

HOUSE BILL No. 2372

By Committee on Federal and State Affairs

2-13

AN ACT concerning lotteries; authorizing operation of electronic gaming machines at certain locations; amending K.S.A. 74-8702, 74-8710 and 74-8711 and K.S.A. 2002 Supp. 19-101a and 79-4805 and repealing the existing sections.

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

Section 1. K.S.A. 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*

1 *company*, corporation or partnership.

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

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

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

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

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

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

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

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

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

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

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

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

36 (B) any nonprescription drug machine authorized under K.S.A. 65-
37 650, and amendments thereto;

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

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

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

1 (p) “Electronic gaming machine” means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the Kansas lottery which, upon insertion of cash, tokens, electronic cards or any consideration, is available to play, operate or simulate the play of a game authorized by the Kansas lottery pursuant to the Kansas gaming act, including, but not limited to, bingo, poker, blackjack, keno and slot machines, and which may deliver or entitle the player operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Electronic gaming machines may use bill validators and may be single-position reel-type, single or multi-game video and single-position multi-game video electronic game, including but not limited to, poker, blackjack and slot machines. Electronic gaming machines shall be directly linked to a central computer at a location determined by the executive director for purposes of security, monitoring and auditing.

15 (q) “Key gaming employee” means any natural person 21 years of age or older employed by or under contract with a lottery gaming machine contractor or employed by or under contract with a person providing on or off-site management or employee-related services to the lottery gaming machine contractor, including, but not limited to: (1) Gaming machine contractor manager and assistant manager; (2) facilities operator manager; (3) electronic games manager; (4) accounting department personnel; (5) count room employees; (6) cage department employees, including cashiers and main bank employees; (7) vault department employees; (8) approvers of credit; (9) surveillance department employees; (10) security department employees; (11) floor managers; (12) electronic gaming machine technicians; (13) custodians of electronic gambling machines, including persons with access to cash and accounting records within such machines; (14) collection personnel; (15) internal auditors of the lottery gaming machine contractor; and (16) any employee whose total cash compensation is in excess of \$50,000 per year.

31 (r) “Lottery gaming machine contractor” means a person with which the executive director has contracted to operate electronic gaming machines pursuant to the Kansas gaming act.

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

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

43 (u) “Technology provider” means any person or entity other than a

1 *lottery gaming machine contractor that designs, manufactures, installs,*
2 *operates, distributes, supplies or replaces an electronic gaming machine*
3 *for sale, lease or use in accordance with this act.*

4 (v) *“Token” means a metal or other representative of value, which is*
5 *not legal tender, issued and sold by a lottery gaming machine contractor*
6 *for the sole purpose of playing an electronic gaming machine and redeem-*
7 *able for cash only by the issuing lottery gaming machine contractor at the*
8 *location where such contractor is authorized to operate electronic gaming*
9 *machines pursuant to the Kansas gaming act.*

10 New Sec. 2. (a) Sections 2 through 21, and amendments thereto,
11 shall be known as the Kansas gaming act and shall be part of and supple-
12 mental to the Kansas lottery act.

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

17 New Sec. 3. (a) The executive director, with the approval of the gov-
18 ernor, may contract with Boot Hill Gaming, Inc., a wholly owned subsidi-
19 ary of Boot Hill Museum, Inc., a nonprofit corporation exempt from
20 payment of federal income taxes under section 501 (c)(3) of the federal
21 internal revenue code, as in effect on the effective date of this act, to
22 operate electronic gaming machines at a single specified location in Ford
23 county, Kansas, where the operation of such machines will promote tour-
24 ism and economic development. The executive director shall not contract
25 with Boot Hill Gaming, Inc., to operate electronic gaming machines pur-
26 suant to this act unless the operation of such machines is first approved
27 by the voters of Ford county, Kansas, as provided in subsection (b).

28 (b) (1) Electronic gaming machines shall be operated pursuant to
29 this act only if the qualified voters of Ford county have voted by a majority
30 vote to permit operation of electronic gaming machines within the county
31 as follows:

32 The board of county commissioners of Ford county may submit by
33 resolution, and shall submit upon presentation of a petition filed in ac-
34 cordance with this subsection, to the qualified voters of the county a
35 proposition to permit the operation of electronic gaming machines within
36 the county. The proposition shall be submitted to the voters either in a
37 countywide special election called by the board of county commissioners
38 for that purpose and held not less than 90 days after the resolution is
39 adopted or the petition is filed or at the next general election, as shall be
40 specified by the board of county commissioners or in the petition, as the
41 case may be.

42 A petition to submit a proposition to the qualified voters of Ford county
43 pursuant to this section shall be filed with the county election officer.

1 The petition shall be signed by qualified voters of the county equal in
2 number to not less than 10% of the voters of the county who voted for
3 the office of secretary of state at the last preceding general election at
4 which such office was elected. The following shall appear on the petition:
5 “We request an election to determine whether the operation of electronic
6 gaming machines by the Kansas lottery shall be permitted in Ford
7 county.”

8 Upon the adoption of a resolution or the submission of a valid petition
9 calling for an election, the county election officer shall cause the following
10 proposition to be placed on the ballot at the election called for that pur-
11 pose: “Shall the operation of electronic gaming machines by the Kansas
12 lottery be permitted in Ford county?” If a majority of the votes cast and
13 counted at such election is in favor of permitting the operation of such
14 machines within the county, the Kansas lottery may enter a contract pur-
15 suant to this act for operation of such machines within the county. If a
16 majority of the votes cast and counted at an election under this section is
17 against permitting the operation of such machines within the county, the
18 Kansas lottery shall not contract pursuant to this act for the operation of
19 such machines within the county. The county election officer shall trans-
20 mit a copy of the certification of the results of the election to the executive
21 director and to the Kansas racing and gaming commission.

22 (2) The election provided for by this subsection (b) shall be con-
23 ducted, and the votes counted and canvassed, in the manner provided by
24 law for question submitted elections of the county.

25 (3) If in any election provided for by this subsection (b) a majority of
26 the votes cast and counted is against permitting the operation of elec-
27 tronic gaming machines in the county, another election submitting the
28 issue of the operation of such machines and games in the county shall not
29 be held for at least two years from the date of such election.

30 (c) The executive director may charge Boot Hill Gaming, Inc., an
31 administrative application fee, reasonably related to the costs of process-
32 ing the application to become a lottery gaming machine contractor.

33 (d) A contract pursuant to this section shall not constitute property,
34 nor shall it be subject to attachment, garnishment or execution, nor shall
35 it be alienable or transferable, except upon approval by the executive
36 director, or subject to being encumbered or hypothecated. No interest in
37 the contract shall descend by the laws of testate or intestate devolution
38 but any interest shall cease and expire upon the death of the contractor
39 or interest holders in the contractor except that executors, administrators
40 or representatives of the estate of any deceased contractor and the trustee
41 of any insolvent or bankrupt contractor may continue to operate pursuant
42 to the contract under order of the appropriate court for no longer than
43 one year after the death, bankruptcy or insolvency of such contractor.

1 (e) The lottery gaming machine contractor shall be issued a lottery
2 gaming machine contractor certificate which shall be conspicuously dis-
3 played at the place where the lottery gaming machine contractor is au-
4 thorized to operate and manage electronic gaming machines.

5 (f) To be a lottery gaming machine contractor, Boot Hill Gaming,
6 Inc., must:

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

9 (2) be current in payment of all taxes, interest and penalties owed to
10 any taxing subdivision where the electronic gaming machines will be op-
11 erated; and

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

15 (g) The lottery gaming machine contractor, at its own expense, shall
16 purchase for the Kansas lottery a license for all software programs used
17 by such lottery gaming machine contractor to operate electronic gaming
18 machines. The Kansas lottery shall be the licensee and owner of all such
19 software programs and shall sublicense such software programs to each
20 lottery gaming machine contractor. The lottery gaming machine contrac-
21 tor may own or lease, on behalf of the Kansas lottery and at the contrac-
22 tor's own expense, electronic gaming machines for placement at the
23 location specified by contract or the Kansas lottery with the consent of
24 the contractor may lease such machines for placement at the location
25 specified by contract, subject to reimbursement of the Kansas lottery by
26 the contractor for all expenses related to leasing, installing, operating and
27 managing such machines. Electronic gaming machines purchased or
28 leased by the lottery gaming machine contractor, at its own expense, may
29 be installed, operated or managed, owned or leased by a lottery gaming
30 machine contractor or by a technology provider under contract with the
31 lottery gaming machine contractor as provided by this act. All electronic
32 gaming machines under this act shall be subject to the ultimate control
33 of the Kansas lottery in accordance with this act. Each specific type of
34 electronic gaming machine shall be approved by the Kansas lottery in
35 accordance with K.S.A. 74-8710, and amendments thereto. The use of
36 progressive electronic gaming machines is expressly permitted.

37 (h) Each contract between the Kansas lottery and the lottery gaming
38 machine contractor shall provide that the Kansas lottery shall receive all
39 of the net machine income derived from the operation of electronic gam-
40 ing machines at the location specified by contract.

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

43 (1) Accounting procedures to determine the net machine income,

1 unclaimed merchandise and credits.

2 (2) The location and operation of electronic gaming machines. Except
3 as provided by this act, the days and hours of operation and the number
4 of such electronic gaming machines shall not be restricted.

5 (3) Minimum requirements for an electronic gaming machine con-
6 tractor to provide qualified oversight, security and supervision of the op-
7 eration of electronic gaming machines, including the use of qualified per-
8 sonnel with experience in applicable technology.

9 (4) The eligibility requirements for employees of the lottery gaming
10 machine contractor who will have responsibility for the handling of cash
11 or tokens. Such requirements may include a background investigation
12 performed by the Kansas racing and gaming commission and that any key
13 gaming employee shall be licensed as provided in section 14, and amend-
14 ments thereto.

15 (5) Provision for termination of the contract by either party for cause,
16 including but not limited to, failure of the lottery gaming machine con-
17 tractor to collect and remit net machine income pursuant to section 6,
18 and amendments thereto.

19 (6) Any other provision deemed necessary by the parties to the
20 contract.

21 (j) The initial term of a contract pursuant to this section shall be not
22 less than the remaining term of the Kansas lottery. Such contract may be
23 renewed with each extension of the Kansas lottery as provided in K.S.A.
24 74-8723, and amendments thereto.

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

29 (2) No electronic gaming machine shall be operated pursuant to this
30 act unless the executive director of the Kansas racing and gaming com-
31 mission first issues a certificate for such machine authorizing its use pur-
32 suant to this act.

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

37 (4) The executive director shall require any manufacturer, supplier,
38 provider, lottery gaming machine contractor or other person seeking the
39 examination and certification of electronic gaming machines to pay the
40 anticipated actual costs of the examination in advance. After the comple-
41 tion of the examination, the executive director shall refund any over-
42 payment or charge and collect amounts sufficient to reimburse the ex-
43 ecutive director for any underpayment of actual costs. The executive

1 director may contract for the examination of electronic gaming machines
2 as required by this subsection, and may rely upon testing done by or for
3 other states regulating electronic gaming machines, if the executive di-
4 rector deems such testing to be reliable and in the best interest of the
5 state of Kansas.

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

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

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

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

21 (m) No employee, contractor or other person in any way affiliated
22 with a lottery gaming machine contractor shall loan money to or otherwise
23 extend credit to patrons of the location where electronic gaming machines
24 are operated pursuant to this act.

25 New Sec. 4. In addition to the powers granted pursuant to K.S.A.
26 74-8704 and section 3, and amendments thereto, the executive director
27 shall have the power to:

28 (a) Enter into contracts with Boot Hill Gaming, Inc., for placement
29 and replacement of electronic gaming machines at the locations specified
30 by contract. Such contracts shall be subject to rules and regulations
31 adopted pursuant to this act but shall not be subject to the provisions of
32 K.S.A. 75-3738 through 75-3744, and amendments thereto.

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

38 (c) Issue subpoenas to compel access to or for the production of any
39 books, papers, records or memoranda in the custody or control of the
40 lottery gaming machine contractor, or to compel the appearance of the
41 lottery gaming machine contractor for the purpose of ascertaining com-
42 pliance with the provisions of this act or rules and regulations adopted
43 hereunder. Subpoenas issued under the provisions of this subsection may

1 be served upon natural persons and corporations in the manner provided
2 in K.S.A. 60-304, and amendments thereto, for the service of process by
3 any officer authorized to serve subpoenas in civil actions or by the exec-
4 utive director or an agent or representative designated by the executive
5 director. In the case of the refusal of any person to comply with any such
6 subpoena, the executive director may make application to the district
7 court of any county where such books, papers, records, memoranda or
8 person is located for an order to comply.

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

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

15 New Sec. 5. (a) There is hereby established in the state treasury the
16 electronic gaming machine fund.

17 (b) There is hereby established in the state treasury the electronic
18 gaming machine operation and regulatory fund. Moneys in such fund shall
19 be used to pay for the expenses of the Kansas lottery and the Kansas
20 racing and gaming commission attributable to the operation and regula-
21 tion of electronic gaming machines. Moneys in such fund may be ex-
22 pended only pursuant to appropriation and moneys in excess of those
23 appropriated to the Kansas lottery and the Kansas racing and gaming
24 commission may be transferred to the state general fund and expended
25 as provided by appropriation.

26 (c) Expenditures from the electronic gaming machine fund and the
27 electronic gaming machine operation and regulatory fund shall be made
28 in accordance with appropriation acts upon warrants of the director of
29 accounts and reports issued pursuant to vouchers approved by the exec-
30 utive director or a person designated by the executive director.

31 New Sec. 6. (a) The executive director shall collect all net machine
32 income from the lottery gaming machine contractor authorized pursuant
33 to this act. The executive director shall remit the entire amount to the
34 state treasurer in accordance with K.S.A. 75-4215, and amendments
35 thereto. Upon receipt of the remittance, the state treasurer shall deposit
36 the entire amount in the state treasury and credit it to the electronic
37 gaming machine fund established pursuant to section 5, and amendments
38 thereto.

39 (b) Not less than once each week, the state treasurer shall transfer
40 the following percentages of the balance in the electronic gaming machine
41 fund:

- 42 (1) To the lottery gaming machine contractor, 65%;
- 43 (2) to the electronic gaming machine operation and regulation fund

- 1 established pursuant to section 5, and amendments thereto, 1%;
- 2 (3) to the problem gambling grant fund established pursuant to
- 3 K.S.A. 2002 Supp. 79-4805, and amendments thereto, 0.5%, except that
- 4 such transfer shall be to the credit of the state general fund at such time
- 5 as the balance in such fund is equal to the amount of \$4,000,000, but if
- 6 the balance in such fund falls below the amount of \$3,000,000, such trans-
- 7 fers shall resume;
- 8 (4) to the state tourism fund established pursuant to K.S.A. 74-9003,
- 9 and amendments thereto, 5.5%, of which an amount equal to 1% of net
- 10 machine income shall be placed in a separate account in such fund to be
- 11 used for grants for economic development and tourism development
- 12 within the 22 counties of southwest Kansas identified as the southwest
- 13 Kansas tourism region by the division of travel and tourism of the de-
- 14 partment of commerce and housing;
- 15 (5) to the state general fund, 25%;
- 16 (6) to Dodge City, Kansas, 1.5%; and
- 17 (7) to Ford county, Kansas, 1.5%.

18 New Sec. 7. (a) Except when authorized in accordance with subsec-

19 tion (c), it is unlawful for any lottery gaming machine contractor or its

20 employees or agents to allow any person to play electronic gaming ma-

21 chines or share in winnings of a person knowing such person to be:

- 22 (1) Under 21 years of age;
- 23 (2) the executive director, a member of the commission or an em-
- 24 ployee of the Kansas lottery;
- 25 (3) the executive director or any member or employee of the Kansas
- 26 racing and gaming commission;
- 27 (4) an officer or employee of a vendor contracting with the Kansas
- 28 lottery to supply gaming equipment or tickets to the Kansas lottery for
- 29 use in the operation of any lottery conducted pursuant to this act;
- 30 (5) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
- 31 parent or stepparent of a person described by subsection (a)(2), (a)(3) or
- 32 (a)(4); or
- 33 (6) a person who resides in the same household as any person de-
- 34 scribed by subsection (a)(2), (a)(3) or (a)(4).

35 (b) Violation of subsection (a) is a class A nonperson misdemeanor

36 upon conviction of a first offense. Violation of subsection (a) is a severity

37 level 9, nonperson felony upon conviction of a second or subsequent

38 offense.

39 (c) The executive director may authorize in writing any employee of

40 the Kansas lottery and any employee of a lottery vendor to play an elec-

41 tronic gaming machine to verify the proper operation thereof with respect

42 to security and contract compliance. Any prize awarded as a result of

43 playing such machine shall become the property of the Kansas lottery and

1 be added to the prize pools of subsequent lottery games. No money or
2 merchandise shall be awarded to any employee playing an electronic gam-
3 ing machine pursuant to this subsection.

4 New Sec. 8. The lottery gaming machine contractor shall post one
5 or more signs at the location where the contractor operates electronic
6 gaming machines to inform patrons of the toll-free number available to
7 provide information and referral services regarding compulsive or prob-
8 lem gambling. The text shall be determined by the secretary of the de-
9 partment of social and rehabilitation services. Failure by the lottery gam-
10 ing machine contractor to post and maintain such signs shall be cause for
11 the imposition of a fine not to exceed \$500 per day.

12 New Sec. 9. The lottery gaming machine contractor shall provide
13 access for the executive director, the executive director's designee or the
14 commission to all its records and the physical premises where the elec-
15 tronic gaming machine activities occur for the purpose of monitoring or
16 inspecting the electronic gaming machines and gaming equipment. None
17 of the information disclosed pursuant to this subsection shall be subject
18 to disclosure under the Kansas open records act, K.S.A. 45-216 et seq.,
19 and amendments thereto.

20 New Sec. 10. (a) Wagers on electronic gaming machines shall be
21 received only from a person at the location where the electronic gaming
22 machine is authorized pursuant to the Kansas gaming act. No person
23 present at such location shall place or attempt to place a wager on behalf
24 of another person who is not present at such location.

25 (b) Violation of this section is a class A nonperson misdemeanor upon
26 a conviction for a first offense. Violation of this section is a severity level
27 9, nonperson felony upon conviction for a second or subsequent offense.

28 New Sec. 11. A person under age 21 shall not be permitted in an
29 area of any location where any electronic gaming machine is operated ,
30 except for a person at least 18 years of age who is an employee of the
31 lottery gaming machine contractor. No employee under age 21 shall per-
32 form any function involved in gaming by the patrons. No person under
33 age 21 shall be permitted to make a wager on an electronic gaming
34 machine.

35 New Sec. 12. Pursuant to section 2 of the federal act entitled "An
36 Act to Prohibit Transportation of Gambling Devices in Interstate and
37 Foreign Commerce," 15 U.S.C. 1171 through 1777, the state of Kansas,
38 acting by and through the duly elected and qualified members of the
39 legislature, does hereby in this section, and in accordance with and in
40 compliance with the provisions of section 2 of such federal act, declare
41 and proclaim that it is exempt from the provision of section 2 of such
42 federal act to the extent that such gambling devices are being transported
43 to or from the Kansas lottery or to or from a lottery gaming machine

1 contractor at a location within the state of Kansas where electronic gaming
2 machines are authorized pursuant to the Kansas gaming act.

3 New Sec. 13. Except for persons acting in accordance with rules and
4 regulations of the Kansas lottery and rules and regulations of the Kansas
5 racing and gaming commission in performing installation, maintenance
6 and repair services, any person who, with the intent to manipulate the
7 outcome, pay-off or operation of an electronic gaming machine, manip-
8 ulates the outcome, pay-off or operation of an electronic gaming machine
9 by physical, electrical or mechanical means shall be guilty of a severity
10 level 8, nonperson felony.

11 New Sec. 14. (a) The Kansas racing and gaming commission and its
12 designated employees may observe and inspect all electronic gaming ma-
13 chines, gaming equipment and facilities operated by a lottery gaming
14 machine contractor.

15 (b) The Kansas racing and gaming commission may examine, or cause
16 to be examined by any agent or representative designated by such com-
17 mission, any books, papers, records or memoranda of any lottery gaming
18 machine contractor, or of any business involved in electronic gaming, for
19 the purpose of ascertaining compliance with any provision of the Kansas
20 gaming act or any rules and regulations adopted thereunder.

21 (c) The Kansas racing and gaming commission may adopt rules and
22 regulations with respect to security, safety and honest conduct at any
23 location where electronic gaming machines are operated pursuant to the
24 Kansas gaming act.

25 (d) The Kansas racing and gaming commission shall have the power
26 to investigate alleged violations of the Kansas gaming act and alleged
27 violations of any rules and regulations, orders and final decisions of such
28 commission.

29 (e) Appropriate security measures shall be required in any and all
30 areas where electronic gaming machines are located or operated. The
31 Kansas racing and gaming commission shall approve all such security
32 measures.

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

38 (g) The Kansas racing and gaming commission shall require an annual
39 audit of the electronic gaming machine operations of each lottery gaming
40 machine contractor contracting with the Kansas lottery. Such audit shall
41 be conducted by a licensed accounting firm approved by the Kansas rac-
42 ing and gaming commission. Such audit shall be conducted at the expense
43 of the lottery gaming machine contractor to which such audit applies.

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

5 New Sec. 15. (a) It is a class A nonperson misdemeanor for a legis-
6 lator, state elected official, elected official or employee of a city or county
7 in which there is located a facility where electronic gaming machines
8 operated pursuant to the Kansas gaming act, the executive director, any
9 member of the lottery commission, any employee of the Kansas lottery
10 or any member, employee or appointee of the Kansas racing and gaming
11 commission, including stewards and racing judges, knowingly to:

12 (1) Participate in the operation of or have a financial interest in any
13 business which has been issued an electronic gaming machine equipment
14 or services license;

15 (2) participate directly or indirectly as an owner, operator, manager
16 or consultant in electronic or other gaming in Kansas;

17 (3) while in Kansas place a wager on or bet or play an electronic
18 gaming machine;

19 (4) accept any compensation, gift, loan, entertainment, favor or serv-
20 ice from any lottery gaming machine contractor, except such suitable
21 facilities and services at a location where electronic gaming machines are
22 operated pursuant to this act, as may be required to facilitate the per-
23 formance of the executive director's, member's, employee's or ap-
24 pointee's official duties;

25 (5) enter into any business dealing, venture or contract with a lottery
26 gaming machine contractor in Kansas; or

27 (6) engage in any activity described in subsection (a)(1), (a)(2), (a)(4)
28 or (a)(5) within two years from the last day of service as such legislator,
29 employee of a city or county in which there is located a facility where
30 electronic gaming machines are operated pursuant to the Kansas gaming
31 act, executive director, member, employee or appointee.

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

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

40 (2) possess or use, while on the premises of a lottery gaming machine
41 contractor or location where electronic gaming machines are operated
42 pursuant to this act, any cheating or thieving device, including but not
43 limited to, tools, wires, drills, coins attached to strings or wires or elec-

1 tronic or magnetic devices to facilitate removing from any electronic gam-
2 ing machine any money or contents thereof, except that a duly authorized
3 agent or employee of the Kansas lottery, the Kansas racing and gaming
4 commission or a lottery gaming machine contractor may possess and use
5 any of the foregoing only in furtherance of the agent's or employee's
6 employment at the location where electronic gaming machines are au-
7 thorized pursuant to this act; or

8 (3) possess or use, while on the premises of any location where elec-
9 tronic gaming machines are authorized pursuant to this act, any key or
10 device designed for the purpose of or suitable for opening or entering
11 any electronic gaming machine or similar gaming device or drop box,
12 except that a duly authorized agent or employee of the Kansas lottery,
13 the Kansas racing and gaming commission or a lottery gaming machine
14 contractor may possess and use any of the foregoing only in furtherance
15 of the agent's or employee's employment at the location where electronic
16 gaming machines are operated pursuant to this act.

17 New Sec. 16. (a) The lottery gaming machine contractor shall not
18 permit any business to provide electronic gaming machine equipment or
19 services or gaming equipment or services, as designated by rules and
20 regulations of the Kansas racing and gaming commission, for use pursuant
21 to this act, unless such business has been issued an electronic gaming
22 machine equipment or services license or gaming equipment or services
23 license by the Kansas racing and gaming commission. Such equipment
24 and services shall include, but are not limited to, surveillance, electronic
25 computer components, random number generator or cabinet thereof and
26 token redemption equipment or services.

27 (b) Businesses required to be licensed pursuant to this section shall
28 apply for licenses in a manner and upon forms prescribed and furnished
29 by the Kansas racing and gaming commission. The Kansas racing and
30 gaming commission shall require disclosure of information about the
31 owners and officers of each applicant and may require such owners and
32 officers to submit to fingerprinting. The Kansas racing and gaming com-
33 mission also may require disclosure of information about and fingerprint-
34 ing of such employees of each applicant as the commission considers
35 necessary. Licenses issued pursuant to this section shall be issued for a
36 period of time established by the Kansas racing and gaming commission
37 but not to exceed 10 years. The Kansas racing and gaming commission,
38 by rules and regulations, shall establish a schedule of application fees and
39 license fees for such licenses based upon the type and size of business.
40 The application fee shall not be refundable if the business fails to qualify
41 for a license. If the application fee is insufficient to pay the reasonable
42 expenses of processing the application and investigating the applicant's
43 qualifications for licensure, the Kansas racing and gaming commission

1 shall require the applicant to pay to the Kansas racing and gaming com-
2 mission, at such times and in such form as required by the Kansas racing
3 and gaming commission, any additional amounts necessary to pay such
4 expenses. No license shall be issued to an applicant until the applicant
5 has paid such additional amounts in full, and such amounts shall not be
6 refundable except to the extent that they exceed the actual expenses of
7 processing the application and investigating the applicant's qualifications
8 for licensure.

9 (c) The Kansas racing and gaming commission shall require appli-
10 cants as a condition of licensure to consent to allow agents of the Kansas
11 bureau of investigation, security personnel of the Kansas lottery or the
12 Kansas racing and gaming commission to search without warrant the con-
13 tractor's premises and personal property and the persons of its owners,
14 officers and employees while engaged in the contractor's business within
15 the premises of the facility or adjacent facilities under the control of the
16 organization contractor, for the purpose of investigating criminal viola-
17 tions of this act or violations of rules and regulations of the Kansas racing
18 and gaming commission.

19 (d) The Kansas racing and gaming commission may refuse to issue a
20 license pursuant to this section if any person having an interest ownership
21 in the business, any person who is an officer of the business or any person
22 employed by the business:

23 (1) Has been convicted of a felony in a court of any state or of the
24 United States; has been adjudicated in the last 10 years, in any such court
25 of committing as a juvenile an act which, if committed by an adult, would
26 constitute a felony or has been convicted of a crime in any other state or
27 country which would constitute a felony, if committed under the same
28 circumstances pursuant to Kansas law;

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

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

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

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

42 (e) The Kansas racing and gaming commission may suspend or re-
43 voke a license issued pursuant to this section for any reason which would

1 justify refusal to issue such a license.

2 (f) The Kansas racing and gaming commission may provide by rules
3 and regulations for the temporary suspension of a license issued pursuant
4 to this section. Such suspension shall be for a period not exceeding 30
5 days. Upon expiration of such suspension, the license shall be restored
6 unless the license has been suspended or revoked as a result of proceed-
7 ings conducted pursuant to subsection (d).

8 New Sec. 17. No taxes, fees, charges, transfers or distributions, other
9 than those provided for in this act, shall be made or levied by any city,
10 county or other municipality from or against net machine income.

11 New Sec. 18. All sales of electronic gaming machine games author-
12 ized by the Kansas gaming act shall be exempt from sales taxes imposed
13 pursuant to K.S.A. 12-187 *et seq.*, and 79-3601 *et seq.*, and amendments
14 thereto.

15 New Sec. 19. Each lottery gaming machine contractor shall hold the
16 executive director of the Kansas lottery, the Kansas lottery commission,
17 the executive director of the Kansas racing and gaming commission, the
18 Kansas racing and gaming commission and the state harmless from and
19 defend and pay for the defense of any and all claims which may be as-
20 serted against the executive director, the commission, the executive di-
21 irector of the Kansas racing and gaming commission, the Kansas racing
22 and gaming commission and the state, or the agents or employees thereof,
23 arising from the operation of electronic gaming machines pursuant to the
24 Kansas gaming act. The provisions of this section shall not apply to any
25 claims arising from the negligence or willful misconduct of the executive
26 director, the commission, the executive director of the Kansas racing and
27 gaming commission, the Kansas racing and gaming commission and the
28 state, or the agents or employees thereof.

29 New Sec. 20. If a disagreement arises between the executive director
30 and the Kansas racing and gaming commission with regard to their re-
31 spective duties or responsibilities in carrying out the purposes of the Kan-
32 sas gaming act, such disagreement shall be resolved by the governor in a
33 manner not inconsistent with the provisions of this act.

34 New Sec. 21. As a condition precedent to contracting for the privi-
35 lege of being a lottery gaming machine contractor, the contractor shall
36 file with the secretary of state of this state written consent, irrevocable,
37 that any action or garnishment proceeding may be commenced against
38 such contractor in the proper court of any county in this state in which
39 the case of action shall arise or in which the plaintiff may reside by the
40 service of process on a resident agent, and stipulating and agreeing that
41 such service shall be taken and held in all courts to be as valid and binding
42 as if due service had been made upon the contractor. The written consent
43 shall state that the courts of this state have jurisdiction over the person

1 of such contractor and are the proper and convenient forum for such
2 action and shall waive the right to request a change of jurisdiction or
3 venue to a court outside that state and that all actions arising under this
4 act and commenced by the contractor shall be brought in this state's court
5 as the proper and convenient forum. Such consent shall be executed by
6 the contractor and if a corporation, by the president and secretary of the
7 corporate contractor, and shall be accompanied by a duly certified copy
8 of the order or resolution of the board of directors, trustees or managers
9 authorizing the president and secretary to execute the same.

10 Sec. 22. K.S.A. 74-8710 is hereby amended to read as follows: 74-
11 8710. (a) The commission, upon the recommendation of the executive
12 director, shall adopt rules and regulations governing the establishment
13 and operation of a state lottery as necessary to carry out the purposes of
14 this act. Temporary rules and regulations may be adopted by the com-
15 mission without being subject to the provisions and requirements of
16 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
17 subject to approval by the attorney general as to legality and shall be filed
18 with the secretary of state and published in the Kansas register. Tem-
19 porary and permanent rules and regulations may include but shall not be
20 limited to:

21 (1) Subject to the provisions of subsection (c), the types of lottery
22 games to be conducted, including but not limited to instant lottery, on-
23 line and traditional games, but not including games on video lottery ma-
24 chines or 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 pursuant*
9 *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. 23. K.S.A. 74-8711 is hereby amended to read as follows: 74-
20 8711. (a) There is hereby established in the state treasury the lottery
21 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. 24. K.S.A. 2002 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, 2004.

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

37 (B) This provision shall expire on June 30, 2004.

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, 65-171d 65-
30 1,178 through 65-1,199 or K.S.A. 2002 Supp. 17-5909, and amendments
31 thereto.

32 (31) Counties may not exempt from or effect changes in K.S.A. 2002
33 Supp. 80-121, and amendments thereto.

34 (32) Counties may not exempt from or effect changes in K.S.A. 19-
35 228, 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. 25. K.S.A. 2002 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. 26. K.S.A. 74-8702, 74-8710 and 74-8711 and K.S.A. 2002 Supp.
8 19-101a and 79-4805 are hereby repealed.

9 Sec. 27. This act shall take effect and be in force from and after its
10 publication in the Kansas register.

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