

## HOUSE BILL No. 2199

By Committee on Federal and State Affairs

2-2

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1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;  
2 authorizing sports wagering; amending K.S.A. 46-2301, 74-8702, 74-  
3 8710, 74-8711, 74-8716, 74-8718, 74-8733, 74-8734, 74-8741, 74-  
4 8751, 74-8752, 74-8757, 74-8760, 74-8761, 75-6202, 75-6204, 75-  
5 6217 and 79-4806 and K.S.A. 2020 Supp. 21-6403 and 21-6507 and  
6 repealing the existing sections.  
7

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

9 New Section 1. (a) Sports wagering shall only be conducted in this  
10 state in accordance with the provisions of the Kansas lottery act and the  
11 Kansas expanded lottery act.

12 (b) The Kansas lottery may offer sports wagering through:

13 (1) Sports wagering retailers that have contracted with the Kansas  
14 lottery pursuant to section 2, and amendments thereto, to conduct sports  
15 wagering on behalf of the Kansas lottery;

16 (2) one or more lottery gaming facility managers or racetrack gaming  
17 facility managers that have contracted with the Kansas lottery in  
18 accordance with the Kansas expanded lottery act to operate and manage  
19 sports wagering on behalf of the Kansas lottery, including, but not limited to,  
20 sports wagering over the internet through websites and mobile device  
21 applications through a licensed interactive sports wagering platform  
22 approved by the Kansas lottery and the use of any such platform at the  
23 primary facility of a professional sports team pursuant to a marketing  
24 agreement entered into between the lottery gaming facility manager or  
25 racetrack gaming facility manager and the professional sports team in  
26 accordance with section 4, and amendments thereto; and

27 (3) one or more licensed interactive sports wagering platforms,  
28 including the use of any such platform at the primary facility of a  
29 professional sports team pursuant to a marketing agreement entered into  
30 between the Kansas lottery and the professional sports team in accordance  
31 with section 4, and amendments thereto.

32 New Sec. 2. (a) The executive director may select persons as sports  
33 wagering retailers that the executive director deems are best able to serve  
34 the public convenience and promote sports wagering in accordance with  
35 marketing plans developed by the Kansas lottery. In the selection of sports  
36 wagering retailers, the executive director shall consider factors such as

1 financial responsibility, security of the applicant's place of business or  
2 activity, accessibility of the applicant's place of business or activity,  
3 integrity, reputation, volume of expected wagers and such other factors as  
4 the executive director may deem appropriate. The aggregate number of  
5 sports wagering retailers shall not exceed 1,200. A sports wagering retailer  
6 shall offer only tier one sports wagers.

7 (b) The executive director may charge an application fee to persons  
8 applying to become sports wagering retailers.

9 (c) All sports wagering retailer contracts awarded by the Kansas  
10 lottery under this section shall be renewed annually after issuance unless  
11 sooner canceled or terminated.

12 (d) No sports wagering retailer contract awarded under this section  
13 shall be transferable or assignable.

14 (e) The sports wagering retailer shall conduct sports wagering only as  
15 approved by the Kansas lottery and in accordance with the provisions of  
16 the Kansas expanded lottery act.

17 (f) To be selected as a sports wagering retailer, a natural person acting  
18 as a sole proprietor shall:

19 (1) Be at least 21 years of age;

20 (2) have sufficient financial resources to support the activities  
21 required to conduct sports wagering;

22 (3) be current in payment of all taxes, interest and penalties owed to  
23 any taxing subdivision where the sports wagering retailer will conduct  
24 sports wagering;

25 (4) be current in filing all applicable tax returns and in payment of all  
26 taxes, interest and penalties owed to the state of Kansas, excluding items  
27 under formal appeal pursuant to applicable statutes; and

28 (5) not be engaged exclusively in conducting sports wagering.

29 (g) No natural person shall be selected as a sports wagering retailer  
30 who:

31 (1) Has been convicted of a felony in this or any other jurisdiction,  
32 unless at least 10 years have passed since satisfactory completion of the  
33 sentence or probation imposed by the court for each such felony;

34 (2) has been convicted of any crime involving illegal gambling  
35 activity, fraud, dishonesty or deceit, or any financial crime in this or any  
36 other jurisdiction;

37 (3) has been found to have violated the provisions of this act or any  
38 rule and regulation adopted hereunder;

39 (4) is a vendor or an employee or agent of any vendor doing business  
40 with the Kansas lottery;

41 (5) resides in the same household of an employee of the Kansas  
42 lottery or of a member of the commission; or

43 (6) has made a statement of material fact to the Kansas lottery,

1 knowing such statement to be false.

2 (h) For a partnership to be selected as a sports wagering retailer, the  
3 partnership must meet the requirements of subsections (f)(2) through (f)  
4 (5), and each partner must meet the requirements of subsections (f)(1), (f)  
5 (3), (f)(4) and (g)(1) through (g)(6).

6 (i) For a corporation to be selected as a sports wagering retailer, the  
7 corporation must meet the requirements of subsections (f)(2) through (f)  
8 (5), and each officer or director and each stockholder who owns 5% or  
9 more of the stock of such corporation must meet the requirements of  
10 subsections (f)(3), (f)(4) and (g)(1) through (g)(6).

11 (j) For an unincorporated association to be selected as a sports  
12 wagering retailer, the association must meet the requirements of  
13 subsections (f)(2) through (f)(5), and each officer or director of such  
14 association must meet the requirements of subsections (f)(1), (f)(3), (f)(4)  
15 and (g)(1) through (g)(6).

16 (k) The executive director may terminate the contract of any sports  
17 wagering retailer that fails to meet any of the applicable qualifying  
18 standards for selection as a sports wagering retailer provided in this section  
19 or on the grounds for termination provided in the contract pursuant to rules  
20 and regulations adopted by the commission.

21 (l) If a sports wagering retailer's rental payments for the business  
22 premises are contractually computed, in whole or in part, on the basis of a  
23 percentage of retail sales, and such computation of retail sales is not  
24 explicitly defined to include sports wagering revenues under the Kansas  
25 expanded lottery act, the compensation received by the sports wagering  
26 retailer from conducting sports wagering on behalf of the Kansas lottery  
27 shall be considered the amount of the retail sale for purposes of computing  
28 the rental payment.

29 New Sec. 3. (a) The executive director may select an interactive  
30 sports wagering platform that the executive director deems is best able to  
31 serve the public convenience and promote sports wagering in accordance  
32 with marketing plans developed by the Kansas lottery. The interactive  
33 sports wagering platform selected by the executive director shall offer tier  
34 one and tier two sports wagers and shall be made available to any lottery  
35 gaming facility manager and racetrack gaming facility manager that has  
36 entered into a management contract for the operation and management of  
37 sports wagering under the Kansas expanded lottery act. Sports wagering  
38 conducted through the interactive sports wagering platform shall be  
39 offered only as approved by the Kansas lottery and in accordance with the  
40 provisions of the Kansas expanded lottery act.

41 (b) A lottery gaming facility manager or racetrack gaming facility  
42 manager may apply to the Kansas lottery for approval of one additional  
43 graphical user interface specific to such lottery gaming facility manager or

1 racetrack gaming facility manager to be used to access the interactive  
2 sports wagering platform provided by the Kansas lottery.

3 (c) In addition to the interactive sports wagering platform provided by  
4 the Kansas lottery, a lottery gaming facility manager or racetrack gaming  
5 facility manager may apply to the Kansas lottery for approval of one  
6 additional interactive sports wagering platform to be used by such lottery  
7 gaming facility manager or racetrack gaming facility manager in operating  
8 and managing sports wagering. All additional platforms shall comply with  
9 the Kansas lottery act and the Kansas expanded lottery act for the legal  
10 operation of sports wagering in this state. The lottery gaming facility  
11 manager or racetrack gaming facility manager shall submit such request in  
12 such form and manner as prescribed by the executive director and shall  
13 provide such information regarding the interactive sports wagering  
14 platform and such manager's intended use of such platform as the  
15 executive director deems necessary. All background investigation  
16 requirements shall be completed before the Kansas lottery shall consider  
17 approval and usage of any additional platforms.

18 New Sec. 4. (a) A professional sports team may enter into a  
19 marketing agreement with the Kansas lottery, a lottery gaming facility  
20 manager or a racetrack gaming facility manager for the purpose of  
21 marketing sports wagering at the primary facility of such professional  
22 sports team. All sports wagering shall be operated and managed by the  
23 Kansas lottery, the lottery gaming facility manager or the racetrack gaming  
24 facility manager. No owner, director, officer, employee or agent of the  
25 professional sports team shall have any duties directly related to the  
26 operation or management of sports wagering except as expressly provided  
27 in the marketing agreement.

28 (b) (1) A marketing agreement shall provide that the professional  
29 sports team shall promote and advertise sports wagering on behalf of the  
30 other contracting party at the primary facility of the professional sports  
31 team. Promotion and advertising may include, but shall not be limited to:

32 (A) Advertising through signage and other media, including  
33 electronic media;

34 (B) allowing devices, such as kiosks, to be located within the primary  
35 facility of the professional sports team to allow patrons to engage in sports  
36 wagering; and

37 (C) providing access to mobile device applications that allow patrons  
38 to access the interactive sports wagering platforms utilized by the  
39 contracting party operating and managing sports wagering at the primary  
40 facility.

41 (2) A marketing agreement shall expressly prohibit the professional  
42 sports team and any owner, director, officer, employee or agent of such  
43 professional sports team from taking any bets, paying out any prizes or

1 otherwise having any control or access to the interactive sports wagering  
2 platform, or any other system used by the Kansas lottery, the lottery  
3 gaming facility manager or the racetrack gaming facility manager to  
4 operate and manage sports wagering.

5 (c) Any lottery gaming facility manager or racetrack gaming facility  
6 manager seeking to enter into a marketing agreement pursuant to this  
7 section shall submit the marketing agreement to the Kansas lottery for  
8 approval. No such marketing agreement shall become effective until it is  
9 approved by the executive director of the Kansas lottery. If the marketing  
10 agreement satisfies all requirements of the Kansas lottery act and the  
11 Kansas expanded lottery act, then it shall be approved. If the agreement is  
12 not approved, the executive director shall notify the parties to the  
13 agreement that approval has been denied and the reasons for such denial.

14 New Sec. 5. The executive director shall adopt rules and regulations  
15 regarding the advertisement for sports wagering. Such rules and  
16 regulations shall be adopted on or before January 1, 2022, and shall  
17 include, but not be limited to:

18 (a) Ensuring that advertisements, including limitations on the form,  
19 content, quantity, timing and location of such advertisements, do not target  
20 children and minors, or other persons who are ineligible to place wagers,  
21 or problem gamblers or other vulnerable persons;

22 (b) disclosure of the identity of the sports wagering manager in all  
23 such advertisements;

24 (c) provision of the toll-free number for information and referral  
25 services for compulsive and problem gambling; and

26 (d) prohibitions on false, misleading or deceptive advertisements.

27 New Sec. 6. A sports governing body may notify the Kansas lottery  
28 that the sports governing body desires to restrict, limit or exclude wagering  
29 on one or more sporting events overseen by such sports governing body by  
30 providing notice in such form and manner as prescribed by the executive  
31 director. Upon receiving such notice, the executive director shall review  
32 the request in good faith, seek input from sports wagering managers on  
33 such a request and, if deemed appropriate, the commission shall adopt  
34 rules and regulations to restrict sports wagering on such sporting events. If  
35 the executive director denies a request submitted pursuant to this section,  
36 the executive director shall notify the sports governing body of such  
37 denial. Any sports governing body whose request is denied may appeal the  
38 decision of the executive director in accordance with the Kansas  
39 administrative procedure act. Offering or taking wagers contrary to any  
40 published restrictions on a sporting event is a violation of the Kansas  
41 expanded lottery act. In the event that a request submitted pursuant to this  
42 section is submitted in response to an emergency situation, the executive  
43 director may temporarily prohibit sports wagering on the sporting event in

1 question until there is an opportunity to review the request and adopt rules  
2 and regulations in accordance with this section.

3 New Sec. 7. (a) Sports wagering managers shall use reasonable  
4 methods to:

5 (1) Prohibit the manager, and any director, officer, owner and  
6 employee of the manager, and any relative living in the same household as  
7 such persons, from placing wagers with the manager;

8 (2) prohibit the interactive sports wagering platform, and any director,  
9 officer, owner and employee of the platform, and any relative living in the  
10 same household as such persons, from placing wagers with the manager;

11 (3) prohibit athletes, coaches, referees, team owners, employees of a  
12 sports governing body or its member teams, and player and referee union  
13 personnel from placing wagers on any sporting event overseen by such  
14 sports governing body. In determining which persons are excluded from  
15 placing wagers under this paragraph, sports wagering managers shall use  
16 publicly available information and any list of such persons that the sports  
17 governing body may provide to the Kansas lottery and the Kansas racing  
18 and gaming commission;

19 (4) prohibit any person with access to nonpublic confidential  
20 information held by the manager from placing wagers with the manager;

21 (5) prohibit persons from placing wagers as agents or proxies for  
22 other persons;

23 (6) prohibit any person convicted of any felony or misdemeanor  
24 offense involving sports wagering, including, but not limited to, the use of  
25 funds derived from illegal activity to make wagers, placing wagers to  
26 conceal money derived from illegal activity, the use of other individuals to  
27 place wagers as part of any wagering scheme to circumvent any provision  
28 of federal or state law, and the use of false identification to facilitate the  
29 placement of any wager or the collection of any prize in violation of  
30 federal or state law, from placing wagers; and

31 (7) maintain the security of wagering data, customer data and other  
32 confidential information from unauthorized access and dissemination,  
33 provided that nothing in this act shall preclude the use of internet or cloud-  
34 based hosting of such data and information or disclosure as required by  
35 court order, state or federal law or as otherwise required by this act.

36 (b) Sports wagering managers shall cooperate with any investigations  
37 conducted by the Kansas lottery, the Kansas racing and gaming  
38 commission, sports governing bodies or law enforcement agencies,  
39 including, but not limited to, providing or facilitating the provision of  
40 account-level betting information and audio or video files relating to  
41 persons placing wagers.

42 (c) (1) Sports wagering managers shall immediately report to the  
43 Kansas lottery and the Kansas racing and gaming commission any

1 information relating to:

2 (A) Criminal or disciplinary proceedings commenced against the  
3 sports wagering manager in connection with such manager's operations in  
4 any jurisdiction in which such sports wagering manager operates;

5 (B) abnormal wagering activity or patterns that may indicate a  
6 concern with the integrity of a sporting event in any jurisdiction in which  
7 such sports wagering manager operates;

8 (C) any potential breach of the relevant sports governing body's  
9 internal rules and codes of conduct pertaining to sports wagering;

10 (D) any other conduct that corrupts a betting outcome of a sporting  
11 event for purposes of financial gain, including match-fixing; and

12 (E) suspicious or illegal wagering activities, including the use of:  
13 Funds derived from illegal activity; wagers to conceal or launder funds  
14 derived from illegal activity; agents to place wagers; and false  
15 identification when placing wagers.

16 (2) Sports wagering managers shall immediately report information  
17 relating to the conduct described in subparagraphs (B) through (D) to the  
18 relevant sports governing body.

19 (d) Information provided by a sports governing body to a sports  
20 wagering manager shall be confidential and not subject to the open records  
21 act, K.S.A. 45-215 et seq., and amendments thereto, and the sports  
22 wagering manager shall not disclose such information or any portion  
23 thereof, unless disclosure is required by this act, the Kansas racing and  
24 gaming commission, state or federal law or court order. The provisions of  
25 this subsection shall expire on July 1, 2026, unless the legislature acts to  
26 reenact such provision. The provisions of this subsection shall be reviewed  
27 by the legislature prior to July 1, 2026.

28 (e) Sports wagering managers may use data for determining the result  
29 of tier one sports wagers from any source such manager deems  
30 appropriate. Sports wagering managers shall use only official league data  
31 for determining the result of tier two sports wagers, provided that official  
32 league data is readily available for sports wagering managers to access or  
33 purchase on commercially reasonable terms.

34 New Sec. 8. (a) (1) Sports wagering managers shall maintain records  
35 of:

36 (A) All wagers placed, including personally identifiable information  
37 of the person placing the wager;

38 (B) the amount and type of wager;

39 (C) the time the wager was placed;

40 (D) the location of the wager, including the IP address, if applicable;

41 (E) the outcome of the wager;

42 (F) any records of abnormal wagering activity; and

43 (G) video camera recordings, in the case of in-person wagers.

1 (2) Such records shall be maintained for at least three years after the  
2 sporting event occurs. A sports wagering manager shall make such records  
3 available for inspection upon request by the Kansas lottery or the Kansas  
4 racing and gaming commission, or as required by court order.

5 (b) If a sports governing body has notified the Kansas racing and  
6 gaming commission that real-time information sharing for wagers placed  
7 on such sports governing body's sporting events is necessary and desirable,  
8 sports wagering managers shall share in real time the information required  
9 to be retained pursuant to subsection (a), except video camera recordings,  
10 with the sports governing body, or such sports governing body's designee,  
11 with respect to wagers on such sports governing body's sporting events.  
12 Any information provided pursuant to this subsection shall not contain any  
13 personally identifiable information.

14 (c) The Kansas lottery and the Kansas racing and gaming commission  
15 shall cooperate with a sports governing body and sports wagering  
16 managers to ensure the timely, efficient and accurate sharing of  
17 information.

18 (d) Any disclosures made pursuant to this section shall be in  
19 accordance with section 9, and amendments thereto.

20 New Sec. 9. The Kansas racing and gaming commission and any  
21 sports wagering manager shall only disclose personal information of  
22 individuals placing wagers to a sports governing body if such sports  
23 governing body has entered into a data-sharing agreement with the Kansas  
24 lottery. Such agreement shall specify when and to what extent the personal  
25 information of individuals placing wagers may be disclosed by the Kansas  
26 racing and gaming commission or a sports wagering manager. Any  
27 disclosure of such information shall be in accordance with any such data-  
28 sharing agreement.

29 New Sec. 10. The state or a sports governing body shall have a cause  
30 of action against any person who knowingly engages in, facilitates or  
31 conceals conduct that intends to improperly influence a betting outcome of  
32 a sporting event for purposes of financial gain, in connection with betting  
33 or wagering on a sporting event. The entity filing any such action may  
34 seek damages or other equitable relief. The provisions of this section shall  
35 not be construed as a limitation on or bar against any other claims the state  
36 or a sports governing body may bring against such person, or any other  
37 claim the state or a sports governing body may bring for injuries or  
38 damages arising out of the operation of sports wagering.

39 New Sec. 11. Upon request by an individual, a sports wagering  
40 manager shall restrict such individual from placing sports wagers with the  
41 manager and shall take reasonable measures to prevent such individual  
42 from placing sports wagers. The sports wagering manager shall submit the  
43 restricted individual's name and pertinent information to the Kansas racing



1 and gaming commission for the sole purpose of having such information  
2 disseminated to all other sports wagering managers. Any sports wagering  
3 manager that receives such individual's information from the Kansas  
4 racing and gaming commission shall restrict such individual from placing  
5 sports wagers.

6 New Sec. 12. (a) There is hereby established in the state treasury the  
7 sports wagering receipts fund. Separate accounts shall be maintained in  
8 such fund for receipt of moneys from sports wagering conducted by the  
9 Kansas lottery, sports wagering retailers, each lottery gaming facility  
10 manager and each racetrack gaming facility manager. All expenditures  
11 from the fund shall be made in accordance with appropriation acts upon  
12 warrants of the director of accounts and reports issued pursuant to  
13 vouchers approved by the executive director, or the executive director's  
14 designee, for the purposes set forth in this act.

15 (b) All revenues from sports wagering conducted by the Kansas  
16 lottery, sports wagering retailers, lottery gaming facility managers and  
17 racetrack gaming facility managers shall be paid weekly and electronically  
18 to the executive director, or as soon as reasonably possible based on the  
19 sporting event and the wager placed, but in no event prior to the  
20 completion and settling of all bets for the sporting events for which wagers  
21 were placed. The executive director shall remit all moneys received  
22 therefrom to the state treasurer in accordance with the provisions of K.S.A.  
23 75-4215, and amendments thereto. Upon receipt of each such remittance,  
24 the state treasurer shall deposit the entire amount in the state treasury and  
25 credit such remittance to the respective account in the sports wagering  
26 receipts fund maintained for the Kansas lottery, sports wagering retailers,  
27 the lottery gaming facility manager or the racetrack gaming facility  
28 manager.

29 (c) (1) The executive director shall certify monthly to the director of  
30 accounts and reports the percentages or amounts to be transferred from  
31 each account maintained in the sports wagering receipts fund to the lottery  
32 operating fund in accordance with the provisions of K.S.A. 74-8711, and  
33 amendments thereto, as provided by the sports wagering retailer contract,  
34 lottery gaming facility management contract or racetrack gaming facility  
35 management contract. Upon receipt of the certification, the director of  
36 accounts and reports shall transfer amounts from each such account in  
37 accordance with the certification of the executive director.

38 (2) Once each month, the executive director shall cause amounts from  
39 each such account to be paid to the sports wagering retailers, lottery  
40 gaming facility managers and racetrack gaming facility managers in  
41 accordance with each entity's respective contract with the Kansas lottery.

42 New Sec. 13. (a) There is hereby established in the state treasury the  
43 white collar crime fund. The attorney general shall administer such fund.

1 All moneys credited to the white collar crime fund shall be expended only  
2 for the purpose of investigating and prosecuting:

3 (1) Criminal offenses involving or facilitated by:

4 (A) The use of funds derived from illegal activity to make wagers;

5 (B) placing wagers to conceal money derived from illegal activity;

6 (C) the use of other individuals to place wagers as part of any  
7 wagering scheme to circumvent any provision of federal or state law;

8 (D) the use of false identification to facilitate the placement of any  
9 wager or the collection of any prize in violation of federal or state law;

10 (E) any other unlawful activity involving or facilitated by the placing  
11 of wagers; or

12 (F) any other violation of the Kansas expanded lottery act; or

13 (2) any financial or economic crime.

14 (b) All expenditures from the fund shall be made in accordance with  
15 appropriation acts upon warrants of the director of accounts and reports  
16 issued pursuant to vouchers approved by the attorney general, or the  
17 attorney general's designee, for the purposes set forth in this act.

18 (c) The attorney general may certify to the director of accounts and  
19 reports amounts to be transferred from the white collar crime fund to any  
20 special revenue fund or funds of the Kansas bureau of investigation as  
21 deemed appropriate by the attorney general to carry out the purposes of  
22 the white collar crime fund. Upon receipt of any such certification, the director  
23 of accounts and reports shall transfer amounts from the white collar crime  
24 fund to the special revenue fund or funds of the Kansas bureau of  
25 investigation in accordance with the certification of the attorney general.

26 New Sec. 14. (a) Notwithstanding the provisions of K.S.A. 74-8733,  
27 and amendments thereto, the attorney general may file an action in quo  
28 warranto in the supreme court within 90 days after July 1, 2021, on the  
29 question of the authority of a public official to act in accordance with the  
30 provisions of section 1 or 2, and amendments thereto. Such action may  
31 only be filed by the attorney general and shall only be filed in the supreme  
32 court.

33 (b) No action against the state of Kansas for specific performance,  
34 anticipatory breach or breach of contract, the basis of which is that a  
35 contract between the Kansas lottery and a sports wagering retailer to offer  
36 sports wagering pursuant to section 1, and amendments thereto, violates  
37 the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and  
38 amendments thereto, or that such contract creates a material breach of a  
39 lottery gaming facility management contract, shall be deemed to have  
40 accrued until such date as the Kansas lottery enters into a contract with a  
41 sports wagering retailer to offer sports wagering, or such date a final order  
42 is issued in any action brought by the attorney general pursuant to  
43 subsection (a), whichever occurs later. Any such action shall be

1 commenced in the district court of Shawnee county within 60 days from  
2 the date the cause of action accrued.

3 (c) No claim for equitable relief, including injunctive relief, may be  
4 brought in any action filed pursuant to this section except by the attorney  
5 general in an action brought under subsection (a).

6 (d) The monetary damages that may be awarded in any action  
7 brought pursuant to this section shall not exceed an amount equal to the  
8 privilege fee paid by the lottery gaming facility manager plus accrued  
9 interest from the date such action accrues as specified in subsection (b).

10 New Sec. 15. If any federally recognized Indian tribe, as described in  
11 K.S.A. 74-9802(f), and amendments thereto, submits a request for  
12 negotiation of a gaming compact regarding sports wagering in accordance  
13 with K.S.A. 46-2302, and amendments thereto, the governor, or the  
14 governor's designated representative, shall negotiate in good faith with  
15 such Indian tribe to enter into such gaming compact.

16 New Sec. 16. (a) Misuse of nonpublic sports information is placing or  
17 causing to be placed, a bet or wager on a sports contest on the basis of  
18 material nonpublic information relating to such bet or wager.

19 (b) Misuse of nonpublic sports information is a severity level 5,  
20 nonperson felony.

21 (c) As used in this section:

22 (1) "On the basis of material nonpublic information" means the  
23 person placing the bet or wager, or causing such bet or wager to be placed,  
24 was aware of the material nonpublic information relating to such bet or  
25 wager when the person placed the bet or wager, or caused such bet or  
26 wager to be placed; and

27 (2) "sports contest" means the same as defined in K.S.A. 2020 Supp.  
28 21-6507, and amendments thereto.

29 (d) The provisions of this section shall be a part of and supplemental  
30 to the Kansas criminal code.

31 Sec. 17. K.S.A. 2020 Supp. 21-6403 is hereby amended to read as  
32 follows: 21-6403. As used in K.S.A. 2020 Supp. 21-6403 through 21-  
33 6409, and amendments thereto:

34 (a) "Bet" means a bargain in which the parties agree that, dependent  
35 upon chance, one stands to win or lose something of value specified in the  
36 agreement. A bet does not include:

37 (1) Bona fide business transactions which are valid under the law of  
38 contracts including, but not limited to, contracts for the purchase or sale at  
39 a future date of securities or other commodities, and agreements to  
40 compensation for loss caused by the happening of the chance including,  
41 but not limited to, contracts of indemnity or guaranty and life or health and  
42 accident insurance;

43 (2) offers of purses, prizes or premiums to the actual contestants in

1 any bona fide contest for the determination of skill, speed, strength or  
 2 endurance or to the bona fide owners of animals or vehicles entered in  
 3 such a contest;

4 (3) a lottery as defined in this section;

5 (4) any bingo game by or for participants managed, operated or  
 6 conducted in accordance with the laws of the state of Kansas by an  
 7 organization licensed by the state of Kansas to manage, operate or conduct  
 8 games of bingo;

9 (5) a lottery operated by the state pursuant to the Kansas lottery act;

10 (6) any system of parimutuel wagering managed, operated and  
 11 conducted in accordance with the Kansas parimutuel racing act;

12 (7) tribal gaming;

13 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments  
 14 thereto; ~~or~~

15 (9) a fantasy sports league as defined in this section; *or*

16 (10) *sports wagering, as defined in K.S.A. 74-8702, and amendments*  
 17 *thereto;*

18 (b) "lottery" means an enterprise wherein for a consideration the  
 19 participants are given an opportunity to win a prize, the award of which is  
 20 determined by chance. A lottery does not include:

21 (1) A lottery operated by the state pursuant to the Kansas lottery act;

22 *or*

23 (2) tribal gaming;

24 (c) "consideration" means anything which is a commercial or  
 25 financial advantage to the promoter or a disadvantage to any participant.  
 26 Mere registration without purchase of goods or services; personal  
 27 attendance at places or events, without payment of an admission price or  
 28 fee; listening to or watching radio and television programs; answering the  
 29 telephone or making a telephone call and acts of like nature are not  
 30 consideration. "Consideration" shall not include sums of money paid by or  
 31 for:

32 (1) Participants in any bingo game managed, operated or conducted  
 33 in accordance with the laws of the state of Kansas by any bona fide  
 34 nonprofit religious, charitable, fraternal, educational or veteran  
 35 organization licensed to manage, operate or conduct bingo games under  
 36 the laws of the state of Kansas and it shall be conclusively presumed that  
 37 such sums paid by or for such participants were intended by such  
 38 participants to be for the benefit of the sponsoring organizations for the use  
 39 of such sponsoring organizations in furthering the purposes of such  
 40 sponsoring organizations, as set forth in the appropriate paragraphs of  
 41 section 501(c) or (d) of the internal revenue code of 1986 and as set forth  
 42 in K.S.A. 79-4701, and amendments thereto;

43 (2) participants in any lottery operated by the state pursuant to the

1 Kansas lottery act;

2 (3) participants in any system of parimutuel wagering managed,  
3 operated and conducted in accordance with the Kansas parimutuel racing  
4 act; or

5 (4) a person to participate in tribal gaming;

6 (d) "fantasy sports league" means any fantasy or simulation sports  
7 game or contest in which no fantasy or simulation sports team is based on  
8 the current membership of an actual team that is a member of an amateur  
9 or professional sports organization and that meets the following  
10 conditions:

11 (1) All prizes and awards offered to winning participants are  
12 established and made known to the participants in advance of the game or  
13 contest and their value is not determined by the number of participants or  
14 the amount of any fees paid by those participants;

15 (2) all winning outcomes reflect the relative knowledge and skill of  
16 the participants and are determined predominantly by accumulated  
17 statistical results of the performance of individual athletes in ~~multiple~~ real-  
18 world sporting events; and

19 (3) no winning outcome is based:

20 (A) On the score, point spread or any performance or performances  
21 of any single real-world team or any combination of such teams; or

22 (B) solely on any single performance of an individual athlete in any  
23 single real-world sporting event.

24 (e) (1) "gambling device" means any:

25 (A) So-called "slot machine" or any other machine, mechanical  
26 device, electronic device or other contrivance an essential part of which is  
27 a drum or reel with insignia thereon, and:

28 (i) ~~Which~~ That when operated may deliver, as the result of chance,  
29 any money or property; or

30 (ii) by the operation of which a person may become entitled to  
31 receive, as the result of chance, any money or property;

32 (B) other machine, mechanical device, electronic device or other  
33 contrivance including, but not limited to, roulette wheels and similar  
34 devices, ~~which that~~ are equipped with or designed to accommodate the  
35 addition of a mechanism that enables accumulated credits to be removed,  
36 is equipped with or designed to accommodate a mechanism to record the  
37 number of credits removed or is otherwise designed, manufactured or  
38 altered primarily for use in connection with gambling, and:

39 (i) ~~Which~~ That when operated may deliver, as the result of chance,  
40 any money or property; or

41 (ii) by the operation of which a person may become entitled to  
42 receive, as the result of chance, any money or property;

43 (C) subassembly or essential part intended to be used in connection

1 with any such machine, mechanical device, electronic device or other  
2 contrivance, but—~~which that~~ is not attached to any such machine,  
3 mechanical device, electronic device or other contrivance as a constituent  
4 part; or

5 (D) any token, chip, paper, receipt or other document—~~which that~~  
6 evidences, purports to evidence or is designed to evidence participation in  
7 a lottery or the making of a bet.

8 The fact that the prize is not automatically paid by the device does not  
9 affect its character as a gambling device.

10 (2) "Gambling device" shall not include:

11 (A) Any machine, mechanical device, electronic device or other  
12 contrivance used or for use by a licensee of the Kansas racing *and gaming*  
13 commission as authorized by law and rules and regulations adopted by the  
14 commission or by the Kansas lottery or Kansas lottery retailers as  
15 authorized by law and rules and regulations adopted by the Kansas lottery  
16 commission;

17 (B) any machine, mechanical device, electronic device or other  
18 contrivance, such as a coin-operated bowling alley, shuffleboard, marble  
19 machine, a so-called pinball machine, or mechanical gun, ~~which that~~ is not  
20 designed and manufactured primarily for use in connection with gambling,  
21 and:

22 (i) ~~Which That~~ when operated does not deliver, as a result of chance,  
23 any money; or

24 (ii) by the operation of which a person may not become entitled to  
25 receive, as the result of the application of an element of chance, any  
26 money;

27 (C) any so-called claw, crane or digger machine and similar devices  
28 ~~which that~~ are designed and manufactured primarily for use at carnivals or  
29 county or state fairs; or

30 (D) any machine, mechanical device, electronic device or other  
31 contrivance used in tribal gaming;

32 (f) "gambling place" means any place, room, building, vehicle, tent or  
33 location—~~which that~~ is used for any of the following: Making and settling  
34 bets; receiving, holding, recording or forwarding bets or offers to bet;  
35 conducting lotteries; or playing gambling devices. Evidence that the place  
36 has a general reputation as a gambling place or that, at or about the time in  
37 question, it was frequently visited by persons known to be commercial  
38 gamblers or known as frequenters of gambling places is admissible on the  
39 issue of whether it is a gambling place;

40 (g) "tribal gaming" means the same as in K.S.A. 74-9802, and  
41 amendments thereto; and

42 (h) "tribal gaming commission" means the same as in K.S.A. 74-  
43 9802, and amendments thereto.

1 Sec. 18. K.S.A. 2020 Supp. 21-6507 is hereby amended to read as  
2 follows: 21-6507. (a) Sports bribery is:

3 (1) Conferring, or offering or agreeing to confer, any benefit upon a  
4 sports participant with intent to influence such participant not to give such  
5 participant's best efforts in a sports contest;

6 (2) conferring or offering or agreeing to confer, any benefit upon a  
7 sports official with intent to influence such official to perform such  
8 official's duties improperly;

9 (3) accepting, agreeing to accept or soliciting by a sports participant  
10 of any benefit from another person upon an understanding that such sports  
11 participant will thereby be influenced not to give such participant's best  
12 efforts in a sports contest; or

13 (4) accepting, agreeing to accept or soliciting by a sports official any  
14 benefit from another person upon an understanding that such official will  
15 perform such official's duties improperly.

16 (b) Sports bribery as defined in:

17 (1) Subsection (a)(1) or (a)(2) is a severity level 9, nonperson felony;

18 ~~and~~

19 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;  
20 *and*

21 (3) *subsection (a)(1) through (a)(4), if committed with the intent to*  
22 *influence a betting outcome of a sports contest in order to obtain financial*  
23 *gain, in connection with betting or wagering on a sports contest, is a*  
24 *severity level 5, nonperson felony.*

25 (c) As used in this section and K.S.A. 2020 Supp. 21-6508, and  
26 amendments thereto:

27 (1) "Sports contest" means any professional or amateur sports or  
28 athletic game or contest viewed by the public;

29 (2) "sports participant" means any person who participates or expects  
30 to participate in a sports contest as a player, contestant or member of a  
31 team, or as a coach, manager, trainer or other person directly associated  
32 with a player, contestant or team; and

33 (3) "sports official" means any person who acts or expects to act in a  
34 sports contest as an umpire, referee, judge or otherwise to officiate at a  
35 sports contest.

36 Sec. 19. K.S.A. 46-2301 is hereby amended to read as follows: 46-  
37 2301. As used in—~~this act~~ *K.S.A. 46-2301 through 46-2304, and*  
38 *amendments thereto, and section 15, and amendments thereto:*

39 (a) "Class III gaming" has the meaning provided by the Indian  
40 gaming regulatory act (25 U.S.C. 2701 et seq.).

41 (b) "Gaming compact" means a tribal-state compact regarding class  
42 III gaming as provided by section 11 of the Indian gaming regulatory act  
43 (25 U.S.C. 2710).

1 (c) "Committee" or "joint committee" means the joint committee on  
2 state-tribal relations.

3 Sec. 20. K.S.A. 74-8702 is hereby amended to read as follows: 74-  
4 8702. As used in the Kansas lottery act, unless the context otherwise  
5 requires:

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

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

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

27 (d) "Executive director" means the executive director of the Kansas  
28 lottery.

29 (e) "Gaming equipment" means any electric, electronic, computerized  
30 or electromechanical machine, mechanism, supply or device or any other  
31 equipment, ~~which~~ *that* is: (1) Unique to the Kansas lottery and used  
32 pursuant to the Kansas lottery act; ~~and~~ (2) integral to the operation of an  
33 electronic gaming machine or lottery facility game; and (3) affects the  
34 results of an electronic gaming machine or lottery facility game by  
35 determining win or loss.

36 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,  
37 which consists of Wyandotte county; (2) the southeast Kansas gaming  
38 zone, which consists of Crawford and Cherokee counties; (3) the south  
39 central Kansas gaming zone, which consists of Sedgwick and Sumner  
40 counties; and (4) the southwest Kansas gaming zone, which consists of  
41 Ford county.

42 (g) "Gray machine" means any mechanical, electro-mechanical or  
43 electronic device, capable of being used for gambling, that is: (1) Not



1 authorized by the Kansas lottery; (2) not linked to a lottery central  
2 computer system; (3) available to the public for play; or (4) capable of  
3 simulating a game played on an electronic gaming machine or any similar  
4 gambling game authorized pursuant to the Kansas expanded lottery act.

5 *(h) "Interactive sports wagering platform" means sports wagering*  
6 *made available over the internet, including through websites and mobile*  
7 *device applications, that accepts wagers or bets and pays prizes to*  
8 *persons physically located within the geographical boundaries of the state*  
9 *of Kansas by and through the Kansas lottery, a lottery gaming facility*  
10 *manager or a racetrack gaming facility manager.*

11 ~~(h)~~(i) (1) "Instant bingo vending machine" means a machine or  
12 electronic device that is purchased or leased by a licensee, as defined by  
13 K.S.A. 75-5173, and amendments thereto, from a distributor who has been  
14 issued a distributor registration certificate pursuant to K.S.A. 75-5184, and  
15 amendments thereto, or leased from the Kansas lottery in fulfillment of the  
16 Kansas lottery's obligations under an agreement between the Kansas  
17 lottery and a licensee entered into pursuant to K.S.A. 75-5189, and  
18 amendments thereto, and the sole purpose of which is to:

19 (A) Dispense a printed physical instant bingo ticket after a purchaser  
20 inserts cash or other form of consideration into the machine; and

21 (B) allow purchasers to manually check the winning status of the  
22 instant bingo ticket.

23 (2) "Instant bingo vending machine" shall not:

24 (A) Provide a visual or audio representation of a bingo card or an  
25 electronic gaming machine;

26 (B) visually or functionally have the same characteristics of an  
27 electronic instant bingo game or an electronic gaming machine;

28 (C) automatically determine or display the winning status of any  
29 dispensed instant bingo ticket;

30 (D) extend or arrange credit for the purchase of an instant bingo  
31 ticket;

32 (E) dispense any winnings;

33 (F) dispense any prize;

34 (G) dispense any evidence of a prize other than an instant bingo  
35 ticket;

36 (H) provide free instant bingo tickets or any other item that can be  
37 redeemed for cash; or

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

39 All physical instant bingo tickets dispensed by an instant bingo vending  
40 machine shall be purchased by a licensee, as defined by K.S.A. 75-5173,  
41 and amendments thereto, from a registered distributor.

42 ~~No~~Not more than two instant bingo vending machines may be located  
43 on the premises of each licensee location.

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

3       (†)(k) "Lottery" or "state lottery" means the lottery or lotteries  
4 operated pursuant to this act.

5       (†)(l) "Lottery facility games" means any electronic gaming machines  
6 and any other games ~~which~~ that, as of January 1, 2007, are authorized to  
7 be conducted or operated at a tribal gaming facility, as defined in K.S.A.  
8 74-9802, and amendments thereto, located within the boundaries of this  
9 state. *The term "lottery facility games" does not include sports wagering.*

10       (†)(m) "Lottery gaming enterprise" means an entertainment enterprise  
11 ~~which~~ that includes a lottery gaming facility authorized pursuant to the  
12 Kansas expanded lottery act and ancillary lottery gaming facility  
13 operations that have a coordinated business or marketing strategy. A lottery  
14 gaming enterprise shall be designed to attract to its lottery gaming facility  
15 consumers who reside outside the immediate area of such enterprise.

16       (†)(n) "Lottery gaming facility" means that portion of a building  
17 used for the purposes of operating, managing and maintaining lottery  
18 facility games.

19       (†)(o) "Lottery gaming facility expenses" means normal business  
20 expenses, as defined in the lottery gaming facility management contract,  
21 associated with the ownership and operation of a lottery gaming facility.

22       (†)(p) "Lottery gaming facility management contract" means a  
23 contract, subcontract or collateral agreement between the state and a  
24 lottery gaming facility manager for the management of a lottery gaming  
25 facility, the business of which is owned and operated by the Kansas lottery,  
26 negotiated and signed by the executive director on behalf of the state.

27       (†)(q) "Lottery gaming facility manager" means a corporation,  
28 limited liability company, resident Kansas American Indian tribe or other  
29 business entity authorized to construct and manage, or manage alone,  
30 pursuant to a lottery gaming facility management contract with the Kansas  
31 lottery, and on behalf of the state, a lottery gaming enterprise and lottery  
32 gaming facility.

33       (†)(r) "Lottery gaming facility revenues" means the total revenues  
34 from lottery facility games at a lottery gaming facility after all related  
35 prizes are paid. *The term "lottery gaming facility revenues" does not*  
36 *include sports wagering revenues.*

37       (†)(s) (1) "Lottery machine" means any machine or device that allows  
38 a purchaser to insert cash or other form of consideration and may deliver  
39 as the result of an element of chance, regardless of the skill required by the  
40 purchaser, a prize or evidence of a prize, including, but not limited to:

41       (A) Any machine or device in which the prize or evidence of a prize  
42 is determined by both chance and the purchaser's or purchasers' skill,  
43 including, but not limited to, any machine or device on which a lottery

- 1 game or lottery games, such as poker or blackjack, are played; or
- 2 (B) any machine or device in which the prize or evidence of a prize is
- 3 determined only by chance, including, but not limited to, any slot machine
- 4 or bingo machine.
- 5 (2) "Lottery machine" shall not mean:
- 6 (A) Any food vending machine defined by K.S.A. 36-501, and
- 7 amendments thereto;
- 8 (B) any nonprescription drug machine authorized under K.S.A. 65-
- 9 650, and amendments thereto;
- 10 (C) any machine ~~which~~ *that* dispenses only bottled or canned soft
- 11 drinks, chewing gum, nuts or candies;
- 12 (D) any machine excluded from the definition of gambling devices
- 13 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2020 Supp. 21-
- 14 6403, and amendments thereto;
- 15 (E) any electronic gaming machine or lottery facility game operated
- 16 in accordance with the provisions of the Kansas expanded lottery act;
- 17 (F) any lottery ticket vending machine; or
- 18 (G) any instant bingo vending machine.
- 19 ~~(s)~~(t) "Lottery retailer" means any person with whom the Kansas
- 20 lottery has contracted to sell lottery tickets or shares, or both, to the public.
- 21 ~~(u)~~(u) (1) "Lottery ticket vending machine" means a machine or
- 22 similar electronic device owned or leased by the Kansas lottery, the sole
- 23 purposes of which are to:
- 24 (A) Dispense a printed physical ticket, such as a lottery ticket, *a*
- 25 *sports wagering ticket*, a keno ticket, a pull tab ticket or a coupon, the
- 26 coupon of which must be redeemed through something other than a lottery
- 27 ticket vending machine, after a purchaser inserts cash or other form of
- 28 consideration into the machine;
- 29 (B) allow purchasers to manually check the winning status of a
- 30 Kansas lottery ticket; and
- 31 (C) display advertising, promotions and other information pertaining
- 32 to the Kansas lottery.
- 33 (2) "Lottery ticket vending machine" shall not:
- 34 (A) Provide a visual or audio representation of an electronic gaming
- 35 machine;
- 36 (B) visually or functionally have the same characteristics of an
- 37 electronic gaming machine;
- 38 (C) automatically determine or display the winning status of any
- 39 dispensed ticket;
- 40 (D) extend or arrange credit for the purchase of a ticket;
- 41 (E) dispense any winnings;
- 42 (F) dispense any prize;
- 43 (G) dispense any evidence of a prize other than the lottery ticket,

1 *sports wagering ticket*, keno ticket, pull tab ticket or any free Kansas  
2 lottery ticket received as a result of the purchase of another Kansas lottery  
3 ticket;

4 (H) provide free games or any other item that can be redeemed for  
5 cash; or

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

7 ~~No~~Not more than two lottery ticket vending machines may be located  
8 at each Kansas lottery retailer selling location.

9 Lottery ticket vending machines may only dispense the printed physical  
10 lottery ticket, *sports wagering ticket*, keno ticket or pull tab ticket,  
11 including any free Kansas lottery ticket received as a result of the purchase  
12 of another Kansas lottery ticket, and change from a purchase to the  
13 purchaser. Any winnings from a lottery ticket vending machine shall be  
14 redeemed only for cash or check by a lottery retailer *or sports wagering*  
15 *retailer*; or by cash, check or other prize from the office of the Kansas  
16 lottery.

17 ~~(v)~~(v) (1) "Major procurement" means any gaming product or service,  
18 including, but not limited to, facilities, advertising and promotional  
19 services, annuity contracts, prize payment agreements, consulting services,  
20 equipment, tickets and other products and services unique to the Kansas  
21 lottery, but not including materials, supplies, equipment and services  
22 common to the ordinary operations of state agencies.

23 (2) "Major procurement" shall not mean any product, service or other  
24 matter covered by or addressed in the Kansas expanded lottery act or a  
25 lottery gaming facility management contract or racetrack gaming facility  
26 management contract executed pursuant to the Kansas expanded lottery  
27 act.

28 (w) "*Marketing agreement*" means an agreement entered into  
29 between a professional sports team and the Kansas lottery, a lottery  
30 gaming facility manager or a racetrack gaming facility manager for the  
31 purposes described in section 4, and amendments thereto.

32 (x) "*Match-fixing*" means to arrange or determine any action that  
33 occurs during a sporting event, including, but not limited to, any action  
34 resulting in the final outcome of such sporting event, for financial gain.

35 ~~(y)~~(y) "Net electronic gaming machine income" means all cash or  
36 other consideration utilized to play an electronic gaming machine operated  
37 at a racetrack gaming facility, less all cash or other consideration paid out  
38 to winning players as prizes.

39 (z) "*Official league data*" means statistics, results, outcomes and  
40 other data relating to a sporting event that have been obtained from the  
41 relevant sports governing body, or an entity expressly authorized by the  
42 sports governing body to provide such information to sports wagering  
43 managers.

1       ~~(w)~~(aa) "Organization licensee" has the meaning provided by K.S.A.  
2 74-8802, and amendments thereto.

3       ~~(x)~~(bb) "Parimutuel licensee" means a facility owner licensee or  
4 facility manager licensee under the Kansas parimutuel racing act.

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

10       ~~(z)~~(dd) "Person" means any natural person, association, limited  
11 liability company, corporation or partnership.

12       ~~(ee)~~(ee) "*Primary facility*" means the stadium or arena where a  
13 professional sports team hosts competitive games in accordance with such  
14 team's league rules.

15       ~~(aa)~~(ff) "Prize" means any prize paid directly by the Kansas lottery  
16 pursuant to the Kansas lottery act or the Kansas expanded lottery act or  
17 any rules and regulations adopted pursuant to either act.

18       ~~(gg)~~(gg) "*Professional sports team*" means an athletic team, whose  
19 primary facility is located in Kansas, that operates at the major league  
20 level in the sport of baseball, basketball, football, ice hockey or soccer.

21       ~~(bb)~~(hh) "Progressive electronic game" means a game played on an  
22 electronic gaming machine for which the payoff increases uniformly as the  
23 game is played and for which the jackpot, determined by application of a  
24 formula to the income of independent, local or interlinked electronic  
25 gaming machines, may be won.

26       ~~(ee)~~(ii) "Racetrack gaming facility" means that portion of a  
27 parimutuel licensee location where electronic gaming machines are  
28 operated, managed and maintained.

29       ~~(dd)~~(jj) "Racetrack gaming facility management contract" means an  
30 agreement between the Kansas lottery and a racetrack gaming facility  
31 manager, negotiated and signed by the executive director on behalf of the  
32 state, for placement of electronic gaming machines owned and operated by  
33 the state at a racetrack gaming facility.

34       ~~(ee)~~(kk) "Racetrack gaming facility manager" means a parimutuel  
35 licensee specifically certified by the Kansas lottery to become a certified  
36 racetrack gaming facility manager and offer electronic gaming machines  
37 for play at the racetrack gaming facility.

38       ~~(ff)~~(ll) "Returned ticket" means any ticket ~~which~~ that was transferred  
39 to a lottery retailer, ~~which~~ that was not sold by the lottery retailer and  
40 ~~which~~ that was returned to the Kansas lottery for refund by issuance of a  
41 credit or otherwise.

42       ~~(gg)~~(mm) "Share" means any intangible manifestation authorized by  
43 the Kansas lottery to prove participation in a lottery game, except as

1 provided by the Kansas expanded lottery act.

2 (nn) "Sports governing body" means the organization that prescribes  
3 the final rules and enforces codes of conduct with respect to a sporting  
4 event and the participants in such event.

5 (oo) (1) "Sporting event" means any professional or collegiate sport  
6 or athletic event, motor race event or any other special event authorized  
7 by the commission that has not occurred at the time wagers are placed on  
8 such event.

9 (2) The term "sporting event" does not include:

10 (A) Any horse or greyhound race that is subject to the provisions of  
11 the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., and  
12 amendments thereto; or

13 (B) any sporting or athletic event where a majority of the participants  
14 are less than 18 years of age.

15 (pp) (1) "Sports wagering" means placing a wager or bet on one or  
16 more sporting events, or any portion thereof, or on the individual  
17 performance statistics of athletes participating in a sporting event, or  
18 combination of sporting events, by any system or method of wagering at or  
19 through the Kansas lottery, a sports wagering retailer, a lottery gaming  
20 facility or a racetrack gaming facility.

21 (2) The term "sports wagering" shall not include:

22 (A) Parimutuel wagering, as defined in K.S.A. 74-8802, and  
23 amendments thereto; or

24 (B) fantasy sports leagues, as defined in K.S.A. 2020 Supp. 21-6403,  
25 and amendments thereto.

26 (qq) "Sports wagering manager" means the Kansas lottery, any  
27 sports wagering retailer that has entered into a sports wagering retailer  
28 contract or any lottery gaming facility manager or racetrack gaming  
29 facility manager that has entered into an approved management contract  
30 that provides for operating and managing sports wagering.

31 (rr) "Sports wagering retailer" means any person with whom the  
32 Kansas lottery has contracted to conduct sports wagering on behalf of the  
33 Kansas lottery pursuant to section 2, and amendments thereto.

34 (ss) "Sports wagering revenues" means wagering revenue generated  
35 from sports wagering that is an amount equal to the total wagers less any  
36 voided wagers and any amounts paid as prizes.

37 (hh)(tt) "Ticket" means any tangible evidence issued by the Kansas  
38 lottery to prove participation in a lottery game, including a sports wager,  
39 other than a lottery facility game.

40 (uu) "Tier one sports wager" means a sports wager that is  
41 determined solely by the final score or final outcome of the sporting event  
42 and is placed before the sporting event has begun.

43 (vv) "Tier two sports wager" means a sports wager that is not a tier

1 *one sports wager.*

2 (ii)(ww) "Token" means a representative of value, of metal or other  
 3 material, ~~which~~ *that* is not legal tender, redeemable for cash only by the  
 4 issuing lottery gaming facility manager or racetrack gaming facility  
 5 manager and ~~which~~ *that* is issued and sold by a lottery gaming facility  
 6 manager or racetrack gaming facility manager for the sole purpose of  
 7 playing an electronic gaming machine or lottery facility game.

8 (jj)(xx) "Vendor" means any person who has entered into a major  
 9 procurement contract with the Kansas lottery.

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

16 (zz) "*Wager" or "bet" means a bargain in which the parties agree*  
 17 *that, dependent upon chance, one stands to win or lose something of value*  
 18 *specified in the agreement.*

19 Sec. 21. K.S.A. 74-8710 is hereby amended to read as follows: 74-  
 20 8710. (a) The commission, upon the recommendation of the executive  
 21 director, shall adopt rules and regulations governing the establishment and  
 22 operation of a state lottery, sales of lottery tickets ~~and~~, the operation of  
 23 lottery gaming facilities and racetrack gaming facilities *and the operation*  
 24 *of sports wagering* as necessary to carry out the purposes of the Kansas  
 25 lottery act and the Kansas expanded lottery act. Temporary rules and  
 26 regulations may be adopted by the commission without being subject to  
 27 the provisions and requirements of K.S.A. 77-415 through 77-438, and  
 28 amendments thereto, but shall be subject to approval by the attorney  
 29 general as to legality and shall be filed with the secretary of state and  
 30 published in the Kansas register. Temporary and permanent rules and  
 31 regulations may include, but shall not be limited to:

32 (1) Subject to the provisions of subsection (c), the types of lottery  
 33 games to be conducted, including, but not limited to, instant lottery, ~~on-~~  
 34 ~~line~~ *online*, traditional games, lottery facility games and electronic gaming  
 35 machine games but not including games on video lottery machines or  
 36 lottery machines. *No online lottery game shall:*

37 (A) *Functionally operate as an electronic gaming machine;*

38 (B) *allow for the redemption of a prize that exceeds \$599 other than*  
 39 *at a lottery retail location or a Kansas lottery office; or*

40 (C) *extend or arrange credit for the purchase of a lottery ticket.*

41 (2) The manner of selecting the winning tickets or shares, except that,  
 42 if a lottery game utilizes a drawing of winning numbers, a drawing among  
 43 entries or a drawing among finalists, such drawings shall always be open

1 to the public and shall be recorded on both video and audio tape.

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

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

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

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

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

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

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

14 (10) Provisions for confidentiality of information submitted by  
15 vendors pursuant to K.S.A. 74-8705, and amendments thereto.

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

18 (12) The major procurement contracts or portions thereof to be  
19 awarded to minority business enterprises pursuant to ~~subsection (a) of~~  
20 K.S.A. 74-8705(a), and amendments thereto, and procedures for the award  
21 thereof.

22 (13) Rules and regulations to implement, administer and enforce the  
23 provisions of the Kansas expanded lottery act. Such rules and regulations  
24 shall include, but not be limited to, rules and regulations ~~which~~ *that* govern  
25 management contracts and ~~which~~ *that* are designed to: (A) Ensure the  
26 integrity of electronic gaming machines ~~and~~, other lottery facility games,  
27 *sports wagering* and the finances of lottery gaming facilities and racetrack  
28 gaming facilities; and (B) alleviate problem gambling, including a  
29 requirement that each lottery gaming facility and each racetrack gaming  
30 facility maintain a self-exclusion list by which individuals may exclude  
31 themselves from access to electronic gaming machines ~~and~~, other lottery  
32 facility games *and sports wagering*.

33 (14) The types of electronic gaming machines, lottery facility games  
34 and electronic gaming machine games to be operated pursuant to the  
35 Kansas expanded lottery act.

36 (15) *Rules and regulations to implement, administer and enforce the*  
37 *provisions of sections 1 through 12, and amendments thereto. Such rules*  
38 *and regulations shall include, but not be limited to: (A) Sports wagering*  
39 *conducted by the Kansas lottery, including contracts for sports wagering*  
40 *conducted by sports wagering retailers; (B) management contracts for*  
41 *sports wagering conducted by lottery gaming facility managers and*  
42 *racetrack gaming facility managers; (C) provisions for the confidentiality*  
43 *of information submitted by an interactive sports wagering platform and*



1 *sports wagering managers; and (D) provisions ensuring the integrity of*  
2 *sports wagering conducted in this state.*

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

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

12 Sec. 22. K.S.A. 74-8711 is hereby amended to read as follows: 74-  
13 8711. (a) There is hereby established in the state treasury the lottery  
14 operating fund.

15 (b) Except as provided by K.S.A. 74-8724 and the Kansas expanded  
16 lottery act, and amendments thereto, the executive director shall remit all  
17 moneys collected from the sale of lottery tickets and shares and any other  
18 moneys received by or on behalf of the Kansas lottery to the state treasurer  
19 in accordance with the provisions of K.S.A. 75-4215, and amendments  
20 thereto. Upon receipt of each such remittance, the state treasurer shall  
21 deposit the entire amount in the state treasury to the credit of the lottery  
22 operating fund. Moneys credited to the fund shall be expended or  
23 transferred only as provided by this act. Expenditures from such fund shall  
24 be made in accordance with appropriations acts upon warrants of the  
25 director of accounts and reports issued pursuant to vouchers approved by  
26 the executive director or by a person designated by the executive director.

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

28 (1) The payment of expenses of the lottery, which shall include all  
29 costs incurred in the operation and administration of the Kansas lottery; all  
30 costs resulting from contracts entered into for the purchase or lease of  
31 goods and services needed for operation of the lottery, including but not  
32 limited to supplies, materials, tickets, independent studies and surveys,  
33 data transmission, advertising, printing, promotion, incentives, public  
34 relations, communications and distribution of tickets and shares; and  
35 reimbursement of costs of facilities and services provided by other state  
36 agencies;

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

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

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

42 (5) transfers to the community crisis stabilization centers fund and  
43 clubhouse model program fund of the Kansas department for aging and

- 1 disability services pursuant to subsection (e);  
2 (6) transfers to the white collar crime fund of the attorney general  
3 pursuant to subsection (f);  
4 ~~(6)~~(7) transfers to the state gaming revenues fund pursuant to  
5 subsection (d) and as otherwise provided by law; and  
6 ~~(7)~~(8) transfers to the county reappraisal fund as prescribed by law.
- 7 (d) The director of accounts and reports shall transfer moneys in the  
8 lottery operating fund to the state gaming revenues fund created by K.S.A.  
9 79-4801, and amendments thereto, on or before the 15<sup>th</sup> day of each month  
10 in an amount certified monthly by the executive director and determined as  
11 follows, whichever is greater:
- 12 (1) An amount equal to the moneys in the lottery operating fund in  
13 excess of those needed for the purposes described in subsections (c)(1)  
14 through ~~(c)(5)~~ (c)(6); or  
15 (2) except for pull-tab lottery tickets and shares, an amount equal to  
16 not less than 30% of total monthly revenues from the sales of lottery  
17 tickets and shares less estimated returned tickets. In the case of pull-tab  
18 lottery tickets and shares, an amount equal to not less than 20% of the total  
19 monthly revenues from the sales of pull-tab lottery tickets and shares less  
20 estimated returned tickets.
- 21 (e) (1) Subject to the limitations set forth in paragraph (2),  
22 commencing in fiscal year 2020, on or before the 10<sup>th</sup> day of each month,  
23 the director of the lottery shall certify to the director of accounts and  
24 reports all net profits from the sale of lottery tickets and shares via lottery  
25 ticket vending machines. Of such certified amount, the director of  
26 accounts and reports shall transfer 75% from the lottery operating fund to  
27 the community crisis stabilization centers fund of the Kansas department  
28 for aging and disability services and 25% from the lottery operating fund  
29 to the clubhouse model program fund of the Kansas department for aging  
30 and disability services.
- 31 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in  
32 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the  
33 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.
- 34 (f) *On July 1, 2022, and each July 1 thereafter; or as soon thereafter*  
35 *as moneys are available, the first \$750,000 credited to the lottery*  
36 *operating fund from sports wagering revenues deposited in the lottery*  
37 *operating fund shall be transferred by the director of accounts and reports*  
38 *from the lottery operating fund to the white collar crime fund of the*  
39 *attorney general established in section 13, and amendments thereto.*
- 40 Sec. 23. K.S.A. 74-8716 is hereby amended to read as follows: 74-  
41 8716. (a) It is unlawful for the executive director, a member of the  
42 commission or any employee of the Kansas lottery, or any person residing  
43 in the household thereof to:

1 (1) Have, either directly or indirectly, an interest in a business  
2 knowing that such business contracts with the Kansas lottery for a major  
3 procurement, whether such interest is as a natural person, partner, member  
4 of an association, stockholder or director or officer of a corporation; or

5 (2) accept or agree to accept any economic opportunity, gift, loan,  
6 gratuity, special discount, favor or service, or hospitality other than food  
7 and beverages, having an aggregate value of \$20 or more in any calendar  
8 year from a person knowing that such person: (A) Contracts or seeks to  
9 contract with the state to supply gaming equipment, materials, tickets or  
10 consulting services for use in the lottery; or (B) is a lottery retailer or an  
11 applicant for lottery retailer.

12 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer  
13 or a person who contracts or seeks to contract with the state to supply  
14 gaming equipment, materials, tickets or consulting services for use in the  
15 lottery to offer, pay, give or make any economic opportunity, gift, loan,  
16 gratuity, special discount, favor or service, or hospitality other than food  
17 and beverages, having an aggregate value of \$20 or more in any calendar  
18 year to a person, knowing such person is the executive director, a member  
19 of the commission or an employee of the Kansas lottery, or a person  
20 residing in the household thereof.

21 (c) It shall be unlawful for any person to serve as executive director, a  
22 member of the commission or an employee of the Kansas lottery while or  
23 within five years after holding, either directly or indirectly, a financial  
24 interest or being employed by or a consultant to any of the following:

25 (1) Any lottery gaming facility manager, subcontractor or agent of a  
26 lottery gaming facility manager, manufacturer or vendor of electronic  
27 gaming machines, *an interactive sports wagering platform* or central  
28 computer system provider, or any business—~~which~~ *that* sells goods or  
29 services to a lottery gaming facility manager; or

30 (2) any licensee pursuant to the Kansas parimutuel racing act, other  
31 than the Kansas lottery or a person holding a license on behalf of the  
32 Kansas lottery, or any business—~~which~~ *that* sells goods or services to a  
33 parimutuel licensee.

34 (d) No person who holds a license issued by the Kansas racing and  
35 gaming commission shall serve as executive director or as a member of the  
36 commission or shall be employed by the Kansas lottery while or within  
37 five years after holding such license.

38 (e) No person shall participate, directly or indirectly, as an owner,  
39 owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,  
40 entered in a race meeting conducted in this state while executive director, a  
41 member of the commission or an employee of the Kansas lottery.

42 (f) It shall be unlawful for the executive director, a member of the  
43 commission or an employee of the Kansas lottery to accept any

1 compensation, gift, loan, entertainment, favor or service from any lottery  
2 gaming facility manager, subcontractor or agent of a lottery gaming  
3 facility manager, manufacturer or vendor of electronic gaming machines,  
4 *an interactive sports wagering platform* or central computer system  
5 provider.

6 (g) It shall be unlawful for the executive director, a member of the  
7 commission or an employee of the Kansas lottery to accept any  
8 compensation, gift, loan, entertainment, favor or service from any licensee  
9 pursuant to the Kansas parimutuel racing act, except such suitable facilities  
10 and services within a racetrack facility operated by an organization  
11 licensee as may be required to facilitate the performance of the executive  
12 director's, member's or employee's official duties.

13 (h) Violation of this section is a class A misdemeanor.

14 (i) If the executive director, a member of the commission or an  
15 employee of the Kansas lottery, or any person residing in the household  
16 thereof, is convicted of an act described by this section, such executive  
17 director, member or employee shall be removed from office or  
18 employment with the Kansas lottery.

19 (j) In addition to the provisions of this section, all other provisions of  
20 law relating to conflicts of interest of state employees shall apply to the  
21 members of the commission and employees of the Kansas lottery.

22 Sec. 24. K.S.A. 74-8718 is hereby amended to read as follows: 74-  
23 8718. (a) It is unlawful:

24 (1) To sell a lottery ticket or share at a price other than that fixed by  
25 rules and regulations adopted pursuant to this act;

26 (2) for any person other than the Kansas lottery or a lottery retailer  
27 authorized by the Kansas lottery to sell or resell any lottery ticket or share;  
28 *or*

29 (3) to sell a lottery ticket or share to any person, knowing such person  
30 to be under 18 years of age; or

31 (4) to sell a lottery ticket at retail by electronic mail, the internet or  
32 telephone *if the lottery ticket:*

33 (A) *Functionally operates as an electronic gaming machine;*

34 (B) *allows for the redemption of a prize that exceeds \$599 other than*  
35 *at a lottery retail location or a Kansas lottery office; or*

36 (C) *extends or arranges credit for the purchase of a lottery ticket.*

37 (b) (1) Violation of this section is a class A nonperson misdemeanor  
38 upon conviction for a first offense; and

39 (2) violation of this section is a severity level 9, nonperson felony  
40 upon conviction for a second or subsequent offense.

41 Sec. 25. K.S.A. 74-8733 is hereby amended to read as follows: 74-  
42 8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and*  
43 *sections 1 through 14, and amendments thereto,* shall be known and may

1 be cited as the Kansas expanded lottery act. The Kansas expanded lottery  
2 act shall be a part of and supplemental to the Kansas lottery act.

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

7 (c) Any action challenging the constitutionality of or arising out of  
8 any provision of this act, any lottery gaming facility management contract  
9 or any racetrack gaming facility management contract entered into  
10 pursuant to this act shall be brought in the district court of Shawnee  
11 county.

12 Sec. 26. K.S.A. 74-8734 is hereby amended to read as follows: 74-  
13 8734. (a) The Kansas lottery may operate one lottery gaming facility in  
14 each gaming zone.

15 (b) Not more than 30 days after the effective date of this act the  
16 lottery commission shall adopt and publish in the Kansas register the  
17 procedure for receiving, considering and approving, proposed lottery  
18 gaming facility management contracts. Such procedure shall include  
19 provisions for review of competitive proposals within a gaming zone and  
20 the date by which proposed lottery gaming facility management contracts  
21 must be received by the lottery commission if they are to receive  
22 consideration.

23 (c) The lottery commission shall adopt standards to promote the  
24 integrity of the gaming and finances of lottery gaming facilities, which  
25 shall apply to all management contracts, shall meet or exceed industry  
26 standards for monitoring and controlling the gaming and finances of  
27 gaming facilities and shall give the executive director sufficient authority  
28 to monitor and control the gaming operation and to ensure its integrity and  
29 security.

30 (d) The Kansas lottery commission may approve management  
31 contracts with one or more prospective lottery gaming facility managers to  
32 manage, or construct and manage, on behalf of the state of Kansas and  
33 subject to the operational control of the Kansas lottery, a lottery gaming  
34 facility or lottery gaming enterprise at specified destination locations  
35 within the northeast, south central, southwest and southeast Kansas  
36 gaming zones where the commission determines the operation of such  
37 facility would promote tourism and economic development. The  
38 commission shall approve or disapprove a proposed management contract  
39 within 90 days after the deadline for receipt of proposals established  
40 pursuant to subsection (b).

41 (e) In determining whether to approve a management contract with a  
42 prospective lottery gaming facility manager to manage a lottery gaming  
43 facility or lottery gaming enterprise pursuant to this section, the

1 commission shall take into consideration the following factors: The size of  
2 the proposed facility; the geographic area in which such facility is to be  
3 located; the proposed facility's location as a tourist and entertainment  
4 destination; the estimated number of tourists that would be attracted by the  
5 proposed facility; the number and type of lottery facility games to be  
6 operated at the proposed facility; and agreements related to ancillary  
7 lottery gaming facility operations.

8 (f) Subject to the requirements of this section, the commission shall  
9 approve at least one proposed lottery gaming facility management contract  
10 for a lottery gaming facility in each gaming zone.

11 (g) The commission shall not approve a management contract unless:

12 (1) (A) The prospective lottery gaming facility manager is a resident  
13 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
14 to financial resources to support the activities required of a lottery gaming  
15 facility manager under the Kansas expanded lottery act; and (ii) has three  
16 consecutive years' experience in the management of gaming ~~which~~ *that*  
17 would be class III gaming, as defined in K.S.A. 46-2301, and amendments  
18 thereto, operated pursuant to state or federal law; or

19 (B) the prospective lottery gaming facility manager is not a resident  
20 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
21 to financial resources to support the activities required of a lottery gaming  
22 facility manager under the Kansas expanded lottery act; (ii) is current in  
23 filing all applicable tax returns and in payment of all taxes, interest and  
24 penalties owed to the state of Kansas and any taxing subdivision where  
25 such prospective manager is located in the state of Kansas, excluding  
26 items under formal appeal pursuant to applicable statutes; and (iii) has  
27 three consecutive years' experience in the management of gaming ~~which~~  
28 *that* would be class III gaming, as defined in K.S.A. 46-2301, and  
29 amendments thereto, operated pursuant to state or federal law; and

30 (2) the commission determines that the proposed development  
31 consists of an investment in infrastructure, including ancillary lottery  
32 gaming facility operations, of at least \$225,000,000 in the northeast and  
33 south central Kansas gaming zones and of at least \$50,000,000 in the  
34 southeast and southwest Kansas gaming zones. The commission, in  
35 determining whether the minimum investment required by this subsection  
36 is met, shall not include any amounts derived from or financed by state or  
37 local retailers' sales tax revenues.

38 (h) Any management contract approved by the commission under this  
39 section shall:

40 (1) Have a maximum initial term of 15 years from the date of opening  
41 of the lottery gaming facility. At the end of the initial term, the contract  
42 may be renewed by mutual consent of the state and the lottery gaming  
43 facility manager;

- 1 (2) specify the total amount to be paid to the lottery gaming facility  
2 manager pursuant to the contract;
- 3 (3) establish a mechanism to facilitate payment of lottery gaming  
4 facility expenses, payment of the lottery gaming facility manager's share of  
5 the lottery gaming facility revenues and distribution of the state's share of  
6 the lottery gaming facility revenues;
- 7 (4) include a provision for the lottery gaming facility manager to pay  
8 the costs of oversight and regulation of the lottery gaming facility manager  
9 and the operations of the lottery gaming facility by the Kansas racing and  
10 gaming commission;
- 11 (5) establish the types of lottery facility games to be installed in such  
12 facility;
- 13 (6) provide for the prospective lottery gaming facility manager, upon  
14 approval of the proposed lottery gaming facility management contract, to  
15 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of  
16 being selected as a lottery gaming facility manager of a lottery gaming  
17 facility in the northeast or south central Kansas gaming zone and  
18 \$5,500,000 for the privilege of being selected as a lottery gaming facility  
19 manager of a lottery gaming facility in the southeast or southwest Kansas  
20 gaming zone. Such fee shall be deposited in the state treasury and credited  
21 to the lottery gaming facility manager fund, ~~which~~ *that* is hereby created in  
22 the state treasury;
- 23 (7) incorporate terms and conditions for the ancillary lottery gaming  
24 facility operations;
- 25 (8) designate as key employees, subject to approval of the executive  
26 director, any employees or contractors providing services or functions  
27 which are related to lottery facility games authorized by a management  
28 contract;
- 29 (9) include financing commitments for construction;
- 30 (10) include a resolution of endorsement from the city governing  
31 body, if the proposed facility is within the corporate limits of a city, or  
32 from the county commission, if the proposed facility is located in the  
33 unincorporated area of the county;
- 34 (11) include a requirement that any parimutuel licensee developing a  
35 lottery gaming facility pursuant to this act comply with all orders and rules  
36 and regulations of the Kansas racing and gaming commission with regard  
37 to the conduct of live racing, including the same minimum days of racing  
38 as specified in K.S.A. 74-8746, and amendments thereto, for operation of  
39 electronic gaming machines at racetrack gaming facilities;
- 40 (12) include a provision for the state to receive not less than 22% of  
41 lottery gaming facility revenues, which shall be paid to the expanded  
42 lottery act revenues fund established by K.S.A. 74-8768, and amendments  
43 thereto;

1 (13) include a provision for 2% of lottery gaming facility revenues to  
2 be paid to the problem gambling and addictions grant fund established by  
3 K.S.A. 79-4805, and amendments thereto;

4 (14) if the prospective lottery gaming facility manager is an American  
5 Indian tribe, include a provision that such tribe agrees to waive its  
6 sovereign immunity with respect to any actions arising from or to enforce  
7 either the Kansas expanded lottery act or any provision of the lottery  
8 gaming facility management contract; any action brought by an injured  
9 patron or by the state of Kansas; any action for purposes of enforcing the  
10 workers compensation act or any other employment or labor law; and any  
11 action to enforce laws, rules and regulations and codes pertaining to  
12 health, safety and consumer protection; and for any other purpose deemed  
13 necessary by the executive director to protect patrons or employees and  
14 promote fair competition between the tribe and others seeking a lottery  
15 gaming facility management contract;

16 (15) (A) if the lottery gaming facility is located in the northeast or  
17 southwest Kansas gaming zone and is not located within a city, include a  
18 provision for payment of an amount equal to 3% of the lottery gaming  
19 facility revenues to the county in which the lottery gaming facility is  
20 located; or (B) if the lottery gaming facility is located in the northeast or  
21 southwest Kansas gaming zone and is located within a city, include  
22 provision for payment of an amount equal to 1.5% of the lottery gaming  
23 facility revenues to the city in which the lottery gaming facility is located  
24 and an amount equal to 1.5% of such revenues to the county in which such  
25 facility is located;

26 (16) (A) if the lottery gaming facility is located in the southeast or  
27 south central Kansas gaming zone and is not located within a city, include  
28 a provision for payment of an amount equal to 2% of the lottery gaming  
29 facility revenues to the county in which the lottery gaming facility is  
30 located and an amount equal to 1% of such revenues to the other county in  
31 such zone; or (B) if the lottery gaming facility is located in the southeast or  
32 south central Kansas gaming zone and is located within a city, provide for  
33 payment of an amount equal to 1% of the lottery gaming facility revenues  
34 to the city in which the lottery gaming facility is located, an amount equal  
35 to 1% of such revenues to the county in which such facility is located and  
36 an amount equal to 1% of such revenues to the other county in such zone;

37 (17) allow the lottery gaming facility manager to manage the lottery  
38 gaming facility in a manner consistent with this act and applicable law, but  
39 shall place full, complete and ultimate ownership and operational control  
40 of the gaming operation of the lottery gaming facility with the Kansas  
41 lottery. The Kansas lottery shall not delegate and shall explicitly retain the  
42 power to overrule any action of the lottery gaming facility manager  
43 affecting the gaming operation without prior notice. The Kansas lottery



1 shall retain full control over all decisions concerning lottery gaming  
2 facility games *and sports wagering*;

3 (18) include provisions for the Kansas racing and gaming  
4 commission to oversee all lottery gaming facility operations, including, but  
5 not limited to: Oversight of internal controls; oversight of security of  
6 facilities; performance of background investigations, determination of  
7 qualifications and credentialing of employees, contractors and agents of  
8 the lottery gaming facility manager and of ancillary lottery gaming facility  
9 operations, as determined by the Kansas racing and gaming commission;  
10 auditing of lottery gaming facility revenues *and sports wagering revenues*;  
11 enforcement of all state laws and maintenance of the integrity of gaming  
12 operations; and

13 (19) include enforceable provisions: (A) Prohibiting the state, until  
14 July 1, 2032, from: (i) Entering into management contracts for more than  
15 four lottery gaming facilities or similar gaming facilities, ~~one to be~~ located  
16 in the northeast Kansas gaming zone, ~~one to be~~ located in the south central  
17 Kansas gaming zone, ~~one to be~~ located in the southwest Kansas gaming  
18 zone and ~~one to be~~ located in the southeast Kansas gaming zone; (ii)  
19 designating additional areas of the state where operation of lottery gaming  
20 facilities or similar gaming facilities would be authorized; or (iii) operating  
21 an aggregate of more than 2,800 electronic gaming machines at all  
22 parimutuel licensee locations; and (B) requiring the state to repay to the  
23 lottery gaming facility manager an amount equal to the privilege fee paid  
24 by such lottery gaming facility manager, plus interest on such amount,  
25 compounded annually at the rate of 10%, if the state violates the  
26 prohibition provision described in (A).

27 (i) (1) *Any management contract approved by the commission under*  
28 *this section may include provisions for operating and managing sports*  
29 *wagering by the lottery gaming facility manager in person at the lottery*  
30 *gaming facility and over the internet via one or more interactive sports*  
31 *wagering platforms.*

32 (2) *If a management contract includes such provisions, then such*  
33 *contract shall include the following provisions:*

34 (A) *The lottery gaming facility may offer tier one or tier two sports*  
35 *wagers, or both; and*

36 (B) (i) *The state shall receive 20% of the sports wagering revenues*  
37 *received from wagers placed with the lottery gaming facility through an*  
38 *interactive sports wagering platform; and*

39 (ii) *the state shall receive 14% of the sports wagering revenues*  
40 *received from wagers placed in person at the lottery gaming facility.*

41 (j) The power of eminent domain shall not be used to acquire any  
42 interest in real property for use in a lottery gaming enterprise.

43 (k) Any proposed management contract for which the privilege fee

1 has not been paid to the state treasurer within 30 days after the date of  
2 approval of the management contract shall be null and void.

3 ~~(k)~~(l) A person who is the manager of the racetrack gaming facility in  
4 a gaming zone shall not be eligible to be the manager of the lottery gaming  
5 facility in the same zone.

6 ~~(j)~~(m) Management contracts authorized by this section may include  
7 provisions relating to:

8 (1) Accounting procedures to determine the lottery gaming facility  
9 revenues, unclaimed prizes and credits;

10 (2) minimum requirements for a lottery gaming facility manager to  
11 provide qualified oversight, security and supervision of the lottery facility  
12 games including the use of qualified personnel with experience in  
13 applicable technology;

14 (3) eligibility requirements for employees, contractors or agents of a  
15 lottery gaming facility manager who will have responsibility for or  
16 involvement with actual gaming activities or for the handling of cash or  
17 tokens;

18 (4) background investigations to be performed by the Kansas racing  
19 and gaming commission;

20 (5) credentialing requirements for any employee, contractor or agent  
21 of the lottery gaming facility manager or of any ancillary lottery gaming  
22 facility operation as provided by the Kansas expanded lottery act or rules  
23 and regulations adopted pursuant thereto;

24 (6) provision for termination of the management contract by either  
25 party for cause; and

26 (7) any other provision deemed necessary by the parties, including  
27 such other terms and restrictions as necessary to conduct any lottery  
28 facility game in a legal and fair manner.

29 ~~(m)~~(n) A management contract shall not constitute property, nor shall  
30 it be subject to attachment, garnishment or execution, nor shall it be  
31 alienable or transferable, except upon approval by the executive director,  
32 nor shall it be subject to being encumbered or hypothecated. The trustee of  
33 any insolvent or bankrupt lottery gaming facility manager may continue to  
34 operate pursuant to the management contract under order of the  
35 appropriate court for no longer than one year after the bankruptcy or  
36 insolvency of such manager.

37 ~~(n)~~(o) (1) The Kansas lottery shall be the licensee and owner of all  
38 software programs used at a lottery gaming facility for any lottery facility  
39 game.

40 (2) A lottery gaming facility manager, on behalf of the state, shall  
41 purchase or lease for the Kansas lottery all lottery facility games. All  
42 lottery facility games shall be subject to the ultimate control of the Kansas  
43 lottery in accordance with this act.

1 (3) *If a lottery gaming facility manager agrees to operate and*  
 2 *manage sports wagering, the Kansas lottery shall be the licensee and*  
 3 *owner of all software programs used in conducting sports wagering, and*  
 4 *the lottery gaming facility manager, on behalf of the state, shall purchase*  
 5 *or lease for the Kansas lottery any equipment or other property necessary*  
 6 *for operating and managing sports wagering. All sports wagering shall be*  
 7 *subject to the ultimate control of the Kansas lottery in accordance with the*  
 8 *Kansas expanded lottery act.*

9 ~~(p)~~ A lottery gaming facility shall comply with any planning and  
 10 zoning regulations of the city or county in which it is to be located. The  
 11 executive director shall not contract with any prospective lottery gaming  
 12 facility manager for the operation and management of such lottery gaming  
 13 facility unless such manager first receives any necessary approval under  
 14 planning and zoning requirements of the city or county in which it is to be  
 15 located.

16 ~~(q)~~ Prior to expiration of the term of a lottery gaming facility  
 17 management contract, the lottery commission may negotiate a new lottery  
 18 gaming facility management contract with the lottery gaming facility  
 19 manager if the new contract is substantially the same as the existing  
 20 contract. Otherwise, the lottery gaming facility review board shall be  
 21 reconstituted and a new lottery gaming facility management contract shall  
 22 be negotiated and approved in the manner provided by this act.

23 Sec. 27. K.S.A. 74-8741 is hereby amended to read as follows: 74-  
 24 8741. (a) The executive director of the Kansas lottery shall negotiate a  
 25 racetrack gaming facility management contract to place electronic gaming  
 26 machines at one parimutuel licensee location in each gaming zone except  
 27 the southwest Kansas gaming zone. *The racetrack management contract*  
 28 *may also provide for the racetrack gaming facility manager to operate and*  
 29 *manage sports wagering as provided in subsection (d).*

30 (b) To be eligible to enter into a racetrack gaming facility  
 31 management contract the prospective racetrack gaming facility manager  
 32 shall, at a minimum:

33 (1) Have sufficient access to financial resources to support the  
 34 activities required of a racetrack gaming facility manager under the Kansas  
 35 expanded lottery act; and

36 (2) be current in filing all applicable tax returns and in payment of all  
 37 taxes, interest and penalties owed to the state of Kansas and any taxing  
 38 subdivision where such prospective manager is located in the state of  
 39 Kansas, excluding items under formal appeal pursuant to applicable  
 40 statutes.

41 (c) A racetrack gaming facility management contract shall include:

42 (1) The term of the contract;

43 (2) provisions for the Kansas racing and gaming commission to

1 oversee all racetrack gaming facility operations, including, but not limited to:  
 2 Oversight of internal controls; oversight of security of facilities;  
 3 performance of background investigations, determination of qualifications  
 4 and any required certification or licensing of officers, directors, board  
 5 members, employees, contractors and agents of the racetrack gaming  
 6 facility manager; auditing of net electronic gaming machine income and  
 7 maintenance of the integrity of electronic gaming machine operations;

8 (3) provisions for the racetrack gaming facility manager to pay the  
 9 costs of oversight and regulation of the racetrack gaming facility manager  
 10 under this act and such manager's racetrack gaming facility operations by  
 11 the Kansas racing and gaming commission; and

12 (4) enforceable provisions: (A) Prohibiting the state, until July 1,  
 13 2032, from: (i) Entering into management contracts for more than ~~three~~  
 14 ~~four~~ lottery gaming facilities or similar gaming facilities, one ~~to be~~ located  
 15 in the northeast Kansas gaming zone, one ~~to be~~ located in the south central  
 16 Kansas gaming zone, *one located in the southwest Kansas gaming zone*  
 17 and one ~~to be~~ located in the southeast Kansas gaming zone; (ii)  
 18 designating additional areas of the state where operation of lottery gaming  
 19 facilities or similar gaming facilities would be authorized; or (iii)  
 20 operating an aggregate of more than 2,800 electronic gaming machines at  
 21 all parimutuel licensee locations; and (B) requiring the state to repay to the  
 22 racetrack gaming facility manager an amount equal to the privilege fee  
 23 paid by such racetrack gaming facility manager, plus interest on such  
 24 amount, compounded annually at the rate of 10%, if the state violates the  
 25 prohibition provision described in (A).

26 *(d) (1) Any management contract approved by the commission under*  
 27 *K.S.A. 74-8742, and amendments thereto, may include provisions for*  
 28 *operating and managing sports wagering by the racetrack gaming facility*  
 29 *manager in person at the racetrack gaming facility and over the internet*  
 30 *via an interactive sports wagering platform.*

31 *(2) If a management contract includes such provisions, then such*  
 32 *contract shall include the following provisions:*

33 *(A) The racetrack gaming facility may offer tier one or tier two sports*  
 34 *wagers, or both; and*

35 *(B) (i) The state shall receive 20% of the sports wagering revenues*  
 36 *received from wagers placed with the racetrack gaming facility through an*  
 37 *interactive sports wagering platform; and*

38 *(ii) the state shall receive 14% of the sports wagering revenues*  
 39 *received from wagers placed in person at the racetrack gaming facility.*

40 ~~(d)~~(e) Racetrack gaming facility management contracts authorized by  
 41 this section may include provisions relating to:

42 (1) Accounting procedures to determine net electronic gaming  
 43 machine income, unclaimed prizes and credits;

1 (2) minimum requirements for a racetrack gaming facility manager to  
2 provide qualified oversight, security and supervision of electronic gaming  
3 machines including the use of qualified personnel with experience in  
4 applicable technology;

5 (3) eligibility requirements for employees, contractors or agents of a  
6 racetrack gaming facility manager who will have responsibility for or  
7 involvement with electronic gaming machines or for the handling of cash  
8 or tokens;

9 (4) background investigations to be performed by the Kansas racing  
10 and gaming commission;

11 (5) credentialing or certification requirements of any employee,  
12 contractor or agent as provided by the Kansas expanded lottery act or rules  
13 and regulations adopted pursuant thereto;

14 (6) provision for termination of the management contract by either  
15 party for cause; and

16 (7) any other provision deemed necessary by the parties, including  
17 such other terms and restrictions as necessary to conduct racetrack gaming  
18 facility operations in a legal and fair manner.

19 ~~(e)~~(f) A person who is the manager of a lottery gaming facility in a  
20 gaming zone shall not be eligible to be the manager of the racetrack  
21 gaming facility in the same zone.

22 ~~(f)~~(g) A racetrack gaming facility management contract shall not  
23 constitute property, nor shall it be subject to attachment, garnishment or  
24 execution, nor shall it be alienable or transferable, except upon approval  
25 by the executive director, nor shall it be subject to being encumbered or  
26 hypothecated.

27 *(h) If a racetrack gaming facility manager agrees to operate and*  
28 *manage sports wagering, the Kansas lottery shall be the licensee and*  
29 *owner of all software programs used in conducting sports wagering, and*  
30 *the racetrack gaming facility manager, on behalf of the state, shall*  
31 *purchase or lease for the Kansas lottery any equipment or other property*  
32 *necessary for operating and managing sports wagering. All sports*  
33 *wagering shall be subject to the ultimate control of the Kansas lottery in*  
34 *accordance with the Kansas expanded lottery act.*

35 Sec. 28. K.S.A. 74-8751 is hereby amended to read as follows: 74-  
36 8751. (a) The Kansas racing and gaming commission, through rules and  
37 regulations, shall establish:

38 ~~(a)~~(1) A certification requirement, and enforcement procedure, for  
39 officers, directors, key employees and persons directly or indirectly  
40 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or  
41 racetrack gaming facility manager. Such certification requirement shall  
42 include compliance with such security, fitness and background  
43 investigations and standards as the executive director of the Kansas racing

1 and gaming commission deems necessary to determine whether such  
2 person's reputation, habits or associations pose a threat to the public  
3 interest of the state or to the reputation of or effective regulation and  
4 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~  
5 ~~person convicted of any felony, a crime involving gambling or a crime of~~  
6 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~  
7 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~  
8 ~~commission shall conduct the security, fitness and background checks~~  
9 ~~required pursuant to this subsection. Certification pursuant to this~~  
10 ~~subsection shall not be assignable or transferable;~~

11 (b)(2) a certification requirement, and enforcement procedure, for  
12 those persons, including electronic gaming machine manufacturers,  
13 technology providers and computer system providers, who propose to  
14 contract with a lottery gaming facility manager, a racetrack gaming facility  
15 manager or the state for the provision of goods or services related to a  
16 lottery gaming facility or racetrack gaming facility, including management  
17 services. Such certification requirements shall include compliance with  
18 such security, fitness and background investigations and standards of  
19 officers, directors, key gaming employees and persons directly or  
20 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the  
21 executive director of the Kansas racing and gaming commission deems  
22 necessary to determine whether such person's reputation, habits and  
23 associations pose a threat to the public interest of the state or to the  
24 reputation of or effective regulation and control of the lottery gaming  
25 facility or racetrack gaming facility. ~~Any person convicted of any felony, a~~  
26 ~~crime involving gambling or a crime of moral turpitude prior to applying~~  
27 ~~for a certificate hereunder or at any time thereafter shall be deemed unfit.~~  
28 If the executive director of the racing and gaming commission determines  
29 the certification standards of another state are comprehensive, thorough  
30 and provide similar adequate safeguards, the executive director may  
31 certify an applicant already certified in such state without the necessity of  
32 a full application and background check. ~~The Kansas racing and gaming~~  
33 ~~commission shall conduct the security, fitness and background checks~~  
34 ~~required pursuant to this subsection. Certification pursuant to this~~  
35 ~~subsection shall not be assignable or transferable;~~

36 (3) a certification requirement and enforcement procedure for: (A)  
37 *Employees of a lottery gaming facility manager or racetrack gaming*  
38 *facility manager who are directly involved in the operation or*  
39 *management of sports wagering conducted by such manager; and (B)*  
40 *those persons who propose to contract with a lottery gaming facility*  
41 *manager or a racetrack gaming facility manager for the provision of*  
42 *goods or services related to sports wagering, including any interactive*  
43 *sports wagering platform requested by a lottery gaming facility manager*

1 *or racetrack gaming facility manager under section 3, and amendments*  
 2 *thereto. Such certification requirement shall include compliance with such*  
 3 *security, fitness and background investigations and standards as the*  
 4 *executive director of the Kansas racing and gaming commission deems*  
 5 *necessary to determine whether such person's reputation, habits or*  
 6 *associations pose a threat to the public interest of the state or to the*  
 7 *reputation of or effective regulation and control of sports wagering*  
 8 *conducted by the lottery gaming facility or racetrack gaming facility. Such*  
 9 *certification shall be valid for one year from the date of issuance;*

10 ~~(e)(4)~~ provisions for revocation of a certification required by  
 11 subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding that the certificate holder,  
 12 an officer or director thereof or a person directly or indirectly owning a  
 13 ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has knowingly provided false or  
 14 misleading material information to the Kansas lottery or its employees; or  
 15 ~~(2)(B)~~ has been convicted of a felony, gambling related offense or any  
 16 crime of moral turpitude; ~~and~~

17 ~~(4)(5)~~ provisions for suspension, revocation or nonrenewal of a  
 18 certification required by subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding  
 19 that the certificate holder, an officer or director thereof or a person directly  
 20 or indirectly owning a ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has failed  
 21 to notify the Kansas lottery about a material change in ownership of the  
 22 certificate holder, or any change in the directors or officers thereof; ~~(2)(B)~~  
 23 is delinquent in remitting money owed to the Kansas lottery; ~~(3)(C)~~ has  
 24 violated any provision of any contract between the Kansas lottery and the  
 25 certificate holder; or ~~(4)(D)~~ has violated any provision of the Kansas  
 26 expanded lottery act or any rule and regulation adopted hereunder; *and*

27 *(6) provisions for suspension, revocation or nonrenewal of a*  
 28 *certification required by subsection (a)(3) upon a finding that the*  
 29 *certificate holder has: (A) Knowingly provided false or misleading*  
 30 *material information to the Kansas lottery, the Kansas racing and gaming*  
 31 *commission or to the employees of either entity; (B) been convicted of a*  
 32 *felony, gambling-related offense or any crime of moral turpitude; (C)*  
 33 *violated any provision of any contract between the Kansas lottery and the*  
 34 *certificate holder; or (D) violated any provision of the Kansas expanded*  
 35 *lottery act or any rule and regulation adopted hereunder.*

36 *(b) The Kansas racing and gaming commission shall conduct the*  
 37 *security, fitness and background checks required pursuant to this section.*  
 38 *Any person convicted of any felony, a crime involving gambling or a crime*  
 39 *of moral turpitude prior to applying for a certificate hereunder or at any*  
 40 *time thereafter shall be deemed unfit.*

41 *(c) A certification issued pursuant to this section shall not be*  
 42 *assignable or transferable.*

43 Sec. 29. K.S.A. 74-8752 is hereby amended to read as follows: 74-

1 8752. (a) The executive director of the Kansas lottery and the executive  
2 director of the Kansas racing and gaming commission, or their designees,  
3 may observe and inspect all electronic gaming machines, lottery facility  
4 games, *sports wagering operations*, lottery gaming facilities, racetrack  
5 gaming facilities and all related equipment and facilities operated by a  
6 lottery gaming facility manager or racetrack gaming facility manager.

7 (b) In addition to any other powers granted pursuant to this act, the  
8 executive director of the racing and gaming commission shall have the  
9 power to:

10 (1) Examine, or cause to be examined by any agent or representative  
11 designated by such executive director, any books, papers, records or  
12 memoranda of any lottery gaming facility manager or racetrack gaming  
13 facility manager, or of any business involved in electronic gaming  
14 machines ~~or~~, lottery facility games *or sports wagering operations*  
15 authorized pursuant to the Kansas expanded lottery act, for the purpose of  
16 ascertaining compliance with any provision of the Kansas lottery act, the  
17 Kansas expanded lottery act, or any rules and regulations adopted  
18 thereunder;

19 (2) investigate alleged violations of the Kansas expanded lottery act  
20 and alleged violations of any rules and regulations, orders and final  
21 decisions of the Kansas lottery commission, the executive director of the  
22 Kansas lottery, the Kansas racing and gaming commission or the executive  
23 director of the Kansas racing and gaming commission;

24 (3) request a court to issue subpoenas to compel access to or for the  
25 production of any books, papers, records or memoranda in the custody or  
26 control of any lottery gaming facility manager or racetrack gaming facility  
27 manager related to the management of the lottery gaming facility or  
28 racetrack gaming facility, or to compel the appearance of any lottery  
29 gaming facility manager or racetrack gaming facility manager for the  
30 purpose of ascertaining compliance with the provisions of the Kansas  
31 lottery act and the Kansas expanded lottery act or rules and regulations  
32 adopted thereunder; *and*

33 ~~(4) inspect and approve, prior to publication or distribution, all~~  
34 ~~advertising by a lottery gaming facility manager or racetrack gaming~~  
35 ~~facility manager which includes any reference to the Kansas lottery; and~~

36 ~~(5) take any other action as may be reasonable or appropriate to~~  
37 ~~enforce the provisions of the Kansas expanded lottery act and any rules~~  
38 ~~and regulations, orders and final decisions of the executive director of the~~  
39 ~~Kansas lottery, the Kansas lottery commission, the executive director of the~~  
40 ~~Kansas racing commission or the Kansas racing and gaming~~  
41 ~~commission.~~

42 (c) Appropriate security measures shall be required in any and all  
43 areas where electronic gaming machines, *sports wagering* and other lottery



1 facility games authorized pursuant to the Kansas expanded lottery act are  
2 located or operated. The executive director of the Kansas racing and  
3 gaming commission shall approve all such security measures.

4 (d) The executive director of the Kansas racing and gaming  
5 commission shall require an annual audit of the operations of each lottery  
6 gaming facility and ancillary lottery gaming facility operations and each  
7 racetrack gaming facility as determined by the commission. Such audit  
8 shall be conducted by the Kansas racing and gaming commission or a  
9 licensed accounting firm approved by the executive director of the Kansas  
10 racing and gaming commission and shall be conducted at the expense of  
11 the lottery gaming facility manager or racetrack facility manager.

12 (e) None of the information disclosed pursuant to subsection (b) or  
13 (d) shall be subject to disclosure under the Kansas open records act,  
14 K.S.A. 45-216 et seq., and amendments thereto.

15 Sec. 30. K.S.A. 74-8757 is hereby amended to read as follows: 74-  
16 8757. (a) A person less than 21 years of age shall not be permitted in an  
17 area where electronic gaming machines or lottery facility games are being  
18 conducted, except for a person at least 18 years of age who is an employee  
19 of the lottery gaming facility manager or the racetrack gaming facility  
20 manager. No employee under age 21 shall perform any function involved  
21 in gaming by the patrons.

22 (b) No person under age 21 shall play or make a wager on an  
23 electronic gaming machine game or a lottery facility game.

24 (c) *No person under age 21 shall directly or indirectly make a wager*  
25 *on any sporting event, or otherwise be permitted to engage in sports*  
26 *wagering.*

27 Sec. 31. K.S.A. 74-8760 is hereby amended to read as follows: 74-  
28 8760. (a) Except in accordance with rules and regulations of the Kansas  
29 racing and gaming commission or by written authority from the executive  
30 director of the Kansas racing and gaming commission in performing  
31 installation, maintenance, inspection and repair services, it is a class A  
32 nonperson misdemeanor for the following to place a wager on or play an  
33 electronic gaming machine game or a lottery facility game at a lottery  
34 gaming facility in this state: The executive director of the Kansas lottery, a  
35 member of the Kansas lottery commission or any employee or agent of the  
36 Kansas lottery; the executive director, a member or any employee or agent  
37 of the Kansas racing and gaming commission; or the lottery gaming  
38 facility manager or any employee of the lottery gaming facility manager.

39 (b) Except in accordance with rules and regulations of the Kansas  
40 racing and gaming commission or by written authority from the executive  
41 director of the Kansas racing and gaming commission in performing  
42 installation, maintenance, inspection and repair services, it is a class A  
43 nonperson misdemeanor for the following to place a wager on or play an

1 electronic gaming machine at a racetrack gaming facility in this state: (1)  
2 The executive director of the Kansas lottery, a member of the Kansas  
3 lottery commission or any employee or agent of the Kansas lottery; (2) the  
4 executive director, a member or any employee or agent of the Kansas  
5 racing and gaming commission; or (3) the racetrack gaming facility  
6 manager or any employee of the racetrack gaming facility manager.

7 (c) *Except in accordance with rules and regulations of the Kansas*  
8 *racing and gaming commission, or by written authority from the executive*  
9 *director of the Kansas racing and gaming commission, in performing*  
10 *installation, maintenance, inspection and repair services, it is a class A*  
11 *nonperson misdemeanor for the following to place a sports wager with a*  
12 *sports wagering retailer, a lottery gaming facility or a racetrack gaming*  
13 *facility: (1) The executive director of the Kansas lottery, a member of the*  
14 *Kansas lottery commission or any employee or agent of the Kansas*  
15 *lottery; (2) the executive director, a member or any employee or agent of*  
16 *the Kansas racing and gaming commission; (3) a sports wagering*  
17 *manager, or any director, officer, owner or employee of such sports*  
18 *wagering manager, or any relative living in the same household as such*  
19 *persons; (4) an interactive sports wagering platform, or any director,*  
20 *officer, owner or employee of such platform, or any relative living in the*  
21 *same household as such persons; (5) any director, officer or employee of a*  
22 *sports governing body; (6) any owner, officer, athlete, coach or other*  
23 *employee of a team; or (7) any director, officer or employee of a player*  
24 *union or referee union.*

25 (d) *It is a severity level 8, nonperson felony for any person knowingly*  
26 *to place a sports wager: (1) With access to nonpublic confidential*  
27 *information held by the sports wagering manager; (2) as an agent or*  
28 *proxy for other persons; (3) using funds derived from illegal activity; (4)*  
29 *to conceal money derived from illegal activity; (5) through the use of other*  
30 *individuals to place wagers as part of any wagering scheme to circumvent*  
31 *any provision of federal or state law; or (6) using false identification to*  
32 *facilitate the placement of the wager or the collection of any prize in*  
33 *violation of federal or state law.*

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

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

42 (2) possess or use, while on premises where electronic gaming  
43 machines are authorized pursuant to the Kansas expanded lottery act, any

1 cheating or thieving device, including, but not limited to, tools, wires,  
 2 drills, coins attached to strings or wires or electronic or magnetic devices  
 3 to facilitate removing from any electronic gaming machine any money or  
 4 contents thereof, except that a duly authorized agent or employee of the  
 5 Kansas racing and gaming commission, lottery gaming facility manager or  
 6 racetrack gaming facility manager may possess and use any of the  
 7 foregoing only in furtherance of the agent's or employee's employment at  
 8 the lottery gaming facility or racetrack gaming facility; or

9 (3) possess or use while on the premises of a lottery gaming facility  
 10 or racetrack gaming facility, or any location where electronic gaming  
 11 machines are authorized pursuant to this act, any key or device designed  
 12 for the purpose of or suitable for opening or entering any electronic  
 13 gaming machine or similar gaming device or drop box.

14 ~~(d)~~(f) Any duly authorized agent or employee of the Kansas racing  
 15 and gaming commission, a lottery gaming facility manager or a racetrack  
 16 gaming facility manager may possess and use any of the devices described  
 17 in ~~subsections (c)(3) and (c)(4)~~ subsection (e)(3) in furtherance of  
 18 inspection or testing as provided in the Kansas expanded lottery act or in  
 19 furtherance of such person's employment at any location where any  
 20 electronic gaming machine or similar gaming device or drop box is  
 21 authorized pursuant to the Kansas expanded lottery act.

22 Sec. 32. K.S.A. 74-8761 is hereby amended to read as follows: 74-  
 23 8761. (a) It shall be a severity level 9, nonperson felony for any person to  
 24 place in operation or continue to have in place any gray machine for use  
 25 by members of the public at any location in this state.

26 (b) *It shall be the duty of the attorney general and the Kansas racing  
 27 and gaming commission to enforce the provisions of this section, together  
 28 with any rules and regulations adopted pursuant thereto. The attorney  
 29 general and the Kansas racing and gaming commission shall have  
 30 original jurisdiction to investigate and prosecute violations of this section.*

31 Sec. 33. K.S.A. 75-6202 is hereby amended to read as follows: 75-  
 32 6202. As used in article 62 of chapter 75 of the Kansas Statutes Annotated,  
 33 and amendments thereto:

34 (a) "Debtor" means any person who:

35 (1) Owes a debt to the state of Kansas or any state agency or any  
 36 municipality;

37 (2) owes support to an individual, or an agency of another state, who  
 38 is receiving assistance in collecting that support under K.S.A. 39-756 or  
 39 K.S.A. 2020 Supp. 20-378, and amendments thereto, or under part D of  
 40 title IV of the federal social security act, 42 U.S.C. § 651 et seq., as  
 41 amended; or

42 (3) owes a debt to a foreign state agency.

43 (b) "Debt" means:

1 (1) Any liquidated sum due and owing to the state of Kansas, or any  
2 state agency, municipality or foreign state agency ~~which~~ *that* has accrued  
3 through contract, subrogation, tort, operation of law, or any other legal  
4 theory regardless of whether there is an outstanding judgment for that sum.  
5 A debt shall not include special assessments except when the owner of the  
6 property assessed petitioned for the improvement and any successor in  
7 interest of such owner of property;

8 (2) any amount of support due and owing an individual, or an agency  
9 of another state, who is receiving assistance in collecting that support  
10 under K.S.A. 39-756 or K.S.A. 2020 Supp. 20-378, and amendments  
11 thereto, or under part D of title IV of the federal social security act, 42  
12 U.S.C. § 651 et seq., as amended, ~~which~~ *that* amount shall be considered a  
13 debt due and owing the district court trustee or the Kansas department for  
14 children and families for the purposes of this act; or

15 (3) any assessment of court costs, fines, fees, moneys expended by  
16 the state in providing counsel and other defense services to indigent  
17 defendants or other charges ~~which~~ *that* a district court judgment has  
18 ordered to be paid to the court and ~~which~~ *that* remain unpaid in whole or in  
19 part, and includes any interest or penalties on such unpaid amounts as  
20 provided for in the judgment or by law. Such amount also includes the cost  
21 of collection when the collection services of a contracting agent are  
22 utilized.

23 (c) "Refund" means any amount of income tax refund due to any  
24 person as a result of an overpayment of tax, and for this purpose, a refund  
25 due to a husband and wife resulting from a joint return shall be considered  
26 to be separately owned by each individual in the proportion of each such  
27 spouse's contribution to income, as the term "contribution to income" is  
28 defined by rules and regulations of the secretary of revenue.

29 (d) "Net proceeds collected" means gross proceeds collected through  
30 final setoff against a debtor's earnings, refund or other payment due from  
31 the state or any state agency minus any collection assistance fee charged  
32 by the director of accounts and reports of the department of administration.

33 (e) "State agency" means any state office, officer, department, board,  
34 commission, institution, bureau, agency or authority or any division or unit  
35 thereof and any judicial district of this state or the clerk or clerks thereof.  
36 "State agency" also shall include any: (1) District court utilizing collection  
37 services pursuant to K.S.A. 75-719, and amendments thereto, to collect  
38 debts owed to such court; and (2) contracting agent, as defined in K.S.A.  
39 75-719, and amendments thereto, with which a district court contracts to  
40 collect debts owed to such court. Such contracting agent may directly  
41 establish a debt setoff account with the director for the sole purpose of  
42 collecting debts owed to courts.

43 (f) "Person" means an individual, proprietorship, partnership, limited

1 partnership, association, trust, estate, business trust, corporation, other  
2 entity or a governmental agency, unit or subdivision.

3 (g) "Director" means the director of accounts and reports of the  
4 department of administration.

5 (h) "Municipality" means any municipality as defined by K.S.A. 75-  
6 1117, and amendments thereto, or any community mental health center  
7 organized pursuant to the provisions of K.S.A. 19-4001 et seq., and  
8 amendments thereto, and licensed pursuant to K.S.A. 2020 Supp. 39-2001  
9 et seq., and amendments thereto, or any mental health clinic organized  
10 pursuant to the provisions of K.S.A. 65-211 et seq., and amendments  
11 thereto, and licensed pursuant to K.S.A. 2020 Supp. 39-2001 et seq., and  
12 amendments thereto.

13 (i) "Payor agency" means any state agency ~~which~~ *that* holds money  
14 for, or owes money to, a debtor.

15 (j) "Foreign state or foreign state agency" means the states of  
16 Colorado, Missouri, Nebraska or Oklahoma or any agency of such states  
17 ~~which~~ *that* has entered into a reciprocal agreement pursuant to K.S.A. 75-  
18 6215, and amendments thereto.

19 (k) "Facility owner licensee" ~~shall have the same meaning as the term~~  
20 ~~is means the same as~~ defined in K.S.A. 74-8802, and amendments thereto.

21 (l) "Racetrack gaming facility manager" ~~shall have the same meaning~~  
22 ~~as that term is means the same as~~ defined in K.S.A. 74-8702, and  
23 amendments thereto.

24 (m) "Lottery gaming facility manager" ~~shall have the same meaning~~  
25 ~~as that term is means the same as~~ defined in K.S.A. 74-8702, and  
26 amendments thereto.

27 (n) "Prize" ~~shall have the same meaning as that term is means the~~  
28 ~~same as~~ defined in K.S.A. 74-8702, and amendments thereto, and any  
29 winnings from parimutuel wagering as provided by the Kansas parimutuel  
30 racing act, K.S.A. 74-8801 et seq., and amendments thereto.

31 (o) "*Sports wagering retailer*" *means the same as defined in K.S.A.*  
32 *74-8702, and amendments thereto.*

33 Sec. 34. K.S.A. 75-6204 is hereby amended to read as follows: 75-  
34 6204. (a) Subject to the limitations provided in this act, if a debtor fails to  
35 pay a debt or fails to pay to the state of Kansas or any state agency, foreign  
36 state agency, municipality or the federal department of the treasury an  
37 amount owed, the director may setoff such amount and a reasonable  
38 collection assistance fee determined in accordance with K.S.A. 75-6210,  
39 and amendments thereto, against any money held for, or any money owed  
40 to, such debtor by the state, any state agency or lottery gaming facility  
41 manager, racetrack gaming facility manager ~~or~~, facility owner licensee *or*  
42 *sports wagering retailer*.

43 (b) The director may enter into an agreement with a municipality for

1 participation in the setoff program for the purpose of assisting in the  
2 collection of a debt. The director shall include in any such agreement a  
3 provision requiring the municipality to certify that the municipality has  
4 made at least three attempts to collect a debt prior to submitting such debt  
5 to setoff pursuant to this act.

6 (c) The director shall enter into an agreement with a lottery gaming  
7 facility manager, racetrack gaming facility manager~~or~~, facility owner  
8 licensee *or sports wagering retailer* for participation in the setoff program  
9 for the purpose of assisting in the collection of a debt. The director shall  
10 include in any such agreement a provision agreeing to defend, indemnify  
11 and hold harmless a lottery gaming facility manager, racetrack gaming  
12 facility manager~~or~~, facility owner licensee *or sports wagering retailer*  
13 with regard to all claims, demands, suits, actions, damages, judgments,  
14 costs, charges and expenses, including attorney fees, that may be brought  
15 or asserted against a lottery gaming facility manager, racetrack gaming  
16 facility manager~~or~~, facility owner licensee *or sports wagering retailer* and  
17 that arise from the performance of an agreement to facilitate the collection  
18 of debts by a lottery gaming facility manager, racetrack gaming facility  
19 manager~~or~~, facility owner licensee *or sports wagering retailer*.

20 (d) (1) Except as provided in ~~subsection (e)(2) paragraph (2)~~, the  
21 director shall add the cost of collection and the debt for a total amount  
22 subject to setoff against a debtor.

23 (2) Any debts due and owing to an individual, the state of Kansas or  
24 an agency of another state that are being enforced by the Kansas  
25 department for children and families under part D of title IV of the federal  
26 social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the  
27 cost of collection added to the debt owed and subject to setoff. Such cost  
28 of collection shall be paid by the Kansas department for children and  
29 families.

30 Sec. 35. K.S.A. 75-6217 is hereby amended to read as follows: 75-  
31 6217. (a) Prior to any lottery gaming facility manager, racetrack gaming  
32 facility manager~~or~~, facility owner licensee *or sports wagering retailer*  
33 paying on behalf of the state any moneys requiring the completion of an  
34 internal revenue service form W-2G, the lottery gaming facility manager,  
35 racetrack gaming facility manager~~or~~, facility owner licensee *or sports*  
36 *wagering retailer* shall cause the person winning the prize to be matched  
37 against the state debtor files maintained by the director of accounts and  
38 reports as prescribed under K.S.A. 75-6201 et seq., and amendments  
39 thereto. If such person is listed in the state debtor files, the prize shall be  
40 withheld by the lottery gaming facility manager, racetrack gaming facility  
41 manager~~or~~, facility owner licensee *or sports wagering retailer* to the  
42 extent of such person's debt as set forth in the state debtor files.

43 (b) The lottery gaming facility manager, racetrack gaming facility

1 manager~~or~~, facility owner licensee *or sports wagering retailer* shall not be  
2 subject to any civil, criminal or administrative liability for any actions  
3 taken pursuant to this section, unless such actions are intentional,  
4 malicious or wanton by such lottery gaming facility manager, racetrack  
5 gaming facility manager~~or~~, facility owner licensee *or sports wagering*  
6 *retailer*, or employees or agents thereof. The state shall indemnify the  
7 lottery gaming facility manager, racetrack gaming facility manager~~or~~,  
8 facility owner licensee *or sports wagering retailer* for any and all  
9 expenses, losses, damages and attorney fees that arise directly or indirectly  
10 from the performance of activities related to this section. For the purposes  
11 of the fair debt collection practices act, and any other federal or state law,  
12 the lottery gaming facility manager, racetrack gaming facility manager~~or~~,  
13 facility owner licensee *or sports wagering retailer* shall have all of the  
14 protections of the state under the Kansas tort claims act, K.S.A. 75-6101 et  
15 seq., and amendments thereto. The sole remedy at law for persons who  
16 claim prizes were wrongfully withheld pursuant to this section shall be to  
17 submit an appeal to the department of administration pursuant to K.S.A.  
18 75-6201 et seq., and amendments thereto.

19 (c) Moneys withheld, based on the state debtor files, shall be remitted  
20 to the state treasurer in accordance with K.S.A. 75-4215, and amendments  
21 thereto. The state treasurer shall deposit the entire amount in the state  
22 treasury and credit it to the department of administration's setoff clearing  
23 fund.

24 (d) Nothing in this section shall apply to Native American tribal  
25 gaming facilities.

26 (e) This section shall be *a* part of and supplemental to the state debt  
27 setoff program.

28 Sec. 36. K.S.A. 79-4806 is hereby amended to read as follows: 79-  
29 4806. On July 1 of each year or as soon thereafter as sufficient moneys are  
30 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund  
31 shall be transferred and credited to the problem gambling *and addictions*  
32 grant fund established by K.S.A. 79-4805, and amendments thereto.

33 Sec. 37. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-  
34 8718, 74-8733, 74-8734, 74-8741, 74-8751, 74-8752, 74-8757, 74-8760,  
35 74-8761, 75-6202, 75-6204, 75-6217 and 79-4806 and K.S.A. 2020 Supp.  
36 21-6403 and 21-6507 are hereby repealed.

37 Sec. 38. This act shall take effect and be in force from and after its  
38 publication in the statute book.