HOUSE BILL No. 2709
By Committee on Federal and State Affairs
2-14

AN ACT concerning the Kansas expanded lottery act; relating to racetrack
gaming facilities; relating to parimutuel racing; creating the Kansas
agricultural opportunity act; amending K.S.A. 74-8826 and 74-8836
and K.S.A. 2013 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747,
74-8751, 74-8823 and 74-8831 and repealing the existing sections; also
repealing K.S.A. 74-8824.

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

New Section 1. Sections 1 through 3, and amendments thereto, shall
be known and may be cited as the Kansas agricultural opportunity act, and
shall apply to implementation and operation of parimutuel racetrack
facilities authorized to offer lottery gaming facility games pursuant to
K.S.A. 74-8733 et seq., and amendments thereto, and shall provide for the
establishment of a framework for encouraging economic opportunity in
rural Kansas through the expansion of horse and greyhound ownership,
breeding and investment.

New Sec. 2. (a) The official horse registering agency designated by
the Kansas racing and gaming commission pursuant to K.S.A. 74-8830,
and amendments thereto, shall be responsible for implementing procedures
and making recommendations related to the operation of live horse racing
pursuant to the requirements of section 3, and amendments thereto.

(b) The official greyhound registering agency designated by the
Kansas racing and gaming commission pursuant to K.S.A. 74-8832, and
amendments thereto, shall be responsible for implementing procedures and
making recommendations related to the operation of live greyhound racing
pursuant to the requirements of section 3, and amendments thereto.

New Sec. 3. (a) On or before December 1, the official breed
registering agencies for both horse and greyhound breeds shall make
recommendations to the Kansas racing and gaming commission for
implementation of programs which will maximize the benefit to economic
development in rural Kansas from purse supplements paid pursuant to
K.S.A. 2013 Supp. 74-8747, and amendments thereto. Such
recommendations made by each breed registering agency shall consider
the following:

(1) Increasing the number of registered breed horses bred in Kansas
and mares and stallions domiciled in Kansas;
(2) increasing the number of greyhounds whelped in Kansas and greyhounds in Kansas;
(3) increasing the number of horses and greyhounds owned by Kansas residents for the purposes of live racing; and
(4) creating jobs in Kansas associated with the breeding and racing of horses and greyhounds.

(b) On or before January 15, the official breed registering agencies shall submit the following reports to the Kansas racing and gaming commission:
   (1) The number of horses bred in Kansas and the number of mares and stallions domiciled in Kansas during the previous calendar year;
   (2) the number of whelped greyhounds registered in Kansas during the previous calendar year;
   (3) the estimated number of horses and greyhounds owned by Kansas residents during the previous calendar year; and
   (4) the estimated amount of total purses paid by Kansas parimutuel racetrack facilities with separate total amounts for each source of purse funds.

New Sec. 4. (a) The board of county commissioners of Sedgwick county shall not submit by resolution any question seeking voter approval related to lottery gaming facilities or operation of electronic gaming machines within Sedgwick county except as provided in subsection (b).

(b) The board of county commissioners of Sedgwick county may submit by resolution, and shall submit upon presentation of a valid petition filed in accordance with subsection (c), to the qualified voters of the county a proposition to permit the operation of electronic gaming machines at an existing parimutuel racetrack within that county. The proposition shall be submitted to the voters at a special election to be held no later than 120 days after the effective date of this section.

(c) If the board of county commissioners does not submit a resolution in accordance with subsection (b) within 30 days after the effective date of this act, a petition to submit a proposition to the qualified voters of a county pursuant to this section shall be filed with the county election officer within 90 days after the effective date of this act. The petition shall be signed by not less than 5,000 qualified voters of the county. The following shall appear on the petition: "We request an election to determine whether the operation of electronic gaming machines at parimutuel racetrack facilities by the Kansas lottery shall be permitted in Sedgwick county."

(d) Upon the submission of a petition, the county election officer shall determine whether a sufficient number of qualified voters of the county have signed such petition. If the submitted petition calling for an election pursuant to this section is deemed valid, the county election
officer shall cause the following proposition to be placed on the ballot at
the election called for that purpose: "Shall the operation of electronic
gaming machines at the Wichita Greyhound Park by the Kansas lottery be
permitted in Sedgwick county?"

(e) If a majority of the votes cast and counted at such election is in
favor of permitting the operation of such machines, the executive director
may enter into a contract with the parimutuel racetrack facility licensee in
Sedgwick county to operate such machines at its existing location in the
county. If a majority of the votes cast and counted at an election under this
section is against permitting the operation of electronic gaming machines
in the county, the Kansas lottery shall not operate such machines in the
county. The county election officer shall transmit a copy of the
certification of the results of the election to the executive director and to
the Kansas racing and gaming commission.

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

(g) If in any election provided for by this section a majority of the
votes cast and counted is against the proposition permitting the operation
of electronic gaming machines in the county, another election submitting
the same proposition shall not be held after the date of such election.

(h) This section shall be a part of and supplemental to the Kansas
expanded lottery act.

Sec. 5. K.S.A. 2013 Supp. 74-8734 is hereby amended to read as
follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
facility in each gaming zone.

(b) Not more than 30 days after the effective date of this act the
lottery commission shall adopt and publish in the Kansas register the
procedure for receiving, considering and approving, proposed lottery
gaming facility management contracts. Such procedure shall include
provisions for review of competitive proposals within a gaming zone and
the date by which proposed lottery gaming facility management contracts
must be received by the lottery commission if they are to receive
consideration.

(c) The lottery commission shall adopt standards to promote the
integrity of the gaming and finances of lottery gaming facilities, which
shall apply to all management contracts, shall meet or exceed industry
standards for monitoring and controlling the gaming and finances of
gaming facilities and shall give the executive director sufficient authority
to monitor and control the gaming operation and to ensure its integrity and
security.

(d) The Kansas lottery commission may approve management
contracts with one or more prospective lottery gaming facility managers to
manage, or construct and manage, on behalf of the state of Kansas and subject to the operational control of the Kansas lottery, a lottery gaming facility or lottery gaming enterprise at specified destination locations within the northeast, south central, southwest and southeast Kansas gaming zones where the commission determines the operation of such facility would promote tourism and economic development. The commission shall approve or disapprove a proposed management contract within 90 days after the deadline for receipt of proposals established pursuant to subsection (b).

(e) In determining whether to approve a management contract with a prospective lottery gaming facility manager to manage a lottery gaming facility or lottery gaming enterprise pursuant to this section, the commission shall take into consideration the following factors: The size of the proposed facility; the geographic area in which such facility is to be located; the proposed facility's location as a tourist and entertainment destination; the estimated number of tourists that would be attracted by the proposed facility; the number and type of lottery facility games to be operated at the proposed facility; and agreements related to ancillary lottery gaming facility operations.

(f) Subject to the requirements of this section, the commission shall approve at least one proposed lottery gaming facility management contract for a lottery gaming facility in each gaming zone.

(g) The commission shall not approve a management contract unless:

1. (A) The prospective lottery gaming facility manager is a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; and (ii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; or

2. (B) the prospective lottery gaming facility manager is not a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; (ii) is current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas and any taxing subdivision where such prospective manager is located in the state of Kansas, excluding items under formal appeal pursuant to applicable statutes; and (iii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; and

2. (2) the commission determines that the proposed development consists of an investment in infrastructure, including ancillary lottery
gaming facility operations, of at least $225,000,000 in the northeast-
and south central Kansas gaming zones and of at least
$50,000,000 in the southeast and southwest Kansas gaming-
zone zones. The commission, in determining whether the minimum investment
required by this subsection is met, shall not include any amounts derived
from or financed by state or local retailers' sales tax revenues.

(h) Any management contract approved by the commission under this
section shall:

(1) Have a maximum initial term of 15 years from the date of opening
of the lottery gaming facility. At the end of the initial term, the contract
may be renewed by mutual consent of the state and the lottery gaming
facility manager;

(2) specify the total amount to be paid to the lottery gaming facility
manager pursuant to the contract;

(3) establish a mechanism to facilitate payment of lottery gaming
facility expenses, payment of the lottery gaming facility manager's share of
the lottery gaming facility revenues and distribution of the state's share of
the lottery gaming facility revenues;

(4) include a provision for the lottery gaming facility manager to pay
the costs of oversight and regulation of the lottery gaming facility manager
and the operations of the lottery gaming facility by the Kansas racing and
gaming commission;

(5) establish the types of lottery facility games to be installed in such
facility;

(6) provide for the prospective lottery gaming facility manager, upon
approval of the proposed lottery gaming facility management contract, to
pay to the state treasurer a privilege fee of $25,000,000 for the privilege of
being selected as a lottery gaming facility manager of a lottery gaming
facility in the northeast, southeast or south central Kansas gaming zone
and $5,500,000 for the privilege of being selected as a lottery gaming
facility manager of a lottery gaming facility in the southeast or southwest
Kansas gaming zone. Such fee shall be deposited in the state treasury and
credited to the lottery gaming facility manager fund, which is hereby
created in the state treasury;

(7) incorporate terms and conditions for the ancillary lottery gaming
facility operations;

(8) designate as key employees, subject to approval of the executive
director, any employees or contractors providing services or functions
which are related to lottery facility games authorized by a management
contract;

(9) include financing commitments for construction;

(10) include a resolution of endorsement from the city governing
body, if the proposed facility is within the corporate limits of a city, or
from the county commission, if the proposed facility is located in the
unincorporated area of the county;

(11) include a requirement that any parimutuel licensee developing a
lottery gaming facility pursuant to this act comply with all orders and rules
and regulations of the Kansas racing and gaming commission with regard

to the conduct of live racing, including the same minimum days of racing
as specified in K.S.A. 2013 Supp. 74-8746, and amendments thereto, for
operation of electronic gaming machines at racetrack gaming facilities;

(12) include a provision for the state to receive not less than 22% of
lottery gaming facility revenues, which shall be paid to the expanded
lottery act revenues fund established by K.S.A. 2013 Supp. 74-8768, and
amendments thereto;

(13) include a provision for 2% of lottery gaming facility revenues to
be paid to the problem gambling and addictions grant fund established by
K.S.A. 2013 Supp. 79-4805, and amendments thereto;

(14) if the prospective lottery gaming facility manager is an American
Indian tribe, include a provision that such tribe agrees to waive its
sovereign immunity with respect to any actions arising from or to enforce
either the Kansas expanded lottery act or any provision of the lottery
gaming facility management contract; any action brought by an injured
patron or by the state of Kansas; any action for purposes of enforcing the
workers compensation act or any other employment or labor law; and any
action to enforce laws, rules and regulations and codes pertaining to
health, safety and consumer protection; and for any other purpose deemed
necessary by the executive director to protect patrons or employees and
promote fair competition between the tribe and others seeking a lottery
gaming facility management contract;

(15) (A) if the lottery gaming facility is located in the northeast or
southwest Kansas gaming zone and is not located within a city, include a
provision for payment of an amount equal to 3% of the lottery gaming
facility revenues to the county in which the lottery gaming facility is
located; or (B) if the lottery gaming facility is located in the northeast or
southwest Kansas gaming zone and is located within a city, include
provision for payment of an amount equal to 1.5% of the lottery gaming
facility revenues to the city in which the lottery gaming facility is located
and an amount equal to 1.5% of such revenues to the county in which such
facility is located;

(16) (A) if the lottery gaming facility is located in the southeast or
south central Kansas gaming zone and is not located within a city, include
a provision for payment of an amount equal to 2% of the lottery gaming
facility revenues to the county in which the lottery gaming facility is
located and an amount equal to 1% of such revenues to the other county in
such zone; or (B) if the lottery gaming facility is located in the southeast or
south central Kansas gaming zone and is located within a city, provide for
payment of an amount equal to 1% of the lottery gaming facility revenues
to the city in which the lottery gaming facility is located, an amount equal
to 1% of such revenues to the county in which such facility is located and
an amount equal to 1% of such revenues to the other county in such zone;
(17) allow the lottery gaming facility manager to manage the lottery
gaming facility in a manner consistent with this act and applicable law, but
shall place full, complete and ultimate ownership and operational control
of the gaming operation of the lottery gaming facility with the Kansas
lottery. The Kansas lottery shall not delegate and shall explicitly retain the
power to overrule any action of the lottery gaming facility manager
affecting the gaming operation without prior notice. The Kansas lottery
shall retain full control over all decisions concerning lottery gaming
facility games;
(18) include provisions for the Kansas racing and gaming
commission to oversee all lottery gaming facility operations, including, but
not limited to: Oversight of internal controls; oversight of security of
facilities; performance of background investigations, determination of
qualifications and credentialing of employees, contractors and agents of
the lottery gaming facility manager and of ancillary lottery gaming facility
operations, as determined by the Kansas racing and gaming commission;
auditing of lottery gaming facility revenues; enforcement of all state laws
and maintenance of the integrity of gaming operations; and
(19) include enforceable provisions: (A) Prohibiting the state, until
July 1, 2032, from: (i) Entering into management contracts for more than
four lottery gaming facilities or similar gaming facilities, one to be located
in the northeast Kansas gaming zone, one to be located in the south central
Kansas gaming zone, one to be located in the southwest Kansas gaming
zone and one to be located in the southeast Kansas gaming zone; (ii)
designating additional areas of the state where operation of lottery gaming
facilities or similar gaming facilities would be authorized; or (iii)
operating an aggregate of more than 2,800 electronic gaming machines at
all parimutuel licensee locations; and (B) requiring the state to repay to the
lottery gaming facility manager an amount equal to the privilege fee paid
by such lottery gaming facility manager, plus interest on such amount,
compounded annually at the rate of 10%, if the state violates the
prohibition provision described in (A).
(i) The power of eminent domain shall not be used to acquire any
interest in real property for use in a lottery gaming enterprise.
(j) Any proposed management contract for which the privilege fee
has not been paid to the state treasurer within 30 days after the date of
approval of the management contract shall be null and void.
(k) A person who is the manager of the racetrack gaming facility in a
gaming zone shall not be eligible to be the manager of the lottery gaming facility in the same zone.

(l) Management contracts authorized by this section may include provisions relating to:

1. Accounting procedures to determine the lottery gaming facility revenues, unclaimed prizes and credits;
2. Minimum requirements for a lottery gaming facility manager to provide qualified oversight, security and supervision of the lottery facility games including the use of qualified personnel with experience in applicable technology;
3. Eligibility requirements for employees, contractors or agents of a lottery gaming facility manager who will have responsibility for or involvement with actual gaming activities or for the handling of cash or tokens;
4. Background investigations to be performed by the Kansas racing and gaming commission;
5. Credentialing requirements for any employee, contractor or agent of the lottery gaming facility manager or of any ancillary lottery gaming facility operation as provided by the Kansas expanded lottery act or rules and regulations adopted pursuant thereto;
6. Provision for termination of the management contract by either party for cause; and
7. Any other provision deemed necessary by the parties, including such other terms and restrictions as necessary to conduct any lottery facility game in a legal and fair manner.

(m) A management contract shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, except upon approval by the executive director, nor shall it be subject to being encumbered or hypothecated. The trustee of any insolvent or bankrupt lottery gaming facility manager may continue to operate pursuant to the management contract under order of the appropriate court for no longer than one year after the bankruptcy or insolvency of such manager.

(n) (1) The Kansas lottery shall be the licensee and owner of all software programs used at a lottery gaming facility for any lottery facility game.

(2) A lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery all lottery facility games. All lottery facility games shall be subject to the ultimate control of the Kansas lottery in accordance with this act.

(o) A lottery gaming facility shall comply with any planning and zoning regulations of the city or county in which it is to be located. The executive director shall not contract with any prospective lottery gaming
facility manager for the operation and management of such lottery gaming
facility unless such manager first receives any necessary approval under
planning and zoning requirements of the city or county in which it is to be
located.

(p) Prior to expiration of the term of a lottery gaming facility
management contract, the lottery commission may negotiate a new lottery
gaming facility management contract with the lottery gaming facility
manager if the new contract is substantially the same as the existing
contract. Otherwise, the lottery gaming facility review board shall be
reconstituted and a new lottery gaming facility management contract shall
be negotiated and approved in the manner provided by this act.

Sec. 6. K.S.A. 2013 Supp. 74-8741 is hereby amended to read as
follows: 74-8741. (a) The executive director of the Kansas lottery shall
negotiate a racetrack gaming facility management contract to place
electronic gaming machines at one parimutuel licensee location in each
gaming zone except the southwest Kansas gaming zone.

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

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

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

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

(1) The term of the contract;

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

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

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

(5) provisions for the distribution of the net electronic gaming machine income from the racetrack gaming facility which shall be in accordance with K.S.A. 2013 Supp. 74-8747, and amendments thereto.

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

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

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

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

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

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

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

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

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

(f) A racetrack gaming facility management contract shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, except upon approval
Sec. 7. K.S.A. 2013 Supp. 74-8744 is hereby amended to read as follows: 74-8744. (a) In accordance with rules and regulations adopted by the commission, the executive director shall have general responsibility for the implementation and administration of the provisions of this act relating to racetrack gaming facility operations, including the responsibility to:

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

(2) assist the commission in the promulgation of rules and regulations concerning the operation of racetrack gaming facilities, which rules and regulations shall include, without limitation, the following:
   (A) The number of electronic gaming machines allocated for placement at each racetrack gaming facility, subject to the provisions of subsection (b);
   (B) standards for advertising, marketing and promotional materials used by racetrack gaming facility managers;
   (C) the kind, type, number and location of electronic gaming machines at any racetrack gaming facility; and
   (D) rules and regulations and procedures for the accounting and reporting of the payments required from racetrack gaming facility managers under K.S.A. 2013 Supp. 74-8766, and amendments thereto, including the calculations required for such payments.

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

(1) At least 600, but not more than 1,200, electronic gaming machines shall be allocated to and placed at each racetrack gaming facility.

(2) The total number of electronic gaming machines allocated to and placed at all racetrack gaming facilities in the state shall not exceed 2,800. Until lottery gaming facility management contracts for lottery gaming-facilities in all gaming zones become binding, the total number of electronic gaming machines placed at all racetrack gaming facilities shall not exceed 2,200. When lottery gaming facility management contracts for lottery gaming facilities in all gaming zones have become binding, the lottery commission shall take privilege fee bids from the lottery gaming facility manager and racetrack gaming facility manager in each gaming zone for the remaining electronic gaming machines allocated to but not yet placed at the racetrack gaming facility in such zone. The minimum bid shall be a privilege fee of $2,500 per electronic gaming machine. If the
racetrack gaming facility manager submits the highest bid, the lottery commission shall place the remaining electronic gaming machines at the racetrack gaming facility. If the lottery gaming facility manager submits the highest bid, the commission shall not place any additional electronic gaming machines at the racetrack gaming facility.

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

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

Sec. 8. K.S.A. 2013 Supp. 74-8746 is hereby amended to read as follows: 74-8746. (a) Except as provided in subsection (b):

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

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

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

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

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

Sec. 9. K.S.A. 2013 Supp. 74-8747 is hereby amended to read as follows: 74-8747. (a) A racetrack gaming facility management contract shall include provisions for net electronic gaming machine income from a racetrack gaming facility to be distributed as follows:

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

(2) 7% eight percent of net electronic gaming machine income derived from electronic gaming machines located at racetrack gaming facilities licensed to conduct horse races during the first and second years of operation, 10% of the net electronic gaming machine income during the third year of operation and 12% of the net electronic gaming machine income the fourth and subsequent years of operation shall be credited to the live horse racing purse supplement fund established by K.S.A. 2013 Supp. 74-8767, and amendments thereto, except that the amount of net electronic gaming machine income credited to the fund during any fiscal year from electronic gaming machines at a racetrack gaming facility shall...
not exceed an amount equal to the average of $3,750 per electronic gaming
machine at each location and any moneys in excess of such amount shall
be distributed between the state and the racetrack gaming facility manager
in accordance with the racetrack gaming facility management contract;
(3) 7% seven percent of net electronic gaming machine income
derived from electronic gaming machines located at racetrack gaming
facilities licensed to conduct greyhound races shall be credited to the live
greyhound racing purse supplement fund established by K.S.A. 2013
Supp. 74-8767, and amendments thereto, except that the amount of net
electronic gaming machine income credited to the fund during any fiscal
year from electronic gaming machines at a racetrack gaming facility shall
not exceed an amount equal to the average of $3,750 per electronic gaming
machine at each location and any moneys in excess of such amount shall
be distributed between the state and the racetrack gaming facility manager
in accordance with the racetrack gaming facility management contract;
(4) (A) if the racetrack gaming facility is located in the northeast
Kansas gaming zone and is not located within a city, include a provision
for payment of an amount equal to 3% 2% of the racetrack gaming facility
revenues net electronic gaming machine income to the county in which the
racetrack gaming facility is located; or (B) if the racetrack gaming facility
is located in the northeast Kansas gaming zone and is located within a city,
include provision for payment of an amount equal to 1.5% 1% of the
racetrack gaming facility revenues net electronic gaming machine income
to the city in which the racetrack gaming facility is located and an amount
equal to 1.5% 1% of such revenues to the county in which such
facility is located;
(5) (A) if the racetrack gaming facility is located in the southeast or
south central Kansas gaming zone and is not located within a city, include
a provision for payment of an amount equal to 2% of the racetrack gaming
facility revenues net electronic gaming machine income to the county in
which the racetrack gaming facility is located and an amount equal to 1%
of such revenues to the other county in such zone; or (B) if the racetrack
gaming facility is located in the southeast or south central Kansas gaming
zone and is located within a city, provide for payment of an amount equal
to 1% of the racetrack gaming facility revenues net electronic gaming
machine income to the city in which the racetrack gaming facility is
located; and an amount equal to 1% of such revenues income to the county
in which such facility is located and an amount equal to 1% of such
revenues to the other county in such zone;
(6) 2% an amount equal to 0.5% of net electronic gaming machine
income shall be credited to the problem gambling and addictions grant
fund established by K.S.A. 2013 Supp. 79-4805, and amendments thereto;
(7) an amount equal to 1% of net electronic gaming machine income
shall be credited to the Kansas horse fair racing benefit fund established by K.S.A. 74-8838, and amendments thereto, in the northeast Kansas gaming zone; and an amount equal to 0.4% of the net gaming machine income shall be credited to the Kansas horse fair racing benefit fund established by K.S.A. 74-8838, and amendments thereto, in the southeast and south central Kansas gaming zones;

(8) 40% of net electronic gaming machine income shall be credited to the expanded lottery act revenues fund; an amount equal to 0.1% of net electronic gaming machine revenue income shall be credited to the Kansas horse council fund created by section 15, and amendments thereto; and

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

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

Sec. 10. K.S.A. 2013 Supp. 74-8751 is hereby amended to read as follows: 74-8751. The Kansas racing and gaming commission, through rules and regulations, shall establish:

(a) A certification requirement, and enforcement procedure, for officers, directors, key employees and persons directly or indirectly owning a 0.5% or more interest in a lottery gaming facility manager or racetrack gaming facility manager. Such certification requirement shall include compliance with such security, fitness and background investigations and standards as the executive director of the Kansas racing and gaming commission deems necessary to determine whether such person's reputation, habits or associations pose a threat to the public interest of the state or to the reputation of or effective regulation and control of the lottery gaming facility or racetrack gaming facility. In the case of a publicly traded company subject to the jurisdiction of the United States securities and exchange commission, such certification requirements shall include such security, fitness and background investigations and standards for officers, directors, key gaming employees and persons directly or indirectly owning a 5% or more interest in such entity, and shall specify that such publicly traded company annually provide a list of all identifiable shareholders. In the case of institutional investors in a publicly traded company, the certification requirement shall provide a procedure for issuance of waivers of the background investigation requirement by the executive director of the Kansas racing
and gaming commission. Any person convicted of any felony, a crime
involving gambling or a crime of moral turpitude prior to applying for a
certificate hereunder or at any time thereafter shall be deemed unfit. The
Kansas racing and gaming commission shall conduct the security, fitness
and background checks required pursuant to this subsection. Certification
pursuant to this subsection shall not be assignable or transferable;

(b) a certification requirement, and enforcement procedure, for those
persons, including electronic gaming machine manufacturers, technology
providers and computer system providers, who propose to contract with a
lottery gaming facility manager, a racetrack gaming facility manager or the
state for the provision of goods or services related to a lottery gaming
facility or racetrack gaming facility, including management services. Such
certification requirements shall include compliance with such security,
fitness and background investigations and standards of officers, directors,
key gaming employees and persons directly or indirectly owning a 0.5%
5% or more interest in such entity as the executive director of the Kansas
racing and gaming commission deems necessary to determine whether
such person's reputation, habits and associations pose a threat to the public
interest of the state or to the reputation of or effective regulation and
control of the lottery gaming facility or racetrack gaming facility. In the
case of a publicly traded company subject to the jurisdiction of the United
States securities and exchange commission, or equivalent foreign
securities law, such certification requirements include such security,
fitness and background investigations and standards for officers, directors,
key gaming employees and persons directly or indirectly owning a 5% or
more interest in such entity, and shall specify that such publicly traded
company annually provide a list of all identifiable shareholders. In the
case of institutional investors in a publicly traded company, the
certification requirement shall provide a procedure for issuance of waivers
of the background investigation requirement by the executive director of
the Kansas racing and gaming commission. Any person convicted of any
felony, a crime involving gambling or a crime of moral turpitude prior to
applying for a certificate hereunder or at any time thereafter shall be
deemed unfit. If the executive director of the racing and gaming
commission determines the certification standards of another state are
comprehensive, thorough and provide similar adequate safeguards, the
executive director may certify an applicant already certified in such state
without the necessity of a full application and background check. The
Kansas racing and gaming commission shall conduct the security, fitness
and background checks required pursuant to this subsection. Certification
pursuant to this subsection shall not be assignable or transferable;

(c) provisions for revocation of a certification required by subsection
(a) or (b) upon a finding that the certificate holder, an officer or director
thereof or a person directly or indirectly owning a 0.5% 5% or more interest therein: (1) Has knowingly provided false or misleading material information to the Kansas lottery or its employees; or (2) has been convicted of a felony, gambling related offense or any crime of moral turpitude; and

(d) provisions for suspension, revocation or nonrenewal of a certification required by subsection (a) or (b) upon a finding that the certificate holder, an officer or director thereof or a person directly or indirectly owning a 0.5% 5% or more interest therein: (1) Has failed to notify the Kansas lottery about a material change in ownership of the certificate holder, or any change in the directors or officers thereof; (2) is delinquent in remitting money owed to the Kansas lottery; (3) has violated any provision of any contract between the Kansas lottery and the certificate holder; or (4) has violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder.

Sec. 11. K.S.A. 2013 Supp. 74-8823 is hereby amended to read as follows: 74-8823. (a) There is hereby imposed a tax on the gross sum wagered by the parimutuel method as follows:

(1) Of the total daily takeout from parimutuel pools for live horse races conducted in this state, a tax at the rate of $\frac{3}{18}$;

(2) except as provided by subsection (a)(3), for live greyhound races conducted in this state at a racetrack facility for the racing of only greyhounds: (A) During the first four years when racing with parimutuel wagering is conducted at such facility, a tax at the rate of $\frac{3}{18}$ of the total daily takeout from parimutuel pools for live greyhound races; and (B) thereafter, from parimutuel pools for each live greyhound performance, a tax at the rate of $\frac{3}{18}$ of the first $400,000$ wagered, $\frac{4}{18}$ of the next $200,000$ wagered and $\frac{5}{18}$ of any amounts wagered exceeding $600,000;

(3) for live greyhound races conducted in this state at a dual racetrack facility or at a racetrack facility owned by a licensee whose license authorizes the construction of a dual racetrack facility: (A) During the first seven years when racing with parimutuel wagering is conducted at such facility, a tax at the rate of $\frac{3}{18}$ of the total daily takeout from parimutuel pools for live greyhound races; and (B) thereafter, from parimutuel pools for each live greyhound performance, a tax at the rate of $\frac{3}{18}$ of the first $600,000$ wagered, $\frac{4}{18}$ of the next $200,000$ wagered and $\frac{5}{18}$ of any amounts wagered exceeding $800,000; and

(4) of the total daily takeout from amounts wagered in this jurisdiction on simulcast races displayed in this state, a tax at the rate of $\frac{3}{18}$.

(b) The tax imposed by this section shall be no less than 3% nor more than 6% of the total money wagered each day at a racetrack facility.

(c) The tax imposed by this section shall be remitted to the
commission by each organization licensee by the next business day following the day on which the wagers took place. The commission shall remit any such tax moneys received to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. *Except as provided in K.S.A. 74-8838, and amendments thereto,* upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state racing fund created by K.S.A. 74-8826, and amendments thereto, except as provided by K.S.A. 74-8838, and amendments thereto.

(d) The commission shall audit and verify that the amount of tax received from each organization licensee hereunder is correct.

(e) Nothing in this section shall be construed to impose any tax on amounts wagered on electronic gaming machine games operated pursuant to the Kansas expanded lottery act.

Sec. 12. K.S.A. 74-8826 is hereby amended to read as follows: 74-8826. (a) There is hereby created the state racing fund in the state treasury. (b) Except as otherwise provided by K.S.A. 74-8824 and 74-8835, and amendments thereto, all taxes on parimutuel wagering, admissions tax, application fees, license fees and fines which are collected by the commission shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the state racing fund. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(c) Except as otherwise provided by this act, all operating expenses of the commission and moneys for the promotion of horse and greyhound racing appropriated by the legislature shall be paid from the state racing fund. On January 15, 1990, and on the 15th day of each month thereafter, and at such other times as provided by law, the director of accounts and reports shall transfer to the state gaming revenues fund created by K.S.A. 79-4801, and amendments thereto, any moneys in the state racing fund on each such date in excess of the amount required for operating expenditures and an adequate fund balance, taking into consideration encumbrances, anticipated revenues, revenue and expenditure experience to date and other relevant factors, as determined by the executive director and the director of accounts and reports.

(d) Any appropriation or transfer of state general fund moneys for the operation of the commission or the office of the executive director and any other expenses incurred in connection with the administration and
enforcement of this act shall be considered a loan and shall be repaid with
interest to the state general fund in accordance with appropriation acts.
Such loan shall not be considered an indebtedness or debt of the state
within the meaning of section 6 of article 11 of the constitution of the state
of Kansas. Such loan shall bear interest at a rate equal to the rate
prescribed by K.S.A. 75-4210, and amendments thereto, for inactive
accounts of the state effective on the first day of the month during which
the appropriation or transfer takes effect.

(e) At the time of repayment of a loan pursuant to subsection (d), the
executive director shall certify to the director of accounts and reports the
amount to be repaid and any interest due thereon. Upon receipt of such
certification, the director of accounts and reports shall promptly transfer
the amount certified from the state racing fund to the state general fund.

Sec. 13. K.S.A. 2013 Supp. 74-8831 is hereby amended to read as
follows: 74-8831. (a) There is hereby created in the state treasury the
Kansas greyhound breeding development fund to which moneys shall be
credited as provided by this act. Expenditures from such fund shall be
made in accordance with appropriation acts upon warrants of the director
of accounts and reports issued pursuant to vouchers approved by the
chairperson of the commission or a person designated by the chairperson.

(b) Moneys credited to the fund shall be expended as follows:
(1) An amount equal to 15% of all moneys credited to the fund during
a fiscal year shall be transferred by the director of accounts and reports on
June 30 of each year to the greyhound tourism fund created by subsection
(e);
(2) an amount equal to that is 35% of all moneys credited to the
fund during a fiscal year or $100,000, whichever is less, shall be used for
research conducted within the state of Kansas relating to the prevention of
injury to and disease of greyhounds;
(3) subject to the provisions of subsection (e), an amount equal to
50% the remaining balance of all moneys credited to the fund during a
fiscal year, less the amount determined by the commission pursuant to
subsection (b)(4) (b)(3), shall be used by the racetrack facilities where
derived to supplement purses and stake races for Kansas-whelped
greyhounds as recommended by the official breed registering agency and
as approved by the commission;
(4) an amount determined by the commission, but not to exceed
$30,000 of the moneys credited to the fund during a fiscal year, shall be
used to pay a portion of the administrative costs of the official registering
agency designated by the commission pursuant to K.S.A. 74-8832, and
amendments thereto; and
(5) as provided by subsection (e).

(c) Moneys credited to the Kansas greyhound breeding development
fund shall be used only for the benefit of greyhounds.

(d) There is hereby created in the state treasury the greyhound tourism fund. Moneys in such fund shall be used only for the promotion of greyhound-related tourism. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of commerce or a person designated by the secretary.

(e) If live greyhound racing ceases at a racetrack facility for a period of 60 continuous days or the commission finds that live greyhound racing is likely to cease at a racetrack facility for a period of 60 continuous days, any undisbursed moneys that would otherwise be expended pursuant to subsection—(b)(3) (b)(2) shall be expended in accordance with the following:

(1) The commission shall compile a roster of Kansas-whelped greyhounds in each licensed kennel on the day of racing at the racetrack facility prior to the day of cessation of racing (the "census date"), except that any Kansas-whelped greyhound that has not been in residence in the kennel and on the kennel's active list for five of the 14 days immediately preceding the census date shall not be included in the roster.

(2) The undisbursed moneys shall be divided equally among the qualified Kansas-whelped greyhounds identified pursuant to the census described in subsection (e)(1).

(3) The funds awarded to each qualified Kansas-whelped greyhound shall be divided equally between the licensed owner of the Kansas-whelped greyhound and the licensed kennel owner in whose kennel the Kansas-whelped greyhound was resident. If such a greyhound or kennel has multiple owners, the owner's share and kennel owner's share shall be prorated in accordance with the ownership percentages of each part owner of such greyhound or kennel, as appears in the commission's multiple ownership or kennel registration records.

(4) Payments to Kansas-whelped greyhound owners and kennel owners pursuant to this subsection shall be made directly from the Kansas greyhound breeding development fund to such greyhound owners and kennel owners.

Sec. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-8836. (a) Any organization licensee that conducts at least 150 days of live racing during a calendar year, or is in compliance with the provisions of K.S.A. 2013 Supp. 74-8746, and amendments thereto, or a fair association that conducts fewer than 22 40 days of live racing during a calendar year may apply to the commission for a simulcasting license to display simulcast horse or greyhound races and to conduct intertrack parimutuel wagering thereon. If the organization licensee conducts races at a racetrack facility that is owned by a facility owner licensee, both licensees shall join
in the application. A simulcasting license granted to a fair association that
conducts fewer than 22 days of live racing shall restrict the fair-
association's display of simulcast races to a number of days, including-
days on which it conducts live races, equal to not more than twice the-
number of days on which it conducts live races.

(b) (1) A simulcasting license granted to an organization licensee
other than a fair association shall authorize the display of simulcast races
at the racetrack facility where the live races are conducted so long as: (A)
The licensee conducts at least eight live races per day and an average of 10
live races per day per week; or (B) the licensee is in compliance with the
provisions of K.S.A. 2013 Supp. 74-8746, and amendments thereto. If a
simulcasting license is not in compliance with the provisions of
K.S.A. 2013 Supp. 74-8746, and amendments thereto, and if the licensee
conducts live horse races on a day when simulcast races are displayed by
the licensee and the licensee conducts fewer than an average of 10 live
horse races per day per week, not less than 80% of the races on which
wagers are taken by the licensee during such week shall be live races
conducted by the licensee unless approved by the recognized horsemen's
group or upon a finding by the commission that the organization licensee
was unable to do so for reasonable cause. If a simulcast license is not in compliance with the provisions of
K.S.A. 2013 Supp. 74-8746, and amendments thereto, and if the licensee
cconducts live greyhound races on a day when simulcast races are displayed by
the licensee and the licensee schedules fewer than 13 live greyhound races during a performance on
such day, not less than 80% of the races on which wagers are taken by the
licensee during such performance shall be live races conducted by the
licensee.

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

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

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

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

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

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


(2) submit with the application a written approval of the proposed simulcasting schedule signed by: (A) The recognized horsemen's group for the track, if the applicant is licensed to conduct only horse races; (B) the recognized greyhound owners' group, if the applicant is licensed to conduct only greyhound races and only greyhound races are to be simulcast; (C) both the recognized greyhound owners' group and a recognized horsemen's group, if the applicant is licensed to conduct only greyhound races and horse races are to be simulcast; (D) the recognized greyhound owners' group, if the applicant is licensed to conduct both greyhound and horse races, only greyhound races are to be simulcast and races are to be simulcast only while the applicant is conducting live greyhound races; (E) the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound and horse races, only horse races are to be simulcast and races are to be simulcast only while the applicant is conducting live horse races; or (F) both the recognized greyhound owners' group and the recognized horsemen's group for the track, if the applicant is licensed to conduct both greyhound races and horse races and horse races are to be simulcast while the applicant is conducting live greyhound races or greyhound races are to be simulcast while the applicant is conducting live horse races; and

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

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

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

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

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

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

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

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

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

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

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

(3) If a simulcasting licensee has a license to conduct live racing of
only horses and the licensee displays a simulcast greyhound race, unclaimed winning ticket proceeds shall be distributed in the manner
provided by K.S.A. 74-8822, and amendments thereto, for unclaimed
winning ticket proceeds from live greyhound races. Breakage for such
races shall be distributed for use to benefit greyhound racing as determined
by the commission.

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

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

(j) (1) The commission may authorize any simulcasting licensee to
participate in an interstate combined wagering pool with one or more other
racing jurisdictions.
(2) If a licensee participates in an interstate pool, the licensee may adopt the takeout of the host jurisdiction or facility. The amount and manner of paying purses from the takeout in an interstate pool shall be as provided by subsection (g).

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

(4) Breakage for interstate combined wagering pools shall be calculated in accordance with the statutes and rules and regulations of the host jurisdiction and shall be allocated among the participating jurisdictions in a manner agreed to among the jurisdictions. Breakage allocated to this jurisdiction shall be distributed as provided by subsection (h).

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

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

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

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

New Sec. 15. There is hereby established in the state treasury the Kansas horse council fund which shall be administered by the Kansas racing and gaming commission and which shall be funded by 0.1% of net electronic gaming machine income as provided in K.S.A. 2013 Supp. 74-8747, and amendments thereto. All expenditures from this fund shall be
made in accordance with appropriation acts upon warrants of the director
of accounts and reports issued pursuant to vouchers approved by the
executive director of the Kansas racing and gaming commission. The
moneys credited to this fund shall be used for the development, promotion
and representation of the equine industry in Kansas and shall be distributed
to the Kansas horse council by contract with the Kansas racing and gaming
commission for these purposes.

Sec. 16. K.S.A. 74-8824, 74-8826 and 74-8836 and K.S.A. 2013
Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747, 74-8751, 74-8823
and 74-8831 are hereby repealed.

Sec. 17. This act shall take effect and be in force from and after its
publication in the statute book.