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

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

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

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

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

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

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

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

(1) The term of the contract;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) The total number of electronic gaming machines allocated to and placed at all racetrack gaming facilities in the state shall not exceed 2,800. Until lottery gaming facility management contracts for lottery gaming facilities in all gaming zones become binding, the total number of electronic gaming machines placed at all racetrack gaming facilities shall
not exceed 2,200. When lottery gaming facility management contracts for lottery gaming facilities in all gaming zones have become binding, the lottery commission shall take privilege fee bids from the lottery gaming facility manager and racetrack gaming facility manager in each gaming zone for the remaining electronic gaming machines allocated to but not yet placed at the racetrack gaming facility in such zone. The minimum bid shall be a privilege fee of $2,500 per electronic gaming machine. If the racetrack gaming facility manager submits the highest bid, the lottery commission shall place the remaining electronic gaming machines at the racetrack gaming facility. If the lottery gaming facility manager submits the highest bid, the commission shall not place any additional electronic gaming machines at the racetrack gaming facility.

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

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

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

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

(2) No electronic gaming machines shall be operated at a parimutuel licensee location in Wyandotte county unless, during the first full calendar year and each year thereafter in which electronic gaming machines are operated at such location, the parimutuel licensee conducts live horse racing programs for at least 60 days, with at least 10 live races conducted each program, and must offer and make a reasonable effort to conduct a minimum number of three live races restricted for quarter horses each day and seven live thoroughbred races each day, of which not less than two races each day shall be limited to registered Kansas-bred horses apportioned in the same ratio that live races are offered, except that the licensee shall not be required to conduct the second live race restricted to Kansas-bred horses unless there are at least seven qualified entries for such
race, and with at least 100 live greyhound races each calendar week for at
least the same number of weeks raced during calendar year 2003, with at
least 13 live races conducted each day for not less than five days per week.

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

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

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

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

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

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

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

(4) (A) if the racetrack gaming facility is located in the northeast Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 3% 2% of the racetrack gaming facility revenues net electronic gaming machine income to the county in which the racetrack gaming facility is located; or (B) if the racetrack gaming facility is located in the northeast Kansas gaming zone and is located within a city, include provision for payment of an amount equal to 1.5% 1% of the racetrack gaming facility revenues net electronic gaming machine income to the city in which the racetrack gaming facility is located and an amount equal to 1.5% 1% of such revenues to the county in such zone;

(B) if the racetrack gaming facility is located in the southeast or south central Kansas gaming zone and is located within a city, provide for payment of an amount equal to 1% of the racetrack gaming facility revenues net electronic gaming machine income to the city in which the racetrack gaming facility is located, an amount equal to 1% of such revenues the net electronic gaming...
machine income to the county in which such facility is located and an amount equal to 1% of such revenues to the other county in such zone;

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

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

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

(9) 15% of electronic gaming machine income shall be used for gaming expenses, subject to agreement between the Kansas lottery and the racetrack gaming facility manager.

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

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

(2)—the Greenwood county fair association or a horsemen’s nonprofit organization, with respect to race meetings conducted by such association.
or organization at Eureka Downs, or the Anthony fair association or a
horsemen's nonprofit organization, with respect to race meetings
conducted by such association or organization at Anthony Downs, for
which the number of race meetings and days, and the dates thereof, shall
be specified by the commission.

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

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

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

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

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

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

(b) (1) A simulcasting license granted to an organization licensee
other than a fair association shall authorize the display of simulcast races
at the racetrack facility where the live races are conducted so long as the
licensee: (A) Conducts at least eight live races per day and an average of
10 live races per day per week; or (B) is in compliance with the provisions
of K.S.A. 2015 Supp. 74-8746, and amendments thereto. If a simulcasting
licensee conducts live horse races on a day when simulcast races are
displayed by the licensee and the licensee conducts fewer than an average
of 10 live horse races per day per week, not less than 80% of the races on
which wagers are taken by the licensee during such week shall be live
races conducted by the licensee unless approved by the recognized
horsemen's group or upon a finding by the commission that the
organization licensee was unable to do so for reasonable cause. If a
simulcast licensee conducts live greyhound races on a day when simulcast
races are displayed by the licensee and the licensee schedules fewer than
13 live greyhound races during a performance on such day, not less than
80% of the races on which wagers are taken by the licensee during such
performance shall be live races conducted by the licensee.

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

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

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

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

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

(d) To qualify for a simulcasting license the applicant shall:
(1) Comply with the interstate horse racing act of 1978 15 U.S.C.
3001 et seq. as in effect December 31, 1991;
(2) submit with the application a written approval of the proposed
(3) submit, in accordance with rules and regulations of the commission and before the simulcasting of a race, a written copy of each contract or agreement which the applicant proposes to enter into with regard to such race, and any proposed modification of any such contract or agreement.

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

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

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

(1) For greyhound races conducted by the licensee, if the simulcast race is a greyhound race and the licensee conducts only live greyhound
races;
(2) for horse races conducted by the licensee, if the simulcast race is a horse race and the licensee conducts only live horse races;
(3) for horse races and greyhound races, as determined by both the recognized horsemen's group and the recognized greyhound owners' group, if the simulcast race is a greyhound race and the licensee does not conduct or is not currently conducting live greyhound races; or
(4) for horse races and greyhound races, as determined by both the recognized horsemen's group and the recognized greyhound owners' group, if the simulcast is a horse race and the licensee does not conduct or is not currently conducting live horse races. That portion of simulcast purse money determined to be used for horse purses shall be apportioned by the commission to the various horse race meetings held in any calendar year based upon the number of live horse race dates comprising such horse race meetings in the preceding calendar year.

(h) Except as provided by subsection (j):
(1) If a simulcasting licensee has a license to conduct live horse races and the licensee displays a simulcast horse race: (A) All breakage proceeds shall be remitted by the licensee to the commission not later than the 15th day of the month following the race from which the breakage is derived and the commission shall remit any such proceeds received to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas horse breeding development fund created by K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket proceeds shall be remitted by the licensee to the commission on the 61st day after the end of the calendar year and the commission shall remit any such proceeds received to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the Kansas horse breeding development fund created by K.S.A. 74-8829, and amendments thereto.
(2) If a simulcasting licensee has a license to conduct live greyhound races and the licensee displays a simulcast greyhound race, breakage and unclaimed winning ticket proceeds shall be distributed in the manner provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for breakage and unclaimed winning ticket proceeds from live greyhound races.
(3) If a simulcasting licensee has a license to conduct live racing of only horses and the licensee displays a simulcast greyhound race, unclaimed winning ticket proceeds shall be distributed in the manner provided by K.S.A. 74-8822, and amendments thereto, for unclaimed
winning ticket proceeds from live greyhound races. Breakage for such
races shall be distributed for use to benefit greyhound racing as determined
by the commission.

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

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

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

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

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

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

(5) Upon approval of the respective recognized greyhound owners'
group or recognized horsemen's group, the commission may permit an
organization licensee to simulcast to other racetrack facilities or off-track wagering or intertrack wagering facilities in other jurisdictions one or more races conducted by such licensee, use one or more races conducted by such licensee for an intrastate combined wagering pool or use one or more races conducted by such licensee for an interstate combined wagering pool at off-track wagering or intertrack wagering locations outside the commission's jurisdiction and may allow parimutuel pools in other jurisdictions to be combined with parimutuel pools in the commission's jurisdiction for the purpose of establishing an interstate combined wagering pool.

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

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

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

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

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

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

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

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

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

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

(d) As used in this section:
(1) "Facility owner licensee" shall have the same meaning as that
term is defined in K.S.A. 74-8802, and amendments thereto.
(2) "Racetrack gaming facility manager" shall have the same meaning
as that term is defined in K.S.A. 74-8702, and amendments thereto.
(3) "Lottery gaming facility manager" shall have the same meaning as
that term is defined in K.S.A. 74-8702, and amendments thereto.
(4) "Prize" shall have the same meaning as that term is defined in
K.S.A. 74-8702, and amendments thereto, and any winnings from
parimutuel wagering as provided by the Kansas parimutuel racing act in
K.S.A 74-8801 et seq., and amendments thereto.
(e) Nothing in this section shall apply to Native American tribal
gaming facilities.
(f) This section shall be part of and supplemental to the state debtor
setoff program.
HB 2537

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

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

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

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

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

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