AN ACT concerning gaming; relating to the Kansas expanded lottery act; relating to the state debtor setoff program; relating to horse and greyhound racing; amending K.S.A. 74-8802 and 74-8836 and K.S.A. 2017 Supp. 74-8702, 74-8741, 74-8743, 74-8744, 74-8746, 74-8747, 74-8766, 74-8813, 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 of Kansas, 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 racetracks, 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 more than 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 become entitled to 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.
5. Nothing in this section shall apply to Native American tribal
(f) This section shall be a part of and supplemental to the state debtor setoff program.

New Sec. 2. (a) Notwithstanding the provisions of K.S.A. 2017 Supp. 74-8733, and amendments thereto, 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. 2017 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 against the state of Kansas 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. 2017 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) No claim arising from the execution of a racetrack gaming facility management contract may be brought except by the lottery gaming facility manager for the lottery gaming facility located in the same Kansas gaming zone as the racetrack gaming facility that is the subject of such racetrack gaming facility management contract. No claim arising from the operation of K.S.A. 2017 Supp. 74-8743, and amendments thereto, may be brought except by the lottery gaming facility manager for the lottery gaming facility located in the south central Kansas gaming zone.

(e) The monetary damages that may be awarded in any action brought pursuant to this section shall not exceed an amount equal to the privilege fee paid by the lottery gaming facility manager plus accrued interest from the date such action accrues as specified in subsection (b).

(f) 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, or a third party on behalf of the racetrack gaming
facility manager, shall submit a letter of credit in a total amount equal to the monetary damages that may be awarded in such action as determined by the executive director, subject to the limitations of subsection (e). This requirement shall be included in each racetrack gaming facility management contract, so that the failure to submit a letter of credit 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 letter of credit shall name the Kansas lottery as the beneficiary.

(g) (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. 2017 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 that are a party to such action, the executive director shall provide a letter of cancellation to the racetrack gaming facility canceling the letter of credit.

(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. 2017 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 present the letter of credit for payment in an amount equal to the monetary damages awarded to any lottery gaming facility manager in whose favor final judgment has been rendered in such action. The executive director shall remit all moneys from such payment 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.

(h) In the event the executive director presents the letter of credit for payment in accordance with subsection (g), and the moneys from such payment are remitted to the state treasurer for repayment to a lottery gaming facility manager pursuant to subsection (g)(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 racetrack gaming facility manager 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. 2017 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. 2017 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 racetrack gaming facility manager
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. 2017 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 racetrack gaming facility manager repayment fund
pursuant to this subsection shall be expended by the Kansas lottery for the
purposes of this subsection.

(i) (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 (g)(2). All expenditures from the
privilege fee repayment fund shall be for the repayment of privilege fees,
including accrued interest thereon, pursuant to subsection (g)(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 racetrack gaming facility manager repayment fund is hereby
created in the state treasury and shall be administered by the Kansas
lottery. The racetrack gaming facility manager repayment fund shall
consist of those moneys credited to the racetrack gaming facility manager
repayment fund pursuant to subsection (h). All expenditures from the
racetrack gaming facility manager repayment fund shall be for
reimbursement to the racetrack gaming facility manager of the moneys
remitted to the state treasurer for payment to a lottery gaming facility
manager pursuant to subsection (g)(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.

(j) 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. 74-8702, and amendments thereto, may also be a facility
owner licensee, as defined in K.S.A. 74-8802, and amendments thereto.

(k) 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, 2018, 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. 2017 Supp. 74-8702 is hereby amended to read as follows: 74-8702. As used in the Kansas lottery act, unless the context otherwise requires:

(a) "Ancillary lottery gaming facility operations" means additional non-lottery facility game products and services not owned and operated by the state which may be included in the overall development associated with the lottery gaming facility. Such operations may include, but are not limited to, restaurants, hotels, motels, museums or entertainment facilities.

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

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

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

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

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

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

(h) "Kansas lottery" means the state agency created by this act to operate a lottery or lotteries pursuant to this act.

(i) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.

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

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

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

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

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

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

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

(q) (1) "Lottery machine" means any machine or device that allows a
player to insert cash or other form of consideration and may deliver as the
result of an element of chance, regardless of the skill required by the
player, a prize or evidence of a prize, including, but not limited to:
(A) Any machine or device in which the prize or evidence of a prize
is determined by both chance and the player's or players' skill, including,
but not limited to, any machine or device on which a lottery game or
lottery games, such as poker or blackjack, are played;
(B) any machine or device in which the prize or evidence of a prize is
determined only by chance, including, but not limited to, any slot machine
or bingo machine; or
(C) any lottery ticket vending machine, such as a keno ticket vending
machine, pull-tab vending machine or an instant-bingo vending machine.

(2) "Lottery machine" shall not mean:
(A) Any food vending machine defined by K.S.A. 36-501, and
amendments thereto;
(B) any nonprescription drug machine authorized under K.S.A. 65-
650, and amendments thereto;
(C) any machine which dispenses only bottled or canned soft drinks,
chewing gum, nuts or candies;
(D) any machine excluded from the definition of gambling devices
under subsection (d) of K.S.A. 21-4302, prior to its repeal, or K.S.A. 2017
Supp. 21-6403, and amendments thereto; or
(E) any electronic gaming machine or lottery facility game operated
in accordance with the provisions of the Kansas expanded lottery act.

(r) "Lottery retailer" means any person with whom the Kansas lottery
has contracted to sell lottery tickets or shares, or both, to the public.

(s) (1) "Major procurement" means any gaming product or service,
including, but not limited to, facilities, advertising and promotional
services, annuity contracts, prize payment agreements, consulting services,
equipment, tickets and other products and services unique to the Kansas
lottery, but not including materials, supplies, equipment and services
(2) "Major procurement" shall not mean any product, service or other matter covered by or addressed in the Kansas expanded lottery act or a lottery gaming facility management contract or racetrack gaming facility management contract executed pursuant to the Kansas expanded lottery act.

(t) "Net electronic gaming machine income" means all cash or other consideration utilized to play an electronic gaming machine operated at a racetrack gaming facility, less all cash or other consideration paid out to winning players as prizes.

(u) "Organization licensee" has the meaning provided by K.S.A. 74-8802, and amendments thereto.

(v) "Parimutuel licensee" means a facility owner licensee or facility manager licensee under the Kansas parimutuel racing act.

(w) "Parimutuel licensee location" means a racetrack facility, as defined in K.S.A. 74-8802, and amendments thereto, owned or managed by the parimutuel licensee. A parimutuel licensee location may include any existing structure at such racetrack facility or any structure that may be constructed on real estate where such racetrack facility is located.

(x) "Person" means any natural person, association, limited liability company, corporation or partnership.

(y) "Prize" means any prize paid directly by the Kansas lottery pursuant to the Kansas lottery act or the Kansas expanded lottery act or any rules and regulations adopted pursuant to either act.

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

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

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

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

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

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

(ff) "Similar gaming facility" means that portion of a building used for the purposes of operating, managing and maintaining lottery facility games and other games authorized to be conducted or operated at tribal gaming facilities, as defined in K.S.A. 74-8902, and amendments thereto, located within the boundaries of this state, except the term "similar gaming facility" shall not include any facility authorized to operate, manage and maintain only electronic gaming machines.

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

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

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

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

Sec. 6. K.S.A. 2017 Supp. 74-8741 is hereby amended to read as follows: 74-8741. (a) The executive director of the Kansas lottery shall negotiate a racetrack gaming facility management contract to place electronic gaming machines at one parimutuel licensee location in each gaming zone except the southwest Kansas gaming zone.

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

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

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

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

(1) The term of the contract;

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

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

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

(5) provisions for the distribution of the net electronic gaming machine income from the racetrack gaming facility, which shall be in accordance with K.S.A. 2017 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
hypothe cated.

Sec. 7. K.S.A. 2017 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, 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. The proposition shall be submitted to the
voters at a special election called by the board of county commissioners
for that purpose and held not more than 180 days after the effective date of
this act.

(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 the next primary or general election, or
at a special election called by the board of county commissioners for that
purpose. In no event shall the election be held more than 120 days after
the petition, if any, 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. 2017 Supp. 74-8737, and amendments thereto.

Sec. 8. K.S.A. 2017 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. 2017 Supp. 74-8766, and amendments thereto,
including the calculations required for such payments.
(b) Rules and regulations establishing the minimum and maximum
number of electronic gaming machines allocated for placement at each
racetrack gaming facility shall be adopted and published not later than 120
days after the effective date of this act. Such rules and regulations shall be
subject to the following:
(1) At least 600 electronic gaming machines shall be allocated to
and placed at each racetrack gaming facility.
(2) The total number of electronic gaming machines allocated to and
placed at all racetrack gaming facilities in the state shall not exceed 2,800.
Until lottery gaming facility management contracts for lottery gaming-
facilities in all gaming zones become binding, the total number of
electronic gaming machines placed at all racetrack gaming facilities shall
not exceed 2,200. When lottery gaming facility management contracts for
lottery gaming facilities in all gaming zones have become binding, the
lottery commission shall take privilege fee bids from the lottery gaming-
facility manager and racetrack gaming facility manager in each gaming
zone for the remaining electronic gaming machines allocated to but not yet
placed at the racetrack gaming facility in such zone. The minimum bid
shall be a privilege fee of $2,500 per electronic gaming machine. If the
racetrack gaming facility manager submits the highest bid, the lottery
commission shall place the remaining electronic gaming machines at the
racetrack gaming facility. If the lottery gaming facility manager submits
the highest bid, the commission shall not place any additional electronic
gaming machines at the racetrack gaming facility.
(3) In addition to any privilege fee paid pursuant to paragraph (2),
each racetrack gaming facility manager shall pay a privilege fee of $2,500
for each electronic gaming machine placed at the racetrack gaming facility
for which a privilege fee is not paid pursuant to paragraph (2).
(4) The racetrack gaming facility manager shall pay the privilege fees
provided by this subsection to the executive director, who shall remit the
entire amount to the state treasurer in accordance with K.S.A. 75-4215,
and amendments thereto. Upon receipt of the remittance, the state treasurer
shall deposit the entire amount in the state treasury and credit it to the
expanded lottery act revenues fund.
Sec. 9. K.S.A. 2017 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 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. 10. K.S.A. 2017 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) an amount equal to 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, 10% of net electronic gaming machine income derived from electronic gaming machines located at such racetrack gaming facilities during the third and fourth years of operation, and 14% of net electronic gaming machine income derived from electronic gaming machines located at such racetrack gaming facilities during the fifth and subsequent years of operation shall be credited to the live horse racing purse supplement fund established by K.S.A. 2017 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 live greyhound races shall be credited to the live greyhound racing purse supplement fund established by K.S.A. 2017 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 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) (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 city 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 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. 2017 Supp. 79-4805, and amendments thereto;

(7) (8) 4% an amount equal to 2% 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;

(8) (9) 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 4, and amendments thereto; and

(9) (10) 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. 11. K.S.A. 2017 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. 2017 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 
racetack gaming facility managers in accordance with K.S.A. 2017 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. 12. K.S.A. 74-8802 is hereby amended to read as follows: 74- 
8802. As used in the Kansas parimutuel racing act unless the context 
otherwise requires:

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) "Horsemens's association" means any association or corporation:

(1) All officers, directors, members and shareholders of which are licensed owners of horses or licensed trainers of horses, or both;

(2) which is applying for or has been issued a facility owner license authorizing ownership of Eureka Downs, Anthony Downs or a racetrack facility on or adjacent to premises used by a fair association to conduct fair activities; and

(3) none of the officers, directors, members or shareholders of which holds another facility owner license or is an officer, director, member or shareholder of another facility owner licensee.

(n) "Horsemens' nonprofit organization" means any nonprofit organization:

(1) All officers, directors, members or shareholders of which are licensed owners of horses or licensed trainers of horses, or both; and

(2) which is applying for or has been issued an organization license authorizing the conduct of horse races at Eureka Downs, Anthony Downs or a racetrack facility on or adjacent to premises used by a fair association to conduct fair activities.

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

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

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

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

(t) "Kansas-whelped greyhound" means a greyhound whelped and raised in Kansas for the first six months of its life.

(u) "Minus pool" means a parimutuel pool in which, after deducting the takeout, not enough money remains in the pool to pay the legally prescribed minimum return to those placing winning wagers, and in which the organization licensee would be required to pay the remaining amount due.

(v) "Nonprofit organization" means:

(1) A corporation which is incorporated in Kansas as a not-for-profit corporation pursuant to the Kansas general corporation code and the net earnings of which do not inure to the benefit of any shareholder, individual member or person; or

(2) a fair association.

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

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

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

(z) "Parimutuel pool" means the total money wagered by individuals on one or more horses or greyhounds in a particular horse or greyhound race to win, place or show, or combinations thereof, as established by the commission, and, except in the case of an interstate or intrastate combined wagering pool, held by the organization licensee pursuant to the parimutuel system of wagering. There is a separate parimutuel pool for win, for place, for show and for each of the other forms of betting provided for by the rules and regulations of the commission.
(aa) "Parimutuel wagering" means a form of wagering on the outcome of horse and greyhound races in which those who wager purchase tickets of various denominations on one or more horses or greyhounds and all wagers for each race are pooled and the winning ticket holders are paid prizes from such pool in amounts proportional to the total receipts in the pool.

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

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

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

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

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

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

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

(ii) "Takeout" means the total amount of money withheld from each parimutuel pool for the payment of purses, taxes and the share to be kept
by the organization licensee. Takeout does not include the breakage. The
balance of each pool less the breakage is distributed to the holders of
winning parimutuel tickets.
Sec. 13. K.S.A. 2017 Supp. 74-8813 is hereby amended to read as
follows: 74-8813. (a) A nonprofit organization may apply to the
commission for an organization license to conduct horse races or an
organization license to conduct greyhound races, or both such licenses. In
addition, an organization license may authorize the licensee to construct or
own a racetrack facility if so provided by the commission. The application
for an organization license shall be filed with the commission at a time and
place prescribed by rules and regulations of the commission. The
application shall specify the days when and the exact location where it
proposes to conduct such races and shall be in a form and include such
information as the commission prescribes. A nonrefundable application fee
in the form of a certified check or bank draft shall accompany the
application. Except as provided pursuant to K.S.A. 74-8814, and
amendments thereto, such fee shall be $5,000 for each application. If the
application fee is insufficient to pay the reasonable expenses of processing
the application and investigating the applicant's qualifications for
licensure, the commission shall require the applicant to pay to the
commission, at such times and in such form as required by the
commission, any additional amounts necessary to pay such expenses. No
license shall be issued to an applicant until the applicant has paid such
additional amounts in full, and such amounts shall not be refundable
except to the extent that they exceed the actual expenses of processing the
application and investigating the applicant's qualifications for licensure.
(b) If an applicant for an organization license is proposing to
construct a racetrack facility, such applicant, at the time of submitting the
application, shall deposit with the commission, in such form as prescribed
by rules and regulations of the commission, the sum of: (1) $500,000, if
the number of racing days applied for in a racing season is 150 days or
more; (2) $250,000, if the number of racing days applied for is less than
150 days; or (3) a lesser sum established by the commission, if the
applicant meets the qualifications set forth in subsection (a)(1) or (a)(2) of
K.S.A. 74-8814(a)(1) or (a)(2), and amendments thereto, or if the
applicant will be conducting races only on the state fairgrounds. Only one
such deposit shall be required for a dual racetrack facility. The executive
director shall remit any deposit received pursuant to this subsection 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 racing applicant deposit fund created by K.S.A. 74-8828, and
amendments thereto. If the application is denied by the commission, the
deposit, and any interest accrued thereon, shall be refunded to the applicant. If the license is granted by the commission in accordance with the terms of the application or other terms satisfactory to the applicant, the deposit, and any interest accrued thereon, shall be refunded to the licensee upon completion of the racetrack facility in accordance with the terms of the license. If the licensee fails to complete the racetrack facility in accordance with the terms of the license, the deposit, and any interest accrued thereon, shall be forfeited by the applicant.

(c) To qualify for an organization license to conduct horse or greyhound races:

(1) The applicant shall be a bona fide, nonprofit organization which, if applicable, meets the requirements of subsection (d);

(2) The applicant shall have, either by itself or through contractual relationships with other persons or businesses approved by the commission, the financial capability, manpower and technical expertise, as determined by the commission, to properly conduct horse races or greyhound races, or both, and, if applicable, to operate a parimutuel wagering system;

(3) if the applicant is proposing to construct a racetrack facility, the applicant shall submit detailed plans for the construction of such facility, including the means and source of financing such construction and operation, sufficient to convince the commission that such plans are feasible;

(4) submit for commission approval a written copy of each contract and agreement which the applicant proposes to enter into, including all those listed in subsection (n) (m), which contracts and agreements shall conform to the restrictions placed thereon by subsections (n), (o) and (p) (m), (n) and (o);

(5) the applicant shall propose to conduct races within only one county, and in such county the majority of the qualified electors have approved either: (A) The constitutional amendment permitting the conduct of horse and dog races and parimutuel wagering thereon; or (B) a proposition permitting horse and dog races and parimutuel wagering thereon within the boundaries of such county;

(6) no director, officer, employee or agent of the applicant shall have been convicted of any of the following in any court of any state or of the United States or shall have been adjudicated in the last five years in any such court of committing as a juvenile an act which, if committed by an adult, would constitute any of the following: (A) Fixing of horse or greyhound races; (B) illegal gambling activity; (C) illegal sale or possession of any controlled substance; (D) operation of any illegal business; (E) repeated acts of violence; or (F) any felony;

(7) no director or officer of the applicant shall be addicted to, and a
user of, alcohol or a controlled substance; and

(8) no director or officer of the applicant shall have failed to meet any monetary or tax obligation to the federal government or to any state or local government, whether or not relating to the conduct or operation of a race meet held in this state or any other jurisdiction.

(d) To qualify for an organization license to conduct horse or greyhound races, a nonprofit organization, other than a fair association, a horsemen's nonprofit organization or a nonprofit organization conducting races only on the state fair grounds, shall:

(1) Distribute all of its net earnings from the conduct of horse and greyhound races, other than that portion of the net earnings which is necessary to satisfy the debt service obligations, not otherwise deducted from net earnings, of an organization licensee owning the racetrack facility or that portion of the net earnings which is set aside as reasonable reserves for future improvement, maintenance and repair of the racetrack facility owned by the organization licensee, only to organizations, other than itself, which: (A) Have been exempted from the payment of federal income taxes pursuant to section 501(e)(3) of the federal internal revenue code of 1986, as in effect July 1, 1987, (B) are domiciled in this state and (C) expend the moneys so distributed only within this state;

(2) distribute not more than 25% of such net earnings to any one such organization in any calendar year;

(3) not engage in, and have no officer, director or member who engages in, any prohibited transaction, as defined by section 503(b) of the federal internal revenue code of 1986, as in effect July 1, 1987; and

(4) have no officer, director or member who is not a bona fide resident of this state.

(e) Within 30 days after the date specified for filing, the commission shall examine each application for an organization license for compliance with the provisions of this act and rules and regulations of the commission. If any application does not comply with the provisions of this act or rules and regulations of the commission, the application may be rejected or the commission may direct the applicant to comply with the provisions of this act or rules and regulations of the commission within a reasonable time, as determined by the commission. Upon proof by the applicant of compliance, the commission may reconsider the application. If an application is found to be in compliance and the commission finds that the issuance of the license would be within the best interests of horse and greyhound racing within this state from the standpoint of both the public interest and the horse or greyhound industry, as determined solely within the discretion of the commission, the commission may issue an organization license to the applicant. The commission shall approve the issuance of organization licenses for a period established by the
commission but not to exceed 25 years. Such license may provide that during its term it constitutes an exclusive license within a radius of the location specified in the license, as determined by the commission. No racing of any kind regulated by this act shall be conducted by any other person within the territory covered by such exclusive license without the written consent of the licensee. For each license issued, the commission shall specify the location, type, time and date of all races and race meetings which the commission has approved for the licensee to conduct. The license shall be issued upon receipt of the license fee and the furnishing of a surety bond or other financial security approved by the commission, conditioned on, and in an amount determined by the commission as sufficient to pay, the licensee's potential financial liability for unpaid taxes, purses and distribution of parimutuel winnings and breakage. No organization license shall be transferred to any other organization or entity.

(f) (e) When considering the granting of organization licenses or racing days between two or more competing applicants, the commission shall give consideration to the following factors:

1. The character, reputation, experience and financial stability of those persons within the applicant organizations who will be supervising the conduct of the races and parimutuel wagering for the organization;
2. The quality of the racing facilities and adjoining accommodations;
3. The amount of revenue that can reasonably be expected to be generated from state and local taxes, the economic impact for the respective horse or greyhound breeding industries in Kansas and the indirect economic benefit to the surrounding area, in the determination of which economic benefit the commission shall solicit written recommendations from all interested parties in the surrounding area;
4. The location of the race meetings in relation to the principal centers of population and the effect of such centers on the ability of the organizations to sustain a financially sound racing operation; and
5. Testimony from interested parties at public hearings to be conducted in the geographic areas where the applicants would be conducting their race meetings.

(f) (f) Except as otherwise provided pursuant to K.S.A. 74-8814, and amendments thereto, each organization licensee shall pay a license fee in the amount of $200 for each day of racing approved by the commission. Such fees shall be paid at such times and by such means as prescribed by rules and regulations of the commission. The commission may authorize the state treasurer to refund from the state racing fund a fee paid for any racing day which was canceled with advance notice to and with the approval of the commission.

(h) (g) Organization licensees may apply to the commission for
changes in approved race meetings or dates or for additional race meetings
or dates as needed throughout the terms of their licenses. Application shall
be made upon forms furnished by the commission and shall contain or be
accompanied by such information as the commission prescribes. Upon
approval by the commission, the organization licensee shall pay an
additional license fee for any race days in excess of the number originally
approved and included in the calculation of the initial license fee.

(h) All organization licenses shall be reviewed annually by the
commission to determine if the licensee is complying with the provisions
of this act and rules and regulations of the commission and following such
proposed plans and operating procedures as were approved by the
commission. The commission may review an organization license more
often than annually upon its own initiative or upon the request of any
interested party. The commission shall require each organization licensee,
other than a fair association, or horsemen's nonprofit organization, to file
annually with the commission a certified financial audit of the licensee by
an independent certified public accountant, which audit shall be open to
inspection by the public, and may require an organization licensee to
provide any other information necessary for the commission to conduct the
annual or periodic review.

(i) Subject to the provisions of subsection (j), the commission,
in accordance with the Kansas administrative procedure act, may suspend
or revoke an organization license or may impose a civil fine not exceeding
$5,000, or may both suspend such license and impose such fine, for each
of the following violations by a licensee:

1. One or more violations, or a pattern of repeated violations, of the
provisions of this act or rules and regulations of the commission;

2. Failure to follow one or more provisions of the licensee's plans for
the financing, construction or operation of a racetrack facility as submitted
to and approved by the commission;

3. Failure to maintain compliance with the requirements of
subsection (c) or (d), if applicable, for the initial issuance of an
organization license;

4. Failure to properly maintain or to make available to the
commission such financial and other records sufficient to permit the
commission to verify the licensee's nonprofit status and compliance with
the provisions of this act or rules and regulations of the commission;

5. Providing to the commission any information material to the
issuance, maintenance or renewal of the licensee's license knowing such
information to be false or misleading;

6. Failure to meet the licensee's financial obligations incurred in
connection with the conduct of a race meeting; or

7. A violation of K.S.A. 74-8833, and amendments thereto, or any
rules and regulations adopted pursuant to that section.

(k) Prior to suspension or revocation of a license pursuant to subsection (j) (i), the commission shall give written notice of the reason thereof in detail to the organization licensee and to all facility owner and facility manager licensees with whom the organization licensee is doing business. Upon receipt of such notice by all of such licensees, the organization licensee shall have 30 days in which to cure the alleged violation, if it can be cured. If the commission finds that the violation has not been cured upon expiration of the 30 days, or upon a later deadline granted by the commission, or if the commission finds that the alleged violation is of such a nature that it cannot be cured, the commission shall proceed to suspend or revoke the license pursuant to subsection (j) (i).

Nothing in this subsection shall be construed to preclude the commission from imposing a fine pursuant to subsection (j) (i) even if the violation is cured within 30 days or such other period as provided by the commission.

(l) Prior to the expiration of an organization license, the organization may apply to the commission for renewal of such license. The renewal application shall be in a form and include such information as the commission prescribes. The commission shall grant such renewal if the organization meets all of the qualifications required for an initial license.

The commission may charge a fee for the processing of the renewal application not to exceed the application fee authorized for an initial license.

(m) Once an organization license has been issued, no person thereafter and during the term of such license shall in any manner become the owner or holder, directly or indirectly, of any shares of stock or certificates or other evidence of ownership or become a director or officer of such organization licensee without first having obtained the written approval of the commission.

(n) An organization licensee shall submit to the commission for approval a copy of each contract and agreement which the organization licensee proposes to enter into and any proposed modification of any such contract or agreement, including but not limited to those involving:

(1) Any person to be employed by the organization licensee;
(2) any person supplying goods and services to the organization licensee, including management, consulting or other professional services;
(3) any lease of facilities, including real estate or equipment or other personal property; or
(4) the operation of any concession within or adjacent to the racetrack facility.

The commission shall reject any such contract or agreement which violates any provision of this act or rules and regulations of the commission, which provides for payment of money or other valuable
consideration which is clearly in excess of the fair market value of the
goods, services or facilities being purchased or leased or which, in the case
of a contract or agreement with a facility owner licensee or a facility
manager licensee, would not protect the organization licensee from
incurring losses due to contractual liability.

(o) Organization licensees shall not by lease, contract, agreement,
understanding or arrangement of any kind grant, assign or turn over to any
person the parimutuel system of wagering described in K.S.A. 74-8819,
and amendments thereto, or the operation and conduct of any horse or
greyhound race to which such wagering applies, but this subsection shall
not prohibit the organization licensee from contracting with and
compensating others for providing services in connection with the
financing, acquisition, construction, equipping, maintenance and
management of the racetrack facility; the hiring and training of personnel;
the promotion of the facility; operation and conduct of a simulcast race
displayed by a simulcasting licensee; parimutuel wagering at racetrack
facilities; and parimutuel wagering at off-track wagering and intertrack
wagering facilities in other jurisdictions to which live races conducted by
the organization licensee are simulcast.

(p) An organization licensee shall not in any manner permit a
person other than such licensee to have a share, percentage or proportion
of money received from parimutuel wagering at the racetrack facility
except as specifically set forth in this act, except that:

(1) A facility owner licensee may receive gross percentage rental fees
under a lease if all terms of the lease are disclosed to the commission and
such lease is approved by the commission;

(2) a person who has contracted with an organization licensee to
provide one or more of the services permitted by subsection (o) may
receive compensation in the form of a percentage of the money received
from parimutuel wagering if such contract is approved by the commission
and such person is licensed as a facility manager; and

(3) a person who has contracted with a simulcasting licensee to allow
such licensee to display a simulcast race conducted by such person may
receive compensation in the form of a percentage of or a fee deducted
from the money received by the licensee from parimutuel wagers placed
on such race if such contract is filed with the commission.

(q) Directors or officers of an organization licensee are not liable
in a civil action for damages arising from their acts or omissions when
acting as individual directors or officers, or as a board as a whole, of a
nonprofit organization conducting races pursuant to this act, unless such
conduct constitutes willful or wanton misconduct or intentionally tortious
conduct, but only to the extent the directors and officers are not required to
be insured by law or are not otherwise insured against such acts or
omissions. Nothing in this section shall be construed to affect the liability of an organization licensee for damages in a civil action caused by the negligent or wrongful acts or omissions of its directors or officers, and a director's or officer's negligence or wrongful act or omission, while acting as a director or officer, shall be imputed to the organization licensee for the purpose of apportioning liability for damages to a third party pursuant to K.S.A. 60-258a, and amendments thereto.

(q) If an applicant for an organization license proposes to construct a racetrack facility and the commission determines that such license should be issued to the applicant, the commission shall issue to the applicant an organization license conditioned on the submission by the licensee to the commission, within a period of time prescribed by the commission, of a commitment for financing the construction of the racetrack facility by a financial institution or other source, subject to approval by the commission. If such commitment is not submitted within the period of time originally prescribed by the commission or such additional time as authorized by the commission, the license shall expire at the end of such period.

(r) If an organization licensee's license authorizes the construction of a dual racetrack facility, such license shall be conditioned on the completion of such facility within a time specified by the commission. If, within the time specified by the commission, the licensee has not constructed a dual racetrack facility in accordance with the plans submitted to the commission pursuant to subsection (c)(3), the commission, in accordance with the Kansas administrative procedure act, shall:

(1) Impose upon the licensee a civil fine equal to 5% of the total parimutuel pools for all races held at the licensee's facility on and after the date that racing with parimutuel wagering is first conducted at such facility and until the date that construction of the dual racetrack facility is completed and horse racing has begun; and

(2) revoke the licensee's license unless the licensee demonstrates reasonable cause for the failure to complete the facility.

(s) Any license granted an organization licensee to conduct races at a dual racetrack facility shall be conditioned on the organization licensee's conducting live horse races on not less than 20% of the annual racing days granted the licensee by the commission. If an organization licensee fails to comply with such condition, the commission may revoke the organization licensee's license unless the licensee demonstrates reasonable justification for the failure.

(t) The refusal to renew an organization license shall be in accordance with the Kansas administrative procedure act and shall be subject to review under the Kansas judicial review act.
The grant or denial of an original organization license shall not be subject to the Kansas administrative procedure act. Such grant or denial shall be a matter to be determined in the sole discretion of the commission, whose decision shall be final upon the grant of a license to one of two or more competing applicants without the necessity of a hearing on the denial of a license to each other competing applicant. Any action for judicial review of such decision shall be by appeal to the supreme court in accordance with the Kansas judicial review act, except that the scope of review shall be limited to whether the action of the commission was arbitrary or capricious or constituted an abuse of discretion. All competing applicants for the organization license shall be parties to such appeal. Any such appeal shall have priority over other cases except those having statutory priority.

The commission may adopt rules and regulations regulating crossover employment between organization licensees and facility manager licensees and facility owner licensees.

Sec. 14. K.S.A. 2017 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 organizations that applies for an organization license and the license fee for any of the following granted an organization license shall be $100 $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. 15. 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. 2017 Supp. 74-8746, and amendments thereto, or a fair association that conducts fewer than 22 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. 2017 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.
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.

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.

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.

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

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.

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 at the racetrack facility where the live horse races were conducted, and shall be 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. 16. K.S.A. 2017 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. 18. This act shall take effect and be in force from and after its publication in the statute book.