are authorized to be
37 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
38 9802, and amendments thereto, located within the boundaries of this
39 state.

40 (k) "Lottery gaming enterprise" means an entertainment enterprise
41 which includes a lottery gaming facility authorized pursuant to the
42 Kansas expanded lottery act and ancillary lottery gaming facility
43 operations that have a coordinated business or marketing strategy. A

1 lottery gaming enterprise shall be designed to attract to its lottery gaming
2 facility consumers who reside outside the immediate area of such
3 enterprise.

4 (l) "Lottery gaming facility" means that portion of a building used
5 for the purposes of operating, managing and maintaining lottery facility
6 games.

7 (m) "Lottery gaming facility expenses" means normal business
8 expenses, as defined in the lottery gaming facility management contract,
9 associated with the ownership and operation of a lottery gaming facility.

10 (n) "Lottery gaming facility management contract" means a contract,
11 subcontract or collateral agreement between the state and a lottery
12 gaming facility manager for the management of a lottery gaming facility,
13 the business of which is owned and operated by the Kansas lottery,
14 negotiated and signed by the executive director on behalf of the state.

15 (o) "Lottery gaming facility manager" means a corporation, limited
16 liability company, resident Kansas American Indian tribe or other
17 business entity authorized to construct and manage, or manage alone,
18 pursuant to a lottery gaming facility management contract with the
19 Kansas lottery, and on behalf of the state, a lottery gaming enterprise and
20 lottery gaming facility.

21 (p) "Lottery gaming facility revenues" means the total revenues
22 from lottery facility games at a lottery gaming facility after all related
23 prizes are paid.

24 (q) (1) "Lottery machine" means any machine or device that allows
25 a player to insert cash or other form of consideration and may deliver as
26 the result of an element of chance, regardless of the skill required by the
27 player, a prize or evidence of a prize, including, but not limited to:

28 (A) Any machine or device in which the prize or evidence of a prize
29 is determined by both chance and the player's or players' skill, including,
30 but not limited to, any machine or device on which a lottery game or
31 lottery games, such as poker or blackjack, are played;

32 (B) any machine or device in which the prize or evidence of a prize
33 is determined only by chance, including, but not limited to, any slot
34 machine or bingo machine; or

35 (C) any lottery ticket vending machine, such as a keno ticket
36 vending machine, pull-tab vending machine or an instant-bingo vending
37 machine.

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

39 (A) Any food vending machine defined by K.S.A. 36-501, and
40 amendments thereto;

41 (B) any nonprescription drug machine authorized under K.S.A. 65-
42 650, and amendments thereto;

43 (C) any machine which dispenses only bottled or canned soft drinks,

1 chewing gum, nuts or candies;

2 (D) any machine excluded from the definition of gambling devices
3 under subsection (d) of K.S.A. 21-4302, and amendments thereto; or

4 (E) any electronic gaming machine or lottery facility game operated
5 in accordance with the provisions of the Kansas expanded lottery act.

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

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

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

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

24 (u) "Organization licensee" has the meaning provided by K.S.A. 74-
25 8802, and amendments thereto.

26 (v) "Parimutuel licensee" means a facility owner licensee or facility
27 manager licensee under the Kansas parimutuel racing act.

28 (w) "Parimutuel licensee location" means a racetrack facility, as
29 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
30 by the parimutuel licensee. A parimutuel licensee location may include
31 any existing structure at such racetrack facility or any structure that may
32 be constructed on real estate where such racetrack facility is located.

33 (x) "Person" means any natural person, association, limited liability
34 company, corporation or partnership.

35 (y) "Prize" means any prize paid directly by the Kansas lottery
36 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
37 any rules and regulations adopted pursuant to either act.

38 (z) "Progressive electronic game" means a game played on an
39 electronic gaming machine for which the payoff increases uniformly as
40 the game is played and for which the jackpot, determined by application
41 of a formula to the income of independent, local or interlinked electronic
42 gaming machines, may be won.

43 (aa) "Racetrack gaming facility" means that portion of a parimutuel

1 licensee location where electronic gaming machines are operated,
2 managed and maintained.

3 (bb) "Racetrack gaming facility management contract" means an
4 agreement between the Kansas lottery and a racetrack gaming facility
5 manager, negotiated and signed by the executive director on behalf of the
6 state, for placement of electronic gaming machines owned and operated
7 by the state at a racetrack gaming facility.

8 (cc) "Racetrack gaming facility manager" means a parimutuel
9 licensee specifically certified by the Kansas lottery to become a certified
10 racetrack gaming facility manager and offer electronic gaming machines
11 for play at the racetrack gaming facility.

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

16 (ee) "Share" means any intangible manifestation authorized by the
17 Kansas lottery to prove participation in a lottery game, except as provided
18 by the Kansas expanded lottery act.

19 (ff) "Ticket" means any tangible evidence issued by the Kansas
20 lottery to prove participation in a lottery game other than a lottery facility
21 game.

22 (gg) "Token" means a representative of value, of metal or other
23 material, which is not legal tender, redeemable for cash only by the
24 issuing lottery gaming facility manager or racetrack gaming facility
25 manager and which is issued and sold by a lottery gaming facility
26 manager or racetrack gaming facility manager for the sole purpose of
27 playing an electronic gaming machine or lottery facility game.

28 (hh) "Vendor" means any person who has entered into a major
29 procurement contract with the Kansas lottery.

30 (ii) *"Veterans service organization" means any organization which*
31 *is qualified as a not-for-profit tax exempt organization under § 501(c)(3)*
32 *of the federal internal revenue code which is devoted to providing*
33 *services to military veterans.*

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

40 Sec. 3. K.S.A. 2010 Supp. 74-8702 is hereby repealed.

41 Sec. 4. This act shall take effect and be in force from and after its
42 publication in the statute book.

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