

As Amended by House Committee

Session of 2017

HOUSE BILL No. 2313

By Committee on Federal and State Affairs

2-8

1 AN ACT concerning the Kansas lottery; dealing with lottery ticket vending
2 machines; repealing the lottery sunset; amending **K.S.A. 74-8719 and**
3 **K.S.A. 2016 Supp. 74-8702** and repealing the existing ~~section~~ **sections**;
4 also repealing K.S.A. 2016 Supp. 74-8723.

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

7 Section 1. K.S.A. 2016 Supp. 74-8702 is hereby amended to read as
8 follows: 74-8702. As used in the Kansas lottery act, unless the context
9 otherwise requires:

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

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

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

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

33 (e) "Gaming equipment" means any electric, electronic, computerized
34 or electromechanical machine, mechanism, supply or device or any other
35 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
36 the Kansas lottery act; and (2) integral to the operation of an electronic

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

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

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

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

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

20 (j) "Lottery facility games" means any electronic gaming machines
21 and any other games which, as of January 1, 2007, are authorized to be
22 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
23 9802, and amendments thereto, located within the boundaries of this state.

24 (k) "Lottery gaming enterprise" means an entertainment enterprise
25 which includes a lottery gaming facility authorized pursuant to the Kansas
26 expanded lottery act and ancillary lottery gaming facility operations that
27 have a coordinated business or marketing strategy. A lottery gaming
28 enterprise shall be designed to attract to its lottery gaming facility
29 consumers who reside outside the immediate area of such enterprise.

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

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

36 (n) "Lottery gaming facility management contract" means a contract,
37 subcontract or collateral agreement between the state and a lottery gaming
38 facility manager for the management of a lottery gaming facility, the
39 business of which is owned and operated by the Kansas lottery, negotiated
40 and signed by the executive director on behalf of the state.

41 (o) "Lottery gaming facility manager" means a corporation, limited
42 liability company, resident Kansas American Indian tribe or other business
43 entity authorized to construct and manage, or manage alone, pursuant to a

1 lottery gaming facility management contract with the Kansas lottery, and
2 on behalf of the state, a lottery gaming enterprise and lottery gaming
3 facility.

4 (p) "Lottery gaming facility revenues" means the total revenues from
5 lottery facility games at a lottery gaming facility after all related prizes are
6 paid.

7 (q) (1) "Lottery machine" means any machine or device that allows a
8 ~~player~~ purchaser to insert cash or other form of consideration and may
9 deliver as the result of an element of chance, regardless of the skill
10 required by the ~~player~~ purchaser, a prize or evidence of a prize, including,
11 but not limited to:

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

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

20 ~~(C) any lottery ticket vending machine, such as a keno ticket vending~~
21 ~~machine, pull tab vending machine or an instant bingo vending machine.~~

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

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

25 (B) any nonprescription drug machine authorized under K.S.A. 65-
26 650, and amendments thereto;

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

29 (D) any machine excluded from the definition of gambling devices
30 under ~~subsection (d) of~~ K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
31 2016 Supp. 21-6403, and amendments thereto; or

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

34 (F) any lottery ticket vending machine.

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

37 (s) (1) "Lottery ticket vending machine" means a machine or similar
38 electronic device owned or leased by the Kansas lottery, the sole purposes
39 of which are to:

40 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
41 ticket, a pull tab ticket or an instant bingo ticket, or a coupon, the coupon
42 of which must be redeemed through something other than a lottery ticket
43 vending machine, after a purchaser inserts cash or other form of

1 *consideration into the machine;*

2 *(B) allow purchasers to manually check the winning status of a*
3 *Kansas lottery ticket; and*

4 *(C) display advertising, promotions and other information pertaining*
5 *to the Kansas lottery.*

6 *(2) "Lottery ticket vending machine" shall not:*

7 *(A) Provide a visual or audio representation of an electronic gaming*
8 *machine;*

9 *(B) visually or functionally have the same characteristics of an*
10 *electronic gaming machine;*

11 *(C) automatically determine or display the winning status of any*
12 *dispensed ticket;*

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

14 *(E) dispense any winnings;*

15 *(F) dispense any prize;*

16 *(G) dispense any evidence of a prize other than the lottery ticket,*
17 *keno ticket, pull tab ticket or instant bingo ticket or any free Kansas*
18 *lottery ticket received as a result of the purchase of another Kansas lottery*
19 *ticket;*

20 *(H) provide free games or any other item that can be redeemed for*
21 *cash; or*

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

23 *Lottery ticket vending machines may only dispense the printed physical*
24 *lottery ticket, keno ticket, pull tab ticket or instant bingo ticket, including*
25 *any free Kansas lottery ticket received as a result of the purchase of*
26 *another Kansas lottery ticket, and change from a purchase to the*
27 *purchaser. Any winnings from a lottery ticket vending machine shall be*
28 *redeemed only for cash or check by a lottery retailer or by cash, check or*
29 *other prize from the office of the Kansas lottery.*

30 *(t) (1) "Major procurement" means any gaming product or service,*
31 *including, but not limited to, facilities, advertising and promotional*
32 *services, annuity contracts, prize payment agreements, consulting services,*
33 *equipment, tickets and other products and services unique to the Kansas*
34 *lottery, but not including materials, supplies, equipment and services*
35 *common to the ordinary operations of state agencies.*

36 *(2) "Major procurement" shall not mean any product, service or other*
37 *matter covered by or addressed in the Kansas expanded lottery act or a*
38 *lottery gaming facility management contract or racetrack gaming facility*
39 *management contract executed pursuant to the Kansas expanded lottery*
40 *act.*

41 *(†) (u) "Net electronic gaming machine income" means all cash or*
42 *other consideration utilized to play an electronic gaming machine operated*
43 *at a racetrack gaming facility, less all cash or other consideration paid out*

1 to winning players as prizes.

2 ~~(tt)~~ (v) "Organization licensee" has the meaning provided by K.S.A.
3 74-8802, and amendments thereto.

4 ~~(vv)~~ (w) "Parimutuel licensee" means a facility owner licensee or
5 facility manager licensee under the Kansas parimutuel racing act.

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

11 ~~(xx)~~ (y) "Person" means any natural person, association, limited
12 liability company, corporation or partnership.

13 ~~(yy)~~ (z) "Prize" means any prize paid directly by the Kansas lottery
14 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
15 any rules and regulations adopted pursuant to either act.

16 ~~(zz)~~ (aa) "Progressive electronic game" means a game played on an
17 electronic gaming machine for which the payoff increases uniformly as the
18 game is played and for which the jackpot, determined by application of a
19 formula to the income of independent, local or interlinked electronic
20 gaming machines, may be won.

21 ~~(aaa)~~ (bb) "Racetrack gaming facility" means that portion of a
22 parimutuel licensee location where electronic gaming machines are
23 operated, managed and maintained.

24 ~~(bbb)~~ (cc) "Racetrack gaming facility management contract" means an
25 agreement between the Kansas lottery and a racetrack gaming facility
26 manager, negotiated and signed by the executive director on behalf of the
27 state, for placement of electronic gaming machines owned and operated by
28 the state at a racetrack gaming facility.

29 ~~(eee)~~ (dd) "Racetrack gaming facility manager" means a parimutuel
30 licensee specifically certified by the Kansas lottery to become a certified
31 racetrack gaming facility manager and offer electronic gaming machines
32 for play at the racetrack gaming facility.

33 ~~(ddd)~~ (ee) "Returned ticket" means any ticket which was transferred to
34 a lottery retailer, which was not sold by the lottery retailer and which was
35 returned to the Kansas lottery for refund by issuance of a credit or
36 otherwise.

37 ~~(eee)~~ (ff) "Share" means any intangible manifestation authorized by the
38 Kansas lottery to prove participation in a lottery game, except as provided
39 by the Kansas expanded lottery act.

40 ~~(fff)~~ (gg) "Ticket" means any tangible evidence issued by the Kansas
41 lottery to prove participation in a lottery game other than a lottery facility
42 game.

43 ~~(ggg)~~ (hh) "Token" means a representative of value, of metal or other

1 material, which is not legal tender, redeemable for cash only by the issuing
2 lottery gaming facility manager or racetrack gaming facility manager and
3 which is issued and sold by a lottery gaming facility manager or racetrack
4 gaming facility manager for the sole purpose of playing an electronic
5 gaming machine or lottery facility game.

6 ~~(hh)~~ (ii) "Vendor" means any person who has entered into a major
7 procurement contract with the Kansas lottery.

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

14 **Sec. 2. K.S.A. 74-8719 is hereby amended to read as follows: 74-**
15 **8719. (a) It is unlawful for any person to purchase a lottery ticket or**
16 **share, or to share in the lottery winnings of a person, knowing that**
17 **such person is:**

18 **(1) The executive director, a member of the commission or an**
19 **employee of the Kansas lottery;**

20 **(2) an officer or employee of a vendor contracting with the**
21 **Kansas lottery to supply gaming equipment or tickets to the Kansas**
22 **lottery for use in the operation of any lottery conducted pursuant to**
23 **this act;**

24 **(3) a spouse, child, stepchild, brother, stepbrother, sister,**
25 **stepsister, parent or stepparent of a person described by subsection (a)**
26 **(1) or (2); or**

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

29 **(b) (1) Violation of subsection (a) is a class A nonperson**
30 **misdemeanor upon conviction for a first offense.**

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

33 **(c) Notwithstanding subsection (a), the executive director may**
34 **authorize in writing any employee of the Kansas lottery and any**
35 **employee of a lottery vendor to purchase a lottery ticket for the**
36 **purposes of verifying the proper operation of the state lottery with**
37 **respect to security, systems operation and lottery retailer contract**
38 **compliance. Any prize awarded as a result of such ticket purchase**
39 **shall become the property of the Kansas lottery and be added to the**
40 **prize pools of subsequent lottery games.**

41 **(d) Certain classes of persons who, because of the unique nature**
42 **of the supplies or services they provide for use directly in the**
43 **operation of a lottery pursuant to this act, may be prohibited, in**

1 accordance with rules and regulations adopted by the commission,
2 from participating in any lottery in which such supplies or services are
3 used.

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

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

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

12 ~~Sec.-2:~~ **3. K.S.A. 74-8719 and K.S.A. 2016 Supp. 74-8702 and 74-**
13 **8723 are hereby repealed.**

14 ~~Sec.-3:~~ **4.** This act shall take effect and be in force from and after its
15 publication in the statute book.