

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 84** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed as Further Amended by House Committee of the Whole, as follows:

On page 51, in line 32, by striking all before "manage";

On page 52, in line 14, after "(b)" by inserting "(1)"; in line 24, after "director" by inserting "shall issue a final decision regarding approval of an interactive sports wagering platform within 30 days after the date the request for approval was submitted and"; following line 28, by inserting:

"(2) On or before September 1, 2022, the executive director shall prescribe a process for submission of requests for approval and a process for approval of interactive sports wagering platforms and shall notify all lottery gaming facility managers of such processes.

(3) On or before August 1, 2022, the executive director of the Kansas racing and gaming commission shall prescribe a process for conducting background investigations of interactive sports wagering platforms and shall notify all lottery gaming facility managers of such process. The Kansas racing and gaming commission shall commence background investigations of interactive sports wagering platforms on or before August 15, 2022.";

Also on page 52, in line 30, by striking "one" and inserting "three"; also in line 30, by striking "interface" and inserting "interfaces"; in line 31, after "team" by inserting "or auto racetrack facility";

On page 54, in line 7, after "team" by inserting ", auto racetrack facility"; in line 10, after "team" by inserting ", auto racetrack facility"; in line 11, by striking all after "be"; in line 14, by

striking "operation"; in line 15, by striking "or"; in line 18, after "team" by inserting ", auto racetrack facility"; in line 20, after "team" by inserting ", auto racetrack facility"; in line 26, after "team" by inserting "or auto racetrack facility"; in line 30, by striking "operating and"; in line 31, by striking "the" and inserting "such"; in line 33, after "team" by inserting ", auto racetrack facility"; in line 34, after "team" by inserting ", auto racetrack facility"; in line 38, by striking "operate and";

On page 55, in line 39, after "wagers" by inserting "with the manager at the manager's location or through the manager's interactive sports wagering platform;

(2) prohibit an interactive sports wagering platform, any director, officer, owner and employee of such platform and any relative living in the same household as such persons from placing any wager through such platform or at the manager's location, except that nothing in this paragraph shall be construed to prohibit any such person from placing any wager through a lottery gaming facility manager or interactive sports wagering platform with which such person has no affiliation";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 58, in line 2, by striking "Such records" and inserting "The records described in subsections (a)(1) through (a)(6)"; also in line 2, by striking "three" and inserting "two"; in line 3, after the period by inserting "Video recordings described in subsection (a)(7) shall be maintained for at least 30 days after the sporting event occurs.";

On page 59, following line 9, by inserting:

"(c) The executive director shall allow lottery gaming facility managers to carry over negative sports wagering revenues and apply such amounts to returns filed for subsequent weeks. Sports wagering revenues for a week will be considered negative if the sum of the winnings paid

to patrons wagering on such manager's sports wagering plus all voided wagers and excise taxes on sports wagering paid pursuant to federal law, exceeds the manager's total bets accepted from sports wagering by patrons. The negative amount of sports wagering revenues shall not be applied back to an earlier week, and moneys previously received by the Kansas lottery will not be refunded unless the manager ceases to manage sports wagering and the last return reported negative sports wagering revenues.";

Also on page 59, in line 10, by striking "(c)" and inserting "(d)"; also in line 10, by striking "monthly" and inserting "weekly"; in line 19, by striking "At least once each month,"; in line 20, by striking "from" and inserting "remaining in";

On page 60, following line 12, by inserting:

"New Sec. 13. (a) There is hereby established in the state treasury the attracting professional sports to Kansas fund. The attracting professional sports to Kansas fund shall be administered by the secretary of commerce. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce, or the secretary's designee, for the purpose set forth in this section.

(b) The secretary of commerce is authorized to pledge all or a portion of the funds held in the attracting professional sports to Kansas fund or sports wagering revenues credited to or to be credited to the attracting professional sports to Kansas fund for the benefit of any professional sports team and used to pay the principal or interest on any bonds issued by the state or any municipality, including, but not limited to, bonds issued pursuant to K.S.A. 12-1740 et seq., 12-1770 et seq. or 12-17,160 et seq., and amendments thereto, which shall include any such financing structured as pay-as-you-go, issued to fund the construction, rehabilitation,

revitalization or expansion of a professional sports team's primary facility or any other ancillary development to such primary facility.

(c) Each month, the secretary of commerce shall certify to the director of accounts and reports the amount of moneys held in the attracting professional sports to Kansas fund that are in excess of the amount necessary for the purposes described in subsection (b). Upon receipt of each such certification, the director of accounts and reports shall transfer the amount certified from the attracting professional sports to Kansas fund to the lottery operating fund established in K.S.A. 74-8711, and amendments thereto.";

Also on page 60, in line 16, by striking "17" and inserting "18"; in line 24, by striking "operatedand";

On page 61, in line 42, by striking "14" and inserting "15";

On page 62, in line 9, by striking "14" and inserting "15"; in line 12, by striking "14" and inserting "15";

On page 63, in line 12, by striking all after "(f)"; by striking all in lines 13 through 34; in line 35, striking "(g)(1)";

On page 64, by striking all in lines 2 through 12; in line 13, by striking "(h)" and inserting "(g)"; in line 15, by striking "14 and"; also in line 15, after "15" by inserting "and 16"; in line 17, by striking "14 and"; also in line 17, after "15" by inserting "and 16";

On page 69, following line 14, by inserting:

"Sec. 22. K.S.A. 2021 Supp. 21-6508 is hereby amended to read as follows: 21-6508.
(a) Tampering with a sports contest is seeking to influence a sports participant or sports official, or tampering with any animal or equipment or other thing involved in the conduct or operation of a sports contest, in a manner known to be contrary to the rules and usages governing such contest

and with intent to influence the outcome of such contest.

(b) Tampering with a sports contest is a severity level 9.8, nonperson felony.";

Also on page 69, in line 17, by striking "17" and inserting "18"; in line 34, after "(b)" by inserting "'Auto racetrack facility" means the same as defined in K.S.A. 2021 Supp. 12-17,162, and amendments thereto, and that is located in Wyandotte county with a minimum investment of \$50,000,000 and is in operation on July 1, 2022.

(c)";

On page 70, in line 32, by striking all after "means"; by striking all in lines 33 through 35; in line 36, by striking all before the period and inserting "an integrated system of hardware, software and applications, including, but not limited to, mobile applications and servers, through which sports wagering may be made available to persons physically located within the state of Kansas at the time of submitting the wager to a sports wagering manager over the internet or wireless services as defined in K.S.A. 66-2019, and amendments thereto, including, but not limited to, through websites and mobile device applications";

On page 71, in line 35, by striking ", as of January 1, 2007,"; in line 36, by striking all after "at"; by striking all in line 37; in line 38, by striking all before the period and inserting "any licensed gaming facilities in the United States";

On page 77, in line 13, after "wagers" by inserting ", federal excise taxes, free plays or other promotional credits";

On page 79, in line 17, by striking "13" and inserting "14"; in line 23, by striking "and"; following line 25, by inserting:

"(D) permitting each lottery gaming facility manager, or such manager's contracted parties, including any approved interactive sports wagering platform, to have employees located

outside the state of Kansas so that all job functions will conform with 18 U.S.C. § 1081 et seq.;

(E) permitting the establishment of online sports wagering accounts held by a lottery gaming facility manager as approved by the Kansas lottery and preestablished online accounts from other states to be accessed within the borders of Kansas so that revenue is recorded correctly and all other Kansas online rules are followed; and

(F) allowing lottery gaming facility managers to carry over negative amounts to returns filed for subsequent weeks when sports wagering revenues for a week are a negative number because the sum of the winnings paid to patrons wagering on the manager's sports wagering plus all voided wagers and excise taxes on sports wagering paid pursuant to federal law exceeds the manager's total bets accepted from sports wagering by patrons. The negative amounts of sports wagering revenues shall not be carried back to an earlier week, and moneys previously received by the lottery will not be refunded, except if the manager ceases to manage sports wagering and the last return reported negative adjusted gross receipts.";

On page 80, in line 32, by striking "and"; in line 33, after "(9)" by inserting "transfers to the attracting professional sports to Kansas fund of the department of commerce pursuant to subsection (h); and

(10)";

On page 81, following line 31, by inserting:

"(h) On July 1, 2023, and each July 1 thereafter, or as soon thereafter as moneys are available, after the transfer required under subsection (f) has been made, 80% of the remaining moneys credited to the lottery operating fund from sports wagering revenues deposited in the lottery operating fund shall be transferred by the director of accounts and reports from the lottery operating fund to the attracting professional sports to Kansas fund established in section 13, and

amendments thereto.";

On page 83, in line 21, by striking "13" and inserting "14";

On page 88, in line 17, by striking "operating and"; in line 22, by striking all after "include"; in line 23, by striking all before "receive" and inserting "a provision for the state to"; also in line 23, by striking "20%" and inserting "10%"; in line 24, by striking all after "facility"; by striking all in lines 25 and 26; in line 27, by striking all before the period and inserting "manager";

On page 89, in line 31, by striking all after "to"; in line 36, by striking "operating and";

On page 91, in line 13, by striking all after "(3)"; by striking all in lines 14 through 26; in line 27, by striking all before the semicolon and inserting "(A) a certification requirement and enforcement procedure for:

(i) Employees of a lottery gaming facility manager or another entity owned by the lottery gaming facility manager's parent company that are directly involved in the management of sports wagering managed by such manager; and

(ii) those persons who propose to contract with a lottery gaming facility manager in an amount that exceeds \$250,000 per year for the provision of goods or services related to sports wagering, including any interactive sports wagering platform requested by a lottery gaming facility manager under section 2, and amendments thereto; and

(B) such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of, or effective regulation and control of, sports wagering conducted by the lottery gaming facility. Such certification shall be valid for one year from the date of issuance";

On page 92, in line 12, by striking all after "(b)"; by striking all in lines 13 through 16; in line 17, by striking "(c)";

On page 93, following line 36, by inserting:

"Sec. 32. K.S.A. 74-8756 is hereby amended to read as follows: 74-8756. (a) Wagers shall be received only from a person at the location where the electronic gaming machine or lottery facility game is authorized pursuant to the Kansas expanded lottery act. No person present at such location shall place or attempt to place a wager on behalf of another person who is not present at such location.

(b) No employee or contractor of, or other person who has any legal affiliation with, a racetrack gaming facility manager shall loan money to or otherwise extend credit to patrons of the parimutuel licensee.

(c) (1) Except as otherwise provided, no employee or contractor of, or other person who has any legal affiliation with, a lottery gaming facility manager shall loan money to or otherwise extend credit to patrons of a lottery gaming facility.

(2) A patron of a lottery gaming facility may fund an account held by a lottery gaming facility manager for the payment of sports wagers and pay for sports wagers through the use of:

(A) Cash and cash equivalents;

(B) electronic bank transfers of money, including transfers through third parties;

(C) bank and wire transfers of money;

(D) debit and credit cards;

(E) online and mobile application payment systems that support online money transfers;

(F) promotional funds provided by a lottery gaming facility manager; and

(G) any other payment method approved by the Kansas lottery.

(3) Nothing in this subsection shall be construed to prohibit any lottery gaming facility manager from obtaining insurance or check guarantee services to protect against any loss as a result of any check that is returned or otherwise not honored due to a stop payment order or nonsufficient funds.

(d) Violation of this section is a class A nonperson misdemeanor upon a conviction for a first offense. Violation of this section is a severity level 9, nonperson felony upon conviction for a second or subsequent offense.";

On page 94, by striking all in line 24; in line 25, by striking "facility" and inserting "sports wager"; in line 28, by striking the second "or"; by striking all in lines 29 through 43;

On page 95, by striking all in lines 1 through 3; in line 4, by striking all before the period and inserting:

"(3) a lottery gaming facility manager, any director, officer, owner or employee of such manager or any relative living in the same household as such persons who places any wager with the manager at the manager's location or through the manager's interactive sports wagering platform;

(4) an interactive sports wagering platform, any director, officer, owner or employee of such platform or any relative living in the same household as such persons who places any wager with the manager through such platform or at the manager's location, except that nothing in this paragraph shall be construed to prohibit any such person from placing any wager through a lottery gaming facility manager or interactive sports wagering platform with which such person has no affiliation;

(5) any owner, officer, athlete, coach or other employee of a team or any person participating as an individual in any sporting event; or

(6) any director, officer or employee of a player or referee union";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 96, following line 14, by inserting:

"Sec. 36. K.S.A. 74-8772 is hereby amended to read as follows: 74-8772. On or before January 1, 2023, the Kansas racing and gaming commission shall adopt such permanent rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act. ~~Such~~ Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations shall include, but not be limited to, rules and regulations:

(a) Promoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operation and to ensure its integrity and security;

(b) prescribing the on-site security arrangements for lottery gaming facilities and racetrack gaming facilities;

(c) requiring reporting of information about any lottery gaming facility manager or racetrack gaming facility manager, and its employees, vendors and finances, necessary or desirable to ensure the security of lottery gaming facility and racetrack gaming facility operations. None of the information disclosed pursuant to this subsection shall be subject to

disclosure under the Kansas open records act;

(d) requiring reporting and auditing of financial information of lottery gaming facility managers and racetrack gaming facility managers, including, but not limited to, the reporting of profits or losses incurred by lottery gaming facility managers and racetrack gaming facility managers and the reporting of such other information as the Kansas racing and gaming commission requires to determine compliance with the Kansas expanded lottery act and rules and regulations adopted hereunder. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Kansas open records act; and

(e) provisions for oversight of all lottery gaming facility operations and racetrack gaming facility operations, including, but not limited to, oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of lottery gaming facility managers, ancillary lottery gaming facility operations and racetrack gaming facilities; auditing of lottery gaming facility revenues and net electronic gaming machine income of racetrack gaming facilities; enforcement of all state laws; and maintenance of the integrity of lottery gaming facility and racetrack gaming facility operations.";

On page 112, in line 23, after "(f)" by inserting "On or before January 15, 2023, and each January 15 thereafter, the secretary for aging and disability services shall prepare and submit a report on expenditures from the problem gambling and addictions grant fund to the standing committees on federal and state affairs of the senate and house of representatives.

(g)";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

Also on page 112, in line 42, after the fourth comma by inserting "74-8756,"; also in line

42, after the seventh comma by inserting "74-8772,";

On page 113, in line 1, by striking "and" and inserting a comma; also in line 1, after "21-6507" by inserting "and 21-6508";

And by renumbering sections accordingly;

On page 1, in the title, in line 10, after the second "the" by inserting "attracting professional sports to Kansas fund and the"; in line 11, by striking all after "fund": in line 12, by striking all before the semicolon; in line 14, after the seventh comma by inserting "74-8756,"; in line 15, after the third comma by inserting "74-8772,"; in line 16, by striking the third "and" and inserting a comma; in line 17, after "6507" by inserting "and 21-6508";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate