

HOUSE BILL No. 2405

By Committee on Federal and State Affairs

2-18

AN ACT concerning lotteries; authorizing electronic gaming machines at certain racetracks; 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,~~ 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.

(i) "Prize" means any prize paid directly by the Kansas lottery pur-

1 suant to its rules and regulations.

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

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

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

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

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

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

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

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

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

31 (2) “Lottery machine” shall not mean:

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

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

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

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

40 (E) *any electronic gaming machine operated in accordance with the*
41 *provisions of the Kansas gaming act.*

42 (p) “*Electronic gaming machine*” means any electronic, electrome-
43 chanical, video or computerized device, contrivance or machine author-

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

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

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

32 (s) "Lottery gaming machine operator" means any parimutuel li-
33 censee with which the executive director has contracted for the placement
34 of an electronic gaming machine pursuant to this act;

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

39 (u) "Parimutuel licensee" means a facility owner licensee or a facility
40 manager licensee.

41 (v) "Parimutuel licensee location" means: (1) A racetrack facility, as
42 defined by K.S.A. 74-8802, and amendments thereto, where live horse
43 racing or live greyhound racing has been authorized or for which an

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

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

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

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

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

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

30 New Sec. 3. (a) The executive director may contract with parimutuel
31 licensees for the operation and management, by the state of Kansas, of
32 electronic gaming machines at parimutuel licensee locations in counties
33 where a proposition submitted pursuant to section 5, and amendments
34 thereto, has been approved by the voters of such county. Such contracts
35 shall be subject to the provisions of this act and rules and regulations
36 adopted under this act but shall not be subject to the provisions of K.S.A.
37 74-3738 through 75-3744, and amendments thereto.

38 (b) The executive director shall select as lottery gaming machine op-
39 erators such parimutuel licensees as the executive director deems best
40 able to serve the public convenience and promote marketing plans de-
41 veloped by the Kansas lottery. In the selection of lottery gaming machine
42 operators, the executive director shall consider factors such as financial
43 responsibility, security of the licensee location, integrity, reputation, vol-

1 ume of expected sales and such other factors as the executive director
2 may deem appropriate.

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

6 (d) A contract shall not constitute property, nor shall it be subject to
7 attachment, garnishment or execution, nor shall it be alienable or trans-
8 ferable except upon approval of the executive director, voluntarily or in-
9 voluntarily, or subject to being encumbered or hypothecated. No interest
10 in the contract shall descend by the laws of testate or intestate devolution
11 but any interest shall cease and expire upon the death of the lottery gam-
12 ing machine operator or interest holders in the operator except that the
13 executor, administrators or representatives of the estate of any deceased
14 operator and the trustee of any insolvent or bankrupt operator may con-
15 tinue to operate pursuant to the contract under order of the appropriate
16 court for no longer than one year after the death, bankruptcy or insol-
17 vency of such operator.

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

22 (f) To be selected as a lottery gaming machine operator, a parimutuel
23 licensee must:

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

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

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

31 (g) The lottery gaming machine operator, at its own expense, shall
32 purchase for the Kansas lottery a license for all software programs used
33 by such lottery gaming machine operator to operate electronic gaming
34 machines. The Kansas lottery shall be the licensee and owner of all such
35 software programs to each lottery gaming machine operator. A lottery
36 gaming machine operator may own or lease, on behalf of the Kansas
37 lottery and at the operator's own expense, electronic gaming machines
38 for placement at the parimutuel licensee location or the Kansas lottery
39 with the consent of the operator may lease such machines for placement
40 at the parimutuel licensee location, subject to reimbursement of the Kan-
41 sas lottery by the operator for all expenses related to leasing, installing,
42 operating and managing such machines. Electronic gaming machines pur-
43 chased or leased by the lottery gaming machine operator, at its own ex-

1 pense, may be installed, operated or managed, owned or leased by a
2 lottery gaming machine operator or by a technology provider under con-
3 tract with the lottery gaming machine operator as provided by this act.
4 All electronic gaming machines under this act shall be subject to the
5 ultimate control of the Kansas lottery in accordance with the act. Each
6 specific type of electronic gaming machine shall be approved by the Kan-
7 sas lottery in accordance with K.S.A. 74-8710, and amendments thereto.
8 The use of progressive electronic gaming machines is expressly permitted.

9 (h) Each contract between the Kansas lottery and a lottery gaming
10 machine operator shall provide that the Kansas lottery shall receive all of
11 the net machine income derived from the operation of electronic gaming
12 machines at the parimutuel licensee location.

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

15 (1) Accounting procedures to determine the net machine income,
16 unclaimed merchandise and credits;

17 (2) the location and operation of electronic gaming machines at the
18 parimutuel licensee location, except as provided by this act, the days and
19 hours of operation and the number of such electronic gaming machines
20 shall not be restricted;

21 (3) minimum requirements for an electronic gaming machine oper-
22 ator to provide qualified oversight, security and supervision of the oper-
23 ation of electronic gaming machines at the parimutuel licensee location,
24 including the use of qualified personnel with experience in applicable
25 technology;

26 (4) the eligibility requirements for employees of a lottery gaming ma-
27 chine operator who will have responsibility for the handling of cash or
28 tokens. Such requirements may include a background investigation per-
29 formed by the Kansas racing and gaming commission and that any key
30 gaming employee shall be licensed as provided in subsection (f) of section
31 17 and section 19, and amendments thereto;

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

38 (6) any other provision deemed necessary by the parties pursuant to
39 this section.

40 (k) The initial term of a contract pursuant to this section shall be not
41 less than the remaining term of the Kansas lottery. Such contract may be
42 renewed with each extension of the Kansas lottery as provided in K.S.A.
43 74-8723, and amendments thereto.

1 (1) (1) The Kansas lottery shall examine prototypes of electronic gam-
2 ing machines and shall notify the Kansas racing and gaming commission
3 which such types of electronic gaming machines are in compliance with
4 the requirements of this act.

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

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

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

26 (m) Electronic gaming machines operated pursuant to this act shall:

27 (1) Pay out an average of not less than 87% of the amount wagered
28 during the expected lifetime of the game;

29 (2) be directly linked to a central lottery communications system to
30 provide auditing and other program information as approved by the Kan-
31 sas lottery. The communications systems certified by the Kansas lottery
32 shall not limit participation to only one electronic gaming machine man-
33 ufacturer, distributor, supplier or provider; and

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

39 (n) No employee, contractor or other person in any way affiliated with
40 a lottery gaming machine operator shall loan money to or otherwise ex-
41 tend credit to patrons of a parimutuel licensee location.

42 New Sec. 4. In addition to the powers granted pursuant to K.S.A.
43 74-8704 and section 3, and amendments thereto, the executive director

1 shall have the power to:

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

7 (b) Examine or cause to be examined by any agent or representative
8 designated by the executive director any books, papers, records or mem-
9 oranda of any lottery gaming machine operator for the purpose of ascer-
10 taining compliance with the provisions of the Kansas lottery act or rules
11 and regulations adopted thereunder.

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

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

29 (e) Inspect and approve, prior to publication or distribution, all ad-
30 vertising by a lottery gaming machine operator which includes any ref-
31 erence to the Kansas lottery.

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

37 (b) The board of county commissioners of any county where there is
38 a parimutuel licensee location may submit by resolution, and shall submit
39 upon presentation of a petition filed in accordance with subsection (c),
40 to the qualified voters of the county a proposition to permit the operation
41 of electronic gaming machines at parimutuel licensee locations within the
42 county. The proposition shall be submitted to the voters either in a coun-
43 tywide special election called by the board of county commissioners for

1 that purpose and held not less than 90 days after the resolution is adopted
2 or the petition is filed or at the next general election, as shall be specified
3 by the board of county commissioners or in the petition, as the case may
4 be.

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

14 (d) Upon the adoption of a resolution or the submission of a valid
15 petition calling for an election pursuant to this section, the county election
16 officer shall cause the following proposition to be placed on the ballot at
17 the election called for that purpose: “Shall the operation of electronic
18 gaming machines by the Kansas lottery be permitted in _____
19 county at parimutuel licensee locations?”

20 (e) If a majority of the votes cast and counted at such election is in
21 favor of permitting the operation of electronic gaming machines at pari-
22 mutuel licensee locations, the executive director may enter into a contract
23 with such licensees to operate such games at parimutuel licensee locations
24 in the county. If a majority of the votes cast and counted at an election
25 under this section is against permitting the operation of electronic gaming
26 machines at parimutuel licensee locations in the county the Kansas lottery
27 shall not operate such games in the county. The county election officer
28 shall transmit a copy of the certification of the results of the election to
29 the executive director and to the Kansas racing and gaming commission.

30 (f) The election provided for by this section shall be conducted, and
31 the votes counted and canvassed, in the manner provided by law for
32 question submitted at elections of the count.

33 (g) If in any election provided for by this section a majority of the
34 votes cast and counted is against permitting the operation of electronic
35 gaming machines in the county, another election submitting the issue of
36 the operation of electronic gaming machines in the county shall not be
37 held for at least two years from the date of such election.

38 New Sec. 6. (a) All purse supplements paid pursuant to this act shall
39 be according to the point schedule in effect on January 1, 2002, at the
40 respective parimutuel licensee locations. All purse supplements paid pur-
41 suant to this section shall be in addition to purses and supplements paid
42 under K.S.A. 74-8801 *et seq.*, and amendments thereto.

43 (b) Except as provided in subsection (e), no electronic gaming ma-

chine shall be operated pursuant to this act at a parimutuel licensee location unless the facility where the electronic gaming machine is operated displays live and simulcast parimutuel races pursuant to an order issued by the Kansas racing and gaming commission on video terminals and has installed parimutuel windows for wagering on parimutuel races.

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

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

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

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

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

(e) The Kansas racing and gaming commission may allow the operation of electronic gaming machines at the racetrack facility at eureka downs and the racetrack facility at anthony downs on days when simulcast parimutuel races are displayed at such facility without requiring live horse racing or live greyhound racing at such facility. The Kansas racing and gaming commission shall not authorize the operation of such machines

1 at such racetrack facility unless the qualified voters of the county where
2 such racetrack facility is located have voted pursuant to section 5, and
3 amendments thereto, to permit operation of such machines within the
4 county.

5 New Sec. 7. (a) There is hereby established in the state treasury the
6 live horse racing purse supplement fund. Moneys available in such fund
7 shall be paid to parimutuel licensees for distribution as purse supplements
8 in accordance with rules and regulations of the Kansas racing and gaming
9 commission. Such moneys shall be distributed from the separate horse
10 purse supplement accounts maintained pursuant to this section, in ac-
11 cordance with rules and regulations of the Kansas racing and gaming
12 commission, provided that parimutuel licensees shall continue to pay
13 purses from the live and simulcast purse fund established by law.

14 (b) There is hereby established in the state treasury the live dog rac-
15 ing purse supplement fund. Moneys available in such fund shall be paid
16 to parimutuel licensees for distribution as purse supplements in accord-
17 ance with rules and regulations of the Kansas racing and gaming
18 commission.

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

28 (d) There is hereby established in the state treasury the electronic
29 gaming machine fund. A separate account for each lottery gaming ma-
30 chine operator shall be maintained in such fund for receipt of moneys
31 from such operator.

32 New Sec. 8. (a) The executive director shall collect all net machine
33 income from each lottery gaming machine operator and shall remit the
34 entire amount to the state treasurer in accordance with K.S.A. 75-4215,
35 and amendments thereto. Upon receipt of the remittance, the state trea-
36 surer shall deposit the entire amount in the state treasury and credit it to
37 the respective account maintained for such operator in the electronic
38 gaming machine fund, established pursuant to section 7, and amendments
39 thereto.

40 (b) Not less than once each week the state treasurer shall transfer
41 from each account in the electronic gaming machine fund to the elec-
42 tronic gaming machine operation and regulatory fund the percent of net
43 machine income certified by the executive director as equal to the amount

1 required for the purposes described in subsection (c) of section 7, and
2 amendments thereto, but not to exceed 1%. The state treasurer shall
3 distribute the balance of the amount credited to each account in the
4 electronic gaming machine fund as provided by subsections (c) and (d).

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

10 (1) To the problem gambling grant fund established pursuant to
11 K.S.A. 2002 Supp. 79-4805, and amendments thereto, 0.5%, but the total
12 amount credited to such fund shall not exceed \$3,000,000 in any fiscal
13 year;

14 (2) to the state general fund, 20%;

15 (3) to the nonprofit organization licensed by the Kansas racing and
16 gaming commission to conduct races at the parimutuel licensee location,
17 1%, pursuant to the management contract;

18 (4) to any city where the parimutuel location is located, 1.5%;

19 (5) to the county where the parimutuel location is located, 1.5%; and

20 (6) to the live dog racing purse supplement fund, 3.5%.

21 For purposes of this subsection, the unified government of Wyandotte
22 county shall be deemed both a city and a county. Payments to the city
23 and county shall only be made during the time period that parimutuel
24 licensees are the only operator of class III gaming, as defined in K.S.A.
25 74-9802, and amendments thereto, in such city and county.

26 (c) After distribution of moneys pursuant to subsection (c), the state
27 treasurer, not less than once each week, shall remit the balance in the
28 account of each lottery gaming machine operator to such lottery gaming
29 machine operator.

30 New Sec. 9. (a) Except as when authorized in accordance with sub-
31 section (c), it is unlawful for any lottery gaming machine operator to allow
32 any person to play electronic gaming machines or share in winnings of a
33 person knowing such person to be:

34 (1) Under 21 years of age;

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

37 (3) the executive director or any member or employee of the Kansas
38 racing and gaming commission;

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

42 (5) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
43 parent or stepparent or a person described by subsection (a)(2), (3) or

1 (4).

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

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

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

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

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

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

41 (b) Violation of this section is a class A nonperson misdemeanor upon
42 a conviction for a first offense. Violation of this section is a severity level
43 9, nonperson felony upon conviction for a second or subsequent offense.

1 New Sec. 14. Each lottery gaming machine operator may employ a
2 person at least 16 years of age as an employee of the parimutuel licensee.
3 No employee under age 21 shall be permitted to make a wager on an
4 electronic gaming machine.

5 New Sec. 15. Pursuant to section 2 of the federal act entitled “An
6 Act to Prohibit Transportation of Gambling Devices in Interstate and
7 Foreign Commerce,” 15 U.S.C. 1171 through 1777, the state of Kansas,
8 acting by and through the duly elected and qualified members of the
9 legislature, does hereby in this section, and in accordance with and in
10 compliance with the provisions of section 2 of such federal act, declare
11 and proclaim that it is exempt from the provision of section 2 of such
12 federal act to the extent that such gambling devices are being transported
13 to or from the Kansas lottery or to or from a lottery gaming machine
14 operator at a parimutuel licensee location within the state of Kansas.

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

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

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

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

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

38 (e) Appropriate security measures shall be required in any and all
39 areas where electronic gaming machines are located. The Kansas racing
40 and gaming commission shall approve all such security measures.

41 (f) The Kansas racing and gaming commission may provide by rules
42 and regulations for the licensure of key gaming employees and technology
43 providers. Such rules and regulations may specify employment applica-

1 tion forms, fees and procedures for suspension or revocation of any key
2 gaming employee license.

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

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

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

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

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

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

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

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

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

37 (b) It is a severity level 8, nonperson felony for any person playing or
38 using any electronic gaming machine at a parimutuel licensee location in
39 Kansas knowingly to:

40 (1) Use other than a lawful coin or legal tender of the United States
41 of America, or to use coin not of the same denomination as the coin
42 intended to be used in an electronic gaming machine, except that in the
43 playing of any electronic gaming machine or similar gaming device, it

1 shall be lawful for any person to use gaming billets, tokens or similar
2 objects therein which are approved by the Kansas lottery;

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

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

20 (4) wager prior to obtaining the age of 21 years.

21 New Sec. 19. (a) No organization licensee or parimutuel licensee
22 shall permit any business not owned and operated by the organization
23 licensee to provide electronic gaming machine equipment or services, as
24 designated by rules and regulations of the Kansas racing and gaming com-
25 mission, to an organization licensee unless such business has been issued
26 an electronic gaming machine equipment or services license by the ex-
27 ecutive director. Such equipment and services shall include, but are not
28 limited to, surveillance, electronic computer components, random num-
29 ber generator or cabinet thereof and token redemption equipment or
30 services.

31 (b) Businesses required to be licensed pursuant to this section shall
32 apply for electronic gaming machine equipment or services licenses in a
33 manner and upon forms prescribed and furnished by the Kansas racing
34 and gaming commission. The Kansas racing and gaming commission shall
35 require disclosure of information about the owners and officers of each
36 applicant and may require such owners and officers to submit to finger-
37 printing. The Kansas racing and gaming commission also may require
38 disclosure of information about and fingerprinting of such employees of
39 each applicant as the commission considers necessary. Electronic gaming
40 machine equipment or services licenses shall be issued for a period of
41 time established by the executive director but not to exceed 10 years. The
42 Kansas racing and gaming commission, by rules and regulations, shall
43 establish a schedule of application fees and license fees for electronic

1 gaming machine equipment or services licenses based upon the type and
2 size of business. The application fee shall not be refundable if the business
3 fails to qualify for a license. If the application fee is insufficient to pay
4 the reasonable expenses of processing the application and investigating
5 the applicant's qualifications for licensure, the Kansas racing and gaming
6 commission shall require the applicant to pay to the Kansas racing and
7 gaming commission, at such times and in such form as required by the
8 executive director, any additional amounts necessary to pay such ex-
9 penses. No license shall be issued to an applicant until the applicant has
10 paid such additional amounts in full, and such amounts shall not be re-
11 fundable except to the extent that they exceed the actual expenses of
12 processing the application and investigating the applicant's qualifications
13 for licensure.

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

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

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

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

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

43 (4) has been found by the executive director to have violated any

1 provision of this act or any rule and regulation of the executive director;
2 or

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

5 (e) The executive director may suspend or revoke the electronic gam-
6 ing machine equipment or services license of any business for any reason
7 which would justify refusal to issue such a license.

8 (f) The commission may provide by rules and regulations for the tem-
9 porary suspension of an electronic gaming machine equipment or services
10 license. Such suspension shall be for a period not exceeding 30 days. Upon
11 expiration of such suspension, the license shall be restored unless the
12 license has been suspended or revoked as a result of proceedings con-
13 ducted pursuant to subsection (e).

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

18 New Sec. 21. All sales of electronic gaming machine games shall be
19 exempt from sales taxes imposed pursuant to K.S.A. 12-187 *et seq.*, and
20 79-3601 *et seq.*, and amendments thereto.

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

35 New Sec. 23. If a disagreement arises between the executive director
36 and the Kansas racing and gaming commission with regard to their re-
37 spective duties or responsibilities in carrying out the purposes of the Kan-
38 sas gaming act, such disagreement shall be resolved by the governor in a
39 manner not inconsistent with the provisions of this act.

40 New Sec. 24. As a condition precedent to contracting for the privi-
41 lege of being a lottery gaming machine contractor, parimutuel licensees
42 shall file with the secretary of state of this state written consent, irrev-
43 cable, that any action or garnishment proceeding may be commenced

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

16 New Sec. 25. All lottery gaming machine operators are subject to all
17 income taxes, sales taxes, earnings taxes, use taxes, property taxes or any
18 other tax or fee now or hereafter lawfully levied by any political subdivi-
19 sion; however, no other license tax, permit tax, occupation tax, operation
20 or machine tax or taxes or fees shall be imposed, levied or assessed ex-
21 clusively upon gaming pursuant to the Kansas gaming act by a political
22 subdivision.

23 New Sec. 26. No tax credit, tax abatement, tax exemption, enterprise
24 zone pursuant to the Kansas enterprise zone act or tax increment financ-
25 ing pursuant to K.S.A. 12-1770, and amendments thereto, shall be avail-
26 able to any lottery gaming machine operator pursuant to this act, nor shall
27 any governmental entity or sub-division transfer or make available any
28 real or personal property to a lottery gaming machine operator at less
29 than fair market value.

30 Sec. 27. K.S.A. 74-8710 is hereby amended to read as follows: 74-
31 8710. (a) The commission, upon the recommendation of the executive
32 director, shall adopt rules and regulations governing the establishment
33 and operation of a state lottery as necessary to carry out the purposes of
34 this act. Temporary rules and regulations may be adopted by the com-
35 mission without being subject to the provisions and requirements of
36 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
37 subject to approval by the attorney general as to legality and shall be filed
38 with the secretary of state and published in the Kansas register. Tem-
39 porary and permanent rules and regulations may include but shall not be
40 limited to:

41 (1) Subject to the provisions of subsection (c), the types of lottery
42 games to be conducted, including but not limited to instant lottery, on-
43 line and traditional games, but not including games on video lottery ma-

1 chines or lottery machines.

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (b) No new lottery game shall commence operation after the effective
31 date of this act unless first approved by the governor or, in the governor's
32 absence or disability, the lieutenant governor.

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

37 Sec. 28. K.S.A. 74-8711 is hereby amended to read as follows: 74-
38 8711. (a) There is hereby established in the state treasury the lottery
39 operating fund.

40 (b) *Except as otherwise provided by the Kansas gaming act*, the ex-
41 ecutive director shall remit all moneys collected from the sale of lottery
42 tickets and shares and any other moneys received by or on behalf of the
43 Kansas lottery to the state treasurer in accordance with the provisions of

1 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
2 remittance, the state treasurer shall deposit the entire amount in the state
3 treasury to the credit of the lottery operating fund. Moneys credited to
4 the fund shall be expended or transferred only as provided by this act.
5 Expenditures from such fund shall be made in accordance with appro-
6 priations acts upon warrants of the director of accounts and reports issued
7 pursuant to vouchers approved by the executive director or by a person
8 designated by the executive director.

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

10 (1) The payment of expenses of the lottery, which shall include all
11 costs incurred in the operation and administration of the Kansas lottery,
12 *other than expenses incurred pursuant to the Kansas gaming act*; all costs
13 resulting from contracts entered into for the purchase or lease of goods
14 and services needed for operation of the lottery, including but not limited
15 to supplies, materials, tickets, independent studies and surveys, data
16 transmission, advertising, printing, promotion, incentives, public rela-
17 tions, communications and distribution of tickets and shares; and reim-
18 bursement of costs of facilities and services provided by other state
19 agencies;

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

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

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

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

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

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

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

36 (2) except for pull-tab lottery tickets and shares, an amount equal to
37 not less than 30% of total monthly revenues from the sales of lottery
38 tickets and shares less estimated returned tickets. In the case of pull-tab
39 lottery tickets and shares, an amount equal to not less than 20% of the
40 total monthly revenues from the sales of pull-tab lottery tickets and shares
41 less estimated returned tickets.

42 Sec. 29. K.S.A. 2002 Supp. 19-101a is hereby amended to read as
43 follows: 19-101a. (a) The board of county commissioners may transact all

1 county business and perform all powers of local legislation and adminis-
2 tration it deems appropriate, subject only to the following limitations,
3 restrictions or prohibitions:

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

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

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

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

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

15 (6) Counties may not legislate on social welfare administered under
16 state law enacted pursuant to or in conformity with public law No. 271—
17 74th congress, or amendments thereof.

18 (7) Counties shall be subject to all acts of the legislature concerning
19 elections, election commissioners and officers and their duties as such
20 officers and the election of county officers.

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

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

27 (10) No county may levy ad valorem taxes under the authority of this
28 section upon real property located within any redevelopment project area
29 established under the authority of K.S.A. 12-1772, and amendments
30 thereto, unless the resolution authorizing the same specifically authorized
31 a portion of the proceeds of such levy to be used to pay the principal of
32 and interest upon bonds issued by a city under the authority of K.S.A.
33 12-1774, and amendments thereto.

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

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

43 (13) Except as otherwise specifically authorized by K.S.A. 12-1,101

1 through 12-1,109, and amendments thereto, counties may not levy and
2 collect taxes on incomes from whatever source derived.

3 (14) Counties may not exempt from or effect changes in K.S.A. 19-
4 430, and amendments thereto.

5 (15) Counties may not exempt from or effect changes in K.S.A. 19-
6 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

7 (16) (A) Counties may not exempt from or effect changes in K.S.A.
8 13-13a26, and amendments thereto.

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

10 (17) (A) Counties may not exempt from or effect changes in K.S.A.
11 71-301a, and amendments thereto.

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

13 (18) Counties may not exempt from or effect changes in K.S.A. 19-
14 15,139, 19-15,140 and 19-15,141, and amendments thereto.

15 (19) Counties may not exempt from or effect changes in the provi-
16 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-
17 1226, and amendments thereto, or the provisions of K.S.A. 12-1260
18 through 12-1270 and 12-1276, and amendments thereto.

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

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

23 (22) Counties may not regulate the production or drilling of any oil
24 or gas well in any manner which would result in the duplication of reg-
25 ulation by the state corporation commission and the Kansas department
26 of health and environment pursuant to chapter 55 and chapter 65 of the
27 Kansas Statutes Annotated and any rules and regulations adopted pur-
28 suant thereto. Counties may not require any license or permit for the
29 drilling or production of oil and gas wells. Counties may not impose any
30 fee or charge for the drilling or production of any oil or gas well.

31 (23) Counties may not exempt from or effect changes in K.S.A. 79-
32 41a04, and amendments thereto.

33 (24) Counties may not exempt from or effect changes in K.S.A. 79-
34 1611, and amendments thereto.

35 (25) Counties may not exempt from or effect changes in K.S.A. 79-
36 1494, and amendments thereto.

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

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

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

1 (29) Counties may not exempt from or effect changes in K.S.A. 79-
2 2017 or 79-2101, and amendments thereto.

3 (30) Counties may not exempt from or effect changes in K.S.A. 2-
4 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d 65-
5 1,178 through 65-1,199 or K.S.A. 2002 Supp. 17-5909, and amendments
6 thereto.

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

9 (32) Counties may not exempt from or effect changes in K.S.A. 19-
10 228, and amendments thereto.

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

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

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

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

29 Sec. 30. K.S.A. 2002 Supp. 79-4805 is hereby amended to read as
30 follows: 79-4805. (a) There is hereby established in the state treasury the
31 problem gambling grant fund. All moneys credited to such fund shall be
32 used only for the awarding of grants under this section. Such fund shall
33 be administered in accordance with this section and the provisions of
34 appropriation acts.

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

39 (c) There is hereby established a state grant program to provide as-
40 sistance for the direct treatment of persons diagnosed as suffering from
41 pathological gambling *the continued training of addiction professionals,*
42 *the marketing of programs funded pursuant to this section* and to provide
43 funding for research regarding the impact of gambling on residents of

1 Kansas. Research grants awarded under this section may include, but
2 need not be limited to, grants for determining the effectiveness of edu-
3 cation, *treatment* and prevention efforts on the prevalence of pathological
4 gambling in Kansas. All grants shall be made after open solicitation of
5 proposals and evaluation of proposals against criteria established in rules
6 and regulations adopted by the secretary of the department of social and
7 rehabilitation services. Both public and private entities shall be eligible
8 to apply for and receive grants under the provisions of this section.

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

13 (e) All grants made in accordance with this section shall be made from
14 the problem gambling grant fund. The secretary shall administer the pro-
15 visions of this section and shall adopt rules and regulations establishing
16 criteria for qualification to receive grants and such other matters deemed
17 necessary by the secretary for the administration of this section. Such
18 rules and regulations shall include, but need not be limited to, a require-
19 ment that each recipient of a grant to provide treatment for pathological
20 gamblers report at least annually to the secretary the grantee's measurable
21 achievement of specific outcome goals.

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

25 Sec. 31. K.S.A. 74-8702, 74-8710 and 74-8711 and K.S.A. 2002 Supp.
26 19-101a and 79-4805 are hereby repealed.

27 Sec. 32. This act shall take effect and be in force from and after its
28 publication in the Kansas register.

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