

House Substitute for Substitute for SENATE BILL No. 84

By Committee on Federal and State Affairs

3-26

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 Kansas lottery and Kansas racing and gaming commission, rules and
3 regulations; authorizing sports wagering; allowing Sedgwick county to
4 vote to permit electronic gaming machines at a racetrack gaming
5 facility; creating the sports wagering receipts fund and the white collar
6 crime fund; amending K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-
7 8716, 74-8718, 74-8733, 74-8734, 74-8741, 74-8743, 74-8751, 74-
8 8752, 74-8757, 74-8760, 74-8761, 75-6202, 75-6204, 75-6217 and 79-
9 4806 and K.S.A. 2020 Supp. 21-6403 and 21-6507 and repealing the
10 existing sections.
11

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

13 New Section 1. (a) Sports wagering shall only be conducted in this
14 state in accordance with the provisions of the Kansas lottery act and the
15 Kansas expanded lottery act.

16 (b) The Kansas lottery may offer sports wagering through:

17 (1) Sports wagering retailers that have contracted with the Kansas
18 lottery pursuant to section 2, and amendments thereto, to conduct sports
19 wagering on behalf of the Kansas lottery;

20 (2) one or more lottery gaming facility managers or racetrack gaming
21 facility managers that have contracted with the Kansas lottery in
22 accordance with the Kansas expanded lottery act to operate and manage
23 sports wagering on behalf of the Kansas lottery, including, but not limited to,
24 sports wagering over the internet through websites and mobile device
25 applications through a licensed interactive sports wagering platform
26 approved by the Kansas lottery and the use of any such platform at the
27 primary facility of a professional sports team pursuant to a marketing
28 agreement entered into between the lottery gaming facility manager or
29 racetrack gaming facility manager and the professional sports team in
30 accordance with section 4, and amendments thereto; and

31 (3) one or more licensed interactive sports wagering platforms,
32 including the use of any such platform at the primary facility of a
33 professional sports team pursuant to a marketing agreement entered into
34 between the Kansas lottery and the professional sports team in accordance
35 with section 4, and amendments thereto.

36 New Sec. 2. (a) The executive director may select persons as sports

1 wagering retailers that the executive director deems are best able to serve
2 the public convenience and promote sports wagering in accordance with
3 marketing plans developed by the Kansas lottery. In the selection of sports
4 wagering retailers, the executive director shall consider factors such as
5 financial responsibility, security of the applicant's place of business or
6 activity, accessibility of the applicant's place of business or activity,
7 integrity, reputation, volume of expected wagers and such other factors as
8 the executive director may deem appropriate. The aggregate number of
9 sports wagering retailers shall not exceed 1,200. A sports wagering retailer
10 shall offer only tier one sports wagers.

11 (b) The executive director may charge an application fee to persons
12 applying to become sports wagering retailers.

13 (c) All sports wagering retailer contracts awarded by the Kansas
14 lottery under this section shall be renewed annually after issuance unless
15 sooner canceled or terminated.

16 (d) No sports wagering retailer contract awarded under this section
17 shall be transferable or assignable.

18 (e) The sports wagering retailer shall conduct sports wagering only as
19 approved by the Kansas lottery and in accordance with the provisions of
20 the Kansas expanded lottery act.

21 (f) To be selected as a sports wagering retailer, a natural person acting
22 as a sole proprietor shall:

23 (1) Be at least 21 years of age;

24 (2) have sufficient financial resources to support the activities
25 required to conduct sports wagering;

26 (3) be current in payment of all taxes, interest and penalties owed to
27 any taxing subdivision where the sports wagering retailer will conduct
28 sports wagering;

29 (4) be current in filing all applicable tax returns and in payment of all
30 taxes, interest and penalties owed to the state of Kansas, excluding items
31 under formal appeal pursuant to applicable statutes; and

32 (5) not be engaged exclusively in conducting sports wagering.

33 (g) No natural person shall be selected as a sports wagering retailer
34 who:

35 (1) Has been convicted of a felony in this or any other jurisdiction,
36 unless at least 10 years have passed since satisfactory completion of the
37 sentence or probation imposed by the court for each such felony;

38 (2) has been convicted of any crime involving illegal gambling
39 activity, fraud, dishonesty or deceit, or any financial crime in this or any
40 other jurisdiction;

41 (3) has been found to have violated the provisions of this act or any
42 rule and regulation adopted hereunder;

43 (4) is a vendor or an employee or agent of any vendor doing business

1 with the Kansas lottery;

2 (5) resides in the same household of an employee of the Kansas
3 lottery or of a member of the commission; or

4 (6) has made a statement of material fact to the Kansas lottery,
5 knowing such statement to be false.

6 (h) For a partnership to be selected as a sports wagering retailer, the
7 partnership must meet the requirements of subsections (f)(2) through (f)
8 (5), and each partner must meet the requirements of subsections (f)(1), (f)
9 (3), (f)(4) and (g)(1) through (g)(6).

10 (i) For a corporation to be selected as a sports wagering retailer, the
11 corporation must meet the requirements of subsections (f)(2) through (f)
12 (5), and each officer or director and each stockholder who owns 5% or
13 more of the stock of such corporation must meet the requirements of
14 subsections (f)(3), (f)(4) and (g)(1) through (g)(6).

15 (j) For an unincorporated association to be selected as a sports
16 wagering retailer, the association must meet the requirements of
17 subsections (f)(2) through (f)(5), and each officer or director of such
18 association must meet the requirements of subsections (f)(1), (f)(3), (f)(4)
19 and (g)(1) through (g)(6).

20 (k) The executive director may terminate the contract of any sports
21 wagering retailer that fails to meet any of the applicable qualifying
22 standards for selection as a sports wagering retailer provided in this section
23 or on the grounds for termination provided in the contract pursuant to rules
24 and regulations adopted by the commission.

25 (l) If a sports wagering retailer's rental payments for the business
26 premises are contractually computed, in whole or in part, on the basis of a
27 percentage of retail sales, and such computation of retail sales is not
28 explicitly defined to include sports wagering revenues under the Kansas
29 expanded lottery act, the compensation received by the sports wagering
30 retailer from conducting sports wagering on behalf of the Kansas lottery
31 shall be considered the amount of the retail sale for purposes of computing
32 the rental payment.

33 New Sec. 3. (a) The executive director may select an interactive
34 sports wagering platform that the executive director deems is best able to
35 serve the public convenience and promote sports wagering in accordance
36 with marketing plans developed by the Kansas lottery. The interactive
37 sports wagering platform selected by the executive director shall offer tier
38 one and tier two sports wagers and shall be made available to any lottery
39 gaming facility manager and racetrack gaming facility manager that has
40 entered into a management contract for the operation and management of
41 sports wagering under the Kansas expanded lottery act. Sports wagering
42 conducted through the interactive sports wagering platform shall be
43 offered only as approved by the Kansas lottery and in accordance with the

1 provisions of the Kansas expanded lottery act.

2 (b) A lottery gaming facility manager or racetrack gaming facility
3 manager may apply to the Kansas lottery for approval of one additional
4 graphical user interface specific to such lottery gaming facility manager or
5 racetrack gaming facility manager to be used to access the interactive
6 sports wagering platform provided by the Kansas lottery.

7 (c) In addition to the interactive sports wagering platform provided by
8 the Kansas lottery, a lottery gaming facility manager or racetrack gaming
9 facility manager may apply to the Kansas lottery for approval of one
10 additional interactive sports wagering platform to be used by such lottery
11 gaming facility manager or racetrack gaming facility manager in operating
12 and managing sports wagering. All additional platforms shall comply with
13 the Kansas lottery act and the Kansas expanded lottery act for the legal
14 operation of sports wagering in this state. The lottery gaming facility
15 manager or racetrack gaming facility manager shall submit such request in
16 such form and manner as prescribed by the executive director and shall
17 provide such information regarding the interactive sports wagering
18 platform and such manager's intended use of such platform as the
19 executive director deems necessary. All background investigation
20 requirements shall be completed before the Kansas lottery shall consider
21 approval and usage of any additional platforms.

22 New Sec. 4. (a) A professional sports team may enter into a
23 marketing agreement with the Kansas lottery, a lottery gaming facility
24 manager or a racetrack gaming facility manager for the purpose of
25 marketing sports wagering at the primary facility of such professional
26 sports team. All sports wagering shall be operated and managed by the
27 Kansas lottery, the lottery gaming facility manager or the racetrack gaming
28 facility manager. No owner, director, officer, employee or agent of the
29 professional sports team shall have any duties directly related to the
30 operation or management of sports wagering except as expressly provided
31 in the marketing agreement.

32 (b) (1) A marketing agreement shall provide that the professional
33 sports team shall promote and advertise sports wagering on behalf of the
34 other contracting party at the primary facility of the professional sports
35 team. Promotion and advertising may include, but shall not be limited to:

36 (A) Advertising through signage and other media, including
37 electronic media;

38 (B) allowing devices, such as kiosks, to be located within the primary
39 facility of the professional sports team to allow patrons to engage in sports
40 wagering; and

41 (C) providing access to mobile device applications that allow patrons
42 to access the interactive sports wagering platforms utilized by the
43 contracting party operating and managing sports wagering at the primary

1 facility.

2 (2) A marketing agreement shall expressly prohibit the professional
3 sports team and any owner, director, officer, employee or agent of such
4 professional sports team from taking any bets, paying out any prizes or
5 otherwise having any control or access to the interactive sports wagering
6 platform, or any other system used by the Kansas lottery, the lottery
7 gaming facility manager or the racetrack gaming facility manager to
8 operate and manage sports wagering.

9 (c) Any lottery gaming facility manager or racetrack gaming facility
10 manager seeking to enter into a marketing agreement pursuant to this
11 section shall submit the marketing agreement to the Kansas lottery for
12 approval. No such marketing agreement shall become effective until it is
13 approved by the executive director of the Kansas lottery. If the marketing
14 agreement satisfies all requirements of the Kansas lottery act and the
15 Kansas expanded lottery act, then it shall be approved. If the agreement is
16 not approved, the executive director shall notify the parties to the
17 agreement that approval has been denied and the reasons for such denial.

18 New Sec. 5. The executive director shall adopt rules and regulations
19 regarding the advertisement for sports wagering. Such rules and
20 regulations shall be adopted on or before January 1, 2022, and shall
21 include, but not be limited to:

22 (a) Ensuring that advertisements, including limitations on the form,
23 content, quantity, timing and location of such advertisements, do not target
24 children and minors, or other persons who are ineligible to place wagers,
25 or problem gamblers or other vulnerable persons;

26 (b) disclosure of the identity of the sports wagering manager in all
27 such advertisements;

28 (c) provision of the toll-free number for information and referral
29 services for compulsive and problem gambling; and

30 (d) prohibitions on false, misleading or deceptive advertisements.

31 New Sec. 6. A sports governing body may notify the Kansas lottery
32 that the sports governing body desires to restrict, limit or exclude wagering
33 on one or more sporting events overseen by such sports governing body by
34 providing notice in such form and manner as prescribed by the executive
35 director. Upon receiving such notice, the executive director shall review
36 the request in good faith, seek input from sports wagering managers on
37 such a request and, if deemed appropriate, the commission shall adopt
38 rules and regulations to restrict sports wagering on such sporting events. If
39 the executive director denies a request submitted pursuant to this section,
40 the executive director shall notify the sports governing body of such
41 denial. Any sports governing body whose request is denied may appeal the
42 decision of the executive director in accordance with the Kansas
43 administrative procedure act. Offering or taking wagers contrary to any

1 published restrictions on a sporting event is a violation of the Kansas
2 expanded lottery act. In the event that a request submitted pursuant to this
3 section is submitted in response to an emergency situation, the executive
4 director may temporarily prohibit sports wagering on the sporting event in
5 question until there is an opportunity to review the request and adopt rules
6 and regulations in accordance with this section.

7 New Sec. 7. (a) Sports wagering managers shall use reasonable
8 methods to:

9 (1) Prohibit the manager, and any director, officer, owner and
10 employee of the manager, and any relative living in the same household as
11 such persons, from placing wagers with the manager;

12 (2) prohibit the interactive sports wagering platform, and any director,
13 officer, owner and employee of the platform, and any relative living in the
14 same household as such persons, from placing wagers with the manager;

15 (3) prohibit athletes, coaches, referees, team owners, employees of a
16 sports governing body or its member teams, and player and referee union
17 personnel from placing wagers on any sporting event overseen by such
18 sports governing body. In determining which persons are excluded from
19 placing wagers under this paragraph, sports wagering managers shall use
20 publicly available information and any list of such persons that the sports
21 governing body may provide to the Kansas lottery and the Kansas racing
22 and gaming commission;

23 (4) prohibit any person with access to nonpublic confidential
24 information held by the manager from placing wagers with the manager;

25 (5) prohibit persons from placing wagers as agents or proxies for
26 other persons;

27 (6) prohibit any person convicted of any felony or misdemeanor
28 offense involving sports wagering, including, but not limited to, the use of
29 funds derived from illegal activity to make wagers, placing wagers to
30 conceal money derived from illegal activity, the use of other individuals to
31 place wagers as part of any wagering scheme to circumvent any provision
32 of federal or state law, and the use of false identification to facilitate the
33 placement of any wager or the collection of any prize in violation of
34 federal or state law, from placing wagers; and

35 (7) maintain the security of wagering data, customer data and other
36 confidential information from unauthorized access and dissemination,
37 provided that nothing in this act shall preclude the use of internet or cloud-
38 based hosting of such data and information or disclosure as required by
39 court order, state or federal law or as otherwise required by this act.

40 (b) Sports wagering managers shall cooperate with any investigations
41 conducted by the Kansas lottery, the Kansas racing and gaming
42 commission, sports governing bodies or law enforcement agencies,
43 including, but not limited to, providing or facilitating the provision of

1 account-level betting information and audio or video files relating to
2 persons placing wagers.

3 (c) (1) Sports wagering managers shall immediately report to the
4 Kansas lottery and the Kansas racing and gaming commission any
5 information relating to:

6 (A) Criminal or disciplinary proceedings commenced against the
7 sports wagering manager in connection with such manager's operations in
8 any jurisdiction in which such sports wagering manager operates;

9 (B) abnormal wagering activity or patterns that may indicate a
10 concern with the integrity of a sporting event in any jurisdiction in which
11 such sports wagering manager operates;

12 (C) any potential breach of the relevant sports governing body's
13 internal rules and codes of conduct pertaining to sports wagering;

14 (D) any other conduct that corrupts a betting outcome of a sporting
15 event for purposes of financial gain, including match-fixing; and

16 (E) suspicious or illegal wagering activities, including the use of:
17 Funds derived from illegal activity; wagers to conceal or launder funds
18 derived from illegal activity; agents to place wagers; and false
19 identification when placing wagers.

20 (2) Sports wagering managers shall immediately report information
21 relating to the conduct described in subparagraphs (B) through (D) to the
22 relevant sports governing body.

23 (d) Information provided by a sports governing body to a sports
24 wagering manager shall be confidential and not subject to the open records
25 act, K.S.A. 45-215 et seq., and amendments thereto, and the sports
26 wagering manager shall not disclose such information or any portion
27 thereof, unless disclosure is required by this act, the Kansas racing and
28 gaming commission, state or federal law or court order. The provisions of
29 this subsection shall expire on July 1, 2026, unless the legislature acts to
30 reenact such provision. The provisions of this subsection shall be reviewed
31 by the legislature prior to July 1, 2026.

32 (e) Sports wagering managers may use data for determining the result
33 of tier one sports wagers from any source such manager deems
34 appropriate. Sports wagering managers shall use only official league data
35 for determining the result of tier two sports wagers, provided that official
36 league data is readily available for sports wagering managers to access or
37 purchase on commercially reasonable terms.

38 New Sec. 8. (a) (1) Sports wagering managers shall maintain records
39 of:

40 (A) All wagers placed, including personally identifiable information
41 of the person placing the wager;

42 (B) the amount and type of wager;

43 (C) the time the wager was placed;

- 1 (D) the location of the wager, including the IP address, if applicable;
2 (E) the outcome of the wager;
3 (F) any records of abnormal wagering activity; and
4 (G) video camera recordings, in the case of in-person wagers.

5 (2) Such records shall be maintained for at least three years after the
6 sporting event occurs. A sports wagering manager shall make such records
7 available for inspection upon request by the Kansas lottery or the Kansas
8 racing and gaming commission, or as required by court order.

9 (b) If a sports governing body has notified the Kansas racing and
10 gaming commission that real-time information sharing for wagers placed
11 on such sports governing body's sporting events is necessary and desirable,
12 sports wagering managers shall share in real time the information required
13 to be retained pursuant to subsection (a), except video camera recordings,
14 with the sports governing body, or such sports governing body's designee,
15 with respect to wagers on such sports governing body's sporting events.
16 Any information provided pursuant to this subsection shall not contain any
17 personally identifiable information.

18 (c) The Kansas lottery and the Kansas racing and gaming commission
19 shall cooperate with a sports governing body and sports wagering
20 managers to ensure the timely, efficient and accurate sharing of
21 information.

22 (d) Any disclosures made pursuant to this section shall be in
23 accordance with section 9, and amendments thereto.

24 New Sec. 9. The Kansas racing and gaming commission and any
25 sports wagering manager shall only disclose personal information of
26 individuals placing wagers to a sports governing body if such sports
27 governing body has entered into a data-sharing agreement with the Kansas
28 lottery. Such agreement shall specify when and to what extent the personal
29 information of individuals placing wagers may be disclosed by the Kansas
30 racing and gaming commission or a sports wagering manager. Any
31 disclosure of such information shall be in accordance with any such data-
32 sharing agreement.

33 New Sec. 10. The state or a sports governing body shall have a cause
34 of action against any person who knowingly engages in, facilitates or
35 conceals conduct that intends to improperly influence a betting outcome of
36 a sporting event for purposes of financial gain, in connection with betting
37 or wagering on a sporting event. The entity filing any such action may
38 seek damages or other equitable relief. The provisions of this section shall
39 not be construed as a limitation on or bar against any other claims the state
40 or a sports governing body may bring against such person, or any other
41 claim the state or a sports governing body may bring for injuries or
42 damages arising out of the operation of sports wagering.

43 New Sec. 11. Upon request by an individual, a sports wagering

1 manager shall restrict such individual from placing sports wagers with the
2 manager and shall take reasonable measures to prevent such individual
3 from placing sports wagers. The sports wagering manager shall submit the
4 restricted individual's name and pertinent information to the Kansas racing
5 and gaming commission for the sole purpose of having such information
6 disseminated to all other sports wagering managers. Any sports wagering
7 manager that receives such individual's information from the Kansas
8 racing and gaming commission shall restrict such individual from placing
9 sports wagers.

10 New Sec. 12. (a) There is hereby established in the state treasury the
11 sports wagering receipts fund. Separate accounts shall be maintained in
12 such fund for receipt of moneys from sports wagering conducted by the
13 Kansas lottery, sports wagering retailers, each lottery gaming facility
14 manager and each racetrack gaming facility manager. All expenditures
15 from the fund shall be made in accordance with appropriation acts upon
16 warrants of the director of accounts and reports issued pursuant to
17 vouchers approved by the executive director, or the executive director's
18 designee, for the purposes set forth in this act.

19 (b) All revenues from sports wagering conducted by the Kansas
20 lottery, sports wagering retailers, lottery gaming facility managers and
21 racetrack gaming facility managers shall be paid weekly and electronically
22 to the executive director, or as soon as reasonably possible based on the
23 sporting event and the wager placed, but in no event prior to the
24 completion and settling of all bets for the sporting events for which wagers
25 were placed. The executive director shall remit all moneys received
26 therefrom to the state treasurer in accordance with the provisions of K.S.A.
27 75-4215, and amendments thereto. Upon receipt of each such remittance,
28 the state treasurer shall deposit the entire amount in the state treasury and
29 credit such remittance to the respective account in the sports wagering
30 receipts fund maintained for the Kansas lottery, sports wagering retailers,
31 the lottery gaming facility manager or the racetrack gaming facility
32 manager.

33 (c) (1) The executive director shall certify monthly to the director of
34 accounts and reports the percentages or amounts to be transferred from
35 each account maintained in the sports wagering receipts fund to the lottery
36 operating fund in accordance with the provisions of K.S.A. 74-8711, and
37 amendments thereto, as provided by the sports wagering retailer contract,
38 lottery gaming facility management contract or racetrack gaming facility
39 management contract. Upon receipt of the certification, the director of
40 accounts and reports shall transfer amounts from each such account in
41 accordance with the certification of the executive director.

42 (2) Once each month, the executive director shall cause amounts from
43 each such account to be paid to the sports wagering retailers, lottery

1 gaming facility managers and racetrack gaming facility managers in
2 accordance with each entity's respective contract with the Kansas lottery.

3 New Sec. 13. (a) There is hereby established in the state treasury the
4 white collar crime fund. The attorney general shall administer such fund.
5 All moneys credited to the white collar crime fund shall be expended only
6 for the purpose of investigating and prosecuting:

7 (1) Criminal offenses involving or facilitated by:

8 (A) The use of funds derived from illegal activity to make wagers;

9 (B) placing wagers to conceal money derived from illegal activity;

10 (C) the use of other individuals to place wagers as part of any
11 wagering scheme to circumvent any provision of federal or state law;

12 (D) the use of false identification to facilitate the placement of any
13 wager or the collection of any prize in violation of federal or state law;

14 (E) any other unlawful activity involving or facilitated by the placing
15 of wagers; or

16 (F) any other violation of the Kansas expanded lottery act; or

17 (2) any financial or economic crime.

18 (b) All expenditures from the fund shall be made in accordance with
19 appropriation acts upon warrants of the director of accounts and reports
20 issued pursuant to vouchers approved by the attorney general, or the
21 attorney general's designee, for the purposes set forth in this act.

22 (c) The attorney general may certify to the director of accounts and
23 reports amounts to be transferred from the white collar crime fund to any
24 special revenue fund or funds of the Kansas bureau of investigation as
25 deemed appropriate by the attorney general to carry out the purposes of the
26 white collar crime fund. Upon receipt of any such certification, the director
27 of accounts and reports shall transfer amounts from the white collar crime
28 fund to the special revenue fund or funds of the Kansas bureau of
29 investigation in accordance with the certification of the attorney general.

30 New Sec. 14. (a) Notwithstanding the provisions of K.S.A. 74-8733,
31 and amendments thereto, the attorney general may file an action in quo
32 warranto in the supreme court within 90 days after July 1, 2021, on the
33 question of the authority of a public official to act in accordance with the
34 provisions of section 1 or 2, and amendments thereto. Such action may
35 only be filed by the attorney general and shall only be filed in the supreme
36 court.

37 (b) No action against the state of Kansas for specific performance,
38 anticipatory breach or breach of contract, the basis of which is that a
39 contract between the Kansas lottery and a sports wagering retailer to offer
40 sports wagering pursuant to section 1, and amendments thereto, violates
41 the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4), and
42 amendments thereto, or that such contract creates a material breach of a
43 lottery gaming facility management contract, shall be deemed to have

1 accrued until such date as the Kansas lottery enters into a contract with a
2 sports wagering retailer to offer sports wagering, or such date a final order
3 is issued in any action brought by the attorney general pursuant to
4 subsection (a), whichever occurs later. Any such action shall be
5 commenced in the district court of Shawnee county within 60 days from
6 the date the cause of action accrued.

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

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

14 New Sec. 15. (a) Prior to the execution of any racetrack gaming
15 facility management contract for the management of a racetrack gaming
16 facility, the executive director shall provide written notice to any lottery
17 gaming facility manager managing a lottery gaming facility located in the
18 same gaming zone as such proposed racetrack gaming facility. Such notice
19 shall state the executive director's intent to enter into such contract and the
20 parties to the proposed contract.

21 (b) No action against the state of Kansas or any other person or party
22 for specific performance, anticipatory breach or breach of contract, the
23 basis of which is that a proposed racetrack gaming facility management
24 contract or the election authorized under K.S.A. 74-8743, and amendments
25 thereto, violates the provisions of K.S.A. 74-8734(h)(19) or 74-8741(c)(4),
26 and amendments thereto, or that such racetrack gaming facility
27 management contract or the election authorized under K.S.A. 74-8743, and
28 amendments thereto, creates a material breach of a lottery gaming facility
29 manager's management contract with the Kansas lottery, including any
30 claim for reimbursement of privilege fees and interest thereon, shall be
31 deemed to have accrued until the lottery gaming facility manager receives
32 written notice from the executive director pursuant to subsection (a). Any
33 such action shall be commenced within 60 days after receipt of such
34 written notice and shall be filed as an original action in the supreme court,
35 which shall have original jurisdiction for determination of any claims
36 made and damages related thereto.

37 (c) (1) No claim for equitable relief, including injunctive relief, may
38 be brought in any action filed pursuant to this section.

39 (2) No claim may be brought in any action filed pursuant to this
40 section except by the lottery gaming facility manager for the lottery
41 gaming facility located in the same gaming zone as the proposed racetrack
42 gaming facility.

43 (3) No claim arising from the election authorized under K.S.A. 74-

1 8743, and amendments thereto, may be brought in any action filed
2 pursuant to this section except by the lottery gaming facility manager for
3 the lottery gaming facility located in the south central Kansas gaming
4 zone.

5 (d) Any monetary damages awarded in any action brought pursuant
6 to this section shall not exceed an amount equal to the privilege fee paid
7 by the lottery gaming facility manager filing such action, plus any interest
8 from the date such action accrued as specified in subsection (b).

9 (e) (1) If no action is filed pursuant to subsection (b), the executive
10 director may execute the proposed racetrack gaming facility management
11 contract.

12 (2) If an action is properly filed, the executive director shall not
13 execute any such management contract until such time as the supreme
14 court issues a final order in such action if such order does not prohibit the
15 executive director from executing such management contract.

16 (f) For purposes of this section, the Kansas expanded lottery act and
17 the Kansas parimutuel racing act, a racetrack gaming facility manager, as
18 defined in K.S.A. 74-8702, and amendments thereto, may also be a facility
19 owner licensee, as defined in K.S.A. 74-8802, and amendments thereto.

20 (g) The provisions of this section shall be a part of and supplemental
21 to the Kansas expanded lottery act.

22 New Sec. 16. (a) If any federally recognized Indian tribe, as
23 described in K.S.A. 74-9802(f), and amendments thereto, submits a
24 request for negotiation of a gaming compact regarding sports wagering in
25 accordance with K.S.A. 46-2302, and amendments thereto, the governor,
26 or the governor's designated representative, shall negotiate in good faith
27 with such Indian tribe to enter into such gaming compact.

28 (b) No compact described in subsection (a) shall include sports
29 wagering beyond the boundaries of the reservation of the compacting tribe.

30 (c) Any federally recognized Indian tribe described in K.S.A. 74-
31 9802(f), and amendments thereto, or any corporation, limited liability
32 company or other business entity that is wholly owned by such federally
33 recognized Indian tribe, shall be permitted to contract with the Kansas
34 lottery to conduct sports wagering via an interactive sports wagering
35 platform under the same terms and conditions as other sports wagering
36 managers pursuant to the Kansas expanded lottery act.

37 New Sec. 17. (a) Misuse of nonpublic sports information is placing or
38 causing to be placed, a bet or wager on a sports contest on the basis of
39 material nonpublic information relating to such bet or wager.

40 (b) Misuse of nonpublic sports information is a severity level 5,
41 nonperson felony.

42 (c) As used in this section:

43 (1) "On the basis of material nonpublic information" means the

1 person placing the bet or wager, or causing such bet or wager to be placed,
2 was aware of the material nonpublic information relating to such bet or
3 wager when the person placed the bet or wager, or caused such bet or
4 wager to be placed; and

5 (2) "sports contest" means the same as defined in K.S.A. 2020 Supp.
6 21-6507, and amendments thereto.

7 (d) The provisions of this section shall be a part of and supplemental
8 to the Kansas criminal code.

9 Sec. 18. K.S.A. 2020 Supp. 21-6403 is hereby amended to read as
10 follows: 21-6403. As used in K.S.A. 2020 Supp. 21-6403 through 21-
11 6409, and amendments thereto:

12 (a) "Bet" means a bargain in which the parties agree that, dependent
13 upon chance, one stands to win or lose something of value specified in the
14 agreement. A bet does not include:

15 (1) Bona fide business transactions which are valid under the law of
16 contracts including, but not limited to, contracts for the purchase or sale at
17 a future date of securities or other commodities, and agreements to
18 compensation for loss caused by the happening of the chance including,
19 but not limited to, contracts of indemnity or guaranty and life or health and
20 accident insurance;

21 (2) offers of purses, prizes or premiums to the actual contestants in
22 any bona fide contest for the determination of skill, speed, strength or
23 endurance or to the bona fide owners of animals or vehicles entered in
24 such a contest;

25 (3) a lottery as defined in this section;

26 (4) any bingo game by or for participants managed, operated or
27 conducted in accordance with the laws of the state of Kansas by an
28 organization licensed by the state of Kansas to manage, operate or conduct
29 games of bingo;

30 (5) a lottery operated by the state pursuant to the Kansas lottery act;

31 (6) any system of parimutuel wagering managed, operated and
32 conducted in accordance with the Kansas parimutuel racing act;

33 (7) tribal gaming;

34 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments
35 thereto; ~~or~~

36 (9) a fantasy sports league as defined in this section; *or*

37 (10) *sports wagering, as defined in K.S.A. 74-8702, and amendments*
38 *thereto;*

39 (b) "lottery" means an enterprise wherein for a consideration the
40 participants are given an opportunity to win a prize, the award of which is
41 determined by chance. A lottery does not include:

42 (1) A lottery operated by the state pursuant to the Kansas lottery act;
43 *or*

1 (2) tribal gaming;

2 (c) "consideration" means anything which is a commercial or
3 financial advantage to the promoter or a disadvantage to any participant.
4 Mere registration without purchase of goods or services; personal
5 attendance at places or events, without payment of an admission price or
6 fee; listening to or watching radio and television programs; answering the
7 telephone or making a telephone call and acts of like nature are not
8 consideration. "Consideration" shall not include sums of money paid by or
9 for:

10 (1) Participants in any bingo game managed, operated or conducted
11 in accordance with the laws of the state of Kansas by any bona fide
12 nonprofit religious, charitable, fraternal, educational or veteran
13 organization licensed to manage, operate or conduct bingo games under
14 the laws of the state of Kansas and it shall be conclusively presumed that
15 such sums paid by or for such participants were intended by such
16 participants to be for the benefit of the sponsoring organizations for the use
17 of such sponsoring organizations in furthering the purposes of such
18 sponsoring organizations, as set forth in the appropriate paragraphs of
19 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
20 in K.S.A. 79-4701, and amendments thereto;

21 (2) participants in any lottery operated by the state pursuant to the
22 Kansas lottery act;

23 (3) participants in any system of parimutuel wagering managed,
24 operated and conducted in accordance with the Kansas parimutuel racing
25 act; or

26 (4) a person to participate in tribal gaming;

27 (d) "fantasy sports league" means any fantasy or simulation sports
28 game or contest in which no fantasy or simulation sports team is based on
29 the current membership of an actual team that is a member of an amateur
30 or professional sports organization and that meets the following
31 conditions:

32 (1) All prizes and awards offered to winning participants are
33 established and made known to the participants in advance of the game or
34 contest and their value is not determined by the number of participants or
35 the amount of any fees paid by those participants;

36 (2) all winning outcomes reflect the relative knowledge and skill of
37 the participants and are determined predominantly by accumulated
38 statistical results of the performance of individual athletes in ~~multiple~~ real-
39 world sporting events; and

40 (3) no winning outcome is based:

41 (A) On the score, point spread or any performance or performances
42 of any single real-world team or any combination of such teams; or

43 (B) solely on any single performance of an individual athlete in any

1 single real-world sporting event.

2 (e) (1) "gambling device" means any:

3 (A) So-called "slot machine" or any other machine, mechanical
4 device, electronic device or other contrivance an essential part of which is
5 a drum or reel with insignia thereon, and:

6 (i) ~~Which~~ *That* when operated may deliver, as the result of chance,
7 any money or property; or

8 (ii) by the operation of which a person may become entitled to
9 receive, as the result of chance, any money or property;

10 (B) other machine, mechanical device, electronic device or other
11 contrivance including, but not limited to, roulette wheels and similar
12 devices, ~~which that~~ are equipped with or designed to accommodate the
13 addition of a mechanism that enables accumulated credits to be removed,
14 is equipped with or designed to accommodate a mechanism to record the
15 number of credits removed or is otherwise designed, manufactured or
16 altered primarily for use in connection with gambling, and:

17 (i) ~~Which~~ *That* when operated may deliver, as the result of chance,
18 any money or property; or

19 (ii) by the operation of which a person may become entitled to
20 receive, as the result of chance, any money or property;

21 (C) subassembly or essential part intended to be used in connection
22 with any such machine, mechanical device, electronic device or other
23 contrivance, but ~~which that~~ is not attached to any such machine,
24 mechanical device, electronic device or other contrivance as a constituent
25 part; or

26 (D) any token, chip, paper, receipt or other document ~~which that~~
27 evidences, purports to evidence or is designed to evidence participation in
28 a lottery or the making of a bet.

29 The fact that the prize is not automatically paid by the device does not
30 affect its character as a gambling device.

31 (2) "Gambling device" shall not include:

32 (A) Any machine, mechanical device, electronic device or other
33 contrivance used or for use by a licensee of the Kansas racing *and gaming*
34 commission as authorized by law and rules and regulations adopted by the
35 commission or by the Kansas lottery or Kansas lottery retailers as
36 authorized by law and rules and regulations adopted by the Kansas lottery
37 commission;

38 (B) any machine, mechanical device, electronic device or other
39 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
40 machine, a so-called pinball machine, or mechanical gun, ~~which that~~ is not
41 designed and manufactured primarily for use in connection with gambling,
42 and:

43 (i) ~~Which~~ *That* when operated does not deliver, as a result of chance,

1 any money; or

2 (ii) by the operation of which a person may not become entitled to
3 receive, as the result of the application of an element of chance, any
4 money;

5 (C) any so-called claw, crane or digger machine and similar devices
6 ~~which~~ *that* are designed and manufactured primarily for use at carnivals or
7 county or state fairs; or

8 (D) any machine, mechanical device, electronic device or other
9 contrivance used in tribal gaming;

10 (f) "gambling place" means any place, room, building, vehicle, tent or
11 location ~~which~~ *that* is used for any of the following: Making and settling
12 bets; receiving, holding, recording or forwarding bets or offers to bet;
13 conducting lotteries; or playing gambling devices. Evidence that the place
14 has a general reputation as a gambling place or that, at or about the time in
15 question, it was frequently visited by persons known to be commercial
16 gamblers or known as frequenters of gambling places is admissible on the
17 issue of whether it is a gambling place;

18 (g) "tribal gaming" means the same as in K.S.A. 74-9802, and
19 amendments thereto; and

20 (h) "tribal gaming commission" means the same as in K.S.A. 74-
21 9802, and amendments thereto.

22 Sec. 19. K.S.A. 2020 Supp. 21-6507 is hereby amended to read as
23 follows: 21-6507. (a) Sports bribery is:

24 (1) Conferring, or offering or agreeing to confer, any benefit upon a
25 sports participant with intent to influence such participant not to give such
26 participant's best efforts in a sports contest;

27 (2) conferring or offering or agreeing to confer, any benefit upon a
28 sports official with intent to influence such official to perform such
29 official's duties improperly;

30 (3) accepting, agreeing to accept or soliciting by a sports participant
31 of any benefit from another person upon an understanding that such sports
32 participant will thereby be influenced not to give such participant's best
33 efforts in a sports contest; or

34 (4) accepting, agreeing to accept or soliciting by a sports official any
35 benefit from another person upon an understanding that such official will
36 perform such official's duties improperly.

37 (b) Sports bribery as defined in:

38 (1) Subsection (a)(1) or (a)(2) is a severity level 9, nonperson felony;

39 ~~and~~

40 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;
41 *and*

42 (3) *subsection (a)(1) through (a)(4), if committed with the intent to*
43 *influence a betting outcome of a sports contest in order to obtain financial*

1 *gain, in connection with betting or wagering on a sports contest, is a*
2 *severity level 5, nonperson felony.*

3 (c) As used in this section and K.S.A. 2020 Supp. 21-6508, and
4 amendments thereto:

5 (1) "Sports contest" means any professional or amateur sports or
6 athletic game or contest viewed by the public;

7 (2) "sports participant" means any person who participates or expects
8 to participate in a sports contest as a player, contestant or member of a
9 team, or as a coach, manager, trainer or other person directly associated
10 with a player, contestant or team; and

11 (3) "sports official" means any person who acts or expects to act in a
12 sports contest as an umpire, referee, judge or otherwise to officiate at a
13 sports contest.

14 Sec. 20. K.S.A. 46-2301 is hereby amended to read as follows: 46-
15 2301. As used in ~~this act~~ *K.S.A. 46-2301 through 46-2304, and*
16 *amendments thereto, and section 16, and amendments thereto:*

17 (a) "Class III gaming" has the meaning provided by the Indian
18 gaming regulatory act (25 U.S.C. 2701 et seq.).

19 (b) "Gaming compact" means a tribal-state compact regarding class
20 III gaming as provided by section 11 of the Indian gaming regulatory act
21 (25 U.S.C. 2710).

22 (c) "Committee" or "joint committee" means the joint committee on
23 state-tribal relations.

24 Sec. 21. K.S.A. 74-8702 is hereby amended to read as follows: 74-
25 8702. As used in the Kansas lottery act, unless the context otherwise
26 requires:

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

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

33 (c) "Electronic gaming machine" means any electronic,
34 electromechanical, video or computerized device, contrivance or machine
35 authorized by the Kansas lottery ~~which~~ *that*, upon insertion of cash,
36 tokens, electronic cards or any consideration, is available to play, operate
37 or simulate the play of a game authorized by the Kansas lottery pursuant to
38 the Kansas expanded lottery act, including, but not limited to, bingo,
39 poker, blackjack, keno and slot machines, and ~~which~~ *that* may deliver or
40 entitle the player operating the machine to receive cash, tokens,
41 merchandise or credits that may be redeemed for cash. Electronic gaming
42 machines may use bill validators and may be single-position reel-type,
43 single or multi-game video and single-position multi-game video

1 electronic game, including, but not limited to, poker, blackjack and slot
2 machines. Electronic gaming machines shall be directly linked to a central
3 computer at a location determined by the executive director for purposes
4 of security, monitoring and auditing.

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

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

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

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

26 (h) *"Interactive sports wagering platform" means sports wagering*
27 *made available over the internet, including through websites and mobile*
28 *device applications, that accepts wagers or bets and pays prizes to*
29 *persons physically located within the geographical boundaries of the state*
30 *of Kansas by and through the Kansas lottery, a lottery gaming facility*
31 *manager or a racetrack gaming facility manager.*

32 ~~(h)~~(i) (1) "Instant bingo vending machine" means a machine or
33 electronic device that is purchased or leased by a licensee, as defined by
34 K.S.A. 75-5173, and amendments thereto, from a distributor who has been
35 issued a distributor registration certificate pursuant to K.S.A. 75-5184, and
36 amendments thereto, or leased from the Kansas lottery in fulfillment of the
37 Kansas lottery's obligations under an agreement between the Kansas
38 lottery and a licensee entered into pursuant to K.S.A. 75-5189, and
39 amendments thereto, and the sole purpose of which is to:

40 (A) Dispense a printed physical instant bingo ticket after a purchaser
41 inserts cash or other form of consideration into the machine; and

42 (B) allow purchasers to manually check the winning status of the
43 instant bingo ticket.

1 (2) "Instant bingo vending machine" shall not:

2 (A) Provide a visual or audio representation of a bingo card or an
3 electronic gaming machine;

4 (B) visually or functionally have the same characteristics of an
5 electronic instant bingo game or an electronic gaming machine;

6 (C) automatically determine or display the winning status of any
7 dispensed instant bingo ticket;

8 (D) extend or arrange credit for the purchase of an instant bingo
9 ticket;

10 (E) dispense any winnings;

11 (F) dispense any prize;

12 (G) dispense any evidence of a prize other than an instant bingo
13 ticket;

14 (H) provide free instant bingo tickets or any other item that can be
15 redeemed for cash; or

16 (I) dispense any other form of a prize to a purchaser.

17 All physical instant bingo tickets dispensed by an instant bingo vending
18 machine shall be purchased by a licensee, as defined by K.S.A. 75-5173,
19 and amendments thereto, from a registered distributor.

20 ~~Not~~ more than two instant bingo vending machines may be located
21 on the premises of each licensee location.

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

24 ~~(k)~~(k) "Lottery" or "state lottery" means the lottery or lotteries
25 operated pursuant to this act.

26 ~~(l)~~(l) "Lottery facility games" means any electronic gaming machines
27 and any other games ~~which~~ that, as of January 1, 2007, are authorized to
28 be conducted or operated at a tribal gaming facility, as defined in K.S.A.
29 74-9802, and amendments thereto, located within the boundaries of this
30 state. *The term "lottery facility games" does not include sports wagering.*

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

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

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

43 ~~(p)~~(p) "Lottery gaming facility management contract" means a

1 contract, subcontract or collateral agreement between the state and a
2 lottery gaming facility manager for the management of a lottery gaming
3 facility, the business of which is owned and operated by the Kansas lottery,
4 negotiated and signed by the executive director on behalf of the state.

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

11 ~~(r)~~(r) "Lottery gaming facility revenues" means the total revenues
12 from lottery facility games at a lottery gaming facility after all related
13 prizes are paid. *The term "lottery gaming facility revenues" does not*
14 *include sports wagering revenues.*

15 ~~(s)~~(s) (1) "Lottery machine" means any machine or device that allows
16 a purchaser to insert cash or other form of consideration and may deliver
17 as the result of an element of chance, regardless of the skill required by the
18 purchaser, a prize or evidence of a prize, including, but not limited to:

19 (A) Any machine or device in which the prize or evidence of a prize
20 is determined by both chance and the purchaser's or purchasers' skill,
21 including, but not limited to, any machine or device on which a lottery
22 game or lottery games, such as poker or blackjack, are played; or

23 (B) any machine or device in which the prize or evidence of a prize is
24 determined only by chance, including, but not limited to, any slot machine
25 or bingo machine.

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

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

29 (B) any nonprescription drug machine authorized under K.S.A. 65-
30 650, and amendments thereto;

31 (C) any machine ~~which~~ that dispenses only bottled or canned soft
32 drinks, chewing gum, nuts or candies;

33 (D) any machine excluded from the definition of gambling devices
34 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2020 Supp. 21-
35 6403, and amendments thereto;

36 (E) any electronic gaming machine or lottery facility game operated
37 in accordance with the provisions of the Kansas expanded lottery act;

38 (F) any lottery ticket vending machine; or

39 (G) any instant bingo vending machine.

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

42 ~~(u)~~(u) (1) "Lottery ticket vending machine" means a machine or
43 similar electronic device owned or leased by the Kansas lottery, the sole

1 purposes of which are to:

2 (A) Dispense a printed physical ticket, such as a lottery ticket, a
3 *sports wagering ticket*, a keno ticket, a pull tab ticket or a coupon, the
4 coupon of which must be redeemed through something other than a lottery
5 ticket vending machine, after a purchaser inserts cash or other form of
6 consideration into the machine;

7 (B) allow purchasers to manually check the winning status of a
8 Kansas lottery ticket; and

9 (C) display advertising, promotions and other information pertaining
10 to the Kansas lottery.

11 (2) "Lottery ticket vending machine" shall not:

12 (A) Provide a visual or audio representation of an electronic gaming
13 machine;

14 (B) visually or functionally have the same characteristics of an
15 electronic gaming machine;

16 (C) automatically determine or display the winning status of any
17 dispensed ticket;

18 (D) extend or arrange credit for the purchase of a ticket;

19 (E) dispense any winnings;

20 (F) dispense any prize;

21 (G) dispense any evidence of a prize other than the lottery ticket,
22 *sports wagering ticket*, keno ticket, pull tab ticket or any free Kansas
23 lottery ticket received as a result of the purchase of another Kansas lottery
24 ticket;

25 (H) provide free games or any other item that can be redeemed for
26 cash; or

27 (I) dispense any other form of a prize to a purchaser.

28 ~~No~~Not more than two lottery ticket vending machines may be located
29 at each Kansas lottery retailer selling location.

30 Lottery ticket vending machines may only dispense the printed physical
31 lottery ticket, *sports wagering ticket*, keno ticket or pull tab ticket,
32 including any free Kansas lottery ticket received as a result of the purchase
33 of another Kansas lottery ticket, and change from a purchase to the
34 purchaser. Any winnings from a lottery ticket vending machine shall be
35 redeemed only for cash or check by a lottery retailer *or sports wagering*
36 *retailer*, or by cash, check or other prize from the office of the Kansas
37 lottery.

38 ~~(u)~~(v) (1) "Major procurement" means any gaming product or service,
39 including, but not limited to, facilities, advertising and promotional
40 services, annuity contracts, prize payment agreements, consulting services,
41 equipment, tickets and other products and services unique to the Kansas
42 lottery, but not including materials, supplies, equipment and services
43 common to the ordinary operations of state agencies.

1 (2) "Major procurement" shall not mean any product, service or other
2 matter covered by or addressed in the Kansas expanded lottery act or a
3 lottery gaming facility management contract or racetrack gaming facility
4 management contract executed pursuant to the Kansas expanded lottery
5 act.

6 (w) *"Marketing agreement" means an agreement entered into*
7 *between a professional sports team and the Kansas lottery, a lottery*
8 *gaming facility manager or a racetrack gaming facility manager for the*
9 *purposes described in section 4, and amendments thereto.*

10 (x) *"Match-fixing" means to arrange or determine any action that*
11 *occurs during a sporting event, including, but not limited to, any action*
12 *resulting in the final outcome of such sporting event, for financial gain.*

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

17 (z) *"Official league data" means statistics, results, outcomes and*
18 *other data relating to a sporting event that have been obtained from the*
19 *relevant sports governing body, or an entity expressly authorized by the*
20 *sports governing body to provide such information to sports wagering*
21 *managers.*

22 ~~(aa)~~(aa) *"Organization licensee" has the meaning provided by K.S.A.*
23 *74-8802, and amendments thereto.*

24 ~~(bb)~~(bb) *"Parimutuel licensee" means a facility owner licensee or*
25 *facility manager licensee under the Kansas parimutuel racing act.*

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

31 ~~(dd)~~(dd) *"Person" means any natural person, association, limited*
32 *liability company, corporation or partnership.*

33 (ee) *"Primary facility" means the stadium or arena where a*
34 *professional sports team hosts competitive games in accordance with such*
35 *team's league rules.*

36 ~~(ff)~~(ff) *"Prize" means any prize paid directly by the Kansas lottery*
37 *pursuant to the Kansas lottery act or the Kansas expanded lottery act or*
38 *any rules and regulations adopted pursuant to either act.*

39 (gg) *"Professional sports team" means an athletic team, whose*
40 *primary facility is located in Kansas, that operates at the major league*
41 *level in the sport of baseball, basketball, football, ice hockey or soccer.*

42 ~~(hh)~~(hh) *"Progressive electronic game" means a game played on an*
43 *electronic gaming machine for which the payoff increases uniformly as the*

1 game is played and for which the jackpot, determined by application of a
2 formula to the income of independent, local or interlinked electronic
3 gaming machines, may be won.

4 ~~(ee)~~(ii) "Racetrack gaming facility" means that portion of a
5 parimutuel licensee location where electronic gaming machines are
6 operated, managed and maintained.

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

12 ~~(ee)~~(kk) "Racetrack gaming facility manager" means a parimutuel
13 licensee specifically certified by the Kansas lottery to become a certified
14 racetrack gaming facility manager and offer electronic gaming machines
15 for play at the racetrack gaming facility.

16 ~~(ff)~~(ll) "Returned ticket" means any ticket ~~which~~ that was transferred
17 to a lottery retailer, ~~which~~ that was not sold by the lottery retailer and
18 ~~which~~ that was returned to the Kansas lottery for refund by issuance of a
19 credit or otherwise.

20 ~~(gg)~~(mm) "Share" means any intangible manifestation authorized by
21 the Kansas lottery to prove participation in a lottery game, except as
22 provided by the Kansas expanded lottery act.

23 (nn) *"Sports governing body" means the organization that prescribes*
24 *the final rules and enforces codes of conduct with respect to a sporting*
25 *event and the participants in such event.*

26 (oo) (1) *"Sporting event" means any professional or collegiate sport*
27 *or athletic event, motor race event or any other special event authorized*
28 *by the commission that has not occurred at the time wagers are placed on*
29 *such event.*

30 (2) *The term "sporting event" does not include:*

31 (A) *Any horse or greyhound race that is subject to the provisions of*
32 *the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., and*
33 *amendments thereto; or*

34 (B) *any sporting or athletic event where a majority of the participants*
35 *are less than 18 years of age.*

36 (pp) (1) *"Sports wagering" means placing a wager or bet on one or*
37 *more sporting events, or any portion thereof, or on the individual*
38 *performance statistics of athletes participating in a sporting event, or*
39 *combination of sporting events, by any system or method of wagering at or*
40 *through the Kansas lottery, a sports wagering retailer, a lottery gaming*
41 *facility or a racetrack gaming facility.*

42 (2) *The term "sports wagering" shall not include:*

43 (A) *Parimutuel wagering, as defined in K.S.A. 74-8802, and*

1 *amendments thereto; or*

2 *(B) fantasy sports leagues, as defined in K.S.A. 2020 Supp. 21-6403,*
3 *and amendments thereto.*

4 *(qq) "Sports wagering manager" means the Kansas lottery, any*
5 *sports wagering retailer that has entered into a sports wagering retailer*
6 *contract or any lottery gaming facility manager or racetrack gaming*
7 *facility manager that has entered into an approved management contract*
8 *that provides for operating and managing sports wagering.*

9 *(rr) "Sports wagering retailer" means any person with whom the*
10 *Kansas lottery has contracted to conduct sports wagering on behalf of the*
11 *Kansas lottery pursuant to section 2, and amendments thereto.*

12 *(ss) "Sports wagering revenues" means wagering revenue generated*
13 *from sports wagering that is an amount equal to the total wagers less any*
14 *voided wagers and any amounts paid as prizes.*

15 ~~(hh)~~*(tt) "Ticket" means any tangible evidence issued by the Kansas*
16 *lottery to prove participation in a lottery game, including a sports wager,*
17 *other than a lottery facility game.*

18 *(uu) "Tier one sports wager" means a sports wager that is*
19 *determined solely by the final score or final outcome of the sporting event*
20 *and is placed before the sporting event has begun.*

21 *(vv) "Tier two sports wager" means a sports wager that is not a tier*
22 *one sports wager.*

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

29 ~~(jj)~~*(xx) "Vendor" means any person who has entered into a major*
30 *procurement contract with the Kansas lottery.*

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

37 *(zz) "Wager" or "bet" means a bargain in which the parties agree*
38 *that, dependent upon chance, one stands to win or lose something of value*
39 *specified in the agreement.*

40 Sec. 22. K.S.A. 74-8710 is hereby amended to read as follows: 74-
41 8710. (a) The commission, upon the recommendation of the executive
42 director, shall adopt rules and regulations governing the establishment and
43 operation of a state lottery, sales of lottery tickets—and, the operation of

1 lottery gaming facilities and racetrack gaming facilities *and the operation*
2 *of sports wagering* as necessary to carry out the purposes of the Kansas
3 lottery act and the Kansas expanded lottery act. Temporary rules and
4 regulations may be adopted by the commission without being subject to
5 the provisions and requirements of K.S.A. 77-415 through 77-438, and
6 amendments thereto, but shall be subject to approval by the attorney
7 general as to legality and shall be filed with the secretary of state and
8 published in the Kansas register. Temporary and permanent rules and
9 regulations may include, but shall not be limited to:

10 (1) Subject to the provisions of subsection (c), the types of lottery
11 games to be conducted, including, but not limited to, instant lottery, ~~on-~~
12 ~~line~~ *online*, traditional games, lottery facility games and electronic gaming
13 machine games but not including games on video lottery machines or
14 lottery machines. *The lottery may sell traditional lottery tickets and*
15 *conduct traditional lottery ticket games over the internet or digital cellular*
16 *network, including through a lottery website and mobile device*
17 *application. No traditional lottery ticket or traditional lottery ticket game*
18 *sold or conducted under this section shall:*

19 (A) *Allow a player to choose the denomination of a ticket during*
20 *game play;*

21 (B) *offer a ticket or game at a price less than any traditional lottery*
22 *ticket offered at retail;*

23 (C) *operate or appear to operate with the dress, theme or*
24 *mechanisms of an electronic gaming machine;*

25 (D) *extend or arrange credit for the purchase of a ticket;*

26 (E) *allow for the redemption for payment of a lottery ticket other than*
27 *at a lottery retail location or with the Kansas lottery;*

28 (F) *allow a player to use an automatic play feature for consecutive*
29 *instant games; or*

30 (G) *allow a player to use a reveal all feature that functions over a*
31 *period of less than three seconds.*

32 (2) The manner of selecting the winning tickets or shares, except that,
33 if a lottery game utilizes a drawing of winning numbers, a drawing among
34 entries or a drawing among finalists, such drawings shall always be open
35 to the public and shall be recorded on both video and audio tape.

36 (3) The manner of payment of prizes to the holders of winning tickets
37 or shares.

38 (4) The frequency of the drawings or selections of winning tickets or
39 shares.

40 (5) The type or types of locations at which tickets or shares may be
41 sold.

42 (6) The method or methods to be used in selling tickets or shares.

43 (7) Additional qualifications for the selection of lottery retailers and

1 the amount of application fees to be paid by each.

2 (8) The amount and method of compensation to be paid to lottery
3 retailers, including special bonuses and incentives.

4 (9) Deadlines for claims for prizes by winners of each lottery game.

5 (10) Provisions for confidentiality of information submitted by
6 vendors pursuant to K.S.A. 74-8705, and amendments thereto.

7 (11) Information required to be submitted by vendors, in addition to
8 that required by K.S.A. 74-8705, and amendments thereto.

9 (12) The major procurement contracts or portions thereof to be
10 awarded to minority business enterprises pursuant to ~~subsection (a) of~~
11 K.S.A. 74-8705(a), and amendments thereto, and procedures for the award
12 thereof.

13 (13) Rules and regulations to implement, administer and enforce the
14 provisions of the Kansas expanded lottery act. Such rules and regulations
15 shall include, but not be limited to, rules and regulations ~~which~~ *that* govern
16 management contracts and ~~which~~ *that* are designed to: (A) Ensure the
17 integrity of electronic gaming machines ~~and~~, other lottery facility games,
18 *sports wagering* and the finances of lottery gaming facilities and racetrack
19 gaming facilities; and (B) alleviate problem gambling, including a
20 requirement that each lottery gaming facility and each racetrack gaming
21 facility maintain a self-exclusion list by which individuals may exclude
22 themselves from access to electronic gaming machines ~~and~~, other lottery
23 facility games *and sports wagering*.

24 (14) The types of electronic gaming machines, lottery facility games
25 and electronic gaming machine games to be operated pursuant to the
26 Kansas expanded lottery act.

27 (15) *Rules and regulations to implement, administer and enforce the*
28 *provisions of sections 1 through 12, and amendments thereto. Such rules*
29 *and regulations shall include, but not be limited to: (A) Sports wagering*
30 *conducted by the Kansas lottery, including contracts for sports wagering*
31 *conducted by sports wagering retailers; (B) management contracts for*
32 *sports wagering conducted by lottery gaming facility managers and*
33 *racetrack gaming facility managers; (C) provisions for the confidentiality*
34 *of information submitted by an interactive sports wagering platform and*
35 *sports wagering managers; and (D) provisions ensuring the integrity of*
36 *sports wagering conducted in this state.*

37 (b) No new lottery game shall commence operation after the effective
38 date of this act unless first approved by the governor or, in the governor's
39 absence or disability, the lieutenant governor. This subsection shall not be
40 construed to require approval of games played on an electronic gaming
41 machine.

42 (c) The lottery shall adopt rules and regulations concerning the game
43 of keno. Such rules and regulations shall require that the amount of time

1 which elapses between the start of games shall not be less than four
2 minutes.

3 Sec. 23. K.S.A. 74-8711 is hereby amended to read as follows: 74-
4 8711. (a) There is hereby established in the state treasury the lottery
5 operating fund.

6 (b) Except as provided by K.S.A. 74-8724 and the Kansas expanded
7 lottery act, and amendments thereto, the executive director shall remit all
8 moneys collected from the sale of lottery tickets and shares and any other
9 moneys received by or on behalf of the Kansas lottery to the state treasurer
10 in accordance with the provisions of K.S.A. 75-4215, and amendments
11 thereto. Upon receipt of each such remittance, the state treasurer shall
12 deposit the entire amount in the state treasury to the credit of the lottery
13 operating fund. Moneys credited to the fund shall be expended or
14 transferred only as provided by this act. Expenditures from such fund shall
15 be made in accordance with appropriations acts upon warrants of the
16 director of accounts and reports issued pursuant to vouchers approved by
17 the executive director or by a person designated by the executive director.

18 (c) Moneys in the lottery operating fund shall be used for:

19 (1) The payment of expenses of the lottery, which shall include all
20 costs incurred in the operation and administration of the Kansas lottery; all
21 costs resulting from contracts entered into for the purchase or lease of
22 goods and services needed for operation of the lottery, including but not
23 limited to supplies, materials, tickets, independent studies and surveys,
24 data transmission, advertising, printing, promotion, incentives, public
25 relations, communications and distribution of tickets and shares; and
26 reimbursement of costs of facilities and services provided by other state
27 agencies;

28 (2) the payment of compensation to lottery retailers;

29 (3) transfers of moneys to the lottery prize payment fund pursuant to
30 K.S.A. 74-8712, and amendments thereto;

31 (4) transfers to the state general fund pursuant to K.S.A. 74-8713, and
32 amendments thereto;

33 (5) transfers to the community crisis stabilization centers fund and
34 clubhouse model program fund of the Kansas department for aging and
35 disability services pursuant to subsection (e);

36 (6) *transfers to the white collar crime fund of the attorney general*
37 *pursuant to subsection (f);*

38 ~~(6)~~(7) transfers to the state gaming revenues fund pursuant to
39 subsection (d) and as otherwise provided by law; and

40 ~~(7)~~(8) transfers to the county reappraisal fund as prescribed by law.

41 (d) The director of accounts and reports shall transfer moneys in the
42 lottery operating fund to the state gaming revenues fund created by K.S.A.
43 79-4801, and amendments thereto, on or before the 15th day of each month

1 in an amount certified monthly by the executive director and determined as
2 follows, whichever is greater:

3 (1) An amount equal to the moneys in the lottery operating fund in
4 excess of those needed for the purposes described in subsections (c)(1)
5 through ~~(c)(5)~~ (c)(6); or

6 (2) except for pull-tab lottery tickets and shares, an amount equal to
7 not less than 30% of total monthly revenues from the sales of lottery
8 tickets and shares less estimated returned tickets. In the case of pull-tab
9 lottery tickets and shares, an amount equal to not less than 20% of the total
10 monthly revenues from the sales of pull-tab lottery tickets and shares less
11 estimated returned tickets.

12 (e) (1) Subject to the limitations set forth in paragraph (2),
13 commencing in fiscal year 2020, on or before the 10th day of each month,
14 the director of the lottery shall certify to the director of accounts and
15 reports all net profits from the sale of lottery tickets and shares via lottery
16 ticket vending machines. Of such certified amount, the director of
17 accounts and reports shall transfer 75% from the lottery operating fund to
18 the community crisis stabilization centers fund of the Kansas department
19 for aging and disability services and 25% from the lottery operating fund
20 to the clubhouse model program fund of the Kansas department for aging
21 and disability services.

22 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in
23 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the
24 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.

25 *(f) On July 1, 2022, and each July 1 thereafter, or as soon thereafter*
26 *as moneys are available, the first \$750,000 credited to the lottery*
27 *operating fund from sports wagering revenues deposited in the lottery*
28 *operating fund shall be transferred by the director of accounts and reports*
29 *from the lottery operating fund to the white collar crime fund of the*
30 *attorney general established in section 13, and amendments thereto.*

31 Sec. 24. K.S.A. 74-8716 is hereby amended to read as follows: 74-
32 8716. (a) It is unlawful for the executive director, a member of the
33 commission or any employee of the Kansas lottery, or any person residing
34 in the household thereof to:

35 (1) Have, either directly or indirectly, an interest in a business
36 knowing that such business contracts with the Kansas lottery for a major
37 procurement, whether such interest is as a natural person, partner, member
38 of an association, stockholder or director or officer of a corporation; or

39 (2) accept or agree to accept any economic opportunity, gift, loan,
40 gratuity, special discount, favor or service, or hospitality other than food
41 and beverages, having an aggregate value of \$20 or more in any calendar
42 year from a person knowing that such person: (A) Contracts or seeks to
43 contract with the state to supply gaming equipment, materials, tickets or

1 consulting services for use in the lottery; or (B) is a lottery retailer or an
2 applicant for lottery retailer.

3 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
4 or a person who contracts or seeks to contract with the state to supply
5 gaming equipment, materials, tickets or consulting services for use in the
6 lottery to offer, pay, give or make any economic opportunity, gift, loan,
7 gratuity, special discount, favor or service, or hospitality other than food
8 and beverages, having an aggregate value of \$20 or more in any calendar
9 year to a person, knowing such person is the executive director, a member
10 of the commission or an employee of the Kansas lottery, or a person
11 residing in the household thereof.

12 (c) It shall be unlawful for any person to serve as executive director, a
13 member of the commission or an employee of the Kansas lottery while or
14 within five years after holding, either directly or indirectly, a financial
15 interest or being employed by or a consultant to any of the following:

16 (1) Any lottery gaming facility manager, subcontractor or agent of a
17 lottery gaming facility manager, manufacturer or vendor of electronic
18 gaming machines, *an interactive sports wagering platform* or central
19 computer system provider, or any business—~~which~~ *that* sells goods or
20 services to a lottery gaming facility manager; or

21 (2) any licensee pursuant to the Kansas parimutuel racing act, other
22 than the Kansas lottery or a person holding a license on behalf of the
23 Kansas lottery, or any business—~~which~~ *that* sells goods or services to a
24 parimutuel licensee.

25 (d) No person who holds a license issued by the Kansas racing and
26 gaming commission shall serve as executive director or as a member of the
27 commission or shall be employed by the Kansas lottery while or within
28 five years after holding such license.

29 (e) No person shall participate, directly or indirectly, as an owner,
30 owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,
31 entered in a race meeting conducted in this state while executive director, a
32 member of the commission or an employee of the Kansas lottery.

33 (f) It shall be unlawful for the executive director, a member of the
34 commission or an employee of the Kansas lottery to accept any
35 compensation, gift, loan, entertainment, favor or service from any lottery
36 gaming facility manager, subcontractor or agent of a lottery gaming
37 facility manager, manufacturer or vendor of electronic gaming machines,
38 *an interactive sports wagering platform* or central computer system
39 provider.

40 (g) It shall be unlawful for the executive director, a member of the
41 commission or an employee of the Kansas lottery to accept any
42 compensation, gift, loan, entertainment, favor or service from any licensee
43 pursuant to the Kansas parimutuel racing act, except such suitable facilities

1 and services within a racetrack facility operated by an organization
2 licensee as may be required to facilitate the performance of the executive
3 director's, member's or employee's official duties.

4 (h) Violation of this section is a class A misdemeanor.

5 (i) If the executive director, a member of the commission or an
6 employee of the Kansas lottery, or any person residing in the household
7 thereof, is convicted of an act described by this section, such executive
8 director, member or employee shall be removed from office or
9 employment with the Kansas lottery.

10 (j) In addition to the provisions of this section, all other provisions of
11 law relating to conflicts of interest of state employees shall apply to the
12 members of the commission and employees of the Kansas lottery.

13 Sec. 25. K.S.A. 74-8718 is hereby amended to read as follows: 74-
14 8718. (a) It is unlawful:

15 (1) To sell a lottery ticket or share at a price other than that fixed by
16 rules and regulations adopted pursuant to this act;

17 (2) for any person other than the Kansas lottery or a lottery retailer
18 authorized by the Kansas lottery to sell or resell any lottery ticket or share;

19 (3) to sell a lottery ticket or share to any person, knowing such person
20 to be under 18 years of age; or

21 (4) to sell a lottery ticket at retail by electronic mail, the internet or
22 telephone.

23 (b) *The lottery may sell traditional lottery tickets and conduct*
24 *traditional lottery ticket games over the internet or digital cellular*
25 *network, including through a lottery website and mobile device*
26 *application. No traditional lottery ticket or traditional lottery ticket game*
27 *sold or conducted under this section shall:*

28 (1) *Allow a player to choose the denomination of a ticket during*
29 *game play;*

30 (2) *offer a ticket or game at a price less than any traditional lottery*
31 *ticket offered at retail;*

32 (3) *operate or appear to operate with the dress, theme or*
33 *mechanisms of an electronic gaming machine;*

34 (4) *extend or arrange credit for the purchase of a ticket;*

35 (5) *allow for the redemption for payment of a lottery ticket other than*
36 *at a lottery retail location or with the Kansas lottery;*

37 (6) *allow a player to use an automatic play feature for consecutive*
38 *instant games; or*

39 (7) *allow a player to use a reveal all feature that functions over a*
40 *period of less than three seconds.*

41 (c) (1) Violation of this section is a class A nonperson misdemeanor
42 upon conviction for a first offense; and

43 (2) violation of this section is a severity level 9, nonperson felony

1 upon conviction for a second or subsequent offense.

2 Sec. 26. K.S.A. 74-8733 is hereby amended to read as follows: 74-
3 8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and*
4 *sections 1 through 15, and amendments thereto*, shall be known and may
5 be cited as the Kansas expanded lottery act. The Kansas expanded lottery
6 act shall be *a* part of and supplemental to the Kansas lottery act.

7 (b) If any provision of this act or the application thereof to any person
8 or circumstance is held invalid, the invalidity shall not affect any other
9 provision or application of the act which can be given effect without the
10 invalid provision or application.

11 (c) Any action challenging the constitutionality of or arising out of
12 any provision of this act, any lottery gaming facility management contract
13 or any racetrack gaming facility management contract entered into
14 pursuant to this act shall be brought in the district court of Shawnee
15 county.

16 Sec. 27. K.S.A. 74-8734 is hereby amended to read as follows: 74-
17 8734. (a) The Kansas lottery may operate one lottery gaming facility in
18 each gaming zone.

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

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

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

1 pursuant to subsection (b).

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

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

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

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

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

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

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

- 1 (1) Have a maximum initial term of 15 years from the date of opening
2 of the lottery gaming facility. At the end of the initial term, the contract
3 may be renewed by mutual consent of the state and the lottery gaming
4 facility manager;
- 5 (2) specify the total amount to be paid to the lottery gaming facility
6 manager pursuant to the contract;
- 7 (3) establish a mechanism to facilitate payment of lottery gaming
8 facility expenses, payment of the lottery gaming facility manager's share of
9 the lottery gaming facility revenues and distribution of the state's share of
10 the lottery gaming facility revenues;
- 11 (4) include a provision for the lottery gaming facility manager to pay
12 the costs of oversight and regulation of the lottery gaming facility manager
13 and the operations of the lottery gaming facility by the Kansas racing and
14 gaming commission;
- 15 (5) establish the types of lottery facility games to be installed in such
16 facility;
- 17 (6) provide for the prospective lottery gaming facility manager, upon
18 approval of the proposed lottery gaming facility management contract, to
19 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
20 being selected as a lottery gaming facility manager of a lottery gaming
21 facility in the northeast or south central Kansas gaming zone and
22 \$5,500,000 for the privilege of being selected as a lottery gaming facility
23 manager of a lottery gaming facility in the southeast or southwest Kansas
24 gaming zone. Such fee shall be deposited in the state treasury and credited
25 to the lottery gaming facility manager fund, ~~which~~ *that* is hereby created in
26 the state treasury;
- 27 (7) incorporate terms and conditions for the ancillary lottery gaming
28 facility operations;
- 29 (8) designate as key employees, subject to approval of the executive
30 director, any employees or contractors providing services or functions
31 which are related to lottery facility games authorized by a management
32 contract;
- 33 (9) include financing commitments for construction;
- 34 (10) include a resolution of endorsement from the city governing
35 body, if the proposed facility is within the corporate limits of a city, or
36 from the county commission, if the proposed facility is located in the
37 unincorporated area of the county;
- 38 (11) include a requirement that any parimutuel licensee developing a
39 lottery gaming facility pursuant to this act comply with all orders and rules
40 and regulations of the Kansas racing and gaming commission with regard
41 to the conduct of live racing, including the same minimum days of racing
42 as specified in K.S.A. 74-8746, and amendments thereto, for operation of
43 electronic gaming machines at racetrack gaming facilities;

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

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

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

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

30 (16) (A) if the lottery gaming facility is located in the southeast or
31 south central Kansas gaming zone and is not located within a city, include
32 a provision for payment of an amount equal to 2% of the lottery gaming
33 facility revenues to the county in which the lottery gaming facility is
34 located and an amount equal to 1% of such revenues to the other county in
35 such zone; or (B) if the lottery gaming facility is located in the southeast or
36 south central Kansas gaming zone and is located within a city, provide for
37 payment of an amount equal to 1% of the lottery gaming facility revenues
38 to the city in which the lottery gaming facility is located, an amount equal
39 to 1% of such revenues to the county in which such facility is located and
40 an amount equal to 1% of such revenues to the other county in such zone;

41 (17) allow the lottery gaming facility manager to manage the lottery
42 gaming facility in a manner consistent with this act and applicable law, but
43 shall place full, complete and ultimate ownership and operational control

1 of the gaming operation of the lottery gaming facility with the Kansas
2 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
3 power to overrule any action of the lottery gaming facility manager
4 affecting the gaming operation without prior notice. The Kansas lottery
5 shall retain full control over all decisions concerning lottery gaming
6 facility games *and sports wagering*;

7 (18) include provisions for the Kansas racing and gaming
8 commission to oversee all lottery gaming facility operations, including, but
9 not limited to: Oversight of internal controls; oversight of security of
10 facilities; performance of background investigations, determination of
11 qualifications and credentialing of employees, contractors and agents of
12 the lottery gaming facility manager and of ancillary lottery gaming facility
13 operations, as determined by the Kansas racing and gaming commission;
14 auditing of lottery gaming facility revenues *and sports wagering revenues*;
15 enforcement of all state laws and maintenance of the integrity of gaming
16 operations; and

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

31 (i) (1) *Any management contract approved by the commission under*
32 *this section may include provisions for operating and managing sports*
33 *wagering by the lottery gaming facility manager in person at the lottery*
34 *gaming facility and over the internet via one or more interactive sports*
35 *wagering platforms.*

36 (2) *If a management contract includes such provisions, then such*
37 *contract shall include the following provisions:*

38 (A) *The lottery gaming facility may offer tier one or tier two sports*
39 *wagers, or both; and*

40 (B) (i) *The state shall receive 20% of the sports wagering revenues*
41 *received from wagers placed with the lottery gaming facility through an*
42 *interactive sports wagering platform; and*

43 (ii) *the state shall receive 14% of the sports wagering revenues*

1 *received from wagers placed in person at the lottery gaming facility.*

2 ~~(j)~~(j) The power of eminent domain shall not be used to acquire any
3 interest in real property for use in a lottery gaming enterprise.

4 ~~(k)~~(k) Any proposed management contract for which the privilege fee
5 has not been paid to the state treasurer within 30 days after the date of
6 approval of the management contract shall be null and void.

7 ~~(l)~~(l) A person who is the manager of the racetrack gaming facility in
8 a gaming zone shall not be eligible to be the manager of the lottery gaming
9 facility in the same zone.

10 ~~(m)~~(m) Management contracts authorized by this section may include
11 provisions relating to:

12 (1) Accounting procedures to determine the lottery gaming facility
13 revenues, unclaimed prizes and credits;

14 (2) minimum requirements for a lottery gaming facility manager to
15 provide qualified oversight, security and supervision of the lottery facility
16 games including the use of qualified personnel with experience in
17 applicable technology;

18 (3) eligibility requirements for employees, contractors or agents of a
19 lottery gaming facility manager who will have responsibility for or
20 involvement with actual gaming activities or for the handling of cash or
21 tokens;

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

24 (5) credentialing requirements for any employee, contractor or agent
25 of the lottery gaming facility manager or of any ancillary lottery gaming
26 facility operation as provided by the Kansas expanded lottery act or rules
27 and regulations adopted pursuant thereto;

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

30 (7) any other provision deemed necessary by the parties, including
31 such other terms and restrictions as necessary to conduct any lottery
32 facility game in a legal and fair manner.

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

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

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

5 (3) *If a lottery gaming facility manager agrees to operate and*
6 *manage sports wagering, the Kansas lottery shall be the licensee and*
7 *owner of all software programs used in conducting sports wagering, and*
8 *the lottery gaming facility manager, on behalf of the state, shall purchase*
9 *or lease for the Kansas lottery any equipment or other property necessary*
10 *for operating and managing sports wagering. All sports wagering shall be*
11 *subject to the ultimate control of the Kansas lottery in accordance with the*
12 *Kansas expanded lottery act.*

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

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

27 Sec. 28. K.S.A. 74-8741 is hereby amended to read as follows: 74-
28 8741. (a) The executive director of the Kansas lottery shall negotiate a
29 racetrack gaming facility management contract to place electronic gaming
30 machines at one parimutuel licensee location in each gaming zone except
31 the southwest Kansas gaming zone. *The racetrack management contract*
32 *may also provide for the racetrack gaming facility manager to operate and*
33 *manage sports wagering as provided in subsection (d).*

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

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

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

1 statutes.

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

3 (1) The term of the contract;

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

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

16 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
17 2032, from: (i) Entering into management contracts for more than ~~three~~
18 ~~four~~ lottery gaming facilities or similar gaming facilities, ~~one to be~~ located
19 in the northeast Kansas gaming zone, ~~one to be~~ located in the south central
20 Kansas gaming zone, *one located in the southwest Kansas gaming zone*
21 and ~~one to be~~ located in the southeast Kansas gaming zone;; (ii)
22 designating additional areas of the state where operation of lottery gaming
23 facilities or similar gaming facilities would be authorized; or (iii)
24 operating an aggregate of more than 2,800 electronic gaming machines at
25 all parimutuel licensee locations; and (B) requiring the state to repay to the
26 racetrack gaming facility manager an amount equal to the privilege fee
27 paid by such racetrack gaming facility manager, plus interest on such
28 amount, compounded annually at the rate of 10%, if the state violates the
29 prohibition provision described in (A).

30 (d) (1) *Any management contract approved by the commission under*
31 *K.S.A. 74-8742, and amendments thereto, may include provisions for*
32 *operating and managing sports wagering by the racetrack gaming facility*
33 *manager in person at the racetrack gaming facility and over the internet*
34 *via an interactive sports wagering platform.*

35 (2) *If a management contract includes such provisions, then such*
36 *contract shall include the following provisions:*

37 (A) *The racetrack gaming facility may offer tier one or tier two sports*
38 *wagers, or both; and*

39 (B) (i) *The state shall receive 20% of the sports wagering revenues*
40 *received from wagers placed with the racetrack gaming facility through an*
41 *interactive sports wagering platform; and*

42 (ii) *the state shall receive 14% of the sports wagering revenues*
43 *received from wagers placed in person at the racetrack gaming facility.*

1 ~~(d)~~(e) Racetrack gaming facility management contracts authorized by
2 this section may include provisions relating to:

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

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

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

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

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

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

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

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

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

31 (h) *If a racetrack gaming facility manager agrees to operate and*
32 *manage sports wagering, the Kansas lottery shall be the licensee and*
33 *owner of all software programs used in conducting sports wagering, and*
34 *the racetrack gaming facility manager, on behalf of the state, shall*
35 *purchase or lease for the Kansas lottery any equipment or other property*
36 *necessary for operating and managing sports wagering. All sports*
37 *wagering shall be subject to the ultimate control of the Kansas lottery in*
38 *accordance with the Kansas expanded lottery act.*

39 Sec. 29. K.S.A. 74-8743 is hereby amended to read as follows: 74-
40 8743. (a) The board of county commissioners of each county where there
41 is ~~a~~ *an existing or former* parimutuel licensee location *may, at any time* by
42 resolution, *submit to the qualified voters of the county a proposition to*
43 *permit the placement of electronic gaming machines in the county as*

1 *provided in this section, or, upon the presentation of a valid petition signed*
 2 *by not fewer than 5,000 qualified voters of the county, shall submit such*
 3 *proposition to the qualified voters of the county a proposition to permit the*
 4 *placement of electronic gaming machines in the county as provided in this*
 5 *section. The proposition shall be submitted or resubmitted to the voters at*
 6 *a of the county at any primary, general election or special election called*
 7 *by the board of county commissioners for that purpose and. Such election*
 8 *shall be held not more than 180 150 days after the effective date of this act*
 9 *adoption of a resolution by the board of county commissioners or the*
 10 *receipt of a valid petition for submission of such a proposition.*

11 (b) Upon the adoption of a resolution *or the receipt of a valid petition*
 12 *calling for an election pursuant to this section in Sedgwick county, the*
 13 *county election officer shall cause the following proposition to be placed*
 14 *on the ballot at the election called for that purpose: "Shall the Kansas*
 15 *Lottery be authorized to place electronic gaming machines in _____*
 16 *county?" as a question in substantial compliance with the following:*
 17 *"Shall the operation of electronic gaming machines by the Kansas lottery*
 18 *be authorized at the former parimutuel licensee location in Sedgwick*
 19 *county, commonly known as Wichita greyhound park?"*

20 (c) If a majority of the votes cast and counted at *any* such election is
 21 in favor of approving the placement of electronic gaming machines in the
 22 county, the Kansas lottery ~~may~~ *shall* place and operate electronic gaming
 23 machines at a parimutuel licensee location in the county, subject to the
 24 provisions of this act. If a majority of the votes cast and counted at ~~an any~~
 25 *such election under this section* is against permitting placement of
 26 electronic gaming machines in the county, the Kansas lottery shall not
 27 place or operate electronic gaming machines at a parimutuel licensee
 28 location in the county, *unless and until approved by a majority of votes*
 29 *cast in a subsequent election brought and conducted in accordance with*
 30 *this section. The county election officer shall transmit a copy of the*
 31 *certification of the results of the election to the executive director.*

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

35 (e) (1) ~~The lottery commission may waive the~~ *There shall be no*
 36 *requirement that for an election to be held pursuant to this section if the*
 37 *lottery commission determines that after December 31, 2004, and before*
 38 *the effective date of this act prior to July 1, 2021, the county has held an*
 39 *election of qualified voters pursuant to the county's home rule authority:*
 40 ~~(1)(A)~~ *At which the ballot question was in substantial general compliance*
 41 *with the requirements of this section in effect at the time of such election;*
 42 ~~(2) which~~ *(B) that was administered by the county election officer in a*
 43 *manner consistent with the requirements of state election law; and* ~~(3)(C)~~

1 at which a majority of the votes cast and counted was in favor of the
2 proposition.

3 (2) *Wyandotte and Crawford counties are hereby deemed to have*
4 *satisfied the requirements of this subsection, and no subsequent election*
5 *shall be required prior to the placement of electronic gaming machines in*
6 *such counties.*

7 (f) The question of the placement of electronic gaming machines in a
8 county may be submitted ~~at the same election as the question of operation~~
9 ~~of a lottery gaming facility in the county under K.S.A. 74-8737, and~~
10 ~~amendments thereto~~ *to the qualified voters of the county in accordance*
11 *with the provisions of this section at any time, except if such a proposition*
12 *has been approved by a majority of the qualified voters of such county,*
13 *then the question shall not be submitted at any subsequent election.*

14 Sec. 30. K.S.A. 74-8751 is hereby amended to read as follows: 74-
15 8751. (a) The Kansas racing and gaming commission, through rules and
16 regulations, shall establish:

17 ~~(a)(1)~~ (1) A certification requirement, and enforcement procedure, for
18 officers, directors, key employees and persons directly or indirectly
19 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or
20 racetrack gaming facility manager. Such certification requirement shall
21 include compliance with such security, fitness and background
22 investigations and standards as the executive director of the Kansas racing
23 and gaming commission deems necessary to determine whether such
24 person's reputation, habits or associations pose a threat to the public
25 interest of the state or to the reputation of or effective regulation and
26 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~
27 ~~person convicted of any felony, a crime involving gambling or a crime of~~
28 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~
29 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~
30 ~~commission shall conduct the security, fitness and background checks~~
31 ~~required pursuant to this subsection. Certification pursuant to this~~
32 ~~subsection shall not be assignable or transferable;~~

33 (b)(2) a certification requirement, and enforcement procedure, for
34 those persons, including electronic gaming machine manufacturers,
35 technology providers and computer system providers, who propose to
36 contract with a lottery gaming facility manager, a racetrack gaming facility
37 manager or the state for the provision of goods or services related to a
38 lottery gaming facility or racetrack gaming facility, including management
39 services. Such certification requirements shall include compliance with
40 such security, fitness and background investigations and standards of
41 officers, directors, key gaming employees and persons directly or
42 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the
43 executive director of the Kansas racing and gaming commission deems

1 necessary to determine whether such person's reputation, habits and
2 associations pose a threat to the public interest of the state or to the
3 reputation of or effective regulation and control of the lottery gaming
4 facility or racetrack gaming facility. ~~Any person convicted of any felony, a~~
5 ~~crime involving gambling or a crime of moral turpitude prior to applying~~
6 ~~for a certificate hereunder or at any time thereafter shall be deemed unfit.~~
7 If the executive director of the racing and gaming commission determines
8 the certification standards of another state are comprehensive, thorough
9 and provide similar adequate safeguards, the executive director may
10 certify an applicant already certified in such state without the necessity of
11 a full application and background check. ~~The Kansas racing and gaming~~
12 ~~commission shall conduct the security, fitness and background checks~~
13 ~~required pursuant to this subsection. Certification pursuant to this~~
14 ~~subsection shall not be assignable or transferable;~~

15 *(3) a certification requirement and enforcement procedure for: (A)*
16 *Employees of a lottery gaming facility manager or racetrack gaming*
17 *facility manager who are directly involved in the operation or*
18 *management of sports wagering conducted by such manager; and (B)*
19 *those persons who propose to contract with a lottery gaming facility*
20 *manager or a racetrack gaming facility manager for the provision of*
21 *goods or services related to sports wagering, including any interactive*
22 *sports wagering platform requested by a lottery gaming facility manager*
23 *or racetrack gaming facility manager under section 3, and amendments*
24 *thereto. Such certification requirement shall include compliance with such*
25 *security, fitness and background investigations and standards as the*
26 *executive director of the Kansas racing and gaming commission deems*
27 *necessary to determine whether such person's reputation, habits or*
28 *associations pose a threat to the public interest of the state or to the*
29 *reputation of or effective regulation and control of sports wagering*
30 *conducted by the lottery gaming facility or racetrack gaming facility. Such*
31 *certification shall be valid for one year from the date of issuance;*

32 ~~(e)~~(4) provisions for revocation of a certification required by
33 subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding that the certificate holder,
34 an officer or director thereof or a person directly or indirectly owning a
35 ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has knowingly provided false or
36 misleading material information to the Kansas lottery or its employees; or
37 ~~(2)(B)~~ has been convicted of a felony, gambling related offense or any
38 crime of moral turpitude; ~~and~~

39 ~~(4)~~(5) provisions for suspension, revocation or nonrenewal of a
40 certification required by subsection (a) ~~or (b)(1) or (a)(2)~~ upon a finding
41 that the certificate holder, an officer or director thereof or a person directly
42 or indirectly owning a ~~0.5%~~ 5% or more interest therein: ~~(1)(A)~~ Has failed
43 to notify the Kansas lottery about a material change in ownership of the

1 certificate holder, or any change in the directors or officers thereof; ~~(2)(B)~~
2 is delinquent in remitting money owed to the Kansas lottery; ~~(3)(C)~~ has
3 violated any provision of any contract between the Kansas lottery and the
4 certificate holder; or ~~(4)(D)~~ has violated any provision of the Kansas
5 expanded lottery act or any rule and regulation adopted hereunder; and

6 *(6) provisions for suspension, revocation or nonrenewal of a*
7 *certification required by subsection (a)(3) upon a finding that the*
8 *certificate holder has: (A) Knowingly provided false or misleading*
9 *material information to the Kansas lottery, the Kansas racing and gaming*
10 *commission or to the employees of either entity; (B) been convicted of a*
11 *felony, gambling-related offense or any crime of moral turpitude; (C)*
12 *violated any provision of any contract between the Kansas lottery and the*
13 *certificate holder; or (D) violated any provision of the Kansas expanded*
14 *lottery act or any rule and regulation adopted hereunder.*

15 *(b) The Kansas racing and gaming commission shall conduct the*
16 *security, fitness and background checks required pursuant to this section.*
17 *Any person convicted of any felony, a crime involving gambling or a crime*
18 *of moral turpitude prior to applying for a certificate hereunder or at any*
19 *time thereafter shall be deemed unfit.*

20 *(c) A certification issued pursuant to this section shall not be*
21 *assignable or transferable.*

22 Sec. 31. K.S.A. 74-8752 is hereby amended to read as follows: 74-
23 8752. (a) The executive director of the Kansas lottery and the executive
24 director of the Kansas racing and gaming commission, or their designees,
25 may observe and inspect all electronic gaming machines, lottery facility
26 games, *sports wagering operations*, lottery gaming facilities, racetrack
27 gaming facilities and all related equipment and facilities operated by a
28 lottery gaming facility manager or racetrack gaming facility manager.

29 (b) In addition to any other powers granted pursuant to this act, the
30 executive director of the racing and gaming commission shall have the
31 power to:

32 (1) Examine, or cause to be examined by any agent or representative
33 designated by such executive director, any books, papers, records or
34 memoranda of any lottery gaming facility manager or racetrack gaming
35 facility manager, or of any business involved in electronic gaming
36 machines—~~or~~, *lottery facility games or sports wagering operations*
37 authorized pursuant to the Kansas expanded lottery act, for the purpose of
38 ascertaining compliance with any provision of the Kansas lottery act, the
39 Kansas expanded lottery act, or any rules and regulations adopted
40 thereunder;

41 (2) investigate alleged violations of the Kansas expanded lottery act
42 and alleged violations of any rules and regulations, orders and final
43 decisions of the Kansas lottery commission, the executive director of the

1 Kansas lottery, the Kansas racing and gaming commission or the executive
2 director of the Kansas racing and gaming commission;

3 (3) request a court to issue subpoenas to compel access to or for the
4 production of any books, papers, records or memoranda in the custody or
5 control of any lottery gaming facility manager or racetrack gaming facility
6 manager related to the management of the lottery gaming facility or
7 racetrack gaming facility, or to compel the appearance of any lottery
8 gaming facility manager or racetrack gaming facility manager for the
9 purpose of ascertaining compliance with the provisions of the Kansas
10 lottery act and the Kansas expanded lottery act or rules and regulations
11 adopted thereunder; *and*

12 ~~(4) inspect and approve, prior to publication or distribution, all~~
13 ~~advertising by a lottery gaming facility manager or racetrack gaming~~
14 ~~facility manager which includes any reference to the Kansas lottery; and~~

15 ~~(5) take any other action as may be reasonable or appropriate to~~
16 ~~enforce the provisions of the Kansas expanded lottery act and any rules~~
17 ~~and regulations, orders and final decisions of the executive director of the~~
18 ~~Kansas lottery, the Kansas lottery commission, the executive director of~~
19 ~~the Kansas racing commission or the Kansas racing and gaming~~
20 ~~commission.~~

21 (c) Appropriate security measures shall be required in any and all
22 areas where electronic gaming machines, *sports wagering* and other lottery
23 facility games authorized pursuant to the Kansas expanded lottery act are
24 located or operated. The executive director of the Kansas racing and
25 gaming commission shall approve all such security measures.

26 (d) The executive director of the Kansas racing and gaming
27 commission shall require an annual audit of the operations of each lottery
28 gaming facility and ancillary lottery gaming facility operations and each
29 racetrack gaming facility as determined by the commission. Such audit
30 shall be conducted by the Kansas racing and gaming commission or a
31 licensed accounting firm approved by the executive director of the Kansas
32 racing and gaming commission and shall be conducted at the expense of
33 the lottery gaming facility manager or racetrack facility manager.

34 (e) None of the information disclosed pursuant to subsection (b) or
35 (d) shall be subject to disclosure under the Kansas open records act,
36 K.S.A. 45-216 et seq., and amendments thereto.

37 Sec. 32. K.S.A. 74-8757 is hereby amended to read as follows: 74-
38 8757. (a) A person less than 21 years of age shall not be permitted in an
39 area where electronic gaming machines or lottery facility games are being
40 conducted, except for a person at least 18 years of age who is an employee
41 of the lottery gaming facility manager or the racetrack gaming facility
42 manager. No employee under age 21 shall perform any function involved
43 in gaming by the patrons.

1 (b) No person under age 21 shall play or make a wager on an
2 electronic gaming machine game or a lottery facility game.

3 (c) *No person under age 21 shall directly or indirectly make a wager*
4 *on any sporting event, or otherwise be permitted to engage in sports*
5 *wagering.*

6 Sec. 33. K.S.A. 74-8760 is hereby amended to read as follows: 74-
7 8760. (a) Except in accordance with rules and regulations of the Kansas
8 racing and gaming commission or by written authority from the executive
9 director of the Kansas racing and gaming commission in performing
10 installation, maintenance, inspection and repair services, it is a class A
11 nonperson misdemeanor for the following to place a wager on or play an
12 electronic gaming machine game or a lottery facility game at a lottery
13 gaming facility in this state: The executive director of the Kansas lottery, a
14 member of the Kansas lottery commission or any employee or agent of the
15 Kansas lottery; the executive director, a member or any employee or agent
16 of the Kansas racing and gaming commission; or the lottery gaming
17 facility manager or any employee of the lottery gaming facility manager.

18 (b) Except in accordance with rules and regulations of the Kansas
19 racing and gaming commission or by written authority from the executive
20 director of the Kansas racing and gaming commission in performing
21 installation, maintenance, inspection and repair services, it is a class A
22 nonperson misdemeanor for the following to place a wager on or play an
23 electronic gaming machine at a racetrack gaming facility in this state: (1)
24 The executive director of the Kansas lottery, a member of the Kansas
25 lottery commission or any employee or agent of the Kansas lottery; (2) the
26 executive director, a member or any employee or agent of the Kansas
27 racing and gaming commission; or (3) the racetrack gaming facility
28 manager or any employee of the racetrack gaming facility manager.

29 (c) *Except in accordance with rules and regulations of the Kansas*
30 *racing and gaming commission, or by written authority from the executive*
31 *director of the Kansas racing and gaming commission, in performing*
32 *installation, maintenance, inspection and repair services, it is a class A*
33 *nonperson misdemeanor for the following to place a sports wager with a*
34 *sports wagering retailer, a lottery gaming facility or a racetrack gaming*
35 *facility: (1) The executive director of the Kansas lottery, a member of the*
36 *Kansas lottery commission or any employee or agent of the Kansas*
37 *lottery; (2) the executive director, a member or any employee or agent of*
38 *the Kansas racing and gaming commission; (3) a sports wagering*
39 *manager, or any director, officer, owner or employee of such sports*
40 *wagering manager, or any relative living in the same household as such*
41 *persons; (4) an interactive sports wagering platform, or any director,*
42 *officer, owner or employee of such platform, or any relative living in the*
43 *same household as such persons; (5) any director, officer or employee of a*

1 *sports governing body; (6) any owner, officer, athlete, coach or other*
2 *employee of a team; or (7) any director, officer or employee of a player*
3 *union or referee union.*

4 *(d) It is a severity level 8, nonperson felony for any person knowingly*
5 *to place a sports wager: (1) With access to nonpublic confidential*
6 *information held by the sports wagering manager; (2) as an agent or*
7 *proxy for other persons; (3) using funds derived from illegal activity; (4)*
8 *to conceal money derived from illegal activity; (5) through the use of other*
9 *individuals to place wagers as part of any wagering scheme to circumvent*
10 *any provision of federal or state law; or (6) using false identification to*
11 *facilitate the placement of the wager or the collection of any prize in*
12 *violation of federal or state law.*

13 ~~(e)~~(e) It is a severity level 8, nonperson felony for any person playing
14 or using any electronic gaming machine in Kansas knowingly to:

15 (1) Use other than a lawful coin or legal tender of the United States of
16 America, or to use coin not of the same denomination as the coin intended
17 to be used in an electronic gaming machine, except that in the playing of
18 any electronic gaming machine or similar gaming device, it shall be lawful
19 for any person to use gaming billets, tokens or similar objects therein
20 which are approved by the Kansas racing and gaming commission;

21 (2) possess or use, while on premises where electronic gaming
22 machines are authorized pursuant to the Kansas expanded lottery act, any
23 cheating or thieving device, including, but not limited to, tools, wires,
24 drills, coins attached to strings or wires or electronic or magnetic devices
25 to facilitate removing from any electronic gaming machine any money or
26 contents thereof, except that a duly authorized agent or employee of the
27 Kansas racing and gaming commission, lottery gaming facility manager or
28 racetrack gaming facility manager may possess and use any of the
29 foregoing only in furtherance of the agent's or employee's employment at
30 the lottery gaming facility or racetrack gaming facility; or

31 (3) possess or use while on the premises of a lottery gaming facility
32 or racetrack gaming facility, or any location where electronic gaming
33 machines are authorized pursuant to this act, any key or device designed
34 for the purpose of or suitable for opening or entering any electronic
35 gaming machine or similar gaming device or drop box.

36 ~~(d)~~(f) Any duly authorized agent or employee of the Kansas racing
37 and gaming commission, a lottery gaming facility manager or a racetrack
38 gaming facility manager may possess and use any of the devices described
39 in ~~subsections (e)(3) and (e)(4)~~ subsection (e)(3) in furtherance of
40 inspection or testing as provided in the Kansas expanded lottery act or in
41 furtherance of such person's employment at any location where any
42 electronic gaming machine or similar gaming device or drop box is
43 authorized pursuant to the Kansas expanded lottery act.

1 Sec. 34. K.S.A. 74-8761 is hereby amended to read as follows: 74-
2 8761. (a) It shall be a severity level 9, nonperson felony for any person to
3 place in operation or continue to have in place any gray machine for use
4 by members of the public at any location in this state.

5 (b) *It shall be the duty of the attorney general and the Kansas racing
6 and gaming commission to enforce the provisions of this section, together
7 with any rules and regulations adopted pursuant thereto. The attorney
8 general and the Kansas racing and gaming commission shall have
9 original jurisdiction to investigate and prosecute violations of this section.*

10 Sec. 35. K.S.A. 75-6202 is hereby amended to read as follows: 75-
11 6202. As used in article 62 of chapter 75 of the Kansas Statutes Annotated,
12 and amendments thereto:

13 (a) "Debtor" means any person who:

14 (1) Owes a debt to the state of Kansas or any state agency or any
15 municipality;

16 (2) owes support to an individual, or an agency of another state, who
17 is receiving assistance in collecting that support under K.S.A. 39-756 or
18 K.S.A. 2020 Supp. 20-378, and amendments thereto, or under part D of
19 title IV of the federal social security act, 42 U.S.C. § 651 et seq., as
20 amended; or

21 (3) owes a debt to a foreign state agency.

22 (b) "Debt" means:

23 (1) Any liquidated sum due and owing to the state of Kansas, or any
24 state agency, municipality or foreign state agency ~~which~~ *that* has accrued
25 through contract, subrogation, tort, operation of law, or any other legal
26 theory regardless of whether there is an outstanding judgment for that sum.
27 A debt shall not include special assessments except when the owner of the
28 property assessed petitioned for the improvement and any successor in
29 interest of such owner of property;

30 (2) any amount of support due and owing an individual, or an agency
31 of another state, who is receiving assistance in collecting that support
32 under K.S.A. 39-756 or K.S.A. 2020 Supp. 20-378, and amendments
33 thereto, or under part D of title IV of the federal social security act, 42
34 U.S.C. § 651 et seq., as amended, ~~which~~ *that* amount shall be considered a
35 debt due and owing the district court trustee or the Kansas department for
36 children and families for the purposes of this act; or

37 (3) any assessment of court costs, fines, fees, moneys expended by
38 the state in providing counsel and other defense services to indigent
39 defendants or other charges ~~which~~ *that* a district court judgment has
40 ordered to be paid to the court and ~~which~~ *that* remain unpaid in whole or in
41 part, and includes any interest or penalties on such unpaid amounts as
42 provided for in the judgment or by law. Such amount also includes the cost
43 of collection when the collection services of a contracting agent are

1 utilized.

2 (c) "Refund" means any amount of income tax refund due to any
3 person as a result of an overpayment of tax, and for this purpose, a refund
4 due to a husband and wife resulting from a joint return shall be considered
5 to be separately owned by each individual in the proportion of each such
6 spouse's contribution to income, as the term "contribution to income" is
7 defined by rules and regulations of the secretary of revenue.

8 (d) "Net proceeds collected" means gross proceeds collected through
9 final setoff against a debtor's earnings, refund or other payment due from
10 the state or any state agency minus any collection assistance fee charged
11 by the director of accounts and reports of the department of administration.

12 (e) "State agency" means any state office, officer, department, board,
13 commission, institution, bureau, agency or authority or any division or unit
14 thereof and any judicial district of this state or the clerk or clerks thereof.
15 "State agency" also shall include any: (1) District court utilizing collection
16 services pursuant to K.S.A. 75-719, and amendments thereto, to collect
17 debts owed to such court; and (2) contracting agent, as defined in K.S.A.
18 75-719, and amendments thereto, with which a district court contracts to
19 collect debts owed to such court. Such contracting agent may directly
20 establish a debt setoff account with the director for the sole purpose of
21 collecting debts owed to courts.

22 (f) "Person" means an individual, proprietorship, partnership, limited
23 partnership, association, trust, estate, business trust, corporation, other
24 entity or a governmental agency, unit or subdivision.

25 (g) "Director" means the director of accounts and reports of the
26 department of administration.

27 (h) "Municipality" means any municipality as defined by K.S.A. 75-
28 1117, and amendments thereto, or any community mental health center
29 organized pursuant to the provisions of K.S.A. 19-4001 et seq., and
30 amendments thereto, and licensed pursuant to K.S.A. 2020 Supp. 39-2001
31 et seq., and amendments thereto, or any mental health clinic organized
32 pursuant to the provisions of K.S.A. 65-211 et seq., and amendments
33 thereto, and licensed pursuant to K.S.A. 2020 Supp. 39-2001 et seq., and
34 amendments thereto.

35 (i) "Payor agency" means any state agency ~~which~~ *that* holds money
36 for, or owes money to, a debtor.

37 (j) "Foreign state or foreign state agency" means the states of
38 Colorado, Missouri, Nebraska or Oklahoma or any agency of such states
39 ~~which~~ *that* has entered into a reciprocal agreement pursuant to K.S.A. 75-
40 6215, and amendments thereto.

41 (k) "Facility owner licensee" ~~shall have the same meaning as the term~~
42 *is means the same as* defined in K.S.A. 74-8802, and amendments thereto.

43 (l) "Racetrack gaming facility manager" ~~shall have the same meaning~~

1 ~~as that term is~~ means the same as defined in K.S.A. 74-8702, and
2 amendments thereto.

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

6 (n) "Prize" ~~shall have the same meaning as that term is~~ means the
7 same as defined in K.S.A. 74-8702, and amendments thereto, and any
8 winnings from parimutuel wagering as provided by the Kansas parimutuel
9 racing act, K.S.A. 74-8801 et seq., and amendments thereto.

10 (o) "*Sports wagering retailer*" means the same as defined in K.S.A.
11 74-8702, and amendments thereto.

12 Sec. 36. K.S.A. 75-6204 is hereby amended to read as follows: 75-
13 6204. (a) Subject to the limitations provided in this act, if a debtor fails to
14 pay a debt or fails to pay to the state of Kansas or any state agency, foreign
15 state agency, municipality or the federal department of the treasury an
16 amount owed, the director may setoff such amount and a reasonable
17 collection assistance fee determined in accordance with K.S.A. 75-6210,
18 and amendments thereto, against any money held for, or any money owed
19 to, such debtor by the state, any state agency or lottery gaming facility
20 manager, racetrack gaming facility manager~~or~~, facility owner licensee *or*
21 *sports wagering retailer*.

22 (b) The director may enter into an agreement with a municipality for
23 participation in the setoff program for the purpose of assisting in the
24 collection of a debt. The director shall include in any such agreement a
25 provision requiring the municipality to certify that the municipality has
26 made at least three attempts to collect a debt prior to submitting such debt
27 to setoff pursuant to this act.

28 (c) The director shall enter into an agreement with a lottery gaming
29 facility manager, racetrack gaming facility manager~~or~~, facility owner
30 licensee *or sports wagering retailer* for participation in the setoff program
31 for the purpose of assisting in the collection of a debt. The director shall
32 include in any such agreement a provision agreeing to defend, indemnify
33 and hold harmless a lottery gaming facility manager, racetrack gaming
34 facility manager~~or~~, facility owner licensee *or sports wagering retailer*
35 with regard to all claims, demands, suits, actions, damages, judgments,
36 costs, charges and expenses, including attorney fees, that may be brought
37 or asserted against a lottery gaming facility manager, racetrack gaming
38 facility manager~~or~~, facility owner licensee *or sports wagering retailer* and
39 that arise from the performance of an agreement to facilitate the collection
40 of debts by a lottery gaming facility manager, racetrack gaming facility
41 manager~~or~~, facility owner licensee *or sports wagering retailer*.

42 (d) (1) Except as provided in ~~subsection (c)(2)~~ *paragraph (2)*, the
43 director shall add the cost of collection and the debt for a total amount

1 subject to setoff against a debtor.

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

9 Sec. 37. K.S.A. 75-6217 is hereby amended to read as follows: 75-
10 6217. (a) Prior to any lottery gaming facility manager, racetrack gaming
11 facility manager~~or~~, facility owner licensee *or sports wagering retailer*
12 paying on behalf of the state any moneys requiring the completion of an
13 internal revenue service form W-2G, the lottery gaming facility manager,
14 racetrack gaming facility manager~~or~~, facility owner licensee *or sports*
15 *wagering retailer* shall cause the person winning the prize to be matched
16 against the state debtor files maintained by the director of accounts and
17 reports as prescribed under K.S.A. 75-6201 et seq., and amendments
18 thereto. If such person is listed in the state debtor files, the prize shall be
19 withheld by the lottery gaming facility manager, racetrack gaming facility
20 manager~~or~~, facility owner licensee *or sports wagering retailer* to the
21 extent of such person's debt as set forth in the state debtor files.

22 (b) The lottery gaming facility manager, racetrack gaming facility
23 manager~~or~~, facility owner licensee *or sports wagering retailer* shall not be
24 subject to any civil, criminal or administrative liability for any actions
25 taken pursuant to this section, unless such actions are intentional,
26 malicious or wanton by such lottery gaming facility manager, racetrack
27 gaming facility manager~~or~~, facility owner licensee *or sports wagering*
28 *retailer*; or employees or agents thereof. The state shall indemnify the
29 lottery gaming facility manager, racetrack gaming facility manager~~or~~,
30 facility owner licensee *or sports wagering retailer* for any and all
31 expenses, losses, damages and attorney fees that arise directly or indirectly
32 from the performance of activities related to this section. For the purposes
33 of the fair debt collection practices act, and any other federal or state law,
34 the lottery gaming facility manager, racetrack gaming facility manager~~or~~,
35 facility owner licensee *or sports wagering retailer* shall have all of the
36 protections of the state under the Kansas tort claims act, K.S.A. 75-6101 et
37 seq., and amendments thereto. The sole remedy at law for persons who
38 claim prizes were wrongfully withheld pursuant to this section shall be to
39 submit an appeal to the department of administration pursuant to K.S.A.
40 75-6201 et seq., and amendments thereto.

41 (c) Moneys withheld, based on the state debtor files, shall be remitted
42 to the state treasurer in accordance with K.S.A. 75-4215, and amendments
43 thereto. The state treasurer shall deposit the entire amount in the state

1 treasury and credit it to the department of administration's setoff clearing
2 fund.

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

5 (e) This section shall be *a* part of and supplemental to the state debt
6 setoff program.

7 Sec. 38. K.S.A. 79-4806 is hereby amended to read as follows: 79-
8 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
9 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
10 shall be transferred and credited to the problem gambling *and addictions*
11 grant fund established by K.S.A. 79-4805, and amendments thereto.

12 Sec. 39. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
13 8718, 74-8733, 74-8734, 74-8741, 74-8743, 74-8751, 74-8752, 74-8757,
14 74-8760, 74-8761, 75-6202, 75-6204, 75-6217 and 79-4806 and K.S.A.
15 2020 Supp. 21-6403 and 21-6507 are hereby repealed.

16 Sec. 40. This act shall take effect and be in force from and after its
17 publication in the statute book.