

SENATE BILL No. 427

By Committee on Federal and State Affairs

2-20

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 state debtor setoff program; horse and greyhound racing; creating the
3 Kansas horse council fund, privilege fee repayment fund and racetrack
4 gaming facility management repayment fund; amending K.S.A. 74-
5 8836 and K.S.A. 2017 Supp. 74-8702, 74-8741, 74-8743, 74-8744, 74-
6 8746, 74-8747, 74-8766, 74-8814 and 75-6204 and repealing the
7 existing sections.
8

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

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

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

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

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

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

34 WHEREAS, The existence of current lottery gaming facility

1 management contracts is hereby acknowledged, and it is the intent of the
2 legislature to protect the state from financial exposure in the event lottery
3 gaming facility managers become entitled to repayment of privilege fees
4 paid to the state; and

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

8 Now, therefore,

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

10 New Section 1. (a) Prior to any lottery gaming facility manager,
11 racetrack gaming facility manager or facility owner licensee paying any
12 prize requiring the completion of an internal revenue service form W-2G,
13 the manager or licensee shall cause the person winning the prize to be
14 matched against the state debtor files maintained by the director of
15 accounts and reports as prescribed under K.S.A. 75-6201 et seq., and
16 amendments thereto. If such person is listed in the state debtor files, the
17 prize shall be withheld by the lottery gaming facility manager, racetrack
18 gaming facility manager or the facility owner licensee to the extent of such
19 person's debt as set forth in the state debtor files.

20 (b) The lottery gaming facility manager, racetrack gaming facility
21 manager and facility owner licensee shall not be subject to any civil,
22 criminal or administrative liability for any actions taken pursuant to this
23 section, unless such actions are intentional, malicious or wanton by such
24 lottery gaming facility manager, racetrack gaming facility manager, facility
25 owner licensee or employees or agents thereof. The sole remedy at law for
26 any person who claims that a prize was wrongfully withheld pursuant to
27 this section shall be to submit an appeal to the department of
28 administration pursuant to K.S.A. 75-6201 et seq., and amendments
29 thereto.

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

35 (d) As used in this section:

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

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

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

42 (4) "Prize" shall have the same meaning as that term is defined in
43 K.S.A. 74-8702, and amendments thereto, and any winnings from

1 parimutuel wagering as provided by the Kansas parimutuel racing act in
2 K.S.A. 74-8801 et seq., and amendments thereto.

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

5 (f) This section shall be a part of and supplemental to the state debtor
6 setoff program.

7 New Sec. 2. (a) Notwithstanding the provisions of K.S.A. 2017 Supp.
8 74-8733, and amendments thereto, the attorney general may file an action
9 in quo warranto in the supreme court within 90 days from the effective
10 date of this act on the question of the authority of a public official to act in
11 accordance with the provisions of K.S.A. 2017 Supp. 74-8743, and
12 amendments thereto. Such action may not be filed by any party except the
13 attorney general and shall only be filed in the supreme court.

14 (b) No action against the state of Kansas for specific performance,
15 anticipatory breach or breach of contract, the basis of which is that a
16 racetrack gaming facility management contract violates the provisions of
17 K.S.A. 2017 Supp. 74-8734(h)(19) or 74-8741(c)(4), and amendments
18 thereto, or that such racetrack gaming facility management contract creates
19 a material breach of the lottery gaming facility manager's gaming facility
20 management contract, shall be deemed to have accrued until such date as
21 the Kansas lottery enters into a racetrack gaming facility management
22 contract for the placement of electronic gaming machines at a parimutuel
23 licensee location in any Kansas gaming zone, or such date a final order is
24 issued in any action brought by the attorney general pursuant to subsection
25 (a), whichever occurs later. Any such action shall be commenced in the
26 district court of Shawnee county within 60 days from the date the cause of
27 action accrued.

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

31 (d) No claim arising from the execution of a racetrack gaming facility
32 management contract may be brought except by the lottery gaming facility
33 manager for the lottery gaming facility located in the same Kansas gaming
34 zone as the racetrack gaming facility that is the subject of such racetrack
35 gaming facility management contract. No claim arising from the operation
36 of K.S.A. 2017 Supp. 74-8743, and amendments thereto, may be brought
37 except by the lottery gaming facility manager for the lottery gaming
38 facility located in the south central Kansas gaming zone.

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

43 (f) If an action is commenced in accordance with subsection (b),

1 within 60 days following the filing of such action, the racetrack gaming
2 facility manager that is a party to such racetrack gaming facility
3 management contract, or a third party on behalf of the racetrack gaming
4 facility manager, shall submit a letter of credit in a total amount equal to
5 the monetary damages that may be awarded in such action as determined
6 by the executive director, subject to the limitations of subsection (e). This
7 requirement shall be included in each racetrack gaming facility
8 management contract, so that the failure to submit a letter of credit in a
9 timely manner shall constitute a material breach of the racetrack gaming
10 facility management contract and shall be cause for termination of such
11 contract. The letter of credit shall name the Kansas lottery as the
12 beneficiary.

13 (g) (1) If a court of competent jurisdiction, in any action commenced
14 in accordance with subsection (b), determines pursuant to a final, non-
15 appealable order that the racetrack gaming facility management contract
16 does not violate the provisions of K.S.A. 2017 Supp. 74-8734(h)(19) or
17 74-8741(c)(4), and amendments thereto, or create a material breach of any
18 lottery gaming facility management contract entered into with the Kansas
19 lottery by any of the lottery gaming facility managers that are a party to
20 such action, the executive director shall provide a letter of cancellation to
21 the racetrack gaming facility canceling the letter of credit.

22 (2) If a court of competent jurisdiction, in any action commenced in
23 accordance with subsection (b), determines in a final, non-appealable order
24 that the racetrack gaming management contract violates the provisions of
25 K.S.A. 2017 Supp. 74-8734(h)(19) or 74-8741(c)(4), and amendments
26 thereto, or creates a material breach of any lottery gaming facility
27 management contract entered into with the Kansas lottery by any of the
28 lottery gaming facility managers that are a party to such action, the
29 executive director shall present the letter of credit for payment in an
30 amount equal to the monetary damages awarded to any lottery gaming
31 facility manager in whose favor final judgment has been rendered in such
32 action. The executive director shall remit all moneys from such payment to
33 the state treasurer in accordance with the provisions of K.S.A. 75-4215,
34 and amendments thereto. Upon receipt of such remittance, the state
35 treasurer shall deposit the entire amount in the state treasury to the credit
36 of the privilege fee repayment fund.

37 (h) In the event the executive director presents the letter of credit for
38 payment in accordance with subsection (g), and the moneys from such
39 payment are remitted to the state treasurer for repayment to a lottery
40 gaming facility manager pursuant to subsection (g)(2), the Kansas lottery
41 shall thereafter reimburse an equal amount to the racetrack gaming facility
42 manager. Such reimbursement payments shall be paid monthly from the
43 racetrack gaming facility manager repayment fund. The amount of each

1 monthly reimbursement payment shall be a percentage of the funds in the
2 expanded lottery act receipts fund that were received by the Kansas lottery
3 pursuant to K.S.A. 2017 Supp. 74-8747(a)(1), and amendments thereto, as
4 hereinafter provided. Such percentage shall be agreed to by the executive
5 director and the racetrack gaming facility manager in each racetrack
6 gaming facility management contract, except that such percentage shall
7 not be less than 50% of the funds in the expanded lottery act receipts fund
8 that were received by the Kansas lottery pursuant to K.S.A. 2017 Supp.
9 74-8747(a)(1), and amendments thereto. The executive director shall
10 certify the amount to be paid under this subsection to the director of
11 accounts and reports. Upon receipt of such certification, the director of
12 accounts and reports shall transfer such certified amount from the
13 expanded lottery act receipts fund to the racetrack gaming facility manager
14 repayment fund. Transfers from the expanded lottery act receipts fund
15 under this subsection shall only be made from those funds held in the
16 expanded lottery act receipts fund that were received by the Kansas lottery
17 pursuant to K.S.A. 2017 Supp. 74-8747(a)(1), and amendments thereto, as
18 net electronic gaming machine income from the racetrack gaming facility
19 to which the racetrack gaming facility management contract applies. All
20 funds transferred to the racetrack gaming facility manager repayment fund
21 pursuant to this subsection shall be expended by the Kansas lottery for the
22 purposes of this subsection.

23 (i) (1) The privilege fee repayment fund is hereby created in the state
24 treasury and shall be administered by the Kansas lottery. The privilege fee
25 repayment fund shall consist of those moneys credited to the privilege fee
26 repayment fund pursuant to subsection (g)(2). All expenditures from the
27 privilege fee repayment fund shall be for the repayment of privilege fees,
28 including accrued interest thereon, pursuant to subsection (g)(2), and shall
29 be made in accordance with appropriation acts upon warrants of the
30 director of accounts and reports issued pursuant to vouchers approved by
31 the executive director.

32 (2) The racetrack gaming facility manager repayment fund is hereby
33 created in the state treasury and shall be administered by the Kansas
34 lottery. The racetrack gaming facility manager repayment fund shall
35 consist of those moneys credited to the racetrack gaming facility manager
36 repayment fund pursuant to subsection (h). All expenditures from the
37 racetrack gaming facility manager repayment fund shall be for
38 reimbursement to the racetrack gaming facility manager of the moneys
39 remitted to the state treasurer for payment to a lottery gaming facility
40 manager pursuant to subsection (g)(2), and shall be made in accordance
41 with appropriation acts upon warrants of the director of accounts and
42 reports issued pursuant to vouchers approved by the executive director.

43 (j) For purposes of this section, the Kansas expanded lottery act and

1 the Kansas parimutuel racing act, a racetrack gaming facility manager, as
2 defined in K.S.A. 74-8702, and amendments thereto, may also be a facility
3 owner licensee, as defined in K.S.A. 74-8802, and amendments thereto.

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

6 New Sec. 3. (a) On or before December 1, 2018, and each December
7 1 thereafter, the official breed registering agencies for both horse and
8 greyhound breeds, as designated by the Kansas racing and gaming
9 commission in K.S.A. 74-8830 and 74-8832, and amendments thereto,
10 shall make recommendations to the Kansas racing and gaming commission
11 for implementation of programs that will maximize the benefit to
12 economic development in rural Kansas.

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

15 New Sec. 4. (a) There is hereby established in the state treasury the
16 Kansas horse council fund, which shall be administered by the Kansas
17 racing and gaming commission. All expenditures from this fund shall be
18 made in accordance with appropriation acts upon warrants of the director
19 of accounts and reports issued pursuant to vouchers approved by the
20 executive director of the Kansas racing and gaming commission. The
21 moneys credited to this fund shall be used for the development, promotion
22 and representation of the equine industry in Kansas and shall be distributed
23 to the Kansas horse council by contract with the Kansas racing and gaming
24 commission for these purposes.

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

27 Sec. 5. K.S.A. 2017 Supp. 74-8702 is hereby amended to read as
28 follows: 74-8702. As used in the Kansas lottery act, unless the context
29 otherwise requires:

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

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

36 (c) "Electronic gaming machine" means any electronic,
37 electromechanical, video or computerized device, contrivance or machine
38 authorized by the Kansas lottery which, upon insertion of cash, tokens,
39 electronic cards or any consideration, is available to play, operate or
40 simulate the play of a game authorized by the Kansas lottery pursuant to
41 the Kansas expanded lottery act, including, but not limited to, bingo,
42 poker, blackjack, keno and slot machines, and which may deliver or entitle
43 the player operating the machine to receive cash, tokens, merchandise or

1 credits that may be redeemed for cash. Electronic gaming machines may
2 use bill validators and may be single-position reel-type, single or multi-
3 game video and single-position multi-game video electronic game,
4 including, but not limited to, poker, blackjack and slot machines.
5 Electronic gaming machines shall be directly linked to a central computer
6 at a location determined by the executive director for purposes of security,
7 monitoring and auditing.

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

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

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

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

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

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

33 (j) "Lottery facility games" means any electronic gaming machines
34 and any other games which, as of January 1, 2007, are authorized to be
35 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
36 9802, and amendments thereto, located within the boundaries of this state.

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

43 (l) "Lottery gaming facility" means that portion of a building used for

1 the purposes of operating, managing and maintaining lottery facility
2 games.

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

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

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

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

20 (q) (1) "Lottery machine" means any machine or device that allows a
21 player to insert cash or other form of consideration and may deliver as the
22 result of an element of chance, regardless of the skill required by the
23 player, a prize or evidence of a prize, including, but not limited to:

24 (A) Any machine or device in which the prize or evidence of a prize
25 is determined by both chance and the player's or players' skill, including,
26 but not limited to, any machine or device on which a lottery game or
27 lottery games, such as poker or blackjack, are played;

28 (B) any machine or device in which the prize or evidence of a prize is
29 determined only by chance, including, but not limited to, any slot machine
30 or bingo machine; or

31 (C) any lottery ticket vending machine, such as a keno ticket vending
32 machine, pull-tab vending machine or an instant-bingo vending machine.

33 (2) "Lottery machine" shall not mean:

34 (A) Any food vending machine defined by K.S.A. 36-501, and
35 amendments thereto;

36 (B) any nonprescription drug machine authorized under K.S.A. 65-
37 650, and amendments thereto;

38 (C) any machine which dispenses only bottled or canned soft drinks,
39 chewing gum, nuts or candies;

40 (D) any machine excluded from the definition of gambling devices
41 under subsection (d) of K.S.A. 21-4302, prior to its repeal, or K.S.A. 2017
42 Supp. 21-6403, and amendments thereto; or

43 (E) any electronic gaming machine or lottery facility game operated

1 in accordance with the provisions of the Kansas expanded lottery act.

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

4 (s) (1) "Major procurement" means any gaming product or service,
5 including, but not limited to, facilities, advertising and promotional
6 services, annuity contracts, prize payment agreements, consulting services,
7 equipment, tickets and other products and services unique to the Kansas
8 lottery, but not including materials, supplies, equipment and services
9 common to the ordinary operations of state agencies.

10 (2) "Major procurement" shall not mean any product, service or other
11 matter covered by or addressed in the Kansas expanded lottery act or a
12 lottery gaming facility management contract or racetrack gaming facility
13 management contract executed pursuant to the Kansas expanded lottery
14 act.

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

19 (u) "Organization licensee" has the meaning provided by K.S.A. 74-
20 8802, and amendments thereto.

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

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

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

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

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

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

41 (bb) "Racetrack gaming facility management contract" means an
42 agreement between the Kansas lottery and a racetrack gaming facility
43 manager, negotiated and signed by the executive director on behalf of the

1 state, for placement of electronic gaming machines owned and operated by
2 the state at a racetrack gaming facility.

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

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

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

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

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

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

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

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

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

43 (b) To be eligible to enter into a racetrack gaming facility

1 management contract the prospective racetrack gaming facility manager
2 shall, at a minimum:

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

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

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

12 (1) The term of the contract;

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

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

25 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
26 2032, from: (i) Entering into management contracts for more than ~~three~~
27 *four* lottery gaming facilities or similar gaming facilities, one to be located
28 in the northeast Kansas gaming zone, one to be located in the south central
29 Kansas gaming zone ~~and~~, one to be located in the southeast Kansas
30 gaming zone; *and one to be located in the southwest Kansas gaming zone*;
31 (ii) designating additional areas of the state where operation of lottery
32 gaming facilities or similar gaming facilities would be authorized; or (iii)
33 operating an aggregate of more than 2,800 electronic gaming machines at
34 all parimutuel licensee locations; and (B) requiring the state to repay to the
35 racetrack gaming facility manager an amount equal to the privilege fee
36 paid by such racetrack gaming facility manager, plus interest on such
37 amount, compounded annually at the rate of 10%, if the state violates the
38 prohibition provision described in (A); *and*

39 (5) *provisions for the distribution of the net electronic gaming*
40 *machine income from the racetrack gaming facility, which shall be in*
41 *accordance with K.S.A. 2017 Supp. 74-8747, and amendments thereto.*

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

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

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

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

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

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

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

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

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

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

29 Sec. 7. K.S.A. 2017 Supp. 74-8743 is hereby amended to read as
30 follows: 74-8743. (a) The board of county commissioners of each county
31 where there is—~~a~~ *an existing or former* parimutuel licensee location by
32 resolution ~~shall~~ *may* submit to the qualified voters of the county a
33 proposition to permit the placement of electronic gaming machines in the
34 county as provided in this section, *or, upon presentation of a valid petition*
35 *signed by not fewer than 5,000 qualified voters of the county, shall submit*
36 *such proposition to the qualified voters of the county.* ~~The proposition shall~~
37 ~~be submitted to the voters at a special election called by the board of~~
38 ~~county commissioners for that purpose and held not more than 180 days~~
39 ~~after the effective date of this act.~~

40 (b) (1) Upon the adoption of a resolution calling for an election
41 pursuant to this section, *or the submission of a petition, which the county*
42 *election officer has determined has been signed by a sufficient number of*
43 *qualified voters of the county:*

1 (A) *Except for Sedgwick county*, the county election officer shall cause
2 the following proposition to be placed on the ballot at the election called
3 for that purpose: "Shall the Kansas Lottery be authorized to place
4 electronic gaming machines in _____ county?"

5 (B) *If the election is to be held in Sedgwick county*, then the county
6 election officer shall cause the following proposition to be placed on the
7 ballot at the election called for that purpose: "Shall the operation of
8 electronic gaming machines by the Kansas Lottery be authorized to place
9 electronic gaming machines in _____ county at Wichita Greyhound
10 Park in Sedgwick county?"

11 (2) *The proposition shall be submitted to the voters at the next*
12 *primary or general election, or at a special election called by the board of*
13 *county commissioners for that purpose. In no event shall the election be*
14 *held more than 120 days after the petition, if any, is deemed valid or*
15 *adoption of the county resolution.*

16 (c) If a majority of the votes cast and counted at such election is in
17 favor of approving the placement of electronic gaming machines in the
18 county, the Kansas lottery may place and operate electronic gaming
19 machines at a parimutuel licensee location in the county, subject to the
20 provisions of this act. If a majority of the votes cast and counted at an
21 election under this section is against permitting placement of electronic
22 gaming machines in the county, the Kansas lottery shall not place or
23 operate electronic gaming machines at a parimutuel licensee location in
24 the county. The county election officer shall transmit a copy of the
25 certification of the results of the election to the executive director.

26 (d) The election provided for by this section shall be conducted, and
27 the votes counted and canvassed, in the manner provided by law for
28 question submitted elections of the county.

29 ~~(e) The lottery commission may waive the requirement that an~~
30 ~~election be held pursuant to this section if the lottery commission~~
31 ~~determines that after December 31, 2004, and before the effective date of~~
32 ~~this act, the county has held an election of qualified voters pursuant to the~~
33 ~~county's home rule authority: (1) At which the ballot question was in~~
34 ~~substantial compliance with the requirements of this section; (2) which~~
35 ~~was administered by the county election officer in a manner consistent~~
36 ~~with the requirements of state election law; and (3) at which a majority of~~
37 ~~the votes cast and counted was in favor of the proposition.~~

38 ~~(f)~~—The question of the placement of electronic gaming machines in a
39 county may be submitted at the same election as the question of operation
40 of a lottery gaming facility in the county under K.S.A. 2017 Supp. 74-
41 8737, and amendments thereto.

42 Sec. 8. K.S.A. 2017 Supp. 74-8744 is hereby amended to read as
43 follows: 74-8744. (a) In accordance with rules and regulations adopted by

1 the commission, the executive director shall have general responsibility for
2 the implementation and administration of the provisions of this act relating
3 to racetrack gaming facility operations, including the responsibility to:

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

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

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

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

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

17 (D) rules and regulations and procedures for the accounting and
18 reporting of the payments required from racetrack gaming facility
19 managers under K.S.A. 2017 Supp. 74-8766, and amendments thereto,
20 including the calculations required for such payments.

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

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

28 (2) The total number of electronic gaming machines allocated to and
29 placed at all racetrack gaming facilities in the state shall not exceed 2,800.
30 ~~Until lottery gaming facility management contracts for lottery gaming~~
31 ~~facilities in all gaming zones become binding, the total number of~~
32 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~
33 ~~not exceed 2,200. When lottery gaming facility management contracts for~~
34 ~~lottery gaming facilities in all gaming zones have become binding, the~~
35 ~~lottery commission shall take privilege fee bids from the lottery gaming~~
36 ~~facility manager and racetrack gaming facility manager in each gaming~~
37 ~~zone for the remaining electronic gaming machines allocated to but not yet~~
38 ~~placed at the racetrack gaming facility in such zone. The minimum bid~~
39 ~~shall be a privilege fee of \$2,500 per electronic gaming machine. If the~~
40 ~~racetrack gaming facility manager submits the highest bid, the lottery~~
41 ~~commission shall place the remaining electronic gaming machines at the~~
42 ~~racetrack gaming facility. If the lottery gaming facility manager submits~~
43 ~~the highest bid, the commission shall not place any additional electronic~~

1 ~~gaming machines at the racetrack gaming facility.~~

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

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

12 Sec. 9. K.S.A. 2017 Supp. 74-8746 is hereby amended to read as
13 follows: 74-8746. (a) ~~Except as provided in subsection (b):~~

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

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

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

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

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

23 Sec. 10. K.S.A. 2017 Supp. 74-8747 is hereby amended to read as
24 follows: 74-8747. (a) *A racetrack gaming facility management contract*
25 *shall include provisions for net electronic gaming machine income from a*
26 *racetrack gaming facility shall to be distributed as follows:*

27 ~~(1) To the racetrack gaming facility manager, An amount equal to~~
28 ~~25% 22% of net electronic gaming machine income shall be credited to~~
29 ~~the expanded lottery act revenues fund;~~

30 ~~(2) 7% an amount equal to 10% of net electronic gaming machine~~
31 ~~income derived from electronic gaming machines located at racetrack~~
32 ~~gaming facilities licensed to conduct live horse races during the first and~~
33 ~~second years of operation and 14% of net electronic gaming machine~~
34 ~~income derived from electronic gaming machines located at such~~
35 ~~racetrack gaming facilities during the third and subsequent years of~~
36 ~~operation shall be credited to the live horse racing purse supplement fund~~
37 ~~established by K.S.A. 2017 Supp. 74-8767, and amendments thereto,~~
38 ~~except that the amount of net electronic gaming machine income credited~~
39 ~~to the fund during any fiscal year from electronic gaming machines at a~~
40 ~~racetrack gaming facility shall not exceed an amount equal to the average~~
41 ~~of \$3,750 per electronic gaming machine at each location and any moneys~~
42 ~~in excess of such amount shall be distributed between the state and the~~
43 ~~racetrack gaming facility manager in accordance with the racetrack~~

1 ~~gaming facility management contract;~~

2 (3) *an amount equal to 7% of net electronic gaming machine income*
3 *derived from electronic gaming machines located at racetrack gaming*
4 *facilities licensed to conduct live greyhound races shall be credited to the*
5 *live greyhound racing purse supplement fund established by K.S.A. 2017*
6 *Supp. 74-8767, and amendments thereto, except that the amount of net*
7 *electronic gaming machine income credited to the fund during any fiscal*
8 *year from electronic gaming machines at a racetrack gaming facility shall*
9 *not exceed an amount equal to the average of \$3,750 per electronic gaming*
10 *machine at each location and any moneys in excess of such amount shall*
11 *be distributed between the state and the racetrack gaming facility manager*
12 *in accordance with the racetrack gaming facility management contract;*

13 (4) (A) *if the racetrack gaming facility is located in the northeast*
14 *Kansas gaming zone and is not located within a city, include a provision*
15 *for payment of an amount equal to 3% of the racetrack gaming facility*
16 *revenues an amount equal to 2% of net electronic gaming machine income*
17 *shall be paid to the county in which the racetrack gaming facility is*
18 *located; or (B) if the racetrack gaming facility is located in the northeast*
19 *Kansas gaming zone and is located within a city, include provision for*
20 *payment of an amount equal to 1.5% of the racetrack gaming facility*
21 *revenues an amount equal to 1% of net electronic gaming machine income*
22 *shall be paid to the city in which the racetrack gaming facility is located,*
23 *and an amount equal to 1.5% of such revenues 1% of net electronic*
24 *gaming machine income shall be paid to the county in which such facility*
25 *is located;*

26 (5) (A) *if the racetrack gaming facility is located in the southeast or*
27 *south central Kansas gaming zone and is not located within a city, include*
28 *a provision for payment of an amount equal to 2% of the racetrack gaming*
29 *facility revenues an amount equal to 2% of net electronic gaming machine*
30 *income shall be paid to the county in which the racetrack gaming facility*
31 *is located and an amount equal to 1% of such revenues to the other county*
32 *in such zone; or (B) if the racetrack gaming facility is located in the*
33 *southeast or south central Kansas gaming zone and is located within a city,*
34 *provide for payment of an amount equal to 1% of the racetrack gaming*
35 *facility revenues an amount equal to 1% of net electronic gaming machine*
36 *income shall be paid to the city in which the racetrack gaming facility is*
37 *located, and an amount equal to 1% of such revenues net electronic*
38 *gaming machine income shall be paid to the county in which such facility*
39 *is located and an amount equal to 1% of such revenues to the other county*
40 *in such zone;*

41 (6) (A) *if the racetrack gaming facility is located in the southeast*
42 *Kansas gaming zone and is not located within a city, an amount equal to*
43 *2% of net electronic gaming machine income shall be paid to the county in*

1 *which the racetrack gaming facility is located, and an amount equal to 1%*
2 *of net electronic gaming machine income shall be paid to the other county*
3 *in such zone; or*

4 *(B) if the racetrack gaming facility is located in the southeast Kansas*
5 *gaming zone and is located within a city, an amount equal to 1% of net*
6 *electronic gaming machine income shall be paid to the city in which the*
7 *racetrack gaming facility is located, an amount equal to 1% of net*
8 *electronic gaming machine income shall be paid to the county in which the*
9 *racetrack gaming facility is located, and an amount equal to 1% of net*
10 *electronic gaming machine income shall be paid to the other county in*
11 *such zone;*

12 ~~(6)~~ (7) *2% an amount equal to 0.5% of net electronic gaming*
13 *machine income shall be credited to the problem gambling and addictions*
14 *grant fund established by K.S.A. 2017 Supp. 79-4805, and amendments*
15 *thereto;*

16 ~~(7)~~ (8) *1% an amount equal to 2% of net electronic gaming machine*
17 *income derived from electronic gaming machines located at a racetrack*
18 *gaming facility located in the northeast Kansas gaming zone shall be*
19 *credited to the Kansas horse fair racing benefit fund established by K.S.A.*
20 *74-8838, and amendments thereto;*

21 ~~(8)~~ (9) ~~40% of net electronic gaming machine income shall be~~
22 ~~credited to the expanded lottery act revenues fund an amount equal to~~
23 ~~0.1% of net electronic gaming machine income derived from electronic~~
24 ~~gaming machines located at a racetrack gaming facility located in the~~
25 ~~south central Kansas gaming zone shall be credited to the Kansas horse~~
26 ~~council fund established by section 4, and amendments thereto; and~~

27 ~~(9)~~ (10) ~~15% of electronic gaming machine income shall be used for~~
28 ~~gaming expenses, subject to agreement between the Kansas lottery and the~~
29 ~~remaining balance of net electronic gaming machine income shall be paid~~
30 ~~to the racetrack gaming facility manager.~~

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

36 Sec. 11. K.S.A. 2017 Supp. 74-8766 is hereby amended to read as
37 follows: 74-8766. (a) There is hereby established in the state treasury the
38 expanded lottery receipts fund. Separate accounts shall be maintained in
39 such fund for receipt of moneys from each lottery gaming facility manager
40 and racetrack gaming facility manager. All expenditures from the fund
41 shall be made in accordance with appropriation acts upon warrants of the
42 director of accounts and reports issued pursuant to vouchers approved by
43 the executive director for the purposes set forth in this act.

1 (b) All lottery gaming facility revenues from lottery gaming facilities
2 and all net electronic gaming machine income from racetrack gaming
3 facilities shall be paid daily and electronically to the executive director.
4 The executive director shall remit all moneys received therefrom to the
5 state treasurer in accordance with K.S.A. 75-4215, and amendments
6 thereto. Upon receipt of the remittance, the state treasurer shall deposit the
7 entire amount in the state treasury and credit it to the respective account
8 maintained for the lottery gaming facility manager or racetrack gaming
9 facility manager in the expanded lottery receipts fund.

10 (c) The executive director shall certify weekly to the director of
11 accounts and reports the percentages or amounts to be transferred from
12 each account maintained in the expanded lottery receipts fund to the
13 expanded lottery act revenues fund, the live horse racing supplement fund,
14 the live greyhound racing purse supplement fund and the problem
15 gambling and addictions grant fund, as provided by the lottery gaming
16 facility management contract or K.S.A. 2017 Supp. 74-8747, and
17 amendments thereto. Upon receipt of the certification, the director of
18 accounts and reports shall transfer amounts from each such account in
19 accordance with the certification of the executive director. Once each
20 month, the executive director shall cause amounts from each such account
21 to be paid to cities, counties and lottery gaming facility managers in
22 accordance with the lottery gaming facility management contract and to
23 racetrack gaming facility managers in accordance with K.S.A. 2017 Supp.
24 74-8747, and amendments thereto.

25 (d) Amounts remaining in an account in the expanded lottery receipts
26 fund after transfers and payments pursuant to subsection (c) *and section 2,*
27 *and amendments thereto,* shall be distributed in accordance with the
28 related lottery gaming facility management contract or racetrack gaming
29 facility management contract.

30 Sec. 12. K.S.A. 2017 Supp. 74-8814 is hereby amended to read as
31 follows: 74-8814. (a) Subject to the provisions of subsection (b), the
32 commission shall establish by rules and regulations an application fee not
33 exceeding ~~\$500~~ \$50 for any of the following ~~which organizations that~~
34 applies for an organization license and ~~the a license fee for any of the~~
35 ~~following granted an organization license shall be \$100~~ of \$25 for each
36 day of racing approved by the commission ~~for any of the following~~
37 ~~organizations that are granted an organization license:~~

38 ~~(1) Any fair association other than the Greenwood county and~~
39 ~~Anthony fair associations;~~ any horsemen's nonprofit organization; or the
40 national greyhound association of Abilene, Kansas, if: ~~(A)~~ (1) Such
41 association conducts not more than two race meetings each year; ~~(B)~~ (2)
42 such race meets are held within the boundaries of the county where the
43 applicant is located; and ~~(C)~~ (3) such race meetings are held for a total of

1 not more than 40 days per year; ~~or~~

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

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

13 (c) The Kansas racing and gaming commission shall ~~investigate~~
14 ~~perform a criminal history record check and credit history check of.~~

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

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

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

25 Sec. 13. K.S.A. 74-8836 is hereby amended to read as follows: 74-
26 8836. (a) Any organization licensee that conducts at least ~~150~~ 60 days of
27 live racing during a calendar year, *or is in compliance with the provisions*
28 *of K.S.A. 2017 Supp. 74-8746, and amendments thereto*, or a fair
29 association that conducts fewer than ~~22~~ 40 days of live racing during a
30 calendar year may apply to the commission for a simulcasting license to
31 display simulcast horse or greyhound races and to conduct intertrack
32 parimutuel wagering thereon. If the organization licensee conducts races at
33 a racetrack facility that is owned by a facility owner licensee, both
34 licensees shall join in the application. ~~A simulcasting license granted to a~~
35 ~~fair association that conducts fewer than 22 days of live racing shall~~
36 ~~restrict the fair association's display of simulcast races to a number of~~
37 ~~days, including days on which it conducts live races, equal to not more~~
38 ~~than twice the number of days on which it conducts live races.~~

39 (b) (1) A simulcasting license granted to an organization licensee
40 other than a fair association shall authorize the display of simulcast races
41 at the racetrack facility where the live races are conducted so long as the
42 licensee ~~conducts at least eight live races per day and an average of 10 live~~
43 ~~races per day per week~~ *is in compliance with the provisions of K.S.A. 2017*

1 *Supp. 74-8746, and amendments thereto.* If a simulcasting licensee
2 conducts live horse races on a day when simulcast races are displayed by
3 the licensee and the licensee conducts fewer than an average of 10 live
4 horse races per day per week, not less than 80% of the races on which
5 wagers are taken by the licensee during such week shall be live races
6 conducted by the licensee unless approved by the recognized horsemen's
7 group or upon a finding by the commission that the organization licensee
8 was unable to do so for reasonable cause. If a simulcast licensee conducts
9 live greyhound races on a day when simulcast races *also* are displayed by
10 the licensee and the licensee schedules fewer than 13 live greyhound races
11 during a performance on such day, not less than 80% of the races on which
12 wagers are taken by the licensee during such performance shall be live
13 races conducted by the licensee.

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

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

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

36 (5) (4) ~~Notwithstanding the provisions of subsection (b)(1), the~~
37 ~~commission may authorize the licensee to display simulcast special racing~~
38 ~~events as designated by the commission.~~

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

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

1 (1) Comply with the interstate horse racing act of 1978-~~15~~ U.S.C. §
2 3001 et seq.), as in effect December 31, 1991;

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

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

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

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

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

1 races shall be used for purses, as follows:

2 (1) For greyhound races conducted by the licensee, if the simulcast
3 race is a greyhound race and the licensee conducts only live greyhound
4 races;

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

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

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

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

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

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

43 (3) If a simulcasting licensee has a license to conduct live racing of

1 only horses and the *simulcasting* licensee displays a simulcast greyhound
2 race, unclaimed winning ticket proceeds shall be distributed in the manner
3 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed
4 winning ticket proceeds from live greyhound races. Breakage for such
5 races shall be distributed for use to benefit greyhound racing as determined
6 by the commission.

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

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

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

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

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

40 (4) Breakage for interstate combined wagering pools shall be
41 calculated in accordance with the statutes and rules and regulations of the
42 host jurisdiction and shall be allocated among the participating
43 jurisdictions in a manner agreed to among the jurisdictions. Breakage

1 allocated to this jurisdiction shall be distributed as provided by subsection
2 (h).

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

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

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

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

26 Sec. 14. K.S.A. 2017 Supp. 75-6204 is hereby amended to read as
27 follows: 75-6204. (a) Subject to the limitations provided in this act, if a
28 debtor fails to pay to the state of Kansas or any state agency, foreign state
29 agency, municipality or the federal department of the treasury an amount
30 owed, the director may setoff such amount and a reasonable collection
31 assistance fee determined in accordance with K.S.A. 75-6210, and
32 amendments thereto, against any money held for, or any money owed to,
33 such debtor by the state ~~or~~, any state agency, *lottery gaming facility*
34 *manager, racetrack gaming facility manager or facility owner licensee.*

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

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

1 against a debtor.

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

9 *{New Sec. 15. (a) All greyhounds used for racing shall: (1) Be*
10 *housed in comfortable, clean, safe and well-ventilated kennels;*

11 *(2) receive plentiful and healthful food and water;*

12 *(3) be provided appropriate exercise in clean, safe turnout pens and*
13 *sprint fields;*

14 *(4) be trained using artificial lures; and*

15 *(5) receive prompt, appropriate veterinary care.*

16 *(b) All racetrack surfaces shall be groomed and maintained daily to*
17 *ensure the health and safety of the racing greyhounds. All greyhounds*
18 *shall be trained and cared for by qualified, competent and responsible*
19 *personnel according to established animal welfare guidelines. All tracks*
20 *shall enact policies and enforcement procedures that include penalties*
21 *for violation of proper animal welfare procedures.*

22 *(c) All member tracks shall require that proper documentation be*
23 *filed with and approved by the Kansas racing and gaming commission*
24 *before any greyhound may be removed from the track premises. The*
25 *documentation shall verify that the greyhound has been:*

26 *(1) Transferred to another greyhound racetrack for purposes of*
27 *continued racing;*

28 *(2) returned to the original owner or breeding farm for pet or*
29 *breeding purposes; or*

30 *(3) upon retirement, placed into an in-house, local or nationally*
31 *recognized adoption program.*

32 *(d) The Kansas racing and gaming commission shall adopt rules*
33 *and regulations to implement this section.}*

34 ~~Sec. 15. {16.}~~ K.S.A. 74-8836 and K.S.A. 2017 Supp. 74-8702, 74-
35 8741, 74-8743, 74-8744, 74-8746, 74-8747, 74-8766, 74-8814 and 75-
36 6204 are hereby repealed.

37 ~~Sec. 16. {17.}~~ This act shall take effect and be in force from and after
38 its publication in the statute book.