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. 74-8741, 74-8743, 74-8744, 74-8746, 74-8747, 74-8766, 74-8814 and 75-6204 and repealing the existing sections.

WHEREAS, In light of the historic support for the availability of horse and dog racing in the state, the long history and heritage of the greyhound and horse industry in the state and the support for the availability of electronic gaming machines at race facilities, this act is aimed at resurrecting these well-known and existing facilities; and

WHEREAS, Allowing horse and dog racetracks to be economically viable will improve the Kansas economy, promote tourism and protect the state's reputation in the greyhound and horse industry, which has existed in Kansas long before the advent of casinos and electronic gaming; and

WHEREAS, There are positive economic and agribusiness benefits derived from revitalizing our existing race tracks, which have been idle since the passage of 2007 Senate Bill No. 66 due to the inability to make a sustainable profit, including farms and breeding operations; and

WHEREAS, It has been 10 years since the vote to approve and place electronic gaming machines at Wichita Greyhound Park in Sedgwick County; and

WHEREAS, An economic study has estimated that passage of this act and the resulting capital investments in the racetracks will result in a significant number of new jobs and a significant increase in state and local tax revenue without the need for economic development incentives; and

WHEREAS, That economic study has also estimated that the passage of this act will channel millions of dollars annually to farmers and ranchers who have been struggling in the current farm and ranch economy, and will benefit greyhound and horse breeders and the support services employed by these breeders; and

WHEREAS, The existence of current lottery gaming facility management contracts is hereby acknowledged and it is the intent of the legislature to protect the state from financial exposure in the event lottery gaming facility managers request the repayment of privilege fees paid to
the state; and

WHEREAS, The current tax structure for racetracks needs to be
aligned with that of the casinos in order to allow the racetracks to open and
operate as intended.

Now, therefore:

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

New Section 1. (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. 2. (a) The attorney general may file an action in quo warranto in the supreme court within 90 days from the effective date of this act on the question of the authority of a public official to act in accordance with the provisions of K.S.A. 2016 Supp. 74-8743, and amendments thereto. Such action may not be filed by any party except the attorney general, and shall only be filed in the supreme court.

(b) No action for specific performance, anticipatory breach or breach of contract, the basis of which is that a 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, shall be deemed to have accrued until such date as the Kansas lottery enters into a racetrack gaming facility management contract for the placement of electronic gaming machines at a parimutuel licensee location in any Kansas gaming zone, or such date a final order is issued in any action brought by the attorney general pursuant to subsection (a), whichever occurs later. Any such action shall be commenced in the district court of Shawnee county within 60 days from the date the cause of action accrued.

(c) No claim for equitable relief, including injunctive relief may be brought in any action filed pursuant to this subsection except by the attorney general in an action brought under subsection (a).

(d) If an action is commenced in accordance with subsection (b), within 60 days following the filing of such action, 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 those 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. Every six months following the effective date of such racetrack gaming facility management contract, the racetrack gaming facility manager also shall place into escrow cash or a surety bond in an additional amount equal to the interest continuing to accrue on the privilege fees paid by the lottery gaming facility managers that are parties to the action, as determined by the executive director. 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.

(e) (1) If a court of competent jurisdiction, in any action commenced 
in accordance with subsection (b), 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 (d).

(2) If a court of competent jurisdiction, in any action commenced in 
accordance with subsection (b), 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 direct the escrow agent holding in escrow cash or a 
surety bond pursuant to subsection (d) 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 (d). 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.

(f) In the event any proceeds from the surety bond held in escrow 
under subsection (d) are remitted to the state treasurer for repayment to a 
lottery gaming facility manager pursuant to subsection (e)(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.

(g) (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 (e)(2). All expenditures from the privilege fee repayment fund shall be for the repayment of privilege fees, including accrued interest thereon, pursuant to subsection (e)(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 (f). 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 (d) that are remitted to the state treasurer for payment to a lottery gaming facility manager pursuant to subsection (e)(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.

(h) 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.

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

New Sec. 3. On or before December 1, 2017, and each December 1
thereafter, 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 that will maximize the benefit to
economic development in rural Kansas.

New Sec. 4. There is hereby established in the state treasury the
Kansas horse council fund, which shall be administered by the Kansas
racing and gaming commission. 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. 5. 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- 
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—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. 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.

Sec. 6. K.S.A. 2016 Supp. 74-8743 is hereby amended to read as follows: 74-8743. (a) The board of county commissioners of each county where there is a parimutuel licensee location by resolution may submit to the qualified voters of the county a proposition to permit the placement of electronic gaming machines in the county as provided in this section. The proposition shall be submitted to the voters at a special election called by the board of county commissioners for that purpose and held no more than 180 days after the effective date of this act, or, upon presentation of a valid petition signed by not fewer than 5,000 qualified voters of the county, shall submit such proposition to the qualified voters of the county.

(b) Upon the adoption of a resolution calling for an election pursuant to this section, or the submission of a petition, which the county election officer has determined has been signed by a sufficient number of qualified voters of the county, the county election officer shall cause the following proposition to be placed on the ballot at the election called for that purpose: "Shall the operation of electronic gaming machines by the Kansas Lottery be authorized to place electronic gaming machines in _________ county at Wichita Greyhound Park in Sedgwick county?" The proposition shall be submitted to the voters at a special election called by the board of county commissioners for that purpose and held no later than 120 days after the petition is deemed valid.

(c) If a majority of the votes cast and counted at such election is in favor of approving the placement of electronic gaming machines in the county, the Kansas lottery may place and operate electronic gaming machines at a parimutuel licensee location in the county, subject to the provisions of this act. If a majority of the votes cast and counted at an election under this section is against permitting placement of electronic gaming machines in the county, the Kansas lottery shall not place or
operate electronic gaming machines at a parimutuel licensee location in
the county. The county election officer shall transmit a copy of the
certification of the results of the election to the executive director.
(d) The election provided for by this section shall be conducted, and
the votes counted and canvassed, in the manner provided by law for
question submitted elections of the county.
(e) The lottery commission may waive the requirement that an
election be held pursuant to this section if the lottery commission
determines that after December 31, 2004, and before the effective date of
this act, the county has held an election of qualified voters pursuant to the
county’s home rule authority: (1) At which the ballot question was in-
substantial compliance with the requirements of this section; (2) which
was administered by the county election officer in a manner consistent
with the requirements of state election law; and (3) at which a majority of
the votes cast and counted was in favor of the proposition.
(f) The question of the placement of electronic gaming machines in a
county may be submitted at the same election as the question of operation
of a lottery gaming facility in the county under K.S.A. 2016 Supp. 74-
8737, and amendments thereto.
Sec. 7. 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. 8. 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. 9. 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 be distributed as follows:

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

(2) 7% 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 an amount equal to 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, include provision for
payment of an amount equal to 1.5% of the racetrack gaming facility-
revenues an amount equal to 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 1.5% 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 an amount equal to 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 an amount equal to 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 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) (A) if the racetrack gaming facility is located in the southeast Kansas gaming zone and is not located within a city, an amount equal to 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 net electronic gaming machine income shall be paid to the other county in such zone; or 

(B) if the racetrack gaming facility is located in the southeast Kansas gaming zone and is located within a city, an amount equal to 1% 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 net electronic gaming machine income shall be paid to the other county in such zone; 

(6) (7) 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) (8) (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
(8) 40% of net electronic gaming machine income shall be credited to the expanded lottery act revenues fund

(9) 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 4, 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.

(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. 10. 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 2,
and amendments thereto, shall be distributed in accordance with the
related lottery gaming facility management contract or racetrack gaming
facility management contract.

Sec. 11. 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 $50 for any of the following which organizations that
applies for an organization license and the 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) (1) Such
association conducts not more than two race meetings each year; (B) (2)
such race meets are held within the boundaries of the county where the
applicant is located; and (C) (3) 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
perform a criminal history records check and credit history check 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. 12. 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. 2016 Supp. 74-8746, and amendments thereto, or a fair
association that conducts fewer than 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 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:


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