Session of 2025

SENATE BILL No. 260

By Committee on Ways and Means

2-11

AN ACT concerning parimutuel wagering; relating to the Kansas parimutuel racing act; modifying the qualifications for an organization license; redefining horesemen's associations and horsemen's nonprofit organizations; changing the distribution of certain tax revenues; amending K.S.A. 74-8826, 74-8829 and 74-8838 and K.S.A. 2024 Supp. 74-8802 and 74-8814 and repealing the existing sections.

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

Section 1. K.S.A. 2024 Supp. 74-8802 is hereby amended to read as follows: 74-8802. As used in the Kansas parimutuel racing act unless the context otherwise requires:

(a) "Breakage" means the odd cents by which the amount payable on each dollar wagered exceeds:

(1) A multiple of $.10, for parimutuel pools from races conducted in this state; and

(2) a multiple of such other number of cents as provided by law of the host jurisdiction, for interstate combined wagering pools.

(b) "Commission" means the Kansas racing and gaming commission created by this act.

(c) "Concessionaire licensee" means a person, partnership, corporation or association licensed by the commission to utilize a space or privilege within a racetrack facility to sell goods or services.

(d) "Contract" means an agreement, written or oral, between two or more persons, partnerships, corporations or associations, or any combination thereof that creates an obligation between the parties.

(e) "Crossover employment" means a situation in which an occupational licensee is concurrently employed at the same racing facility by an organization licensee and a facility owner licensee or facility manager licensee.

(f) "Dual racetrack facility" means a racetrack facility for the racing of both horses and greyhounds or two immediately adjacent racetrack facilities, owned by the same licensee, one for racing horses and one for racing greyhounds.

(g) "Employee" means a person who has applied for a position of employment or is currently employed by the commission.

(h) "Executive director" means the executive director of the

commission.

(i) "Facility manager licensee" means a person, partnership, corporation or association licensed by the commission and having a contract with an organization licensee to manage a racetrack facility located in Sedgwick county.

(j) "Facility owner licensee" means a person, partnership, corporation or association, or the state of Kansas or any political subdivision thereof, licensed by the commission to construct or own a racetrack facility located in Sedgwick county. "Facility owner licensee" does not mean an organization licensee that owns the racetrack facility in which it conducts horse or greyhound racing.

(k) "Fair association" means an association organized pursuant to K.S.A. 2-125 et seq., and amendments thereto or a nonprofit association determined by the commission to be otherwise organized to conduct fair activities pursuant to findings of fact entered by the commission in a license order.

(l) "Financial interest" means an interest that could result directly or indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a result of ownership or interest in a business entity or activity or as a result of a salary, gratuity or other compensation or remuneration from any person.

(m) "Greyhound" means any greyhound breed of dog properly registered with the national greyhound association of Abilene, Kansas.

(n) "Historical horse race machine" means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the commission that, upon insertion of cash, tokens, electronic cards or any consideration, is available to accept wagers on and simulate the running of historical horse races, and that may deliver or entitle the patron operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Historical horse race machines shall use historically accurate information of the horse race selected to determine the place of finish of each horse. No random number generator or other algorithm shall be used for determining the results of an historical horse race. Historical horse race machines shall be directly linked to a central computer at a location determined by the commission for purposes of security, monitoring and auditing.

(o) "Horsemen's association" means any association or corporation:

(1) All officers, directors, members and shareholders of which are licensed owners of horses or licensed trainers of horses, or both;

(2) applying for or has been issued a facility owner license authorizing ownership of ~~Eureka Downs, Anthony Downs or~~ a racetrack facility ~~on or adjacent to premises used by a fair association to conduct fair activities~~; and

(3) none of the officers, directors, members or shareholders of which holds another facility owner license or is an officer, director, member or shareholder of another facility owner licensee.

(p) "Horsemen's nonprofit organization" means any nonprofit organization:

(1) All officers, directors, members or shareholders of which are licensed owners of horses or licensed trainers of horses, or both; and

(2) applying for or has been issued an organization license authorizing the conduct of horse races at ~~Eureka Downs, Anthony Downs or~~ a racetrack facility ~~on or adjacent to premises used by a fair association to conduct fair activities~~.

(q) "Host facility" means the racetrack at which the race is run or, if the race is run in a jurisdiction that is not participating in the interstate combined wagering pool, the racetrack or other facility that is designated as the host facility.

(r) "Host jurisdiction" means the jurisdiction where the host facility is located.

(s) "Interstate combined wagering pool" means a parimutuel pool established in one jurisdiction that is combined with comparable parimutuel pools from one or more racing jurisdictions for the purpose of establishing the amount of money returned on a successful wager in the participating jurisdictions.

(t) "Intertrack wagering" means wagering on a simulcast race at a licensed racetrack facility or at a facility that is licensed in its racing jurisdiction to conduct live races.

(u) "Intrastate combined wagering pool" means a parimutuel pool that is combined with comparable parimutuel pools from one or more racetrack facilities for the purpose of establishing the amount of money returned on a successful wager at the participating racetrack facilities.

(v) "Kansas-whelped greyhound" means a greyhound whelped and raised in Kansas for the first six months of its life.

(w) "Licensee" means a person who has submitted an application for licesure or currently holds a license issued by the commission.

(x) "Minus pool" means a parimutuel pool in which, after deducting the takeout, not enough money remains in the pool to pay the legally prescribed minimum return to those placing winning wagers, and in which the organization licensee would be required to pay the remaining amount due.

(y) "Nonprofit organization" means:

(1) A corporation that is incorporated in Kansas as a not-for-profit corporation pursuant to the Kansas general corporation code and the net earnings of which do not inure to the benefit of any shareholder, individual member or person; or

(2) a fair association.

(z) "Occupation licensee" means a person licensed by the commission to perform an occupation or provide services that the commission has identified as requiring a license pursuant to this act.

(aa) "Off-track wagering" means wagering on a simulcast race at a facility that is not licensed in its jurisdiction to conduct live races.

(bb) "Organization licensee" means a nonprofit organization licensed by the commission to conduct races pursuant to this act and, if the license so provides, to construct or own a racetrack facility.

(cc) "Parimutuel pool" means the total money wagered by individuals on one or more horses or greyhounds in a particular horse or greyhound race to win, place or show, or combinations thereof, as established by the commission, and, except in the case of an interstate or intrastate combined wagering pool, held by the organization licensee pursuant to the parimutuel system of wagering. There is a separate parimutuel pool for win, for place, for show and for each of the other forms of betting provided for by the rules and regulations of the commission.

(dd) "Parimutuel wagering" means a form of wagering on the outcome of horse and greyhound races, including historical horse races conducted by an historical horse race machine, in which those who wager purchase tickets of various denominations on one or more horses or greyhounds and all wagers for each race are pooled and the winning ticket holders are paid prizes from such pool in amounts proportional to the total receipts in the pool.

(ee) "Race meeting" means one or more periods of racing days during a calendar year designated by the commission for which an organization licensee has been approved by the commission to hold live horse or greyhound races or simulcast horse races at which parimutuel wagering is conducted, including such additional time as designated by the commission for the conduct of official business before and after the races.

(ff) "Racetrack facility" means a racetrack within Kansas used for the racing of horses or greyhounds, or both, including the track surface, grandstands, clubhouse, all animal housing and handling areas, other areas in which a person may enter only upon payment of an admission fee or upon presentation of authorized credentials and such additional areas as designated by the commission. The term "racetrack facility" includes a facility used for the display of and wagering on simulcast races and the operation of historical horse race machines without any live horse or greyhound races being conducted.

(gg) "Racing jurisdiction" or "jurisdiction" means a governmental authority that is responsible for the regulation of live or simulcast racing in its jurisdiction.

(hh) "Racing or wagering equipment or services licensee" means any

person, partnership, corporation or association licensed by the commission to provide integral racing or wagering equipment or services, as designated by the commission, to an organization licensee.

(ii) "Recognized greyhound owners' group" means the duly recognized group elected in accordance with rules and regulations of the commission by a majority of the Kansas licensed greyhound owners at the racetrack facility voting in the election. The commission may designate an organization such as the national greyhound association of Abilene, Kansas, to conduct the election.

(jj) "Recognized horsemen's group" means the duly recognized group, representing the breeds of horses running at a racetrack facility, elected in accordance with rules and regulations of the commission by a majority of the licensed owners and trainers at the racetrack facility voting in the election. If the licensee does not have a recognized horsemen's group, the commission shall designate as the recognized horsemen's group one that serves another organization licensee, but not one that serves a fair association organization licensee.

(kk) "Simulcast" means a live audio-visual broadcast of an actual horse race at the time it is run.

(ll) "Takeout" means the total amount of money withheld from each parimutuel pool for the payment of purses, taxes and the share to be kept by the organization licensee. Takeout does not include the breakage. The balance of each pool less the breakage is distributed to the holders of winning parimutuel tickets.

Sec. 2. K.S.A. 2024 Supp. 74-8814 is hereby amended to read as follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the commission shall establish by rules and regulations an application fee not exceeding $50 for an organization license and a license fee of $25 for each day of racing approved by the commission for any organization granted an organization license.

(2) *Subject to paragraphs (3) and (4),* any fair association, horsemen's nonprofit organization or the national greyhound association of Abilene, Kansas, may apply for an organization license if:

(A) Such organization conducts not more than two race meetings each year; *and*

(B) ~~such race meets are held within the boundaries of the county where the applicant is located; and~~

~~(C)~~ such race meetings are held for a total of not more than 40 days per year.

(3) If the applicant is a fair association intending to conduct live horse racing, then, along with an application for an organization license, such applicant shall submit documentation demonstrating such applicant is approved for such license by:

(A) The Kansas quarter horse racing association and the Kansas thoroughbred association; or

(B) a horsemen's nonprofit organization.

(4) If the applicant is a horsemen's nonprofit organization intending to conduct live horse racing, such applicant shall not conduct live horse racing prior to March 1, 2028, unless such licensee intends to conduct such races at Eureka Downs.

(b) The commission shall adopt rules and regulations providing for simplified and less costly procedures and requirements for fair associations and horsemen's nonprofit organizations applying for or holding a license to conduct race meetings.

(c) The Kansas racing and gaming commission shall investigate:

(1) The president, ~~vice-president~~ *vice president*, secretary and treasurer of a fair association, and such other members as the commission considers necessary, to determine eligibility for an organization license;

(2) each officer and each director of a ~~nonprofit~~ horsemen's *nonprofit* organization, and such other members or shareholders as the commission considers necessary to determine eligibility for an organization license.

(d) Except as otherwise provided by this section, all applicants for organization licenses for the conduct of race meetings pursuant to the provisions of this section shall be required to comply with all the provisions of K.S.A. 74-8813, and amendments thereto.

Sec. 3. K.S.A. 74-8826 is hereby amended to read as follows: 74-8826. (a) There is hereby created the state racing fund in the state treasury.

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

(c) Except as otherwise provided by this act, all operating expenses of the commission and moneys for the promotion of horse and greyhound racing appropriated by the legislature shall be paid from the state racing fund. On January 15, 1990, and on the 15th day of each month thereafter, and at such other times as provided by law, the director of accounts and reports shall transfer to the state gaming revenues fund created by K.S.A. 79-4801, and amendments thereto, any moneys in the state racing fund on

each such date in excess of the amount required for operating expenditures*, transfers made pursuant to subsection (d)* and an adequate fund balance, taking into consideration encumbrances, anticipated revenues, revenue and expenditure experience to date and other relevant factors, as determined by the executive director and the director of accounts and reports.

(d) *(1) On or before July 15, 2025, and on the 15th day of each month thereafter, of the moneys in the state racing fund in excess of the amount required for operating expenditures 30% of such moneys credited to the state racing fund from tax revenues collected on wagers on historical horse races pursuant to K.S.A. 74-8823(a)(5), and amendments thereto, shall be transferred by the director of accounts and reports from the state racing fund to the Kansas horse breeding development fund established in K.S.A. 74-8829, and amendments thereto.*

(2) On or before July 15, 2025, and on the 15th day of each month thereafter, of the moneys in the state racing fund in excess of the amount required for operating expenditures 70% of such moneys credited to the state racing fund from tax revenues collected on wagers on historical horse races pursuant to K.S.A. 74-8823(a)(5), and amendments thereto, shall be transferred by the director of accounts and reports from the state racing fund to the horse fair racing benefit fund established in K.S.A. 74-8838, and amendments thereto.

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

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

Sec. 4. K.S.A. 74-8829 is hereby amended to read as follows: 74-8829. (a) There is hereby created in the state treasury the Kansas horse breeding development fund to which moneys shall be credited as provided by this act. Expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports

issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(b) Moneys credited to the Kansas horse breeding development fund, including any moneys in the fund on March 24, 1994, and any moneys credited to the fund on or after that date, shall be apportioned into categories corresponding with the various breeds of horses ~~which~~ *that* are participating in live races with parimutuel wagering conducted by organization licensees in direct proportion to the number of horses in each category participating in such live races and shall be used in each category to provide:

(1) Purse supplements to owners of Kansas-bred horses;

(2) stakes and awards to be paid to the owners of the winning Kansas-bred horses in certain races as determined by the commission;

(3) a stallion award to each owner of a Kansas-registered stallion ~~which~~ *that* is the sire of a Kansas-bred horse if such horse ~~wins or wins, places or shows~~ *competes* in any *recognized parimutuel* race ~~conducted at a Kansas race meeting, but~~ *and finishes at a level determined by the commission for such award.* No such award shall be paid to the owner of a ~~Kansas~~ *Kansas-registered* stallion that served outside Kansas at any time during the calendar year in which the ~~winning~~ Kansas-bred horse was conceived;

(4) a breeder's award to each owner of a Kansas-registered mare which is the dam of a Kansas-bred horse if such horse ~~wins or wins, places or shows~~ *competes* in any *recognized parimutuel* race ~~conducted at a Kansas race meeting~~ *and finishes at a level determined by the commission for such award*; and

(5) moneys for equine research through institutions of higher education under the state board of regents.

Sec. 5. K.S.A. 74-8838 is hereby amended to read as follows: 74-8838. (a) The state treasurer shall credit $^1/_3$ of the taxes on the takeout from parimutuel pools for simulcast races, as certified by the executive director, to the horse fair racing benefit fund, which is hereby created in the state treasury.

(b) Twenty-five percent of all moneys credited to the horse fair racing benefit fund may be expended, upon application to the commission, for capital improvements to racetrack facilities ~~on or adjacent to premises used by a fair association to conduct fair racing activities~~.

(c) *Fifteen percent of all moneys credited to the horse fair racing benefit fund may be expended, upon application to the commission, by a nonprofit horsemen's organization for the promotion of the parimutuel racing industry in this state.*

(d) The remaining moneys in the horse fair racing benefit fund shall be expended only for:

(1) Reimbursement of the commission for the commission's administrative costs, as established by rules and regulations of the commission, related to race meetings conducted by a fair association or a horsemen's nonprofit organization, including the cost of stewards, racing judges and assistant animal health officers performing services at such race meetings;

(2) paying the costs of totalisator expenses incurred by an organization licensee that is a fair association or horsemen's nonprofit organization;

(3) paying the costs of background investigations required under the Kansas parimutuel racing act for members of a fair association or horsemen's nonprofit organization;

(4) *paying the costs related to any lease agreement for land, equipment or other materials necessary to conduct a race meeting;*

(5) purse supplements at race meetings conducted by a fair association or horsemen's nonprofit organization;

~~(5)~~*(6)* basic operating assistance grants to an organization licensee that is a fair association or horsemen's nonprofit organization; and

~~(6)~~*(7)* costs for employment of key racing officials, as determined by the commission, incurred by an organization licensee that is a fair association or horsemen's nonprofit organization.

~~(d)~~*(e)* The commission shall adopt rules and regulations establishing procedures for distributing moneys in the horse fair racing benefit fund to fair associations and nonprofit horsemen's organizations for the purposes provided by this section.

~~(e)~~*(f)* Expenditures from the horse fair racing benefit fund related to the conduct of a race meeting shall not be allocated to any organization licensee for a period exceeding 40 days.

~~(f)~~*(g)* Expenditures from the horse fair racing benefit fund shall not be allocated to any organization licensee to support the conduct of parimutuel greyhound races unless the organization licensee conducts an equal or greater number of parimutuel horse races during the race meeting.

~~(g)~~*(h)* Expenditures from the horse fair racing benefit fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

Sec. 6. K.S.A. 74-8826, 74-8829 and 74-8838 and K.S.A. 2024 Supp. 74-8802 and 74-8814 are hereby repealed.

Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.