

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2058**

As Agreed to April 5, 2023

Brief*

Senate Sub. for HB 2058 would amend law to authorize any gaming compact concerning sports wagering to include provisions governing sports wagering outside the boundaries of Indian lands.

The bill would be in effect upon publication in the *Kansas Register*.

Conference Committee Action

The Conference Committee agreed to the contents of Senate Sub. for HB 2058, as amended by the Senate Committee of the Whole, and agreed to further amend the bill as follows:

- Remove provisions pertaining to historical horse races; and
- Remove provisions pertaining to the Kansas Indoor Clean Air Act.

[*Note:* The provisions concerning sports wagering outside the boundaries of Indian lands are the same as those in SB 322, as introduced.]

Background

As passed by the House, HB 2058 would have amended provisions of the Kansas Liquor Control Act to require remittance of gallonage taxes by holders of a special order shipping license to be submitted to the Secretary of Revenue monthly rather than quarterly as required in current law. The provisions of HB 2058 were added to the Conference Committee Report for HB 2059.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

SB 322 (Sports Wagering)

SB 322 was introduced by the Senate Committee on Federal and State Affairs at the request of a representative of Prairie Band Potawatomi Nation.

Senate Committee on Federal and State Affairs

In the Senate Committee hearing, representatives of the Governor's Office and the Prairie Band Potawatomi Nation provided **proponent** testimony. The proponents stated the bill would allow negotiations to continue regarding the gaming compact between the State of Kansas and Prairie Band Potawatomi Nation.

Opponent testimony was provided by representatives of Boot Hill Casino and Resort, Kansas Crossing Casino, and Kansas Star Casino, and Kansas Entertainment, LLC. The opponents generally stated the bill would expose the State to the risk of litigation and loss of revenue and create a disadvantage for managers of state-owned casinos.

The Senate Committee removed the contents of HB 2058, inserted modified contents pertaining to sports wagering and historical horse races (SB 322), and recommended a substitute bill be passed. [*Note: The provisions pertaining to historical horse races were not retained by the Conference Committee.*]

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to remove the exemption in the Kansas Indoor Clean Air Act for gaming floors of lottery gaming facilities or racetrack gaming facilities. [*Note: The amendment was not retained by the Conference Committee.*]

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 322, as introduced, the Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency (part of the Kansas Racing and Gaming Commission that regulates tribal gaming) cannot estimate the fiscal effect for the enactment of the bill because the terms and conditions that would be included in a potential gaming compact are unknown.

In addition, the fiscal effect regarding the operations of the Kansas Lottery, Kansas Racing and Gaming Commission, and State Gaming Agency cannot be estimated. Depending on the terms and conditions including in a gaming compact, the bill has the potential to reduce the state's share of sports wagering revenue generated from the contracts between the Kansas Lottery and lottery gaming facility managers that allows sports wagering in the state. In addition, there would be potential for one or more of the existing lottery gaming facility managers would take any legal action in response to this legislation.

The Office of the Attorney General indicates the bill has the potential to increase litigation costs starting in FY 2024. However, the Office did not provide an estimate of the additional litigation costs or how long the estimated litigation costs would continue from enactment from

the bill. Depending on current workload, the Office indicates that the bill could require it to hire outside counsel to defend the State.

Also, the bill has the potential to increase litigation in the courts. If it does, the Office of Judicial Administration (OJA) indicates that there would be a fiscal effect on the operations of the court system. The OJA indicates that it is not possible to estimate the number of additional court cases that would arise or how complex and time-consuming the cases would be. However, the fiscal effect would most likely be negligible and could be accommodated within existing budget resources.

Any fiscal effect associated with enactment of SB 322 is not reflected in *The FY 2024 Governor's Budget Report*.

Gaming; gaming compact; sports wagering; State Racing Fund; Kansas Lottery; Kansas Racing and Gaming Commission; State Gaming Agency

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