AN ACT concerning gaming; relating to the Kansas expanded lottery act; making and concerning appropriations for the fiscal year ending June 30, 2018, for the Kansas lottery; relating to the state debtor setoff program; relating to horse and greyhound racing; amending K.S.A. 74-8836 and K.S.A. 2016 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747, 74-8766, 74-8814 and 75-6204 and repealing the existing sections.

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

Section 1.

KANSAS LOTTERY

(a) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2018, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:

Privilege fee repayment fund............................................................No limit
Escrow account repayment fund....................................................No limit
Litigation cost reimbursement fund................................................No limit

New Sec. 2. 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.

New Sec. 3. (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 any person who claims that a prize was 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 a part of and supplemental to the state debtor setoff program.

New Sec. 4. (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, namely Wichita greyhound park. The petition shall be signed by not fewer 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 or
the facility owner 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, unless a subsequent election results
in a favorable vote. 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. 5. (a) If the Kansas lottery enters into a racetrack gaming
facility management contract for the placement of electronic gaming
machines at a partimutuel licensee location in any Kansas gaming zone,
the executive director shall give notice thereof to the lottery gaming
facility manager in each of the Kansas gaming zones. Such notice shall
advise that each lottery gaming facility manager shall have 60 days from
the effective date of the racetrack gaming facility management contract to
file or become a party to an action seeking to obtain a judgment that such
racetrack gaming facility management contract violates the provisions of
K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and amendments
thereto, or that such racetrack gaming facility management contract creates
a material breach of the lottery gaming facility manager's gaming facility
management contract, thereby entitling the lottery gaming facility manager
to recover the privilege fee filed by the lottery gaming facility manager,
plus an amount equal to the accrued interest thereon at a rate of 10%
compounded annually from the date when the privilege fee was paid to the
effective date of such racetrack gaming facility management contract. Any
such action shall be commenced in the district court of Shawnee county.

(b) (1) If a timely action is commenced as provided in subsection (a),
within 60 days following the end of the 60-day period prescribed in
subsection (a), the racetrack gaming facility manager that is a party to such
racetrack gaming facility management contract shall place into escrow
cash or a surety bond in a total amount equal to the privilege fees paid by
the lottery gaming facility managers that are parties to the action, plus an
amount equal to the accrued interest on each of the privilege fees at the
rate of 10% compounded annually from the date the privilege fee was filed
to the effective date of such racetrack gaming facility management contract. This requirement shall be included in each racetrack gaming facility management contract, so that the failure of the racetrack gaming facility manager to place cash or a surety bond in escrow in a timely manner shall constitute a material breach of the racetrack gaming facility management contract and shall be cause for termination of such contract. The total amount of the cash or surety bond placed in escrow shall be verified by the executive director. If a surety bond is placed in escrow, the surety bond shall be executed by the surety in favor of the Kansas lottery, and the cash or surety bond shall be held by the escrow agent designated by the Kansas lottery pursuant to an escrow agreement executed by the executive director.

(2) Upon placing cash or a surety bond in escrow in accordance with subsection (b)(1), the racetrack gaming facility manager may proceed with the construction and operation of the racetrack gaming facility governed by the racetrack gaming facility management contract, without exposure to a restraining order or injunction requested by any party for any purpose in any action pursuant to this section or otherwise.

(3) If a timely action is commenced in accordance with subsection (a), each lottery gaming facility manager that is a party to the action, at the time it becomes a party, shall place into escrow with the Kansas lottery, as liquidated damages, the sum of $5,000,000 either in cash or surety bond. If a surety bond is placed in escrow, a surety bond shall be executed by the surety in favor of the Kansas lottery, and the cash or surety bond shall be held by the escrow agent designated by the Kansas lottery pursuant to an escrow agreement executed by the executive director.

(c) (1) If a timely action is commenced as provided in subsection (a), and a court of competent jurisdiction determines pursuant to a final, non-appealable order that the racetrack gaming facility management contract does not violate the provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and amendments thereto, or create a material breach of any lottery gaming facility management contract entered into with the Kansas lottery by any of the lottery gaming facility managers who are a party to such action, the executive director shall release and discharge back to the racetrack gaming facility manager the cash or surety bond held in escrow pursuant to subsection (b)(1). The executive director also shall direct the escrow agent holding in escrow cash or a surety bond pursuant to subsection (b)(3) to pay any such cash to the executive director, and the executive director also shall make demand on the surety for any surety bond held in escrow pursuant to subsection (b)(3). The executive director shall remit that portion of any cash or the proceeds of any such surety bond as is sufficient to reimburse the racetrack gaming facility manager for court costs and other costs of the action, including attorney fees, to the
state treasurer. Upon receipt of such remittance, the state treasurer shall
deposit such amount in the state treasury to the credit of the litigation cost
reimbursement fund. The remaining balance of any cash or the proceeds of
any surety bond shall be deposited by the executive director in the
expanded lottery act revenue fund. If there is more than one cash deposit
or surety bond placed in escrow pursuant to subsection (b)(3),
reimbursement of the racetrack gaming facility manager, as provided
above, shall be made on a pro rata basis.

(2) If a timely action is commenced as provided in subsection (a), and
a court of competent jurisdiction determines in a final, non-appealable
order, that the racetrack gaming management contract violates the
provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and
amendments thereto, or creates a material breach of any lottery gaming
facility management contract entered into with the Kansas lottery by any
of the lottery gaming facility managers that are a party to such action, the
executive director shall release and discharge back to each lottery gaming
facility manager the cash or surety bond held in escrow pursuant to
subsection (b)(3). The executive director also shall direct the escrow agent
holding in escrow cash or a surety bond pursuant to subsection (b)(1) to
pay such cash to the executive director, and the executive director also
shall make demand on the surety for any surety bond held in escrow
pursuant to subsection (b)(1). The total amount of cash and proceeds of
any surety bond shall enable the repayment of any privilege fees and
accrued interest thereon to any lottery gaming facility manager in whose
favor final judgment has been rendered in such action. The executive
director shall remit all such cash and the proceeds of any surety bond to
the state treasurer. Upon receipt of such remittance, the state treasurer shall
deposit the entire amount in the state treasury to the credit of the privilege
fee repayment fund.

(d) In the event any proceeds from the surety bond held in escrow
under subsection (b)(1) are remitted to the state treasurer for repayment to
a lottery gaming facility manager pursuant to subsection (c)(2), the Kansas
lottery shall thereafter reimburse an equal amount to the racetrack gaming
facility manager. Such reimbursement payments shall be paid monthly
from the escrow account repayment fund. The amount of each monthly
reimbursement payment shall be a percentage of the funds in the expanded
lottery act revenue fund that were received by the Kansas lottery pursuant
to K.S.A. 2016 Supp. 74-8747(a)(1), and amendments thereto, as
hereinafter provided. Such percentage shall be agreed to by the executive
director and the racetrack gaming facility manager in each racetrack
gaming facility management contract, except that such percentage shall
not be less than 50% of the funds in the expanded lottery act revenue fund
that were received by the Kansas lottery pursuant to K.S.A. 2016 Supp.
74-8747(a)(1), and amendments thereto. The executive director shall certify the amount to be paid under this subsection to the director of accounts and reports. Upon receipt of such certification, the director of accounts and reports shall transfer such certified amount from the expanded lottery act revenue fund to the escrow account repayment fund. Transfers from the expanded lottery act revenue fund under this subsection shall only be made from those funds held in the expanded lottery act revenue fund that were received by the Kansas lottery pursuant to K.S.A. 2016 Supp. 74-8747(a)(1), and amendments thereto, as net electronic gaming machine income from the racetrack gaming facility to which the racetrack gaming facility management contract applies. All funds transferred to the escrow account repayment fund pursuant to this subsection shall be expended by the Kansas lottery for the purposes of this subsection.

(e) (1) The privilege fee repayment fund is hereby created in the state treasury and shall be administered by the Kansas lottery. The privilege fee repayment fund shall consist of those moneys credited to the privilege fee repayment fund pursuant to subsection (c)(2). All expenditures from the privilege fee repayment fund shall be for the repayment of privilege fees, including accrued interest thereon, pursuant to subsection (c)(2), and 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.

(2) The escrow account repayment fund is hereby created in the state treasury and shall be administered by the Kansas lottery. The escrow account repayment fund shall consist of those moneys credited to the escrow account repayment fund pursuant to subsection (d). All expenditures from the escrow account repayment fund shall be for reimbursement to the racetrack gaming facility manager of the proceeds from the cash or surety bond held in escrow under subsection (b)(1) that are remitted to the state treasurer for payment to a lottery gaming facility manager pursuant to subsection (c)(2), and 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.

(3) The litigation cost reimbursement fund is hereby created in the state treasury and shall be administered by the Kansas lottery. The litigation cost reimbursement fund shall consist of those moneys credited to the litigation cost reimbursement fund pursuant to subsection (c)(1). All expenditures from the litigation cost reimbursement fund shall be for reimbursement to the racetrack gaming facility manager for court costs and other costs of the action described in subsection (a), including attorney fees, and 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.

(f) For purposes of this section, the Kansas expanded lottery act and
the Kansas parimutuel racing act, a racetrack gaming facility manager, as
defined in K.S.A. 2016 Supp. 74-8702, and amendments thereto, may also
be a facility owner licensee, as defined in K.S.A. 74-8802, and
amendments thereto.

(g) The provisions of this section shall be a part of and supplemental
to the Kansas expanded lottery act.

New Sec. 6. 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 south central Kansas gaming
zone, as provided in K.S.A. 2016 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. 7. K.S.A. 2016 Supp. 74-8734 is hereby amended to read as
follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
facility in each gaming zone.

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

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

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

(e) In determining whether to approve a management contract with a prospective lottery gaming facility manager to manage a lottery gaming facility or lottery gaming enterprise pursuant to this section, the commission shall take into consideration the following factors: The size of the proposed facility; the geographic area in which such facility is to be located; the proposed facility's location as a tourist and entertainment destination; the estimated number of tourists that would be attracted by the proposed facility; the number and type of lottery facility games to be operated at the proposed facility; and agreements related to ancillary lottery gaming facility operations.

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

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

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

2. (B) the prospective lottery gaming facility manager is not a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; (ii) is 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; and (iii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; and

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

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

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

(2) specify the total amount to be paid to the lottery gaming facility
manager pursuant to the contract;

(3) establish a mechanism to facilitate payment of lottery gaming
facility expenses, payment of the lottery gaming facility manager's share of
the lottery gaming facility revenues and distribution of the state's share of
the lottery gaming facility revenues;

(4) include a provision for the lottery gaming facility manager to pay
the costs of oversight and regulation of the lottery gaming facility manager
and the operations of the lottery gaming facility by the Kansas racing and
gaming commission;

(5) establish the types of lottery facility games to be installed in such
facility;

(6) provide for the prospective lottery gaming facility manager, upon
approval of the proposed lottery gaming facility management contract, to
pay to the state treasurer a privilege fee of $25,000,000 for the privilege of
being selected as a lottery gaming facility manager of a lottery gaming
facility in the northeast or south central Kansas gaming zone and
$5,500,000 for the privilege of being selected as a lottery gaming facility
manager of a lottery gaming facility in the southeast or southwest Kansas
gaming zone. Such fee shall be deposited in the state treasury and credited
to the lottery gaming facility manager fund, which is hereby created in the
state treasury;

(7) incorporate terms and conditions for the ancillary lottery gaming
facility operations;

(8) designate as key employees, subject to approval of the executive
director, any employees or contractors providing services or functions
which are related to lottery facility games authorized by a management
contract;

(9) include financing commitments for construction;

(10) include a resolution of endorsement from the city governing
body, if the proposed facility is within the corporate limits of a city, or
from the county commission, if the proposed facility is located in the
unincorporated area of the county;
include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A. 2016 Supp. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;

(12) include a provision for the state to receive not less than 22% of lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A. 2016 Supp. 74-8768, and amendments thereto;

(13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A. 2016 Supp. 79-4805, and amendments thereto;

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

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

(16) (A) if the lottery gaming facility is located in the southeast or south central Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 2% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located and an amount equal to 1% of such revenues to the other county in such zone; or (B) if the lottery 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 lottery gaming facility revenues
to the city in which the lottery gaming facility is located, an amount equal
to 1% of such revenues 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;
(17) allow the lottery gaming facility manager to manage the lottery
gaming facility in a manner consistent with this act and applicable law, but
shall place full, complete and ultimate ownership and operational control
of the gaming operation of the lottery gaming facility with the Kansas
lottery. The Kansas lottery shall not delegate and shall explicitly retain the
power to overrule any action of the lottery gaming facility manager
affecting the gaming operation without prior notice. The Kansas lottery
shall retain full control over all decisions concerning lottery gaming
facility games;
(18) include provisions for the Kansas racing and gaming
commission to oversee all lottery 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 credentialing of employees, contractors and agents of
the lottery gaming facility manager and of ancillary lottery gaming facility
operations, as determined by the Kansas racing and gaming commission;
auditing of lottery gaming facility revenues; enforcement of all state laws
and maintenance of the integrity of gaming operations; and
(19) include enforceable provisions: (A) Prohibiting the state, until
July 1, 2032, from: (i) Entering into management contracts for more than
four 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, one to be located in the southwest Kansas gaming
zone and one to be located in the southeast 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
lottery gaming facility manager an amount equal to the privilege fee paid
by such lottery 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).
(i) The power of eminent domain shall not be used to acquire any
interest in real property for use in a lottery gaming enterprise.
(j) Any proposed management contract for which the privilege fee
has not been paid to the state treasurer within 30 days after the date of
approval of the management contract shall be null and void.
(k) A person who is the manager of the racetrack gaming facility in a
gaming zone shall not be eligible to be the manager of the lottery gaming
facility in the same zone.
(l) Management contracts authorized by this section may include provisions relating to:

(1) Accounting procedures to determine the lottery gaming facility revenues, unclaimed prizes and credits;
(2) minimum requirements for a lottery gaming facility manager to provide qualified oversight, security and supervision of the lottery facility games including the use of qualified personnel with experience in applicable technology;
(3) eligibility requirements for employees, contractors or agents of a lottery gaming facility manager who will have responsibility for or involvement with actual gaming activities or for the handling of cash or tokens;
(4) background investigations to be performed by the Kansas racing and gaming commission;
(5) credentialing requirements for any employee, contractor or agent of the lottery gaming facility manager or of any ancillary lottery gaming facility operation 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 any lottery facility game in a legal and fair manner.

(m) A 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. The trustee of any insolvent or bankrupt lottery gaming facility manager may continue to operate pursuant to the management contract under order of the appropriate court for no longer than one year after the bankruptcy or insolvency of such manager.

(n) (1) The Kansas lottery shall be the licensee and owner of all software programs used at a lottery gaming facility for any lottery facility game.
(2) A lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery all lottery facility games. All lottery facility games shall be subject to the ultimate control of the Kansas lottery in accordance with this act.
(o) A lottery gaming facility shall comply with any planning and zoning regulations of the city or county in which it is to be located. The executive director shall not contract with any prospective lottery gaming facility manager for the operation and management of such lottery gaming facility unless such manager first receives any necessary approval under
planning and zoning requirements of the city or county in which it is to be located.

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

(q) For purposes of this section, the term "similar gaming facilities" does not include any racetrack gaming facility, as that term is defined in K.S.A. 74-8702, and amendments thereto, that was authorized on the effective date of this act.

Sec. 8. K.S.A. 2016 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 gambling 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 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. 2016 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.

(g) For purposes of this section, the term "similar gaming facilities"
does not include any racetrack gaming facility, as that term is defined in
K.S.A. 74-8702, and amendments thereto, that was authorized on the
effective date of this act.

Sec. 9. K.S.A. 2016 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. 2016 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 600 400 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. 10. K.S.A. 2016 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. 11. K.S.A. 2016 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% an amount equal to 10% of net electronic gaming machine income derived from electronic gaming machines located at racetrack gaming facilities licensed to conduct live horse races during the first and second years of operation, and 14% of net electronic gaming machine
income derived from electronic gaming machines located at such
racetrack gaming facilities during the third and subsequent years of
operation shall be credited to the live horse racing purse supplement fund
established by K.S.A. 2016 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) an amount equal to 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. 2016
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% of the racetrack gaming facility
revenues 2% of net electronic gaming machine income shall be paid 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, provide for payment of an amount
equal to 1.5% of the racetrack gaming facility revenues 1% of net
electronic gaming machine income shall be paid to the city in which the
racetrack gaming facility is located and an amount equal to 1% of such
revenues 1% of net electronic gaming machine income shall be paid to the
county in which such facility is located;

(5) (A) if the racetrack gaming facility is located in the southeast or
south central Kansas gaming zone and is not located within a city, include
a provision for payment of an amount equal to 2% of the racetrack gaming
facility revenues 2% of net electronic gaming machine income shall be paid
to the county in which the racetrack gaming facility is located; and an
amount equal to 1% of such revenues to the other county in such zone; or
(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 1% of net electronic gaming machine income shall be paid to the
city in which the racetrack gaming facility is located; and an amount equal
to 1% of such revenues net electronic gaming machine income shall be
paid 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) 2% 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. 2016 Supp. 79-4805, and amendments thereto;
(7) (A) an amount equal to 1% of net electronic gaming machine
income derived from electronic gaming machines located at a racetrack
gaming facility located in the northeast Kansas gaming zone shall be
credited to the Kansas horse fair racing benefit fund established by K.S.A.
74-8838, and amendments thereto; and
(B) an amount equal to 0.4% of net electronic gaming machine
income derived from electronic gaming machines located at racetrack
gaming facilities located in the southeast Kansas gaming zone or south
central Kansas gaming zone shall be credited to the Kansas horse fair
racing benefit fund established by K.S.A. 74-8838, and amendments thereto;
(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 derived from electronic gaming
machines located at a racetrack gaming facility located in the south
central Kansas gaming zone shall be credited to the Kansas horse council
fund established by section 6, 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
remaining balance of net electronic gaming machine income shall be paid
to the racetrack gaming facility manager.
(b) A racetrack gaming facility management contract may include
provisions for a parimutuel licensee or any other entity to pay the
parimutuel licensee's expenses related to electronic gaming machines, as
the executive director deems appropriate, subject to the requirements of
subsection (a)(9).
Sec. 12. K.S.A. 2016 Supp. 74-8766 is hereby amended to read as
follows: 74-8766. (a) There is hereby established in the state treasury the
expanded lottery receipts fund. Separate accounts shall be maintained in
such fund for receipt of moneys from each lottery gaming facility manager
and racetrack gaming facility manager. All expenditures from the 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 for the purposes set forth in this act.
(b) All lottery gaming facility revenues from lottery gaming facilities
and all net electronic gaming machine income from racetrack gaming facilities shall be paid daily and electronically to the executive director. The executive director shall remit all moneys received therefrom 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 respective account maintained for the lottery gaming facility manager or racetrack gaming facility manager in the expanded lottery receipts fund.

(c) The executive director shall certify weekly to the director of accounts and reports the percentages or amounts to be transferred from each account maintained in the expanded lottery receipts fund to the expanded lottery act revenues fund, the live horse racing supplement fund, the live greyhound racing purse supplement fund and the problem gambling and addictions grant fund, as provided by the lottery gaming facility management contract or K.S.A. 2016 Supp. 74-8747, and amendments thereto. Upon receipt of the certification, the director of accounts and reports shall transfer amounts from each such account in accordance with the certification of the executive director. Once each month, the executive director shall cause amounts from each such account to be paid to cities, counties and lottery gaming facility managers in accordance with the lottery gaming facility management contract and to racetrack gaming facility managers in accordance with K.S.A. 2016 Supp. 74-8747, and amendments thereto.

(d) Amounts remaining in an account in the expanded lottery receipts fund after transfers and payments pursuant to subsection (c) and section 5, and amendments thereto, shall be distributed in accordance with the related lottery gaming facility management contract or racetrack gaming facility management contract.

Sec. 13. K.S.A. 2016 Supp. 74-8814 is hereby amended to read as follows: 74-8814. (a) 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 organizations that applies for an organization license and the a license fee for any of the following granted an organization license shall be $100 of $25 for each day of racing approved by the commission for any of the following organizations that are granted an organization license:

(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—

(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. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-8836. (a) Any organization licensee that conducts at least 150 60 days of live racing during a calendar year, or is in compliance with the provisions of K.S.A. 2016 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 conducts at least eight live races per day and an average of 10 live races per day per week is in compliance with the provisions of K.S.A. 2016 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 also 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. ¶
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(2) submit with the application a written approval of the proposed simulcasting schedule signed by: (A) The recognized horsemen's group for the track, if the applicant is licensed to conduct only horse races, and horse races or greyhound races, or both, are to be simulcast; (B) the recognized greyhound owners' group, if the applicant is licensed to conduct only greyhound races and only greyhound races are to be simulcast; (C) both the recognized greyhound owners' group and a recognized horsemen's group, if the applicant is licensed to conduct only greyhound races and horse races are to be simulcast; (D) the recognized greyhound owners' group, if the applicant is licensed to conduct both greyhound and horse races, only greyhound races are to be simulcast and races are to be simulcast only while the applicant is conducting live greyhound races; (E) the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound and horse races, only horse races are to be simulcast and races are to be simulcast only while the applicant is conducting live horse races; or (F) both the recognized greyhound owners' group and the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound races and horse races are to be simulcast while the applicant is conducting live greyhound races or greyhound races are to be simulcast while the applicant is conducting live horse races; and

(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 simulcasting 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 simulcasting 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 *simulcasting* 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 *simulcasting* licensee displays a simulcast horse race: (A) All breakage proceeds shall be remitted by the licensee to the commission not later than the 15\textsuperscript{th} 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 61\textsuperscript{st} 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. 15. K.S.A. 2016 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 or 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.


Sec. 17. This act shall take effect and be in force from and after its publication in the statute book.