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300 SW TENTH AVENUE ▪ SUITE 24-E ▪ TOPEKA, KS 66612 ▪ (785) 296-2321

**COMPARISON OF SPORTS WAGERING LEGISLATION: HB 2199 AND SB 84**

Matt Sterling, Senior Assistant Revisor

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Issue	HB 2199	SB 84
<b>Authorized to Conduct Sports Wagering</b>		
Kansas Lottery	<ul style="list-style-type: none"> <li>Authorizes the Kansas Lottery, itself, to operate sports wagering through one or more interactive sports wagering platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Only authorizes the Kansas Lottery, itself, to operate sports wagering through one interactive sports wagering platform if there has been no more than one lottery gaming facility manager operating sports wagering continuously for the two years following July 1, 2021.</li> </ul>
Casinos (lottery gaming facility managers)	<ul style="list-style-type: none"> <li>Authorizes any casino manager to contract with the Kansas Lottery to manage and operate sports wagering on behalf of the State.</li> </ul>	<ul style="list-style-type: none"> <li>SAME</li> </ul>
Racetracks (racetrack gaming facility managers)	<ul style="list-style-type: none"> <li>Authorizes any racetrack manager to contract with the Kansas Lottery to manage and operate sports wagering on behalf of the State.</li> </ul>	<ul style="list-style-type: none"> <li>Does not authorize racetrack managers to contract for the management of sports wagering.</li> </ul>

KANSAS OFFICE of  
**REVISOR of STATUTES**  
 LEGISLATURE of THE STATE of KANSAS

<p>Other Retailers</p>	<ul style="list-style-type: none"> <li>• Authorizes the Kansas Lottery to contract with up to 1200 retailers to operate tier one sports wagering on behalf of the State.</li> <li>• Selection of retailers and contract basis is similar to current law for lottery ticket retailers.</li> <li>• Sports retailers will only offer sports wagering in-person at the retailer location.</li> </ul>	<ul style="list-style-type: none"> <li>• Not included.</li> </ul>
<p>Mobile Applications (interactive sports wagering platforms)</p>	<ul style="list-style-type: none"> <li>• Kansas Lottery may select a mobile application for use by the Lottery or any contracting casino or racetrack manager to offer both tier one and tier two wagers.</li> <li>• A casino or racetrack may request approval of one additional mobile application for use by the requesting manager.</li> <li>• A casino or racetrack may request approval of one additional graphical user interface (skin) for use by the requesting manager.</li> <li>• All mobile applications can only accept wagers from individuals physically located in the State.</li> </ul>	<ul style="list-style-type: none"> <li>• Casino managers may use up to three mobile applications approved by the Kansas Lottery.</li> <li>• Any approved mobile application may be used by any contracting casino manager.</li> <li>• All mobile applications can only accept wagers from individuals physically located in the State.</li> </ul>
<p>Professional Sports Teams</p>	<ul style="list-style-type: none"> <li>• Authorizes the Kansas Lottery and any casino or racetrack manager to offer sports wagering at the home facility of a professional sports team pursuant to a marketing agreement.</li> <li>• A marketing agreement must clearly state that the sports team may promote and advertise sports wagering but cannot in any way in the operation of sports wagering.</li> <li>• A professional sports team is one whose home facility is located in Kansas and operates at the major league level in baseball, basketball, football, ice hockey, or soccer.</li> </ul>	<ul style="list-style-type: none"> <li>• Casino managers may contract with a sports facility to offer sports wagering at the sports facility through a mobile application.</li> <li>• A sports facility is an auto racetrack facility or major multi-sport athletic complex located in Wyandotte County with a minimum investment of \$50 million and that is in operation on July 1, 2021.</li> <li>• The terms "auto racetrack facility" and "major multi-sport athletic complex" are defined in the STAR bond laws.</li> </ul>

<b>Requirements for Conducting Sports Wagering</b>		
Restrictions on types of wagers	<ul style="list-style-type: none"> <li>• Tier one wagers are those determined solely by the final score or outcome of a sporting event and is placed before the start of the event. Sports retailers may only offer tier one wagers.</li> <li>• Tier two wagers are any wagers that are not tier one wagers. These can be offered by the Kansas Lottery or any contracting casino or racetrack manager.</li> <li>• Data for determining the results of tier one wagers can be from any source, but data for tier two wagers must be official league data if readily available on commercially reasonable terms.</li> </ul>	<ul style="list-style-type: none"> <li>• Provides no distinction as to the type of wagers that can be offered.</li> <li>• Does not require any particular data source for determining wager results.</li> </ul>
Restrictions on who can place a wager	<ul style="list-style-type: none"> <li>• No person under 21 can make a sports wager or otherwise engage in sports wagering.</li> <li>• A person may voluntarily place themselves on a restricted list, which will be disseminated to all sports wagering managers.</li> <li>• The following are prohibited from placing wagers:                             <ul style="list-style-type: none"> <li>• Any person working for the Kansas Lottery or the KRGC;</li> <li>• Any person working for a casino manager, racetrack manager, or sports retailers, and any relative of such person living in the same house;</li> <li>• Any person working for a mobile application and any relative of such person living in the same house;</li> <li>• Any person working for a sports governing body;</li> <li>• Any person working for a sports team; and</li> <li>• Any person working for a player union or referee union.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• No person under 21 can make a sports wager or otherwise engage in sports wagering.</li> <li>• A person may voluntarily place themselves on a restricted list, which will be disseminated to all sports wagering managers.</li> <li>• The following are prohibited from placing wagers:                             <ul style="list-style-type: none"> <li>• Any person working for the Kansas Lottery or the KRGC;</li> <li>• Any person working for a casino manager and any relative of such person living in the same house if the wager is placed at the manager's casino or through the manager's mobile application;</li> <li>• Any person working for a mobile application and any relative of such person living in the same house if the wager is placed with the contracting casino manager casino;</li> <li>• Any person working for a sports team; and</li> <li>• Any person working for a player union or referee union.</li> </ul> </li> </ul>

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**REVISOR of STATUTES**  
 LEGISLATURE of THE STATE of KANSAS

		<ul style="list-style-type: none"> <li>• Also, removes restrictions on betting by household relatives of casino and racetrack managers and contractors generally.</li> </ul>
Restrictions on sports events	<ul style="list-style-type: none"> <li>• No wagers allowed for horse or greyhound races subject to the Kansas Parimutuel Racing Act.</li> <li>• No wagers allowed for events where the majority of the participants are under 18.</li> <li>• A sports governing body may request the Kansas Lottery restrict wagers on a particular sports event, and the Lottery may approve or deny such request after a good faith review with input from sports wagering managers.</li> </ul>	<ul style="list-style-type: none"> <li>• No wagers allowed for greyhound races.</li> <li>• No wagers allowed for sports events at the high school level or below.</li> <li>• Kansas Lottery may restrict wagers on a particular sports event.</li> </ul>
Restrictions on advertising	<ul style="list-style-type: none"> <li>• Kansas Lottery shall adopt rules and regulations by Jan. 1, 2022, as follows:           <ul style="list-style-type: none"> <li>• Ensure that ads do not target minors, problem gamblers, or other vulnerable persons, including limits on form, content, quantity, timing, and location;</li> <li>• Disclosure of sports wagering manager;</li> <li>• Provide phone number for information and referral for problem gambling; and</li> <li>• Prohibit false, misleading, or deceptive ads.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• KRGC shall adopt rules and regulations by Oct. 31, 2021, as follows:           <ul style="list-style-type: none"> <li>• Ensure that ads do not target minors, problem gamblers, or other vulnerable persons, including limits on form, content, quantity, timing, and location;</li> <li>• Disclosure of sports wagering manager;</li> <li>• Provide phone number for information and referral for problem gambling; and</li> <li>• Prohibit false, misleading, or deceptive ads.</li> </ul> </li> </ul>
Reporting requirements	<ul style="list-style-type: none"> <li>• All sports wagering operators must cooperate with investigations by the Kansas Lottery, KRGC, a sports governing body, or any law enforcement agency.</li> <li>• Also, must report criminal or disciplinary proceedings against the operator, suspicious or illegal wagering activities, and potential breaches of a sport's rules and codes of conduct.</li> </ul>	<ul style="list-style-type: none"> <li>• Casino managers must cooperate with investigations by the Kansas Lottery, KRGC, or any law enforcement agency.</li> <li>• Also, must report criminal or disciplinary proceedings against the manager and suspicious or illegal wagering activities.</li> </ul>

KANSAS OFFICE of  
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 LEGISLATURE of THE STATE of KANSAS

Maintenance of records	<ul style="list-style-type: none"> <li>• All sports wagering operators must keep records of all wagers that are placed with the operator for at least 3 years and disclose the records upon request by Kansas Lottery or KRGC. And share real-time betting information with a sports governing body.</li> <li>• All disclosures of personal information of a bettor must be subject to a data-sharing agreement between the sports governing body and the Kansas Lottery.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires rules and regulations for the maintenance of records for at least 60 days and to make such records available for inspection by the Kansas Lottery and the KRGC for at least those bettors who place wagers totaling at least \$1200 within a 24-hour period.</li> </ul>
<b>Regulation and Oversight</b>		
Regulatory authority	<ul style="list-style-type: none"> <li>• Kansas Lottery will adopt rules and regulations for sports wagering, including the following:             <ul style="list-style-type: none"> <li>• Sports retailer contracts;</li> <li>• Casino and racetrack management contracts;</li> <li>• Confidentiality of information submitted to mobile applications; and</li> <li>• Ensuring the integrity of sports wagering.</li> </ul> </li> <li>• Requires the Kansas Lottery to be the licensee and owner of all software programs used in conducting sports wagering.</li> </ul>	<ul style="list-style-type: none"> <li>• Kansas Lottery will adopt rules and regulations for sports wagering, including the following:             <ul style="list-style-type: none"> <li>• Casino management contracts;</li> <li>• Ensuring the integrity of sports wagering;</li> <li>• Maintenance of records for at least 60 days and to make such records available for inspection by the Kansas Lottery and the KRGC for at least those bettors who place wagers totaling at least \$1200 within a 24-hour period;</li> <li>• Authorizing casino managers and contractors to have employees located outside of Kansas;</li> <li>• Permitting preestablished online accounts from other states to be accessed in Kansas; and</li> <li>• Allowing negative sports wagering revenue amounts to be carried over to offset sports wagering revenues in subsequent weeks.</li> </ul> </li> <li>• Requires the Kansas Lottery to be the licensee or owner of all software programs used in conducting sports wagering.</li> </ul>

KANSAS OFFICE of  
**REVISOR of STATUTES**  
 LEGISLATURE of THE STATE of KANSAS

<p>Background check certification</p>	<ul style="list-style-type: none"> <li>Increases the minimum ownership percentage for background certification from 0.5% to 5%.</li> <li>Requires background certification for all employees and contractors of a casino or racetrack manager, including the mobile application provider. Certification is the same as currently required under KELA.</li> </ul>	<ul style="list-style-type: none"> <li>Increases the minimum ownership percentage for background certification from 0.5% to 5%.</li> <li>Requires background certification for all employees and of a casino manager or other entity owned by the manager's parent company that is directly involved in operating sports wagering, and any contractor paid an annual amount of \$250,000 or more. Certification is the same as currently required under KELA.</li> </ul>
<p><b>Distribution of Sports Wagering Revenue</b></p>		
<p>Percentages to sports wagering managers</p>	<ul style="list-style-type: none"> <li>State will receive 20% of sports wagering revenues from casino and racetrack managers on wagers placed through a mobile application.</li> <li>State will receive 14% of sports wagering revenues from casino and racetrack managers on wagers placed in-person at the facility.</li> <li>State will receive a percentage of the sports wagering revenues from sports retailers per the negotiated contract with the retailer.</li> </ul>	<ul style="list-style-type: none"> <li>State will receive 8% of sports wagering revenues from casino managers on wagers placed through a mobile application.</li> <li>State will receive 5.5% of sports wagering revenues from casino managers on wagers placed in-person at the facility.</li> </ul>
<p>Negative sports wagering revenues</p>	<ul style="list-style-type: none"> <li>Not included.</li> </ul>	<ul style="list-style-type: none"> <li>Allows a casino manager to carry over negative sports wagering revenues to subsequent weeks to offset sports wagering revenues in those weeks.</li> </ul>

KANSAS OFFICE of  
**REVISOR of STATUTES**  
LEGISLATURE of THE STATE of KANSAS

<p>Expenditure of revenues</p>	<ul style="list-style-type: none"><li>• First \$750,000 will be credited to the new White Collar Crime Fund. The fund will be administered by the Attorney General for the purpose of investigating and prosecuting illegal betting and other financial crimes.</li><li>• The annual transfer to the Problem Gambling and Addictions Grant Fund increases from \$80,000 to \$100,000.</li></ul>	<ul style="list-style-type: none"><li>• \$750,000 will be credited to the new White Collar Crime Fund. The fund will be administered by the Governor for the purpose of investigating and prosecuting illegal betting and other financial crimes.</li><li>• \$300,000 will be transferred from the White Collar Crime Fund to the Fraud and Abuse Criminal Prosecution Fund of the Attorney General.</li><li>• \$450,000 will be transferred from the White Collar Crime Fund to a special revenue fund or funds of the KRGC.</li><li>• \$800,000 will be credited to the Horse Fair Racing Benefit Fund until the fund has a balance of \$1 million.</li><li>• 33% of the remaining sports wagering revenues of the State will be credited to the Combating White Collar Crimes and Information Technology Scholarship Fund. The fund will be administered by the State Board of Regents to provide scholarships to students enrolling in educational programs to combat white collar crime or electronic security.</li><li>• 2% of the total sports wagering revenues will be paid to the Problem Gambling and Addictions Grant Fund.</li><li>• The annual transfer to the Problem Gambling and Addictions Grant Fund increases from \$80,000 to \$100,000.</li></ul>
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 LEGISLATURE of THE STATE of KANSAS

**Authorized Causes of Action**

Action for illegal wagering	<ul style="list-style-type: none"> <li>The State or a sports governing body will have a cause of action against any person who knowingly engages in, facilitates, or conceals conduct intended to improperly influence the outcome of a wager for purposes of financial gain.</li> </ul>	<ul style="list-style-type: none"> <li>The State will have a cause of action against any person who knowingly engages in, facilitates, or conceals conduct intended to improperly influence the outcome of a wager for purposes of financial gain.</li> </ul>
Action by Attorney General	<ul style="list-style-type: none"> <li>Attorney General may file a lawsuit with the Kansas Supreme Court regarding the authority to conduct sports wagering as provided under the bill.</li> <li>Restricts lawsuits for breach of a casino management contract until either a final order in the Attorney General's lawsuit, or a sports retailer contract has been executed.</li> <li>Restricts awards for equitable relief to only the Attorney General, and limits interest damages to date of accrual of cause of action.</li> </ul>	<ul style="list-style-type: none"> <li>Not included.</li> </ul>
<b>Criminal Offenses</b>		
Misuse of nonpublic sports information	<ul style="list-style-type: none"> <li>Creates the crime of misuse of nonpublic sports information, which is placing a sports wager on the basis of material nonpublic information relating to such wager.</li> <li>Violation is a level 5, nonperson felony.</li> </ul>	<ul style="list-style-type: none"> <li>SAME</li> </ul>
Unlawful gambling exemption	<ul style="list-style-type: none"> <li>Exempts sports wagering from the crime of unlawful gambling.</li> </ul>	<ul style="list-style-type: none"> <li>SAME</li> </ul>



KANSAS OFFICE of  
**REVISOR of STATUTES**  
 LEGISLATURE of THE STATE of KANSAS

Sports bribery	<ul style="list-style-type: none"> <li>Increases the penalty from level 9, nonperson felony to a level 5, nonperson felony if committed with the intent to influence the outcome of a sports contest for financial gain related to a sports wager.</li> </ul>	<ul style="list-style-type: none"> <li>Increases the penalty from level 9, nonperson felony to level 8, nonperson felony.</li> </ul>
Tampering with a sports contest	<ul style="list-style-type: none"> <li>Not included.</li> </ul>	<ul style="list-style-type: none"> <li>Increases the penalty from level 9, nonperson felony to level 8, nonperson felony.</li> </ul>
Unlawful wagering (KSA 74-8760)	<ul style="list-style-type: none"> <li>Makes is a level 8, nonperson felony to place a sports wager:           <ul style="list-style-type: none"> <li>With access to nonpublic confidential information held by a sports wagering operator;</li> <li>As an agent or proxy for another;</li> <li>Using funds derived from illegal activity;</li> <li>To conceal money from illegal activity;</li> <li>Through use of others to circumvent federal or state law; or</li> <li>Using false identification.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Makes it a level 8, nonperson felony to place a sports wager:           <ul style="list-style-type: none"> <li>As an agent or proxy for another;</li> <li>Using funds derived from illegal activity;</li> <li>To conceal money from illegal activity;</li> <li>Through use of others to circumvent federal or state law; or</li> <li>Using false identification.</li> </ul> </li> </ul>
<b>Other Issues</b>		
Online lottery ticket (iLottery) provisions	<ul style="list-style-type: none"> <li>Authorizes online lottery tickets, but lottery game shall not:           <ul style="list-style-type: none"> <li>Functionally operate as a slot machine;</li> <li>Allow the redemption of a prize of \$600 or more other than at a physical lottery location;</li> <li>Provide credit for a lottery ticket purchase.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Authorizes online lottery tickets, but lottery game shall not:           <ul style="list-style-type: none"> <li>Provide any audio or video effects or displays that resemble a slot machine;</li> <li>Visually or functionally operate or appear to operate as a slot machine;</li> <li>Provide credit for a lottery ticket purchase;</li> <li>Allow for redemption of a lottery ticket other than at a physical lottery location; or</li> <li>Determine the winner of a lottery game in less than 4 minutes.</li> </ul> </li> </ul>

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 LEGISLATURE *of* THE STATE *of* KANSAS

Tribal gaming compacts	<ul style="list-style-type: none"> <li>Requires the Governor to negotiate in good faith upon request by a tribe to amend a compact to include sports wagering.</li> </ul>	<ul style="list-style-type: none"> <li>SAME</li> </ul>
Jurisdiction for prosecution of unlawful gray machines	<ul style="list-style-type: none"> <li>Attorney General and KRGC will have original jurisdiction to investigate and prosecute unlawful gray machines.</li> </ul>	<ul style="list-style-type: none"> <li>Not included.</li> </ul>
State debt setoff	<ul style="list-style-type: none"> <li>Adds sports wagering retailers to category of entities that may contract with Director of Accounts and Reports to withhold prize winnings of individuals who have a debt.</li> </ul>	<ul style="list-style-type: none"> <li>Not included.</li> </ul>
Effective Date	<ul style="list-style-type: none"> <li>July 1, 2021.</li> </ul>	<ul style="list-style-type: none"> <li>SAME</li> </ul>