AN ACT concerning raffles; amending K.S.A. 74-8802 and K.S.A. 2012 Supp. 21-6403 and 74-8702 and repealing the existing sections.

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

New Section 1. (a) Raffle means a gambling scheme in which: (1) Participants pay or agree to pay something of value for an opportunity to win something of value; (2) winning opportunities are represented by tickets differentiated by sequential enumeration; (3) winners are picked by a random drawing of tickets or by a race utilizing inanimate objects floated along a river, stream, canal or other body of water; and (4) the raffle is conducted for the benefit of a not-for-profit qualified organization described in 501(c)(3) of the internal revenue code or agencies or instrumentalities of the United States government, the state of Kansas and political subdivisions such organization having been in existence for 18 months or more.

(b) Any qualifying not-for-profit organization may conduct a raffle that has gross proceeds not greater than $5,000. Each chance in such raffle shall have an equal likelihood of being a winning chance. The gross proceeds shall be used solely for charitable or community betterment purposes, awarding of prizes and expenses. Any qualifying not-for-profit organization may conduct one or more raffles in a calendar month if the total gross proceeds from such raffles do not exceed $5,000 during such month.

(c) Any qualifying not-for-profit organization may conduct a raffle in which the gross proceeds exceed $5,000 during any calendar month, if the organization registers annually with the administrator of charitable gaming, department of revenue. Such organization shall file an annual report of its raffle activities.

(d) The department of revenue, upon recommendation of the administrator of charitable gaming, may adopt rules and regulations to implement this section.

(e) Any person or organization that conducts or participates in a raffle in violation of this section shall be considered as operating a public nuisance.

Sec. 2. K.S.A. 2012 Supp. 21-6403 is hereby amended to read as follows: 21-6403. As used in K.S.A. 2012 Supp. 21-6403 through 21-
(a) "Bet" means a bargain in which the parties agree that, dependent
upon chance, one stands to win or lose something of value specified in the
agreement. A bet does not include:

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

(2) offers of purses, prizes or premiums to the actual contestants in
any bona fide contest for the determination of skill, speed, strength or
endurance or to the bona fide owners of animals or vehicles entered in
such a contest;

(3) a lottery as defined in this section;

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

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

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

(7) tribal gaming; or

(8) a raffle as defined in this section;

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

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

or

(2) tribal gaming;

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

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

(2) participants in any lottery operated by the state pursuant to the Kansas lottery act;

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

(4) a person to participate in tribal gaming;

(d) (1) "gambling device" means any:

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

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

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

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

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

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

(C) subassembly or essential part intended to be used in connection with any such machine, mechanical device, electronic device or other contrivance, but which is not attached to any such machine, mechanical device, electronic device or other contrivance as a constituent part; or

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

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

(2) "Gambling device" shall not include:

(A) Any machine, mechanical device, electronic device or other contrivance used or for use by a licensee of the Kansas racing commission
as authorized by law and rules and regulations adopted by the commission
or by the Kansas lottery or Kansas lottery retailers as authorized by law
and rules and regulations adopted by the Kansas lottery commission;
(B) any machine, mechanical device, electronic device or other
contrivance, such as a coin-operated bowling alley, shuffleboard, marble
machine, a so-called pinball machine, or mechanical gun, which is not
designed and manufactured primarily for use in connection with gambling,
and:
(i) Which when operated does not deliver, as a result of chance, any
money; or
(ii) by the operation of which a person may not become entitled to
receive, as the result of the application of an element of chance, any
money;
(C) any so-called claw, crane or digger machine and similar devices
which are designed and manufactured primarily for use at carnivals or
county or state fairs; or
(D) any machine, mechanical device, electronic device or other
contrivance used in tribal gaming;
(e) "gambling place" means any place, room, building, vehicle, tent
or location which is used for any of the following: Making and settling
bets; receiving, holding, recording or forwarding bets or offers to bet;
conducting lotteries; or playing gambling devices. Evidence that the place
has a general reputation as a gambling place or that, at or about the time in
question, it was frequently visited by persons known to be commercial
gamblers or known as frequenters of gambling places is admissible on the
issue of whether it is a gambling place;
(f) "raffle" means a gambling scheme in which: (1) Participants pay
or agree to pay something of value for an opportunity to win something of
value; (2) winning opportunities are represented by tickets differentiated
by sequential enumeration; (3) winners are picked by a random drawing
of tickets or by a race utilizing inanimate objects floated along a river,
stream, canal or other body of water; and (4) the raffle is conducted for
the benefit of a not-for-profit organization described in 501(c)(3) of the
internal revenue code. Raffles must comply with provisions of New Section
1.
(g) "tribal gaming" means the same as in K.S.A. 74-9802, and
amendments thereto; and
(h) "tribal gaming commission" means the same as in K.S.A. 74-
9802, and amendments thereto.
Sec. 3. K.S.A. 2012 Supp. 74-8702 is hereby amended to read as
follows: 74-8702. As used in the Kansas lottery act, unless the context
otherwise requires:
(a) "Ancillary lottery gaming facility operations" means additional
non-lottery facility game products and services not owned and operated by
the state which may be included in the overall development associated
with the lottery gaming facility. Such operations may include, but are not
limited to, restaurants, hotels, motels, museums or entertainment facilities.

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

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

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

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

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

g) "Gray machine" means any mechanical, electro-mechanical or
electronic device, capable of being used for gambling, that is: (1) Not
authorized by the Kansas lottery, (2) not linked to a lottery central
computer system, (3) available to the public for play or (4) capable of
simulating a game played on an electronic gaming machine or any similar
gambling game authorized pursuant to the Kansas expanded lottery act.

(h) "Kansas lottery" means the state agency created by this act to
operate a lottery or lotteries pursuant to this act.
(i) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act. The terms "lottery" or "state lottery" do not include "raffle" as defined in K.S.A. 74-8802, and amendments thereto.

(j) "Lottery facility games" means any electronic gaming machines and any other games which, as of January 1, 2007, are authorized to be conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-9802, and amendments thereto, located within the boundaries of this state.

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

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

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

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

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

(p) "Lottery gaming facility revenues" means the total revenues from lottery facility games at a lottery gaming facility after all related prizes are paid.

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

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

(B) any machine or device in which the prize or evidence of a prize is determined only by chance, including, but not limited to, any slot machine
or bingo machine; or
(C) any lottery ticket vending machine, such as a keno ticket vending machine, pull-tab vending machine or an instant-bingo vending machine.
(2) "Lottery machine" shall not mean:
(A) Any food vending machine defined by K.S.A. 36-501, and amendments thereto;
(B) any nonprescription drug machine authorized under K.S.A. 65-650, and amendments thereto;
(C) any machine which dispenses only bottled or canned soft drinks, chewing gum, nuts or candies;
(D) any machine excluded from the definition of gambling devices under subsection (d) of K.S.A. 21-4302, prior to its repeal, or K.S.A. 2012 Supp. 21-6403, and amendments thereto; or
(E) any electronic gaming machine or lottery facility game operated in accordance with the provisions of the Kansas expanded lottery act.
(r) "Lottery retailer" means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.
(s) (1) "Major procurement" means any gaming product or service, including, but not limited to, facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lottery, but not including materials, supplies, equipment and services common to the ordinary operations of state agencies.
(2) "Major procurement" shall not mean any product, service or other matter covered by or addressed in the Kansas expanded lottery act or a lottery gaming facility management contract or racetrack gaming facility management contract executed pursuant to the Kansas expanded lottery act.
(t) "Net electronic gaming machine income" means all cash or other consideration utilized to play an electronic gaming machine operated at a racetrack gaming facility, less all cash or other consideration paid out to winning players as prizes.
(u) "Organization licensee" has the meaning provided by K.S.A. 74-8802, and amendments thereto.
(v) "Parimutuel licensee" means a facility owner licensee or facility manager licensee under the Kansas parimutuel racing act.
(w) "Parimutuel licensee location" means a racetrack facility, as defined in K.S.A. 74-8802, and amendments thereto, owned or managed by the parimutuel licensee. A parimutuel licensee location may include any existing structure at such racetrack facility or any structure that may be constructed on real estate where such racetrack facility is located.
(x) "Person" means any natural person, association, limited liability company, corporation or partnership.
(y) "Prize" means any prize paid directly by the Kansas lottery pursuant to the Kansas lottery act or the Kansas expanded lottery act or any rules and regulations adopted pursuant to either act.

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

(aa) "Racetrack gaming facility" means that portion of a parimutuel licensee location where electronic gaming machines are operated, managed and maintained.

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

(cc) "Racetrack gaming facility manager" means a parimutuel licensee specifically certified by the Kansas lottery to become a certified racetrack gaming facility manager and offer electronic gaming machines for play at the racetrack gaming facility.

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

(ee) "Share" means any intangible manifestation authorized by the Kansas lottery to prove participation in a lottery game, except as provided by the Kansas expanded lottery act.

(ff) "Ticket" means any tangible evidence issued by the Kansas lottery to prove participation in a lottery game other than a lottery facility game.

(gg) "Token" means a representative of value, of metal or other material, which is not legal tender, redeemable for cash only by the issuing lottery gaming facility manager or racetrack gaming facility manager and which is issued and sold by a lottery gaming facility manager or racetrack gaming facility manager for the sole purpose of playing an electronic gaming machine or lottery facility game.

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

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

Sec. 4. K.S.A. 74-8802 is hereby amended to read as follows: 74-8802. As used in the Kansas parimutuel racing act unless the context otherwise requires:

(a) "Breakage" means the odd cents by which the amount payable on each dollar wagered exceeds:

(1) A multiple of $.10, for parimutuel pools from races conducted in this state; and

(2) a multiple of such other number of cents as provided by law of the host jurisdiction, for interstate combined wagering pools.

(b) "Commission" means the Kansas racing and gaming commission created by this act.

(c) "Concessionaire licensee" means a person, partnership, corporation or association licensed by the commission to utilize a space or privilege within a racetrack facility to sell goods or services.

(d) "Contract" means an agreement, written or oral, between two or more persons, partnerships, corporations or associations, or any combination thereof, which creates an obligation between the parties.

(e) "Crossover employment" means a situation in which an occupational licensee is concurrently employed at the same racing facility by an organization licensee and a facility owner licensee or facility manager licensee.

(f) "Dual racetrack facility" means a racetrack facility for the racing of both horses and greyhounds or two immediately adjacent racetrack facilities, owned by the same licensee, one for racing horses and one for racing greyhounds.

(g) "Executive director" means the executive director of the commission.

(h) "Facility manager licensee" means a person, partnership, corporation or association licensed by the commission and having a contract with an organization licensee to manage a racetrack facility.

(i) "Facility owner licensee" means a person, partnership, corporation or association, or the state of Kansas or any political subdivision thereof, licensed by the commission to construct or own a racetrack facility but does not mean an organization licensee which owns the racetrack facility in which it conducts horse or greyhound racing.

(j) "Fair association" means an association organized pursuant to K.S.A. 2-125 et seq., and amendments thereto, or a nonprofit association determined by the commission to be otherwise organized to conduct fair activities pursuant to findings of fact entered by the commission in a license order.

(k) "Financial interest" means an interest that could result directly or indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a
result of ownership or interest in a business entity or activity or as a result of a salary, gratuity or other compensation or remuneration from any person.

(l) "Greyhound" means any greyhound breed of dog properly registered with the national greyhound association of Abilene, Kansas.

(m) "Horsemen's association" means any association or corporation:
(1) All officers, directors, members and shareholders of which are licensed owners of horses or licensed trainers of horses, or both;
(2) which is applying for or has been issued a facility owner license authorizing ownership of Eureka Downs, Anthony Downs or a racetrack facility on or adjacent to premises used by a fair association to conduct fair activities; and
(3) none of the officers, directors, members or shareholders of which holds another facility owner license or is an officer, director, member or shareholder of another facility owner licensee.

(n) "Horsemen's nonprofit organization" means any nonprofit organization:
(1) All officers, directors, members or shareholders of which are licensed owners of horses or licensed trainers of horses, or both; and
(2) which is applying for or has been issued an organization license authorizing the conduct of horse races at Eureka Downs, Anthony Downs or a racetrack facility on or adjacent to premises used by a fair association to conduct fair activities.

(o) "Host facility" means the racetrack at which the race is run or, if the race is run in a jurisdiction which is not participating in the interstate combined wagering pool, the racetrack or other facility which is designated as the host facility.

(p) "Host jurisdiction" means the jurisdiction where the host facility is located.

(q) "Interstate combined wagering pool" means a parimutuel pool established in one jurisdiction which is combined with comparable parimutuel pools from one or more racing jurisdictions for the purpose of establishing the amount of money returned on a successful wager in the participating jurisdictions.

(r) "Intertrack wagering" means wagering on a simulcast race at a licensed racetrack facility or at a facility which is licensed in its racing jurisdiction to conduct live races.

(s) "Intrastate combined wagering pool" means a parimutuel pool which is combined with comparable parimutuel pools from one or more racetrack facilities for the purpose of establishing the amount of money returned on a successful wager at the participating racetrack facilities.

(t) "Kansas-whelped greyhound" means a greyhound whelped and raised in Kansas for the first six months of its life.
(u) "Minus pool" means a parimutuel pool in which, after deducting the takeout, not enough money remains in the pool to pay the legally prescribed minimum return to those placing winning wagers, and in which the organization licensee would be required to pay the remaining amount due.

(v) "Nonprofit organization" means:
   (1) A corporation which is incorporated in Kansas as a not-for-profit corporation pursuant to the Kansas general corporation code and the net earnings of which do not inure to the benefit of any shareholder, individual member or person; or
   (2) a fair association.

(w) "Occupation licensee" means a person licensed by the commission to perform an occupation or provide services which the commission has identified as requiring a license pursuant to this act.

(x) "Off-track wagering" means wagering on a simulcast race at a facility which is not licensed in its jurisdiction to conduct live races.

(y) "Organization licensee" means a nonprofit organization licensed by the commission to conduct races pursuant to this act and, if the license so provides, to construct or own a racetrack facility.

(z) "Parimutuel pool" means the total money wagered by individuals on one or more horses or greyhounds in a particular horse or greyhound race to win, place or show, or combinations thereof, as established by the commission, and, except in the case of an interstate or intrastate combined wagering pool, held by the organization licensee pursuant to the parimutuel system of wagering. There is a separate parimutuel pool for win, for place, for show and for each of the other forms of betting provided for by the rules and regulations of the commission.

(aa) "Parimutuel wagering" means a form of wagering on the outcome of horse and greyhound races in which those who wager purchase tickets of various denominations on one or more horses or greyhounds and all wagers for each race are pooled and the winning ticket holders are paid prizes from such pool in amounts proportional to the total receipts in the pool.

(bb) "Race meeting" means one or more periods of racing days during a calendar year designated by the commission for which an organization licensee has been approved by the commission to hold live or simulcast horse or greyhound races at which parimutuel wagering is conducted, including such additional time as designated by the commission for the conduct of official business before and after the races.

(cc) "Racetrack facility" means a racetrack within Kansas used for the racing of horses or greyhounds, or both, including the track surface, grandstands, clubhouse, all animal housing and handling areas, other areas in which a person may enter only upon payment of an admission fee or
upon presentation of authorized credentials and such additional areas as
designated by the commission.

(dd) "Racing jurisdiction" or "jurisdiction" means a governmental
authority which is responsible for the regulation of live or simulcast racing
in its jurisdiction.

(ee) "Racing or wagering equipment or services licensee" means any
person, partnership, corporation or association licensed by the commission
to provide integral racing or wagering equipment or services, as designated
by the commission, to an organization licensee.

(ff) "Recognized greyhound owners' group" means the duly
recognized group elected in accordance with rules and regulations of the
commission by a majority of the Kansas licensed greyhound owners at the
racetrack facility voting in the election. The commission may designate an
organization such as the national greyhound association of Abilene, Kansas, to conduct the election.

(gg) "Raffle" means a gambling scheme in which: (1) Participants
pay or agree to pay something of value for an opportunity to win
something of value; (2) winning opportunities are represented by tickets
differentiated by sequential enumeration; (3) winners are picked by a
random drawing of tickets or by a race utilizing inanimate objects floated
along a river, stream, canal or other body of water; and (4) the raffle is
conducted for the benefit of a not-for-profit organization described in
501(c)(3) of the internal revenue code.

(hh) "Recognized horsemen's group" means the duly recognized
group, representing the breeds of horses running at a racetrack facility,
elected in accordance with rules and regulations of the commission by a
majority of the licensed owners and trainers at the racetrack facility voting
in the election. If the licensee does not have a recognized horsemen's
group, the commission shall designate as the recognized horsemen's group
one that serves another organization licensee, but not one that serves a fair
association organization licensee.

(ii) "Simulcast" means a live audio-visual broadcast of an actual
horse or greyhound race at the time it is run.

(jj) "Takeout" means the total amount of money withheld from
each parimutuel pool for the payment of purses, taxes and the share to be
kept by the organization licensee. Takeout does not include the breakage.
The balance of each pool less the breakage is distributed to the holders of
winning parimutuel tickets.

Sec. 5. K.S.A. 74-8802 and K.S.A. 2012 Supp. 21-6403 and 74-8702
are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its
publication in the Kansas register.