

Substitute for HOUSE BILL No. 2890

By Committee on Tourism

4-1

AN ACT concerning lotteries; authorizing electronic gaming machines at certain locations; amending K.S.A. 2001 Supp. 19-101a, 74-8702, 74-8710, 74-8711 and 79-4805 and repealing the existing sections.

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

Section 1. K.S.A. 2001 Supp. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

(a) "Commission" means the Kansas lottery commission.

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

~~(c) "Gaming equipment" means any electric, electronic or mechanical device or other equipment unique to the Kansas lottery used directly in the operation of any lottery and in the determination of winners pursuant to this act.~~

(c) "Gaming equipment" means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device, or any other equipment, which is: (1) Unique to the Kansas lottery and used pursuant to the Kansas lottery act; (2) integral to the operation of an electronic gaming machine; or (3) affects the results of an electronic gaming machine by determining win or loss.

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

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

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

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

(h) "Person" means any natural person, association, *limited liability company*, corporation or partnership.

1 (i) "Prize" means any prize paid directly by the Kansas lottery pur-
2 suant to its rules and regulations.

3 (j) "Share" means any intangible manifestation authorized by the
4 Kansas lottery to prove participation in a lottery game.

5 (k) "Ticket" means any tangible evidence issued by the Kansas lottery
6 to prove participation in a lottery game.

7 (l) "Vendor" means any person who has entered into a major pro-
8 curement contract with the Kansas lottery.

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

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

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

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

27 (B) any machine or device in which the prize or evidence of a prize
28 is determined only by chance, including, but not limited to, any slot ma-
29 chine or bingo machine; or

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

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

33 (A) Any food vending machine defined by K.S.A. 36-501, and amend-
34 ments thereto;

35 (B) any nonprescription drug machine authorized under K.S.A. 65-
36 650, and amendments thereto;

37 (C) any machine which dispenses only bottled or canned soft drinks,
38 chewing gum, nuts or candies; ~~or~~

39 (D) *any electronic gaming machine operated in accordance with the*
40 *provisions of the Kansas gaming act; or*

41 (E) any machine excluded from the definition of gambling devices
42 under subsection (d) of K.S.A. 21-4302, and amendments thereto.

43 (p) "Electronic gaming machine" means any electronic, electrome-

1 *chanical, video or computerized device, contrivance or machine author-*
2 *ized by the Kansas lottery which, upon insertion of cash, tokens, electronic*
3 *cards or any consideration, is available to play, operate or simulate the*
4 *play of a game authorized by the Kansas lottery at a parimutuel licensee*
5 *location, including, but not limited to, bingo, poker, blackjack, keno and*
6 *slot machines, and which may deliver or entitle the player operating the*
7 *machine to receive cash, tokens, merchandise or credits that may be re-*
8 *deemed for cash. Electronic gaming machines may use bill validators and*
9 *may be single-position reel-type, single or multi-game video and single-*
10 *position multi-game video electronic game, including but not limited to,*
11 *poker, blackjack and slot machines. Electronic gaming machines shall be*
12 *directly linked to a central computer at a location determined by the*
13 *executive director for purposes of security, monitoring and auditing.*

14 (q) *“Facility owner licensee,” “facility manager licensee” and “organ-*
15 *ization licensee” have the meanings provided by K.S.A. 74-8802, and*
16 *amendments thereto.*

17 (r) *“Key gaming employee” means any natural person 21 years of age*
18 *or older employed by or under contract with a lottery gaming machine*
19 *contractor or employed by or under contract with a person providing on*
20 *or off-site management or employee-related services to the lottery gaming*
21 *machine contractor, including, but not limited to: (1) Gaming machine*
22 *contractor manager and assistant manager; (2) facilities operator man-*
23 *ager; (3) electronic games manager; (4) accounting department personnel;*
24 *(5) count room employees; (6) cage department employees, including cash-*
25 *iers and main bank employees; (7) vault department employees; (8) ap-*
26 *provers of credit; (9) surveillance department employees; (10) security*
27 *department employees; (11) floor managers; (12) electronic gaming ma-*
28 *chine technicians; (13) custodians of electronic gambling machines, in-*
29 *cluding persons with access to cash and accounting records within such*
30 *machines; (14) collection personnel; (15) internal auditors of the lottery*
31 *gaming machine contractor; and (16) any employee whose total cash com-*
32 *ensation is in excess of \$50,000 per year.*

33 (s) *“Lottery gaming machine contractor” means any parimutuel li-*
34 *censee with which the executive director has contracted for the placement*
35 *of an electronic gaming machine pursuant to this act.*

36 (t) *“Net machine income” means the total of all cash and the face*
37 *value of all tokens or electronic cards placed in an electronic gaming*
38 *machine, less cash, merchandise or credits that may be redeemed for cash*
39 *paid to players as winnings.*

40 (u) *“Parimutuel licensee” means a facility owner licensee or a facility*
41 *manager licensee.*

42 (v) *“Parimutuel licensee location” means: (1) A racetrack facility, as*
43 *defined by K.S.A. 74-8802, and amendments thereto, where live horse*

1 racing or live greyhound racing has been authorized or for which an
2 application for authorization to conduct live horse racing or live grey-
3 hound racing pursuant to the Kansas parimutuel racing act is pending
4 prior to February 1, 2000; (2) a facility located on real estate where such
5 racetrack facility is located; or (3) a racetrack facility located at, on or
6 immediately adjacent to the real estate of Eureka Downs or Anthony
7 Downs. A parimutuel licensee location may include any existing structure
8 at a racetrack facility described in this subsection or any structure that
9 may be constructed on real estate where such racetrack facility is located.

10 (w) "Progressive electronic game" means a game played on an elec-
11 tronic gaming machine for which the payoff increases uniformly as the
12 game is played and for which the jackpot, determined by application of
13 a formula to the income of independent, local or interlinked electronic
14 gaming machines, may be won.

15 (x) "Technology provider" means any person or entity other than a
16 lottery gaming machine contractor that designs, manufactures, installs,
17 operates, distributes, supplies or replaces an electronic gaming machine
18 for sale, lease or use in accordance with this act.

19 (y) "Token" means a metal or other representative of value, which is
20 not legal tender, redeemable for cash only by the issuing lottery gaming
21 machine contractor at its parimutuel licensee location and issued and sold
22 by a lottery gaming machine contractor for the sole purpose of playing
23 an electronic gaming machine.

24 New Sec. 2. (a) Sections 2 through 25, and amendments thereto,
25 shall be known as the Kansas gaming act and shall be part of and supple-
26 mental to the Kansas lottery act.

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

31 New Sec. 3. (a) The executive director may contract with parimutuel
32 licensees for the operation and management, by the state of Kansas, of
33 electronic gaming machines at parimutuel licensee locations in counties
34 where a proposition submitted pursuant to section 5, and amendments
35 thereto, has been approved by the voters of such county. Such contracts
36 shall be subject to the provisions of this act and rules and regulations
37 adopted under this act but shall not be subject to the provisions of K.S.A.
38 75-3738 through 75-3744, and amendments thereto.

39 (b) The executive director shall select as lottery gaming machine con-
40 tractors such parimutuel licensees as the executive director deems best
41 able to serve the public convenience and promote marketing plans de-
42 veloped by the Kansas lottery. In the selection of lottery gaming machine
43 contractors, the executive director shall consider factors such as financial

1 responsibility, security of the licensee location, integrity, reputation, vol-
2 ume of expected sales and such other factors as the executive director
3 may deem appropriate.

4 (c) The executive director may charge an administrative application
5 fee, reasonably related to the costs of processing the application, to pari-
6 mutuel licensees applying to become lottery gaming machine
7 contractors.

8 (d) A contract shall not constitute property, nor shall it be subject to
9 attachment, garnishment or execution, nor shall it be alienable or trans-
10 ferable, except upon approval by the executive director, or subject to
11 being encumbered or hypothecated. No interest in the contract shall de-
12 scend by the laws of testate or intestate devolution but any interest shall
13 cease and expire upon the death of the parimutuel licensee or interest
14 holders in the parimutuel license except that executors, administrators or
15 representatives of the estate of any deceased licensee and the trustee of
16 any insolvent or bankrupt licensee may continue to operate pursuant to
17 the contract under order of the appropriate court for no longer than one
18 year after the death, bankruptcy or insolvency of such licensee.

19 (e) Each lottery gaming machine contractor shall be issued a lottery
20 gaming machine contractor certificate which shall be conspicuously dis-
21 played at the place where the lottery gaming machine contractor is au-
22 thorized to operate and manage electronic gaming machines.

23 (f) To be selected as a lottery gaming machine contractor, a pari-
24 mutuel licensee must:

25 (1) Have sufficient financial resources to support the activities re-
26 quired under this act;

27 (2) be current in payment of all taxes, interest and penalties owed to
28 any taxing subdivision where the parimutuel licensee is located; and

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

32 (g) The lottery gaming machine contractor, at its own expense, shall
33 purchase for the Kansas lottery a license for all software programs used
34 by such lottery gaming machine contractor to operate electronic gaming
35 machines. The Kansas lottery shall be the licensee and owner of all such
36 software programs and shall sublicense such software programs to each
37 lottery gaming machine contractor. A parimutuel licensee may own or
38 lease, on behalf of the Kansas lottery and at the licensee's own expense,
39 electronic gaming machines for placement at the parimutuel licensee lo-
40 cation or the Kansas lottery with the consent of the parimutuel licensee
41 may lease such machines for placement at the parimutuel licensee loca-
42 tion, subject to reimbursement of the Kansas lottery by the parimutuel
43 licensee for all expenses related to leasing, installing, operating and man-

1 aging such machines. Electronic gaming machines purchased or leased
2 by the lottery gaming machine contractor, at its own expense, may be
3 installed, operated or managed, owned or leased by a lottery gaming ma-
4 chine contractor or by a technology provider under contract with the
5 lottery gaming machine contractor as provided by this act. All electronic
6 gaming machines under this act shall be subject to the ultimate control
7 of the Kansas lottery in accordance with this act. Each specific type of
8 electronic gaming machine shall be approved by the Kansas lottery in
9 accordance with K.S.A. 74-8710, and amendments thereto. The use of
10 progressive electronic gaming machines is expressly permitted.

11 (h) Each contract between the Kansas lottery and a lottery gaming
12 machine contractor shall provide that the Kansas lottery shall receive all
13 of the net machine income derived from the operation of electronic gam-
14 ing machines at the parimutuel licensee location.

15 (i) Contracts authorized by this section may include provisions relat-
16 ing to:

17 (1) Accounting procedures to determine the net machine income,
18 unclaimed merchandise and credits.

19 (2) The location and operation of electronic gaming machines at the
20 parimutuel licensee location. Except as provided by this act, the days and
21 hours of operation and the number of such electronic gaming machines
22 shall not be restricted.

23 (3) Minimum requirements for an electronic gaming machine con-
24 tractor to provide qualified oversight, security and supervision of the op-
25 eration of electronic gaming machines at the parimutuel licensee location,
26 including the use of qualified personnel with experience in applicable
27 technology.

28 (4) The eligibility requirements for employees of a lottery gaming
29 machine contractor who will have responsibility for the handling of cash
30 or tokens. Such requirements may include a background investigation
31 performed by the Kansas racing and gaming commission and that any key
32 gaming employee shall be licensed as provided in section 17, and amend-
33 ments thereto.

34 (5) Provision for termination of the contract by either party for cause,
35 including but not limited to, failure of the lottery gaming machine con-
36 tractor to maintain a parimutuel license in accordance with K.S.A. 74-
37 8801 *et seq.*, and amendments thereto, failure of the lottery gaming ma-
38 chine contractor to collect and remit net machine income pursuant to
39 section 8, and amendments thereto.

40 (6) Any other provision deemed necessary by the parties pursuant to
41 this section.

42 (j) The initial term of a contract pursuant to this section shall be not
43 less than the remaining term of the Kansas lottery. Such contract may be

1 renewed with each extension of the Kansas lottery as provided in K.S.A.
2 74-8723, and amendments thereto.

3 (k) (1) The Kansas lottery shall examine prototypes of electronic
4 gaming machines and shall notify the Kansas racing and gaming commis-
5 sion which such types of electronic gaming machines are in compliance
6 with the requirements of this act.

7 (2) No electronic gaming machine shall be operated at a parimutuel
8 licensee location pursuant to this act unless the executive director of the
9 Kansas racing and gaming commission first issues a certificate for such
10 machine authorizing its use at a specified parimutuel licensee location.

11 (3) Each electronic gaming machine shall have the certificate prom-
12 inently displayed thereon. Any machine which does not display the cer-
13 tificate required by this section is contraband and a public nuisance sub-
14 ject to confiscation by any law enforcement officer.

15 (4) The executive director shall require any manufacturer, supplier,
16 provider, lottery gaming machine contractor or other person seeking the
17 examination and certification of electronic gaming machines to pay the
18 anticipated actual costs of the examination in advance. After the comple-
19 tion of the examination, the executive director shall refund any over-
20 payment or charge and collect amounts sufficient to reimburse the ex-
21 ecutive director for any underpayment of actual costs. The executive
22 director may contract for the examination of electronic gaming machines
23 as required by this subsection, and may rely upon testing done by or for
24 other states regulating electronic gaming machines, if the executive di-
25 rector deems such testing to be reliable and in the best interest of the
26 state of Kansas.

27 (l) Electronic gaming machines operated pursuant to this act shall:

28 (1) Pay out an average of not less than 87% of the amount wagered
29 over the life of the machine;

30 (2) be directly linked to a central lottery communications system to
31 provide auditing and other program information as approved by the Kan-
32 sas lottery. The executive director shall select the computer system most
33 suitable for conducting the monitoring and auditing functions required
34 by this act. The communications systems certified by the Kansas lottery
35 shall not limit participation to only one electronic gaming machine man-
36 ufacturer, distributor, supplier or provider; and

37 (3) be on-line and in constant communication with a central com-
38 puter located at a location determined by the executive director. The
39 lottery gaming machine contractor shall lease or purchase at its own ex-
40 pense for the Kansas lottery all gaming equipment necessary to imple-
41 ment such central communications and auditing functions.

42 (m) No employee, contractor or other person in any way affiliated
43 with an electronic gaming machine contractor shall loan money to or

1 otherwise extend credit to patrons of a parimutuel licensee location.

2 New Sec. 4. In addition to the powers granted pursuant to K.S.A.
3 74-8704 and section 3, and amendments thereto, the executive director
4 shall have the power to:

5 (a) Enter into contracts with parimutuel licensees for placement and
6 replacement of electronic gaming machines at parimutuel licensee loca-
7 tions. Such contracts shall be subject to rules and regulations adopted
8 pursuant to this act but shall not be subject to the provisions of K.S.A.
9 75-3738 through 75-3744, and amendments thereto.

10 (b) Examine or cause to be examined by any agent or representative
11 designated by the executive director any books, papers, records or mem-
12 oranda of any lottery gaming machine contractor for the purpose of as-
13 certaining compliance with the provisions of the Kansas lottery act or rules
14 and regulations adopted thereunder.

15 (c) Issue subpoenas to compel access to or for the production of any
16 books, papers, records or memoranda in the custody or control of any
17 lottery gaming machine contractor, or to compel the appearance of any
18 lottery gaming machine contractor for the purpose of ascertaining com-
19 pliance with the provisions of this act or rules and regulations adopted
20 hereunder. Subpoenas issued under the provisions of this subsection may
21 be served upon natural persons and corporations in the manner provided
22 in K.S.A. 60-304, and amendments thereto, for the service of process by
23 any officer authorized to serve subpoenas in civil actions or by the exec-
24 utive director or an agent or representative designated by the executive
25 director. In the case of the refusal of any person to comply with any such
26 subpoena, the executive director may make application to the district
27 court of any county where such books, papers, records, memoranda or
28 person is located for an order to comply.

29 (d) Inspect and view the operation of all machines, systems or facil-
30 ities where electronic gaming machines controlled and operated by the
31 Kansas lottery are located.

32 (e) Inspect and approve, prior to publication or distribution, all ad-
33 vertising by a lottery gaming machine contractor which includes any ref-
34 erence to the Kansas lottery.

35 New Sec. 5. (a) Electronic gaming machines shall be operated pur-
36 suant to this act only in counties where, in accordance with this section,
37 the qualified voters of the county have voted to permit operation of elec-
38 tronic gaming machines at parimutuel licensee locations within the
39 county.

40 (b) The board of county commissioners of any county where there is
41 a parimutuel licensee location may submit by resolution, and shall submit
42 upon presentation of a petition filed in accordance with subsection (c),
43 to the qualified voters of the county a proposition to permit the operation

1 of electronic gaming machines at parimutuel licensee locations within the
2 county. The proposition shall be submitted to the voters either in a coun-
3 tywide special election called by the board of county commissioners for
4 that purpose and held not less than 90 days after the resolution is adopted
5 or the petition is filed or at the next general election, as shall be specified
6 by the board of county commissioners or in the petition, as the case may
7 be.

8 (c) A petition to submit a proposition to the qualified voters of a
9 county pursuant to this section shall be filed with the county election
10 officer. The petition shall be signed by qualified voters of the county equal
11 in number to not less than 10% of the voters of the county who voted for
12 the office of secretary of state at the last preceding general election at
13 which such office was elected. The following shall appear on the petition:
14 “We request an election to determine whether the operation of electronic
15 gaming machines by the Kansas lottery shall be permitted in _____
16 county at parimutuel licensee locations.”

17 (d) Upon the adoption of a resolution or the submission of a valid
18 petition calling for an election pursuant to this section, the county election
19 officer shall cause, as appropriate, one or both of the following proposi-
20 tions to be placed on the ballot at the election called for that purpose:
21 (1) “Shall the operation of electronic gaming machines by the Kansas
22 lottery be permitted in _____ county at parimutuel licensee
23 locations?”

24 (e) If a majority of the votes cast and counted at such election is in
25 favor of permitting the operation of such games at parimutuel licensee
26 locations, the executive director may enter into contracts with such li-
27 censees to operate such games at parimutuel licensee locations in the
28 county. If a majority of the votes cast and counted at an election under
29 this section is against permitting the operation of electronic gaming ma-
30 chines at parimutuel licensee locations in the county, the Kansas lottery
31 shall not operate such games in the county. The county election officer
32 shall transmit a copy of the certification of the results of the election to
33 the executive director and to the Kansas racing and gaming commission.

34 (f) The election provided for by this section shall be conducted, and
35 the votes counted and canvassed, in the manner provided by law for
36 question submitted elections of the county.

37 (g) If in any election provided for by this section a majority of the
38 votes cast and counted is against the proposition permitting the operation
39 of electronic gaming machines in the county, another election submitting
40 the same proposition shall not be held for at least four years from the
41 date of such election.

42 New Sec. 6. (a) All purse supplements paid pursuant to this act shall
43 be according to the point schedule in effect on January 1, 2002, at the

1 racetrack facility in Sedgwick county. All purse supplements paid pursu-
2 ant to this section shall be in addition to purses and supplements paid
3 under K.S.A. 74-8801 et seq., and amendments thereto.

4 (b) Except as provided in subsection (e), no electronic gaming ma-
5 chine shall be operated pursuant to this act at a parimutuel licensee lo-
6 cation unless the facility where the electronic gaming machine is operated
7 displays live and simulcast parimutuel races on video terminals and has
8 installed parimutuel windows for wagering on parimutuel races.

9 (c) Except as provided in subsection (d):

10 (1) No electronic gaming machine shall be operated pursuant to this
11 act at a parimutuel licensee location in Sedgwick county unless, during
12 the first full calendar year and each year thereafter in which electronic
13 gaming machines are operated at such location, the parimutuel licensee
14 shall conduct at such location at least 8 live racing programs each calendar
15 week for 49 weeks, with at least 13 live races conducted each program.

16 (2) No electronic gaming machine shall be operated pursuant to this
17 act at a parimutuel licensee location in Wyandotte county unless, during
18 the first full calendar year and each year thereafter in which electronic
19 gaming machines are operated at such location, the parimutuel licensee
20 shall conduct live horse racing programs for at least 60 days, with at least
21 ten live races conducted each program; with a minimum of seven live
22 thoroughbred and three live quarterhorse races per day and at least eight
23 live dog racing programs each calendar week for at least 49 weeks, with
24 at least 13 live races conducted each program.

25 (3) No electronic gaming machine shall be operated pursuant to this
26 act at a parimutuel licensee location in Crawford county unless, during
27 the first full calendar year and each year thereafter in which electronic
28 gaming machines are operated at such location, the parimutuel licensee
29 shall conduct at such location live racing the number of days agreed upon
30 by the organization licensee and the parimutuel licensee but not less than
31 150 days, comprised of at least seven live racing programs each calendar
32 week, with at least 13 live races conducted each program.

33 (d) The Kansas racing and gaming commission may provide excep-
34 tions to the requirements of subsection (c) for a parimutuel licensee con-
35 ducting live racing when events beyond the control of the licensee may
36 render racing impossible or impractical. Such events shall include any
37 natural or man-made disaster, shortage of qualified racing animals due to
38 kennel sickness or otherwise or state imposed limitations on operations.

39 (e) The Kansas racing and gaming commission may authorize the
40 operation of electronic gaming machines at the racetrack facility at Eu-
41 reka Downs and the racetrack facility at Anthony Downs on days when
42 simulcast parimutuel races are displayed at such facility without requiring
43 live horse racing or live greyhound racing at such facility. The Kansas

1 racing and gaming commission shall not authorize the operation of such
2 machines at such racetrack facility unless the qualified voters of the
3 county where such racetrack facility is located have voted pursuant to
4 section 5, and amendments thereto, to permit operation of such machines
5 within the county.

6 New Sec. 7. Expenditures from all funds created pursuant to this
7 section shall be made in accordance with appropriations acts upon war-
8 rants of the director of accounts and reports issued pursuant to vouchers
9 approved by the chair of the Kansas racing and gaming commission or
10 the chair's designee.

11 (a) There is hereby established in the state treasury the live horse racing
12 purse supplement fund. Moneys available in such fund shall be paid to
13 parimutuel licensees for distribution as purse supplements in accordance
14 with rules and regulations of the Kansas racing and gaming commission.
15 Such moneys shall be distributed from the separate horse purse supple-
16 ment accounts maintained pursuant to this section, in accordance with
17 rules and regulations of the Kansas racing and gaming commission, pro-
18 vided that not less than \$1,600,000 shall be guaranteed annually by par-
19 imutuel licensees to be charged against the accounts of such licensees on
20 a pro rata basis. Such rules and regulations shall provide that an amount
21 not to exceed 20% of the total amount credited to such fund shall be
22 transferred to the credit of the horse breeding development fund created
23 pursuant to K.S.A. 74-8829, and amendments thereto.

24 (b) There is hereby established in the state treasury the live dog rac-
25 ing purse supplement fund. Moneys available in such fund shall be paid
26 to parimutuel licensees for distribution as purse supplements in accord-
27 ance with rules and regulations of the Kansas racing and gaming com-
28 mission. Such rules and regulations shall provide that, in addition to purse
29 supplements paid to winners of live dog races at each parimutuel licensee
30 location, the lottery gaming machine operator at the parimutuel licensee
31 location shall pay to the owner of each winner that is a Kansas-whelped
32 greyhound an additional amount equal to \$60 per point for each point
33 awarded to the winner. In addition, such rules and regulations shall pro-
34 vide that an amount not to exceed 20% of the total amount credited to
35 such fund shall be transferred to the credit of the greyhound breeding
36 development fund, created pursuant to section 74-8831, and amendments
37 thereto.

38 (c) There is hereby established in the state treasury the electronic
39 gaming machine fund.

40 New Sec. 8. (a) The executive director shall collect and remit to the
41 state treasurer in accordance with K.S.A. 75-4215, and amendments
42 thereto, all net machine income received from lottery gaming machine
43 contractors. Upon receipt of the remittance, the state treasurer shall de-

1 posit the entire amount in the state treasury and credit it to the electronic
2 gaming machine fund, established pursuant to section 7, and amendments
3 thereto. Separate accounts shall be maintained in the electronic gaming
4 machine fund for receipt of moneys from each lottery gaming machine
5 contractor.

6 (b) Not less than once each week, the state treasurer shall transfer
7 the following percentages of the balance remaining, after transfer of mon-
8 eys pursuant to subsection (b), in each account in the electronic gaming
9 machine fund for receipt of moneys from lottery gaming machine con-
10 tractors which are parimutuel licensees:

11 (1) To the lottery gaming machine contractors, 67%;

12 (2) to the problem gambling grant fund established pursuant to
13 K.S.A. 2001 Supp. 79-4805, and amendments thereto, 0.5%, except that
14 such transfer shall be to the credit of the state general fund at such time
15 as the balance in such fund is equal to the amount of \$4,000,000, but if
16 the balance in such fund falls below the amount of \$3,000,000, such trans-
17 fers shall resume;

18 (3) to the state general fund, 25%;

19 (4) to the nonprofit organization licensed by the Kansas racing and
20 gaming commission to conduct races at the parimutuel licensee location,
21 1%; and

22 (5) to the fund established for restoration and repair of the statehouse
23 pursuant to K.S.A. 75-2262, and amendments thereto, 0.5%;

24 (6) to the city where the parimutuel location is located, 1%;

25 (7) to the county where the parimutuel location is located, 1%;

26 (8) to the live dog racing purse supplement fund, 2.0%;

27 (9) to the live horse racing purse supplement fund, 2.0%.

28 For purposes of this subsection, the unified government of Wyandotte
29 county shall be deemed both a city and a county.

30 (e) After distribution of moneys pursuant to subsection (b), the state
31 treasurer, not less than once each week, shall remit the balance in the
32 account for each lottery gaming machine contractor to such lottery gam-
33 ing machine contractor.

34 New Sec. 9. (a) Except as when authorized in accordance with sub-
35 section (c), it is unlawful for any parimutuel licensee or its employees or
36 agents to allow any person to play electronic gaming machines or share
37 in winnings of a person knowing such person to be:

38 (1) Under 21 years of age;

39 (2) the executive director, a member of the commission or an em-
40 ployee of the Kansas lottery;

41 (3) an officer or employee of a vendor contracting with the Kansas
42 lottery to supply gaming equipment or tickets to the Kansas lottery for
43 use in the operation of any lottery conducted pursuant to this act;

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

3 (5) a person who resides in the same household as any person de-
4 scribed by subsection (a)(2) or (3).

5 (b) Violation of subsection (a) is a class A nonperson misdemeanor
6 upon conviction for a first offense. Violation of subsection (a) is a severity
7 level 9, nonperson felony upon conviction for a second or subsequent
8 offense.

9 (c) The executive director may authorize in writing any employee of
10 the Kansas lottery and any employee of a lottery vendor to play an elec-
11 tronic gaming machine to verify the proper operation thereof with respect
12 to security and contract compliance. Any prize awarded as a result of such
13 ticket purchase shall become the property of the Kansas lottery and be
14 added to the prize pools of subsequent lottery games. No money or mer-
15 chandise shall be awarded to any employee playing an electronic gaming
16 machine pursuant to this subsection.

17 New Sec. 10. No person shall operate an electronic gaming machine
18 while intoxicated. The Kansas racing and gaming commission shall adopt
19 rules and regulations governing identification of persons who are intoxi-
20 cated and procedures for removal of such persons from premises where
21 electronic gaming machines are operated. Such rules and regulations may
22 include requirements the employees of a parimutuel licensee be trained
23 in controlling intoxicated persons within a parimutuel licensee location.

24 New Sec. 11. Each lottery gaming machine contractor shall post one
25 or more signs at the contractor's parimutuel licensee location to inform
26 patrons of the toll-free number available to provide information and re-
27 ferral services regarding compulsive or problem gambling. The text shall
28 be determined by the secretary of the department of social and rehabil-
29 itation services. Failure by a lottery gaming machine contractor to post
30 and maintain such signs shall be cause for the imposition of a fine not to
31 exceed \$500 per day.

32 New Sec. 12. Each lottery gaming machine contractor shall provide
33 access for the executive director, the executive director's designee or the
34 commission to all its records and the physical premises where the elec-
35 tronic gaming machine activities occur for the purpose of monitoring or
36 inspecting the electronic gaming machines and gaming equipment. None
37 of the information disclosed pursuant to this subsection shall be subject
38 to disclosure under the Kansas open records act, K.S.A. 45-216 et seq.,
39 and amendments thereto.

40 New Sec. 13. (a) Wagers shall be received only from a person at a
41 parimutuel licensee location. No person present at a parimutuel licensee
42 location shall place or attempt to place a wager on behalf of another
43 person who is not present at the parimutuel licensee location.

1 (b) Violation of this section is a class A nonperson misdemeanor upon
2 a conviction for a first offense. Violation of this section is a severity level
3 9, nonperson felony upon conviction for a second or subsequent offense.

4 New Sec. 14. A person under age 21 shall not be permitted in an
5 area parimutuel licensee location where gaming is being conducted, ex-
6 cept for a person at least 18 years of age who is an employee of the
7 parimutuel licensee. No employee under age 21 shall perform any func-
8 tion involved in gaming by the patrons. No person under age 21 shall be
9 permitted to make a wager on an electronic gaming machine.

10 New Sec. 15. Pursuant to section 2 of the federal act entitled "An
11 Act to Prohibit Transportation of Gambling Devices in Interstate and
12 Foreign Commerce," 15 U.S.C. 1171 through 1177, the state of Kansas,
13 acting by and through the duly elected and qualified members of the
14 legislature, does hereby in this section, and in accordance with and in
15 compliance with the provisions of section 2 of such federal act, declare
16 and proclaim that it is exempt from the provision of section 2 of such
17 federal act to the extent that such gambling devices are being transported
18 to or from the Kansas lottery or to or from a lottery gaming machine
19 contractor at a parimutuel licensee location within the state of Kansas.

20 New Sec. 16. Except for persons acting in accordance with rules and
21 regulations of the Kansas lottery and rules and regulations of the Kansas
22 racing and gaming commission in performing installation, maintenance
23 and repair services, any person who, with the intent to manipulate the
24 outcome, pay-off or operation of an electronic gaming machine, manip-
25 ulates the outcome, pay-off or operation of an electronic gaming machine
26 by physical, electrical or mechanical means shall be guilty of a severity
27 level 8, nonperson felony.

28 New Sec. 17. (a) The Kansas racing and gaming commission and its
29 designated employees may observe and inspect all electronic gaming ma-
30 chines and facilities operated by parimutuel licensees.

31 (b) The Kansas racing and gaming commission may examine, or cause
32 to be examined by any agent or representative designated by such com-
33 mission, any books, papers, records or memoranda of any parimutuel
34 licensee, or of any business involved in electronic gaming, for the purpose
35 of ascertaining compliance with any provision of this act or any rules and
36 regulations adopted hereunder.

37 (c) The Kansas racing and gaming commission may adopt rules and
38 regulations with respect to security, safety and honest conduct at all par-
39 imutuel licensee locations.

40 (d) The Kansas racing and gaming commission shall have the power
41 to investigate alleged violations of this act and alleged violations of any
42 rules and regulations, orders and final decisions of such commission.

43 (e) Appropriate security measures shall be required in any and all

1 areas where electronic gaming machines are located, the Kansas racing
2 and gaming commission shall approve all such security measures.

3 (f) The Kansas racing and gaming commission may provide by rules
4 and regulations for the licensure of key gaming employees and technology
5 providers. Such rules and regulations may specify employment applica-
6 tion forms, fees and procedures for suspension or revocation of any key
7 gaming employee license or technology provider license.

8 (g) The Kansas racing and gaming commission shall require an annual
9 audit of the electronic gaming machine operations of each lottery gaming
10 machine contractor contracting with the Kansas lottery. Such audit shall
11 be conducted by a licensed accounting firm approved by the Kansas rac-
12 ing and gaming commission. Such audit shall be conducted at the expense
13 of the lottery gaming machine contractor to which such audit applies.

14 (h) The Kansas racing and gaming commission shall have the power
15 to take any other action as may be reasonable or appropriate to enforce
16 the provisions of this act and any rules and regulations, orders and final
17 decisions of such commission.

18 New Sec. 18. (a) It is a class A nonperson misdemeanor for the ex-
19 ecutive director, any member of the lottery commission, any employee
20 of the Kansas lottery or any member, employee or appointee of the Kan-
21 sas racing and gaming commission, including stewards and racing judges,
22 knowingly to:

23 (1) Participate in the operation of or have a financial interest in any
24 business which has been issued a concessionaire license, racing or wa-
25 gering or electronic gaming machine equipment or services license, fa-
26 cility owner license or facility manager license, or any business which sells
27 goods or services to an organization licensee;

28 (2) participate directly or indirectly as an owner, operator, manager
29 or consultant in electronic gaming in Kansas;

30 (3) place a wager on or bet or play an electronic gaming machine in
31 Kansas;

32 (4) accept any compensation, gift, loan, entertainment, favor or serv-
33 ice from any parimutuel licensee, except such suitable facilities and serv-
34 ices within a racetrack facility operated by an organization licensee as may
35 be required to facilitate the performance of the executive director's,
36 member's, employee's or appointee's official duties;

37 (5) enter into any business dealing, venture or contract with an owner
38 or lessee of a parimutuel licensee location in Kansas; or

39 (6) engage in any activity described in subsection (a)(1), (2), (4) or
40 (5) within two years from the last day of service as such executive director,
41 member, employee or appointee.

42 (b) It is a severity level 8, nonperson felony for any person playing or
43 using any electronic gaming machine at a parimutuel licensee location in

1 Kansas knowingly to:

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

8 (2) possess or use, while on the premises of a parimutuel licensee
9 location any cheating or thieving device, including but not limited to,
10 tools, wires, drills, coins attached to strings or wires or electronic or mag-
11 netic devices to facilitate removing from any electronic gaming machine
12 any money or contents thereof, except that a duly authorized agent or
13 employee of the Kansas lottery, the Kansas racing and gaming commis-
14 sion, or a parimutuel licensee may possess and use any of the foregoing
15 only in furtherance of the agent's or employee's employment at the par-
16 imutuel licensee location; or

17 (3) possess or use while on the premises of any parimutuel licensee
18 location any key or device designed for the purpose of or suitable for
19 opening or entering any electronic gaming machine or similar gaming
20 device or drop box, except that a duly authorized agent or employee of
21 the Kansas lottery, the Kansas racing and gaming commission, a pari-
22 mutuel licensee may possess and use any of the foregoing only in fur-
23 therance of the agent's or employee's employment at the parimutuel li-
24 censee location.

25 New Sec. 19. (a) No organization licensee or facility manager li-
26 censee shall permit any business not owned and operated by the organ-
27 ization licensee to provide electronic gaming machine equipment or serv-
28 ices, as designated by rules and regulations of the commission, to an
29 organization licensee unless such business has been issued an electronic
30 gaming machine equipment or services license by the Kansas racing and
31 gaming commission. Such equipment and services shall include, but are
32 not limited to, surveillance, electronic computer components, random
33 number generator or cabinet thereof and token redemption equipment
34 or services.

35 (b) Businesses required to be licensed pursuant to this section shall
36 apply for electronic gaming machine equipment or services licenses in a
37 manner and upon forms prescribed and furnished by the Kansas racing
38 and gaming commission. The Kansas racing and gaming commission shall
39 require disclosure of information about the owners and officers of each
40 applicant and may require such owners and officers to submit to finger-
41 printing. The Kansas racing and gaming commission also may require
42 disclosure of information about and fingerprinting of such employees of
43 each applicant as the commission considers necessary. Electronic gaming

1 machine equipment or services licenses shall be issued for a period of
2 time established by the Kansas racing and gaming commission but not to
3 exceed 10 years. The Kansas racing and gaming commission, by rules and
4 regulations, shall establish a schedule of application fees and license fees
5 for electronic gaming machine equipment or services licenses based upon
6 the type and size of business. The application fee shall not be refundable
7 if the business fails to qualify for a license. If the application fee is insuf-
8 ficient to pay the reasonable expenses of processing the application and
9 investigating the applicant's qualifications for licensure, the Kansas racing
10 and gaming commission shall require the applicant to pay to the Kansas
11 racing and gaming commission, at such times and in such form as required
12 by the Kansas racing and gaming commission, any additional amounts
13 necessary to pay such expenses. No license shall be issued to an applicant
14 until the applicant has paid such additional amounts in full, and such
15 amounts shall not be refundable except to the extent that they exceed the
16 actual expenses of processing the application and investigating the appli-
17 cant's qualifications for licensure.

18 (c) The Kansas racing and gaming commission shall require appli-
19 cants as a condition of licensure to consent to allow agents of the Kansas
20 bureau of investigation, security personnel of the Kansas lottery or the
21 Kansas racing and gaming commission to search without warrant the li-
22 censee's premises and personal property and the persons of its owners,
23 officers and employees while engaged in the licensee's business within
24 the premises of the racetrack facility or adjacent facilities under the con-
25 trol of the organization licensee, for the purpose of investigating criminal
26 violations of this act or violations of rules and regulations of the Kansas
27 racing and gaming commission.

28 (d) The Kansas racing and gaming commission may refuse to issue
29 an electronic gaming machine equipment or services license to any busi-
30 ness if any person having an interest ownership in such business, any
31 person who is an officer of such business or any person employed by such
32 business within the racetrack facility:

33 (1) Has been convicted of a felony in a court of any state or of the
34 United States; has been adjudicated in the last 10 years, in any such court
35 of committing as a juvenile an act which, if committed by an adult, would
36 constitute a felony or has been convicted of a crime in any other state or
37 country which would constitute a felony, if committed under the same
38 circumstances pursuant to Kansas law;

39 (2) has been convicted of a violation of any law of any state or of the
40 United States involving gambling or controlled substances or has been
41 adjudicated in the last 10 years in any such court of committing as a
42 juvenile an act which, if committed by an adult, would constitute such a
43 violation;

1 (3) fails to disclose any material fact or provides information, knowing
2 such information to be false, in connection with the application for the
3 license;

4 (4) has been found by the Kansas racing and gaming commission to
5 have violated any provision of this act or any rule and regulation of the
6 Kansas racing and gaming commission; or

7 (5) has failed to meet any monetary or tax obligation to the federal
8 government or to any state or local government.

9 (e) The Kansas racing and gaming commission may suspend or re-
10 voke the electronic gaming machine equipment or services license of any
11 business for any reason which would justify refusal to issue such a license.

12 (f) The Kansas racing and gaming commission may provide by rules
13 and regulations for the temporary suspension of an electronic gaming
14 machine equipment or services license. Such suspension shall be for a
15 period not exceeding 30 days. Upon expiration of such suspension, the
16 license shall be restored unless the license has been suspended or revoked
17 as a result of proceedings conducted pursuant to subsection (e).

18 New Sec. 20. No taxes, fees, charges, transfers or distributions, other
19 than those provided for in this act, shall be made or levied from or against
20 the net machine income of the Kansas lottery by any city, county or other
21 municipality.

22 New Sec. 21. All sales of electronic gaming machine games shall be
23 exempt from sales taxes imposed pursuant to K.S.A. 12-187 *et seq.*, and
24 79-3601 *et seq.*, and amendments thereto.

25 New Sec. 22. Each lottery gaming machine contractor shall hold the
26 executive director of the Kansas lottery, the Kansas lottery commission,
27 the executive director of the Kansas racing and gaming commission, the
28 Kansas racing and gaming commission and the state harmless from and
29 defend and pay for the defense of any and all claims which may be as-
30 serted against the executive director, the commission, the executive di-
31 rector of the Kansas racing and gaming commission, the Kansas racing
32 and gaming commission and the state, or the agents or employees thereof,
33 arising from the operation of electronic gaming machines located at the
34 parimutuel licensee location of such lottery gaming machine contractor.
35 The provisions of this section shall not apply to any claims arising from
36 the negligence or willful misconduct of the executive director, the com-
37 mission, the executive director of the Kansas racing and gaming commis-
38 sion, the Kansas racing and gaming commission and the state, or the
39 agents or employees thereof.

40 New Sec. 23. If a disagreement arises between the executive director
41 and the Kansas racing and gaming commission with regard to their re-
42 spective duties or responsibilities in carrying out the purposes of the Kan-
43 sas gaming act, such disagreement shall be resolved by the governor in a

1 manner not inconsistent with the provisions of this act.

2 New Sec. 24. As a condition precedent to contracting for the privi-
3 lege of being a lottery gaming machine contractor, parimutuel licensees
4 shall file with the secretary of state of this state written consent, irrevocable,
5 that any action or garnishment proceeding may be commenced
6 against such licensees in the proper court of any county in this state in
7 which the case of action shall arise or in which the plaintiff may reside
8 by the service of process on a resident agent, and stipulating and agreeing
9 that such service shall be taken and held in all courts to be as valid and
10 binding as if due service had been made upon the licensee. The written
11 consent shall state that the courts of this state have jurisdiction over the
12 person of such licensee and are the proper and convenient forum for such
13 action and shall waive the right to request a change of jurisdiction or
14 venue to a court outside that state and that all actions arising under this
15 act and commenced by the licensee shall be brought in this state's court
16 as the proper and convenient forum. Such consent shall be executed by
17 the licensee and if a corporation, by the president and secretary of the
18 corporate licensee, and shall be accompanied by a duly certified copy of
19 the order or resolution of the board of directors, trustees or managers
20 authorizing the president and secretary to execute the same.

21 New Sec. 25. (a) Subject to the provisions of subsection (b), the executive
22 director, with the approval of the governor, may contract with a
23 person to operate electronic gaming machines at a single specified location
24 in the state where the executive director determines the operation
25 of such machine would promote tourism and economic development.
26 Such person shall be required to meet all qualifications of a lottery gaming
27 machine contractor which is a parimutuel licensee under this act, other
28 than those qualifications specifically related to operating a parimutuel
29 facility. All provisions of this act applicable to the operation of electronic
30 gaming machines by lottery gaming machine contractors which are parimutuel
31 licensees shall apply to the operation of such machines. Such
32 specified location shall not be within an 100 mile radius of a parimutuel
33 licensee location.

34 (b) If more than one person wishes to contract to become a lottery
35 machine operator pursuant to this section, the executive director, in determining
36 which such person to contract with, shall take into consideration the following factors:
37 The size of the proposed facility, the estimated number of tourists that would be
38 attracted by the proposed facility, the number of electronic gaming machines planned
39 to be operated at the proposed facility, the amount of the contract privilege fee
40 proposed to be paid by the operator, the amount of the management fee proposed to be
41 paid to the operator and amounts proposed to be paid by the operator to
42 the city and county where the facility will be located.
43

1 (c) Not less than once each week, the state treasurer shall transfer
2 the following percentages of the balance remaining after transfer of mon-
3 eys pursuant to subsection (b) of section 8, in the account in the electronic
4 gaming machine fund for receipt of moneys from the lottery gaming ma-
5 chine contractor which is authorized pursuant to this section:

6 (1) To the lottery gaming machine contractor, 60% less any amount
7 paid to a city and county pursuant to paragraph 5;

8 (2) to the electronic gaming machine operation and regulation fund,
9 1%;

10 (3) to the problem gambling grant fund established pursuant to
11 K.S.A. 2001 Supp. 79-4805, and amendments thereto, 0.5%, except that
12 such transfer shall be to the credit of the state general fund at such time
13 as the balance in such fund is equal to the amount of \$4,000,000, but if
14 the balance in such fund falls below the amount of \$3,000,000, such trans-
15 fers shall resume;

16 (4) to the state tourism fund, 2%;

17 (5) to the state general fund, 36.5%; and

18 (6) to the city and county in which the electronic gaming machine
19 operator is located, such amount as may be specified by contract.

20 (d) Electronic gaming machines shall be operated pursuant to this
21 section only if the qualified voters of the county have voted by a $\frac{2}{3}$ ma-
22 jority to permit operation of electronic gaming machines within the
23 county as follows:

24 The board of county commissions of the county may submit by reso-
25 lution to the qualified voters of the county a proposition to permit the
26 operation of electronic gaming machines within the county. The propo-
27 sition shall be submitted to the voters at a countywide special election
28 called by the board of county commissioners for that purpose and held
29 not less than 90 days after the resolution is adopted. Upon the adoption
30 of the resolution, the county election officer shall cause the following
31 proposition to be placed on the ballot at the election called for that pur-
32 pose: "Shall the operation of electronic gaming machines by the Kansas
33 lottery be permitted in _____ county?" If $\frac{2}{3}$ or more of the votes
34 cast and counted at such election are in favor of permitting the operation
35 of such machines within the county, the Kansas lottery may enter a con-
36 tract pursuant to subsection (a) for operation of such machines in the
37 county. If less than $\frac{2}{3}$ of the votes cast and counted at an election under
38 this section are against permitting the operation of electronic gaming
39 machines within the county, the Kansas lottery shall not contract pursuant
40 to subsection (a) for the operation of such machines within the county.
41 The county election officer shall transmit a copy of the certification of
42 the results of the election to the executive director and to the Kansas
43 racing and gaming commission.

1 (e) The election provided for by this section shall be conducted, and
2 the votes counted and canvassed, in the manner provided by law for
3 question submitted elections of the county.

4 (f) If in any election provided for by this section a majority of the
5 votes cast and counted is against permitting the operation of electronic
6 gaming machines in the county, another election submitting the issue of
7 the operation of electronic gaming machines in the county shall not be
8 held for at least four years from the date of such election.

9 Sec. 26. K.S.A. 2001 Supp. 74-8710 is hereby amended to read as
10 follows: 74-8710. (a) The commission, upon the recommendation of the
11 executive director, shall adopt rules and regulations governing the estab-
12 lishment and operation of a state lottery as necessary to carry out the
13 purposes of this act. Temporary rules and regulations may be adopted by
14 the commission without being subject to the provisions and requirements
15 of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
16 subject to approval by the attorney general as to legality and shall be filed
17 with the secretary of state and published in the Kansas register. Tem-
18 porary and permanent rules and regulations may include but shall not be
19 limited to:

20 (1) Subject to the provisions of subsection (c), the types of lottery
21 games to be conducted, including but not limited to instant lottery, on-
22 line and traditional games, ~~but not including games on video lottery ma-~~
23 ~~chines or lottery machines, but not including games on lottery machines~~
24 *or video lottery machines.*

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

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

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

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

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

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

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

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

41 (10) Provisions for confidentiality of information submitted by ven-
42 dors pursuant to K.S.A. 74-8705, and amendments thereto.

43 (11) Information required to be submitted by vendors, in addition to

1 that required by K.S.A. 74-8705, and amendments thereto.

2 (12) The major procurement contracts or portions thereof to be
3 awarded to minority business enterprises pursuant to subsection (a) of
4 K.S.A. 74-8705, and amendments thereto, and procedures for the award
5 thereof.

6 (13) *Rules and regulations to implement, administer and enforce the*
7 *provisions of the Kansas gaming act.*

8 (14) *The types of electronic gaming machines to be operated at par-*
9 *imutuel licensee locations pursuant to the Kansas gaming act.*

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

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

19 Sec. 27. K.S.A. 2001 Supp. 74-8711 is hereby amended to read as
20 follows: 74-8711. (a) There is hereby established in the state treasury the
21 lottery operating fund.

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

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

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

1 agencies;

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

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

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

7 (5) transfers to the state gaming revenues fund pursuant to subsection
8 (d) of this section and as otherwise provided by law; and

9 (6) transfers to the county reappraisal fund as prescribed by law.

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

15 (1) An amount equal to the moneys in the lottery operating fund in
16 excess of those needed for the purposes described in subsections (c)(1)
17 through (c)(4); or

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

24 Sec. 28. K.S.A. 2001 Supp. 19-101a is hereby amended to read as
25 follows: 19-101a. (a) The board of county commissioners may transact all
26 county business and perform all powers of local legislation and adminis-
27 tration it deems appropriate, subject only to the following limitations,
28 restrictions or prohibitions:

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

31 (2) Counties may not consolidate or alter county boundaries.

32 (3) Counties may not affect the courts located therein.

33 (4) Counties shall be subject to acts of the legislature prescribing
34 limits of indebtedness.

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

40 (6) Counties may not legislate on social welfare administered under
41 state law enacted pursuant to or in conformity with public law No. 271—
42 74th congress, or amendments thereof.

43 (7) Counties shall be subject to all acts of the legislature concerning

1 elections, election commissioners and officers and their duties as such
2 officers and the election of county officers.

3 (8) Counties shall be subject to the limitations and prohibitions im-
4 posed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto,
5 prescribing limitations upon the levy of retailers' sales taxes by counties.

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

9 (10) No county may levy ad valorem taxes under the authority of this
10 section upon real property located within any redevelopment project area
11 established under the authority of K.S.A. 12-1772, and amendments
12 thereto, unless the resolution authorizing the same specifically authorized
13 a portion of the proceeds of such levy to be used to pay the principal of
14 and interest upon bonds issued by a city under the authority of K.S.A.
15 12-1774, and amendments thereto.

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

23 (12) Counties may not exempt from or effect changes in the provi-
24 sions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

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

28 (14) Counties may not exempt from or effect changes in K.S.A. 19-
29 430, and amendments thereto.

30 (15) Counties may not exempt from or effect changes in K.S.A. 19-
31 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

32 (16) (A) Counties may not exempt from or effect changes in K.S.A.
33 13-13a26, and amendments thereto.

34 (B) This provision shall expire on June 30, 2003.

35 (17) (A) Counties may not exempt from or effect changes in K.S.A.
36 2001 Supp. 71-301a, and amendments thereto.

37 (B) This provision shall expire on June 30, 2003.

38 (18) Counties may not exempt from or effect changes in K.S.A. 19-
39 15,139, 19-15,140 and 19-15,141, and amendments thereto.

40 (19) Counties may not exempt from or effect changes in the provi-
41 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-
42 1226, and amendments thereto, or the provisions of K.S.A. 12-1260
43 through 12-1270 and 12-1276, and amendments thereto.

1 (20) Counties may not exempt from or effect changes in the provi-
2 sions of K.S.A. 19-211, and amendments thereto.

3 (21) Counties may not exempt from or effect changes in the provi-
4 sions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

5 (22) Counties may not regulate the production or drilling of any oil
6 or gas well in any manner which would result in the duplication of reg-
7 ulation by the state corporation commission and the Kansas department
8 of health and environment pursuant to chapter 55 and chapter 65 of the
9 Kansas Statutes Annotated and any rules and regulations adopted pur-
10 suant thereto. Counties may not require any license or permit for the
11 drilling or production of oil and gas wells. Counties may not impose any
12 fee or charge for the drilling or production of any oil or gas well.

13 (23) Counties may not exempt from or effect changes in K.S.A. 79-
14 41a04, and amendments thereto.

15 (24) Counties may not exempt from or effect changes in K.S.A. 79-
16 1611, and amendments thereto.

17 (25) Counties may not exempt from or effect changes in K.S.A. 79-
18 1494, and amendments thereto.

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

21 (27) Counties may not exempt from or effect changes in subsection
22 (b) of K.S.A. 19-204, and amendments thereto.

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

26 (29) Counties may not exempt from or effect changes in K.S.A. 79-
27 2017 or 79-2101, and amendments thereto.

28 (30) Counties may not exempt from or effect changes in K.S.A. 2-
29 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219 or 65-171d or
30 K.S.A. 2001 Supp. 17-5909 or 65-1,178 through 65-1,199, and amend-
31 ments thereto.

32 (31) Counties may not exempt from or effect changes in K.S.A. 2001
33 Supp. 80-121, and amendments thereto.

34 (32) Counties may not exempt from or effect changes in K.S.A. 2001
35 Supp. 19-228, and amendments thereto.

36 (33) *Counties may not exempt from or effect changes in the Kansas*
37 *lottery act.*

38 (34) *Counties may not exempt from or effect changes in the Kansas*
39 *gaming act.*

40 (b) Counties shall apply the powers of local legislation granted in
41 subsection (a) by resolution of the board of county commissioners. If no
42 statutory authority exists for such local legislation other than that set forth
43 in subsection (a) and the local legislation proposed under the authority

1 of such subsection is not contrary to any act of the legislature, such local
2 legislation shall become effective upon passage of a resolution of the
3 board and publication in the official county newspaper. If the legislation
4 proposed by the board under authority of subsection (a) is contrary to an
5 act of the legislature which is applicable to the particular county but not
6 uniformly applicable to all counties, such legislation shall become effec-
7 tive by passage of a charter resolution in the manner provided in K.S.A.
8 19-101b, and amendments thereto.

9 (c) Any resolution adopted by a county which conflicts with the re-
10 strictions in subsection (a) is null and void.

11 Sec. 29. K.S.A. 2001 Supp. 79-4805 is hereby amended to read as
12 follows: 79-4805. (a) There is hereby established in the state treasury the
13 problem gambling grant fund. All moneys credited to such fund shall be
14 used only for the awarding of grants under this section. Such fund shall
15 be administered in accordance with this section and the provisions of
16 appropriation acts.

17 (b) All expenditures from the problem gambling grant fund shall be
18 made in accordance with appropriation acts upon warrants of the director
19 of accounts and reports issued pursuant to vouchers approved in the man-
20 ner prescribed by law.

21 (c) There is hereby established a state grant program to provide as-
22 sistance for the direct treatment of persons diagnosed as suffering from
23 pathological gambling, *the continued training of addiction professionals,*
24 *the marketing of programs funded pursuant to this section,* and to provide
25 funding for research regarding the impact of gambling on residents of
26 Kansas. Research grants awarded under this section may include, but
27 need not be limited to, grants for determining the effectiveness of edu-
28 cation, *treatment* and prevention efforts on the prevalence of pathological
29 gambling in Kansas. All grants shall be made after open solicitation of
30 proposals and evaluation of proposals against criteria established in rules
31 and regulations adopted by the secretary of the department of social and
32 rehabilitation services. Both public and private entities shall be eligible
33 to apply for and receive grants under the provisions of this section.

34 (d) The secretary of the department of social and rehabilitation serv-
35 ices is hereby authorized to receive moneys from any grants, gifts, con-
36 tributions or bequests made for the purpose of funding grants under this
37 section and to expend such moneys for the purpose for which received.

38 (e) All grants made in accordance with this section shall be made from
39 the problem gambling grant fund. The secretary shall administer the pro-
40 visions of this section and shall adopt rules and regulations establishing
41 criteria for qualification to receive grants and such other matters deemed
42 necessary by the secretary for the administration of this section. Such
43 rules and regulations shall include, but need not be limited to, a require-

1 ment that each recipient of a grant to provide treatment for pathological
2 gamblers report at least annually to the secretary the grantee's measurable
3 achievement of specific outcome goals.

4 (f) For the purpose of this section "pathological gambling" means the
5 disorder by that name described in the most recent edition of the diag-
6 nostic and statistical manual.

7 Sec. 30. K.S.A. 2001 Supp. 19-101a, 74-8702, 74-8710, 74-8711 and
8 79-4805 are hereby repealed.

9 Sec. 31. This act shall take effect and be in force from and after its
10 publication in the Kansas register.

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