

SESSION OF 2021

**SUPPLEMENTAL NOTE ON HOUSE SUBSTITUTE FOR
SUBSTITUTE FOR SENATE BILL NO. 84**

As Amended by House Committee of the Whole

Brief*

House Sub. for Sub. for SB 84, as amended, would amend the Parimutuel Wagering Act, the Kansas Lottery Act (KLA), and the Kansas Expanded Lottery Act (KELA) concerning the re-authorization of a Sedgwick County ballot question relating to the operation of electronic gaming machines at a racetrack gaming facility, the conducting of sports wagering operations by lottery gaming facility managers (gaming manager), lottery retailers, racetrack gaming facility managers (racetrack manager), and compacts with recognized Kansas American Indian tribes (Indian tribes) for the operation of sports wagering. The bill would define various terms to carry out the provisions of the bill, add new sections to the Parimutuel Wagering Act, KLA and KELA, and would be part of and supplemental to the KLA.

Sports Wagering Operations (New Section 1)

The bill would allow the Kansas Lottery (Lottery), in accordance with the KLA and KELA, to offer sports wagering:

- Through sports wagering retailers that have contracted with the Kansas Lottery (Lottery);
- Through one or more gaming managers or racetrack managers that have contracted with the Lottery to operate and manage sports wagering on behalf of the Lottery and the use of any such

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

licensed interactive sports wagering platforms (platform) at the primary facility of a professional sports team pursuant to a marketing agreement entered into between the gaming manager and the professional sports team; and

- Through one or more platform including the use of any such platform at the primary facility of a professional sports team pursuant to a marketing agreement entered into between the Lottery and professional sports team.

Definitions (Section 21)

The bill would define “sports wagering” to mean placing a wager on one or more sporting events, or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or a combination of sporting events, by any system or method of wagering at or through the Lottery, a lottery retailer, a lottery gaming facility, or a racetrack gaming facility.

The bill would also specify sports wagering does not include parimutuel wagering, lottery facility games, or fantasy sports leagues, as defined in continuing law.

The bill would define “sports wagering manager” to mean the Lottery, any lottery retailer that has entered into a sports wagering retailer contract or any gaming manager or racetrack manager that has entered into an approved management contract that provides for operating and managing sports wagering.

Lottery Gaming Facility Management Contracts (Section 27)

The bill would amend law on lottery gaming facility management contracts to include provisions regarding the operation of sports wagering by gaming managers.

The bill would state any management contract approved by the Kansas Lottery Commission (Commission) may include provisions for operating and managing sports wagering by the manager in person at the lottery gaming facility and over the internet *via* one or more platforms.

The bill would also state, if a management contract includes provisions for sports wagering, the contract must provide the State would retain:

- 20.0 percent of all sports wagering revenues received from wagers placed with the facility through a platform; and
- 14.0 percent of all sports wagering revenues received by the manager from wagers placed in person at the facility.

The bill would further specify, pursuant to sports wagering management contracts, the Lottery would be the licensee or owner of all software programs used in conducting sports wagering and the gaming manager, on behalf of the State, would be required to purchase or lease for the Lottery, any equipment or property deemed necessary by the gaming manager for managing sports wagering at the lottery gaming facility. All sports wagering would be subject to the control of the Lottery in accordance with KELA.

Racetrack Gaming Facilities (New Section 15 and Sections 21, 28, and 29)

Electronic Gaming Machines Proposition (Section 29)

Current law requires the board of county commissioners of each county where there is an parimutuel licensee location to submit a proposition to the electorate of such county to permit the placement of electronic gaming machines at such location.

The bill would specify that the board of county commissioners of counties with current or former licensee locations could submit or resubmit the proposition by resolution at any time. Alternatively, the bill would provide that, upon presentation of a petition, signed by 5,000 or more qualified voters, the proposition must be submitted to the electorate.

The bill would require the proposition to be submitted or resubmitted to voters at any primary or general election, or at a special election called by the board of commissioners for that purpose, and could not be held any later than 150 days after the adoption of such resolution is adopted or receipt of a valid petition for submission of the proposition.

Sedgwick County Proposition (Section 29)

The bill would specify if such election is to be held in Sedgwick County, the wording of the proposition would be in substantial compliance with the following: "Shall the operation of electronic gaming machines by the Kansas Lottery be authorized at the formal parimutuel licensee location in Sedgwick County, commonly known as Wichita Greyhound Park?"

If a majority of voters approve the proposition, the bill would require the Lottery to place and operate electronic gaming machines at the Wichita Greyhound Park. If such proposition was not approved, the Lottery could not place or operate such machines at a parimutuel licensee location in Sedgwick County unless and until approved by the majority of the votes in a subsequent election brought and conducted as described above.

Other County Propositions (Section 29)

The bill would provide there is no requirement for an election to be held as described above, if the Lottery Commission determines, prior to July 1, 2021, the county has

held an election with a ballot question in general compliance with law in effect at the time of the election, administered in compliance with state election laws, and at which the proposition was approved by voters.

The bill would allow such electronic gaming machine placement question to be submitted to the qualified voters of the county at any time, except if such a proposition has been approved by a majority of the qualified voters of the county.

The bill would specifically provide that Wyandotte and Crawford counties are deemed to have satisfied the requirements described above and no subsequent election would be required prior to the placement of electronic gaming machines in such counties.

Racetrack Gaming Facility Contracts (New Section 15)

The bill would specify prior to the execution of any racetrack gaming facility management contract for the management of such facility, the Executive Director of the Lottery (Lottery Director) would be required to provide written notice to any gaming manager managing a lottery gaming facility located in the same gaming zone as such proposed racetrack facility. Such notice would state the Lottery Director's intent to enter into such contract and the parties to the proposed contract.

The bill would specify that any action seeking a declaratory judgment on the question of whether a ballot question authorizing the operation of electronic gaming machines at a racetrack gaming facility would create a violation of state law or a material breach of the management contracts between the Lottery and gaming managers, including a claim for reimbursement of privilege fees and related interest, would not be deemed to have accrued until the gaming manager receives written notice from the Lottery Director. The bill would require that any such action be filed within 60 days after receipt of such written notice and would

be filed as an original action in the state supreme court, which would have original jurisdiction for determination of any claims made and related damages.

The bill would provide such cause of action could not request equitable relief, including injunctive relief, and any claims could be brought only by a gaming manager located in the same zone as a racetrack gaming facility, which has entered into a management contract. In addition, no claim arising from an election question authorizing slot machines at racetrack gaming facilities could be brought, except by the gaming manager in the South Central Zone.

Monetary damages would be limited to the amount of the privilege fee paid by the gaming manager, plus accrued interest from the date of accrual described above.

If no action described above is filed, the Lottery Director may execute the proposed racetrack gaming facility management contract. The bill would specify if such action is properly filed, the Lottery Director would not be authorized to execute any such management contract until such time the state supreme court issues a final order in such action and such order does not prohibit the Lottery Director from executing such contract.

The bill would specify that as referenced in continuing law, a racetrack manager could also be a facility owner licensee.

Definitions (Section 21)

The bill would also define the terms "tier one sports wager" to mean a sports wager that is determined solely by the final score or final outcome of the sporting event and is placed before the sporting event has begun and "tier two sports wager" to mean a sports wager that is not a tier one sports wager.

Sports Wagering Management (Section 28)

The bill would amend law on racetrack gaming facility management contracts to allow such contracts to include provisions regarding the operation of sports wagering by managers.

The bill would make technical amendments to update references required to be included in such contracts regarding the number and location of current gaming zones.

The bill would also state, if a management contract includes provisions for sports wagering, it would also state the following:

- The facility may offer tier one or tier two sports wagers or both;
- The State would retain 20.0 percent of all sports wagering revenues received from wagers placed with the facility through a platform; and
- The State would retain 14.0 percent of all sports wagering revenues received from wagers placed in person at the facility.

The bill would further specify, pursuant to sports wagering management contracts, the Lottery would be the licensee or owner of all software programs used in conducting sports wagering and the manager, on behalf of the State, would be required to purchase or lease for the Lottery, any equipment or property deemed necessary by the gaming manager for managing sports wagering at the racetrack gaming facility. All sports wagering would be subject to the control of the Lottery in accordance with KELA.

Sports Wagering Retailers (New Section 2 and Section 21)

Definitions (Section 21)

The bill would define “sports wagering retailer” (retailer) to mean any person with whom the Lottery has contracted to conduct sports wagering on behalf of the Lottery.

The bill would amend the term “lottery ticket vending machine” to allow such machines to dispense a sports wagering ticket, and would specify that winnings could be redeemed by a retailer to the redemption methods in continuing law.

Retailer Selection and Limitations (New Section 2)

The bill would allow the Lottery Director to select persons as retailers that the Lottery Director deems are best able to serve the public convenience and promote sports wagering in accordance with marketing plans developed by the Lottery. The bill would allow the Lottery Director to charge a fee for retailer applications.

The bill would limit the total number of retailers to 1,200, and retailers would be limited to offering tier one wagers. The bill would further require the retailer conduct sports wagering only as approved by the Lottery and in accordance with KELA.

Retailer Selection Factors (New Section 2)

In the selection of retailers, the bill would require the Lottery Director consider the following factors:

- Financial responsibility;

- Security of the applicant's place of business or activity;
- Accessibility of the applicant's place of business or activity;
- Integrity;
- Reputation;
- Volume of expected wagers; and
- Other such factors the Lottery Director deems appropriate.

Retailer Disqualifying Factors (New Section 2)

The bill would specify that no natural person could be selected as a retailer who:

- Has been convicted of a felony in this or any jurisdiction, unless at least ten years has passed since satisfactory completion of the sentence or probation imposed for each such felony;
- Has been convicted of any crime involving illegal gambling activity, fraud, dishonesty or deceit, or any financial crime in this or any jurisdiction;
- Has been found to have violated the provisions of the Act or any rule and regulation adopted under the Act;
- Is a vendor or an employee or agent of any vendor doing business with the Lottery;
- Resides in the same household of an employee of the Lottery or of a member of the Commission; or

- Has made a statement of material fact to the Lottery, knowing such statement is false.

Retailer Requirements (New Section 2)

The bill would specify the following requirements for natural persons acting as a sole proprietor to be selected as a retailer:

- Be at least 21 years of age;
- Have sufficient financial resources to support the activities required to conduct sports wagering;
- Be current in payment of all taxes, interest, and penalties owed to any taxing subdivision where the sports wagering retailer will conduct sports wagering;
- Be current in filing all applicable tax returns and in payment of all taxes, interest, and penalties owed to the State, excluding items under formal appeal pursuant to applicable statutes; and
- Not engaged exclusively in conducting sports wagering.

The bill would require a partnership to meet the same requirements as a sole proprietor, except for the age requirement; and require each partner to meet the age and tax requirements and not meet any of the disqualifying factors.

The bill would require a corporation to meet the same requirements as a sole proprietor, except for the age requirement; and require each officer or director, and each stockholder who holds 5.0 percent or more of the stock of such corporation to meet the tax requirements and not meet any of the disqualifying factors.

The bill would require an unincorporated association to meet the same requirements as a sole proprietor, except for the age requirement; and require each officer or director to meet the age and tax requirements and not meet any of the disqualifying factors.

Contract Renewal and Termination (New Section 2)

Contracts would be renewed annually after issuance unless sooner canceled or terminated. The bill would specify that no retailer contract would be transferable or assignable.

The bill would allow the Lottery Director to terminate the contract of any retailer that fails to meet any of the qualifying standards for selecting as a retailer, or on the grounds for termination provided in the contract, pursuant to rules and regulations adopted by the Commission.

Rental Payments (New Section 2)

The bill would specify if a retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and such computation is not explicitly defined to include sports wagering revenues under KELA, the compensation received by the retailer from conducting sports wagering on behalf of the Lottery would be considered the amount of retail sales for computation of the rental payment.

Interactive Sports Wagering Platform (New Section 3 and Section 21)

Definition (Section 21)

The bill would define interactive sports wagering platform (platform) to mean sports wagering made available over the internet, including through websites and mobile device applications, that accepts wagers or bets and pays

prizes to persons physically located within the geographical boundaries of the State, by and through the Lottery, a gaming manager, or a racetrack manager.

Platform Selection (New Section 3)

The bill would allow the Lottery Director to select a platform that the Lottery Director deems is best able to serve the public convenience and promote sports wagering in accordance with marketing plans developed by the Lottery.

The bill would require the platform to offer tier one and tier two wagers and be made available to any gaming manager or racetrack manager who has contracted to offer sports wagering pursuant to KELA. Sports wagering conducted through the platform would be required to be offered only as approved by the Lottery and in accordance with KELA.

Graphical User Interface and Additional Platforms (New Section 3)

The bill would allow a gaming manager or racetrack manager to apply to the Lottery for approval of one additional graphical user interface specific to the manager, to be used to access the platform. [Note: Such user interfaces are informally referred to as a “skin”.]

The bill would specify that in addition to the platform provided by the Lottery, a gaming manager or racetrack manager could apply to the Lottery for approval of one additional platform to be used by such manager in operating and managing sports wagering. The bill would require all additional platforms to comply with the KLA and KELA. Such manager would be required to submit such request in a form and manner prescribed by the Lottery Director and provide such information regarding the platform and intended use of the platform as the Lottery Director deems necessary. The bill would require all background investigation requirements to be

completed before the Lottery consider approval and usage of such platforms.

Marketing Agreement—Professional Sports Team (New Section 4 and Section 21)

The bill would allow a professional sports team to enter into a marketing agreement with the Lottery, a gaming manager, or a racetrack manager for the purpose of marketing sports wagering at the primary facility of such team.

The bill would specify that such sports wagering would be operated and managed by the Lottery, the gaming manager, or racetrack manager. Additionally, the bill would require that no owner, director, officer, employee, or agent of the team would have any duties directly related to the operation or management of sports wagering except as expressly provided in the marketing agreement.

Definitions (Section 21)

The bill would define “marketing agreement” to mean an agreement entered into between a professional sports team and the Lottery, a gaming manager, or a racetrack gaming manager for the purpose of marketing sports wagering at the primary facility of the sports team.

The bill would define “primary facility” to mean the stadium or arena where a professional sports team hosts competitive games in accordance with such team’s league rules.

The bill would define “professional sports team” to mean an athletic team, whose primary facility is located in Kansas, that operates at the major league level in the sports of baseball, basketball, football, ice hockey, or soccer.

Marketing Agreement Requirements (New Section 4)

The bill would require a marketing agreement to provide that the professional sports team would promote and advertise sports wagering on behalf of the other contracting party at the primary facility of the professional sports team. The bill would specify the promotion and advertising could include, but not be limited to:

- Advertising through signage and other media, including electronic media;
- Allowing devices such as kiosks to be located within the primary facility of the professional sports team to allow patrons to engage in sports wagering; and
- Providing access to mobile device applications that allow patrons to access the platforms utilized by the contracting party operating and managing sports wagering at the primary facility.

The bill would require any marketing agreement to prohibit the professional sports team and any owner, director, officer, employee, or agent of the team from taking any bets, paying out any prizes, or otherwise having any control or access to the platform or any other system used by the Lottery, gaming manager, or racetrack manager to operate and manage sports wagering.

Marketing Agreement Approval (New Section 4)

The bill would require any gaming manager or racetrack manager seeking to enter into a marketing agreement to submit the agreement to the Lottery for approval, and such agreement would not become effective until approved by the Lottery Director.

The bill would provide that if an agreement satisfies all requirements of the KLA and KELA, then it would be

approved. However, if the Lottery Director does not approve of the agreement, the bill would require the parties be notified of the denial and provided the reasons for the denial.

Sports Wagering Advertisements (New Section 5)

The bill would require the Lottery Director to adopt rules and regulations regarding the advertisements for sports wagering, on or before January 1, 2022. Such rules and regulations would be required to include, but not be limited to:

- Ensuring advertisements do not target children and minors, other persons ineligible to place wagers, problem gamblers, or other vulnerable persons:
 - Include limitations on the form, content, quantity, timing, and location of advertisements;
- Disclosing in all such advertisements of the identity of the sports wagering manager in all such advertisements;
- Providing the toll-free number for information and referral services for compulsive and problem gambling; and
- Prohibiting false, misleading, or deceptive advertisements.

Exempt Sporting Events (New Section 6 and Section 21)

The bill would allow a sports governing body to notify the Lottery that the body requests wagering be restricted, limited, or excluded on one or more sporting events overseen by the body. Such notification would be required to be made in such form and manner as prescribed by the Lottery Director.

Upon receiving a notice, the Lottery Director would be required to review the request in good faith, seek input from sports wagering managers on the request, and, if deemed appropriate, the Commission would be required to adopt rules and regulations to restrict wagering on such sporting events.

The bill would specify if the Lottery Director denies a request, the body whose request is denied may appeal the decision in accordance with the Kansas Administrative Procedure Act (KAPA). Offering or taking wagers contrary to any published restrictions on a sporting event would be a violation of KELA.

If a request is submitted in response to an emergency situation, the bill would allow the Lottery Director to temporarily prohibit sports wagering on the sporting event in question until there is an opportunity to review the request and adopt rules and regulations.

Definitions (Section 21)

The bill would define “sports governing body” to mean the organization that prescribes the final rules and enforces codes of conduct with respect to a sporting event and the participants in such event.

The bill would define “sporting event” to mean any professional or college sport or athletic event, motor race event, or any other event involving individual or team competition authorized by the Commission that has not occurred at the time wagers are placed on such event.

The bill would exclude from the definition of “sporting event” any horse race held pursuant to the Kansas Parimutuel Racing Act, any greyhound race, or any sporting event where the majority of participants are less than 18 years of age.

***Prohibited Wagers and Reporting of Certain Conduct
(New Section 7 and Section 21)***

The bill would require sports wagering managers to use reasonable methods to:

- Prohibit the manager; any director, officer, owner, and employee of the manager; and any relative living in the same household as such persons from placing any wager with the manager;
- Prohibit the interactive platform; any director, officer, owner, and employee of such platform; and any relative living in the same household as such persons from placing any wager with the manager;
- Prohibit athletes, coaches, referees, team owners, employees of a sports governing body, or its member teams, and player and referee union personnel from placing wagers on any sporting event overseen by such sports governing body;
 - In determining excluded persons, managers would be required to use publicly available information and any list of such persons that the sports governing body may provide to the Lottery or Kansas Racing and Gaming Commission (KRGCC);
- Prohibit any person with access to nonpublic confidential information from unauthorized access and dissemination, provided nothing in the Act would preclude the use of internet or cloud-based hosting of such data and information or disclosure as required by court order, state or federal law, or as otherwise required by the Act.
- Prohibit persons from placing any wager as an agent or proxy for another person; and

- Prohibit any person from placing wagers known by the manager as having been convicted of any felony or misdemeanor offense involving sports wagering, including, but not limited to:
 - The use of funds derived from illegal activity to make any wager;
 - Placing any wager to conceal money derived from illegal activity;
 - The use of other individuals to place any wager as part of any wagering scheme to circumvent any provision of federal or state law; and
 - The use of false identification to facilitate the placement of any wager or collection of any prize in violation of federal or state law.

The bill would require sports wagering managers to cooperate with any investigations conducted by the Lottery, KRGC, sports governing bodies, or law enforcement agencies. The bill would specify such cooperation would not be limited to providing or facilitating the provision of account-level betting information and the audio or video files relating to such persons placing wagers.

The bill would require sports wagering managers to immediately report to the Lottery and KRGC, any information relating to:

- Criminal or disciplinary proceedings commenced against the sports wagering manager in connection with such manager's operations in any jurisdiction in which such manager operates;
- Abnormal wagering activity or patterns that may indicate a concern with the integrity of a sporting event in any jurisdiction in which such manager operates;

- Any potential breach of the relevant sports governing body's internal rules and codes of conduct pertaining to sports wagering;
- Any other conduct that corrupts a betting outcome of a sporting event for purposes of financial gain, including match-fixing; and
- Suspicious or illegal wagering activities, including the use of:
 - Funds derived from illegal activity;
 - Wagers to conceal or launder funds derived from illegal activity;
 - Agents to place wagers; and
 - False identification when placing wagers.

The bill also would require that managers immediately report information relating to any of the above conduct, with the exception of criminal or disciplinary proceedings commenced against the sports wagering manager, to the relevant sports governing body.

Definitions (Section 21)

The bill would define "match-fixing" to mean to arrange or determine any action that occurs during a sporting event, including, but not limited to, any action resulting in the final outcome of such sporting event for financial gain.

Required Records (New Sections 7 and 8)

The bill would require sports wagering managers to maintain the following records of all wagers placed, including personally identifiable information of the person placing the wager:

- The amount and type of wager;

- The time the wager was placed;
- The location of the wager, including IP address if applicable;
- The outcome of the wager;
- Any records of abnormal wagering activity; and
- Video camera recordings, in the case of in-person wagers.

The bill would require such records be maintained for at least three years after the sporting event occurs. Sports wagering managers would be required to make such records available for inspection upon request by the Lottery, KRGC, or as required by court order.

Confidential Information (New Section 7)

The bill would provide that information provided by a sports governing body to a sports wagering manager would be confidential and not subject to the Kansas Open Records Act (KORA) and the sports wagering manager would be required not to disclose such information or any portion of the information, unless disclosure is required by KELA, the KRGC, state or federal law, or court order. The bill would provide a sunset date for the confidentiality provisions of July 1, 2026, unless the Legislature reenacts the provision. The bill would require the Legislature to review the confidentiality provisions prior to July 1, 2026.

Minimum Age to Place a Wager (Section 32)

The bill would specify no person under 21 years of age would be permitted to place a sports wager either directly or indirectly and would not be otherwise permitted to engage in sports wagering.

Official League Data (New Section 7 and Section 21)

The bill would allow sports wagering managers to use data from any source the manager deems appropriate for determining the result of tier one sports wagers. Sports wagers managers could only use official league data for determining the result of tier two sports wagers, provided that official league data is readily available for managers to access or purchase on commercially reasonable terms.

Definitions (Section 21)

The bill would define “official league data” to mean statistics, results, outcomes, and other data relating to a sporting event that has been obtained from the relevant sports governing body, or an entity expressly authorized by the sports governing body to provide such information to sports wagering managers.

Data Sharing (New Section 9)

The bill would specify that if a sports governing body has notified the KRGC that real-time information sharing for wagers placed on such body’s sporting events is necessary and desirable, managers would be required to share in real-time, the information required to be maintained, except video camera recordings, with the sports governing body or designee, with respect to wagers on such body’s sporting events. The bill would clarify that the information provided must not contain any personally identifiable information.

The bill would require the Lottery and KRGC to cooperate with a sports governing body and a sports wagering manager to ensure the timely, efficient, and accurate sharing of information, and would require any disclosures made to be in accordance with the privacy provisions of the bill.

Data-Sharing Agreement

The bill would require that the KRGC and any sports wagering manager only disclose personal information of individuals placing wagers to a sports governing body if such body has entered into a data-sharing agreement with the Lottery. The bill would require the agreement to specify when and to what extent the personal information of individuals placing wagers may be disclosed by the KRGC or sports wagering manager, and would require any disclosure of such information be made in accordance with any such agreement.

Cause of Action for Improper Influence (New Section 10)

The bill would grant the State or a sports governing body a cause of action to seek damages or other equitable relief against persons who knowingly engage in, facilitate, or conceal conduct that intends to improperly influence a betting outcome of a sporting event for purposes of financial gain in connection with betting or wagering on the sporting event.

The bill would also state any such cause of action would not be a limitation on or a bar against any other claims the State or body could bring against such person, or any other claim the State or body could bring for injuries or damages arising out of the operation of sports wagering.

Limitations and Self-exclusion (New Section 11)

The bill would require sports wagering managers to allow individuals to request to restrict themselves from placing sports wagers and take reasonable measures to prevent such person from placing wagers. The sports wagering manager would be required to submit the person's name and pertinent information to the KRGC for the purpose of disseminating such person's information to all other sports wagering managers. Any manager who receives the

information would be required to restrict the individual from placing sports wagers.

***Certification of Certain Persons; Rules and Regulations
(Section 30)***

The bill would amend law concerning certification requirements to grant authority to the KRGC to establish, through rules and regulations, a certification requirement and enforcement procedure for persons:

- Owning at least a 5.0 percent interest, rather than the current 0.5 percent, in a gaming manager or racetrack manager;
- Persons owning at least a 5.0 percent interest, rather than the current 0.5 percent, in an electronic gaming machine manufacturer and technology providers, or computer system providers who propose to contract with a lottery gaming manager, a racetrack manager, or the State for the provision of goods or services, including management services, related to either such gaming facility.

The bill would also amend the certification provisions by removing language related to types of crimes that would make a person unfit for certification, a requirement that KRGC conduct checks required for certification, and provisions that would state certification is not assignable or transferable.

Certification for Employees Involved in Sports Wagering

The bill would further require KRGC, through rules and regulations, to create an annual certification requirement and enforcement procedure for:

- Employees of a gaming manager or racetrack manager that are directly involved in the operation

or management of sports wagering managed by such manager; and

- Those persons who propose to contract with a manager for the provision of goods or services related to sports wagering, including any platform requested by a manager.

The bill would establish this as an annual certification which requires compliance with such security, fitness, and background investigations and standards as the KRGC Executive Director (KRGC Director) deems necessary to determine whether such person's reputation, habits, or associations pose a threat to the public interest of the state or to the reputation of, or effective regulation and control of, sports wagering conducted by the lottery gaming facility or racetrack gaming facility. The certification would be valid for one year from the date of issuance.

Revocation of Employee Certification

The bill would also require KRGC to create, through rules and regulations, provisions regarding the suspension, revocation, or non-renewal of the certification for employees involved in sports wagering upon a finding the certificate holder has:

- Knowingly provided false or misleading material information to the Lottery, the KRGC, or employees of either;
- Been convicted of a felony, gambling-related offense, or any crime of moral turpitude;
- Violated any provision of any contract between the Lottery and the certificate holder; or
- Violated any provision of KELA or any rule and regulation adopted pursuant to KELA.

The bill would require the KRGC to conduct the required security, fitness, and background checks, and would state that any person convicted of any felony, a crime involving gambling, or a crime of moral turpitude prior to applying for a certificate, or at any time thereafter, would be deemed unfit. The bill would also state certification is not assignable or transferable.

Facility Inspection and Security Measures (Section 31)

The bill would amend law regarding inspection by the Lottery Director and KRGC Director to include sports wagering operations. The bill would add to the powers of the KRGC Director the authority to examine books, papers, records, or memoranda of any business involved in electronic gaming machines, lottery facility games, or sports wagering operations.

The bill would remove the requirement the KRGC Director inspect and approve, prior to publication or distribution, all advertising by a gaming manager or racetrack manager, which includes any reference to the Lottery.

The bill would also add sports wagering to provisions that require appropriate security measures approved by the KRGC Director.

Legal Actions in Quo Warranto (New Section 14)

The bill would allow the Attorney General to file an action in *quo warranto*, questioning the authority of a public official to act in accordance with New Sections 1 and 2 of the bill. Such actions would need to be filed within 90 days of the effective date of the bill, could only be filed with the Kansas Supreme Court, and could only be brought by the Attorney General.

***Claims for Specific Performance, Anticipatory Breach,
Breach of Contract; Equitable Relief (New Section 14)***

The bill would limit actions for specific performance, anticipatory breach, or breach of contract based on violation of the statutorily required enforceable provisions for retailer contracts or material breach of a gaming facility management contract. Such actions would be deemed not to accrue until the Lottery enters into a contract with a retailer to offer sports wagering or a final order is issued in any *quo warranto* action brought by the Attorney General, whichever occurs later. The bill would require any such action to be commenced in the district court of Shawnee County within 60 days from the date the cause of action accrued.

No claim for equitable relief, including injunctive relief, could be brought in any such action except by the Attorney General in a *quo warranto* action.

The bill would specify that monetary damages that may be awarded in any such action would not exceed an amount equal to the privilege fee paid by the gaming manager plus accrued interest from the date such action accrues.

Crimes (New Section 17 and Sections 19, 24, 33-34)

The bill would create certain crimes related to sports wagering and amend certain existing crimes to include provisions regarding sports wagering within the Kansas Criminal Code.

Misuse of Nonpublic Sports Information (New Section 17)

The bill would define the crime of misuse of nonpublic sports information to be placing, or causing to be placed, a bet or wager on a sports contest on the basis of material nonpublic sports information relating to such bet or wager, and would establish the crime as a severity level 5 nonperson felony.

The bill would define “on the basis of material nonpublic sports information” to mean the person placing the bet or wager, or causing such bet or wager to be placed, was aware of the material nonpublic information relating to such bet or wager when the person placed or caused the wager to be placed.

Sports Bribery (Section 19)

The bill would specify that acts constituting sports bribery identified in current law, if committed with the intent to influence a betting outcome of a sports contest in order to obtain financial gain, in connection with betting or wagering on a sports contest are a severity level 5 nonperson felony.

Prior Employment—Conflict of Interest (Section 24)

The bill would amend law related to an unlawful conflict of interest based upon prior employment.

The bill would add a subcontractor or agency of an interactive sports wagering platform to those who may not, while or within five years after holding either a direct or indirect financial interest or being employed by or a consultant to a platform, serve as Lottery Director, a member of the Commission, or an employee of the Lottery. In continuing law, violation of the provisions is a class A misdemeanor.

The bill would add a subcontractor or agency of an interactive sports wagering platform to those from whom it is unlawful for the Lottery Director, member of the Commission, or lottery employee to accept any compensation, gift, loan, entertainment, favor, or service. Under continuing law, violation of the above is a class A misdemeanor.

Prohibited Wagers (Section 33)

The bill would add provisions making it a class A nonperson misdemeanor for the following persons to place a sports wager in the state, except in accordance with the rules and regulations of KRGC, or by written authority from the Director, in performing installation, maintenance, inspection, and repair services:

- The Lottery Director, a member of the Lottery Commission, or any employee or agent of the Lottery;
- The KRGC Director, a member of the KRGC, or any employee or agent of the KRGC;
- A manager; any director, officer, owner, or employee of such manager; or any relative living in the same household as such persons;
- A platform; any director, officer, owner, or employee of such platform; or any relative living in the same household as such persons;
- Any owner, officer, athlete, coach, or other employee of a team; or
- Any director, officer, or employee of a player or referee union.

The bill would establish as a severity level 8 nonperson felony, knowingly placing a sports wager:

- With access to nonpublic confidential information held by the sports wagering manager;
- As an agent or proxy for other persons;
- Using funds derived from illegal activity;
- To conceal money derived from an illegal activity;

- Through the use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law; or
- Using false identification to facilitate the placement of the wager or the collection of any prize in violation of federal or state law.

Gray Machines (Section 34)

The bill would amend law related to gray machines to specify the Attorney General and KRGK have the duty to enforce law related to gray machines, and both have original jurisdiction to investigate and prosecute violations of such provisions.

Online Lottery Game Guidelines (Sections 22 and 25)

Continuing law authorizes the Commission to adopt rules and regulations for online lottery games. The bill would add provisions stating the Lottery could sell traditional lottery tickets and conduct traditional lottery ticket games over the internet or digital cellular network, including through a Lottery website and mobile device application.

The bill would specify no such ticket or game sold or conducted under these provisions could:

- Allow a player to choose the denomination of a ticket during game play;
- Offer a ticket or game at a price less than any traditional lottery ticket offered at retail;
- Operate or appear to operate with the dress, theme, or mechanisms of an electronic gaming machine;

- Extend or arrange credit for the purchase of a ticket;
- Allow for the redemption for payment of a lottery ticket other than at a Lottery retail location or with the Lottery;
- Allow a player to use an automatic play feature for consecutive instant games; or
- Allow a player to use a “reveal all” feature that functions over a period of less than three seconds.

The bill would make a corresponding amendment to a criminal statute regarding unlawful lottery ticket sales, and would state a violation of the above provisions would be a class A misdemeanor for the first offense and a severity level 9 nonperson felony for the second offense.

State Debt Setoff Program (Sections 35-37)

Current law allows the Director of Accounts and Report in accordance with the State Debt Setoff Program (Program) to setoff funds owed by certain Lottery facilities to a debtor if the debtor owes money to certain governmental entities. The bill would include sports wagering retailers as an entity who may have funds owed to a debtor setoff by the Director of Accounts and Reports. The bill would make conforming amendments to include retailers as participants in the Program and would add retailers to provisions concerning agreements with the Lottery about the process of withholding funds for debt setoff, liability, and indemnification.

Problem Gambling and Addictions Grant Fund (Section 38)

Current law requires on July 1 of each year, or as soon after as funds are available, that \$80,000 is credited to the State Gaming Revenues Fund and then transferred to the

Problem Gambling and Addictions Grant Fund. The bill would amend the transfer amount to \$100,000.

Sports Wagering Receipts Fund (New Section 12, Section 21)

The bill would create the Sports Wagering Receipts Fund, which would contain separate accounts for receipt of sports wagering moneys from the Lottery, retailers, each gaming manager, and each racetrack manager, with all expenditures from the fund being made in accordance with appropriation acts upon warrants of the Director of Accounts and Reports issued pursuant to vouchers approved by the Lottery Director or designee.

The bill would specify all sports wagering revenues should be paid electronically to the Lottery Director weekly, or as soon as reasonably possible, but not before all bets for a specific sporting event are completed and settled. The Lottery Director would be required to remit all moneys received to the State Treasurer and the State Treasurer would be directed to deposit the amount received in the State Treasury and credit such remittance to the respective account in the Sports Wagering Receipts Fund for the Lottery, retailer, or relevant manager.

The bill would require the Lottery Director to certify monthly to the Director of Accounts and Reports the percentages or amounts to be transferred from each account to the Lottery Operating Fund, as provided by a retailer, gaming facility management, or racetrack management contract. The Director of Accounts and Reports would be directed to transfer such amounts from each account in accordance with the certification of the Lottery Director, who would be required to cause amounts from each account to be paid to the managers monthly, according to each respective contract

Definitions (Section 21)

The bill would define “sports wagering revenues” to mean wagering revenue generated from sports wagering that is an amount equal to the total wagers less any voided wagers and any amounts paid as prizes. Sports wagering revenues would not be included in lottery gaming facility revenues, which include revenues from lottery facility games.

White Collar Crime Fund (New Section 13 and Section 23)

The bill would create the White Collar Crime Fund, which would be administered by the Attorney General. The bill would require all moneys credited to the fund would be expended only for the purpose of investigating and prosecuting:

- Criminal offenses involving or facilitated by:
 - The use of funds derived from illegal activity to make wagers;
 - Placing wagers to conceal money derived from illegal activity;
 - The use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law;
 - The use of false identification to facilitate the placement of any wager or the collection of any prize in violation of federal or state law;
 - Any other unlawful activity involving or facilitated by the placing of wagers; or
 - Any other violation of KELA; or
- Any financial or economic crime.

The bill would require all expenditures from the fund to be made in accordance with appropriation acts upon warrants

of the Director of Accounts and Reports issued pursuant to vouchers approved by the Attorney General or designee.

The bill would allow the Attorney General to certify to the Director of Accounts and Reports amounts to be transferred from the White Collar Crime Fund to any special revenue fund(s) of the Kansas Bureau of Investigation (KBI), as deemed appropriate by the Attorney General. Upon receipt of such certification, the Director of Accounts and Reports would be required to transfer amounts from the White Collar Crime Fund to the special revenue fund in accordance with such certification.

The bill would require on July 1, 2022, and each July 1 thereafter, or as soon thereafter as moneys are available, the first \$750,000 credited to the Lottery Operating Fund from the sports wagering revenues deposited in the fund would be transferred by the Director of Accounts and Reports from the Lottery Operating Fund to the White Collar Crime Fund.

Rules and Regulations Authority (Section 22)

The bill would require the Commission to adopt rules and regulations governing the operation of sports wagering and to implement, administer, and enforce the provisions of the bill related to the Lottery. The bill would specify that such rules and regulations include, but not be limited to:

- Sports wagering conducted by the Lottery, including contracts for sports wagering conducted by retailers;
- Management contracts for sports wagering conducted by gaming managers and racetrack managers;
- Provisions for confidentiality of information submitted by an interactive sports wagering platform and sports wagering managers; and

- Provisions ensuring the integrity of sports wagering conducted in the State.

Tribal Gaming Compact (New Section 16)

The bill would state, if any federally recognized Indian tribe, as defined in continuing law, submits a request for negotiation of a gaming compact regarding sports wagering, the Governor or the Governor's designee would negotiate in good faith with such Indian tribe to enter into such a gaming compact.

The bill would further provide that compacts would not be able to include sports wagering beyond the boundaries of the reservation of the compacting Indian tribe. The bill would also allow a recognized Indian tribe, or any business entity that is wholly owned by such recognized Indian tribe to contract with the Lottery to conduct sports wagering *via* a platform under the same terms and conditions as other sports wagering managers pursuant to KELA.

Background

The House Committee on Federal and State Affairs amended HB 2199 and inserted the amended provisions into Sub. for SB 84. The House Committee then recommended a substitute bill, House Sub. for Sub. for SB 84.

Sub. for SB 84, as amended by the Senate Committee of the Whole, would have amended and created law relating to sports wagering.

[*Note:* The provisions of Sub. for SB 84 relating to sports wagering were not retained in the House substitute bill.]

Background information on Sub. for SB 84 is contained in the supplemental note for that bill.

HB 2199 (Sports Wagering)

HB 2199 was introduced by the House Committee on Federal and State Affairs at the request of Representative Barker.

House Committee on Federal and State Affairs

The House Committee held hearings on February 17-18, 2021. **Proponent** testimony was provided by Representative Barker and representatives of Fuel True and Ruffin Companies. The proponents expressed their support of allowing lottery retailers and racetracks to offer sports wagering. Written-only **proponent** testimony was provided by representatives of the Kansas Association of Broadcasters and Sporting Kansas City.

Opponent testimony was presented by representatives of the Humane Society of Greater Kansas City, the Humane Society of the United States, the Kansas Animal Control Association, KC Regap, and the Southeast Kansas Humane Society. The opponents expressed their concern with the hosting of live greyhound races at racetrack facilities.

Written-only **opponent** testimony was provided by Allen County Animal Rescue Facility; American Family Action of Kansas and Missouri; Boot Hill Casino & Resort; Boyd Gaming Corporation-Kansas Star Casino; Companion Animal Protection Society; Great Plains SPCA and Heartland Positive Dog Training Alliance; Helping Hands Humane Society; Hollywood Casino at Kansas Speedway; Kansas Crossing Casino & Hotel; Leavenworth County Humane Society; Managers of Boot Hill Casino & Resort and Kansas Crossing Casino & Hotel; Pals Animal Rescue, Inc. and Spay-Neuter Kansas, Inc.; Prairie Paws Animal Shelter; T. Russel Reitz Animal Shelter; the Wichita Animal Action League; and two private citizens.

Neutral testimony was presented by representatives of the Kansas Association of Addiction Professionals, the League of Kansas Municipalities, the Prairie Band Potawatomi Nation, and a private citizen. Written-only neutral testimony was provided by a representative of the National Football League.

On March 19, 2021, the House Committee amended HB 2199 by adopting amendments relating to:

- Re-authorizing a Sedgwick County ballot question concerning electronic gaming machines at a Sedgwick County racetrack gaming facility;
- Amending the required remittance percentage of net electronic gaming machine income at racetrack gaming facilities. [*Note:* This amendment was later removed by the House Committee];
- Clarifying certain provisions that could be in a tribal gaming compact related to sports wagering and contracts between recognized tribes and the Lottery concerning platforms; and
- Making further specifications for iLottery operations.

The House Committee inserted the contents of HB 2199, as amended, into Sub. for SB 84 and recommended a substitute bill be passed. [*Note:* The provisions of Sub. for SB 84 were not retained in the House substitute bill.]

On March 22, 2021, the House Committee voted to reconsider the bill and further amended the substitute bill by removing provisions concerning distribution of electronic gaming machine revenue from racetrack gaming facilities; however, the bill was not passed by the House Committee.

On March 24, 2021, the House Committee again considered the bill and recommended the substitute bill be passed.

House Committee of the Whole

On March 30, 2021, the House Committee of the Whole amended the bill to clarify the definition of the term “sporting event” would exclude any greyhound race, rather than excluding only greyhound races held pursuant to the Kansas Parimutuel Racing Act, from the definition.

Fiscal Information

Information from the fiscal note prepared by the Division of the Budget on HB 2199 as introduced is below. Fiscal information for the provisions of the bill pertaining to the Sedgwick County ballot question, rate of remittance of racetrack facility electronic gaming machines, tribal gaming compact platform provisions, and the iLottery digital ticket provisions are not included.

Kansas Racing and Gaming Commission

The KRGC indicates enactment of HB 2199, as introduced, would require at least 6.0 additional FTE positions and \$456,000 annually for ongoing costs to regulate sports wagering. Actual costs would vary as the Commission would determine the industry specific tools necessary to regulate this industry.

Sports wagering at parimutuel racetracks would require the racetrack to reopen, likely with electronic gaming machines. To operate electronic gaming machines, racetrack managers would first be required to obtain a parimutuel license from the KRGC before they could negotiate with the Lottery for a contract to offer sports wagering or electronic gaming machines. To operate electronic gaming machines, a

contract with a racetrack manager would have to be approved by the Lottery and a background investigation would have to be approved by the KRGC.

The KRGC indicates that it would need approximately \$1.8 million and 21.0 FTE positions for each parimutuel racetrack that reopens for annual costs to regulate both the racing and gaming activities. Start-up costs of approximately \$450,000 per facility would also be needed for expenses such as background investigations, licensing equipment, software licenses, computer equipment, furniture and supplies, and other expenses that would be associated with the reopening of each facility. Funding for regulating racing activities has primarily come from the transfer of parimutuel tax receipts to the State Racing Fund. The appropriations bill each year provides authority for the KRGC to bill each facility for all costs related to regulating racing activity.

State Gaming Agency

The bill would not require additional staffing or expenditures by the State Gaming Agency (part of the KRGC that regulates tribal gaming) unless gaming compacts are agreed to by the Governor and tribal gaming commissions and approved by the Legislature that remove the prohibition of tribal gaming facilities operating sports wagering operations. The State Gaming Agency indicates that it would require 2.0 additional FTE positions and \$201,802 annually for ongoing costs if it were required to regulate sports wagering at existing tribal casinos.

Kansas Lottery

The Lottery indicates it would need to hire two or three new employees for each parimutuel gaming facility that could open as a result of the bill. However, without knowing the size of the proposed facility and when the facility would open, the Lottery is unable to make an estimate of its gaming related expenses.

The Lottery indicates that when it has negotiated contracts with gaming managers, it has required that all of its gaming-related expenses be reimbursed by the gaming manager. Direct gaming expenses are billed directly to the specific gaming manager and indirect expenses are prorated to all managers. The Lottery indicates that it would incur significant staff and other start-up costs during the implementation phase, but it is unable to estimate specific amounts or positions necessary to implement the provisions of the bill. In addition, the Lottery is unable to estimate the additional expenses to implement a sports wagering system because it unknown how widespread sports wagering would be offered.

The Lottery indicates the sports wagering industry operates significantly different from the existing casino gaming. To achieve the maximum desired return on all bets placed, a sports wagering manager seeks to create equal wagering on both sides of a sporting event. A lopsided distribution of the wagers creates risk for the manager and the potential to pay out significantly more than what is taken in. Approximately 95.0 percent of the gross amounts wagered on sporting events goes back to the winning wager, which leaves 5.0 percent as the hold percentage that is used for administrative fees, taxes, and profit. The hold percentage can vary substantially, but it usually averages between 5.0 percent and 7.0 percent in the long run. The Lottery estimates the bill could generate between \$1.0 million and \$8.0 million for the state under the provisions of the bill.

The Lottery indicates that industry analysts predict that the sports wagering industry will see substantial growth in future years. These estimates assume that most sports wagering would occur over the Internet with an interactive sports wagering platform with an average hold percentage of 6.0 percent. The Lottery indicates a well-designed and well-implemented sports wagering system would generate significant revenues in future years, but it is doubtful that it could be implemented to have significant effect in FY 2022.

There are two studies (Eilers-Krejciak and AGA-Oxford) on potential nationwide and state-specific projections for revenues and gross wagering. The studies indicate that gross wagers placed in Kansas could reach nearly \$1.0 billion with limited availability of sports wagering (sportsbooks only available at casinos) or more than \$2.0 billion with convenient availability of sports wagering (sportsbooks at casinos, retail locations, and online) that is fully implemented. The proposed bill would implement a sports wagering system that could be characterized as “convenient availability.” The studies use a number of variables to estimate the impact of sports wagering in Kansas, including comparing certain demographics in Kansas to Nevada where sports wagering is legal, the number of existing gambling outlets, and the level of spending in those outlets to help determine the perceived competitiveness of the market. The studies also suggest a large portion of currently illegal sports betting would shift to legal markets.

The State of Iowa began sports wagering operations on August 15, 2019, through onsite operations at most of the state’s casinos and through the Internet with mobile device applications. Reviewing actual data from Iowa for the first four and half months of operations that occurred pre-pandemic, gross wagering at Iowa casinos totaled \$212.2 million, including 55.8 percent of wagers conducted through the Internet. Taking a more conservative approach to the estimates provided by the two studies and a review of actual results from Iowa, the bill has the potential to result in \$500.0 million in gross sports wagers placed in Kansas. Under this scenario, and after approximately 95.0 percent of the gross amount sports wagers are paid to the winning wagers, then approximately 5.0 percent, or \$25.0 million, would be available for administrative fees, taxes, and profit. The state’s share of revenues, under this scenario would generate approximately \$4.5 million, with \$3.75 million to the Lottery Operating Fund and \$750,000 to the White Collar Crime Fund. The Lottery indicates the \$3.75 million transferred to the Lottery Operating Fund would be used for sports wagering-related operating expenses with any additional

amount above expenses being transferred to the State Gaming Revenue Fund and ultimately transferred to the State General Fund at the end of the fiscal year.

This estimate assumes an effective sports wagering tax of approximately 18.0 percent because a larger share of sports wagering is estimated to occur over the Internet with an interactive sports wagering platform (taxed at 20.0 percent) than placed at the lottery gaming facility (taxed at 14.0 percent). The estimate does not take into account wagers through retailers because it is unknown how prolific sports wagering would be at retail locations or what the effective sports wagering tax rate would be at retail locations. It is also unknown to what extent the tax rate would discourage currently illegal sports betting to shift to legal markets.

The Lottery indicates removing the prohibition of selling lottery tickets by electronic mail, the Internet, or telephone (also known as iLottery) and placing procedures on its implementation have the potential to increase the overall ticket sales by \$25.7 million and increase the transfer to the state by an additional \$2.9 million in the first full year after implementation. With expected growth in this segment of the lottery industry, the bill has the potential to generate a total of \$18.1 million in additional transfers to the state over the course of the first five years. The Lottery indicates that all costs for equipment, systems development, regulation, and administration for iLottery would be paid from the additional revenues generated from iLottery sales.

Kansas Department for Aging and Disability Services

The Kansas Department for Aging and Disability Services indicates allowing sports wagering activity would likely increase demand for services provided by its Problem Gambling Program. The Department indicates the amount of additional spending would be dependent on how readily available sports wagering would be offered in the state. The

Department also has concerns the funding mechanism that provides an additional \$20,000 to the Problem Gambling and Addictions Grant Fund would be insufficient to support additional demand for services in its Problem Gambling Program.

The Office of the Attorney General

The Office of the Attorney General would be authorized to file a legal action with the Kansas Supreme Court within 90 days of the effective date of the bill to determine if allowing sports wagering violates provisions of KELA. If there are additional litigation costs as a result of the bill, the Office would likely hire outside counsel. However, the Office did not provide an estimate of any potential litigation costs or how long the estimated litigation costs would continue from enactment of the bill.

The Office indicates it would be required to review the legality of any proposed rules and regulations from the Lottery and the KRGC related to sports wagering. The Office indicates the cost to review proposed rules and regulation would be negligible and could be absorbed within existing resources. The bill has the potential to increase funding by up to \$750,000 per year to investigate and prosecute criminal offenses related to sports wagering or illegal gambling activity if a grant is secured from the White Collar Crime Fund. The Office would likely hire additional positions to investigate and prosecute white collar crimes; however, a specific determination on how these additional funds would be expended has not been made. Funds from the White Collar Crime Fund would also be allowed to be transferred to the Kansas Bureau of Investigation to investigate financial and economic crimes; however, the amount of the transfer, if any, would be determined by the Office.

Office of Judicial Administration

The bill has the potential for increasing litigation in the courts because of the new crimes created by the bill. If it does increase litigation, the Office of Judicial Administration indicates there would be a fiscal effect on the operations of the court system. However, it is not possible to estimate the number of additional court cases that would arise or how complex and time-consuming the cases would be. The fiscal effect would most likely be negligible and could be accommodated within the existing budget resources.

Kansas Sentencing Commission

The Kansas Sentencing Commission indicates the bill could have an effect on prison admissions and beds; however, the Commission did not provide a specific estimate.

Department of Administration

The Department of Administration indicates the costs associated with adding sports wagering retailers to the Debt Setoff Program would be negligible and could be absorbed within existing resources. The Debt Setoff Program intercepts debts owed to state agencies, municipalities, district courts, and state agencies in other states. Debts include, but are not limited to, child support, taxes, educational expenses, fines, services provided to the debtor, and court-ordered restitution. However, the Department is unable to make an estimate of the amount of additional debt setoffs that would be intercepted as a result of the bill.

Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Sports; gambling; electronic gaming machines; betting; wagering; racetracks; lottery; lottery retailer; Kansas Lottery Act; Kansas Expanded Lottery Act; Problem Gambling and Addictions Grant Fund; White Collar Crime Fund