

3
4 **Substitute for HOUSE BILL No. 2183**

5
6 By Committee on Tourism

7
8 4-10
9

10 AN ACT concerning lotteries; authorizing electronic gaming machines
11 at certain locations; amending K.S.A. 2001 Supp. 19-101a, 74-8702,
12 74-8710, 74-8711 and 79-4805 and repealing the existing sections.
13

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

15 Section 1. K.S.A. 2001 Supp. 74-8702 is hereby amended to read as
16 follows: 74-8702.As used in the Kansas lottery act, unless the context
17 otherwise requires:

18 (a) "Commission" means the Kansas lottery commission.

19 (b) "Executive director" means the executive director of the Kansas
20 lottery.

21 ~~(c) "Gaming equipment" means any electric, electronic or mechani-~~
22 ~~cal device or other equipment unique to the Kansas lottery used directly~~
23 ~~in the operation of any lottery and in the determination of winners pur-~~
24 ~~suant to this act.~~

25 (c) "Gaming equipment" means any electric, electronic, computerized
26 or electromechanical machine, mechanism, supply or device, or any other
27 equipment, which is: (1) Unique to the Kansas lottery and used pursuant
28 to the Kansas lottery act; (2) integral to the operation of an electronic
29 gaming machine; or (3) affects the results of an electronic gaming machine
30 by determining win or loss.

31 (d) "Kansas lottery" means the state agency created by this act to
32 operate a lottery or lotteries pursuant to this act.

33 (e) "Lottery retailer" means any person with whom the Kansas lottery
34 has contracted to sell lottery tickets or shares, or both, to the public.

35 (f) "Lottery" or "state lottery" means the lottery or lotteries operated
36 pursuant to this act.

37 (g) "Major procurement" means any gaming product or service, in-
38 cluding but not limited to facilities, advertising and promotional services,
39 annuity contracts, prize payment agreements, consulting services, equip-
40 ment, tickets and other products and services unique to the Kansas lot-
41 tery, but not including materials, supplies, equipment and services com-
42 mon to the ordinary operations of state agencies.

43 (h) "Person" means any natural person, association, *limited liability*

1 *company*, corporation or partnership.

2 (i) “Prize” means any prize paid directly by the Kansas lottery pur-
3 suant to its rules and regulations.

4 (j) “Share” means any intangible manifestation authorized by the
5 Kansas lottery to prove participation in a lottery game.

6 (k) “Ticket” means any tangible evidence issued by the Kansas lottery
7 to prove participation in a lottery game.

8 (l) “Vendor” means any person who has entered into a major pro-
9 curement contract with the Kansas lottery.

10 (m) “Returned ticket” means any ticket which was transferred to a
11 lottery retailer, which was not sold by the lottery retailer and which was
12 returned to the Kansas lottery for refund by issuance of a credit or
13 otherwise.

14 (n) “Video lottery machine” means any electronic video game ma-
15 chine that, upon insertion of cash, is available to play or simulate the play
16 of a video game authorized by the commission, including but not limited
17 to bingo, poker, black jack and keno, and which uses a video display and
18 microprocessors and in which, by chance, the player may receive free
19 games or credits that can be redeemed for cash.

20 (o) (1) “Lottery machine” means any machine or device that allows
21 a player to insert cash or other form of consideration and may deliver as
22 the result of an element of chance, regardless of the skill required by the
23 player, a prize or evidence of a prize, including, but not limited to:

24 (A) Any machine or device in which the prize or evidence of a prize
25 is determined by both chance and the player’s or players’ skill, including,
26 but not limited to, any machine or device on which a lottery game or
27 lottery games, such as poker or blackjack, are played;

28 (B) any machine or device in which the prize or evidence of a prize
29 is determined only by chance, including, but not limited to, any slot ma-
30 chine or bingo machine; or

31 (C) any lottery ticket vending machine, such as a keno ticket vending
32 machine, pull-tab vending machine or an instant-bingo vending machine.

33 (2) “Lottery machine” shall not mean:

34 (A) Any food vending machine defined by K.S.A. 36-501, and amend-
35 ments thereto;

36 (B) any nonprescription drug machine authorized under K.S.A. 65-
37 650, and amendments thereto;

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

40 (D) *any electronic gaming machine operated in accordance with the*
41 *provisions of the Kansas gaming act; or*

42 (E) any machine excluded from the definition of gambling devices
43 under subsection (d) of K.S.A. 21-4302, and amendments thereto.

1 (p) “Electronic gaming machine” means any electronic, electromechanical, video or computerized device, contrivance or machine authorized by the Kansas lottery which, upon insertion of cash, tokens, electronic cards or any consideration, is available to play, operate or simulate the play of a game authorized by the Kansas lottery at a parimutuel licensee location, including, but not limited to, bingo, poker, blackjack, keno and slot machines, and which may deliver or entitle the player operating the machine to receive cash, tokens, merchandise or credits that may be redeemed for cash. Electronic gaming machines may use bill validators and may be single-position reel-type, single or multi-game video and single-position multi-game video electronic game, including but not limited to, poker, blackjack and slot machines. Electronic gaming machines shall be directly linked to a central computer at a location determined by the executive director for purposes of security, monitoring and auditing.

15 (q) “Facility owner licensee,” “facility manager licensee” and “organization licensee” have the meanings provided by K.S.A. 74-8802, and amendments thereto.

18 (r) “Key gaming employee” means any natural person 21 years of age or older employed by or under contract with a lottery gaming machine contractor or employed by or under contract with a person providing on or off-site management or employee-related services to the lottery gaming machine contractor, including, but not limited to: (1) Gaming machine contractor manager and assistant manager; (2) facilities operator manager; (3) electronic games manager; (4) accounting department personnel; (5) count room employees; (6) cage department employees, including cashiers and main bank employees; (7) vault department employees; (8) approvers of credit; (9) surveillance department employees; (10) security department employees; (11) floor managers; (12) electronic gaming machine technicians; (13) custodians of electronic gambling machines, including persons with access to cash and accounting records within such machines; (14) collection personnel; (15) internal auditors of the lottery gaming machine contractor; and (16) any employee whose total cash compensation is in excess of \$50,000 per year.

34 (s) “Lottery gaming machine contractor” means any parimutuel licensee with which the executive director has contracted for the placement of an electronic gaming machine pursuant to this act.

37 (t) “Net machine income” means the total of all cash and the face value of all tokens or electronic cards placed in an electronic gaming machine, less cash, merchandise or credits that may be redeemed for cash paid to players as winnings.

41 (u) “Parimutuel licensee” means a facility owner licensee or a facility manager licensee.

43 (v) “Parimutuel licensee location” means: (1) A racetrack facility, as

1 *defined by K.S.A. 74-8802, and amendments thereto, where live horse*
2 *racing or live greyhound racing has been authorized or for which an*
3 *application for authorization to conduct live horse racing or live grey-*
4 *hound racing pursuant to the Kansas parimutuel racing act is pending*
5 *prior to February 1, 2000; (2) a facility located on real estate where such*
6 *racetrack facility is located; or (3) a racetrack facility located at, on or*
7 *immediately adjacent to the real estate of Eureka Downs or Anthony*
8 *Downs. A parimutuel licensee location may include any existing structure*
9 *at a racetrack facility described in this subsection or any structure that*
10 *may be constructed on real estate where such racetrack facility is located.*

11 (w) *“Progressive electronic game” means a game played on an elec-*
12 *tronic gaming machine for which the payoff increases uniformly as the*
13 *game is played and for which the jackpot, determined by application of*
14 *a formula to the income of independent, local or interlinked electronic*
15 *gaming machines, may be won.*

16 (x) *“Technology provider” means any person or entity other than a*
17 *lottery gaming machine contractor that designs, manufactures, installs,*
18 *operates, distributes, supplies or replaces an electronic gaming machine*
19 *for sale, lease or use in accordance with this act.*

20 (y) *“Token” means a metal or other representative of value, which is*
21 *not legal tender, redeemable for cash only by the issuing lottery gaming*
22 *machine contractor at its parimutuel licensee location and issued and sold*
23 *by a lottery gaming machine contractor for the sole purpose of playing*
24 *an electronic gaming machine.*

25 New Sec. 2. (a) Sections 2 through ~~24~~ **[25]**, and amendments
26 thereto, shall be known as the Kansas gaming act and shall be part of and
27 supplemental to the Kansas lottery act.

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

32 New Sec. 3. (a) The executive director may contract with parimutuel
33 licensees for the operation and management, by the state of Kansas, of
34 electronic gaming machines at parimutuel licensee locations in counties
35 where a proposition submitted pursuant to section 5, and amendments
36 thereto, has been approved by the voters of such county. Such contracts
37 shall be subject to the provisions of this act and rules and regulations
38 adopted under this act but shall not be subject to the provisions of K.S.A.
39 75-3738 through 75-3744, and amendments thereto.

40 (b) The executive director shall select as lottery gaming machine con-
41 tractors such parimutuel licensees as the executive director deems best
42 able to serve the public convenience and promote marketing plans de-
43 veloped by the Kansas lottery. In the selection of lottery gaming machine

1 contractors, the executive director shall consider factors such as financial
2 responsibility, security of the licensee location, integrity, reputation, vol-
3 ume of expected sales and such other factors as the executive director
4 may deem appropriate.

5 (c) The executive director may charge an administrative application
6 fee, reasonably related to the costs of processing the application, to par-
7 imutuel licensees applying to become lottery gaming machine
8 contractors.

9 (d) A contract shall not constitute property, nor shall it be subject to
10 attachment, garnishment or execution, nor shall it be alienable or trans-
11 ferable, except upon approval by the executive director, or subject to
12 being encumbered or hypothecated. No interest in the contract shall de-
13 scend by the laws of testate or intestate devolution but any interest shall
14 cease and expire upon the death of the parimutuel licensee or interest
15 holders in the parimutuel license except that executors, administrators or
16 representatives of the estate of any deceased licensee and the trustee of
17 any insolvent or bankrupt licensee may continue to operate pursuant to
18 the contract under order of the appropriate court for no longer than one
19 year after the death, bankruptcy or insolvency of such licensee.

20 (e) Each lottery gaming machine contractor shall be issued a lottery
21 gaming machine contractor certificate which shall be conspicuously dis-
22 played at the place where the lottery gaming machine contractor is au-
23 thorized to operate and manage electronic gaming machines.

24 (f) To be selected as a lottery gaming machine contractor, a pari-
25 mutuel licensee must:

26 (1) Have sufficient financial resources to support the activities re-
27 quired under this act;

28 (2) be current in payment of all taxes, interest and penalties owed to
29 any taxing subdivision where the parimutuel licensee is located; and

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

33 (g) The lottery gaming machine contractor, at its own expense, shall
34 purchase for the Kansas lottery a license for all software programs used
35 by such lottery gaming machine contractor to operate electronic gaming
36 machines. The Kansas lottery shall be the licensee and owner of all such
37 software programs and shall sublicense such software programs to each
38 lottery gaming machine contractor. A parimutuel licensee may own or
39 lease, on behalf of the Kansas lottery and at the licensee's own expense,
40 electronic gaming machines for placement at the parimutuel licensee lo-
41 cation or the Kansas lottery with the consent of the parimutuel licensee
42 may lease such machines for placement at the parimutuel licensee loca-
43 tion, subject to reimbursement of the Kansas lottery by the parimutuel

1 licensee for all expenses related to leasing, installing, operating and man-
2 aging such machines. Electronic gaming machines purchased or leased
3 by the lottery gaming machine contractor, at its own expense, may be
4 installed, operated or managed, owned or leased by a lottery gaming ma-
5 chine contractor or by a technology provider under contract with the
6 lottery gaming machine contractor as provided by this act. All electronic
7 gaming machines under this act shall be subject to the ultimate control
8 of the Kansas lottery in accordance with this act. Each specific type of
9 electronic gaming machine shall be approved by the Kansas lottery in
10 accordance with K.S.A. 74-8710, and amendments thereto. The use of
11 progressive electronic gaming machines is expressly permitted.

12 (h) Each contract between the Kansas lottery and a lottery gaming
13 machine contractor shall provide that the Kansas lottery shall receive all
14 of the net machine income derived from the operation of electronic gam-
15 ing machines at the parimutuel licensee location.

16 (i) Contracts authorized by this section may include provisions relat-
17 ing to:

18 (1) Accounting procedures to determine the net machine income,
19 unclaimed merchandise and credits.

20 (2) The location and operation of electronic gaming machines at the
21 parimutuel licensee location. Except as provided by this act, the days and
22 hours of operation and the number of such electronic gaming machines
23 shall not be restricted.

24 (3) Minimum requirements for an electronic gaming machine con-
25 tractor to provide qualified oversight, security and supervision of the op-
26 eration of electronic gaming machines at the parimutuel licensee location,
27 including the use of qualified personnel with experience in applicable
28 technology.

29 (4) The eligibility requirements for employees of a lottery gaming
30 machine contractor who will have responsibility for the handling of cash
31 or tokens. Such requirements may include a background investigation
32 performed by the Kansas racing and gaming commission and that any key
33 gaming employee shall be licensed as provided in section 17, and amend-
34 ments thereto.

35 (5) Provision for termination of the contract by either party for cause,
36 including but not limited to, failure of the lottery gaming machine con-
37 tractor to maintain a parimutuel license in accordance with K.S.A. 74-
38 8801 *et seq.*, and amendments thereto, failure of the lottery gaming ma-
39 chine contractor to collect and remit net machine income pursuant to
40 section 8, and amendments thereto.

41 (6) Any other provision deemed necessary by the parties pursuant to
42 this section.

43 (j) The initial term of a contract pursuant to this section shall be not

1 less than the remaining term of the Kansas lottery. Such contract may be
2 renewed with each extension of the Kansas lottery as provided in K.S.A.
3 74-8723, and amendments thereto.

4 (k) (1) The Kansas lottery shall examine prototypes of electronic
5 gaming machines and shall notify the Kansas racing and gaming commis-
6 sion which such types of electronic gaming machines are in compliance
7 with the requirements of this act.

8 (2) No electronic gaming machine shall be operated at a parimutuel
9 licensee location pursuant to this act unless the executive director of the
10 Kansas racing and gaming commission first issues a certificate for such
11 machine authorizing its use at a specified parimutuel licensee location.

12 (3) Each electronic gaming machine shall have the certificate prom-
13 inently displayed thereon. Any machine which does not display the cer-
14 tificate required by this section is contraband and a public nuisance sub-
15 ject to confiscation by any law enforcement officer.

16 (4) The executive director shall require any manufacturer, supplier,
17 provider, lottery gaming machine contractor or other person seeking the
18 examination and certification of electronic gaming machines to pay the
19 anticipated actual costs of the examination in advance. After the comple-
20 tion of the examination, the executive director shall refund any over-
21 payment or charge and collect amounts sufficient to reimburse the ex-
22 ecutive director for any underpayment of actual costs. The executive
23 director may contract for the examination of electronic gaming machines
24 as required by this subsection, and may rely upon testing done by or for
25 other states regulating electronic gaming machines, if the executive di-
26 rector deems such testing to be reliable and in the best interest of the
27 state of Kansas.

28 (l) Electronic gaming machines operated pursuant to this act shall:

29 (1) Pay out an average of not less than 87% of the amount wagered
30 over the life of the machine;

31 (2) be directly linked to a central lottery communications system to
32 provide auditing and other program information as approved by the Kan-
33 sas lottery. The executive director shall select the computer system most
34 suitable for conducting the monitoring and auditing functions required
35 by this act. The communications systems certified by the Kansas lottery
36 shall not limit participation to only one electronic gaming machine man-
37 ufacturer, distributor, supplier or provider; and

38 (3) be on-line and in constant communication with a central com-
39 puter located at a location determined by the executive director. The
40 lottery gaming machine contractor shall lease or purchase at its own ex-
41 pense for the Kansas lottery all gaming equipment necessary to imple-
42 ment such central communications and auditing functions.

43 (m) No employee, contractor or other person in any way affiliated

1 with an electronic gaming machine contractor shall loan money to or
2 otherwise extend credit to patrons of a parimutuel licensee location.

3 New Sec. 4. In addition to the powers granted pursuant to K.S.A.
4 74-8704 and section 3, and amendments thereto, the executive director
5 shall have the power to:

6 (a) Enter into contracts with parimutuel licensees for placement and
7 replacement of electronic gaming machines at parimutuel licensee loca-
8 tions. Such contracts shall be subject to rules and regulations adopted
9 pursuant to this act but shall not be subject to the provisions of K.S.A.
10 75-3738 through 75-3744, and amendments thereto.

11 (b) Examine or cause to be examined by any agent or representative
12 designated by the executive director any books, papers, records or mem-
13 oranda of any lottery gaming machine contractor for the purpose of as-
14 certaining compliance with the provisions of the Kansas lottery act or rules
15 and regulations adopted thereunder.

16 (c) Issue subpoenas to compel access to or for the production of any
17 books, papers, records or memoranda in the custody or control of any
18 lottery gaming machine contractor, or to compel the appearance of any
19 lottery gaming machine contractor for the purpose of ascertaining com-
20 pliance with the provisions of this act or rules and regulations adopted
21 hereunder. Subpoenas issued under the provisions of this subsection may
22 be served upon natural persons and corporations in the manner provided
23 in K.S.A. 60-304, and amendments thereto, for the service of process by
24 any officer authorized to serve subpoenas in civil actions or by the exec-
25 utive director or an agent or representative designated by the executive
26 director. In the case of the refusal of any person to comply with any such
27 subpoena, the executive director may make application to the district
28 court of any county where such books, papers, records, memoranda or
29 person is located for an order to comply.

30 (d) Inspect and view the operation of all machines, systems or facil-
31 ities where electronic gaming machines controlled and operated by the
32 Kansas lottery are located.

33 (e) Inspect and approve, prior to publication or distribution, all ad-
34 vertising by a lottery gaming machine contractor which includes any ref-
35 erence to the Kansas lottery.

36 New Sec. 5. (a) Electronic gaming machines shall be operated pur-
37 suant to this act only in counties where, in accordance with this section,
38 the qualified voters of the county have voted to permit operation of elec-
39 tronic gaming machines at parimutuel licensee locations within the
40 county.

41 (b) The board of county commissioners of any county where there is
42 a parimutuel licensee location may submit by resolution, and shall submit
43 upon presentation of a petition filed in accordance with subsection (c),

1 to the qualified voters of the county a proposition to permit the operation
2 of electronic gaming machines at parimutuel licensee locations within the
3 county. The proposition shall be submitted to the voters either in a coun-
4 tywide special election called by the board of county commissioners for
5 that purpose and held not less than 90 days after the resolution is adopted
6 or the petition is filed or at the next general election, as shall be specified
7 by the board of county commissioners or in the petition, as the case may
8 be.

9 (c) A petition to submit a proposition to the qualified voters of a
10 county pursuant to this section shall be filed with the county election
11 officer. The petition shall be signed by qualified voters of the county equal
12 in number to not less than 10% of the voters of the county who voted for
13 the office of secretary of state at the last preceding general election at
14 which such office was elected. The following shall appear on the petition:
15 “We request an election to determine whether the operation of electronic
16 gaming machines by the Kansas lottery shall be permitted in _____
17 county at parimutuel licensee locations.”

18 (d) Upon the adoption of a resolution or the submission of a valid
19 petition calling for an election pursuant to this section, the county election
20 officer shall cause the following propositions to be placed on the ballot
21 at the election called for that purpose: “Shall the operation of electronic
22 gaming machines by the Kansas lottery be permitted in _____
23 county at parimutuel licensee locations?”

24 (e) If a majority of the votes cast and counted at such election is in
25 favor of permitting the operation of such games at parimutuel licensee
26 locations, the executive director may enter into contracts with such li-
27 censees to operate such games at parimutuel licensee locations in the
28 county. If a majority of the votes cast and counted at an election under
29 this section is against permitting the operation of electronic gaming ma-
30 chines at parimutuel licensee locations in the county, the Kansas lottery
31 shall not operate such games in the county. The county election officer
32 shall transmit a copy of the certification of the results of the election to
33 the executive director and to the Kansas racing and gaming commission.

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

37 (g) If in any election provided for by this section a majority of the
38 votes cast and counted is against the proposition permitting the operation
39 of electronic gaming machines in the county, another election submitting
40 the same proposition shall not be held for at least four years from the
41 date of such election.

42 New Sec. 6. (a) All purse supplements paid pursuant to this act shall
43 be according to the point schedule in effect on January 1, 2002, at the

1 racetrack facility in Sedgwick county. All purse supplements paid pursu-
2 ant to this section shall be in addition to purses and supplements paid
3 under K.S.A. 74-8801 et seq., and amendments thereto.

4 (b) Except as provided in subsection (e), no electronic gaming ma-
5 chine shall be operated pursuant to this act at a parimutuel licensee lo-
6 cation unless the facility where the electronic gaming machine is operated
7 displays live and simulcast parimutuel races on video terminals and has
8 installed parimutuel windows for wagering on parimutuel races.

9 (c) Except as provided in subsection (d):

10 (1) No electronic gaming machine shall be operated pursuant to this
11 act at a parimutuel licensee location in Sedgwick county unless, during
12 the first full calendar year and each year thereafter in which electronic
13 gaming machines are operated at such location, the parimutuel licensee
14 shall conduct at such location at least 8 live racing programs each calendar
15 week for 49 weeks, with at least 13 live races conducted each program.

16 (2) No electronic gaming machine shall be operated pursuant to this
17 act at a parimutuel licensee location in Wyandotte county unless, during
18 the first full calendar year and each year thereafter in which electronic
19 gaming machines are operated at such location, the parimutuel licensee
20 shall conduct live horse racing programs for at least 60 days, with at least
21 ten live races conducted each program; with a minimum of seven live
22 thoroughbred and three live quarterhorse races per day and at least eight
23 live dog racing programs each calendar week for at least 49 weeks, with
24 at least 13 live races conducted each program.

25 (3) No electronic gaming machine shall be operated pursuant to this
26 act at a parimutuel licensee location in Crawford county unless, during
27 the first full calendar year and each year thereafter in which electronic
28 gaming machines are operated at such location, the parimutuel licensee
29 shall conduct at such location live racing the number of days agreed upon
30 by the organization licensee and the parimutuel licensee but not less than
31 150 days, comprised of at least seven live racing programs each calendar
32 week, with at least 13 live races conducted each program.

33 (d) The Kansas racing and gaming commission may provide excep-
34 tions to the requirements of subsection (c) for a parimutuel licensee con-
35 ducting live racing when events beyond the control of the licensee may
36 render racing impossible or impractical. Such events shall include any
37 natural or man-made disaster, shortage of qualified racing animals due to
38 kennel sickness or otherwise or state imposed limitations on operations.

39 (e) The Kansas racing and gaming commission may authorize the
40 operation of electronic gaming machines at the racetrack facility at Eu-
41 reka Downs and the racetrack facility at Anthony Downs on days when
42 simulcast parimutuel races are displayed at such facility without requiring
43 live horse racing or live greyhound racing at such facility. The Kansas

1 racing and gaming commission shall not authorize the operation of such
2 machines at such racetrack facility unless the qualified voters of the
3 county where such racetrack facility is located have voted pursuant to
4 section 5, and amendments thereto, to permit operation of such machines
5 within the county.

6 New Sec. 7. Expenditures from all funds created pursuant to this
7 section shall be made in accordance with appropriations acts upon war-
8 rants of the director of accounts and reports issued pursuant to vouchers
9 approved by the chair of the Kansas racing and gaming commission or
10 the chair's designee.

11 (a) There is hereby established in the state treasury the live horse racing
12 purse supplement fund. Moneys available in such fund shall be paid to
13 parimutuel licensees for distribution as purse supplements in accordance
14 with rules and regulations of the Kansas racing and gaming commission.
15 Such moneys shall be distributed from the separate horse purse supple-
16 ment accounts maintained pursuant to this section, in accordance with
17 rules and regulations of the Kansas racing and gaming commission, pro-
18 vided that not less than \$1,600,000 shall be guaranteed annually by par-
19 imutuel licensees to be charged against the accounts of such licensees on
20 a pro rata basis. Such rules and regulations shall provide that an amount
21 not to exceed 20% of the total amount credited to such fund shall be
22 transferred to the credit of the horse breeding development fund created
23 pursuant to K.S.A. 74-8829, and amendments thereto.

24 (b) There is hereby established in the state treasury the live dog rac-
25 ing purse supplement fund. Moneys available in such fund shall be paid
26 to parimutuel licensees for distribution as purse supplements in accord-
27 ance with rules and regulations of the Kansas racing and gaming com-
28 mission. Such rules and regulations shall provide that, in addition to purse
29 supplements paid to winners of live dog races at each parimutuel licensee
30 location, the lottery gaming machine operator at the parimutuel licensee
31 location shall pay to the owner of each winner that is a Kansas-whelped
32 greyhound an additional amount equal to \$60 per point for each point
33 awarded to the winner. In addition, such rules and regulations shall pro-
34 vide that an amount not to exceed 20% of the total amount credited to
35 such fund shall be transferred to the credit of the greyhound breeding
36 development fund, created pursuant to section 74-8831, and amendments
37 thereto.

38 (c) There is hereby established in the state treasury the electronic
39 gaming machine fund.

40 (d) There is hereby established in the state treasury the electronic
41 gaming machine operation and regulatory fund. Moneys in such fund shall
42 be used to pay for the expenses of the Kansas lottery and the Kansas
43 racing and gaming commission attributable to the operation and regula-

1 tion of electronic gaming machines. Moneys in such fund may be ex-
2 pended only pursuant to appropriation and moneys in excess of those
3 appropriated to the Kansas lottery and the Kansas racing and gaming
4 commission may be transferred to the state general fund and expended
5 as provided by appropriation.

6 New Sec. 8. (a) The executive director shall collect and remit to the
7 state treasurer in accordance with K.S.A. 75-4215, and amendments
8 thereto, all net machine income received from lottery gaming machine
9 contractors. Upon receipt of the remittance, the state treasurer shall de-
10 posit the entire amount in the state treasury and credit it to the electronic
11 gaming machine fund, established pursuant to section 7, and amendments
12 thereto. Separate accounts shall be maintained in the electronic gaming
13 machine fund for receipt of moneys from each lottery gaming machine
14 contractor.

15 (b) Not less than once each week, the state treasurer shall transfer
16 the following percentages of the balance remaining, after transfer of mon-
17 eys pursuant to subsection (b), in each account in the electronic gaming
18 machine fund for receipt of moneys from lottery gaming machine con-
19 tractors which are parimutuel licensees:

20 (1) To the lottery gaming machine contractors, 66%[, **except that at**
21 **the parimutuel licensee location located in Crawford county, the**
22 **lottery gaming machine contractor shall receive 65.80%, 0.10% of**
23 **the money credited to the account of the electronic gaming ma-**
24 **chine contractor located in Crawford county shall be deposited to**
25 **the credit of the Frontenac bison maintenance fund created pur-**
26 **suant to section 27, and amendments thereto and 0.10% of the**
27 **money credited to the account of the electronic gaming machine**
28 **contractor located in Crawford county shall be deposited to the**
29 **credit of the U.S. 69 highway maintenance fund created pursuant**
30 **to section 28, and amendments thereto];**

31 (2) to the problem gambling grant fund established pursuant to
32 K.S.A. 2001 Supp. 79-4805, and amendments thereto, 0.5%, except that
33 such transfer shall be to the credit of the state general fund at such time
34 as the balance in such fund is equal to the amount of \$4,000,000, but if
35 the balance in such fund falls below the amount of \$3,000,000, such trans-
36 fers shall resume;

37 (3) to the state general fund, 25%;

38 (4) to the nonprofit organization licensed by the Kansas racing and
39 gaming commission to conduct races at the parimutuel licensee location,
40 1%;

41 (5) to the fund established for restoration and repair of the statehouse
42 pursuant to K.S.A. 75-2262, and amendments thereto, 0.5%;

43 (6) to the city where the parimutuel location is located, 1%;

1 (7) to the county where the parimutuel location is located, 1%;
2 (8) to the live dog racing purse supplement fund, 2%;
3 (9) to the live horse racing purse supplement fund, 2%; and
4 (10) to the electronic gaming machine operation and regulatory fund
5 established pursuant to subsection (d) of section 7, and amendments
6 thereto, 1%.

7 For purposes of this subsection, the unified government of Wyandotte
8 county shall be deemed both a city and a county.

9 (e) After distribution of moneys pursuant to subsection (b), the state
10 treasurer, not less than once each week, shall remit the balance in the
11 account for each lottery gaming machine contractor to such lottery gam-
12 ing machine contractor.

13 New Sec. 9. (a) Except as when authorized in accordance with sub-
14 section (c), it is unlawful for any parimutuel licensee or its employees or
15 agents to allow any person to play electronic gaming machines or share
16 in winnings of a person knowing such person to be:

- 17 (1) Under 21 years of age;
- 18 (2) the executive director, a member of the commission or an em-
19 ployee of the Kansas lottery;
- 20 (3) an officer or employee of a vendor contracting with the Kansas
21 lottery to supply gaming equipment or tickets to the Kansas lottery for
22 use in the operation of any lottery conducted pursuant to this act;
- 23 (4) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
24 parent or stepparent of a person described by subsection (a)(2) or (3); or
25 (5) a person who resides in the same household as any person de-
26 scribed by subsection (a)(2) or (3).

27 (b) Violation of subsection (a) is a class A nonperson misdemeanor
28 upon conviction for a first offense. Violation of subsection (a) is a severity
29 level 9, nonperson felony upon conviction for a second or subsequent
30 offense.

31 (c) The executive director may authorize in writing any employee of
32 the Kansas lottery and any employee of a lottery vendor to play an elec-
33 tronic gaming machine to verify the proper operation thereof with respect
34 to security and contract compliance. Any prize awarded as a result of such
35 ticket purchase shall become the property of the Kansas lottery and be
36 added to the prize pools of subsequent lottery games. No money or mer-
37 chandise shall be awarded to any employee playing an electronic gaming
38 machine pursuant to this subsection.

39 New Sec. 10. No person shall operate an electronic gaming machine
40 while intoxicated. The Kansas racing and gaming commission shall adopt
41 rules and regulations governing identification of persons who are intoxi-
42 cated and procedures for removal of such persons from premises where
43 electronic gaming machines are operated. Such rules and regulations may

1 include requirements the employees of a parimutuel licensee be trained
2 in controlling intoxicated persons within a parimutuel licensee location.

3 New Sec. 11. Each lottery gaming machine contractor shall post one
4 or more signs at the contractor's parimutuel licensee location to inform
5 patrons of the toll-free number available to provide information and re-
6 ferral services regarding compulsive or problem gambling. The text shall
7 be determined by the secretary of the department of social and rehabil-
8 itation services. Failure by a lottery gaming machine contractor to post
9 and maintain such signs shall be cause for the imposition of a fine not to
10 exceed \$500 per day.

11 New Sec. 12. Each lottery gaming machine contractor shall provide
12 access for the executive director, the executive director's designee or the
13 commission to all its records and the physical premises where the elec-
14 tronic gaming machine activities occur for the purpose of monitoring or
15 inspecting the electronic gaming machines and gaming equipment. None
16 of the information disclosed pursuant to this subsection shall be subject
17 to disclosure under the Kansas open records act, K.S.A. 45-216 et seq.,
18 and amendments thereto.

19 New Sec. 13. (a) Wagers shall be received only from a person at a
20 parimutuel licensee location. No person present at a parimutuel licensee
21 location shall place or attempt to place a wager on behalf of another
22 person who is not present at the parimutuel licensee location.

23 (b) Violation of this section is a class A nonperson misdemeanor upon
24 a conviction for a first offense. Violation of this section is a severity level
25 9, nonperson felony upon conviction for a second or subsequent offense.

26 New Sec. 14. A person under age 21 shall not be permitted in an
27 area parimutuel licensee location where gaming is being conducted, ex-
28 cept for a person at least 18 years of age who is an employee of the
29 parimutuel licensee. No employee under age 21 shall perform any func-
30 tion involved in gaming by the patrons. No person under age 21 shall be
31 permitted to make a wager on an electronic gaming machine.

32 New Sec. 15. Pursuant to section 2 of the federal act entitled "An
33 Act to Prohibit Transportation of Gambling Devices in Interstate and
34 Foreign Commerce," 15 U.S.C. 1171 through 1777, the state of Kansas,
35 acting by and through the duly elected and qualified members of the
36 legislature, does hereby in this section, and in accordance with and in
37 compliance with the provisions of section 2 of such federal act, declare
38 and proclaim that it is exempt from the provision of section 2 of such
39 federal act to the extent that such gambling devices are being transported
40 to or from the Kansas lottery or to or from a lottery gaming machine
41 contractor at a parimutuel licensee location within the state of Kansas.

42 New Sec. 16. Except for persons acting in accordance with rules and
43 regulations of the Kansas lottery and rules and regulations of the Kansas

1 racing and gaming commission in performing installation, maintenance
2 and repair services, any person who, with the intent to manipulate the
3 outcome, pay-off or operation of an electronic gaming machine, manip-
4 ulates the outcome, pay-off or operation of an electronic gaming machine
5 by physical, electrical or mechanical means shall be guilty of a severity
6 level 8, nonperson felony.

7 New Sec. 17. (a) The Kansas racing and gaming commission and its
8 designated employees may observe and inspect all electronic gaming ma-
9 chines and facilities operated by parimutuel licensees.

10 (b) The Kansas racing and gaming commission may examine, or cause
11 to be examined by any agent or representative designated by such com-
12 mission, any books, papers, records or memoranda of any parimutuel
13 licensee, or of any business involved in electronic gaming, for the purpose
14 of ascertaining compliance with any provision of this act or any rules and
15 regulations adopted hereunder.

16 (c) The Kansas racing and gaming commission may adopt rules and
17 regulations with respect to security, safety and honest conduct at all par-
18 imutuel licensee locations.

19 (d) The Kansas racing and gaming commission shall have the power
20 to investigate alleged violations of this act and alleged violations of any
21 rules and regulations, orders and final decisions of such commission.

22 (e) Appropriate security measures shall be required in any and all
23 areas where electronic gaming machines are located, the Kansas racing
24 and gaming commission shall approve all such security measures.

25 (f) The Kansas racing and gaming commission may provide by rules
26 and regulations for the licensure of key gaming employees and technology
27 providers. Such rules and regulations may specify employment applica-
28 tion forms, fees and procedures for suspension or revocation of any key
29 gaming employee license or technology provider license.

30 (g) The Kansas racing and gaming commission shall require an annual
31 audit of the electronic gaming machine operations of each lottery gaming
32 machine contractor contracting with the Kansas lottery. Such audit shall
33 be conducted by a licensed accounting firm approved by the Kansas rac-
34 ing and gaming commission. Such audit shall be conducted at the expense
35 of the lottery gaming machine contractor to which such audit applies.

36 (h) The Kansas racing and gaming commission shall have the power
37 to take any other action as may be reasonable or appropriate to enforce
38 the provisions of this act and any rules and regulations, orders and final
39 decisions of such commission.

40 New Sec. 18. (a) It is a class A nonperson misdemeanor for a legis-
41 lator, **[state elected official,]** an **[elected official or]** employee of a
42 city or county in which a parimutuel racetrack facility is located, the ex-
43 ecutive director, any member of the lottery commission, any employee

1 of the Kansas lottery or any member, employee or appointee of the Kan-
2 sas racing and gaming commission, including stewards and racing judges,
3 knowingly to:

4 (1) Participate in the operation of or have a financial interest in any
5 business which has been issued a concessionaire license, racing or wa-
6 gering or electronic gaming machine equipment or services license, fa-
7 cility owner license or facility manager license, or any business which sells
8 goods or services to an organization licensee;

9 (2) participate directly or indirectly as an owner, operator, manager
10 or consultant in electronic gaming in Kansas;

11 (3) place a wager on or bet or play an electronic gaming machine in
12 Kansas;

13 (4) accept any compensation, gift, loan, entertainment, favor or serv-
14 ice from any parimutuel licensee [**or electronic gaming machine con-**
15 **tractor**], except such suitable facilities and services within a racetrack
16 facility operated by an organization licensee as may be required to facil-
17 itate the performance of the executive director's, member's, employee's
18 or appointee's official duties;

19 (5) enter into any business dealing, venture or contract with [**an elec-**
20 **tronic gaming machine contractor or**] an owner or lessee of a pari-
21 mutuel licensee location in Kansas; or

22 (6) engage in any activity described in subsection (a)(1), (2), (4) or
23 (5) within two years from the last day of service as such legislator, em-
24 ployee of a city or county in which a parimutuel racetrack facility [**or**
25 **electronic gaming machine contractor**] is located, executive director,
26 member, employee or appointee; or

27 (7) the provisions of paragraph (3) shall not apply to legislators or
28 employees of cities or counties in which a parimutuel racetrack facility is
29 located.

30 (b) It is a severity level 8, nonperson felony for any person playing or
31 using any electronic gaming machine ~~at a parimutuel licensee location~~ in
32 Kansas knowingly to:

33 (1) Use other than a lawful coin or legal tender of the United States
34 of America, or to use coin not of the same denomination as the coin
35 intended to be used in an electronic gaming machine, except that in the
36 playing of any electronic gaming machine or similar gaming device, it
37 shall be lawful for any person to use gaming billets, tokens or similar
38 objects therein which are approved by the Kansas lottery;

39 (2) possess or use, while on the premises of [**an electronic gaming**
40 **machine contractor or**] a parimutuel licensee location any cheating or
41 thieving device, including but not limited to, tools, wires, drills, coins
42 attached to strings or wires or electronic or magnetic devices to facilitate
43 removing from any electronic gaming machine any money or contents

1 thereof, except that a duly authorized agent or employee of the Kansas
2 lottery, the Kansas racing and gaming commission, or a parimutuel li-
3 censee [**or an electronic gaming machine contractor**] may possess
4 and use any of the foregoing only in furtherance of the agent's or em-
5 ployee's employment at the parimutuel licensee location; or

6 (3) possess or use while on the premises of any parimutuel licensee
7 location any key or device designed for the purpose of or suitable for
8 opening or entering any electronic gaming machine or similar gaming
9 device or drop box, except that a duly authorized agent or employee of
10 the Kansas lottery, the Kansas racing and gaming commission, a pari-
11 mutuel licensee may possess and use any of the foregoing only in fur-
12 therance of the agent's or employee's employment at the parimutuel li-
13 censee location.

14 New Sec. 19. (a) No [**electronic gaming machine contractor,**] or-
15 ganization licensee or facility manager licensee shall permit any business
16 not owned and operated by the organization licensee to provide electronic
17 gaming machine equipment or services, as designated by rules and reg-
18 ulations of the commission, to an organization licensee unless such busi-
19 ness has been issued an electronic gaming machine equipment or services
20 license by the Kansas racing and gaming commission. Such equipment
21 and services shall include, but are not limited to, surveillance, electronic
22 computer components, random number generator or cabinet thereof and
23 token redemption equipment or services.

24 (b) Businesses required to be licensed pursuant to this section shall
25 apply for electronic gaming machine equipment or services licenses in a
26 manner and upon forms prescribed and furnished by the Kansas racing
27 and gaming commission. The Kansas racing and gaming commission shall
28 require disclosure of information about the owners and officers of each
29 applicant and may require such owners and officers to submit to finger-
30 printing. The Kansas racing and gaming commission also may require
31 disclosure of information about and fingerprinting of such employees of
32 each applicant as the commission considers necessary. Electronic gaming
33 machine equipment or services licenses shall be issued for a period of
34 time established by the Kansas racing and gaming commission but not to
35 exceed 10 years. The Kansas racing and gaming commission, by rules and
36 regulations, shall establish a schedule of application fees and license fees
37 for electronic gaming machine equipment or services licenses based upon
38 the type and size of business. The application fee shall not be refundable
39 if the business fails to qualify for a license. If the application fee is insuf-
40 ficient to pay the reasonable expenses of processing the application and
41 investigating the applicant's qualifications for licensure, the Kansas racing
42 and gaming commission shall require the applicant to pay to the Kansas
43 racing and gaming commission, at such times and in such form as required

1 by the Kansas racing and gaming commission, any additional amounts
2 necessary to pay such expenses. No license shall be issued to an applicant
3 until the applicant has paid such additional amounts in full, and such
4 amounts shall not be refundable except to the extent that they exceed the
5 actual expenses of processing the application and investigating the appli-
6 cant's qualifications for licensure.

7 (c) The Kansas racing and gaming commission shall require appli-
8 cants as a condition of licensure to consent to allow agents of the Kansas
9 bureau of investigation, security personnel of the Kansas lottery or the
10 Kansas racing and gaming commission to search without warrant the li-
11 censee's premises and personal property and the persons of its owners,
12 officers and employees while engaged in the licensee's business within
13 the premises of the ~~racetrack~~ facility or adjacent facilities under the con-
14 trol of the organization licensee, for the purpose of investigating criminal
15 violations of this act or violations of rules and regulations of the Kansas
16 racing and gaming commission.

17 (d) The Kansas racing and gaming commission may refuse to issue
18 an electronic gaming machine equipment or services license to any busi-
19 ness if any person having an interest ownership in such business, any
20 person who is an officer of such business or any person employed by such
21 business ~~within the racetrack facility~~.

22 (1) Has been convicted of a felony in a court of any state or of the
23 United States; has been adjudicated in the last 10 years, in any such court
24 of committing as a juvenile an act which, if committed by an adult, would
25 constitute a felony or has been convicted of a crime in any other state or
26 country which would constitute a felony, if committed under the same
27 circumstances pursuant to Kansas law;

28 (2) has been convicted of a violation of any law of any state or of the
29 United States involving gambling or controlled substances or has been
30 adjudicated in the last 10 years in any such court of committing as a
31 juvenile an act which, if committed by an adult, would constitute such a
32 violation;

33 (3) fails to disclose any material fact or provides information, knowing
34 such information to be false, in connection with the application for the
35 license;

36 (4) has been found by the Kansas racing and gaming commission to
37 have violated any provision of this act or any rule and regulation of the
38 Kansas racing and gaming commission; or

39 (5) has failed to meet any monetary or tax obligation to the federal
40 government or to any state or local government.

41 (e) The Kansas racing and gaming commission may suspend or re-
42 voke the electronic gaming machine equipment or services license of any
43 business for any reason which would justify refusal to issue such a license.

1 (f) The Kansas racing and gaming commission may provide by rules
2 and regulations for the temporary suspension of an electronic gaming
3 machine equipment or services license. Such suspension shall be for a
4 period not exceeding 30 days. Upon expiration of such suspension, the
5 license shall be restored unless the license has been suspended or revoked
6 as a result of proceedings conducted pursuant to subsection (e).

7 New Sec. 20. No taxes, fees, charges, transfers or distributions, other
8 than those provided for in this act, shall be made or levied from or against
9 the net machine income of the Kansas lottery by any city, county or other
10 municipality.

11 New Sec. 21. All sales of electronic gaming machine games shall be
12 exempt from sales taxes imposed pursuant to K.S.A. 12-187 *et seq.*, and
13 79-3601 *et seq.*, and amendments thereto.

14 New Sec. 22. Each lottery gaming machine contractor shall hold the
15 executive director of the Kansas lottery, the Kansas lottery commission,
16 the executive director of the Kansas racing and gaming commission, the
17 Kansas racing and gaming commission and the state harmless from and
18 defend and pay for the defense of any and all claims which may be as-
19 serted against the executive director, the commission, the executive di-
20 rector of the Kansas racing and gaming commission, the Kansas racing
21 and gaming commission and the state, or the agents or employees thereof,
22 arising from the operation of electronic gaming machines located at the
23 parimutuel licensee location of such lottery gaming machine contractor.
24 The provisions of this section shall not apply to any claims arising from
25 the negligence or willful misconduct of the executive director, the com-
26 mission, the executive director of the Kansas racing and gaming commis-
27 sion, the Kansas racing and gaming commission and the state, or the
28 agents or employees thereof.

29 **[New Sec. 23. (a) Subject to the provisions of subsection (b),**
30 **the executive director, with the approval of the governor, may con-**
31 **tract with a person to operate electronic gaming machines at a**
32 **single specified location in the state where the executive director**
33 **determines the operation of such machine would promote tourism**
34 **and economic development. Such person shall be required to meet**
35 **all qualifications of a lottery gaming machine contractor which is**
36 **a parimutuel licensee under this act, other than those qualifica-**
37 **tions specifically related to operating a parimutuel facility. All pro-**
38 **visions of this act applicable to the operation of electronic gaming**
39 **machines by lottery gaming machine contractors which are pari-**
40 **mutuel licensees shall apply to the operation of such machines.**
41 **Such specified location shall not be within a 75 mile radius of a**
42 **parimutuel licensee location.**

43 **[(b) If more than one person wishes to contract to become a**

1 lottery machine operator pursuant to this section, the executive
2 director, in determining which such person to contract with, shall
3 take into consideration the following factors: The size of the pro-
4 posed facility, the estimated number of tourists that would be at-
5 tracted by the proposed facility, the number of electronic gaming
6 machines planned to be operated at the proposed facility, the
7 amount of the contract privilege fee proposed to be paid by the
8 operator, the amount of the management fee proposed to be paid
9 to the operator and amounts proposed to be paid by the operator
10 to the city and county where the facility will be located.

11 [(c) Not less than once each week, the state treasurer shall
12 transfer the following percentages of the balance remaining after
13 transfer of moneys pursuant to subsection (b) of section 8, in the
14 account in the electronic gaming machine fund for receipt of mon-
15 eys from the lottery gaming machine contractor which is author-
16 ized pursuant to this section:

17 [(1) To the lottery gaming machine contractor, 60% less any
18 amount paid to a city and county pursuant to paragraph 5;

19 [(2) to the electronic gaming machine operation and regulation
20 fund, 1%;

21 [(3) to the problem gambling grant fund established pursuant
22 to K.S.A. 2001 Supp. 79-4805, and amendments thereto, 0.5%, ex-
23 cept that such transfer shall be to the credit of the state general
24 fund at such time as the balance in such fund is equal to the amount
25 of \$4,000,000, but if the balance in such fund falls below the
26 amount of \$3,000,000, such transfers shall resume;

27 [(4) to the state tourism fund, 2%;

28 [(5) to the state general fund, 36.5%; and

29 [(6) to the city and county in which the electronic gaming ma-
30 chine operator is located, such amount as may be specified by
31 contract.

32 [(d) Electronic gaming machines shall be operated pursuant to
33 this section only if the qualified voters of the county have voted by
34 a majority to permit operation of electronic gaming machines
35 within the county as follows:

36 [The board of county commissions of the county may submit by
37 resolution to the qualified voters of the county a proposition to
38 permit the operation of electronic gaming machines within the
39 county. The proposition shall be submitted to the voters at a coun-
40 tywide special election called by the board of county commission-
41 ers for that purpose and held not less than 90 days after the res-
42 olution is adopted. Upon the adoption of the resolution, the county
43 election officer shall cause the following proposition to be placed

1 on the ballot at the election called for that purpose: “Shall the
2 operation of electronic gaming machines by the Kansas lottery be
3 permitted in _____ county?” If a majority of the votes
4 cast and counted at such election are in favor of permitting the
5 operation of such machines within the county, the Kansas lottery
6 may enter a contract pursuant to subsection (a) for operation of
7 such machines in the county. If less than a majority of the votes
8 cast and counted at an election under this section are against per-
9 mitting the operation of electronic gaming machines within the
10 county, the Kansas lottery shall not contract pursuant to subsection
11 (a) for the operation of such machines within the county. The
12 county election officer shall transmit a copy of the certification of
13 the results of the election to the executive director and to the Kan-
14 sas racing and gaming commission.

15 [(e) The election provided for by this section shall be con-
16 ducted, and the votes counted and canvassed, in the manner pro-
17 vided by law for question submitted elections of the county.

18 [(f) If in any election provided for by this section a majority of
19 the votes cast and counted is against permitting the operation of
20 electronic gaming machines in the county, another election sub-
21 mitting the issue of the operation of electronic gaming machines
22 in the county shall not be held for at least four years from the date
23 of such election.]

24 New Sec. ~~23~~ [24.] If a disagreement arises between the executive
25 director and the Kansas racing and gaming commission with regard to
26 their respective duties or responsibilities in carrying out the purposes of
27 the Kansas gaming act, such disagreement shall be resolved by the gov-
28 ernor in a manner not inconsistent with the provisions of this act.

29 New Sec. ~~24~~ [25.] As a condition precedent to contracting for the
30 privilege of being a lottery gaming machine contractor, parimutuel li-
31 censees shall file with the secretary of state of this state written consent,
32 irrevocable, that any action or garnishment proceeding may be com-
33 menced against such licensees in the proper court of any county in this
34 state in which the case of action shall arise or in which the plaintiff may
35 reside by the service of process on a resident agent, and stipulating and
36 agreeing that such service shall be taken and held in all courts to be as
37 valid and binding as if due service had been made upon the licensee. The
38 written consent shall state that the courts of this state have jurisdiction
39 over the person of such licensee and are the proper and convenient forum
40 for such action and shall waive the right to request a change of jurisdiction
41 or venue to a court outside that state and that all actions arising under
42 this act and commenced by the licensee shall be brought in this state’s
43 court as the proper and convenient forum. Such consent shall be executed

1 by the licensee and if a corporation, by the president and secretary of the
2 corporate licensee, and shall be accompanied by a duly certified copy of
3 the order or resolution of the board of directors, trustees or managers
4 authorizing the president and secretary to execute the same.

5 Sec. ~~25~~. [26.] K.S.A. 2001 Supp. 74-8710 is hereby amended to read
6 as follows: 74-8710. (a) The commission, upon the recommendation of
7 the executive director, shall adopt rules and regulations governing the
8 establishment and operation of a state lottery as necessary to carry out
9 the purposes of this act. Temporary rules and regulations may be adopted
10 by the commission without being subject to the provisions and require-
11 ments of K.S.A. 77-415 through 77-438, and amendments thereto, but
12 shall be subject to approval by the attorney general as to legality and shall
13 be filed with the secretary of state and published in the Kansas register.
14 Temporary and permanent rules and regulations may include but shall
15 not be limited to:

16 (1) Subject to the provisions of subsection (c), the types of lottery
17 games to be conducted, including but not limited to instant lottery, on-
18 line and traditional games, ~~but not including games on video lottery ma-
19 chines or lottery machines, but not including games on lottery machines
20 or video lottery machines.~~

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

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

27 (4) The frequency of the drawings or selections of winning tickets or
28 shares.

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

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

32 (7) Additional qualifications for the selection of lottery retailers and
33 the amount of application fees to be paid by each.

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

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

37 (10) Provisions for confidentiality of information submitted by ven-
38 dors pursuant to K.S.A. 74-8705, and amendments thereto.

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

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

1 thereof.

2 (13) *Rules and regulations to implement, administer and enforce the*
3 *provisions of the Kansas gaming act.*

4 (14) *The types of electronic gaming machines to be operated at par-*
5 *imutuel licensee locations pursuant to the Kansas gaming act.*

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

11 (c) The lottery shall adopt rules and regulations concerning the game
12 of keno. Such rules and regulations shall require that the amount of time
13 which elapses between the start of games shall not be less than four
14 minutes.

15 **[New Sec. 27. (a) There is hereby created within the state**
16 **treasury the Frontenac bison maintenance fund. All expenditures**
17 **from the fund shall be made for the purpose of maintaining, de-**
18 **veloping and expanding the display of bison by the department of**
19 **wildlife and parks on land owned by the department in Frontenac,**
20 **Kansas.**

21 **[(b) All expenditures from the fund shall be upon warrants of**
22 **the director of accounts and reports issued pursuant to vouchers**
23 **approved by the secretary of wildlife and parks or the secretary's**
24 **designee.]**

25 **[New Sec. 28. (a) There is hereby created the U.S. 69 highway**
26 **maintenance fund. All money credited to such fund shall be ex-**
27 **pended for the purpose of providing road maintenance to U.S. 69**
28 **highway.**

29 **[(b) All expenditures from such fund shall be upon warrants of**
30 **the director of accounts and reports issued pursuant to vouchers**
31 **approved by the secretary of transportation or the secretary's de-**
32 **signee. At such time as the city of Frontenac becomes responsible**
33 **for maintenance of portions of U.S. 69 highway, all funds credited**
34 **to such fund shall be paid to the city of Frontenac.]**

35 ~~Sec. 26.~~ **[29.]** K.S.A. 2001 Supp. 74-8711 is hereby amended to read
36 as follows: 74-8711. (a) There is hereby established in the state treasury
37 the lottery operating fund.

38 (b) *Except as otherwise provided by the Kansas gaming act,* the ex-
39 ecutive director shall remit all moneys collected from the sale of lottery
40 tickets and shares and any other moneys received by or on behalf of the
41 Kansas lottery to the state treasurer in accordance with the provisions of
42 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
43 remittance, the state treasurer shall deposit the entire amount in the state

1 treasury to the credit of the lottery operating fund. Moneys credited to
2 the fund shall be expended or transferred only as provided by this act.
3 Expenditures from such fund shall be made in accordance with appro-
4 priations acts upon warrants of the director of accounts and reports issued
5 pursuant to vouchers approved by the executive director or by a person
6 designated by the executive director.

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

8 (1) The payment of expenses of the lottery, which shall include all
9 costs incurred in the operation and administration of the Kansas lottery,
10 *other than expenses incurred pursuant to the Kansas gaming act*; all costs
11 resulting from contracts entered into for the purchase or lease of goods
12 and services needed for operation of the lottery, including but not limited
13 to supplies, materials, tickets, independent studies and surveys, data
14 transmission, advertising, printing, promotion, incentives, public rela-
15 tions, communications and distribution of tickets and shares; and reim-
16 bursement of costs of facilities and services provided by other state
17 agencies;

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

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

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

23 (5) transfers to the state gaming revenues fund pursuant to subsection
24 (d) of this section and as otherwise provided by law; and

25 (6) transfers to the county reappraisal fund as prescribed by law.

26 (d) The director of accounts and reports shall transfer moneys in the
27 lottery operating fund to the state gaming revenues fund created by
28 K.S.A. 79-4801, and amendments thereto, on or before the 15th day of
29 each month in an amount certified monthly by the executive director and
30 determined as follows, whichever is greater:

31 (1) An amount equal to the moneys in the lottery operating fund in
32 excess of those needed for the purposes described in subsections (c)(1)
33 through (c)(4); or

34 (2) except for pull-tab lottery tickets and shares, an amount equal to
35 not less than 30% of total monthly revenues from the sales of lottery
36 tickets and shares less estimated returned tickets. In the case of pull-tab
37 lottery tickets and shares, an amount equal to not less than 20% of the
38 total monthly revenues from the sales of pull-tab lottery tickets and shares
39 less estimated returned tickets.

40 Sec. ~~27~~ **[30.]** K.S.A. 2001 Supp. 19-101a is hereby amended to read
41 as follows: 19-101a. (a) The board of county commissioners may transact
42 all county business and perform all powers of local legislation and admin-
43 istration it deems appropriate, subject only to the following limitations,

1 restrictions or prohibitions:

2 (1) Counties shall be subject to all acts of the legislature which apply
3 uniformly to all counties.

4 (2) Counties may not consolidate or alter county boundaries.

5 (3) Counties may not affect the courts located therein.

6 (4) Counties shall be subject to acts of the legislature prescribing
7 limits of indebtedness.

8 (5) In the exercise of powers of local legislation and administration
9 authorized under provisions of this section, the home rule power con-
10 ferred on cities to determine their local affairs and government shall not
11 be superseded or impaired without the consent of the governing body of
12 each city within a county which may be affected.

13 (6) Counties may not legislate on social welfare administered under
14 state law enacted pursuant to or in conformity with public law No. 271—
15 74th congress, or amendments thereof.

16 (7) Counties shall be subject to all acts of the legislature concerning
17 elections, election commissioners and officers and their duties as such
18 officers and the election of county officers.

19 (8) Counties shall be subject to the limitations and prohibitions im-
20 posed under K.S.A. 12-187 to 12-195, inclusive, and amendments thereto,
21 prescribing limitations upon the levy of retailers' sales taxes by counties.

22 (9) Counties may not exempt from or effect changes in statutes made
23 nonuniform in application solely by reason of authorizing exceptions for
24 counties having adopted a charter for county government.

25 (10) No county may levy ad valorem taxes under the authority of this
26 section upon real property located within any redevelopment project area
27 established under the authority of K.S.A. 12-1772, and amendments
28 thereto, unless the resolution authorizing the same specifically authorized
29 a portion of the proceeds of such levy to be used to pay the principal of
30 and interest upon bonds issued by a city under the authority of K.S.A.
31 12-1774, and amendments thereto.

32 (11) Counties shall have no power under this section to exempt from
33 any statute authorizing or requiring the levy of taxes and providing sub-
34 stitute and additional provisions on the same subject, unless the resolution
35 authorizing the same specifically provides for a portion of the proceeds
36 of such levy to be used to pay a portion of the principal and interest on
37 bonds issued by cities under the authority of K.S.A. 12-1774, and amend-
38 ments thereto.

39 (12) Counties may not exempt from or effect changes in the provi-
40 sions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

41 (13) Except as otherwise specifically authorized by K.S.A. 12-1,101
42 through 12-1,109, and amendments thereto, counties may not levy and
43 collect taxes on incomes from whatever source derived.

1 (14) Counties may not exempt from or effect changes in K.S.A. 19-
2 430, and amendments thereto.

3 (15) Counties may not exempt from or effect changes in K.S.A. 19-
4 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

5 (16) (A) Counties may not exempt from or effect changes in K.S.A.
6 13-13a26, and amendments thereto.

7 (B) This provision shall expire on June 30, 2003.

8 (17) (A) Counties may not exempt from or effect changes in K.S.A.
9 2001 Supp. 71-301a, and amendments thereto.

10 (B) This provision shall expire on June 30, 2003.

11 (18) Counties may not exempt from or effect changes in K.S.A. 19-
12 15,139, 19-15,140 and 19-15,141, and amendments thereto.

13 (19) Counties may not exempt from or effect changes in the provi-
14 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-
15 1226, and amendments thereto, or the provisions of K.S.A. 12-1260
16 through 12-1270 and 12-1276, and amendments thereto.

17 (20) Counties may not exempt from or effect changes in the provi-
18 sions of K.S.A. 19-211, and amendments thereto.

19 (21) Counties may not exempt from or effect changes in the provi-
20 sions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

21 (22) Counties may not regulate the production or drilling of any oil
22 or gas well in any manner which would result in the duplication of reg-
23 ulation by the state corporation commission and the Kansas department
24 of health and environment pursuant to chapter 55 and chapter 65 of the
25 Kansas Statutes Annotated and any rules and regulations adopted pur-
26 suant thereto. Counties may not require any license or permit for the
27 drilling or production of oil and gas wells. Counties may not impose any
28 fee or charge for the drilling or production of any oil or gas well.

29 (23) Counties may not exempt from or effect changes in K.S.A. 79-
30 41a04, and amendments thereto.

31 (24) Counties may not exempt from or effect changes in K.S.A. 79-
32 1611, and amendments thereto.

33 (25) Counties may not exempt from or effect changes in K.S.A. 79-
34 1494, and amendments thereto.

35 (26) Counties may not exempt from or effect changes in subsection
36 (b) of K.S.A. 19-202, and amendments thereto.

37 (27) Counties may not exempt from or effect changes in subsection
38 (b) of K.S.A. 19-204, and amendments thereto.

39 (28) Counties may not levy or impose an excise, severance or any
40 other tax in the nature of an excise tax upon the physical severance and
41 production of any mineral or other material from the earth or water.

42 (29) Counties may not exempt from or effect changes in K.S.A. 79-
43 2017 or 79-2101, and amendments thereto.

1 (30) Counties may not exempt from or effect changes in K.S.A. 2-
2 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219 or 65-171d or
3 K.S.A. 2001 Supp. 17-5909 or 65-1,178 through 65-1,199, and amend-
4 ments thereto.

5 (31) Counties may not exempt from or effect changes in K.S.A. 2001
6 Supp. 80-121, and amendments thereto.

7 (32) Counties may not exempt from or effect changes in K.S.A. 2001
8 Supp. 19-228, and amendments thereto.

9 (33) *Counties may not exempt from or effect changes in the Kansas*
10 *lottery act.*

11 (34) *Counties may not exempt from or effect changes in the Kansas*
12 *gaming act.*

13 (b) Counties shall apply the powers of local legislation granted in
14 subsection (a) by resolution of the board of county commissioners. If no
15 statutory authority exists for such local legislation other than that set forth
16 in subsection (a) and the local legislation proposed under the authority
17 of such subsection is not contrary to any act of the legislature, such local
18 legislation shall become effective upon passage of a resolution of the
19 board and publication in the official county newspaper. If the legislation
20 proposed by the board under authority of subsection (a) is contrary to an
21 act of the legislature which is applicable to the particular county but not
22 uniformly applicable to all counties, such legislation shall become effec-
23 tive by passage of a charter resolution in the manner provided in K.S.A.
24 19-101b, and amendments thereto.

25 (c) Any resolution adopted by a county which conflicts with the re-
26 strictions in subsection (a) is null and void.

27 Sec. ~~29~~ [31.] K.S.A. 2001 Supp. 79-4805 is hereby amended to read
28 as follows: 79-4805. (a) There is hereby established in the state treasury
29 the problem gambling grant fund. All moneys credited to such fund shall
30 be used only for the awarding of grants under this section. Such fund
31 shall be administered in accordance with this section and the provisions
32 of appropriation acts.

33 (b) All expenditures from the problem gambling grant fund shall be
34 made in accordance with appropriation acts upon warrants of the director
35 of accounts and reports issued pursuant to vouchers approved in the man-
36 ner prescribed by law.

37 (c) There is hereby established a state grant program to provide as-
38 sistance for the direct treatment of persons diagnosed as suffering from
39 pathological gambling, *the continued training of addiction professionals,*
40 *the marketing of programs funded pursuant to this section,* and to provide
41 funding for research regarding the impact of gambling on residents of
42 Kansas. Research grants awarded under this section may include, but
43 need not be limited to, grants for determining the effectiveness of edu-

1 cation, *treatment* and prevention efforts on the prevalence of pathological
2 gambling in Kansas. All grants shall be made after open solicitation of
3 proposals and evaluation of proposals against criteria established in rules
4 and regulations adopted by the secretary of the department of social and
5 rehabilitation services. Both public and private entities shall be eligible
6 to apply for and receive grants under the provisions of this section.

7 (d) The secretary of the department of social and rehabilitation serv-
8 ices is hereby authorized to receive moneys from any grants, gifts, con-
9 tributions or bequests made for the purpose of funding grants under this
10 section and to expend such moneys for the purpose for which received.

11 (e) All grants made in accordance with this section shall be made from
12 the problem gambling grant fund. The secretary shall administer the pro-
13 visions of this section and shall adopt rules and regulations establishing
14 criteria for qualification to receive grants and such other matters deemed
15 necessary by the secretary for the administration of this section. Such
16 rules and regulations shall include, but need not be limited to, a require-
17 ment that each recipient of a grant to provide treatment for pathological
18 gamblers report at least annually to the secretary the grantee's measurable
19 achievement of specific outcome goals.

20 (f) For the purpose of this section "pathological gambling" means the
21 disorder by that name described in the most recent edition of the diag-
22 nostic and statistical manual.

23 Sec. ~~29~~ [32.] K.S.A. 2001 Supp. 19-101a, 74-8702, 74-8710, 74-8711
24 and 79-4805 are hereby repealed.

25 Sec. ~~30~~ [33.] This act shall take effect and be in force from and after
26 its publication in the Kansas register.

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