

HOUSE BILL No. 2537

By Committee on Federal and State Affairs

1-26

1 AN ACT concerning gaming; amending K.S.A. 74-8836 and K.S.A. 2015
2 Supp. 74-8741, 74-8744, 74-8746, 74-8747, 74-8814 and 75-6204 and
3 repealing the existing sections.
4

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

6 New Section 1. On or before December 1, the official breed
7 registering agencies for both horse and greyhound breeds, as designated by
8 the Kansas racing and gaming commission in K.S.A. 74-8830 and 74-
9 8832, and amendments thereto, shall make recommendations to the Kansas
10 racing and gaming commission for implementation of programs which will
11 maximize the benefit to economic development in rural Kansas.

12 Sec. 2. K.S.A. 2015 Supp. 74-8741 is hereby amended to read as
13 follows: 74-8741. (a) The executive director of the Kansas lottery shall
14 negotiate a racetrack gaming facility management contract to place
15 electronic gaming machines at one parimutuel licensee location in each
16 gaming zone except the southwest Kansas gaming zone.

17 (b) To be eligible to enter into a racetrack gaming facility
18 management contract the prospective racetrack gaming facility manager
19 shall, at a minimum:

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

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

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

29 (1) The term of the contract;

30 (2) provisions for the Kansas racing and gaming commission to
31 oversee all racetrack gaming facility operations, including, but not limited to:
32 Oversight of internal controls; oversight of security of facilities;
33 performance of background investigations, determination of qualifications
34 and any required certification or licensing of officers, directors, board
35 members, employees, contractors and agents of the racetrack gaming
36 facility manager; auditing of net electronic gaming machine income and

1 maintenance of the integrity of electronic gaming machine operations;

2 (3) provisions for the racetrack gaming facility manager to pay the
3 costs of oversight and regulation of the racetrack gaming facility manager
4 under this act and such manager's racetrack gaming facility operations by
5 the *Kansas lottery and the Kansas racing and gaming commission*; ~~and~~

6 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
7 2032, from: (i) Entering into management contracts for more than ~~three~~
8 *four* lottery gaming facilities or similar gaming facilities, one to be located
9 in the northeast Kansas gaming zone, one to be located in the south central
10 Kansas gaming zone ~~and~~, one to be located in the southeast Kansas
11 gaming zone; *and one to be located in the southwest Kansas gaming zone*;
12 (ii) designating additional areas of the state where operation of lottery
13 gaming facilities or similar gaming facilities would be authorized; or (iii)
14 operating an aggregate of more than 2,800 electronic gaming machines at
15 all parimutuel licensee locations; and (B) requiring the state to repay to the
16 racetrack gaming facility manager an amount equal to the privilege fee
17 paid by such racetrack gaming facility manager, plus interest on such
18 amount, compounded annually at the rate of 10%, if the state violates the
19 prohibition provision described in (A); *and*

20 (5) *provisions for the distribution of the net electronic gaming*
21 *machine income from the racetrack gaming facility, which shall be in*
22 *accordance with K.S.A. 2015 Supp. 74-8747, and amendments thereto.*

23 (d) Racetrack gaming facility management contracts authorized by
24 this section may include provisions relating to:

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

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

31 (3) eligibility requirements for employees, contractors or agents of a
32 racetrack gaming facility manager who will have responsibility for or
33 involvement with electronic gaming machines or for the handling of cash
34 or tokens;

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

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

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

42 (7) any other provision deemed necessary by the parties, including
43 such other terms and restrictions as necessary to conduct racetrack gaming

1 facility operations in a legal and fair manner.

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

5 (f) A racetrack gaming facility management contract shall not
6 constitute property, nor shall it be subject to attachment, garnishment or
7 execution, nor shall it be alienable or transferable, except upon approval
8 by the executive director, nor shall it be subject to being encumbered or
9 hypothecated.

10 Sec. 3. K.S.A. 2015 Supp. 74-8744 is hereby amended to read as
11 follows: 74-8744. (a) In accordance with rules and regulations adopted by
12 the commission, the executive director shall have general responsibility for
13 the implementation and administration of the provisions of this act relating
14 to racetrack gaming facility operations, including the responsibility to:

15 (1) Certify net electronic gaming machine income by inspecting
16 records, conducting audits, having agents of the Kansas lottery on site or
17 by any other reasonable means; and

18 (2) assist the commission in the promulgation of rules and
19 regulations concerning the operation of racetrack gaming facilities, which
20 rules and regulations shall include, without limitation, the following:

21 (A) The number of electronic gaming machines allocated for
22 placement at each racetrack gaming facility, subject to the provisions of
23 subsection (b);

24 (B) standards for advertising, marketing and promotional materials
25 used by racetrack gaming facility managers;

26 (C) the kind, type, number and location of electronic gaming
27 machines at any racetrack gaming facility; and

28 (D) rules and regulations and procedures for the accounting and
29 reporting of the payments required from racetrack gaming facility
30 managers under K.S.A. 2015 Supp. 74-8766, and amendments thereto,
31 including the calculations required for such payments.

32 (b) Rules and regulations establishing the minimum and maximum
33 number of electronic gaming machines allocated for placement at each
34 racetrack gaming facility shall be adopted and published not later than 120
35 days after the effective date of this act. Such rules and regulations shall be
36 subject to the following:

37 (1) At least ~~600~~ 400 electronic gaming machines shall be allocated to
38 and placed at each racetrack gaming facility.

39 (2) The total number of electronic gaming machines allocated to and
40 placed at all racetrack gaming facilities in the state shall not exceed 2,800.
41 ~~Until lottery gaming facility management contracts for lottery gaming~~
42 ~~facilities in all gaming zones become binding, the total number of~~
43 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~

1 not exceed 2,200. When lottery gaming facility management contracts for
2 lottery gaming facilities in all gaming zones have become binding, the
3 lottery commission shall take privilege fee bids from the lottery gaming
4 facility manager and racetrack gaming facility manager in each gaming
5 zone for the remaining electronic gaming machines allocated to but not yet
6 placed at the racetrack gaming facility in such zone. The minimum bid
7 shall be a privilege fee of \$2,500 per electronic gaming machine. If the
8 racetrack gaming facility manager submits the highest bid, the lottery
9 commission shall place the remaining electronic gaming machines at the
10 racetrack gaming facility. If the lottery gaming facility manager submits
11 the highest bid, the commission shall not place any additional electronic
12 gaming machines at the racetrack gaming facility.

13 (3) ~~In addition to any privilege fee paid pursuant to paragraph (2),~~
14 Each racetrack gaming facility manager shall pay a privilege fee of \$2,500
15 for each electronic gaming machine placed at the racetrack gaming facility
16 ~~for which a privilege fee is not paid pursuant to paragraph (2).~~

17 (4) The racetrack gaming facility manager shall pay the privilege fees
18 provided by this subsection to the executive director, who shall remit the
19 entire amount to the state treasurer in accordance with K.S.A. 75-4215,
20 and amendments thereto. Upon receipt of the remittance, the state treasurer
21 shall deposit the entire amount in the state treasury and credit it to the
22 expanded lottery act revenues fund.

23 Sec. 4. K.S.A. 2015 Supp. 74-8746 is hereby amended to read as
24 follows: 74-8746. (a) Except as provided in subsection (b):

25 (1) No electronic gaming machines shall be operated at a parimutuel
26 licensee location in Sedgwick county unless, during the first full calendar
27 year and each year thereafter in which electronic gaming machines are
28 operated at such location, the parimutuel licensee conducts at such location
29 at least 100 live greyhound races each calendar week ~~for the number of~~
30 ~~weeks raced during calendar year 2003~~ *at least 50 weeks* with at least 13
31 live races conducted each day for not less than five days per week.

32 (2) No electronic gaming machines shall be operated at a parimutuel
33 licensee location in Wyandotte county unless, during the first full calendar
34 year and each year thereafter in which electronic gaming machines are
35 operated at such location, the parimutuel licensee conducts live horse
36 racing programs for at least 60 days, with at least 10 live races conducted
37 each program, and must offer and make a reasonable effort to conduct a
38 minimum number of three live races restricted for quarter horses each day
39 and seven live thoroughbred races each day, of which not less than two
40 races each day shall be limited to registered Kansas-bred horses
41 apportioned in the same ratio that live races are offered, except that the
42 licensee shall not be required to conduct the second live race restricted to
43 Kansas-bred horses unless there are at least seven qualified entries for such

1 race, and with at least 100 live greyhound races each calendar week for at
2 least the same number of weeks raced during calendar year 2003, with at
3 least 13 live races conducted each day for not less than five days per week.

4 (3) No electronic gaming machines shall be operated at a parimutuel
5 licensee location in Crawford county unless, during the first full calendar
6 year and each year thereafter in which electronic gaming machines are
7 operated at such location, the parimutuel licensee conducts at such location
8 at least 85 live greyhound races each calendar week for ~~the number of~~
9 ~~weeks raced during calendar year 2003 in Sedgwick county~~ at least 25
10 weeks, with at least 12 live races conducted each day for not less than five
11 days per week.

12 (4) If a parimutuel licensee has not held live races pursuant to a
13 schedule approved by the Kansas racing and gaming commission in the
14 preceding 12 months, the Kansas racing and gaming commission shall
15 hold a hearing to determine the number of days of live racing required for
16 the remaining days of the first calendar year of operation to qualify for
17 operation of electronic gaming machines. At such hearing, the commission
18 shall receive testimony and evidence from affected breed groups, the
19 licensee and others, as the Kansas racing and gaming commission deems
20 appropriate concerning the schedule of live race days. The operation of
21 electronic gaming machines shall not commence more than 90 days prior
22 to the start of live racing at such facility.

23 (b) The Kansas racing and gaming commission may not grant
24 exceptions to the requirements of subsection (a) for a parimutuel licensee
25 conducting live racing unless such exception is in the form of an
26 agreement which: (1) Is between the parimutuel licensee and the affected
27 recognized greyhound or recognized horsemen's group, as defined in
28 K.S.A. 74-8802, and amendments thereto; (2) has been approved by the
29 appropriate official breed registering agencies; and (3) has been submitted
30 to and approved by the commission. In the case of emergencies, weather
31 related issues or immediate circumstances beyond the control of the
32 licensee, the Kansas racing and gaming commission may grant an
33 exception.

34 Sec. 5. K.S.A. 2015 Supp. 74-8747 is hereby amended to read as
35 follows: 74-8747. (a) *A racetrack gaming facility management contract*
36 *shall include provisions for net electronic gaming machine income from a*
37 *racetrack gaming facility shall to be distributed as follows:*

38 (1) ~~To the racetrack gaming facility manager,~~ An amount equal to
39 ~~25%~~ 22% of net electronic gaming machine income *shall be credited to*
40 *the expanded lottery act revenues fund;*

41 (2) ~~7%~~ 10% of net electronic gaming machine income *derived from*
42 *electronic gaming machines located at racetrack gaming facilities*
43 *licensed to conduct horse races during the first and second years of*

1 operation and 14% of the net electronic gaming machine income during
2 the third and subsequent years of operation shall be credited to the live
3 horse racing purse supplement fund established by K.S.A. 2015 Supp. 74-
4 8767, and amendments thereto, ~~except that the amount of net electronic~~
5 ~~gaming machine income credited to the fund during any fiscal year from~~
6 ~~electronic gaming machines at a racetrack gaming facility shall not exceed~~
7 ~~an amount equal to the average of \$3,750 per electronic gaming machine~~
8 ~~at each location and any moneys in excess of such amount shall be~~
9 ~~distributed between the state and the racetrack gaming facility manager in~~
10 ~~accordance with the racetrack gaming facility management contract;~~

11 (3) 7% of net electronic gaming machine income *derived from*
12 *electronic gaming machines located at racetrack gaming facilities*
13 *licensed to conduct greyhound races* shall be credited to the live
14 greyhound racing purse supplement fund established by K.S.A. 2015
15 Supp. 74-8767, and amendments thereto, ~~except that the amount of net~~
16 ~~electronic gaming machine income credited to the fund during any fiscal~~
17 ~~year from electronic gaming machines at a racetrack gaming facility shall~~
18 ~~not exceed an amount equal to the average of \$3,750 per electronic gaming~~
19 ~~machine at each location and any moneys in excess of such amount shall~~
20 ~~be distributed between the state and the racetrack gaming facility manager~~
21 ~~in accordance with the racetrack gaming facility management contract;~~

22 (4) (A) if the racetrack gaming facility is located in the northeast
23 Kansas gaming zone and is not located within a city, include a provision
24 for payment of an amount equal to ~~3%~~ 2% of the ~~racetrack gaming facility~~
25 ~~revenues net electronic gaming machine income~~ to the county in which the
26 racetrack gaming facility is located; or (B) if the racetrack gaming facility
27 is located in the northeast Kansas gaming zone and is located within a city,
28 include provision for payment of an amount equal to ~~1.5%~~ 1% of the
29 ~~racetrack gaming facility revenues net electronic gaming machine income~~
30 to the city in which the racetrack gaming facility is located and an amount
31 equal to ~~1.5%~~ 1% of such ~~revenues~~ income to the county in which such
32 facility is located;

33 (5) (A) if the racetrack gaming facility is located in the southeast or
34 south central Kansas gaming zone and is not located within a city, include
35 a provision for payment of an amount equal to 2% of the ~~racetrack gaming~~
36 ~~facility revenues net electronic gaming machine income~~ to the county in
37 which the racetrack gaming facility is located ~~and an amount equal to 1%~~
38 ~~of such revenues to the other county in such zone;~~ or (B) if the racetrack
39 gaming facility is located in the southeast or south central Kansas gaming
40 zone and is located within a city, provide for payment of an amount equal
41 to 1% of the ~~racetrack gaming facility revenues net electronic gaming~~
42 ~~machine income~~ to the city in which the racetrack gaming facility is
43 located, an amount equal to 1% of such ~~revenues~~ the net electronic gaming

1 ~~machine income to the county in which such facility is located and an~~
 2 ~~amount equal to 1% of such revenues to the other county in such zone;~~

3 (6) ~~2%~~ *an amount equal to 0.5%* of net electronic gaming machine
 4 income shall be credited to the problem gambling and addictions grant
 5 fund established by K.S.A. 2015 Supp. 79-4805, and amendments thereto;

6 (7) *an amount equal to 1%* of net electronic gaming machine income
 7 shall be credited to the Kansas horse fair racing benefit fund established by
 8 K.S.A. 74-8838, and amendments thereto, *in the northeast Kansas gaming*
 9 *zone; and an amount equal to 0.4% of the net electronic gaming machine*
 10 *income shall be credited to the Kansas horse fair racing benefit fund*
 11 *established by K.S.A. 2015 Supp. 74-8838, and amendments thereto, in the*
 12 *southeast and south central Kansas gaming zones;*

13 (8) ~~40% of net electronic gaming machine income shall be credited to~~
 14 ~~the expanded lottery act revenues fund~~ *an amount equal to 0.1% of net*
 15 *electronic gaming machine income in the southeast Kansas gaming zone*
 16 *and in the south central Kansas gaming zone shall be credited to the*
 17 *Kansas horse council fund created by section 11, and amendments thereto;*
 18 and

19 (9) ~~15% of electronic gaming machine income shall be used for~~
 20 ~~gaming expenses, subject to agreement between the Kansas lottery and the~~
 21 ~~remaining balance of net electronic gaming machine income shall be paid~~
 22 ~~to the racetrack gaming facility manager.~~

23 (b) A racetrack gaming facility management contract may include
 24 provisions for a parimutuel licensee or any other entity to pay the
 25 parimutuel licensee's expenses related to electronic gaming machines, as
 26 the executive director deems appropriate, ~~subject to the requirements of~~
 27 ~~subsection (a)(9).~~

28 Sec. 6. K.S.A. 2015 Supp. 74-8814 is hereby amended to read as
 29 follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the
 30 commission shall establish by rules and regulations an application fee not
 31 exceeding ~~\$500~~ \$50 for any ~~of the following~~ *organization listed in*
 32 *paragraph (2)* which applies for an organization license and the license fee
 33 for any of the following granted an organization license shall be ~~\$100~~ \$25
 34 for each day of racing approved by the commission:

35 (1) (2) Any fair association ~~other than the Greenwood county and~~
 36 ~~Anthony fair associations~~, any horsemen's nonprofit organization or the
 37 national greyhound association of Abilene, Kansas, if: (A) Such
 38 association conducts not more than two race meetings each year; (B) such
 39 race meets are held within the boundaries of the county where the
 40 applicant is located; and (C) such race meetings are held for a total of not
 41 more than 40 days per year; or

42 (2) ~~the Greenwood county fair association or a horsemen's nonprofit~~
 43 ~~organization, with respect to race meetings conducted by such association~~

1 ~~or organization at Eureka Downs, or the Anthony fair association or a~~
2 ~~horsemen's nonprofit organization, with respect to race meetings~~
3 ~~conducted by such association or organization at Anthony Downs, for~~
4 ~~which the number of race meetings and days, and the dates thereof, shall~~
5 ~~be specified by the commission.~~

6 (b) The commission shall adopt rules and regulations providing for
7 *expedited*, simplified and less costly procedures and requirements for fair
8 associations and horsemen's nonprofit organizations applying for or
9 holding a license to conduct race meetings.

10 (c) The Kansas racing and gaming commission shall investigate *the*
11 *criminal background and credit history of*:

12 (1) The president, vice-president, secretary and treasurer of a fair
13 association, and such other members as the commission considers
14 necessary, to determine eligibility for an organization license; *and*

15 (2) each officer and each director of a nonprofit horsemen's
16 organization, and such other members or shareholders as the commission
17 considers necessary to determine eligibility for an organization license.

18 (d) Except as otherwise provided by this section, all applicants for
19 organization licenses for the conduct of race meetings pursuant to the
20 provisions of this section shall be required to comply with all the
21 provisions of K.S.A. 74-8813, and amendments thereto.

22 Sec. 7. K.S.A. 74-8836 is hereby amended to read as follows: 74-
23 8836. (a) Any organization licensee that conducts at least 150 days of live
24 racing during a calendar year *or is in compliance with the provisions of*
25 *K.S.A. 2015 Supp. 74-8746, and amendments thereto*, or a fair association
26 that conducts fewer than ~~22~~ 40 days of live racing during a calendar year
27 may apply to the commission for a simulcasting license to display
28 simulcast horse or greyhound races and to conduct intertrack parimutuel
29 wagering thereon. If the organization licensee conducts races at a racetrack
30 facility that is owned by a facility owner licensee, both licensees shall join
31 in the application. ~~A simulcasting license granted to a fair association that~~
32 ~~conducts fewer than 22 days of live racing shall restrict the fair~~
33 ~~association's display of simulcast races to a number of days, including~~
34 ~~days on which it conducts live races, equal to not more than twice the~~
35 ~~number of days on which it conducts live races.~~

36 (b) (1) A simulcasting license granted to an organization licensee
37 other than a fair association shall authorize the display of simulcast races
38 at the racetrack facility where the live races are conducted so long as the
39 licensee: (A) Conducts at least eight live races per day and an average of
40 10 live races per day per week; *or (B) is in compliance with the provisions*
41 *of K.S.A. 2015 Supp. 74-8746, and amendments thereto*. If a simulcasting
42 licensee conducts live horse races on a day when simulcast races are
43 displayed by the licensee and the licensee conducts fewer than an average

1 of 10 live horse races per day per week, not less than 80% of the races on
2 which wagers are taken by the licensee during such week shall be live
3 races conducted by the licensee unless approved by the recognized
4 horsemen's group or upon a finding by the commission that the
5 organization licensee was unable to do so for reasonable cause. If a
6 simulcast licensee conducts live greyhound races on a day when simulcast
7 races are displayed by the licensee and the licensee schedules fewer than
8 13 live greyhound races during a performance on such day, not less than
9 80% of the races on which wagers are taken by the licensee during such
10 performance shall be live races conducted by the licensee.

11 (2) A simulcasting license granted to a fair association shall authorize
12 the display of simulcast races at the racetrack facility where the races are
13 conducted ~~only if live races are scheduled for two or more days of the~~
14 ~~same calendar week, except that the licensee may conduct simulcast races~~
15 ~~in the week immediately before and immediately after a live meeting if the~~
16 ~~total number of days on which simulcast races are displayed does not~~
17 ~~exceed the total authorized in subsection (a). In no case shall the live meet~~
18 ~~or simulcast races allowed under this subsection exceed 10 consecutive~~
19 ~~weeks. For purposes of this subsection, a calendar week shall be measured~~
20 ~~from Monday through the following Sunday.~~

21 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~
22 ~~a fair association may apply to the commission for not more than five~~
23 ~~additional days of simulcasting of special events. In addition, the~~
24 ~~commission may authorize a fair association to display additional~~
25 ~~simulcast races but, if such fair association is less than 100 miles from an~~
26 ~~organization licensee that is not a fair association, it also shall secure~~
27 ~~written consent from that organization licensee.~~

28 (4) Notwithstanding the provisions of subsection (b)(1), if an
29 emergency causes the cancellation of all or any live races scheduled for a
30 day or performance by a simulcasting licensee, the commission or the
31 commission's designee may authorize the licensee to display any simulcast
32 races previously scheduled for such day or performance.

33 (5) (4) Notwithstanding the provisions of subsection (b)(1), the
34 commission may authorize the licensee to display simulcast special racing
35 events as designated by the commission.

36 (c) The application for a simulcasting license shall be filed with the
37 commission at a time and place prescribed by rules and regulations of the
38 commission. The application shall be in a form and include such
39 information as the commission prescribes.

40 (d) To qualify for a simulcasting license the applicant shall:

41 (1) Comply with the interstate horse racing act of 1978 15 U.S.C.
42 3001 et seq. as in effect December 31, 1991;

43 (2) submit with the application a written approval of the proposed

1 simulcasting schedule signed by: (A) The recognized horsemen's group for
2 the track, if the applicant is licensed to conduct only horse races; (B) the
3 recognized greyhound owners' group, if the applicant is licensed to
4 conduct only greyhound races and only greyhound races are to be
5 simulcast; (C) both the recognized greyhound owners' group and a
6 recognized horsemen's group, if the applicant is licensed to conduct only
7 greyhound races and horse races are to be simulcast; (D) the recognized
8 greyhound owners' group, if the applicant is licensed to conduct both
9 greyhound and horse races, only greyhound races are to be simulcast and
10 races are to be simulcast only while the applicant is conducting live
11 greyhound races; (E) the recognized horsemen's group for the track, if the
12 applicant is licensed to conduct both greyhound and horse races, only
13 horse races are to be simulcast and races are to be simulcast only while the
14 applicant is conducting live horse races; or (F) both the recognized
15 greyhound owners' group and the recognized horsemen's group for the
16 track, if the applicant is licensed to conduct both greyhound races and
17 horse races and horse races are to be simulcast while the applicant is
18 conducting live greyhound races or greyhound races are to be simulcast
19 while the applicant is conducting live horse races; and

20 (3) submit, in accordance with rules and regulations of the
21 commission and before the simulcasting of a race, a written copy of each
22 contract or agreement which the applicant proposes to enter into with
23 regard to such race, and any proposed modification of any such contract or
24 agreement.

25 (e) The term of a simulcasting license shall be one year.

26 (f) A simulcasting licensee may apply to the commission or its
27 designee for changes in the licensee's approved simulcasting schedule if
28 such changes are approved by the respective recognized greyhound
29 owners' group or recognized horsemen's group needed throughout the term
30 of the license. Application shall be made upon forms furnished by the
31 commission and shall contain such information as the commission
32 prescribes.

33 (g) Except as provided by subsection (j), the takeout for simulcast
34 horse and greyhound races shall be the same as it is for the live horse and
35 greyhound races conducted during the current or next live race meeting at
36 the racetrack facility where the simulcast races are displayed. For
37 simulcast races the tax imposed on amounts wagered shall be as provided
38 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout
39 remaining after deduction of taxes, an amount equal to a percentage, to be
40 determined by the commission, of the gross sum wagered on simulcast
41 races shall be used for purses, as follows:

42 (1) For greyhound races conducted by the licensee, if the simulcast
43 race is a greyhound race and the licensee conducts only live greyhound

1 races;

2 (2) for horse races conducted by the licensee, if the simulcast race is a
3 horse race and the licensee conducts only live horse races;

4 (3) for horse races and greyhound races, as determined by both the
5 recognized horsemen's group and the recognized greyhound owners'
6 group, if the simulcast race is a greyhound race and the licensee does not
7 conduct or is not currently conducting live greyhound races; or

8 (4) for horse races and greyhound races, as determined by both the
9 recognized horsemen's group and the recognized greyhound owners'
10 group, if the simulcast is a horse race and the licensee does not conduct or
11 is not currently conducting live horse races. That portion of simulcast
12 purse money determined to be used for horse purses shall be apportioned
13 by the commission to the various horse race meetings held in any calendar
14 year based upon the number of live horse race dates comprising such horse
15 race meetings in the preceding calendar year.

16 (h) Except as provided by subsection (j):

17 (1) If a simulcasting licensee has a license to conduct live horse races
18 and the licensee displays a simulcast horse race: (A) All breakage proceeds
19 shall be remitted by the licensee to the commission not later than the 15th
20 day of the month following the race from which the breakage is derived
21 and the commission shall remit any such proceeds received to the state
22 treasurer in accordance with the provisions of K.S.A. 75-4215, and
23 amendments thereto. Upon receipt of each such remittance, the state
24 treasurer shall deposit the entire amount in the state treasury to the credit
25 of the Kansas horse breeding development fund created by K.S.A. 74-
26 8829, and amendments thereto; and (B) all unclaimed ticket proceeds shall
27 be remitted by the licensee to the commission on the 61st day after the end
28 of the calendar year and the commission shall remit any such proceeds
29 received to the state treasurer in accordance with the provisions of K.S.A.
30 75-4215, and amendments thereto. Upon receipt of each such remittance,
31 the state treasurer shall deposit the entire amount in the state treasury to
32 the credit of the Kansas horse breeding development fund created by
33 K.S.A. 74-8829, and amendments thereto.

34 (2) If a simulcasting licensee has a license to conduct live greyhound
35 races and the licensee displays a simulcast greyhound race, breakage and
36 unclaimed winning ticket proceeds shall be distributed in the manner
37 provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for
38 breakage and unclaimed winning ticket proceeds from live greyhound
39 races.

40 (3) If a simulcasting licensee has a license to conduct live racing of
41 only horses and the licensee displays a simulcast greyhound race,
42 unclaimed winning ticket proceeds shall be distributed in the manner
43 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed

1 winning ticket proceeds from live greyhound races. Breakage for such
2 races shall be distributed for use to benefit greyhound racing as determined
3 by the commission.

4 (4) If a simulcasting licensee has a license to conduct live racing of
5 only greyhounds and the licensee displays a simulcast horse race: (A) All
6 breakage proceeds shall be remitted by the licensee to the commission not
7 later than the 15th day of the month following the race from which the
8 breakage is derived and the commission shall remit any such proceeds
9 received to the state treasurer in accordance with the provisions of K.S.A.
10 75-4215, and amendments thereto. Upon receipt of each such remittance,
11 the state treasurer shall deposit the entire amount in the state treasury to
12 the credit of the Kansas horse breeding development fund created by
13 K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket
14 proceeds shall be remitted by the licensee to the commission on the 61st
15 day after the end of the calendar year and the commission shall remit any
16 such proceeds received to the state treasurer in accordance with the
17 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
18 each such remittance, the state treasurer shall deposit the entire amount in
19 the state treasury to the credit of the Kansas horse breeding development
20 fund created by K.S.A. 74-8829, and amendments thereto.

21 (i) The commission may approve a request by two or more
22 simulcasting licensees to combine wagering pools within the state of
23 Kansas pursuant to rules and regulations adopted by the commission.

24 (j) (1) The commission may authorize any simulcasting licensee to
25 participate in an interstate combined wagering pool with one or more other
26 racing jurisdictions.

27 (2) If a licensee participates in an interstate pool, the licensee may
28 adopt the takeout of the host jurisdiction or facility. The amount and
29 manner of paying purses from the takeout in an interstate pool shall be as
30 provided by subsection (g).

31 (3) The tax imposed on amounts wagered in an interstate pool shall
32 be as provided by K.S.A. 74-8823, and amendments thereto. Parimutuel
33 taxes may not be imposed on any amounts wagered in an interstate
34 combined wagering pool other than amounts wagered within this
35 jurisdiction.

36 (4) Breakage for interstate combined wagering pools shall be
37 calculated in accordance with the statutes and rules and regulations of the
38 host jurisdiction and shall be allocated among the participating
39 jurisdictions in a manner agreed to among the jurisdictions. Breakage
40 allocated to this jurisdiction shall be distributed as provided by subsection
41 (h).

42 (5) Upon approval of the respective recognized greyhound owners'
43 group or recognized horsemen's group, the commission may permit an

1 organization licensee to simulcast to other racetrack facilities or off-track
2 wagering or intertrack wagering facilities in other jurisdictions one or
3 more races conducted by such licensee, use one or more races conducted
4 by such licensee for an intrastate combined wagering pool or use one or
5 more races conducted by such licensee for an interstate combined
6 wagering pool at off-track wagering or intertrack wagering locations
7 outside the commission's jurisdiction and may allow parimutuel pools in
8 other jurisdictions to be combined with parimutuel pools in the
9 commission's jurisdiction for the purpose of establishing an interstate
10 combined wagering pool.

11 (6) The participation by a simulcasting licensee in a combined
12 interstate wagering pool does not cause that licensee to be considered to be
13 doing business in any jurisdiction other than the jurisdiction in which the
14 licensee is physically located.

15 (k) If the organization licensee, facility owner licensee if any and the
16 recognized horsemen's group or recognized greyhound owners' group are
17 unable to agree concerning a simulcasting application, the matter may be
18 submitted to the commission for determination at the written request of
19 any party in accordance with rules and regulations of the commission.

20 (l) This section shall be part of and supplemental to the Kansas
21 parimutuel racing act.

22 Sec. 8. K.S.A. 2015 Supp. 75-6204 is hereby amended to read as
23 follows: 75-6204. (a) Subject to the limitations provided in this act, if a
24 debtor fails to pay to the state of Kansas or any state agency, foreign state
25 agency, municipality or the federal department of the treasury an amount
26 owed, the director may setoff such amount and a reasonable collection
27 assistance fee determined in accordance with K.S.A. 75-6210, and
28 amendments thereto, against any money held for, or any money owed to,
29 such debtor by the state ~~or~~, any state agency, *lottery gaming facility*
30 *manager, racetrack gaming facility manager or facility owner licensee.*

31 (b) The director may enter into an agreement with a municipality for
32 participation in the setoff program for the purpose of assisting in the
33 collection of a debt as defined by K.S.A. 75-6202, and amendments
34 thereto. The director shall include in any such agreement a provision
35 requiring the municipality to certify that the municipality has made at least
36 three attempts to collect a debt prior to submitting such debt to setoff
37 pursuant to this act.

38 (c) (1) Except as provided in subsection (c)(2), the director shall add
39 the cost of collection and the debt for a total amount subject to setoff
40 against a debtor.

41 (2) Any debts due and owing to an individual, the state of Kansas or
42 an agency of another state that are being enforced by the Kansas
43 department for children and families under part D of title IV of the federal

1 social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the
2 cost of collection added to the debt owed and subject to setoff. Such cost
3 of collection shall be paid by the Kansas department for children and
4 families.

5 New Sec. 9. (a) Prior to any lottery gaming facility manager,
6 racetrack gaming facility manager or facility owner licensee paying any
7 prize requiring the completion of an internal revenue service form W-2G,
8 the manager or licensee shall cause the person winning the prize to be
9 matched against the state debtor files maintained by the director of
10 accounts and reports as prescribed under K.S.A. 75-6201 et seq., and
11 amendments thereto. If such person is listed in the state debtor files, the
12 prize shall be withheld by the lottery gaming facility manager, racetrack
13 gaming facility manager or the facility owner licensee to the extent of such
14 person's debt as set forth in the state debtor files.

15 (b) The lottery gaming facility manager, racetrack gaming facility
16 manager and facility owner licensee shall not be subject to any civil,
17 criminal or administrative liability for any actions taken pursuant to this
18 section, unless such actions are intentional, malicious or wanton by such
19 lottery gaming facility manager, racetrack gaming facility manager, facility
20 owner licensee or employees or agents thereof. The sole remedy at law for
21 persons who claim prizes were wrongfully withheld pursuant to this
22 section shall be to submit an appeal to the department of administration
23 pursuant to K.S.A. 75-6201 et seq., and amendments thereto.

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

29 (d) As used in this section:

30 (1) "Facility owner licensee" shall have the same meaning as that
31 term is defined in K.S.A. 74-8802, and amendments thereto.

32 (2) "Racetrack gaming facility manager" shall have the same meaning
33 as that term is defined in K.S.A. 74-8702, and amendments thereto.

34 (3) "Lottery gaming facility manager" shall have the same meaning as
35 that term is defined in K.S.A. 74-8702, and amendments thereto.

36 (4) "Prize" shall have the same meaning as that term is defined in
37 K.S.A. 74-8702, and amendments thereto, and any winnings from
38 parimutuel wagering as provided by the Kansas parimutuel racing act in
39 K.S.A 74-8801 et seq., and amendments thereto.

40 (e) Nothing in this section shall apply to Native American tribal
41 gaming facilities.

42 (f) This section shall be part of and supplemental to the state debtor
43 setoff program.

1 New Sec. 10. (a) The board of county commissioners of Sedgwick
2 county shall submit, upon presentation of a valid petition, to the qualified
3 voters of the county a proposition to permit the operation of electronic
4 gaming machines at an existing parimutuel racetrack within that county.
5 The petition shall be signed by not less than 5,000 qualified voters of the
6 county. The following shall appear on the petition: "We request an election
7 to determine whether the operation of electronic gaming machines at the
8 Wichita Greyhound Park by the Kansas lottery shall be permitted in
9 Sedgwick county."

10 (b) Upon the submission of a petition, the county election officer
11 shall determine whether a sufficient number of qualified voters of the
12 county have signed such petition. If the petition is deemed valid, the
13 county election officer shall cause the following proposition to be placed
14 on the ballot at the election called for that purpose and to be held no later
15 than 120 days after the petition is deemed valid: "Shall the operation of
16 electronic gaming machines at the Wichita Greyhound Park by the Kansas
17 lottery be permitted in Sedgwick county?"

18 (c) If a majority of the votes cast and counted at the election is in
19 favor of permitting the operation of such machines, the executive director
20 may enter into a contract with the parimutuel racetrack facility licensee at
21 the Wichita greyhound park in Sedgwick county to operate such machines
22 at its existing location in the county. If a majority of the votes cast and
23 counted at an election under this section is against permitting the operation
24 of electronic gaming machines at the Wichita greyhound park in Sedgwick
25 county, the Kansas lottery shall not operate such machines in the county.
26 The county election officer shall transmit a copy of the certification of the
27 results of the election to the executive director and to the Kansas racing
28 and gaming commission.

29 (d) This section shall be a part of and supplemental to the Kansas
30 expanded lottery act.

31 New Sec. 11. There is hereby established in the state treasury the
32 Kansas horse council fund which shall be administered by the Kansas
33 racing and gaming commission and which shall be funded by 0.1% of net
34 electronic gaming machine income in the southeast Kansas gaming zone
35 and in the south central Kansas gaming zone, as provided in K.S.A. 2015
36 Supp. 74-8747, and amendments thereto. All expenditures from this fund
37 shall be made in accordance with appropriation acts upon warrants of the
38 director of accounts and reports issued pursuant to vouchers approved by
39 the executive director of the Kansas racing and gaming commission. The
40 moneys credited to this fund shall be used for the development, promotion
41 and representation of the equine industry in Kansas and shall be distributed
42 to the Kansas horse council by contract with the Kansas racing and gaming
43 commission for these purposes.

1 Sec. 12. K.S.A. 74-8836 and K.S.A. 2015 Supp. 74-8741, 74-8744,
2 74-8746, 74-8747, 74-8814 and 75-6204 are hereby repealed.

3 Sec. 13. This act shall take effect and be in force from and after its
4 publication in the statute book.