

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

KANSAS RACING AND GAMING COMMISSION

AGENCY OVERVIEW

January 14, 2016

The Kansas Racing and Gaming Commission (KRGC) is the agency empowered by the Kansas Expanded Lottery Act (KELA) and the Kansas Parimutuel Racing Act to regulate expanded gaming and pari-mutuel wagering in Kansas. The Commission consists of five members appointed by the Governor and confirmed by the Senate for four year terms. The KRGC meets monthly to address regulatory matters related to casino-style gaming and pari-mutuel wagering activity in Kansas.

The day-to-day operations of the agency are administered by an executive director and staff. The KRGC maintains an administrative office in Topeka and employs additional staff at each of the casino locations as well. KRGC enforcement staff at the casinos work 24/7 so they are available at all times the casinos are open.

KRGC regulates three Lottery owned casinos located in Dodge City, Mulvane, and Kansas City. The fourth gaming zone approved by the Expanded Lottery Act has been awarded to facility manager, Kansas Crossing, at a location in southern Crawford County. Due to law suits over the selection, the construction has been delayed. Based on extensions granted by the Lottery we currently anticipate an opening date around January, 2017.

The Commission does not receive funds from the State General Fund. KRGC is totally fee-funded by the lottery gaming facility managers that are under contract with the Kansas Lottery and vendors who pay for their licensing costs.

The KRGC's primary mission is to ensure that state-owned casino-style gaming and pari-mutuel racetrack wagering is conducted with integrity. The Expanded Lottery Act directs KRGC responsibilities.

1. We are charged with creating and enforcing regulations for the lottery owned casinos.
2. We are charged with enforcing criminal laws that arise through the operation of the casinos.
3. We are charged with licensing employees that work for the facility managers.
4. We are charged with conducting backgrounds checks on all casino employees.
5. We are charged with conducting backgrounds checks on all suppliers doing business with the casinos.

The KRGC conducts backgrounds and issues licenses for lottery gaming facility managers and their employees, and gaming and non-gaming suppliers and their employees. KRGC security staff conducted 2200 background investigations in 2015.

In addition to performing background investigations, the agency's on-site security staff monitors casino operations, and casino employee and patron activity for criminal and regulatory compliance in order to maintain the public's confidence in the integrity of gaming in Kansas. The on-site KRGC security staff acts as law enforcement support for the casino's security personnel, and as a liaison between the casino and local law enforcement. In 2015, KRGC enforcement agents investigated 650 incident reports resulting in 250 criminal cases. Criminal cases were for such offenses as stolen gaming vouchers and personal belongings, counterfeit bills and checks, manipulation of slot machines, card cheating, drug possession and trespassing.

The agency's electronic security staff work with gaming machine manufacturers and suppliers to ensure that electronic gaming devices and their supporting systems are programmed and configured to operate in accordance with state law and KRGC regulations. All electronic gaming components are tested and certified to ensure that such gaming devices comply with state law and regulations. In 2015, the Commission approved approximately 3000 electronic gaming components.

KRGC's audit staff review amendments and waivers made to each casino's internal controls to insure that each casino's internal control processes meet or exceed industry standards. Additionally, audit staff review internal and external audit reports generated by each casino and periodically conducts audits to verify compliance with and the effectiveness of internal controls and regulations.

The KRGC administers and maintains the state-sponsored voluntary exclusion program, which at the end of 2015 consisted of 1204 individuals.

The KRGC acts as the state's coordinating agency for questions and complaints regarding illegal gambling. The KRGC receives complaints from the public and local law enforcement about illegal gambling activities occurring in their communities. KRGC agents work with local law enforcement to provide support for the seizure of any illegal gambling devices and/or the prosecution of the illegal gambling activity by providing case preparation assistance and expert testimony. The limited resources of both state and local authorities and higher priority matters reduce the number of cases local authorities are able to pursue and/or prosecute.

The pari-mutuel racetracks in Kansas ceased operations in 2008. Since that time all pari-mutuel wagering licenses have expired and no renewal applications have been filed with the KRGC. Despite the closing of all racetracks, there are still a number of Kansans that breed racing animals in Kansas and operate racing animals in other jurisdictions. There are registration requirements for Kansas bred horses and dogs in the Kansas paramutuel racing laws. KRGC is the agency responsible for overseeing those horse and dog registrations. Breeders continue to operate in Kansas and continue to register their racing animals even though they take their animals out of state for races.