

[As Amended by Senate Committee of the Whole]

As Amended by Senate Committee

[As Amended by House Committee of the Whole]

As Amended by House Committee

Session of 2003

HOUSE BILL No. 2053

By Committee on Appropriations

1-23

16 ~~AN ACT concerning the Kansas judicial center, providing for a seal of~~
17 ~~justice in the supreme court courtroom; **authorizing certain gifts**~~
18 ~~**and donations. [AN ACT concerning the Kansas lottery; con-**~~
19 ~~**cerning lottery games and electronic gaming machines; amend-**~~
20 ~~**ing K.S.A. 74-8702, 74-8705, 74-8710 and 74-8711 and K.S.A.**~~
21 ~~**2002 Supp. 19-101a and 79-4805 and repealing the existing**~~
22 ~~**sections.]**~~

23 *AN ACT concerning lotteries; enacting the Kansas expanded gaming*
24 *opportunity act; authorizing operation of destination casinos,*
25 *electronic gaming machines, video lottery terminals and other*
26 *lottery games at certain locations; providing for the distribution*
27 *of revenues derived therefrom; prohibiting certain acts and pro-*
28 *viding penalties for violations; amending K.S.A. 72-6810, 72-*
29 *6812, 72-6813, 72-6814, 72-6815, 74-32,120, 74-32,121, 74-*
30 *32,122, 74-32,124, 74-8702, 74-8705, 74-8710, 74-8711 and*
31 *74-8723 and K.S.A. 2003 Supp. 19-101a and repealing the exist-*
32 *ing sections.*

33
34 *Be it enacted by the Legislature of the State of Kansas:*

35 *Section 1. K.S.A. 74-8702 is hereby amended to read as follows:*
36 *74-8702. As used in the Kansas lottery act, unless the context oth-*
37 *erwise requires:*

38 *(a) "Commission" means the Kansas lottery commission.*

39 *(b) "Executive director" means the executive director of the*
40 *Kansas lottery.*

41 ~~*(c) "Gaming equipment" means any electric, electronic or mechani-*~~
42 ~~*cal device or other equipment unique to the Kansas lottery used directly*~~
43 ~~*in the operation of any lottery and in the determination of winners pur-*~~

1 ~~suant to this act.~~

2 (c) *“Gaming equipment” means any electric, electronic, computerized*
3 *or electromechanical machine, mechanism, supply or device, or any other*
4 *equipment, which is: (1) Unique to the Kansas lottery and used pursuant*
5 *to the Kansas lottery act; (2) integral to the operation of an electronic*
6 *gaming machine; or (3) affects the results of an electronic gaming machine*
7 *by determining win or loss.*

8 (d) *“Kansas lottery” means the state agency created by this act*
9 *to operate a lottery or lotteries pursuant to this act.*

10 (e) *“Lottery retailer” means any person with whom the Kansas*
11 *lottery has contracted to sell lottery tickets or shares, or both, to*
12 *the public.*

13 (f) *“Lottery” or “state lottery” means the lottery or lotteries*
14 *operated pursuant to this act.*

15 (g) *“Major procurement” means any gaming product or service,*
16 *including but not limited to facilities, advertising and promotional*
17 *services, annuity contracts, prize payment agreements, consulting*
18 *services, equipment, tickets and other products and services unique*
19 *to the Kansas lottery, but not including materials, supplies, equip-*
20 *ment and services common to the ordinary operations of state*
21 *agencies.*

22 (h) *“Person” means any natural person, association, corpora-*
23 *tion or partnership.*

24 (i) *“Prize” means any prize paid directly by the Kansas lottery*
25 *pursuant to its rules and regulations.*

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

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

30 (l) *“Vendor” means any person who has entered into a major*
31 *procurement contract with the Kansas lottery.*

32 (m) *“Returned ticket” means any ticket which was transferred*
33 *to a lottery retailer, which was not sold by the lottery retailer and*
34 *which was returned to the Kansas lottery for refund by issuance of*
35 *a credit or otherwise.*

36 (n) *“Video lottery machine” means any electronic video game*
37 *machine that, upon insertion of cash, is available to play or simulate*
38 *the play of a video game authorized by the commission, including*
39 *but not limited to bingo, poker, black jack and keno, and which uses*
40 *a video display and microprocessors and in which, by chance, the*
41 *player may receive free games or credits that can be redeemed for*
42 *cash.*

43 (o) (1) *“Lottery machine” means any machine or device that*

1 *allows a player to insert cash or other form of consideration and*
 2 *may deliver as the result of an element of chance, regardless of the*
 3 *skill required by the player, a prize or evidence of a prize, includ-*
 4 *ing, but not limited to:*

5 (A) *Any machine or device in which the prize or evidence of a*
 6 *prize is determined by both chance and the player's or players' skill,*
 7 *including, but not limited to, any machine or device on which a*
 8 *lottery game or lottery games, such as poker or blackjack, are*
 9 *played;*

10 (B) *any machine or device in which the prize or evidence of a*
 11 *prize is determined only by chance, including, but not limited to,*
 12 *any slot machine or bingo machine; or*

13 (C) *any lottery ticket vending machine, such as a keno ticket*
 14 *vending machine, pull-tab vending machine or an instant-bingo*
 15 *vending machine.*

16 (2) *"Lottery machine" shall not mean:*

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

19 (B) *any nonprescription drug machine authorized under K.S.A.*
 20 *65-650, and amendments thereto;*

21 (C) *any machine which dispenses only bottled or canned soft*
 22 *drinks, chewing gum, nuts or candies; or*

23 (D) *any electronic gaming machine or video lottery terminal operated*
 24 *in accordance with the provisions of the Kansas expanded gaming oppor-*
 25 *tunity act; or*

26 (E) *any machine excluded from the definition of gambling de-*
 27 *vices under subsection (d) of K.S.A. 21-4302, and amendments*
 28 *thereto.*

29 **KANSAS EXPANDED GAMING OPPORTUNITY ACT**

30 *New Sec. 2. (a) Sections 2 through 34, and amendments thereto,*
 31 *shall be known and may be cited as the Kansas expanded gaming*
 32 *opportunity act and shall be part of and supplemental to the Kansas*
 33 *lottery act.*

34 (b) *If any provision of this act or the application thereof to any*
 35 *person or circumstance is held invalid, the invalidity shall not affect*
 36 *any other provision or application of the act which can be given*
 37 *effect without the invalid provision or application.*

38 **DESTINATION CASINOS**

39 *New Sec. 3. As used in this act, unless the context otherwise*
 40 *requires:*

41 (a) *"Accelerated destination casino net payment" means the ad-*
 42 *vanced payment to the state treasurer of a portion of the state's*
 43 *future share of destination casino net revenues upon the final con-*

1 *tract between the executive director and a destination enterprise*
2 *manager for the construction of a destination enterprise pursuant*
3 *to Kansas expanded gaming opportunity act. The destination casino*
4 *commission shall authorize an accelerated destination casino net*
5 *payment of up to \$15,000 for each electronic gaming machine to be*
6 *operated at a destination casino. If the destination casino commis-*
7 *sion authorizes an accelerated destination casino net payment, it*
8 *shall set a schedule for the destination casino manager’s recovery*
9 *of the accelerated destination casino net payment from the state’s*
10 *share of the destination casino net revenues of no shorter than five*
11 *years. In any year, the amount of the recovery destination casino*
12 *manager’s recovery of the accelerated destination casino net pay-*
13 *ment from the state’s share of the destination casino net revenues*
14 *shall not exceed 20% of the total amount of the accelerated desti-*
15 *nation casino net payment.*

16 (b) *“Ancillary destination enterprise operations” means a serv-*
17 *ice, facility, or operation, such as a restaurant, hotel, entertainment*
18 *venue, or meeting space that is part of a destination enterprise and*
19 *is likely to attract or retain consumers at a destination enterprise*
20 *and its related destination casino.*

21 (c) *“Certificate of authority” means a written approval of the*
22 *destination casino commission for establishment of a destination*
23 *enterprise and destination casino, pending approval by the local*
24 *voters, pursuant to this act.*

25 (d) *“Destination casino” means a gaming operation with desti-*
26 *nation casino games, owned and operated by the state of Kansas,*
27 *approved by the destination casino commission and managed by the*
28 *destination casino manager, which is designed as part of a desti-*
29 *nation enterprise to attract gaming consumers from outside its im-*
30 *mediate area.*

31 (e) *“Destination casino expenses” means the normal business*
32 *expenses, as defined by the destination casino commission in the*
33 *certificate of authority and the executive director in the manage-*
34 *ment contract pursuant to generally accepted accounting principles*
35 *(GAAP), associated with the ownership and operation of a desti-*
36 *nation casino. Destination casino expenses also shall include a pay-*
37 *ment of 0.5% of the destination casino revenues to the problem gam-*
38 *bling grant fund established by K.S.A. 2003 Supp. 79-4805, and*
39 *amendments thereto.*

40 (f) *“Destination casino games” means electronic gaming ma-*
41 *chine games and any other games which, as of May 1, 2004, are*
42 *authorized to be conducted or operated at a tribal gaming facility,*
43 *as defined in K.S.A. 74-9802, and amendments thereto, located*

1 *within the exterior boundaries of this state.*

2 (g) *“Destination casino manager” means a person authorized,*
3 *pursuant to a management contract with the Kansas lottery, to man-*
4 *age a destination casino. A “destination casino manager” and a*
5 *“destination enterprise manager” may be the same person.*

6 (h) *“Destination casino net revenues” means the balance of des-*
7 *tination casino revenues remaining after deducting destination ca-*
8 *sino expenses.*

9 (i) *“Destination casino revenues” mean the total revenues from*
10 *destination casino games at a destination casino after all related*
11 *prizes are paid.*

12 (j) *“Destination enterprise” means an entertainment enterprise*
13 *which includes a destination casino authorized pursuant to the Kan-*
14 *sas expanded gaming opportunity act and ancillary destination en-*
15 *terprise operations that have a common business or marketing strat-*
16 *egy. A destination enterprise shall be designed to attract gaming*
17 *consumers from outside its immediate area to its destination casino.*
18 *A destination enterprise, including its physical infrastructure and*
19 *real estate and all property and equipment associated with the des-*
20 *tination casino, shall be owned by the destination enterprise man-*
21 *ager. The destination enterprise manager shall provide financing*
22 *for construction and development of the destination enterprise, in-*
23 *cluding its destination casino.*

24 (k) *“Destination enterprise manager” means a person author-*
25 *ized by the destination casino commission to construct or manage*
26 *a destination enterprise. A “destination casino manager” and a*
27 *“destination enterprise manager” may be the same person.*

28 (l) *“Electronic gaming machine” means any electronic, electro-*
29 *mechanical, video or computerized device, contrivance or machine*
30 *authorized by the Kansas lottery which, upon insertion of cash, to-*
31 *kens, electronic cards or any consideration, is available to play,*
32 *operate or simulate the play of a game authorized by the Kansas*
33 *lottery pursuant to the Kansas expanded gaming opportunity act,*
34 *including, but not limited to, bingo, poker, blackjack, keno and slot*
35 *machines, and which may deliver or entitle the player operating the*
36 *machine to receive cash, tokens, merchandise or credits that may*
37 *be redeemed for cash. Electronic gaming machines may use bill*
38 *validators and may be single-position reel-type, single or multi-*
39 *game video and single-position multi-game video electronic game,*
40 *including but not limited to, poker, blackjack and slot machines.*
41 *Electronic gaming machines shall be directly linked to a central*
42 *computer at a location determined by the executive director for*
43 *purposes of security, monitoring and auditing. Electronic gaming*

1 *machines may be connected to the central video lottery terminal*
2 *computer system.*

3 (m) *“Key gaming employee” means any natural person 21 years*
4 *of age or older employed by or under contract with a destination*
5 *enterprise manager or destination casino manager or employed by*
6 *or under contract with a person providing on or off-site manage-*
7 *ment or employee-related services to the destination enterprise*
8 *manager or destination casino manager, including, but not limited*
9 *to: (1) Assistant destination casino manager; (2) destination casino*
10 *games manager; (3) accounting department personnel; (4) count*
11 *room employees; (5) cage department employees, including cashiers*
12 *and main bank employees; (6) vault department employees; (7) ap-*
13 *provers of credit; (8) surveillance department employees; (9) secu-*
14 *rity department employees; (10) floor managers; (11) electronic*
15 *gaming machine technicians; (12) custodians of electronic gaming*
16 *machines, including persons with access to cash and accounting re-*
17 *records within such machines; (13) collection personnel; (14) internal*
18 *auditors of the destination enterprise manager; (15) any employee*
19 *whose total cash compensation is in excess of \$50,000 per year; and*
20 *(16) any other type of employee specified by the executive director.*

21 (n) *“Management contract” means a contract, subcontract, or*
22 *collateral agreement between the state and the destination enter-*
23 *prise manager and destination casino manager, implementing the*
24 *certificate of authority and negotiated and signed by the executive*
25 *director.*

26 (o) *“Market study” means an objective, scientific study com-*
27 *missioned by the destination casino commission. The proponent of*
28 *a proposal for a destination enterprise shall pay for any market*
29 *study required by this act for such proposal.*

30 (p) *“Parimutuel licensee” means a facility owner licensee or fa-*
31 *cility manager licensee under the Kansas parimutuel racing act.*

32 (q) *“Parimutuel licensee location” means the racetrack facility,*
33 *as defined in K.S.A. 74-8802, and amendments thereto, owned or*
34 *managed by the parimutuel licensee. A parimutuel licensee location*
35 *may include any existing structure at such racetrack facility or any*
36 *structure that may be constructed on real estate where such race-*
37 *track facility is located.*

38 (r) *“Technology provider” means any person or entity, other*
39 *than a destination enterprise manager or destination casino man-*
40 *ager, that designs, manufactures, installs, operates, distributes, sup-*
41 *plies or replaces an electronic gaming machine for sale, lease or use*
42 *in accordance with this act.*

43 *New Sec. 4. (a) There is hereby created the destination casino*

- 1 *commission. The commission shall consist of:*
- 2 *(1) Three members appointed by the governor; and*
- 3 *(2) one member each appointed by the following: The president*
4 *of the senate, the minority leader of the senate, the speaker of the*
5 *house of representatives and the minority leader of the house of*
6 *representatives.*
- 7 *(b) Each member of the destination casino commission shall be*
8 *appointed for a term of four years and until a successor is appointed*
9 *and qualifies, except that members first appointed to the destination*
10 *casino commission shall serve terms as follows: (1) Two members*
11 *appointed by the governor shall be appointed for terms of four years*
12 *and one for a term of one year, as designated by the governor; (2)*
13 *members appointed by the president of the senate and the speaker*
14 *of the house of representatives shall be appointed for terms of three*
15 *years; and (3) members appointed by the minority leader of the*
16 *senate and the minority leader of the house of representatives shall*
17 *be appointed for terms of two years. No member shall serve more*
18 *than two terms.*
- 19 *(c) The chairperson of the destination casino commission shall*
20 *be appointed by the governor from among the members of the des-*
21 *tination casino commission.*
- 22 *(d) Subject to the limitations of appropriations therefor, mem-*
23 *bers of the destination casino commission shall receive such com-*
24 *pen-sation as determined by the governor. Members of the commis-*
25 *sion attending meetings of the destination casino commission or*
26 *subcommittee meetings thereof approved by the destination casino*
27 *commission shall be paid subsistence allowances, mileage and other*
28 *expenses as provided in K.S.A. 75-3223, and amendments thereto.*
- 29 *(e) A person shall not be eligible for appointment to the desti-*
30 *nation casino commission if, within two years before appointment,*
31 *such person, or such person's spouse, child, stepchild, brother, step-*
32 *brother, sister, stepsister, parent or stepparent, has been employed*
33 *by or had any financial interest in any business engaged in oper-*
34 *ating gaming or a lottery, selling goods or services used in the op-*
35 *eration of gaming or a lottery or representing the gaming or lottery*
36 *industry.*
- 37 *(f) No person, nor such person's spouse, child, stepchild,*
38 *brother, stepbrother, sister, stepsister, parent or stepparent or an-*
39 *yone who resides in such person's household, shall:*
- 40 *(1) Be employed by or have any financial interest in any des-*
41 *tination casino, any destination enterprise, destination enterprise*
42 *manager, destination casino manager or any business engaged in*
43 *gaming or operating a lottery, selling goods or services used in the*

1 *operation of gaming or a lottery or representing the gaming or lot-*
2 *tery industry, while or within two years before or after such person*
3 *is a member of the destination casino commission; or*

4 (2) *accept any compensation, gift, loan, entertainment, hospi-*
5 *tality, favor or service from any applicant for or holder of a certif-*
6 *icate of authority, any destination enterprise, any destination en-*
7 *terprise manager, destination casino manager or any person selling*
8 *goods or services used in the operation of gaming or a lottery, or*
9 *any agent or employee thereof.*

10 *Violation of the provisions of this subsection is a class A nonper-*
11 *son misdemeanor upon conviction for a first offense. Violation of*
12 *this subsection is a severity level 9, nonperson felony upon convic-*
13 *tion for a second or subsequent offense.*

14 (g) *The destination casino commission is hereby attached to the*
15 *Kansas lottery as a part thereof. All budgeting, purchasing and re-*
16 *lated management functions of the destination casino commission*
17 *shall be administered by the executive director. The executive di-*
18 *rector shall provide office and meeting space and such clerical and*
19 *other staff assistance as may be necessary to assist the destination*
20 *casino commission in carrying out its powers, duties and functions*
21 *under this act. The destination casino commission may employ any*
22 *experts, consultants or other professionals at the expense of a pro-*
23 *spective destination enterprise manager to provide assistance in*
24 *evaluating a destination enterprise proposal submitted to the des-*
25 *tination casino commission.*

26 *New Sec. 5. (a) The destination casino commission shall review*
27 *proposals for destination enterprises and destination casinos sub-*
28 *mitted to the destination casino commission by applicants seeking*
29 *to become destination enterprise managers and destination casino*
30 *managers. The destination casino commission may charge appli-*
31 *cants an administrative application fee reasonably related to the*
32 *actual costs of processing the application.*

33 (b) *A parimutuel licensee which has accepted placement of*
34 *video lottery terminals by the Kansas lottery at a parimutuel li-*
35 *censee location as provided in sections 11 through 21, and amend-*
36 *ments thereto, may apply to develop and manage a destination en-*
37 *terprise and destination casino at the parimutuel licensee location*
38 *only if such development shall maintain live racing facilities and*
39 *operations and included in the expenses of such operation are pro-*
40 *visions for purse supplements adequate to encourage live racing and*
41 *the associated agricultural industries in Kansas. The amount of such*
42 *purse supplements shall be determined through the negotiation of*
43 *a binding contract between the parimutuel licensee and represen-*

1 *tatives of the horse and greyhound racing industry. As a part of its*
2 *application for authorization to develop a destination casino at a*
3 *parimutuel licensee location, a parimutuel licensee shall provide*
4 *the destination casino commission with a contract negotiated with*
5 *the official breed registering agencies as recognized by the Kansas*
6 *racing and gaming commission pursuant to K.S.A. 74-8830 and 74-*
7 *8832, and amendments thereto. The contract shall specify the dis-*
8 *tributions to be made from the gross destination casino revenues to*
9 *provide purse supplements to the appropriate breed groups. If a*
10 *contract is not agreed to within 30 days after commencement of*
11 *negotiations, the matter shall be referred to the Kansas racing and*
12 *gaming commission, which shall render a final decision on the mat-*
13 *ter not more than 30 days after referral of the matter to the com-*
14 *mission. Such contract shall become a part of the management con-*
15 *tract if the parimutuel licensee is authorized to develop a*
16 *destination casino. A parimutuel licensee must receive the consent*
17 *of its organization licensee, as defined in K.S.A. 74-8802, and*
18 *amendments thereto, before applying to develop a destination en-*
19 *terprise and destination casino under this act. A destination enter-*
20 *prise and destination casino shall not exist at a parimutuel licensee*
21 *location except as provided in this section.*

22 *(c) ~~Subject to the provisions of~~ [If the operation of a destination*
23 *casino has been approved by the voters of the county in which the*
24 *destination casino is proposed to be located as provided by] section*
25 *7, and amendments thereto, the destination casino commission, in*
26 *its discretion, may issue a certificate of authority for the proposed*
27 *destination casino, if the destination casino commission determines*
28 *that:*

29 *(1) The proposal constitutes a destination enterprise and a des-*
30 *tination casino;*

31 *(2) the proposal: (A) Includes ancillary destination enterprise*
32 *operations which would provide for dining, lodging, meetings, con-*
33 *ferences and entertainment other than gaming; and (B) demon-*
34 *strates through a market study that, considering all other competing*
35 *gaming and other entertainment venues, the proposal would (i) be*
36 *economically feasible, (ii) be profitable for the state and (iii) not*
37 *render economically infeasible any other destination enterprise,*
38 *destination casino or tribal gaming facility which is approved by*
39 *the state and in which the state has a financial stake;*

40 *(3) the proposed destination enterprise either: (A) Consists of*
41 *an investment in infrastructure, including ancillary destination en-*
42 *terprise operations, of at least \$75 million; or (B) consists of an*
43 *investment in infrastructure, including ancillary destination enter-*

1 *prise operations, of at least \$30 million and demonstrates through*
2 *a market study that at least 25% of its gaming consumers would*
3 *reside outside the state of Kansas; and*

4 *(4) the applicant: (A) Has sufficient access to financial re-*
5 *sources to support the activities required under the Kansas ex-*
6 *expanded gaming opportunity act; (B) is current in payment of all*
7 *taxes, interest and penalties owed to any taxing subdivision where*
8 *the person is located in Kansas; and (C) is current in filing all ap-*
9 *plicable tax returns and in payment of all taxes, interest and pen-*
10 *alties owed to the state of Kansas, excluding items under formal*
11 *appeal pursuant to applicable statutes; and*

12 *(5) the applicant, the principals and the officers and directors,*
13 *if a corporation, have completed acceptable background investi-*
14 *gations by federal or state authorities.*

15 *(d) If the destination casino commission is considering more*
16 *than one proposal for a destination casino, the destination casino*
17 *commission shall select the proposals that, in the judgment of the*
18 *destination casino commission, are in the best interest of the state*
19 *as a whole. The destination casino commission shall favor proposals*
20 *that: (1) Have larger investments in infrastructure; (2) create more*
21 *jobs and have higher payroll; (3) have lower management fees and*
22 *expenses; (4) create more revenue for the state; (5) are likely to*
23 *succeed in the marketplace; (6) have a more experienced and qual-*
24 *ified management team; (7) have more effective and aggressive*
25 *plans for identifying and counteracting problem gambling; (8)*
26 *would attract more tourists; and (9) have the support of the local*
27 *community.*

28 *(e) The destination casino commission shall issue not more than*
29 *five certificates of authority. After the destination casino commis-*
30 *sion has issued three certificates of authority, the destination casino*
31 *commission shall commission a statewide feasibility study to deter-*
32 *mine whether additional destination casinos would be in the best*
33 *interest of the state and where any additional destination casinos*
34 *should be located. Such feasibility study shall be commissioned and*
35 *completed within 12 months of the issuance of the third certificate*
36 *of authority.*

37 *(f) The destination casino commission shall not issue a certifi-*
38 *cate of authority for a destination casino within 50 miles of any*
39 *destination casino for which a certificate of authority has been is-*
40 *sued during the preceding two years unless the destination casino*
41 *commission determines that it is in the best interest of the state to*
42 *approve either single or multiple proposals within the same market.*
43 *The commission shall determine through a review of market studies*

1 *included in the proposals whether development of more than one*
2 *facility within the same marketplace is reasonably feasible. If the*
3 *destination casino commission deems it necessary, it may provide*
4 *for an independent market study, which assesses the market impact*
5 *of more than one destination casino within 50 miles of each other.*

6 *(g) The destination casino commission shall not issue a certifi-*
7 *cate of authority that would violate market protection provisions*
8 *in a tribal-state compact negotiated under the Indian gaming reg-*
9 *ulatory act (25 U.S.C. 2701, et seq.) and approved pursuant to K.S.A.*
10 *46-2301 et seq., and amendments thereto, if such violation would*
11 *cause the state to forfeit its share of revenue from the tribal casino.*

12 *New Sec. 6. (a) The certificate of authority issued by the des-*
13 *tination casino commission shall:*

14 *(1) Define the size, scope and nature of the destination enter-*
15 *prise, destination casino and ancillary destination enterprise*
16 *operations;*

17 *(2) include a comprehensive management plan, submitted by*
18 *the destination enterprise manager and approved by the destination*
19 *casino commission, for operation, oversight and monitoring of the*
20 *destination enterprise. The plan shall provide for the management*
21 *of the destination casino by the destination casino manager but*
22 *shall place full, complete and ultimate ownership and control of the*
23 *gaming operation of the destination casino with the Kansas lottery.*
24 *In addition, the plan shall include, but not be limited to:*

25 *(A) Accounting procedures to determine destination casino rev-*
26 *enues, destination casino expenses and net destination casino*
27 *revenues;*

28 *(B) provisions for regular audits of the destination casino at any*
29 *time but at least one a year;*

30 *(C) the location and operation of electronic gaming machines;*

31 *(D) minimum requirements for the destination enterprise man-*
32 *ager and destination casino manager to provide qualified oversight,*
33 *security and supervision of the operation of electronic gaming ma-*
34 *chines and destination casino games, including the use of qualified*
35 *personnel with experience in applicable technology;*

36 *(E) a requirement that a parimutuel licensee developing a des-*
37 *tination casino facility pursuant to this section, comply with all*
38 *orders and rules and regulations of the Kansas racing and gaming*
39 *commission regarding the conduct of live racing;*

40 *(F) a certification requirement and enforcement procedure for*
41 *officers, directors, key employees and persons directly or indirectly*
42 *owning a 5% or more interest in a destination enterprise manager*
43 *or destination casino manager, which certification requirement*

1 *shall include compliance with such security, fitness and background*
2 *standards as the executive director may deem necessary relating to*
3 *competence, honesty and integrity, such that a person's reputation,*
4 *habits and associations do not pose a threat to the public interest*
5 *of the state or to the reputation of or effective regulation and control*
6 *of the destination casino; it being specifically understood that any*
7 *person convicted of any felony, a crime involving gambling or a*
8 *crime of moral turpitude within 10 years prior to applying for a*
9 *certificate as such sales agent or at any time thereafter shall be*
10 *deemed unfit. The Kansas lottery shall conduct the security, fitness*
11 *and background checks required pursuant to this subsection;*

12 *(G) a certification requirement and enforcement procedure for*
13 *those persons, including electronic gaming machine manufacturers,*
14 *technology providers and computer system providers, who propose*
15 *to contract with a destination enterprise manager, a destination ca-*
16 *sino manager or the state for the provision of goods or services re-*
17 *lated to a destination casino, including management services, which*
18 *certification requirements shall include compliance with such se-*
19 *curity, fitness and background standards of officers, directors, key*
20 *gaming employees and persons directly or indirectly owning a 5%*
21 *or more interest in such entity, as the executive director may deem*
22 *necessary relating to competence, honesty and integrity, such that*
23 *a person's reputation, habits and associations do not pose a threat*
24 *to the public interest of the state or to the reputation of or effective*
25 *regulation and control of the destination casino; it being specifically*
26 *understood that any person convicted of any felony, a crime in-*
27 *volving gambling or a crime of moral turpitude within 10 years*
28 *prior to applying for a certificate hereunder or at any time there-*
29 *after shall be deemed unfit. The executive director may determine*
30 *whether the certification standards of another state are comprehen-*
31 *sive, thorough, and provide similar adequate safeguards and, if so,*
32 *may in the executive director's discretion certify an applicant al-*
33 *ready certified in such state without the necessity of a full appli-*
34 *cation and background check. The Kansas lottery shall conduct the*
35 *security, fitness and background checks required under this rule or*
36 *regulation;*

37 *(H) provisions for revocation of a certification provided for in*
38 *paragraph (F) or (G) upon a finding that the certificate holder, an*
39 *officer or director thereof or a person directly or indirectly owning*
40 *a 5% or more interest therein: (i) Has knowingly provided false or*
41 *misleading material information to the Kansas lottery or its em-*
42 *ployees; or (ii) has been convicted of a felony, gambling related*
43 *offense or any crime of moral turpitude; and*

1 **(I) provisions for suspension, revocation or nonrenewal of a cer-**
2 **tification provided for in paragraph (F) or (G) upon a finding that**
3 **the certificate holder, an officer or director thereof or a person di-**
4 **rectly or indirectly owning a 5% or more interest therein: (i) Failure**
5 **to notify the Kansas lottery about a material change in ownership**
6 **of the certificate holder, or any change in the directors or officers**
7 **thereof; (ii) a delinquency in remitting money owed to the Kansas**
8 **lottery; (iii) any violation of any provision of any contract between**
9 **the Kansas lottery and the certificate holder; or (iv) any violation**
10 **of any provision of the Kansas expanded gaming opportunity act or**
11 **any rule or regulation adopted hereunder;**

12 **(3) specify the location of the destination enterprise and desti-**
13 **nation casino;**

14 **(4) establish the disposition of destination casino revenues, sub-**
15 **ject to the provisions of subsections (b) and (c);**

16 **(5) provide for an accelerated destination casino net payment**
17 **and the terms of crediting the destination enterprise manager for**
18 **such accelerated payment;**

19 **(6) include any limits on provisions of the management con-**
20 **tract; and**

21 **(7) contain any additional conditions of issuance of the certifi-**
22 **cate negotiated by the destination casino commission and the**
23 **applicant.**

24 **(b) If the destination enterprise manager or destination casino**
25 **manager is a parimutuel licensee, the certificate of authority shall**
26 **provide for the disposition of destination casino revenues as follows:**

27 **(1) Not more than 2% of destination casino revenues shall be**
28 **credited to the gaming act oversight fund established by section 23,**
29 **and amendments thereto;**

30 **(2) an aggregate of not less than 2% nor more than 4% of des-**
31 **tination casino revenues shall be remitted, as determined by the**
32 **destination casino commission in its discretion, to the county and**
33 **city, if any, where the destination enterprise is located;**

34 **(3) the maximum percentage of destination casino revenues**
35 **specified by the certificate of authority for expenses of operation of**
36 **the destination casino shall be credited to the destination casino**
37 **operating expenses fund established by section 25, and amendments**
38 **thereto;**

39 **(4) a percentage of destination casino revenues specified by the**
40 **certificate of authority, but not less than 18% of such revenues,**
41 **shall be retained by the state; and**

42 **(5) a percentage of destination casino net revenues specified by**
43 **the certificate of authority shall be paid to the destination casino**

1 *manager.*

2 (c) *If the destination enterprise manager and destination casino*
3 *manager are not a parimutuel licensee, the certificate of authority*
4 *shall provide for the disposition of the gaming revenues from the*
5 *destination casino as follows:*

6 (1) *Not more than 2% of destination casino revenues shall be*
7 *credited to the gaming act oversight fund established by section 23,*
8 *and amendments thereto;*

9 (2) *an aggregate of not less than 2% nor more than 4% of des-*
10 *tination casino revenues shall be remitted, as determined by the*
11 *destination casino commission in its discretion, to the county and*
12 *city, if any, where the destination enterprise is located;*

13 (3) *the maximum percentage of destination casino revenues*
14 *specified by the certificate of authority for expenses of operation of*
15 *the destination casino shall be credited to the destination casino*
16 *operating expenses fund established by section 25, and amendments*
17 *thereto;*

18 (4) *a percentage of destination casino revenues specified by the*
19 *certificate of authority, but not less than 22% of such revenues,*
20 *shall be retained by the state; and*

21 (5) *a percentage of destination casino net revenues specified by*
22 *the certificate of authority shall be paid to the destination casino*
23 *manager.*

24 (d) *Upon approval of the voters of the county pursuant to sec-*
25 *tion 7, and amendments thereto, and issuance of the certificate of*
26 *authority, the executive director shall enter into a management con-*
27 *tract with the destination enterprise manager and destination ca-*
28 *sino manager. The management contract shall implement the pro-*
29 *visions of the certificate and shall be limited by the terms of the*
30 *certificate. The management contract shall allow the destination*
31 *casino manager to manage the destination casino in a manner con-*
32 *sistent with this act and the certificate of authority but shall place*
33 *full, complete and ultimate ownership and control of the gaming*
34 *operation of the destination casino with the Kansas lottery. The*
35 *Kansas lottery shall retain the ability to overrule any and all sig-*
36 *nificant gaming decisions at any time, without notice and shall re-*
37 *tain full control over all decisions concerning destination casino*
38 *games, including which games are offered at a destination casino,*
39 *the odds, the payout and other conditions under which destination*
40 *casino games are played. Any management contract that attempts*
41 *to transfer ownership or control of the destination casino or its gam-*
42 *ing operation shall be null and void. Such contract shall not be*
43 *subject to the provisions of K.S.A. 75-3738 through 75-3744, and*

1 *amendments thereto. The management contract shall require the*
2 *destination casino manager to submit a detailed gaming plan to the*
3 *executive director for approval by the executive director. The gam-*
4 *ing plan shall include procedures to identify and counteract prob-*
5 *lem gambling. Failure to follow these procedures shall be cause for*
6 *cancelling the management contract. The management contract*
7 *shall be for a term of not less than 10 years and shall be renewable*
8 *by mutual consent of the state and the destination enterprise man-*
9 *ager and destination casino manager. The management contract*
10 *shall provide that any party may cancel the contract for cause.*

11 ~~*New Sec. 7. (a) Before a management contract is entered into*~~
12 ~~*by the executive director, the qualified voters of the county where*~~
13 ~~*a destination enterprise is proposed to be located must approve the*~~
14 ~~*operation of a destination casino within the county as provided by*~~
15 ~~*this section.*~~

16 ~~*(b) The board of county commissioners of any county may sub-*~~
17 ~~*mit by resolution, and shall submit upon presentation of a petition*~~
18 ~~*filed in accordance with this section, to the qualified voters of the*~~
19 ~~*county a proposition to permit the operation of a destination casino*~~
20 ~~*within the county pursuant to this section. The proposition shall be*~~
21 ~~*submitted to the voters either at a special election called by the*~~
22 ~~*board of county commissioners for that purpose and held not less*~~
23 ~~*than 90 days after the resolution is adopted or the petition is filed*~~
24 ~~*or at the next general election, as shall be specified by the board of*~~
25 ~~*county commissioners or as specified in the petition, as the case may*~~
26 ~~*be.*~~

27 ~~*(c) A petition to submit a proposition pursuant to this section*~~
28 ~~*shall be filed with the county election officer. The petition shall be*~~
29 ~~*signed by qualified voters of the county equal in number to not less*~~
30 ~~*than 10% of the voters of the county who voted for the office of*~~
31 ~~*secretary of state at the last preceding general election at which*~~
32 ~~*such office was elected. The following shall appear on the petition:*~~
33 ~~*“We request an election to determine whether the certificate of au-*~~
34 ~~*thority issued by the destination casino commission to (name of des-*~~
35 ~~*tination enterprise manager and destination casino manager) to operate*~~
36 ~~*a destination casino in _____ county shall be approved.”*~~

37 ~~*(d) Upon the adoption of a resolution or the submission of a*~~
38 ~~*valid petition calling for an election pursuant to this section, the*~~
39 ~~*county election officer shall cause the following proposition to be*~~
40 ~~*placed on the ballot at the election called for that purpose: “Shall*~~
41 ~~*the certificate of authority issued by the destination casino com-*~~
42 ~~*mission to (name of destination enterprise manager and destination ca-*~~
43 ~~*sino manager) to operate a destination casino in _____ county*~~

1 ***be approved.?”***
2 ~~*(f) If a majority of the votes cast and counted at such election*~~
3 ~~*is in favor of approving the specified certificate of authority within*~~
4 ~~*the county, the executive director may enter into a management*~~
5 ~~*contract as provided by this act for operation of a destination casino*~~
6 ~~*within the county. If a majority of the votes cast and counted at an*~~
7 ~~*election under this section is against permitting the operation of a*~~
8 ~~*destination casino within the county, the executive director shall*~~
9 ~~*not enter into any management contract pursuant to this act for the*~~
10 ~~*operation of a destination casino within the county. The county*~~
11 ~~*election officer shall transmit a copy of the certification of the re-*~~
12 ~~*sults of the election to the executive director.*~~
13 ~~*(g) The election provided for by this section shall be conducted,*~~
14 ~~*and the votes counted and canvassed, in the manner provided by*~~
15 ~~*law for question submitted elections of the county.*~~
16 *[New Sec. 7. (a) Destination casinos shall be operated pursuant*
17 *to the Kansas expanded gaming opportunity act only in counties*
18 *where, in accordance with this section, the qualified voters of the*
19 *county have voted to permit operation of a destination casino within*
20 *the county.*
21 *[(b) The board of county commissioners of any county may sub-*
22 *mit by resolution, and shall submit upon presentation of a petition*
23 *filed in accordance with subsection (c), to the qualified voters of*
24 *the county a proposition to permit the operation of a destination*
25 *casino within the county. The proposition shall be submitted to the*
26 *voters either at the next primary or general election held after the*
27 *resolution is adopted or the petition is filed or at a special election*
28 *of the county, as shall be specified by the board of county commis-*
29 *sioners or in the petition, as the case may be.*
30 *[(c) A petition to submit a proposition to the qualified voters of*
31 *a county pursuant to this section shall be filed with the election*
32 *officer. The petition shall be signed by qualified voters of the county*
33 *equal in number to not less than 10% of the voters of the county*
34 *who voted for the office of secretary of state at the last preceding*
35 *general election at which such office was elected. The following*
36 *shall appear on the petition:*
37 *[“We request an election to determine whether the operation of*
38 *a destination casino shall be permitted in _____ county.”*
39 *[(d) Upon the adoption of a resolution or the submission of a*
40 *valid petition calling for an election pursuant to this section, the*
41 *county election officer shall cause the following proposition to be*
42 *placed on the ballot at the election called for that purpose: “Shall*
43 *the operation of a destination casino be permitted in _____*

1 *county?*”

2 *[(e) If a majority of the votes cast and counted at such election*
3 *is in favor of permitting the operation of a destination casino, the*
4 *destination casino commission may issue a certificate of authority*
5 *and the executive director may enter into a management contract*
6 *for the operation of a destination casino within the county as pro-*
7 *vided by the Kansas expanded gaming opportunity act. If a majority*
8 *of the votes cast and counted at an election under this section is*
9 *against permitting the operation of a destination casino in the*
10 *county, the destination casino commission shall not issue a certifi-*
11 *cate of authority and the executive director shall not enter contracts*
12 *for the operation of a destination casino in the county. The county*
13 *election officer shall transmit a copy of the certification of the re-*
14 *sults of the election to the executive director.*

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

18 *New Sec. 8. (a) The Kansas lottery shall examine prototypes of*
19 *electronic gaming machines to determine compliance with the cer-*
20 *tificate of authority and the requirements of the Kansas expanded*
21 *gaming opportunity act.*

22 *(b) No electronic gaming machine shall be operated pursuant*
23 *to the Kansas expanded gaming opportunity act unless the executive*
24 *director first issues a certificate for such machine authorizing its*
25 *use at a specified destination casino. Each electronic gaming ma-*
26 *chine shall have the certificate prominently displayed thereon. Any*
27 *machine which does not display the certificate required by this sec-*
28 *tion is contraband and a public nuisance subject to confiscation by*
29 *any law enforcement officer.*

30 *(c) The executive director shall require any manufacturer, sup-*
31 *plier, provider, destination enterprise manager, destination casino*
32 *manager or other person seeking the examination and certification*
33 *of electronic gaming machines to pay the anticipated actual costs*
34 *of the examination in advance. After the completion of the exami-*
35 *nation, the executive director shall refund any overpayment or*
36 *charge and collect amounts sufficient to reimburse the executive*
37 *director for any underpayment of actual costs. The executive direc-*
38 *tor may contract for the examination of electronic gaming machines*
39 *as required by this subsection and may rely upon testing done by*
40 *or for other states regulating electronic gaming machines, if the*
41 *executive director deems such testing to be reliable and in the best*
42 *interest of the state of Kansas.*

43 *(d) (1) Electronic gaming machines operated pursuant to the*

1 ***Kansas expanded gaming opportunity act shall:***

2 (A) *Pay out an average of not less than 87% of the amount wa-*
3 *gered over the life of the machine;*

4 (B) *be directly linked to a central lottery communications sys-*
5 *tem to provide auditing and other program information as approved*
6 *by the Kansas lottery; and*

7 (C) *be on-line and in constant communication with a central*
8 *computer located at a location determined by the executive*
9 *director.*

10 (2) *The Kansas lottery shall lease or purchase, at the expense of*
11 *the destination casino manager, all gaming equipment necessary to*
12 *implement the communications system and central computer. The*
13 *executive director shall select the computer system most suitable*
14 *for conducting the monitoring and auditing functions required by*
15 *the Kansas expanded gaming opportunity act. The communications*
16 *system and central computer selected shall not limit participation*
17 *to only one electronic gaming machine manufacturer, distributor,*
18 *supplier or provider.*

19 ***New Sec. 9. In addition to any other power provided by this***
20 ***act, the executive director, and employees and agents designated by***
21 ***the executive director, shall have the power to:***

22 (a) *Investigate alleged violations of the Kansas expanded gam-*
23 *ing opportunity act and alleged violations of the certificate of au-*
24 *thority, the management contract and this act and rules and regu-*
25 *lations adopted hereunder.*

26 (b) *Examine or cause to be examined by any agent or represen-*
27 *tative designated by the executive director any books, papers, re-*
28 *records or memoranda of any destination enterprise manager, any*
29 *destination casino manager or any business involved in electronic*
30 *gaming or lottery games authorized pursuant to the Kansas ex-*
31 *expanded gaming opportunity act, for the purpose of ascertaining*
32 *compliance with the provisions of the certificate of authority, the*
33 *management contract and this act and rules and regulations*
34 *adopted hereunder.*

35 (c) *Request a court to issue subpoenas to compel access to or*
36 *for the production of any books, papers, records or memoranda in*
37 *the custody or control of any destination enterprise manager or*
38 *destination casino manager, or to compel the appearance of any*
39 *destination enterprise manager or destination casino manager for*
40 *the purpose of ascertaining compliance with the provisions of the*
41 *certificate of authority, the management contract and this act and*
42 *rules and regulations adopted hereunder. Subpoenas issued under*
43 *the provisions of this subsection may be served upon natural per-*

1 *sons and corporations in the manner provided in K.S.A. 60-304, and*
2 *amendments thereto, for the service of process by any officer au-*
3 *thorized to serve subpoenas in civil actions or by the executive di-*
4 *rector or an agent or representative designated by the executive*
5 *director. In the case of the refusal of any person to comply with any*
6 *such subpoena, the executive director may make application to the*
7 *district court of any county where such books, papers, records,*
8 *memoranda or person is located for an order to comply.*

9 *(d) Inspect and view the operation of all machines, equipment,*
10 *systems or facilities where electronic gaming machines authorized*
11 *pursuant to this act are located.*

12 *(e) Inspect and approve, prior to publication or distribution, all*
13 *advertising by a destination enterprise manager or destination ca-*
14 *sino manager which includes any reference to the existence of gam-*
15 *ing at the destination enterprise.*

16 *(f) Require, in accordance with the certificate of authorization*
17 *and the management contract, appropriate security measures in*
18 *any and all areas where electronic gaming machines or other des-*
19 *tination casino games are located or operated.*

20 *(g) Provide for audits of the electronic gaming machine opera-*
21 *tions of each destination enterprise manager or destination casino*
22 *manager in accordance with contracting with the certificate of au-*
23 *thorization and the management contract.*

24 *(h) The executive director shall have the power to take any*
25 *other action as may be reasonable or appropriate to enforce the*
26 *provisions of this act and any rules and regulations, orders and final*
27 *decisions of the executive director.*

28 *New Sec. 10. Each destination enterprise manager and each*
29 *destination casino manager shall provide access for the executive*
30 *director or the executive director's designee to all the destination*
31 *enterprise manager's or destination casino manager's records and*
32 *the physical premises where the electronic gaming machine and des-*
33 *tination casino game activities occur for the purpose of monitoring*
34 *or inspecting the electronic gaming machines and gaming equip-*
35 *ment and the operation of other destination casino games. None of*
36 *the information disclosed pursuant to this subsection shall be sub-*
37 *ject to disclosure under the Kansas open records act, K.S.A. 45-216*
38 *et seq., and amendments thereto.*

39 VIDEO LOTTERY TERMINALS

40 *New Sec. 11. As used in this act, unless the context otherwise*
41 *requires:*

42 *(a) "Central video lottery terminal computer system" means the*
43 *central computer system, which monitors the operations of all video*

1 *lottery terminals, approved by the Kansas lottery and which is pro-*
2 *vided by the central video lottery terminal computer system pro-*
3 *vider in accordance with this act.*

4 (b) *“Central computer system provider” means a person with*
5 *whom the executive director has contracted for the purpose of pro-*
6 *viding and maintaining a central video lottery terminal computer*
7 *system and the related management facilities with respect to oper-*
8 *ating and servicing the video lottery terminals.*

9 (c) *“Club location” means (1) the licensed premises of a veter-*
10 *ans or fraternal organization or (2) a facility which has been in*
11 *continuous existence and operation providing recreational and*
12 *sports activities for a period of not less than five years prior to the*
13 *date of the submission of an application and which is an approved*
14 *club keno licensee with the Kansas Lottery.*

15 (d) *“Gray machine” means any mechanical, electro-mechanical*
16 *or electronic device, capable of being used for gambling, that is: (1)*
17 *Not authorized by the Kansas lottery, (2) not connected to the cen-*
18 *tral video lottery terminal computer system, (3) available to the*
19 *public for play and (4) capable of simulating a game played on a*
20 *video lottery terminal or any similar gambling game authorized*
21 *pursuant to the Kansas expanded gaming opportunity act.*

22 (e) *“Net video lottery terminal income” means all cash or other*
23 *consideration utilized to play a video lottery terminal, less all cash*
24 *or other consideration paid out to winning players as prizes.*

25 (f) *“Parimutuel licensee” has the meaning provided by section*
26 *3, and amendments thereto.*

27 (g) *“Parimutuel licensee location” has the meaning provided by*
28 *section 3, and amendments thereto.*

29 (h) *“Progressive video lottery game” means any game whose*
30 *jackpot grows and accumulates as it is being played on a video*
31 *lottery terminal and whose outcome is randomly determined by the*
32 *play of video lottery terminals linked to the central video lottery*
33 *terminal computer system.*

34 (i) *“Video lottery” means any lottery conducted with a video*
35 *lottery terminal or, with respect to a progressive game, a network*
36 *of linked video lottery terminals.*

37 (j) *“Video lottery game” means any electronically simulated*
38 *game of chance, including but not limited to video poker, keno, line-*
39 *up, or blackjack, displayed and played on a video lottery terminal.*

40 (k) *“Video lottery terminal” means any electronic machine in*
41 *which bills, coins, tokens or other media approved by the Kansas*
42 *lottery are deposited in order to play in a game of chance in which*
43 *the results, including options available to the player, are randomly*

1 *and immediately determined by the machine, and is connected to*
2 *the central video lottery terminal computer system. A video lottery*
3 *terminal may use spinning reels or video displays or both and must*
4 *print and deliver a voucher directly to each player with an existing*
5 *credit balance at the end of play, or if approved by the Kansas*
6 *lottery may dispense cash directly to the player.*

7 (l) *“Video lottery terminal associated equipment” means any*
8 *proprietary device, machine or part used in the manufacture, op-*
9 *eration or maintenance of a video lottery terminal.*

10 (m) *“Video lottery terminal manufacturer” means any individ-*
11 *ual, firm, corporation or other legal entity certified by the Kansas*
12 *lottery to assemble or produce video lottery terminals or video lot-*
13 *tery terminal associated equipment for sale or use in this state.*

14 (n) *“Video lottery parimutuel sales agent” means a parimutuel*
15 *licensee specifically certified by the Kansas lottery to become a cer-*
16 *tified video lottery parimutuel sales agent and offer video lottery*
17 *terminals for play to the public at the parimutuel licensee location.*

18 (o) *“Video lottery club sales agent” means a veterans and fra-*
19 *ternal organization specifically certified by the Kansas lottery to*
20 *become a certified video lottery club sales agent and offer video*
21 *lottery terminals for play at the club location.*

22 (p) *“Veterans or fraternal organization” means an organization*
23 *which is licensed as a class A club pursuant to the club and drinking*
24 *establishment act, has been in continuous existence and operation*
25 *for a period of not less than five years prior to the date of applica-*
26 *tion to become a video lottery club sales agent and is a bona fide*
27 *member of one of the following organizations:*

28 (1) *The American Legion;*

29 (2) *the Veterans of Foreign Wars;*

30 (3) *the Fraternal Order of Eagles;*

31 (4) *the Benevolent and Protective Order of Elks;*

32 (5) *the Knights of Columbus;*

33 (6) *the Loyal Order of Moose; or*

34 (7) *the Order of the Mystic Shrine.*

35 (q) *“Voucher” means a bearer instrument in the form of a*
36 *printed ticket or facsimile issued by a video lottery terminal to a*
37 *player that represents the existing credit balance accumulated by*
38 *a player of the video lottery terminal. A voucher is a secure docu-*
39 *ment that carries a unique identifier in the form of a serial number*
40 *and bar code issued by the central video lottery terminal computer*
41 *system.*

42 *New Sec. 12. (a) The Kansas lottery shall implement a video*
43 *lottery program whereby it places video lottery terminals at pari-*

1 *mutuel licensee locations and club locations.*

2 *(b) The Kansas lottery shall not place video lottery terminals at*
3 *any parimutuel licensee location or club location unless the com-*
4 *mission has adopted rules and regulations as provided in sections*
5 *11 through 21, and amendments thereto.*

6 *(c) The Kansas lottery shall not place video lottery terminals in*
7 *a county unless the question of the placement of [video] lottery*
8 *terminals in such county has been submitted to and approved by*
9 *the voters of such county at an election called and held thereon.*
10 *Such election shall be called and held in the same manner as pro-*
11 *vided by section 7, and amendments thereto.*

12 *[(d) The question of the placement of video lottery terminals*
13 *may be submitted at the same election at which is submitted the*
14 *question of the operation of a destination casino under section 7,*
15 *and amendments thereto.]*

16 *New Sec. 13. (a) In accordance with rules and regulations*
17 *adopted by the commission, the executive director shall have gen-*
18 *eral responsibility for the implementation and administration of the*
19 *provisions of this act relating to video lottery, including, without*
20 *limitation, the responsibility to:*

21 *(1) Establish a statewide video lottery terminal network in ac-*
22 *cordance with the provisions of this act;*

23 *(2) review and determine promptly and in reasonable order all*
24 *certificate applications or proceedings for suspension or revocation*
25 *of certificates;*

26 *(3) perform all duties required of the executive director under*
27 *the provisions of this act relating to video lottery;*

28 *(4) collect all fees imposed pursuant to sections 11 through 21,*
29 *and amendments thereto;*

30 *(5) certify net video lottery terminal income by inspecting re-*
31 *records, conducting audits, having agents of the Kansas lottery on site*
32 *or by any other reasonable means;*

33 *(6) assist the commission in the promulgation of rules and reg-*
34 *ulations concerning the operation of a statewide video lottery ter-*
35 *terminal network, which rules and regulations shall include, without*
36 *limitation, the following:*

37 *(A) The denomination of all bills, coins, tokens or other media*
38 *needed to play video lottery terminals;*

39 *(B) payout from video lottery terminals, provided that such*
40 *payouts (i) shall not be less than 87% on an average annual basis*
41 *and (ii) shall not exceed 95% on an average annual basis without*
42 *express written approval from the executive director, who may ap-*
43 *prove payouts up to 99%;*

1 (C) *a certification requirement and enforcement procedure for*
2 *officers, directors, board members and key employees, specified by*
3 *the executive director, of video lottery parimutuel sales agents and*
4 *video lottery club sales agents, which certification requirement*
5 *shall include compliance with such security, fitness and background*
6 *standards as the executive director may deem necessary relating to*
7 *competence, honesty and integrity, such that a person's reputation,*
8 *habits and associations do not pose a threat to the public interest*
9 *of the state or to the reputation of or effective regulation and control*
10 *of the video lottery; it being specifically understood that any person*
11 *convicted of any felony, a crime involving gambling or a crime of*
12 *moral turpitude within 10 years prior to applying for a certificate*
13 *as such sales agent or at any time thereafter shall be deemed unfit.*
14 *The Kansas lottery shall conduct the security, fitness and back-*
15 *ground checks required pursuant to such rules and regulations;*

16 (D) *a certification requirement and enforcement procedure for*
17 *those persons or entities, including video lottery terminal manufac-*
18 *turers and the central video lottery terminal computer system pro-*
19 *viders, who propose to contract with a video lottery parimutuel*
20 *sales agent, a video lottery club sales agent or the state for the*
21 *provision of goods or services related to the video lottery, including*
22 *management services, which certification requirements shall in-*
23 *clude compliance with such security, fitness and background stan-*
24 *dards of officers, directors, key employees specified by the executive*
25 *director and persons who own, directly or indirectly, 5% or more*
26 *of such entity, as the executive director may deem necessary relat-*
27 *ing to competence, honesty and integrity, such that a person's rep-*
28 *utation, habits and associations do not pose a threat to the public*
29 *interest of the state or to the reputation of or effective regulation*
30 *and control of the video lottery; it being specifically understood that*
31 *any person convicted of any felony, a crime involving gambling or*
32 *a crime of moral turpitude within 10 years prior to applying for a*
33 *certificate hereunder or at any time thereafter shall be deemed un-*
34 *fit. The executive director may determine whether the certification*
35 *standards of another state are comprehensive, thorough, and pro-*
36 *vide similar adequate safeguards and, if so, may in the executive*
37 *director's discretion certify an applicant already certified in such*
38 *state without the necessity of a full application and background*
39 *check. The Kansas lottery shall conduct the security, fitness and*
40 *background checks required under this rule or regulation;*

41 (E) *the number of video lottery terminals permitted in each par-*
42 *imutuel location and club location. The total number of video lot-*
43 *tery terminals at all parimutuel locations shall not exceed 4,000.*

- 1 ***No club location shall have more than five video lottery terminals;***
2 ***(F) standards for advertising, marketing and promotional ma-***
3 ***terials used by video lottery parimutuel sales agents. Video lottery***
4 ***club sales agents shall not advertise, market or promote the exis-***
5 ***tence of video lottery terminals at any club location, except to the***
6 ***members of the veterans or fraternal organization at which the***
7 ***video lottery terminals are located;***
8 ***(G) the registration, kind, type, number and location of video***
9 ***lottery terminals at any parimutuel licensee location or club***
10 ***location;***
11 ***(H) the on-site security arrangements for the video lottery***
12 ***terminals;***
13 ***(I) regulations and procedures for the accounting and reporting***
14 ***of the payments required from video lottery parimutuel sales agents***
15 ***and video lottery club sales agents under section 22, and amend-***
16 ***ments thereto, including the calculations required for such***
17 ***payments;***
18 ***(J) requiring the reporting of information about any video lot-***
19 ***tery parimutuel sales agent or video lottery club sales agent, its***
20 ***employees, vendors and finances necessary or desirable to ensure***
21 ***the security of the video lottery system. None of the information***
22 ***disclosed pursuant to this subsection shall be subject to disclosure***
23 ***under the Kansas open records act; and***
24 ***(K) the reporting and auditing of financial information of video***
25 ***lottery parimutuel sales agents or video lottery club sales agents,***
26 ***including, but not limited to, the reporting of profits or losses in-***
27 ***curring by video lottery parimutuel sales agents or video lottery club***
28 ***sales agents and the reporting of such other information as the ex-***
29 ***ecutive director may require to determine compliance with the Kan-***
30 ***sas expanded gaming opportunity act and the regulations adopted***
31 ***hereunder. None of the information disclosed pursuant to this sub-***
32 ***section shall be subject to disclosure under the Kansas open records***
33 ***act.***
34 ***(b) The executive director may request a district court to issue***
35 ***subpoenas and compel the attendance of witnesses, administer oaths***
36 ***and require testimony under oath for the purpose of determining***
37 ***compliance with the provisions of this act relating to video lottery.***
38 ***(c) The Kansas lottery shall operate the video lottery terminal***
39 ***network through the central video lottery terminal computer sys-***
40 ***tem. The central video lottery terminal computer system shall be***
41 ***capable of auditing the operation, financial data and program in-***
42 ***formation of the video lottery terminal network. All equipment or***
43 ***devices required for operation of the central video lottery terminal***

1 *computer system shall be included in any contract made for the*
2 *purpose of providing or operating such system.*

3 *(d) The central video lottery terminal computer system shall be*
4 *used for the operation of the video lottery terminal network and*
5 *shall incorporate electronic fund transfer procedures to facilitate*
6 *the collection of revenue, be capable of disabling any video lottery*
7 *terminal from play, and be capable of communicating with all video*
8 *lottery terminals approved by the Kansas lottery. The central video*
9 *lottery terminal computer system provider shall provide certified*
10 *manufacturers with the protocol documentation and the audit in-*
11 *formation and controls necessary to enable the manufacturers'*
12 *video lottery terminals to communicate with the Kansas lottery's*
13 *central video lottery terminal computer system. The central video*
14 *lottery terminal computer system shall not limit participation to*
15 *only one manufacturer of video lottery terminals or video lottery*
16 *terminal associated equipment.*

17 *(e) The executive director may remove from play and confiscate*
18 *any video lottery terminal or gray machine that does not comply*
19 *with the requirements of the Kansas expanded gaming opportunity*
20 *act. Any video lottery terminal that the executive director deter-*
21 *mines has been modified or the design of which has been modified*
22 *without the consent of the executive director may be removed from*
23 *play, confiscated by the executive director and disposed of in any*
24 *manner allowed by law.*

25 *(f) With regard to minutes and records of the commission:*

26 *(1) The Kansas lottery shall keep and maintain a list of all ap-*
27 *licants for certification under the Kansas expanded gaming oppor-*
28 *tunity act, together with a record of all actions taken with respect*
29 *to such applicants. A file and record of the Kansas lottery's actions*
30 *shall be open to public inspection pursuant to the Kansas open re-*
31 *records act, but the information regarding any applicant whose cer-*
32 *tificate has been denied, revoked or not renewed shall be removed*
33 *from such list five years after the date certification was denied,*
34 *revoked or not renewed.*

35 *(2) All information and data required by the Kansas lottery to*
36 *be furnished to it, or which may otherwise be obtained, relative to*
37 *the finances, earnings or revenue, except the net video lottery ter-*
38 *terminal income, of any vendor shall be considered confidential and*
39 *shall not be revealed in whole or in part without permission of the*
40 *vendor, except in the course of the necessary administration of the*
41 *Kansas expanded gaming opportunity act, or upon the lawful order*
42 *of a court of competent jurisdiction, or with the approval of the*
43 *attorney general, to a duly authorized law enforcement agency.*

1 (3) *All information and data pertaining to an applicant's crim-*
2 *inal record, family and background furnished to or obtained by the*
3 *Kansas lottery from any source shall be considered confidential and*
4 *shall not be revealed, in whole or part. Such information shall be*
5 *released upon the lawful order of a court of competent jurisdiction*
6 *or, with the approval of the attorney general, to a duly authorized*
7 *law enforcement agency.*

8 (4) *Notice of the contents of any information released, except to*
9 *a duly authorized law enforcement agency pursuant to subsection*
10 *(f), shall be given to any applicant, certificate holder or vendor in*
11 *a manner prescribed by the rules and regulations adopted by the*
12 *commission.*

13 *New Sec. 14. (a) The executive director may issue, suspend, re-*
14 *vocate and renew certificates for video lottery terminal manufactur-*
15 *ers, video lottery terminals, video lottery parimutuel sales agents*
16 *or video lottery club sales agents pursuant to rules and regulations*
17 *adopted by the commission.*

18 **(b)** *Any individual, firm, corporation or other legal entity seek-*
19 *ing to obtain a certificate pursuant to rules and regulations adopted*
20 *by the commission shall apply to the executive director for such*
21 *certificate on forms provided by the executive director.*

22 **(c)** *The executive director shall notify an applicant who is*
23 *found, for any reason, to be unfit for certification, of the specific*
24 *reasons therefor which constitute the basis for the finding.*

25 **(d)** *No certificate issued pursuant to this section shall be as-*
26 *signable or transferable.*

27 **(e)** *The executive director may examine any or all accounts,*
28 *bank accounts, financial statements and records of the vendor in a*
29 *vendor's possession or under its control in which it has an interest*
30 *and the vendor must authorize all third parties, including parents,*
31 *subsidiaries or related entities, in possession or control of the ac-*
32 *counts or records of the vendor to allow examination of any or all*
33 *of those accounts or records by the executive director.*

34 **(f)** *A certificate shall be revoked upon a finding that the certif-*
35 *icate holder, or an officer, director or board member thereof:*

36 **(1)** *Has knowingly provided false or misleading material infor-*
37 *mation to the Kansas lottery or its employees; or*

38 **(2)** *has been convicted of a felony, gambling related offense or*
39 *any crime of moral turpitude.*

40 **(g)** *A certificate may be suspended, revoked or not renewed for*
41 *any of the following causes:*

42 **(1)** *Failure to notify the Kansas lottery about a material change*
43 *in ownership of the certificate holder, or any change in the direc-*

- 1 *tors, officers or board members thereof;*
2 *(2) a delinquency in remitting money owed to the Kansas lot-*
3 *tery;*
4 *(3) any violation of any provision of any contract between the*
5 *Kansas lottery and the certificate holder; or*
6 *(4) any violation of any provision of the Kansas expanded gam-*
7 *ing opportunity act or any rule or regulation adopted by the*
8 *commission.*
- 9 *New Sec. 15. (a) Every certified video lottery terminal manu-*
10 *facturer shall submit a training program for the service and main-*
11 *tenance of such video lottery terminals and associated equipment*
12 *for approval by the Kansas lottery. The training program shall in-*
13 *clude an outline of the training curriculum, a list of instructors and*
14 *their qualifications, a copy of the instructional materials and the*
15 *dates, times and location of training classes. No service and main-*
16 *tenance program shall be held until approved by the Kansas lottery.*
17 *(b) Every service employee shall complete the requirements of*
18 *the manufacturer's training program before such employee per-*
19 *forms service, maintenance and repairs on video lottery terminals*
20 *or video lottery terminal associated equipment. Upon the successful*
21 *completion by a service employee of the training program required*
22 *by this section, the Kansas lottery shall issue a certificate author-*
23 *izing such employee to service, maintain and repair video lottery*
24 *terminals and video lottery terminal associated equipment. No cer-*
25 *tificate of completion shall be issued to any service employee until*
26 *the Kansas lottery has ascertained that such employee has com-*
27 *pleted the required training program. Any person certified as a serv-*
28 *ice employee under this section shall pass a background investiga-*
29 *tion under the rules and regulations of the commission. The Kansas*
30 *lottery may revoke certification upon finding a service employee in*
31 *violation of any provision of the Kansas expanded gaming oppor-*
32 *tunity act or a commission rule or regulation.*
- 33 *New Sec. 16. (a) Except as provided in subsection (b):*
34 *(1) No video lottery terminal shall be operated at a parimutuel*
35 *licensee location in Sedgwick county unless, during the first full*
36 *calendar year and each year thereafter in which video lottery ter-*
37 *minals are operated at such location, the parimutuel licensee con-*
38 *ducts at such location at least eight live greyhound racing programs*
39 *each calendar week for the number of weeks raced during calendar*
40 *year 2002, with at least 13 live races conducted each program.*
41 *(2) No video lottery terminal shall be operated at a parimutuel*
42 *licensee location in Wyandotte county unless, during the first full*
43 *calendar year and each year thereafter in which video lottery ter-*

1 *minimals are operated at such location, the parimutuel licensee con-*
2 *ducts live horse racing programs for at least 65 days, with at least*
3 *10 live races conducted each program, and must offer and make a*
4 *reasonable effort to conduct a minimum number of three live races*
5 *restricted for quarter horses each day and seven live thoroughbred*
6 *races each day, of which not less than two races each day shall be*
7 *limited to registered Kansas-bred horses apportioned in the same*
8 *70-30 ratio that live races are offered, and with at least eight live*
9 *greyhound racing programs each calendar week for at least the*
10 *same number of weeks raced during 2002, with at least 13 live races*
11 *conducted each program.*

12 (3) *No video lottery terminal shall be operated at a parimutuel*
13 *licensee location in Crawford county unless, during the first full*
14 *calendar year and each year thereafter in which video lottery ter-*
15 *minals are operated at such location, the parimutuel licensee con-*
16 *ducts at such location at least eight live greyhound racing programs*
17 *each calendar week for the number of weeks equal to the number*
18 *of days raced during calendar year 2002 at a parimutuel licensee*
19 *location in Sedgwick county, with at least 13 live races conducted*
20 *each program.*

21 (4) *If a parimutuel licensee has not held live races pursuant to*
22 *a commission approved schedule in the preceding 12 months, the*
23 *Kansas racing and gaming commission shall hold a hearing to de-*
24 *termine the number of days of live racing required for the remaining*
25 *days of the first calendar year of operation to qualify for operation*
26 *of video lottery terminals. At such hearing, the commission shall*
27 *receive testimony and evidence from affected breed groups, the li-*
28 *icensee and others, as the Kansas racing and gaming commission*
29 *deems appropriate concerning the schedule of live race days. The*
30 *operation of video lottery terminals shall not commence more than*
31 *90 days prior to the start of live racing at such facility.*

32 (5) *No video lottery terminals shall be operated at a parimutuel*
33 *licensee location in Greenwood county at Eureka Downs unless,*
34 *during the first full calendar year and each year thereafter in which*
35 *video lottery terminals are operated, the parimutuel licensee shall*
36 *conduct at such location at least 40 days of live horse racing.*

37 (6) *No video lottery terminals shall be operated at a parimutuel*
38 *licensee location at Anthony Downs in Harper county unless during*
39 *the first full calendar year and each year thereafter in which video*
40 *lottery terminals are operated the parimutuel licensee shall conduct*
41 *at such location at least 20 days of live horse racing.*

42 (7) *Greenwood county fair association and Anthony fair asso-*
43 *ciation shall qualify as fair associations pursuant to the provisions*

1 *of this section and shall be required to comply with all provisions*
2 *of K.S.A. 74-8814, and amendments thereto.*

3 *(b) The Kansas racing and gaming commission may not grant*
4 *an exception to the requirements of subsection (a) for a parimutuel*
5 *licensee conducting live racing unless such exception is in the form*
6 *of an agreement between the parimutuel licensee and the affected*
7 *recognized breed group. Such agreement shall be reviewed and ap-*
8 *proved by the appropriate official breed registering agencies prior*
9 *to submission to the racing and gaming commission for considera-*
10 *tion. If an agreement is not reached between the licensee and the*
11 *affected recognized breed group, the Kansas racing and gaming*
12 *commission shall hold a hearing and hear evidence from affected*
13 *breed groups, the licensee and others, as the Kansas racing and*
14 *gaming commission deems appropriate. Following such hearing, the*
15 *Kansas racing and gaming commission may determine whether the*
16 *exception shall be granted. In the case of an emergency, weather-*
17 *related issues or immediate circumstances beyond the control of the*
18 *licensee, the commission may grant an exception after consultation*
19 *with the affected recognized breed group at the facility.*

20 *New Sec. 17. (a) Video lottery terminals shall not be offered for*
21 *use or play in this state unless approved by the Kansas lottery. Video*
22 *lottery terminals may only offer video lottery games authorized by*
23 *the Kansas lottery.*

24 *(b) Video lottery terminals approved for use or play in this state*
25 *shall:*

26 *(1) Be incapable of manipulation to effect the random proba-*
27 *bility of winning plays;*

28 *(2) have one or more mechanisms that accept coins, tokens or*
29 *other media approved by the Kansas lottery in exchange for game*
30 *credits and a voucher evidencing said credits, or if approved by the*
31 *Kansas lottery be capable of paying cash directly to the player, and*
32 *such mechanisms shall be designed to prevent players from obtain-*
33 *ing credits or cash by means of physical tampering;*

34 *(3) be capable of suspending play as a result of physical tam-*
35 *pering until reset at the direction of the executive director or the*
36 *executive director's designee;*

37 *(4) have non-resettable electronic meters housed in a locked*
38 *area of the video lottery terminal that maintain a permanent record*
39 *of all moneys inserted into the terminal, all refunds of winnings, all*
40 *credits played and all credits won by players; and*

41 *(5) be capable of being linked to the Kansas lottery's central*
42 *video lottery terminal computer system for the purpose of auditing*
43 *the operation, financial data and program information as required*

1 *by the executive director.*

2 (c) *Video lottery terminals operated at club locations shall:*

3 (1) *Only be capable of non-cash methods of initiating play and*
4 *payment of prizes, whether by voucher, electronic card, or other-*
5 *wise, but all prizes shall be payable in cash by the video lottery*
6 *club sales agent where the terminal is located, which video lottery*
7 *club sales agent shall receive credit on its lottery account for all*
8 *prizes paid; however, if a video lottery club sales agent is unable*
9 *or fails to pay any prize, subject to claim and validation such prize*
10 *may be claimed through and paid by the Kansas lottery; and*

11 (2) *play from a minimum of \$.25 per play to a maximum of \$2*
12 *per play, and shall have a maximum prize of \$1,000 per game.*

13 (d) *Notwithstanding the provisions of subsections (a) and (b) of*
14 *K.S.A. 74-8836, and amendments thereto, the Kansas racing and*
15 *gaming commission may authorize simulcasting on any day the op-*
16 *eration of video lottery terminals are authorized at the racetrack*
17 *facility at Eureka Downs and the racetrack facility at Anthony*
18 *Downs.*

19 (e) *Parimutuel licensee locations authorized to operate video*
20 *lottery terminals may make available in the same facilities and*
21 *where the video lottery terminals are operated displays of simulcast*
22 *parimutuel races on video terminals and parimutuel windows for*
23 *wagering on parimutuel races.*

24 *New Sec. 18. (a) No person who has held an interest in or been*
25 *employed by a parimutuel licensee, a video lottery parimutuel sales*
26 *agent or a video lottery club sales agent shall be employed by the*
27 *Kansas lottery for two years after the expiration of such interest or*
28 *employment.*

29 (b) *No person who holds an interest in or is employed by the*
30 *video lottery terminal manufacturer's vendor shall be employed by*
31 *the Kansas lottery.*

32 (c) *No employee of the Kansas lottery shall play a video lottery*
33 *terminal unless specifically authorized by the executive director or*
34 *the executive director's designee for purposes of testing, auditing or*
35 *other security reasons.*

36 (d) *No person who was employed by the Kansas lottery shall*
37 *hold an interest in or be employed by a parimutuel licensee, a video*
38 *lottery terminal manufacturer's vendor or the central system pro-*
39 *vider for a period of two years after the termination of employment*
40 *with the Kansas lottery.*

41 *New Sec. 19. Net video lottery terminal income shall be dis-*
42 *tributed as follows:*

43 (a) *Twenty-one percent of net video lottery terminal income*

1 *shall be paid to the video lottery parimutuel sales agent or video*
2 *lottery club sales agent;*

3 *(b) seven percent of net video lottery terminal income derived*
4 *from video lottery terminals at parimutuel licensee locations shall*
5 *be credited to the live horse racing purse supplement fund estab-*
6 *lished by section 24, and amendments thereto;*

7 *(c) seven percent of net video lottery terminal income derived*
8 *from video lottery terminals at parimutuel licensee locations shall*
9 *be credited to the live greyhound racing purse supplement fund*
10 *established by section 24, and amendments thereto;*

11 *(d) one-half of one percent of net video lottery terminal income*
12 *shall be credited to the problem gambling grant fund established*
13 *by K.S.A. 79-4805, and amendments thereto; and*

14 *(e) amounts appropriated for expenses of the Kansas lottery at-*
15 *tributable to implementation, administration and enforcement of*
16 *the provisions of the Kansas expanded gaming opportunity act and*
17 *oversight, monitoring and of video lottery pursuant to the provi-*
18 *sions of such act shall be credited to the gaming act oversight fund*
19 *established by section 23, and amendments thereto.*

20 *New Sec. 20. The Kansas lottery commission, upon the recom-*
21 *mendation of the executive director, shall adopt rules and regula-*
22 *tions necessary to carry out the purposes of this act. Temporary*
23 *rules and regulations may be adopted by the commission without*
24 *being subject to the provisions and requirements of K.S.A. 77-415*
25 *through 77-438, and amendments thereto, but shall be subject to*
26 *approval by the attorney general as to legality and shall be filed*
27 *with the secretary of state and published in the Kansas register.*

28 *New Sec. 21. (a) All video lottery terminals shall be leased by*
29 *the Kansas lottery and shall be obtained from video lottery terminal*
30 *manufacturers certified pursuant to the Kansas expanded gaming*
31 *opportunity act and the rules and regulations adopted by the*
32 *commission.*

33 *(b) The executive director shall contract with an independent*
34 *laboratory to test video lottery terminals and associated equipment*
35 *on a periodic basis to ensure that the terminals and equipment com-*
36 *ply with the requirements of the Kansas expanded gaming oppor-*
37 *tunity act and any other applicable standards and regulations. The*
38 *video lottery terminal manufacturer providing such terminals and*
39 *equipment shall pay all costs associated with such testing.*

40 *(c) Each video lottery parimutuel sales agent or video lottery*
41 *club sales agent shall hold the executive director, the commission,*
42 *and this state harmless from and defend and pay for the defense of*
43 *any and all claims which may be asserted against the executive di-*

1 *rector, the commission, the state or the employees thereof, arising*
2 *from the participation in the video lottery system; specifically ex-*
3 *cluding, however, any claims arising from the negligence or willful*
4 *misconduct of the executive director, the commission, the state or*
5 *the employees thereof.*

6 *(d) Each video lottery parimutuel sales agent or video lottery*
7 *club sales agent shall provide access to all records of the video lot-*
8 *tery parimutuel sales agent or video lottery club sales agent and*
9 *the physical premises of the locations where the video lottery activ-*
10 *ities are conducted for the purpose of monitoring and inspecting the*
11 *activities of the video lottery parimutuel sales agent or video lottery*
12 *club sales agent and video lottery games, video lottery terminals*
13 *and associated equipment.*

14 **GENERAL PROVISIONS**

15 *New Sec. 22. (a) There is hereby established in the state treas-*
16 *ury the gaming act revenues fund. Separate accounts shall be main-*
17 *tained in such fund for receipt of moneys from each destination*
18 *casino manager, video lottery parimutuel sales agent and video lot-*
19 *tery club sales agent. All expenditures from the fund shall be made*
20 *in accordance with appropriation acts upon warrants of the director*
21 *of accounts and reports issued pursuant to vouchers approved by*
22 *the executive director for the purposes set forth in this act.*

23 *(b) All destination casino revenue and all net video lottery ter-*
24 *terminal income shall be paid daily and electronically to the executive*
25 *director. The executive director shall remit all moneys received*
26 *therefrom to the state treasurer in accordance with K.S.A. 75-4215,*
27 *and amendments thereto. Upon receipt of the remittance, the state*
28 *treasurer shall deposit the entire amount in the state treasury and*
29 *credit it to the respective account maintained for the destination*
30 *casino manager, video lottery parimutuel sales agent or video lot-*
31 *tery club sales agent in the gaming act revenues fund.*

32 *(c) The executive director shall certify weekly to the director of*
33 *accounts and reports the percentages or amounts to be transferred*
34 *from each account maintained in the gaming act revenues fund to*
35 *the gaming act oversight fund, the destination casino operating ex-*
36 *penses fund, the live horse racing supplement fund, the live grey-*
37 *hound racing purse supplement fund and the problem gambling*
38 *grant fund, as provided by the certificate of authority or section 19,*
39 *and amendments thereto. Upon receipt of the certification, the di-*
40 *rector of accounts and reports shall transfer amounts from each*
41 *such account in accordance with the certification of the executive*
42 *director. Once each week, the executive director shall cause*
43 *amounts from each such account to be paid to cities, counties and*

1 *destination casino managers in accordance with the certificate of*
2 *authority and to video lottery parimutuel sales agents and video*
3 *lottery club sales agents in accordance with section 19, and amend-*
4 *ments thereto.*

5 (d) *Amounts remaining in the gaming act revenues fund after*
6 *transfers and payments pursuant to subsection (c) shall be trans-*
7 *ferred to the state general fund and expended in accordance with*
8 *appropriation acts as follows:*

9 (1) *For the state scholarship program established pursuant to*
10 *K.S.A. 72-6810 et seq., and amendments thereto, \$3.75 million in the*
11 *fiscal year ending June 30, 2005; \$7.5 million in the fiscal year*
12 *ending June 30, 2006; \$11.25 million in the fiscal year ending June*
13 *30, 2007; and \$15 million in the fiscal year ending June 30, 2008,*
14 *and each fiscal year thereafter;*

15 (2) *for Kansas comprehensive grant program established pur-*
16 *suant to K.S.A. 74-32,120 et seq., and amendments thereto, \$3.75*
17 *million in the fiscal year ending June 30, 2005; \$7.5 million in the*
18 *fiscal year ending June 30, 2006; \$11.25 million in the fiscal year*
19 *ending June 30, 2007; and \$15 million in the fiscal year ending June*
20 *30, 2008, and each fiscal year thereafter;*

21 (3) *for repayment of bonds issued in support of the Kansas pub-*
22 *lic employees retirement system, \$10 million in the fiscal year end-*
23 *ing June 30, 2006; \$15 million in the fiscal year ending June 30,*
24 *2007; \$11.25 million in the fiscal year ending June 30, 2008; and*
25 *\$27.4 million in the fiscal year ending June 30, 2009; and \$37.1*
26 *million in the fiscal year ending June 30, 2010, and each fiscal year*
27 *thereafter; and*

28 (4) *for such other purposes as provided by law.*

29 *New Sec. 23. (a) There is hereby created in the state treasury*
30 *the gaming act oversight fund.*

31 (b) *Moneys in the gaming act oversight fund shall be expended*
32 *to pay for the expenses of the Kansas lottery attributable to imple-*
33 *mentation, administration and enforcement of the provisions of the*
34 *Kansas expanded gaming opportunity act and oversight, monitoring*
35 *and of operations of destination casinos, video lottery parimutuel*
36 *sales agents and video lottery club sales agents pursuant to the pro-*
37 *visions of such act.*

38 (c) *On or before the 10th of each month, the director of accounts*
39 *and reports shall transfer from the state general fund to the gaming*
40 *act oversight fund interest earnings based on:*

41 (1) *The average daily balance of moneys in the gaming act over-*
42 *sight fund for the preceding month; and*

43 (2) *the net earnings rate for the pooled money investment port-*

1 *folio for the preceding month.*

2 *(d) All expenditures from the gaming act oversight fund shall be*
3 *made in accordance with appropriation acts upon warrants of the*
4 *director of accounts and reports issued pursuant to vouchers ap-*
5 *proved by the executive director for the purposes set forth in the*
6 *Kansas expanded gaming opportunity act.*

7 *New Sec. 24. (a) There is hereby created in the state treasury*
8 *the live horse racing purse supplement fund. Twenty-five percent*
9 *of all moneys paid into the live horse racing purse supplement fund*
10 *shall be transferred to the Kansas horse breeding development fund*
11 *created pursuant to K.S.A. 74-8829, and amendments thereto. Two*
12 *percent of the moneys credited to the live horse racing purse sup-*
13 *plement fund shall be distributed to the official registering agency*
14 *to be used for horse registration, administration, development, rep-*
15 *resentation and promotion of the Kansas horse racing and breeding*
16 *industries. A complete financial accounting for the use of all funds*
17 *received pursuant to this act shall be provided annually to the Kan-*
18 *sas racing and gaming commission. Fifty percent of the moneys de-*
19 *posited in the Kansas horse breeding development fund pursuant to*
20 *this subsection shall be used as purse supplements for registered*
21 *Kansas bred foals and 50% of such amounts shall be used as breed*
22 *awards for registered Kansas bred broodmares and stallions. The*
23 *racing and gaming commission shall distribute moneys in the Kan-*
24 *sas horse breeding development fund in accordance with the estab-*
25 *lished percentage of purse shares between quarter horses and thor-*
26 *oughbreds. Based on the contribution to the horse racing and*
27 *breeding industries in Kansas the distribution of the balance of the*
28 *live horse purse supplement fund shall be in accordance with rules*
29 *and regulations adopted by the commission with recommendations*
30 *by the official horse registering agency. The board of directors of*
31 *the official horse breed registering agency shall consist of the fol-*
32 *lowing number of representatives of the various breeds, five rep-*
33 *resentatives of the quarter horse breed and five representatives of*
34 *the thoroughbred breed. Representatives shall be selected by each*
35 *breed organization from their respective memberships pursuant to*
36 *rules and regulations established by the Kansas racing and gaming*
37 *commission. In order to be eligible to serve on the board, a person*
38 *shall be a resident of Kansas, and be a member of the Kansas quarter*
39 *horse racing association or the Kansas thoroughbred association.*

40 *(b) There is hereby established in the state treasury the live*
41 *greyhound racing purse supplement fund. Moneys available in such*
42 *fund shall be paid to parimutuel licensees for distribution as purse*
43 *supplements in accordance with rules and regulations of the Kansas*

1 *racing and gaming commission. Such rules and regulations shall*
2 *provide that 25% of the total amount credited to such fund shall be*
3 *transferred to the credit of the greyhound breeding development*
4 *fund, created pursuant to K.S.A. 74-8831, and amendments thereto.*
5 *Funds transferred into the greyhound breeding development fund*
6 *pursuant to this section shall be used to supplement special stake*
7 *races and enhancing the amount per point paid to the owners of*
8 *Kansas-whelped greyhounds which win live races at Kansas grey-*
9 *hound tracks in accordance with Kansas racing and gaming com-*
10 *mission rules and regulations. Upon recommendation of the official*
11 *greyhound breed registry, the Kansas racing and gaming commis-*
12 *sion may transfer funds from the Kansas greyhound breed devel-*
13 *opment fund to the purse supplement fund.*

14 *(c) All purse supplements paid pursuant to this act shall be ac-*
15 *ording to the point schedule in effect on January 1, 2003, at the*
16 *respective parimutuel licensee locations. All purse supplements*
17 *paid pursuant to this section shall be in addition to purses and sup-*
18 *plements paid under K.S.A. 74-8801 et seq., and amendments*
19 *thereto.*

20 *(d) The Kansas racing and gaming commission shall establish a*
21 *greyhound promotion and development fund which shall be funded*
22 *through a voluntary greyhound purse check-off program which*
23 *shall provide for deduction of 2% from all purses paid to kennels*
24 *and greyhound owners who participate in the program. Greyhound*
25 *owners and kennel operators shall be provided annually an oppor-*
26 *tunity to not participate in the program by signing a form approved*
27 *by the commission. Moneys deposited into the fund shall be used*
28 *for the development, promotion and representation of the grey-*
29 *hound industry in Kansas and shall be distributed by the commis-*
30 *sion to the organization contracted with the commission to admin-*
31 *ister the official greyhound registry in Kansas.*

32 *New Sec. 25. (a) There is hereby established in the state treas-*
33 *ury the destination casino operating expenses fund. Separate ac-*
34 *counts shall be maintained in such fund to pay expenses of operation*
35 *of each destination casino. All expenditures from the fund shall be*
36 *made in accordance with appropriation acts upon warrants of the*
37 *director of accounts and reports issued pursuant to vouchers ap-*
38 *proved by the executive director for the purposes set forth in this*
39 *act.*

40 *(b) Moneys in accounts in the destination casino operating ex-*
41 *penses fund shall be expended only to pay expenses of operation of*
42 *the respective destination casino in accordance with the certificate*
43 *of authority and the management contract.*

1 (c) *Subject to the limitations of subsections (b)(5) and (c)(5) of*
2 *section 6, and amendments thereto, any moneys remaining in an*
3 *account in the destination casino operating expenses fund at the end*
4 *of any fiscal year shall be transferred to the state general fund.*

5 New Sec. 26. (a) *Wagers shall be received only from a person*
6 *at the location where the destination casino game or video lottery*
7 *game is authorized pursuant to the Kansas expanded gaming op-*
8 *portunity act. No person present at such location shall place or*
9 *attempt to place a wager on behalf of another person who is not*
10 *present at such location.*

11 (b) *No employee or contractor of a destination enterprise man-*
12 *ager, destination casino manager, video lottery parimutuel sales*
13 *agent or video lottery club sales agent shall loan money to or oth-*
14 *erwise extend credit to patrons of the destination enterprise, pari-*
15 *mutuel licensee or veterans or fraternal organization.*

16 (c) *Violation of this section is a class A nonperson misdemeanor*
17 *upon a conviction for a first offense. Violation of this section is a*
18 *severity level 9, nonperson felony upon conviction for a second or*
19 *subsequent offense.*

20 New Sec. 27. (a) *A person less than 21 years of age shall not be*
21 *permitted in an area where destination casino games or video lot-*
22 *tery games are being conducted.*

23 (b) *No person under the age of 21 shall be employed at a des-*
24 *tination casino.*

25 (c) *No person under age 21 shall play or make a wager on a*
26 *destination casino game or video lottery game.*

27 New Sec. 28. (a) *Except as when authorized in accordance with*
28 *subsection (c), it is unlawful for any destination enterprise man-*
29 *ager, destination casino manager, video lottery parimutuel sales*
30 *agent or video lottery club sales agent, or any employee or agent*
31 *thereof, to allow any person to play destination casino games or*
32 *video lottery pursuant to the Kansas expanded gaming opportunity*
33 *act, or share in winnings of such person, knowing such person to*
34 *be:*

35 (1) *Less than 21 years of age;*

36 (2) *a member of the destination casino commission, the execu-*
37 *tive director, a member of the commission or an employee of the*
38 *Kansas lottery;*

39 (3) *an officer or employee of a vendor contracting with the Kan-*
40 *sas lottery to supply gaming equipment or tickets to the Kansas*
41 *lottery for use in the operation of any lottery conducted pursuant*
42 *to the Kansas lottery act;*

43 (4) *a spouse, child, stepchild, brother, stepbrother, sister, step-*

1 *sister, parent or stepparent of a person described by subsection*
2 *(a)(2) or (a)(3); or*

3 *(5) a person who resides in the same household as any person*
4 *described by subsection (a)(2) or (a)(3).*

5 *(b) Violation of subsection (a) is a class A nonperson misde-*
6 *meanor upon conviction for a first offense. Violation of subsection*
7 *(a) is a severity level 9, nonperson felony upon conviction for a*
8 *second or subsequent offense.*

9 *(c) The executive director may authorize in writing any em-*
10 *ployee of the Kansas lottery and any employee of a lottery vendor*
11 *to play a destination casino game or video lottery game to verify*
12 *the proper operation thereof with respect to security and contract*
13 *compliance. Any prize awarded as a result of such ticket purchase*
14 *shall become the property of the Kansas lottery and be added to the*
15 *prize pools of subsequent destination casino games or video lottery*
16 *games. No money or merchandise shall be awarded to any employee*
17 *playing a destination casino game or video lottery game pursuant*
18 *to this subsection.*

19 *New Sec. 29. Except for persons acting in accordance with*
20 *rules and regulations of the Kansas lottery in performing installa-*
21 *tion, maintenance and repair services, any person who, with the*
22 *intent to manipulate the outcome, pay out or operation of a desti-*
23 *nation casino game or video lottery game, manipulates by physical,*
24 *electrical or mechanical means the outcome, pay out or operation*
25 *of such game shall be guilty of a severity level 8, nonperson felony.*

26 *New Sec. 30. (a) It is a class A nonperson misdemeanor for the*
27 *executive director, any member of the lottery commission or any*
28 *employee of the Kansas lottery knowingly to:*

29 *(1) Participate in the operation of or have a financial interest*
30 *in any business of a destination enterprise manager, destination ca-*
31 *sino manager, video lottery parimutuel sales agent or video lottery*
32 *club sales agent or in any business which sells goods or services to*
33 *a destination enterprise manager, destination casino manager,*
34 *video lottery parimutuel sales agent or video lottery club sales*
35 *agent;*

36 *(2) participate directly or indirectly as an owner, operator,*
37 *manager or consultant in electronic or other gaming operated pur-*
38 *suant to the Kansas expanded gaming opportunity act;*

39 *(3) while in Kansas place a wager on or bet or play a destination*
40 *casino game or video lottery game;*

41 *(4) accept any compensation, gift, loan, entertainment, favor or*
42 *service from any destination enterprise manager, destination casino*
43 *manager, video lottery parimutuel sales agent or video lottery club*

1 *sales agent except such suitable facilities and services within a des-*
2 *tination casino, parimutuel licensee location or veterans or frater-*
3 *nal organization as may be required to facilitate the performance*
4 *of the executive director's, member's or employee's official duties;*
5 *or*

6 (5) *enter into any business dealing, venture or contract with a*
7 *destination enterprise manager, destination casino manager, an*
8 *owner or lessee of an ancillary destination enterprise operation,*
9 *video lottery parimutuel sales agent or video lottery club sales*
10 *agent.*

11 (b) *It is a severity level 8, nonperson felony for any person play-*
12 *ing or using any electronic gaming machine or video lottery ter-*
13 *минаl in Kansas knowingly to:*

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

21 (2) *possess or use, while on premises where destination casino*
22 *games or video lottery games are authorized pursuant to the Kansas*
23 *expanded gaming opportunity act, any cheating or thieving device,*
24 *including but not limited to, tools, wires, drills, coins attached to*
25 *strings or wires or electronic or magnetic devices to facilitate re-*
26 *moving from any electronic gaming machine or video lottery ter-*
27 *минаl any money or contents thereof, except that a duly authorized*
28 *agent or employee of the Kansas lottery, destination enterprise man-*
29 *ager, destination casino manager, video lottery parimutuel sales*
30 *agent or video lottery club sales agent may possess and use any of*
31 *the foregoing only in furtherance of the agent's or employee's em-*
32 *ployment while on the premises of the destination casino, video lot-*
33 *tery parimutuel sales agent or video lottery club sales agent; or*

34 (3) *possess or use while on the premises of any destination ca-*
35 *sino, video lottery parimutuel sales agent or video lottery club sales*
36 *agent any key or device designed for the purpose of or suitable for*
37 *opening or entering any electronic gaming machine, video lottery*
38 *terminal or similar gaming device or drop box, except that a duly*
39 *authorized agent or employee of the Kansas lottery destination en-*
40 *terprise manager, destination casino manager, video lottery pari-*
41 *mutuel sales agent or video lottery club sales agent may possess and*
42 *use any of the foregoing only in furtherance of the agent's or em-*
43 *ployee's employment at the destination casino.*

1 ***New Sec. 31. It shall be a severity level 9, nonperson felony for***
2 ***any individual, firm, corporation or other legal entity to place in***
3 ***operation or continue to have in place any gray machine for use by***
4 ***members of the public at any location in this state.***

5 ***New Sec. 32. Each person subject to a background check pur-***
6 ***suant to the Kansas expanded gaming opportunity act shall be sub-***
7 ***ject to a state and national criminal history records check which***
8 ***conforms to applicable federal standards for the purpose of veri-***
9 ***fying the identity of the applicant and whether the person has been***
10 ***convicted of any crime that would disqualify the person from en-***
11 ***gaging in activities pursuant to this act. The executive director is***
12 ***authorized to use the information obtained from the national crim-***
13 ***inal history record check to determine the person's eligibility to***
14 ***engage in such activities.***

15 ***New Sec. 33. (a) No taxes, fees, charges, transfers or distribu-***
16 ***tions, other than those provided for in the Kansas expanded gaming***
17 ***opportunity act, shall be made or levied by any city, county or other***
18 ***municipality from or against destination casino revenue, destina-***
19 ***tion casino net revenue or net video lottery revenue.***

20 ***(b) All sales of destination casino games and games on video***
21 ***lottery terminals authorized by the Kansas expanded gaming op-***
22 ***portunity act shall be exempt from sales taxes imposed pursuant to***
23 ***K.S.A. 12-187 et seq., and 79-3601 et seq., and amendments thereto.***

24 ***New Sec. 34. (a) Pursuant to section 2 of the federal act entitled***
25 ***"An act to prohibit transportation of gambling devices in interstate***
26 ***and foreign commerce," 15 U.S.C. 1171 through 1777, the state of***
27 ***Kansas, acting by and through the duly elected and qualified mem-***
28 ***bers of the legislature, does hereby, in accordance with and in com-***
29 ***pliance with the provisions of section 2 of such federal act, declares***
30 ***and proclaims that section 2 of such federal act shall not apply to***
31 ***any gambling device in this state to the extent such device is spe-***
32 ***cifically authorized by and is in compliance with the provisions of***
33 ***the Kansas expanded gaming opportunity act and any other appli-***
34 ***cable statute of this state, and any rules and regulations promul-***
35 ***gated pursuant thereto, and that any such gambling device trans-***
36 ***ported in compliance with state law and rules and regulations shall***
37 ***be exempt from the provisions of such federal act.***

38 ***(b) All shipments into this state of gaming devices being trans-***
39 ***ported to or from the Kansas lottery or to or from a location within***
40 ***the state of Kansas where such gambling devices are authorized pur-***
41 ***suant to the Kansas expanded gaming opportunity act shall be***
42 ***deemed legal shipments into this state if the registering, recording***
43 ***and labeling of such devices has been duly made by the manufac-***

1 *turer or dealer in accordance with sections 3 and 4 of the federal*
2 *act entitled “An act to prohibit transportation of gambling devices*
3 *in interstate or foreign commerce,” 15 U.S.C. 1171 through 1777.*

4 **Sec. 35. K.S.A. 74-8705 is hereby amended to read as follows:**
5 **74-8705. (a) Major procurement contracts shall be awarded in ac-**
6 **cordance with K.S.A. 75-3738 through 75-3744, and amendments**
7 **thereto, or subsection (b), as determined by the executive director,**
8 **except that:**

9 (1) *The contract or contracts for the initial lease of facilities for*
10 *the Kansas lottery shall be awarded upon the evaluation and ap-*
11 *proval of the executive director, the secretary of administration and*
12 *the director of architectural services;*

13 (2) *The commission shall designate certain major procurement*
14 *contracts or portions thereof to be awarded, in accordance with*
15 *rules and regulations of the commission, solely to minority business*
16 *enterprises.*

17 (b) *The executive director may award any major procurement*
18 *contract by use of a procurement negotiating committee. Such com-*
19 *mittee shall be composed of: (1) The executive director or a Kansas*
20 *lottery employee designated by the executive director; (2) the chair-*
21 *person of the commission or a commission member designated by*
22 *the chairperson; and (3) the director of the division of purchases or*
23 *an employee of such division designated by the director. Prior to*
24 *negotiating a major procurement contract, the committee shall so-*
25 *licit bids or proposals thereon. The division of purchases shall pro-*
26 *vide staff support for the committee’s solicitations. Upon receipt of*
27 *bids or proposals, the committee may negotiate with one or more of*
28 *the persons submitting such bids or proposals and select from*
29 *among such persons the person to whom the contract is awarded.*
30 *Such procurements shall be open and competitive and shall con-*
31 *sider relevant factors, including security, competence, experience,*
32 *timely performance and maximization of net revenues to the state.*
33 *If a procurement negotiating committee is utilized, the provisions*
34 *of K.S.A. 75-3738 through 75-3744, and amendments thereto, shall*
35 *not apply. Meetings conducted by the procurement negotiating*
36 *committee shall be exempt from the provisions of the Kansas open*
37 *meeting act, K.S.A. 75-4317 through 75-4320a, and amendments*
38 *thereto.*

39 (c) *Before a major procurement contract is awarded, the exec-*
40 *utive director shall conduct a background investigation of: (1) The*
41 *vendor to whom the contract is to be awarded; (2) all officers and*
42 *directors of such vendor; (3) all persons who own a 5% or more*
43 *interest in such vendor; (4) all persons who own a controlling in-*

1 *terest in such vendor; and (5) any subsidiary or other business in*
2 *which such vendor owns a controlling interest. The vendor shall*
3 *submit appropriate investigation authorizations to facilitate such*
4 *investigation. The executive director may require, in accordance*
5 *with rules and regulations of the commission, that a vendor submit*
6 *any additional information considered appropriate to preserve the*
7 *integrity and security of the lottery. In addition, the executive di-*
8 *rector may conduct a background investigation of any person hav-*
9 *ing a beneficial interest in a vendor. The secretary of revenue, se-*
10 *curities commissioner, attorney general and director of the Kansas*
11 *bureau of investigation shall assist in any investigation pursuant to*
12 *this subsection upon request of the executive director. Whenever*
13 *the secretary of revenue, securities commissioner, attorney general*
14 *or director of the Kansas bureau of investigation assists in such an*
15 *investigation and incurs costs in addition to those attributable to*
16 *the operations of the office or bureau, such additional costs shall*
17 *be paid by the Kansas lottery. The furnishing of assistance in such*
18 *an investigation shall be a transaction between the Kansas lottery*
19 *and the respective officer and shall be settled in accordance with*
20 *K.S.A. 75-5516, and amendments thereto.*

21 *Upon the request of the chairperson, the Kansas bureau of inves-*
22 *tigation and other criminal justice agencies shall provide to the*
23 *chairperson all background investigation information including*
24 *criminal history record information, arrest and nonconviction data,*
25 *criminal intelligence information and information relating to crim-*
26 *inal and background investigations of a vendor to whom a major*
27 *procurement contract is to be awarded. Such information, other*
28 *than conviction data, shall be confidential and shall not be dis-*
29 *closed, except as provided in this section. In addition to any other*
30 *penalty provided by law, disclosure of such information shall be*
31 *grounds for removal from office or termination of employment.*

32 *(d) All major procurement contracts shall be subject to ap-*
33 *proval of the commission.*

34 *(e) (1) Except as provided by paragraph (2), the executive director*
35 *shall not agree to any renewal or extension of a major procurement*
36 *contract unless such extension or renewal is awarded in the manner*
37 *provided by this section.*

38 *(2) The provisions of paragraph (1) shall not apply to the extension*
39 *or renegotiation of an existing contract with a vendor for the purposes of*
40 *providing services for the monitoring and control of electronic gaming*
41 *machines, destination casino games or video lottery terminals pursuant*
42 *to the Kansas expanded gaming opportunity act. The provisions of this*
43 *subsection shall expire on June 30, 2005.*

- 1 **Sec. 36. K.S.A. 74-8710 is hereby amended to read as follows:**
2 **74-8710. (a) The commission, upon the recommendation of the ex-**
3 **ecutive director, shall adopt rules and regulations governing the**
4 **establishment and operation of a state lottery as necessary to carry**
5 **out the purposes of this act. Temporary rules and regulations may**
6 **be adopted by the commission without being subject to the provi-**
7 **sions and requirements of K.S.A. 77-415 through 77-438, and**
8 **amendments thereto, but shall be subject to approval by the attor-**
9 **ney general as to legality and shall be filed with the secretary of**
10 **state and published in the Kansas register. Temporary and perma-**
11 **nent rules and regulations may include but shall not be limited to:**
12 (1) **Subject to the provisions of subsection (c), the types of lot-**
13 **tery games to be conducted, including but not limited to instant**
14 **lottery, on-line and traditional games, but not including games on**
15 **video lottery machines or lottery machines.**
16 (2) **The manner of selecting the winning tickets or shares, except**
17 **that, if a lottery game utilizes a drawing of winning numbers, a**
18 **drawing among entries or a drawing among finalists, such drawings**
19 **shall always be open to the public and shall be recorded on both**
20 **video and audio tape.**
21 (3) **The manner of payment of prizes to the holders of winning**
22 **tickets or shares.**
23 (4) **The frequency of the drawings or selections of winning tick-**
24 **ets or shares.**
25 (5) **The type or types of locations at which tickets or shares may**
26 **be sold.**
27 (6) **The method or methods to be used in selling tickets or**
28 **shares.**
29 (7) **Additional qualifications for the selection of lottery retailers**
30 **and the amount of application fees to be paid by each.**
31 (8) **The amount and method of compensation to be paid to lot-**
32 **tery retailers, including special bonuses and incentives.**
33 (9) **Deadlines for claims for prizes by winners of each lottery**
34 **game.**
35 (10) **Provisions for confidentiality of information submitted by**
36 **vendors pursuant to K.S.A. 74-8705, and amendments thereto.**
37 (11) **Information required to be submitted by vendors, in ad-**
38 **dition to that required by K.S.A. 74-8705, and amendments thereto.**
39 (12) **The major procurement contracts or portions thereof to be**
40 **awarded to minority business enterprises pursuant to subsection (a)**
41 **of K.S.A. 74-8705, and amendments thereto, and procedures for the**
42 **award thereof.**
43 (13) **Rules and regulations to implement, administer and enforce the**

1 provisions of the Kansas expanded gaming opportunity act.

2 (14) *The types of electronic gaming machines, destination casino*
3 *games and video lottery terminals operated pursuant to the Kansas ex-*
4 *expanded gaming opportunity act.*

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

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

14 **Sec. 37. K.S.A. 74-8711 is hereby amended to read as follows:**
15 **74-8711. (a) There is hereby established in the state treasury the**
16 **lottery operating fund.**

17 (b) *Except as provided by the Kansas gaming act, the executive di-*
18 *rector shall remit all moneys collected from the sale of lottery tick-*
19 *ets and shares and any other moneys received by or on behalf of*
20 *the Kansas lottery to the state treasurer in accordance with the*
21 *provisions of K.S.A. 75-4215, and amendments thereto. Upon re-*
22 *ceipt of each such remittance, the state treasurer shall deposit the*
23 *entire amount in the state treasury to the credit of the lottery op-*
24 *erating fund. Moneys credited to the fund shall be expended or*
25 *transferred only as provided by this act. Expenditures from such*
26 *fund shall be made in accordance with appropriations acts upon*
27 *warrants of the director of accounts and reports issued pursuant to*
28 *vouchers approved by the executive director or by a person desig-*
29 *nated by the executive director.*

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

31 (1) *The payment of expenses of the lottery, which shall include*
32 *all costs incurred in the operation and administration of the Kansas*
33 *lottery, other than expenses incurred pursuant to the Kansas expanded*
34 *gaming opportunity act; all costs resulting from contracts entered into*
35 *for the purchase or lease of goods and services needed for operation*
36 *of the lottery, including but not limited to supplies, materials, tick-*
37 *ets, independent studies and surveys, data transmission, advertis-*
38 *ing, printing, promotion, incentives, public relations, communica-*
39 *tions and distribution of tickets and shares; and reimbursement of*
40 *costs of facilities and services provided by other state agencies;*

41 (2) *the payment of compensation to lottery retailers;*

42 (3) *transfers of moneys to the lottery prize payment fund pur-*
43 *suant to K.S.A. 74-8712, and amendments thereto;*

1 (4) *transfers to the state general fund pursuant to K.S.A. 74-*
2 *8713, and amendments thereto;*

3 (5) *transfers to the state gaming revenues fund pursuant to sub-*
4 *section (d) of this section and as otherwise provided by law; and*

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

7 (d) *The director of accounts and reports shall transfer moneys*
8 *in the lottery operating fund to the state gaming revenues fund cre-*
9 *ated by K.S.A. 79-4801, and amendments thereto, on or before the*
10 *15th day of each month in an amount certified monthly by the ex-*
11 *ecutive director and determined as follows, whichever is greater:*

12 (1) *An amount equal to the moneys in the lottery operating fund*
13 *in excess of those needed for the purposes described in subsections*
14 *(c)(1) through (c)(4); or*

15 (2) *except for pull-tab lottery tickets and shares, an amount*
16 *equal to not less than 30% of total monthly revenues from the sales*
17 *of lottery tickets and shares less estimated returned tickets. In the*
18 *case of pull-tab lottery tickets and shares, an amount equal to not*
19 *less than 20% of the total monthly revenues from the sales of pull-*
20 *tab lottery tickets and shares less estimated returned tickets.*

21 Sec. 38. *K.S.A. 74-8723 is hereby amended to read as follows:*
22 *74-8723. (a) The Kansas lottery and the office of executive director*
23 *of the Kansas lottery, established by K.S.A. 74-8703, and amend-*
24 *ments thereto, and the Kansas lottery commission, created by K.S.A.*
25 *74-8709, and amendments thereto, shall be and hereby are abol-*
26 *ished on July 1, ~~2008~~ 2016.*

27 (b) *This section shall be part of and supplemental to the Kansas*
28 *lottery act.*

29 Sec. 39. *K.S.A. 2003 Supp. 19-101a is hereby amended to read*
30 *as follows: 19-101a. (a) The board of county commissioners may*
31 *transact all county business and perform all powers of local legis-*
32 *lation and administration it deems appropriate, subject only to the*
33 *following limitations, restrictions or prohibitions:*

34 (1) *Counties shall be subject to all acts of the legislature which*
35 *apply uniformly to all counties.*

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

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

38 (4) *Counties shall be subject to acts of the legislature prescrib-*
39 *ing limits of indebtedness.*

40 (5) *In the exercise of powers of local legislation and administra-*
41 *tion authorized under provisions of this section, the home rule*
42 *power conferred on cities to determine their local affairs and gov-*
43 *ernment shall not be superseded or impaired without the consent of*

1 *the governing body of each city within a county which may be*
2 *affected.*

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

6 (7) *Counties shall be subject to all acts of the legislature con-*
7 *cerning elections, election commissioners and officers and their du-*
8 *ties as such officers and the election of county officers.*

9 (8) *Counties shall be subject to the limitations and prohibitions*
10 *imposed under K.S.A. 12-187 to 12-195, inclusive, and amendments*
11 *thereto, prescribing limitations upon the levy of retailers' sales taxes*
12 *by counties.*

13 (9) *Counties may not exempt from or effect changes in statutes*
14 *made nonuniform in application solely by reason of authorizing*
15 *exceptions for counties having adopted a charter for county*
16 *government.*

17 (10) *No county may levy ad valorem taxes under the authority*
18 *of this section upon real property located within any redevelopment*
19 *project area established under the authority of K.S.A. 12-1772, and*
20 *amendments thereto, unless the resolution authorizing the same spe-*
21 *cifically authorized a portion of the proceeds of such levy to be used*
22 *to pay the principal of and interest upon bonds issued by a city*
23 *under the authority of K.S.A. 12-1774, and amendments thereto.*

24 (11) *Counties shall have no power under this section to exempt*
25 *from any statute authorizing or requiring the levy of taxes and pro-*
26 *viding substitute and additional provisions on the same subject, un-*
27 *less the resolution authorizing the same specifically provides for a*
28 *portion of the proceeds of such levy to be used to pay a portion of*
29 *the principal and interest on bonds issued by cities under the au-*
30 *thority of K.S.A. 12-1774, and amendments thereto.*

31 (12) *Counties may not exempt from or effect changes in the pro-*
32 *visions of K.S.A. 19-4601 through 19-4625, and amendments*
33 *thereto.*

34 (13) *Except as otherwise specifically authorized by K.S.A. 12-*
35 *1,101 through 12-1,109, and amendments thereto, counties may not*
36 *levy and collect taxes on incomes from whatever source derived.*

37 (14) *Counties may not exempt from or effect changes in K.S.A.*
38 *19-430, and amendments thereto.*

39 (15) *Counties may not exempt from or effect changes in K.S.A.*
40 *19-302, 19-502b, 19-503, 19-805 or 19-1202, and amendments*
41 *thereto.*

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

- 1 **(B) This provision shall expire on June 30, 2005.**
- 2 **(17) (A) Counties may not exempt from or effect changes in**
3 **K.S.A. 71-301a, and amendments thereto.**
- 4 **(B) This provision shall expire on June 30, 2005.**
- 5 **(18) Counties may not exempt from or effect changes in K.S.A.**
6 **19-15,139, 19-15,140 and 19-15,141, and amendments thereto.**
- 7 **(19) Counties may not exempt from or effect changes in the pro-**
8 **visions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c**
9 **and 12-1226, and amendments thereto, or the provisions of K.S.A.**
10 **12-1260 through 12-1270 and 12-1276, and amendments thereto.**
- 11 **(20) Counties may not exempt from or effect changes in the pro-**
12 **visions of K.S.A. 19-211, and amendments thereto.**
- 13 **(21) Counties may not exempt from or effect changes in the pro-**
14 **visions of K.S.A. 19-4001 through 19-4015, and amendments**
15 **thereto.**
- 16 **(22) Counties may not regulate the production or drilling of any**
17 **oil or gas well in any manner which would result in the duplication**
18 **of regulation by the state corporation commission and the Kansas**
19 **department of health and environment pursuant to chapter 55 and**
20 **chapter 65 of the Kansas Statutes Annotated and any rules and reg-**
21 **ulations adopted pursuant thereto. Counties may not require any**
22 **license or permit for the drilling or production of oil and gas wells.**
23 **Counties may not impose any fee or charge for the drilling or pro-**
24 **duction of any oil or gas well.**
- 25 **(23) Counties may not exempt from or effect changes in K.S.A.**
26 **79-41a04, and amendments thereto.**
- 27 **(24) Counties may not exempt from or effect changes in K.S.A.**
28 **79-1611, and amendments thereto.**
- 29 **(25) Counties may not exempt from or effect changes in K.S.A.**
30 **79-1494, and amendments thereto.**
- 31 **(26) Counties may not exempt from or effect changes in subsec-**
32 **tion (b) of K.S.A. 19-202, and amendments thereto.**
- 33 **(27) Counties may not exempt from or effect changes in subsec-**
34 **tion (b) of K.S.A. 19-204, and amendments thereto.**
- 35 **(28) Counties may not levy or impose an excise, severance or**
36 **any other tax in the nature of an excise tax upon the physical sev-**
37 **erance and production of any mineral or other material from the**
38 **earth or water.**
- 39 **(29) Counties may not exempt from or effect changes in K.S.A.**
40 **79-2017 or 79-2101, and amendments thereto.**
- 41 **(30) Counties may not exempt from or effect changes in K.S.A.**
42 **2-3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-**
43 **171d, 65-1,178 through 65-1,199 or K.S.A. 2003 Supp. 17-5909, and**

1 *amendments thereto.*

2 **(31) Counties may not exempt from or effect changes in K.S.A.**
3 **2003 Supp. 80-121, and amendments thereto.**

4 **(32) Counties may not exempt from or effect changes in K.S.A.**
5 **19-228, and amendments thereto.**

6 (33) *Counties may not exempt from or effect changes in the Kansas*
7 *lottery act or the Kansas expanded gaming opportunity act.*

8 **(b) Counties shall apply the powers of local legislation granted**
9 **in subsection (a) by resolution of the board of county commission-**
10 **ers. If no statutory authority exists for such local legislation other**
11 **than that set forth in subsection (a) and the local legislation pro-**
12 **posed under the authority of such subsection is not contrary to any**
13 **act of the legislature, such local legislation shall become effective**
14 **upon passage of a resolution of the board and publication in the**
15 **official county newspaper. If the legislation proposed by the board**
16 **under authority of subsection (a) is contrary to an act of the legis-**
17 **lature which is applicable to the particular county but not uni-**
18 **formly applicable to all counties, such legislation shall become ef-**
19 **fective by passage of a charter resolution in the manner provided**
20 **in K.S.A. 19-101b, and amendments thereto.**

21 **(c) Any resolution adopted by a county which conflicts with the**
22 **restrictions in subsection (a) is null and void.**

23 **Sec. 40. K.S.A. 72-6810 is hereby amended to read as follows:**
24 **72-6810. As used in this act: (a) “State scholarship” means an award**
25 **under this act by this state to a state scholar who has established**
26 **financial need.**

27 **(b) “Supplemental state scholarship” means an award to a state**
28 **scholar who has established financial need and includes a state scholarship**
29 **awarded to state scholars designated prior to July 1, 2004.**

30 ~~(b)~~ **(c) “State scholar” means a full-time, in-state student who**
31 **has exhibited scholastic ability and who is initially acceptable for**
32 **entering an eligible institution or who has so entered and is in good**
33 **standing and making satisfactory progress.**

34 ~~(c)~~ **(d) “Full-time, in-state student” means a person who is a res-**
35 **ident of Kansas and who is enrolled at an eligible institution in an**
36 **educational program for at least 12 hours each semester or the**
37 **equivalent thereof, or who is regularly enrolled at an eligible insti-**
38 **tution in a vocational or technical education program. The board**
39 **of regents shall determine the number of hours for terms or program**
40 **periods other than semesters to constitute the equivalent of 12**
41 **hours.**

42 ~~(d)~~ **(e) “Financial need” means the difference between the avail-**
43 **able financial resources of a student and such student’s total antic-**

1 *ipated expenses to attend an eligible institution. A student's finan-*
2 *cial resources shall include (1) four hundred and fifty dollars each*
3 *year from the student's own work and resources, and (2) a contri-*
4 *bution from the income and assets of the student's parents, if suf-*
5 *ficient, as determined by a completed financial needs analysis state-*
6 *ment and based upon the accepted criteria of a nationally*
7 *recognized financial needs analysis agency. Financial need shall be*
8 *redetermined annually.*

9 ~~(e)~~ (f) *“Eligible institution” means an institution of postsecon-*
10 *dary education which maintains open enrollment, the main campus*
11 *or principal place of operation of which is located in Kansas, and*
12 *which qualifies as an eligible institution for the federal guaranteed-*
13 *loan program under the higher education act of 1965 (P.L. 89-329),*
14 *as amended.*

15 ~~(f)~~ (g) *“Open enrollment” means the policy of an institution of*
16 *postsecondary education which provides the opportunity of enroll-*
17 *ment for any student who meets its academic and other reasonable*
18 *enrollment requirements, without regard for race, gender, religion,*
19 *creed or national origin.*

20 ~~(g)~~ (h) *“Board of regents” means the state board of regents pro-*
21 *vided for in the constitution of this state and described in article 32 of*
22 *chapter 74 of Kansas Statutes Annotated.*

23 ~~(h)~~ (i) *“Term” means one of two or more divisions of an aca-*
24 *demical year of an institution of postsecondary education in which*
25 *substantially all courses begin and end at substantially the same*
26 *time and during which instruction is regularly given to students.*

27 ~~(i)~~ (j) *“Semester” means one of two principal terms, when there*
28 *are only two principal terms in the academic year, whether or not*
29 *there are other shorter terms during the same academic year.*

30 ~~(j)~~ (k) *“Program period” means the duration of the period of*
31 *time, or any division thereof, required for completion of a voca-*
32 *tional or technical education program which is given in an institu-*
33 *tion of postsecondary education.*

34 **Sec. 41. K.S.A. 72-6812 is hereby amended to read as follows:**
35 **72-6812. (a) The amount of a state scholarship awarded to a state**
36 **scholar for the fall and spring semesters, or the equivalent thereof,**
37 **shall be \$1,500. The amount of a supplemental state scholarship shall be**
38 **the amount of the state scholar's financial need for the period, ex-**
39 **cept that supplemental state scholarships awarded to a state scholar**
40 **in any year shall not exceed:**

41 (1) Five hundred dollars in any year if the state scholar initially is or
42 was awarded a state scholarship for any program period, term or semester
43 commencing prior to July 1, 1985; and

1 ~~—(2)~~ **One thousand dollars in any year if the state scholar initially**
2 **is awarded a state scholarship for any program period, term or se-**
3 **mester commencing after July 1, 1985 prior to July 1, 2004; and**

4 (2) one thousand five hundred dollars in any year if the state scholar
5 initially is awarded a state scholarship for any program, period, term or
6 semester commencing after July 1, 2004.

7 (b) **When state scholarships and supplemental state scholarships**
8 **are awarded to a state scholar for any program period or for one**
9 **or more terms that are not semesters, the board of regents shall**
10 **determine the equivalent of the fall and spring semesters.**

11 **Sec. 42. K.S.A. 72-6813 is hereby amended to read as follows:**
12 **72-6813. (a) A state scholarship and supplemental state scholarship**
13 **may be paid annually for both the fall and spring semesters, or the**
14 **equivalent thereof. Payments under any state scholarship and sup-**
15 **plemental state scholarship shall be allocated equally between the se-**
16 **esters, when the state scholar plans to attend two semesters in an**
17 **academic year, and otherwise as specified by the board of regents.**
18 **State scholarships and supplemental state scholarships shall be paid**
19 **at the beginning of each semester, program period or other term**
20 **upon certification by the eligible institution that the state scholar**
21 **is enrolled and is a qualified student. Payments of state scholarships**
22 **and supplemental state scholarships shall be made upon vouchers ap-**
23 **proved by the administrative officer of the board of regents desig-**
24 **nated by it upon warrants of the director of accounts and reports.**
25 **Payments of state scholarships and supplemental state scholarships**
26 **may be made by the issuance of a single warrant to each eligible**
27 **institution at which a state scholar is enrolled for the total amount**
28 **of state scholarships and supplemental state scholarships for all state**
29 **scholars enrolled at that institution. The director of accounts and**
30 **reports shall cause such warrant to be delivered to the eligible in-**
31 **stitution at which such scholar or scholars are enrolled. Upon re-**
32 **ceipt of such warrant, the eligible institution shall credit immedi-**
33 **ately the account of each state scholar enrolled at that institution**
34 **by an amount specified by the board of regents for each such state**
35 **scholar.**

36 (b) **If a scholar discontinues attendance before the end of any**
37 **semester, program period or other term, after the eligible institution**
38 **has received payment under this section, the eligible institution**
39 **shall pay to the state: (1) The entire amount which such scholar**
40 **would otherwise qualify to have refunded not to exceed the amount**
41 **of the payment made under such state scholarship and supplemental**
42 **state scholarship at the beginning of such semester, program period**
43 **or other term; or (2) if the scholar has received payments under any**

1 *federal program of student assistance in the semester, program pe-*
2 *riod or other term, the state's pro rata share of the entire amount*
3 *which such scholar would otherwise qualify to have refunded, not*
4 *to exceed the amount of the payment made under such state schol-*
5 *arship and supplemental state scholarship at the beginning of such*
6 *semester, program period or other term.*

7 (c) *All amounts paid to the state by an eligible institution under*
8 *subsection (b) shall be deposited in the state treasury and credited*
9 *to the state scholarship discontinued attendance fund, which is*
10 *hereby created. All expenditures from the state scholarship discon-*
11 *tinued attendance fund shall be for state scholarships and supple-*
12 *mental state scholarships.*

13 **Sec. 43. K.S.A. 72-6814 is hereby amended to read as follows:**
14 **72-6814. The board of regents shall administer this act and shall:**

15 (a) **Publicize application procedures;**

16 (b) **Provide application forms, test forms, and forms for deter-**
17 **mining financial need;**

18 (c) **Adopt rules and regulations for determining educational**
19 **ability, selecting examinations of educational ability and methods**
20 **for giving such examinations, selecting state scholars, determining**
21 **financial need, selecting financial needs analysis agencies, deter-**
22 **mining priority or apportionment of state scholarships and other**
23 **matters necessary for the administration of this act. The board of**
24 **regents may provide for apportionment of state scholarships and**
25 **supplemental state scholarships if the appropriations for state schol-**
26 **arships and supplemental state scholarships are insufficient to pay all**
27 **state scholars with financial need. To determine who is an in-state**
28 **student for the purpose of this act, the board of regents shall adopt**
29 **rules and regulations for determination of residence of students as**
30 **provided by law;**

31 (d) **Designate and notify each state scholar;**

32 (e) **Approve and award state scholarships and supplemental state**
33 **scholarships;**

34 (f) **Make an annual report to the governor and legislature, and**
35 **evaluate the state scholarship and supplemental state scholarship pro-**
36 **gram for the period;**

37 (g) **Require any eligible institution to promptly furnish any in-**
38 **formation which the board of regents requests relating to adminis-**
39 **tration or effect of this act.**

40 **Sec. 44. K.S.A. 72-6815 is hereby amended to read as follows:**
41 **72-6815. Each applicant for a state scholarship and supplemental**
42 **state scholarship in accordance with the rules and regulations of the**
43 **board of regents shall:**

1 ***(a) Be responsible for the submission to the board of regents of***
2 ***the results of an examination of educational ability which is given***
3 ***by the board of regents or in a manner approved by the board of***
4 ***regents;***

5 ***(b) Complete and file an application for a state scholarship and***
6 ***supplemental state scholarship;***

7 ***(c) Be responsible for the submission of a financial needs anal-***
8 ***ysis statement to the board of regents;***

9 ***(d) Report promptly to the board of regents any information***
10 ***requested relating to administration of this act;***

11 ***(e) File a new application and financial needs analysis state-***
12 ***ment annually on the basis of which his or her eligibility for a state***
13 ***scholarship and supplemental state scholarship shall be evaluated and***
14 ***determined.***

15 ***Sec. 45. K.S.A. 74-32,120 is hereby amended to read as follows:***
16 ***74-32,120. As used in this act: (a) “Kansas comprehensive grant***
17 ***program” means a program under which the state, in recognition***
18 ***that the provision of higher education for all residents of the state***
19 ***who have the desire and ability to obtain such education is an im-***
20 ***portant public purpose and in response to the concern that many***
21 ***residents of the state are deterred by financial considerations from***
22 ***attending institutions of higher education, provides assistance to***
23 ***students with financial need through the award of grants.***

24 ***(b) “Kansas comprehensive grant” means an award of financial***
25 ***assistance under the Kansas comprehensive grant program to an***
26 ***eligible Kansas student.***

27 ***(c) “Financial need” means the difference between a student’s***
28 ***available financial resources and the student’s total anticipated cost***
29 ***of attendance at a certain Kansas educational institution. A stu-***
30 ***dent’s financial resources shall be determined on the basis of cri-***
31 ***teria provided under the federal methodology of need analysis.***

32 ***(d) “Full-time, in-state student” means a person who is a resi-***
33 ***dent of Kansas and who is enrolling or enrolled at a Kansas edu-***
34 ***cational institution for at least 12 credit hours each semester or the***
35 ***equivalent thereof. The board of regents shall determine the number***
36 ***of hours for terms other than semesters to constitute the equivalent***
37 ***of 12 credit hours.***

38 ***(e) “Kansas student” means a full-time, in-state student who has***
39 ***established financial need and who is initially acceptable for enter-***
40 ***ing a Kansas educational institution or who has so entered and is***
41 ***in good standing and making satisfactory progress toward***
42 ***graduation.***

43 ***(f) “Kansas educational institution” means a state educational in-***

1 ~~stitution under the control and supervision of the board of regents, a~~
2 ~~municipal university postsecondary educational institution as defined in~~
3 ~~K.S.A. 74-3202b, and amendments thereto , or a not-for-profit inde-~~
4 ~~pendent institution of higher education which is accredited by the~~
5 ~~north central association of colleges and secondary schools accred-~~
6 ~~iting agency based on its requirements as of April 1, 1985, is op-~~
7 ~~erated independently and not controlled or administered by the~~
8 ~~state or any agency or subdivision thereof, maintains open enroll-~~
9 ~~ment, and the main campus or principal place of operation of which~~
10 ~~is located in Kansas.~~

11 (g) **“Open enrollment” means the policy of an institution of**
12 **higher education which provides the opportunity of enrollment for**
13 **any student who meets its academic and other reasonable enroll-**
14 **ment requirements, without regard for race, gender, religion, creed**
15 **or national origin.**

16 (h) **“Board of regents” means the state board of regents provided**
17 **for in the constitution of this state and described in article 32 of chapter**
18 **74 of Kansas Statutes Annotated.**

19 (i) **“Term” means one of two or more divisions of an academic**
20 **year of a Kansas educational institution in which substantially all**
21 **courses begin and end at substantially the same time, and during**
22 **which instruction is regularly given to students.**

23 (j) **“Semester” means one of two principal terms, when there are**
24 **only two principal terms in the academic year, whether or not there**
25 **are other shorter terms during the same academic year.**

26 **Sec. 46. K.S.A. 74-32,121 is hereby amended to read as follows:**
27 **74-32,121. A Kansas comprehensive grant may be awarded to any**
28 **Kansas student enrolled at any Kansas educational institution. A**
29 **Kansas student may be awarded grants for not more than eight se-**
30 **esters of undergraduate study or the equivalent thereof, except that**
31 **at an institution that awards a baccalaureate degree or four semesters of**
32 **undergraduate study or the equivalent thereof at an institution that**
33 **awards only an associate degree. A student may be awarded grants for**
34 **not more than an additional two semesters of study, or the equiva-**
35 **lent thereof, when the requirements of the educational program in**
36 **which the student is enrolled include the completion of a fifth year**
37 **of study. The board of regents shall determine the equivalent of a**
38 **semester when all or part of the terms for which a Kansas student**
39 **is awarded a Kansas comprehensive grant are not semesters.**

40 **Sec. 47. K.S.A. 74-32,122 is hereby amended to read as follows:**
41 **74-32,122. (a) The amount of a Kansas comprehensive grant**
42 **awarded to a Kansas student for the fall and spring semesters, or**
43 **the equivalent thereof, shall be (1) for a student enrolled at a state**

1 ~~Kansas educational institution or municipal university~~, the amount of
 2 the student's financial need for the period, except that a grant
 3 awarded to such a student in any year shall not exceed an amount
 4 equal to one-half of the average amount of the total tuition and fees
 5 required of full-time, in-state students for enrollment at the state
 6 educational institutions for two semesters or the equivalent thereof,
 7 and (2) for a student enrolled at an independent institution of higher
 8 education, the amount of the student's financial need for the period,
 9 except that a grant awarded to such a student in any year shall not
 10 exceed the lesser of an amount equal to the total tuition and re-
 11 quired fees of the student for two semesters, or the equivalent
 12 thereof, or an amount equal to one-half of the difference between
 13 the average amount of the total tuition and required fees of full-
 14 time, in-state students who are enrolled at the state educational
 15 institutions and the average amount of the total tuition and required
 16 fees of full-time, in-state students who are enrolled at the independ-
 17 ent institutions of higher education.

18 (b) When Kansas comprehensive grants are awarded to a Kansas
 19 student for one or more terms that are not semesters, the board of
 20 regents shall determine the equivalent of the fall and spring
 21 semesters.

22 Sec. 48. K.S.A. 74-32,124 is hereby amended to read as follows:
 23 74-32,124. (a) The board of regents shall administer the Kansas
 24 comprehensive grant program and shall:

25 (1) Provide information regarding application procedures;

26 (2) adopt rules and regulations for determining financial need
 27 and cost of attendance at Kansas educational institutions, deter-
 28 mining the average amount of tuition and fees required of full-time,
 29 in-state students for enrollment at the state educational institutions,
 30 the municipal university, and the independent institutions of higher
 31 education, determining residence, determining priority or appor-
 32 tionment of Kansas comprehensive grants and other matters nec-
 33 essary for administration of the program;

34 (3) allocate as base funding to each Kansas educational insti-
 35 tution the amount of Kansas comprehensive grant funds awarded to
 36 the institution for fiscal year ~~1999~~ 2005; or, in the event funding is
 37 less than that provided for fiscal year ~~1999~~ 2005, the pro-rated share
 38 of that appropriation;

39 (4) appoint a ~~five-member~~ seven-member advisory committee, in-
 40 cluding two representatives from ~~state~~ Kansas educational institu-
 41 tions that award baccalaureate degrees, two representatives that award
 42 only associate degrees, two representatives from not-for-profit inde-
 43 pendent institutions, and one representative from a municipal uni-

1 *versity, to recommend annually to the board of regents the formula*
2 *to be used in apportioning funds in excess of the fiscal year 1999*
3 *2005 appropriation to the Kansas educational institutions according*
4 *to the formula based on financial need;*

5 (5) *approve Kansas students for the award of Kansas compre-*
6 *hensive grants; and*

7 (6) *evaluate the Kansas comprehensive grant program an-*
8 *nually, and make a report thereon to the governor and legislature*
9 *for the period.*

10 (b) *The board of regents may provide for apportionment of Kan-*
11 *sas comprehensive grants if appropriations therefor are insufficient*
12 *to pay all approved grants.*

13 [*New Sec. 49. Contracts representing at least 10% of the total*
14 *value of all contracts awarded for the construction of any destina-*
15 *tion enterprise and destination casino shall be awarded to minority-*
16 *owned or women-owned businesses.]*

17 *Sec. 49 [50]. K.S.A. 72-6810, 72-6812, 72-6813, 72-6814, 72-*
18 *6815, 74-32,120, 74-32,121, 74-32,122, 74-32,124, 74-8702, 74-*
19 *8705, 74-8710, 74-8711 and 74-8723 and K.S.A. 2003 Supp. 19-*
20 *101a are hereby repealed.*

21 *Sec. 50 [51]. This act shall take effect and be in force from and*
22 *after its publication in the Kansas register.*

23 ~~Section 1. In addition to the other purposes for which expenditures~~
24 ~~may be made from the moneys appropriated from the state general fund~~
25 ~~or from any special revenue fund, the supreme court may make expend-~~
26 ~~itures to acquire and install a seal of justice in the supreme court court-~~
27 ~~room of the judicial center that is designed to be a replica of the seal of~~
28 ~~justice in the supreme court chamber in the state capitol, which has rep-~~
29 ~~resented thereon a hand holding the scales of justice and inscriptions~~
30 ~~reading "Supreme Court" and "State of Kansas" and which is affixed~~
31 ~~above the entrance behind the former bench for the justices. **The su-**~~
32 ~~**preme court is hereby authorized to accept gifts and donations to**~~
33 ~~**pay for the cost of obtaining and installing such seal of justice. All**~~
34 ~~**monetary gifts and donations received for this purpose shall be**~~
35 ~~**deposited in the state treasury to the credit of the judicial branch**~~
36 ~~**gifts fund of the judicial branch.** The secretary of administration shall~~
37 ~~provide such assistance as may be requested by the supreme court for~~
38 ~~the purposes of acquiring and installing such seal of justice as provided~~
39 ~~by this section.~~

40 ~~—Sec. 2. This act shall take effect and be in force from and after its~~
41 ~~publication in the statute book.~~

42 ~~**[Section 1. K.S.A. 74-8702 is hereby amended to read as fol-**~~
43 ~~**lows: 74-8702. As used in the Kansas lottery act, unless the context**~~

- 1 **otherwise requires:**
- 2 ~~—(a) “Commission” means the Kansas lottery commission.~~
- 3 ~~—(b) “Executive director” means the executive director of the~~
- 4 ~~Kansas lottery.~~
- 5 ~~—(c) “Gaming equipment” means any electric, electronic or me-~~
- 6 ~~chanical device or other equipment unique to the Kansas lottery used~~
- 7 ~~directly in the operation of any lottery and in the determination of winners~~
- 8 ~~pursuant to this act, computerized or electromechanical machine, mech-~~
- 9 ~~anism, supply or device or any other equipment, which is: (1) Unique to~~
- 10 ~~the Kansas lottery and used pursuant to the Kansas lottery act; (2) integral~~
- 11 ~~to the operation of an electronic gaming machine; or (3) affects the results~~
- 12 ~~of an electronic gaming machine by determining win or loss.~~
- 13 ~~—(d) “Kansas lottery” means the state agency created by this~~
- 14 ~~act to operate a lottery or lotteries pursuant to this act.~~
- 15 ~~—(e) “Lottery retailer” means any person with whom the Kansas~~
- 16 ~~lottery has contracted to sell lottery tickets or shares, or both, to~~
- 17 ~~the public.~~
- 18 ~~—(f) “Lottery” or “state lottery” means the lottery or lotteries~~
- 19 ~~operated pursuant to this act.~~
- 20 ~~—(g) “Major procurement” means any gaming product or serv-~~
- 21 ~~ice, including but not limited to facilities, advertising and promo-~~
- 22 ~~tional services, annuity contracts, prize payment agreements, con-~~
- 23 ~~sulting services, equipment, tickets and other products and~~
- 24 ~~services unique to the Kansas lottery, but not including materials,~~
- 25 ~~supplies, equipment and services common to the ordinary opera-~~
- 26 ~~tions of state agencies.~~
- 27 ~~—(h) “Person” means any natural person, association, limited li-~~
- 28 ~~ability company, corporation or partnership.~~
- 29 ~~—(i) “Prize” means any prize paid directly by the Kansas lottery~~
- 30 ~~pursuant to its rules and regulations.~~
- 31 ~~—(j) “Share” means any intangible manifestation authorized by~~
- 32 ~~the Kansas lottery to prove participation in a lottery game.~~
- 33 ~~—(k) “Ticket” means any tangible evidence issued by the Kansas~~
- 34 ~~lottery to prove participation in a lottery game.~~
- 35 ~~—(l) “Vendor” means any person who has entered into a major~~
- 36 ~~procurement contract with the Kansas lottery.~~
- 37 ~~—(m) “Returned ticket” means any ticket which was transferred~~
- 38 ~~to a lottery retailer, which was not sold by the lottery retailer and~~
- 39 ~~which was returned to the Kansas lottery for refund by issuance~~
- 40 ~~of a credit or otherwise.~~
- 41 ~~—(n) “Video lottery machine” means any electronic video game~~
- 42 ~~machine that, upon insertion of cash, is available to play or simu-~~
- 43 ~~late the play of a video game authorized by the commission, in-~~

1 ~~cluding but not limited to bingo, poker, black jack and keno, and~~
2 ~~which uses a video display and microprocessors and in which, by~~
3 ~~chance, the player may receive free games or credits that can be~~
4 ~~redeemed for cash.~~

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

10 ~~[(A) Any machine or device in which the prize or evidence of~~
11 ~~a prize is determined by both chance and the player’s or players’~~
12 ~~skill, including, but not limited to, any machine or device on which~~
13 ~~a lottery game or lottery games, such as poker or blackjack, are~~
14 ~~played;~~

15 ~~[(B) any machine or device in which the prize or evidence of a~~
16 ~~prize is determined only by chance, including, but not limited to,~~
17 ~~any slot machine or bingo machine; or~~

18 ~~[(C) any lottery ticket vending machine, such as a keno ticket~~
19 ~~vending machine, pull-tab vending machine or an instant-bingo~~
20 ~~vending machine.~~

21 ~~[(2) “Lottery machine” shall not mean:~~

22 ~~[(A) Any food vending machine defined by K.S.A. 36-501, and~~
23 ~~amendments thereto;~~

24 ~~[(B) any nonprescription drug machine authorized under~~
25 ~~K.S.A. 65-650, and amendments thereto;~~

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

28 ~~[(D) any machine excluded from the definition of gambling de-~~
29 ~~vices under subsection (d) of K.S.A. 21-4302, and amendments~~
30 ~~thereto; or~~

31 ~~[(E) any electronic gaming machine operated in accordance with the~~
32 ~~Kansas gaming act.~~

33 ~~[(p) “Electronic gaming machine” means any electronic, electrome-~~
34 ~~chanical, video or computerized device, contrivance or machine author-~~
35 ~~ized by the Kansas lottery which, upon insertion of cash, tokens, electronic~~
36 ~~cards or any consideration, is available to play, operate or simulate the~~
37 ~~play of a game authorized by the Kansas lottery at a parimutuel licensee~~
38 ~~location, including, but not limited to, bingo, poker, blackjack, keno and~~
39 ~~slot machines and which may deliver or entitle the player operating the~~
40 ~~machine to receive cash, tokens, merchandise or credits that may be re-~~
41 ~~deemed for cash. Electronic gaming machines may use bill validators and~~
42 ~~may be single position reel type, single or multi-game video and single-~~
43 ~~position multi-game video electronic game, including but not limited to,~~

1 ~~poker, blackjack and slot machines. Electronic gaming machines shall be~~
2 ~~linked to a central computer at a location determined by the executive~~
3 ~~director for purposes of security, monitoring and auditing.~~

4 ~~[(q) “Facility owner licensee,” “facility manager licensee” and “or-~~
5 ~~ganization licensee” have the meanings provided by K.S.A. 74-8802, and~~
6 ~~amendments thereto.~~

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

23 ~~[(s) “Lottery gaming machine operator” means any person with~~
24 ~~which the executive director has contracted for the placement of an elec-~~
25 ~~tronic gaming machine pursuant to the Kansas gaming act.~~

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

30 ~~[(u) “Parimutuel licensee” means a facility owner licensee or a facility~~
31 ~~manager licensee.~~

32 ~~[(v) “Parimutuel licensee location” means: (1) A racetrack facility, as~~
33 ~~defined by K.S.A. 74-8802, and amendments thereto, where live horse~~
34 ~~racing or live greyhound racing has been authorized or for which an~~
35 ~~application for authorization to conduct live horse racing or live grey-~~
36 ~~hound racing pursuant to the Kansas parimutuel racing act is pending~~
37 ~~prior to February 1, 2000; (2) a facility located on real estate where such~~
38 ~~racetrack facility is located; or (3) a racetrack facility located at, on or~~
39 ~~immediately adjacent to the real estate of Eureka Downs or Anthony~~
40 ~~Downs. A parimutuel licensee location may include any existing structure~~
41 ~~at a racetrack facility described in this subsection or any structure that~~
42 ~~may be constructed on real estate where such racetrack facility is located.~~

43 ~~[(w) “Progressive electronic game” means a game played on an elec-~~

1 ~~ronic gaming machine for which the payoff increases uniformly as the~~
2 ~~game is played and for which the jackpot, determined by application of~~
3 ~~a formula to the income of independent, local or interlinked electronic~~
4 ~~gaming machines, may be won.~~

5 ~~[(x) “Technology provider” means any person or entity other than a~~
6 ~~lottery gaming machine operator that designs, manufactures, installs, op-~~
7 ~~erates, distributes, supplies or replaces an electronic gaming machine for~~
8 ~~sale, lease or use in accordance with this act.~~

9 ~~[(y) “Token” means a metal or other representative of value, which is~~
10 ~~not legal tender, redeemable for cash only by the issuing lottery gaming~~
11 ~~machine operator at its parimutuel licensee location and issued and sold~~
12 ~~by a lottery gaming machine operator for the sole purpose of playing an~~
13 ~~electronic gaming machine.~~

14 ~~**Section 2.** (a) Sections 2 through 32, and amendments~~
15 ~~thereto, shall be known as the Kansas gaming act and shall be part~~
16 ~~of and supplemental to the Kansas lottery act.~~

17 ~~—[(b) If any provision of this act or the application thereof to any~~
18 ~~person or circumstance is held invalid, the invalidity shall not af-~~
19 ~~fect any other provision or application of the act which can be~~
20 ~~given effect without the invalid provision or application.~~

21 ~~—[New Sec. 3. (a) The executive director may contract with par-~~
22 ~~imutuel licensees for the operation and management, by the state~~
23 ~~of Kansas, of electronic gaming machines at parimutuel licensee~~
24 ~~locations in counties where a proposition submitted pursuant to~~
25 ~~section 5, and amendments thereto, has been approved by the vot-~~
26 ~~ers of such county. Such contracts shall be subject to the provisions~~
27 ~~of this act and rules and regulations adopted under this act but~~
28 ~~shall not be subject to the provisions of K.S.A. 74-3738 through 75-~~
29 ~~3744, and amendments thereto.~~

30 ~~—[(b) The executive director shall select as lottery gaming ma-~~
31 ~~chine operators such parimutuel licensees as the executive direc-~~
32 ~~tor deems best able to serve the public convenience and promote~~
33 ~~marketing plans developed by the Kansas lottery. In the selection~~
34 ~~of lottery gaming machine operators, the executive director shall~~
35 ~~consider factors such as financial responsibility, security of the li-~~
36 ~~censee location, integrity, reputation, volume of expected sales~~
37 ~~and such other factors as the executive director may deem~~
38 ~~appropriate.~~

39 ~~—[(c) The executive director may charge an administrative ap-~~
40 ~~plication fee reasonably related to the costs of processing the ap-~~
41 ~~plication, to parimutuel licensees applying to become lottery gam-~~
42 ~~ing machine operators.~~

43 ~~—[(d) A contract shall not constitute property, nor shall it be sub-~~

1 ~~ject to attachment, garnishment or execution, nor shall it be alien-~~
2 ~~able or transferable except upon approval of the executive direc-~~
3 ~~tor, voluntarily or involuntarily, or subject to being encumbered~~
4 ~~or hypothecated. No interest in the contract shall descend by the~~
5 ~~laws of testate or intestate devolution but any interest shall cease~~
6 ~~and expire upon the death of the parimutuel licensee or interest~~
7 ~~holders in the parimutuel license except that the executor, admin-~~
8 ~~istrators or representatives of the estate of any deceased licensee~~
9 ~~and the trustee of any insolvent or bankrupt licensee may continue~~
10 ~~to operate pursuant to the contract under order of the appropriate~~
11 ~~court for no longer than one year after the death, bankruptcy or~~
12 ~~insolvency of such licensee.~~

13 ~~—(e) Each lottery gaming machine operator shall be issued a~~
14 ~~lottery gaming machine operator certificate which shall be con-~~
15 ~~spicuously displayed at the place where the lottery gaming ma-~~
16 ~~chine operator is authorized to operate and manage electronic~~
17 ~~gaming machines.~~

18 ~~—(f) To be selected as a lottery gaming machine operator, a par-~~
19 ~~imutuel licensee must:~~

20 ~~—(1) Have sufficient financial resources to support the activities~~
21 ~~required under this act;~~

22 ~~—(2) be current in payment of all taxes, interest and penalties~~
23 ~~owed to any taxing subdivision where the parimutuel licensee is~~
24 ~~located; and~~

25 ~~—(3) be current in filing all applicable tax returns and in pay-~~
26 ~~ment of all taxes, interest and penalties owed to the state of Kansas,~~
27 ~~excluding items under formal appeal pursuant to applicable~~
28 ~~statutes.~~

29 ~~—(g) The lottery gaming machine operator, at its own expense,~~
30 ~~shall purchase for the Kansas lottery a license for all software pro-~~
31 ~~grams used by such lottery gaming machine operator to operate~~
32 ~~electronic gaming machines. The Kansas lottery shall be the li-~~
33 ~~censee and owner of all such software programs to each lottery~~
34 ~~gaming machine operator. A parimutuel licensee may own or~~
35 ~~lease, on behalf of the Kansas lottery and at the licensee's own~~
36 ~~expense, electronic gaming machines for placement at the pari-~~
37 ~~mutuel licensee location or the Kansas lottery with the consent of~~
38 ~~the parimutuel licensee may lease such machines for placement at~~
39 ~~the parimutuel licensee location, subject to reimbursement of the~~
40 ~~Kansas lottery by the parimutuel licensee for all expenses related~~
41 ~~to leasing, installing, operating and managing such machines.~~
42 ~~Electronic gaming machines purchased or leased by the lottery~~
43 ~~gaming machine operator, at its own expense, may be installed,~~

1 ~~operated or managed, owned or leased by a lottery gaming ma-~~
2 ~~chine operator or by a technology provider under contract with~~
3 ~~the lottery gaming machine operator as provided by this act. All~~
4 ~~electronic gaming machines under this act shall be subject to the~~
5 ~~ultimate control of the Kansas lottery in accordance with the act.~~
6 ~~Each specific type of electronic gaming machine shall be approved~~
7 ~~by the Kansas lottery in accordance with K.S.A. 74-8710, and~~
8 ~~amendments thereto. The use of progressive electronic gaming~~
9 ~~machines is expressly permitted.~~
10 ~~—[(h) Each contract between the Kansas lottery and a lottery~~
11 ~~gaming machine operator shall provide that the Kansas lottery~~
12 ~~shall receive all of the net machine income derived from the op-~~
13 ~~eration of electronic gaming machines at the parimutuel licensee~~
14 ~~location.~~
15 ~~—[(i) Contracts authorized by this section may include provisions~~
16 ~~relating to:~~
17 ~~—[(1) Accounting procedures to determine the net machine in-~~
18 ~~come, unclaimed merchandise and credits;~~
19 ~~—[(2) the location and operation of electronic gaming machines~~
20 ~~at the parimutuel licensee location, except as provided by this act,~~
21 ~~the days and hours of operation and the number of such electronic~~
22 ~~gaming machines shall not be restricted;~~
23 ~~—[(3) minimum requirements for an electronic gaming machine~~
24 ~~operator to provide qualified oversight, security and supervision~~
25 ~~of the operation of electronic gaming machines at the parimutuel~~
26 ~~licensee location, including the use of qualified personnel with ex-~~
27 ~~perience in applicable technology;~~
28 ~~—[(4) the eligibility requirements for employees of a lottery gam-~~
29 ~~ing machine operator who will have responsibility for the handling~~
30 ~~of cash or tokens. Such requirements may include a background~~
31 ~~investigation performed by the Kansas racing and gaming com-~~
32 ~~mission and that any key gaming employee shall be licensed as~~
33 ~~provided in sections 17 and 19, and amendments thereto;~~
34 ~~—[(5) provision for termination of the contract by either party~~
35 ~~for cause, including but not limited to, failure of the lottery gaming~~
36 ~~machine operator to maintain a parimutuel license in accordance~~
37 ~~with K.S.A. 74-8801 et seq., and amendments thereto, failure of the~~
38 ~~lottery gaming machine operator to collect and remit net machine~~
39 ~~income pursuant to section 8, and amendments thereto; and~~
40 ~~—[(6) any other provision deemed necessary by the parties pur-~~
41 ~~suant to this section.~~
42 ~~—[(j) The initial term of a contract pursuant to this section shall~~
43 ~~be not less than the remaining term of the Kansas lottery. Such~~

1 ~~contract may be renewed with each extension of the Kansas lottery~~
2 ~~as provided in K.S.A. 74-8723, and amendments thereto.~~

3 ~~[(k) (1) The Kansas lottery shall examine prototypes of elec-~~
4 ~~tronic gaming machines and shall notify the Kansas racing and~~
5 ~~gaming commission which such types of electronic gaming ma-~~
6 ~~chines are in compliance with the requirements of this act.~~

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

12 ~~[(3) Each electronic gaming machine shall have the certificate~~
13 ~~prominently displayed thereon. Any machine which does not dis-~~
14 ~~play the certificate required by this section is contraband and a~~
15 ~~public nuisance subject to confiscation by any law enforcement~~
16 ~~officer.~~

17 ~~[(4) The executive director shall require any manufacturer,~~
18 ~~supplier, provider, lottery gaming machine operator or other per-~~
19 ~~son seeking the examination and certification of electronic gaming~~
20 ~~machines to pay the anticipated actual costs of the examination in~~
21 ~~advance. After the completion of the examination, the executive~~
22 ~~director shall refund any overpayment or charge and collect~~
23 ~~amounts sufficient to reimburse the executive director for any un-~~
24 ~~derpayment of actual costs. The executive director may contract~~
25 ~~for the examination of electronic gaming machines as required by~~
26 ~~this subsection, and may rely upon testing done by or for other~~
27 ~~states regulating electronic gaming machines, if the executive di-~~
28 ~~rector deems such testing to be reliable and in the best interest of~~
29 ~~the state of Kansas.~~

30 ~~[(4) Electronic gaming machines operated pursuant to this act~~
31 ~~shall:~~

32 ~~[(1) Pay out an average of not less than 87% of the amount~~
33 ~~wagered during the expected lifetime of the game;~~

34 ~~[(2) be directly linked to a central lottery communications sys-~~
35 ~~tem to provide auditing and other program information as ap-~~
36 ~~proved by the Kansas lottery. The communications systems certi-~~
37 ~~fied by the Kansas lottery shall not limit participation to only one~~
38 ~~electronic gaming machine manufacturer, distributor, supplier or~~
39 ~~provider; and~~

40 ~~[(3) be online and in constant communication with a central~~
41 ~~computer located at a location determined by the executive direc-~~
42 ~~tor. The lottery gaming machine operator shall lease or purchase~~
43 ~~at its own expense for the Kansas lottery all gaming equipment~~

1 ~~necessary to implement such central communications and auditing~~
2 ~~functions:~~

3 ~~—[(m) No employee, contractor or other person in any way af-~~
4 ~~iliated with an electronic gaming machine operator shall loan~~
5 ~~money to or otherwise extend credit to patrons of a parimutuel~~
6 ~~licensee location.~~

7 ~~—[New Sec. 4. The executive director shall have the power to:~~

8 ~~—[(a) Enter into contracts with parimutuel licensee for place-~~
9 ~~ment and replacement of electronic gaming machines at parimu-~~
10 ~~tuel licensee locations. Such contracts shall be subject to rules and~~
11 ~~regulations adopted pursuant to this act but shall not be subject to~~
12 ~~the provisions of K.S.A. 75-3738 through 75-3744, and amend-~~
13 ~~ments thereto.~~

14 ~~—[(b) Examine or cause to be examined by any agent or repre-~~
15 ~~sentative designated by the executive director any books, papers,~~
16 ~~records or memoranda of any lottery gaming machine operator~~
17 ~~for the purpose of ascertaining compliance with the provisions of~~
18 ~~the Kansas lottery act or rules and regulations adopted~~
19 ~~thereunder.~~

20 ~~—[(c) Issue subpoenas to compel access to or for the production~~
21 ~~of any books, papers, records or memoranda in the custody or~~
22 ~~control of any lottery gaming machine operator, or to compel the~~
23 ~~appearance of any lottery gaming machine operator for the pur-~~
24 ~~pose of ascertaining compliance with the provisions of this act or~~
25 ~~rules and regulations adopted hereunder. Subpoenas issued under~~
26 ~~the provisions of this subsection may be served upon natural per-~~
27 ~~sons and corporations in the manner provided in K.S.A. 60-304,~~
28 ~~and amendments thereto, for the service of process by any officer~~
29 ~~authorized to serve subpoenas in civil actions or by the executive~~
30 ~~director or an agent or representative designated by the executive~~
31 ~~director. In the case of the refusal of any person to comply with~~
32 ~~any such subpoena, the executive director may make application~~
33 ~~to the district court of any country where such books, papers, re-~~
34 ~~records, memoranda or person is located for an order to comply.~~

35 ~~—[(d) Inspect and view the operation of all machines, systems or~~
36 ~~facilities where electronic gaming machines controlled and oper-~~
37 ~~ated by the Kansas lottery are located.~~

38 ~~—[(e) Inspect and approve, prior to publication or distribution,~~
39 ~~all advertising by a lottery gaming machine operator which in-~~
40 ~~cludes any reference to the Kansas lottery.~~

41 ~~—[New Sec. 5. (a) Electronic gaming machines shall be operated~~
42 ~~pursuant to this act only in counties where, in accordance with this~~
43 ~~section, the qualified voters of the county have voted to permit~~

~~1 operation of electronic gaming machines at parimutuel licensee
2 locations within the county:~~

~~3 [(b) The board of county commissioners of any county where
4 there is a parimutuel licensee location may submit by resolution,
5 and shall submit upon presentation of a petition filed in accord-
6 ance with subsection (c), to the qualified voters of the county a
7 proposition to permit the operation of electronic gaming machines
8 at parimutuel licensee locations within the county. The proposition
9 shall be submitted to the voters either in a countywide special elec-
10 tion called by the board of county commissioners for that purpose
11 and held not less than 90 days after the resolution is adopted or
12 the petition is filed or at the next general election, as shall be spec-
13 ified by the board of county commissioners or in the petition, as
14 the case may be.~~

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

~~25 [(d) Upon the adoption of a resolution or the submission of a
26 valid petition calling for an election pursuant to this section, the
27 county election officer shall cause the following proposition to be
28 placed on the ballot at the election called for that purpose: "Shall
29 the operation of electronic gaming machines by the Kansas lottery
30 be permitted in _____ county at parimutuel licensee loca-
31 tions?"~~

~~32 [(e) If a majority of the votes cast and counted at such election
33 is in favor of permitting the operation of parimutuel licensed lo-
34 cations, the executive director may enter into a contract with such
35 licensees to operate such games at parimutuel licensee locations
36 in the county. If a majority of the votes cast and counted at an
37 election under this section is against permitting the operation of
38 electronic gaming machines at parimutuel licensee locations in the
39 county the Kansas lottery shall not operate such games in the
40 county. The county election officer shall transmit a copy of the
41 certification of the results of the election to the executive director
42 and to the Kansas racing and gaming commission.~~

~~43 [(f) The election provided for by this section shall be con-~~

1 ~~ducted, and the votes counted and canvassed, in the manner pro-~~
2 ~~vided by law for question submitted at elections of the court.~~

3 ~~—[(g) If in any election provided for by this section a majority of~~
4 ~~the votes cast and counted is against permitting the operation of~~
5 ~~electronic gaming machines in the county, another election sub-~~
6 ~~mitting the question of permitting the operation of electronic gam-~~
7 ~~ing machines in the county shall not be held for at least two years~~
8 ~~from the date of such election. No election to submit the question~~
9 ~~of permitting the operation of electronic gaming machines shall~~
10 ~~be called and held during the period of time between December~~
11 ~~15, 2004 through January 1, 2007.~~

12 ~~—[New Sec. 6. (a) All purse supplements paid pursuant to this~~
13 ~~act shall be according to the point schedule in effect on January~~
14 ~~1, 2002, at the respective parimutuel licensee locations. All purse~~
15 ~~supplements paid pursuant to this section shall be in addition to~~
16 ~~purses and supplements paid under K.S.A. 74-8801 et seq., and~~
17 ~~amendments thereto.~~

18 ~~—[(b) Except as provided in subsection (c), no electronic gaming~~
19 ~~machine shall be operated pursuant to this act at a parimutuel~~
20 ~~licensee location unless the facility where the electronic gaming~~
21 ~~machine is operated displays live and simulcast parimutuel races~~
22 ~~pursuant to an order issued by the Kansas racing and gaming com-~~
23 ~~mission on video terminals and has installed parimutuel windows~~
24 ~~for wagering on parimutuel races.~~

25 ~~—[(c) Except as provided in subsection (d):~~

26 ~~—[(1) No electronic gaming machine shall be operated pursuant~~
27 ~~to this act at a parimutuel licensee location in Sedgwick county~~
28 ~~unless, during the first full calendar year and each year thereafter~~
29 ~~in which electronic gaming machines are operated at such loca-~~
30 ~~tion, the parimutuel licensee shall conduct at such location at least~~
31 ~~six live racing programs each calendar week for 49 weeks, with at~~
32 ~~least 13 live races conducted each program;~~

33 ~~—[(2) on and after January 1, 2005, no electronic gaming ma-~~
34 ~~chine shall be operated pursuant to this act at a parimutuel li-~~
35 ~~censee location in Wyandotte county unless, during the first full~~
36 ~~calendar year and each year thereafter in which electronic gaming~~
37 ~~machines are operated at such location, the parimutuel licensee~~
38 ~~shall conduct at such location at least five live horse racing pro-~~
39 ~~grams each calendar week for a minimum of 60 racing days, with~~
40 ~~at least ten live races conducted each program, with a minimum~~
41 ~~of seven live thoroughbred and three live quarterhorse races per~~
42 ~~day and at least seven live dog racing programs each calendar~~
43 ~~week for at least 49 weeks, with at least 13 live races conducted~~

1 ~~each program; and~~

2 ~~—(3) except as provided by this subsection (c)(3), no electronic~~
3 ~~gaming machine shall be operated pursuant to this act at a pari-~~
4 ~~mutuel licensee location in Crawford county unless, during the~~
5 ~~first full calendar year and each year thereafter in which electronic~~
6 ~~gaming machines are operated at such location, the parimutuel~~
7 ~~licensee shall conduct at such location live racing the number of~~
8 ~~days agreed upon by the organization licensee and the parimutuel~~
9 ~~licensee but not less than 150 days, comprised of at least seven live~~
10 ~~racing programs each calendar week, with at least 13 live races~~
11 ~~conducted each program.~~

12 ~~—(d) The Kansas racing and gaming commission may provide~~
13 ~~exceptions to the requirements of subsection (c) for a parimutuel~~
14 ~~licensee conducting live racing when events beyond the control of~~
15 ~~the licensee may render racing impossible or impractical. Such~~
16 ~~events shall include any natural or man-made disaster, shortage of~~
17 ~~qualified racing animals due to kennel sickness or state imposed~~
18 ~~limitations on operations.~~

19 ~~—(e) The Kansas racing and gaming commission may allow the~~
20 ~~operation of electronic gaming machines at the racetrack facility~~
21 ~~at Eureka Downs and the racetrack facility at Anthony Downs on~~
22 ~~days when simulcast parimutuel races are displayed at such facility~~
23 ~~without requiring live horse racing or live greyhound racing at~~
24 ~~such facility. The Kansas racing and gaming commission shall not~~
25 ~~authorize the operation of such machines at such racetrack facility~~
26 ~~unless the qualified voters of the county where such racetrack fa-~~
27 ~~ility is located have voted pursuant to section 5, and amendments~~
28 ~~thereto, to permit operation of such machines within the county.~~

29 ~~—(f) The Kansas racing and gaming commission shall allow the~~
30 ~~temporary use of existing facilities at a parimutuel licensee loca-~~
31 ~~tion for the installation and operation of electronic gaming ma-~~
32 ~~chine while processing applications, plans and other documents~~
33 ~~required for, and during the construction of, permanent facilities~~
34 ~~for such machines. On and after July 1, 2006, the commission may~~
35 ~~allow temporary use of existing facilities at a parimutuel licensee~~
36 ~~location for such purpose if construction of permanent facilities~~
37 ~~have not been completed.~~

38 ~~—[New Sec. 7. (a) There is hereby established in the state treas-~~
39 ~~ury the live horse racing purse supplement fund. Twenty percent~~
40 ~~of all moneys paid into such fund shall be transferred to the Kansas~~
41 ~~horse breeding development fund created pursuant to K.S.A. 74-~~
42 ~~8829, and amendments thereto. Such moneys shall be distributed~~
43 ~~from the separate horse purse supplement accounts maintained~~

1 ~~pursuant to this section, in accordance with rules and regulations~~
2 ~~of the Kansas racing and gaming commission, provided that pari-~~
3 ~~mutuel licensees shall continue to pay purses from the live and~~
4 ~~simulcast purse fund established by law.~~

5 ~~—[(b) There is hereby established in the state treasury the live~~
6 ~~greyhound racing purse supplement fund. Moneys available in~~
7 ~~such fund shall be paid to parimutuel licensees for distribution as~~
8 ~~purse supplements in accordance with rules and regulations of the~~
9 ~~Kansas racing and gaming commission.~~

10 ~~—[(c) There is hereby established in the state treasury the elec-~~
11 ~~tronic gaming machine fund.~~

12 ~~—[(d) Moneys in the electronic gaming machine fund shall be~~
13 ~~administered by the chief justice of the supreme court or the chief~~
14 ~~justice's designee. The chief justice shall receive an administrative~~
15 ~~fee in an amount not to exceed 25% of the moneys in such fund.~~
16 ~~Such administrative fee shall be credited to the judiciary opera-~~
17 ~~tions account of the state general fund.]~~

18 ~~—[(e) Of the moneys deposited in the electronic gaming machine~~
19 ~~fund, such amount as necessary to pay the 13th check if adequate~~
20 ~~amounts of money are not available from the KPERS retirement~~
21 ~~dividend reserve fund.]~~

22 ~~—[(f) Of moneys initially deposited in the electronic gaming ma-~~
23 ~~chine fund, 25% shall be credited to school districts to fund teacher~~
24 ~~compensation and benefits. Such funds shall be distributed based~~
25 ~~on a school districts full-time pupil enrollment. Any moneys dis-~~
26 ~~tributed to school districts pursuant to this subsection shall not be~~
27 ~~subject to any statutory limitations of base state aid per pupil and~~
28 ~~such funds may be disbursed over and above such statutory~~
29 ~~limitations.]~~

30 ~~—[New Sec. 8. (a) The executive director shall collect and remit~~
31 ~~to the state treasurer in accordance with K.S.A. 75-4215, and~~
32 ~~amendments thereto, all net machine income received from lot-~~
33 ~~tery gaming machine operators. Upon receipt of the remittance,~~
34 ~~the state treasurer shall deposit the entire amount in the state~~
35 ~~treasury and credit it to the electronic gaming machine fund, es-~~
36 ~~tablished pursuant to section 7, and amendments thereto. Separate~~
37 ~~accounts shall be maintained in the electronic gaming machine~~
38 ~~fund for receipt of moneys from each lottery gaming machine~~
39 ~~operator.~~

40 ~~—[(b) Subject to the provisions of section 32, and amendments~~
41 ~~thereto, not less often than once each week, the state treasurer~~
42 ~~shall transfer from the account of each lottery gaming machine~~
43 ~~operator in the electronic gaming machine fund to the state gen-~~

1 ~~eral fund an amount equal to the following:~~

2 ~~—[(1) Of the first \$50,000,000 net machine income of such op-~~
3 ~~erator during any fiscal year, 20%.~~

4 ~~—[(2) Of the next \$50,000,000 net machine income of such op-~~
5 ~~erator during such fiscal year, 22.5%.~~

6 ~~—[(3) Of the next \$50,000,000 net machine income of such op-~~
7 ~~erator during such fiscal year, 25%.~~

8 ~~—[(4) Of the next \$50,000,000 net machine income of such op-~~
9 ~~erator during such fiscal year, 27.5%.~~

10 ~~—[(5) Of any additional amounts of net machine income of such~~
11 ~~operator during such fiscal year, 30%.~~

12 ~~—[(c) Subject to the provisions of section 32, and amendments~~
13 ~~thereto, not less than once each week, the state treasurer shall~~
14 ~~transfer the following percentages of the balance remaining, after~~
15 ~~transfer of moneys pursuant to subsection (b), in each account in~~
16 ~~the electronic gaming machine fund for receipt of moneys from~~
17 ~~lottery gaming machine operators which are parimutuel licensees:~~

18 ~~—[(1) To the problem gambling grant fund established pursuant~~
19 ~~to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not~~
20 ~~to exceed \$3,000,000 in any fiscal year;~~

21 ~~—[(2) to the nonprofit organization licensed by the Kansas racing~~
22 ~~and gaming commission to conduct races at the parimutuel li-~~
23 ~~censee location, 1%, pursuant to the management contract;~~

24 ~~—[(3) to the county where the parimutuel licensee location is lo-~~
25 ~~cated, 3%;~~

26 ~~—[(4) to the live greyhound racing purse supplement fund, 3.5%;~~
27 ~~and~~

28 ~~—[(5) to the live horse racing purse supplement fund, 3.5%.~~

29 ~~—[(c) Subject to the provisions of section 32, and amendments~~
30 ~~thereto, not less than once each week, the state treasurer shall~~
31 ~~transfer the following percentages of the balance remaining, after~~
32 ~~transfer of moneys pursuant to subsection (b), in each account in~~
33 ~~the electronic gaming machine fund for receipt of moneys from~~
34 ~~lottery gaming machine operators which are parimutuel licensees:~~

35 ~~—[(1) To the problem gambling grant fund established pursuant~~
36 ~~to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not~~
37 ~~to exceed \$3,000,000 in any fiscal year;~~

38 ~~—[(2) to the youth services aid and assistance account within the~~
39 ~~state general fund, .20% to be expended on the emergency shelter~~
40 ~~program;~~

41 ~~—[(3) to the nonprofit organization licensed by the Kansas racing~~
42 ~~and gaming commission to conduct races at the parimutuel li-~~
43 ~~censee location, 1%, pursuant to the management contract;~~

1 ~~—[(4) to the county where the parimutuel licensee location is lo-~~
2 ~~ated, 3%;~~
3 ~~—[(5) to the live greyhound racing purse supplement fund, 3.5%;~~
4 ~~and~~
5 ~~—[(6) to the live horse racing purse supplement fund, 3.5%]; and~~
6 ~~—[(7) to the fund established for restoration and repair of the~~
7 ~~statehouse pursuant to K.S.A. 75-2262, and amendments thereto,~~
8 ~~2.0%.]~~
9 ~~—[(d) Subject to the provisions of section 32, and amendments~~
10 ~~thereto, after distribution of moneys pursuant to subsection (c),~~
11 ~~the state treasurer, not less than once each week, shall remit the~~
12 ~~balance in the account of each lottery gaming machine operator~~
13 ~~to such lottery gaming machine operator [except that 0.10% of the~~
14 ~~balance in the account of the lottery gaming machine operator at~~
15 ~~the parimutuel licensee location in Crawford county shall be cred-~~
16 ~~ited to the Frontenac bison maintenance fund created by subsec-~~
17 ~~tion (c)] [except that: (1) 0.10% of the balance in the account of~~
18 ~~the lottery gaming machine operator at the parimutuel licensee~~
19 ~~location in Crawford county shall be credited to the Frontenac~~
20 ~~bison maintenance fund created by subsection (c); and (2) 0.20%~~
21 ~~of the balance in the account of the lottery gaming machine op-~~
22 ~~erator at the parimutuel licensee location in Crawford county shall~~
23 ~~be credited to the U.S. 69 highway maintenance fund created by~~
24 ~~subsection (f)].~~
25 ~~—[(e) There is hereby created within the state treasury the Fron-~~
26 ~~tenac bison maintenance fund. All expenditures from the fund~~
27 ~~shall be made for the purpose of maintaining, developing and ex-~~
28 ~~panding the display of bison by the department of wildlife and~~
29 ~~parks on land owned by the department in Frontenac, Kansas. All~~
30 ~~expenditures from the fund shall be upon warrants of the director~~
31 ~~of accounts and reports issued pursuant to vouchers approved by~~
32 ~~the secretary of wildlife and parks or the secretary's designee.]~~
33 ~~—[(e) There is hereby created within the state treasury the Fron-~~
34 ~~tenac bison maintenance fund. All expenditures from the fund~~
35 ~~shall be made for the purpose of maintaining, developing and ex-~~
36 ~~panding the display of bison by the department of wildlife and~~
37 ~~parks on land owned by the department in Frontenac, Kansas. All~~
38 ~~expenditures from the fund shall be upon warrants of the director~~
39 ~~of accounts and reports issued pursuant to vouchers approved by~~
40 ~~the secretary of wildlife and parks or the secretary's designee.~~
41 ~~—[(f) There is hereby created within the state treasury the U.S.~~
42 ~~highway 69 maintenance fund. All expenditures from the fund~~
43 ~~shall be made for the purpose of maintaining U.S. highway 69 from~~

1 ~~the north end of the Arma bypass to Atkinson road in the city of~~
2 ~~Frontenac. All expenditures from the fund shall be upon warrants~~
3 ~~of the director of accounts and reports issued pursuant to vouchers~~
4 ~~approved by the secretary of transportation or the secretary's des-~~
5 ~~ignee. When the state ceases to have responsibility for mainte-~~
6 ~~nance of U.S. highway 69 from the north end of the Arma bypass~~
7 ~~to Atkinson road in the city of Frontenac, the county shall have~~
8 ~~responsibility for maintenance of the highway from the north end~~
9 ~~of the Arma bypass to the north city limit of Frontenac and the city~~
10 ~~of Frontenac shall have responsibility for the highway from the~~
11 ~~north city limit of Frontenac to Atkinson road in the city of Fron-~~
12 ~~tenac and 1/2 of all moneys credited to the fund shall be paid to~~
13 ~~Crawford county and 1/2 shall be paid to the city of Frontenac.]~~
14 ~~[New Sec. 9. (a) Except as when authorized in accordance with~~
15 ~~subsection (c), it is unlawful for any parimutuel licensee to allow~~
16 ~~any person to play electronic gaming machines or share in win-~~
17 ~~nings of a person knowing such person to be:~~
18 ~~— [(1) Under 21 years of age;~~
19 ~~— [(2) the executive director, a member of the commission or an~~
20 ~~employee of the Kansas lottery;~~
21 ~~— [(3) an officer or employee of a vendor contracting with the~~
22 ~~Kansas lottery to supply gaming equipment or tickets to the Kansas~~
23 ~~lottery for use in the operation of any lottery conducted pursuant~~
24 ~~to this act; or~~
25 ~~— [(4) a spouse, child, stepchild, brother, stepbrother, sister,~~
26 ~~stepsister, parent or stepparent or a person described by subsec-~~
27 ~~tion (a)(2) or (3).~~
28 ~~— [(b) Violation of subsection (a) is a class A nonperson misde-~~
29 ~~meanor upon conviction for a first offense. Violation of subsection~~
30 ~~(a) is a severity level 9, nonperson felony upon conviction for a~~
31 ~~second or subsequent offense.~~
32 ~~— [(c) The executive director may authorize in writing any em-~~
33 ~~ployee of the Kansas lottery and any employee of a lottery vendor~~
34 ~~to play an electronic gaming machine to verify the proper opera-~~
35 ~~tion thereof with respect to security and contract compliance. Any~~
36 ~~prize awarded as a result of such ticket purchase shall become the~~
37 ~~property of the Kansas lottery and be added to the prize pools of~~
38 ~~subsequent lottery games. No money or merchandise shall be~~
39 ~~awarded to any employee playing an electronic gaming machine~~
40 ~~pursuant to this subsection.~~
41 ~~[New Sec. 10. No person shall operate an electronic gaming~~
42 ~~machine while intoxicated. The Kansas racing and gaming com-~~
43 ~~mission shall adopt rules and regulations governing identification~~

1 ~~of persons who are intoxicated and procedures for removal of such~~
2 ~~persons from premises where electronic gaming machines are op-~~
3 ~~erated. Such rules and regulations may include requirements the~~
4 ~~employees of a parimutuel licensee be trained in controlling in-~~
5 ~~toxicated persons within a parimutuel licensee location.~~

6 ~~—[New Sec. 11. Each lottery gaming machine operator shall~~
7 ~~post one or more signs at the operator's parimutuel licensee lo-~~
8 ~~cation to inform patrons of the toll free number available to pro-~~
9 ~~vide information and referral services regarding compulsive or~~
10 ~~problem gambling. The text shall be determined by the secretary~~
11 ~~of the department of social and rehabilitation services. Failure by~~
12 ~~a lottery gaming machine operator to post and maintain such signs~~
13 ~~shall be cause for the imposition of a fine not to exceed \$500 per~~
14 ~~day.~~

15 ~~—[New Sec. 12. Each lottery gaming machine operator shall~~
16 ~~provide access for the executive director, the executive director's~~
17 ~~designee or the commission to all its records and the physical~~
18 ~~premises where the electronic gaming machine activities occur for~~
19 ~~the purpose of monitoring or inspecting the electronic gaming ma-~~
20 ~~chines and gaming equipment. None of the information disclosed~~
21 ~~pursuant to this subsection shall be subject to disclosure under the~~
22 ~~Kansas open records act, K.S.A. 45-216 et seq., and amendments~~
23 ~~thereto.~~

24 ~~—[New Sec. 13. (a) Wagers shall be received only from a person~~
25 ~~at a parimutuel licensee location. No person present at a parimu-~~
26 ~~tuel licensee location shall place or attempt to place a wager on~~
27 ~~behalf of another person who is not present at the parimutuel li-~~
28 ~~censee location.~~

29 ~~—[(b) Violation of this section is a class A nonperson misde-~~
30 ~~meanor upon a conviction for a first offense. Violation of this sec-~~
31 ~~tion is a severity level 9, nonperson felony upon conviction for a~~
32 ~~second or subsequent offense.~~

33 ~~—[New Sec. 14. Each lottery gaming machine operator may em-~~
34 ~~ploy a person at least 18 years of age as an employee of the pari-~~
35 ~~mutuel licensee. No employee under age 21 shall be permitted to~~
36 ~~make a wager on an electronic gaming machine.~~

37 ~~—[New Sec. 15. Pursuant to section 2 of the federal act entitled~~
38 ~~“An Act to Prohibit Transportation of Gambling Devices in Inter-~~
39 ~~state and Foreign Commerce,” 15 U.S.C. 1171 through 1177, the~~
40 ~~state of Kansas, acting by and through the duly elected and qual-~~
41 ~~ified members of the legislature, does hereby in this section, and~~
42 ~~in accordance with and in compliance with the provisions of sec-~~
43 ~~tion 2 of such federal act, declare and proclaim that it is exempt~~

1 ~~from the provision of section 2 of such federal act to the extent~~
2 ~~that such gambling devices are being transported to or from the~~
3 ~~Kansas lottery or to or from a lottery gaming machine operator at~~
4 ~~a parimutuel licensee location within the state of Kansas.~~

5 ~~—[New Sec. 16. Except for persons acting in accordance with~~
6 ~~rules and regulations of the Kansas lottery and rules and regula-~~
7 ~~tions of the Kansas racing and gaming commission in performing~~
8 ~~installation, maintenance and repair services, any person who,~~
9 ~~with the intent to manipulate the outcome, pay out or operation~~
10 ~~of an electronic gaming machine, manipulates the outcome, pay~~
11 ~~out or operation of an electronic gaming machine by physical, elec-~~
12 ~~trical or mechanical means shall be guilty of a severity level 8,~~
13 ~~nonperson felony.~~

14 ~~—[New Sec. 17. (a) The Kansas racing and gaming commission~~
15 ~~and its designated employees may observe and inspect all elec-~~
16 ~~tronic gaming machines and facilities operated by parimutuel~~
17 ~~licensees.~~

18 ~~—[(b) The Kansas racing and gaming commission may examine,~~
19 ~~or cause to be examined by any agent or representative designated~~
20 ~~by such commission, any books, papers, records or memoranda of~~
21 ~~any parimutuel licensee, or of any business involved in electronic~~
22 ~~gaming, for the purpose of ascertaining compliance with any pro-~~
23 ~~vision of this act or any rules and regulations adopted hereunder.~~

24 ~~—[(c) The Kansas racing and gaming commission may adopt~~
25 ~~rules and regulations with respect to security, safety and honest~~
26 ~~conduct at all parimutuel licensee locations.~~

27 ~~—[(d) The Kansas racing and gaming commission shall have the~~
28 ~~power to investigate alleged violations of this act and alleged vio-~~
29 ~~lations of any rules and regulations, orders and final decisions of~~
30 ~~such commission.~~

31 ~~—[(e) Appropriate security measures shall be required in any~~
32 ~~and all areas where electronic gaming machines are located. The~~
33 ~~Kansas racing and gaming commission shall approve all such se-~~
34 ~~curity measures.~~

35 ~~—[(f) The Kansas racing and gaming commission may provide by~~
36 ~~rules and regulations for the licensure of key gaming employees~~
37 ~~and technology providers. Such rules and regulations may specify~~
38 ~~employment application forms, fees and procedures for suspen-~~
39 ~~sion or revocation of any key gaming employee license.~~

40 ~~—[(g) The Kansas racing and gaming commission shall have the~~
41 ~~power to take any other action as may be reasonable or appropri-~~
42 ~~ate to enforce the provisions of this act and any rules and regula-~~
43 ~~tions, orders and final decisions of such commission.~~

1 ~~—[(h) The Kansas racing and gaming commission shall require~~
2 ~~an annual audit of the electronic gaming machine operations of~~
3 ~~each lottery gaming machine operator contracting with the Kansas~~
4 ~~lottery. Such audit shall be conducted by a licensed accounting~~
5 ~~firm approved by the Kansas racing and gaming commission. Such~~
6 ~~audit shall be conducted at the expense of the lottery gaming ma-~~
7 ~~chine operator to which such audit applies:~~

8 ~~—[New Sec. 18. (a) It is a class A nonperson misdemeanor for~~
9 ~~d[any member of the Kansas Legislature, any member of the board~~
10 ~~of county commissioners in which the facility is located,] the ex-~~
11 ~~ecutive director, any member of the lottery commission, any em-~~
12 ~~ployee of the Kansas lottery or any member, employee or ap-~~
13 ~~pointee of the Kansas racing and gaming commission, including~~
14 ~~stewards and racing judges, knowingly to:~~

15 ~~—[(1) Participate in the operation of or have a financial interest~~
16 ~~in any business which has been issued a concessionaire license,~~
17 ~~racing or wagering or electronic gaming machine equipment or~~
18 ~~services license, facility owner license or facility manager license,~~
19 ~~or any business which sells goods or services to an organization~~
20 ~~licensee;~~

21 ~~—[(2) participate directly or indirectly as an owner, operator,~~
22 ~~manager or consultant in electronic gaming in Kansas;~~

23 ~~—[(3) place a wager on or bet or play an electronic gaming ma-~~
24 ~~chine in Kansas;~~

25 ~~—[(4) accept any compensation, gift, loan, entertainment, favor~~
26 ~~or service from any parimutuel licensee, except such suitable fa-~~
27 ~~cilities and services within a racetrack facility operated by an or-~~
28 ~~ganization licensee as may be required to facilitate the perform-~~
29 ~~ance of the executive director's, member's, employee's or~~
30 ~~appointee's official duties;~~

31 ~~—[(5) enter into any business dealing, venture or contract with~~
32 ~~an owner or lessee of a parimutuel licensee location in Kansas; or~~

33 ~~—[(6) engage in any activity described in subsection (a) (1), (2),~~
34 ~~(4) or (5) within two years from the last day of service as such~~
35 ~~executive director, member, employee or appointee.~~

36 ~~—[(b) It is a severity level 8, nonperson felony for any person~~
37 ~~playing or using any electronic gaming machine at a parimutuel~~
38 ~~licensee location in Kansas knowingly to:~~

39 ~~—[(1) Use other than a lawful coin or legal tender of the United~~
40 ~~States of America, or to use coin not of the same denomination as~~
41 ~~the coin intended to be used in an electronic gaming machine,~~
42 ~~except that in the playing of any electronic gaming machine or~~
43 ~~similar gaming device, it shall be lawful for any person to use gam-~~

1 ~~ing billets, tokens or similar objects therein which are approved~~
2 ~~by the Kansas lottery;~~
3 ~~—[(2) possess or use, while on the premises of a parimutuel li-~~
4 ~~icensee location any cheating or thieving device, including but not~~
5 ~~limited to, tools, wires, drills, coins attached to strings or wires or~~
6 ~~electronic or magnetic devices to facilitate removing from any~~
7 ~~electronic gaming machine any money or contents thereof, except~~
8 ~~that a duly authorized agent or employee of the Kansas lottery,~~
9 ~~the Kansas racing and gaming commission or a parimutuel licensee~~
10 ~~may possess and use any of the foregoing only in furtherance of~~
11 ~~the agent's or employee's employment at the parimutuel licensee~~
12 ~~location;~~
13 ~~—[(3) possess or use while on the premises of any parimutuel~~
14 ~~licensee location any key or device designed for the purpose of or~~
15 ~~suitable for opening or entering any electronic gaming machine~~
16 ~~or similar gaming device or drop box, except that a duly authorized~~
17 ~~agent or employee of the Kansas lottery, the Kansas racing and~~
18 ~~gaming commission or a parimutuel licensee may possess and use~~
19 ~~any of the foregoing only in furtherance of the agent's or em-~~
20 ~~ployee's employment at the parimutuel licensee location; or~~
21 ~~—[(4) wager prior to obtaining the age of 21 years.~~
22 ~~—[New Sec. 19. (a) No organization licensee or facility manager~~
23 ~~licensee shall permit any business not owned and operated by the~~
24 ~~organization licensee to provide electronic gaming machine equip-~~
25 ~~ment or services, as designated by rules and regulations of the~~
26 ~~commission, to an organization licensee unless such business has~~
27 ~~been issued an electronic gaming machine equipment or services~~
28 ~~license by the executive director. Such equipment and services~~
29 ~~shall include, but are not limited to, surveillance, electronic com-~~
30 ~~puter components, random number generator or cabinet thereof~~
31 ~~and token redemption equipment or services.~~
32 ~~—[(b) Business required to be licensed pursuant to this section~~
33 ~~shall apply for electronic gaming machine equipment or services~~
34 ~~licenses in a manner and upon forms prescribed and furnished by~~
35 ~~the Kansas racing and gaming commission. The Kansas racing and~~
36 ~~gaming commission shall require disclosure of information about~~
37 ~~the owners and officers of each applicant and may require such~~
38 ~~owners and officers to submit to fingerprinting. The Kansas racing~~
39 ~~and gaming commission also may require disclosure of information~~
40 ~~about and fingerprinting of such employees of each applicant as~~
41 ~~the commission considers necessary. Electronic gaming machine~~
42 ~~equipment or services licenses shall be issued for a period of time~~
43 ~~established by the executive director but not to exceed 10 years.~~

1 ~~The Kansas racing and gaming commission, by rules and regula-~~
2 ~~tions, shall establish a schedule of application fees and license fees~~
3 ~~for electronic gaming machine equipment or services licenses~~
4 ~~based upon the type and size of business. The application fee shall~~
5 ~~not be refundable if the business fails to qualify for a license. If~~
6 ~~the application fee is insufficient to pay the reasonable expenses~~
7 ~~of processing the application and investigating the applicant's~~
8 ~~qualifications for licensure, the Kansas racing and gaming com-~~
9 ~~mission shall require the applicant to pay to the Kansas racing and~~
10 ~~gaming commission, at such times and in such form as required by~~
11 ~~the executive director, any additional amounts necessary to pay~~
12 ~~such expenses. No license shall be issued to an applicant until the~~
13 ~~applicant has paid such additional amounts in full, and such~~
14 ~~amounts shall not be refundable except to the extent that they~~
15 ~~exceed the actual expenses of processing the application and in-~~
16 ~~vestigating the applicant's qualifications for licensure.~~

17 ~~—[(c) The Kansas racing and gaming commission shall require~~
18 ~~applicants as a condition of licensure to consent to allow agents of~~
19 ~~the Kansas bureau of investigation or security personnel of the~~
20 ~~Kansas lottery and the Kansas racing and gaming commission to~~
21 ~~search without warrant the licensee's premises and personal prop-~~
22 ~~erty and the persons of its owners, officers and employees while~~
23 ~~engaged in the licensee's business within the premises of the race-~~
24 ~~track facility or adjacent facilities under the control of the organ-~~
25 ~~ization licensee, for the purpose of investigating criminal viola-~~
26 ~~tions of this act or violations of rules and regulations of the~~
27 ~~commission.~~

28 ~~—[(d) The Kansas racing and gaming commission may refuse to~~
29 ~~issue an electronic gaming machine equipment or services license~~
30 ~~to any business if any person having an interest ownership in such~~
31 ~~business, any person who is an officer of such business or any per-~~
32 ~~son employed by such business within the racetrack facility:~~

33 ~~—[(1) Has been convicted of a felony in a court of any state or of~~
34 ~~the United States, has been adjudicated in the last 10 years, in any~~
35 ~~such court of committing as a juvenile an act which, if committed~~
36 ~~by an adult, would constitute a felony or has been convicted of a~~
37 ~~crime in any other state or country which would constitute a felony~~
38 ~~if committed under the same circumstances pursuant to Kansas~~
39 ~~law;~~

40 ~~—[(2) has been convicted of a felony violation of any law of any~~
41 ~~state or of the United States involving gambling or controlled sub-~~
42 ~~stances or has been adjudicated in the last 10 years in any such~~
43 ~~court or committing as a juvenile an act which, if committed by an~~

1 ~~adult, would constitute such a felony violation;~~

2 ~~—(3) fails to disclose any material fact or provides information,~~
3 ~~knowing such information to be false, in connection with the ap-~~
4 ~~plication for the license;~~

5 ~~—(4) has been found by the executive director to have violated~~
6 ~~any provision of this act or any rule and regulation of the executive~~
7 ~~director; or~~

8 ~~—(5) has failed to meet any monetary or tax obligation to the~~
9 ~~federal government or to any state or local government.~~

10 ~~—(c) The executive director may suspend or revoke the elec-~~
11 ~~tronic gaming machine equipment or services license of any busi-~~
12 ~~ness for any reason which would justify refusal to issue such a~~
13 ~~license.~~

14 ~~—(f) The commission may provide by rules and regulations for~~
15 ~~the temporary suspension of an electronic gaming machine equip-~~
16 ~~ment or services license. Such suspension shall be for a period not~~
17 ~~exceeding 30 days. Upon expiration of such suspension, the license~~
18 ~~shall be restored unless the license has been suspended or revoked~~
19 ~~as a result of proceedings conducted pursuant to subsection (c);~~

20 ~~—[New Sec. 20. (a) No taxes, fees, charges, transfers or distri-~~
21 ~~butions, other than those provided for in this act, shall be made or~~
22 ~~levied from or against the net machine income of the Kansas lot-~~
23 ~~tery by any political subdivision of the state.~~

24 ~~—(b) No license tax, permit fee, occupation tax, operation or~~
25 ~~machine tax or fee shall be imposed, levied or assessed exclusively~~
26 ~~upon gaming by any political subdivision of the state.~~

27 ~~—[New Sec. 21. No tax credit, tax abatement, enterprise zone or~~
28 ~~tax increment financing shall be available to any lottery gaming~~
29 ~~machine operator licensed pursuant to this act, nor shall any po-~~
30 ~~litical or taxing subdivision of the state or any agency or instru-~~
31 ~~mentality of such political or taxing subdivision transfer or make~~
32 ~~available any real or personal property to a lottery gaming ma-~~
33 ~~chine operator at less than fair market value.~~

34 ~~—[New Sec. 22. All sales of electronic gaming machine games~~
35 ~~shall be exempt from sales taxes imposed pursuant to K.S.A. 12-~~
36 ~~187 et seq., and 79-3601 et seq., and amendments thereto.~~

37 ~~—[New Sec. 23. Each lottery gaming machine operator shall~~
38 ~~hold the executive director of the Kansas lottery, the Kansas lottery~~
39 ~~commission, the executive director of the Kansas racing and gam-~~
40 ~~ing commission, the Kansas racing and gaming commission and~~
41 ~~the state harmless from and defend and pay for the defense of any~~
42 ~~and all claims which may be asserted against the executive direc-~~
43 ~~tor, the commission, the executive director of the Kansas racing~~

~~1 and gaming commission and the state, or the agents or employees
2 thereof, arising from the operation of electronic gaming machines
3 located at parimutuel licensee location of such lottery gaming ma-
4 chine operator. The provisions of this section shall not apply to any
5 claims arising from the negligence or willful misconduct of the
6 executive director, the commission, the executive director of the
7 Kansas racing and gaming commission, the Kansas racing and
8 gaming commission and the state, or the agents or employees
9 thereof.~~

~~10 —[New Sec. 24. (a) The executive director, with the approval of
11 the governor, may contract with Boot Hill Gaming, Inc., a wholly
12 owned subsidiary of Boot Hill Museum, Inc., a nonprofit corpo-
13 ration exempt from payment of federal income taxes under section
14 501 (c)(3) of the federal internal revenue code, as in effect on the
15 effective date of this act, to operate electronic gaming machines
16 at a single specified location in Ford county, Kansas, where the
17 operation of such machines will promote tourism and economic
18 development. The executive director shall not contract with Boot
19 Hill Gaming, Inc., to operate electronic gaming machines pursuant
20 to this section unless the operation of such machines is first ap-
21 proved by the voters of Ford county, Kansas, as provided in sub-
22 section (b):~~

~~23 —[(b) (1) Electronic gaming machines shall be operated pursu-
24 ant to this section only if the qualified voters of Ford county have
25 voted by a majority vote to permit operation of electronic gaming
26 machines within the county as follows:~~

~~27 —[The board of county commissioners of Ford county may submit
28 by resolution, and shall submit upon presentation of a petition filed
29 in accordance with this subsection, to the qualified voters of the
30 county a proposition to permit the operation of electronic gaming
31 machines within the county. The proposition shall be submitted to
32 the voters either in a countywide special election called by the
33 board of county commissioners for that purpose and held not less
34 than 90 days after the resolution is adopted or the petition is filed
35 or at the next general election, as shall be specified by the board
36 of county commissioners or in the petition, as the case may be.~~

~~37 —[A petition to submit a proposition to the qualified voters of Ford
38 county pursuant to this section shall be filed with the county elec-
39 tion officer. The petition shall be signed by qualified voters of the
40 county equal in number to not less than 10% of the voters of the
41 county who voted for the office of secretary of state at the last
42 preceding general election at which such office was elected. The
43 following shall appear on the petition: “We request an election to~~

1 ~~determine whether the operation of electronic gaming machines~~
2 ~~by the Kansas lottery shall be permitted in Ford county.”~~

3 ~~—[Upon the adoption of a resolution or the submission of a valid~~
4 ~~petition calling for an election, the county election officer shall~~
5 ~~cause the following proposition to be placed on the ballot at the~~
6 ~~election called for that purpose: “Shall the operation of electronic~~
7 ~~gaming machines by the Kansas lottery be permitted in Ford~~
8 ~~county?” If a majority of the votes cast and counted at such election~~
9 ~~is in favor of permitting the operation of such machines within the~~
10 ~~county, the Kansas lottery may enter a contract pursuant to this~~
11 ~~act for operation of such machines within the county. If a majority~~
12 ~~of the votes cast and counted at an election under this section is~~
13 ~~against permitting the operation of such machines within the~~
14 ~~county, the Kansas lottery shall not contract pursuant to this act~~
15 ~~for the operation of such machines within the county. The county~~
16 ~~election officer shall transmit a copy of the certification of the re-~~
17 ~~sults of the election to the executive director and to the Kansas~~
18 ~~racing and gaming commission.~~

19 ~~—[(2) The election provided for by this subsection (b) shall be~~
20 ~~conducted, and the votes counted and canvassed, in the manner~~
21 ~~provided by law for question submitted elections of the county.~~

22 ~~—[(3) If in any election provided for by this subsection (b) a ma-~~
23 ~~jority of the votes cast and counted is against permitting the op-~~
24 ~~eration of electronic gaming machines in the county, another elec-~~
25 ~~tion submitting the issue of the operation of such machines and~~
26 ~~games in the county shall not be held for at least two years from~~
27 ~~the date of such election. No election to submit the question of~~
28 ~~permitting electronic gaming machines shall be called and held~~
29 ~~during the period of time between December 15, 2004 through~~
30 ~~January 1, 2007.~~

31 ~~—[(c) The executive director may charge Boot Hill Gaming, Inc.,~~
32 ~~an administrative application fee, reasonably related to the costs~~
33 ~~of processing the application to become a lottery gaming machine~~
34 ~~contractor.~~

35 ~~—[(d) A contract pursuant to this section shall not constitute~~
36 ~~property, nor shall it be subject to attachment, garnishment or~~
37 ~~execution, nor shall it be alienable or transferable, except upon~~
38 ~~approval by the executive director, or subject to being encum-~~
39 ~~bered or hypothecated. No interest in the contract shall descend~~
40 ~~by the laws of testate or intestate devolution but any interest shall~~
41 ~~cease and expire upon the death of the operator or interest holders~~
42 ~~in the operator except that executors, administrators or represen-~~
43 ~~tatives of the estate of any deceased operator and the trustee of~~

1 ~~any insolvent or bankrupt operator may continue to operate pur-~~
2 ~~suant to the contract under order of the appropriate court for no~~
3 ~~longer than one year after the death, bankruptcy or insolvency of~~
4 ~~such operator.~~

5 ~~[(e) The lottery gaming machine operator shall be issued a lot-~~
6 ~~tery gaming machine operator certificate which shall be conspic-~~
7 ~~uously displayed at the place where the lottery gaming machine~~
8 ~~operator is authorized to operate and manage electronic gaming~~
9 ~~machines.~~

10 ~~[(f) To be a lottery gaming machine operator, Boot Hill Gam-~~
11 ~~ing, Inc., must:~~

12 ~~[(1) Have sufficient financial resources to support the activities~~
13 ~~required under this act;~~

14 ~~[(2) be current in payment of all taxes, interest and penalties~~
15 ~~owed to any taxing subdivision where the electronic gaming ma-~~
16 ~~chines will be operated; and~~

17 ~~[(3) be current in filing all applicable tax returns and in pay-~~
18 ~~ment of all taxes, interest and penalties owed to the state of Kansas,~~
19 ~~excluding items under formal appeal pursuant to applicable~~
20 ~~statutes.~~

21 ~~[(g) The lottery gaming machine operator, at the operator's ex-~~
22 ~~penditure, shall purchase for the Kansas lottery a license for all soft-~~
23 ~~ware programs used by such lottery gaming machine operator to~~
24 ~~operate electronic gaming machines. The Kansas lottery shall be~~
25 ~~the licensee and owner of all such software programs and shall~~
26 ~~sublicense such software programs to each lottery gaming machine~~
27 ~~operator. The lottery gaming machine contractor may own or~~
28 ~~lease, on behalf of the Kansas lottery and at the operator's expense,~~
29 ~~electronic gaming machines for placement at the location specified~~
30 ~~by contract or the Kansas lottery with the consent of the operator~~
31 ~~may lease such machines for placement at the location specified~~
32 ~~by contract, subject to reimbursement of the Kansas lottery by the~~
33 ~~operator for all expenses related to leasing, installing, operating~~
34 ~~and managing such machines. Electronic gaming machines pur-~~
35 ~~chased or leased by the lottery gaming machine operator, at the~~
36 ~~operator's expense, may be installed, operated or managed, owned~~
37 ~~or leased by a lottery gaming machine operator or by a technology~~
38 ~~provider under contract with the lottery gaming machine operator~~
39 ~~as provided by this act. All electronic gaming machines under this~~
40 ~~act shall be subject to the ultimate control of the Kansas lottery in~~
41 ~~accordance with this act. Each specific type of electronic gaming~~
42 ~~machine shall be approved by the Kansas lottery in accordance~~
43 ~~with K.S.A. 74-8710, and amendments thereto. The use of pro-~~

1 ~~gressive electronic gaming machines is expressly permitted.~~

2 ~~—(h) Each contract between the Kansas lottery and the lottery~~
3 ~~gaming machine operator shall provide that the Kansas lottery~~
4 ~~shall receive all of the net machine income derived from the op-~~
5 ~~eration of electronic gaming machines at the location specified by~~
6 ~~contract.~~

7 ~~—(i) Contracts authorized by this section may include provisions~~
8 ~~relating to:~~

9 ~~—(1) Accounting procedures to determine the net machine in-~~
10 ~~come, unclaimed merchandise and credits.~~

11 ~~—(2) The location and operation of electronic gaming machines.~~
12 ~~Except as provided by this act, the days and hours of operation and~~
13 ~~the number of such electronic gaming machines shall not be~~
14 ~~restricted.~~

15 ~~—(3) Minimum requirements for an electronic gaming machine~~
16 ~~operator to provide qualified oversight, security and supervision~~
17 ~~of the operation of electronic gaming machines, including the use~~
18 ~~of qualified personnel with experience in applicable technology.~~

19 ~~—(4) The eligibility requirements for employees of the lottery~~
20 ~~gaming machine operator who will have responsibility for the han-~~
21 ~~dling of cash or tokens. Such requirements may include a back-~~
22 ~~ground investigation performed by the Kansas racing and gaming~~
23 ~~commission and that any key gaming employee shall be licensed~~
24 ~~as provided by this act.~~

25 ~~—(5) Provision for termination of the contract by either party~~
26 ~~for cause, including but not limited to, failure of the lottery gaming~~
27 ~~machine operator to collect and remit net machine income as pro-~~
28 ~~vided by this act.~~

29 ~~—(6) Any other provision deemed necessary by the parties to~~
30 ~~the contract.~~

31 ~~—(j) The initial term of a contract pursuant to this section shall~~
32 ~~be not less than the remaining term of the Kansas lottery. Such~~
33 ~~contract may be renewed with each extension of the Kansas lottery~~
34 ~~as provided in K.S.A. 74-8723, and amendments thereto.~~

35 ~~—(k) (1) The Kansas lottery shall examine prototypes of elec-~~
36 ~~tronic gaming machines and shall notify the Kansas racing and~~
37 ~~gaming commission which such types of electronic gaming ma-~~
38 ~~chines are in compliance with the requirements of this act.~~

39 ~~—(2) No electronic gaming machine shall be operated pursuant~~
40 ~~to this act unless the executive director of the Kansas racing and~~
41 ~~gaming commission first issues a certificate for such machine au-~~
42 ~~thorizing its use pursuant to this act.~~

43 ~~—(3) Each electronic gaming machine shall have the certificate~~

1 ~~prominently displayed thereon. Any machine which does not dis-~~
2 ~~play the certificate required by this section is contraband and a~~
3 ~~public nuisance subject to confiscation by any law enforcement~~
4 ~~officer.~~

5 ~~—[(4) The executive director shall require any manufacturer,~~
6 ~~supplier, provider, lottery gaming machine operator or other per-~~
7 ~~son seeking the examination and certification of electronic gaming~~
8 ~~machines to pay the anticipated actual costs of the examination in~~
9 ~~advance. After the completion of the examination, the executive~~
10 ~~director shall refund any overpayment or charge and collect~~
11 ~~amounts sufficient to reimburse the executive director for any un-~~
12 ~~derpayment of actual costs. The executive director may contract~~
13 ~~for the examination of electronic gaming machines as required by~~
14 ~~this subsection, and may rely upon testing done by or for other~~
15 ~~states regulating electronic gaming machines, if the executive di-~~
16 ~~rector deems such testing to be reliable and in the best interest of~~
17 ~~the state of Kansas.~~

18 ~~—[(l) Electronic gaming machines operated pursuant to this act~~
19 ~~shall:~~

20 ~~—[(1) Pay out an average of not less than 87% of the amount~~
21 ~~wagered over the life of the machine;~~

22 ~~—[(2) be directly linked to a central lottery communications sys-~~
23 ~~tem to provide auditing and other program information as ap-~~
24 ~~proved by the Kansas lottery. The executive director shall select~~
25 ~~the computer system most suitable for conducting the monitoring~~
26 ~~and auditing functions required by this act. The communications~~
27 ~~systems certified by the Kansas lottery shall not limit participation~~
28 ~~to only one electronic gaming machine manufacturer, distributor,~~
29 ~~supplier or provider; and~~

30 ~~—[(3) be on-line and in constant communication with a central~~
31 ~~computer located at a location determined by the executive direc-~~
32 ~~tor. The lottery gaming machine operator shall lease or purchase~~
33 ~~at its own expense for the Kansas lottery all gaming equipment~~
34 ~~necessary to implement such central communications and auditing~~
35 ~~functions.~~

36 ~~—[(m) No employee, contractor or other person in any way af-~~
37 ~~iliated with a lottery gaming machine contractor shall loan money~~
38 ~~to or otherwise extend credit to patrons of the location where elec-~~
39 ~~tronic gaming machines are operated pursuant to this act.~~

40 ~~—[New Sec. 25. The executive director shall have the power to:~~

41 ~~—[(a) Enter into contracts with Boot Hill Gaming, Inc., for place-~~
42 ~~ment and replacement of electronic gaming machines at the lo-~~
43 ~~cations specified by contract. Such contracts shall be subject to~~

1 ~~rules and regulations adopted pursuant to this act but shall not be~~
2 ~~subject to the provisions of K.S.A. 75-3738 through 75-3744, and~~
3 ~~amendments thereto.~~

4 ~~—(b) Examine or cause to be examined by any agent or repre-~~
5 ~~sentative designated by the executive director any books, papers,~~
6 ~~records or memoranda of the lottery gaming machine operator for~~
7 ~~the purpose of ascertaining compliance with the provisions of the~~
8 ~~Kansas lottery act or rules and regulations adopted thereunder.~~

9 ~~—(c) Issue subpoenas to compel access to or for the production~~
10 ~~of any books, papers, records or memoranda in the custody or~~
11 ~~control of the lottery gaming machine operator, or to compel the~~
12 ~~appearance of the lottery gaming machine operator for the pur-~~
13 ~~pose of ascertaining compliance with the provisions of this act or~~
14 ~~rules and regulations adopted hereunder. Subpoenas issued under~~
15 ~~the provisions of this subsection may be served upon natural per-~~
16 ~~sons and corporations in the manner provided in K.S.A. 60-304,~~
17 ~~and amendments thereto, for the service of process by any officer~~
18 ~~authorized to serve subpoenas in civil actions or by the executive~~
19 ~~director or an agent or representative designated by the executive~~
20 ~~director. In the case of the refusal of any person to comply with~~
21 ~~any such subpoena, the executive director may make application~~
22 ~~to the district court of any county where such books, papers, re-~~
23 ~~ords, memoranda or person is located for an order to comply.~~

24 ~~—(d) Inspect and view the operation of all machines, systems or~~
25 ~~facilities where electronic gaming machines controlled and oper-~~
26 ~~ated by the Kansas lottery are located.~~

27 ~~—(e) Inspect and approve, prior to publication or distribution,~~
28 ~~all advertising by a lottery gaming machine operator which in-~~
29 ~~cludes any reference to the Kansas lottery.~~

30 ~~—[New Sec. 26. (a) The executive director shall collect all net~~
31 ~~machine income from the lottery gaming machine operator au-~~
32 ~~thorized pursuant to section 24, and amendments thereto. The ex-~~
33 ~~ecutive director shall remit the entire amount to the state trea-~~
34 ~~surer in accordance with K.S.A. 75-4215, and amendments thereto.~~
35 ~~Upon receipt of the remittance, the state treasurer shall deposit~~
36 ~~the entire amount in the state treasury and credit it to the elec-~~
37 ~~tronic gaming machine fund established pursuant to section 7, and~~
38 ~~amendments thereto.~~

39 ~~—(b) Subject to the provisions of section 32, and amendments~~
40 ~~thereto, not less often than once each week, the state treasurer~~
41 ~~shall transfer from the account of each lottery gaming machine~~
42 ~~operator in the electronic gaming machine fund to the state gen-~~
43 ~~eral fund an amount equal to the following:~~

- 1 ~~—[(1) Of the first \$50,000,000 net machine income of such op-~~
2 ~~erator during any fiscal year, 20% [30%].~~
- 3 ~~—[(2) Of the next \$50,000,000 net machine income of such op-~~
4 ~~erator during such fiscal year, 22.5%.~~
- 5 ~~—[(3) Of the next \$50,000,000 net machine income of such op-~~
6 ~~erator during such fiscal year, 25%.~~
- 7 ~~—[(4) Of the next \$50,000,000 net machine income of such op-~~
8 ~~erator during such fiscal year, 27.5%.~~
- 9 ~~—[(5) Of any additional amounts of net machine income of such~~
10 ~~operator during such fiscal year, 30%.~~
- 11 ~~—[(c) Subject to the provisions of section 32, and amendments~~
12 ~~thereto, not more often than once each week, the state treasurer~~
13 ~~shall transfer from the account of the lottery gaming machine op-~~
14 ~~erator in the electronic gaming machine fund the following per-~~
15 ~~centages of the balance remaining after transfer of moneys pur-~~
16 ~~suant to subsection (b):~~
- 17 ~~—[(1) To the problem gambling grant fund established pursuant~~
18 ~~to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not~~
19 ~~to exceed \$3,000,000 in any fiscal year;~~
- 20 ~~—[(2) to the Boot Hill Museum, 1%;~~
- 21 ~~—[(3) to the live greyhound racing purse supplement fund, 2.5%;~~
- 22 ~~—[(4) to the live horse racing purse supplement fund, 2.5%;~~
- 23 ~~—[(5) to the state tourism fund established pursuant to K.S.A. 74-~~
24 ~~9003, and amendments thereto, 1.5%, of which an amount equal~~
25 ~~to 1% of net machine income shall be placed in a separate account~~
26 ~~in such fund to be used for grants for economic development and~~
27 ~~tourism development within the 22 counties of southwest Kansas~~
28 ~~identified as the southwest Kansas tourism region by the division~~
29 ~~of travel and tourism of the department of commerce and housing;~~
- 30 ~~—[(6) to Ford county, Kansas, 3%.~~
- 31 ~~—[(c) Subject to the provisions of section 32, and amendments~~
32 ~~thereto, not more often than once each week, the state treasurer~~
33 ~~shall transfer from the account of the lottery gaming machine op-~~
34 ~~erator in the electronic gaming machine fund the following per-~~
35 ~~centages of the balance remaining after transfer of moneys pur-~~
36 ~~suant to subsection (b):~~
- 37 ~~—[(1) To the problem gambling grant fund established pursuant~~
38 ~~to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not~~
39 ~~to exceed \$3,000,000 in any fiscal year;~~
- 40 ~~—[(2) to the youth services aid and assistance account within the~~
41 ~~state general fund, .20% to be expended on the emergency shelter~~
42 ~~program;~~
- 43 ~~—[(3) to the Boot Hill Museum, 1%;~~

1 ~~—[(4) to the live greyhound racing purse supplement fund, 2.5%;~~
2 ~~—[(5) to the live horse racing purse supplement fund, 2.5%;~~
3 ~~—[(6) to the state tourism fund established pursuant to K.S.A. 74-~~
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7 ~~tourism development within the 22 counties of southwest Kansas~~
8 ~~identified as the southwest Kansas tourism region by the division~~
9 ~~of travel and tourism of the department of commerce and housing;~~
10 ~~—[(7) to Ford county, Kansas, 3%]; and~~
11 ~~—[(8) to the fund established for restoration and repair of the~~
12 ~~statehouse pursuant to K.S.A. 75-2262, and amendments thereto,~~
13 ~~2.0%].~~
14 ~~—[(d) Subject to the provisions of section 32, and amendments~~
15 ~~thereto, after the distribution of moneys pursuant to subsection~~
16 ~~(b), the state treasurer, not less than once each week, shall remit~~
17 ~~the balance in the account of the lottery gaming machine operator~~
18 ~~to such operator.~~
19 ~~—[New Sec. 27. (a) The executive director, with the approval of~~
20 ~~the governor, may contract with a person to operate electronic~~
21 ~~gaming machines at a single specified location in Geary county,~~
22 ~~Kansas, where the operation of such machines will promote tour-~~
23 ~~ism and economic development. The executive director shall not~~
24 ~~enter a contract pursuant to this section unless the operation of~~
25 ~~such machines is first approved by the voters of Geary county,~~
26 ~~Kansas, as provided in subsection (b).~~
27 ~~—[(b) (1) Electronic gaming machines shall be operated pursu-~~
28 ~~ant to this section only if the qualified voters of Geary county have~~
29 ~~voted by a majority vote to permit operation of electronic gaming~~
30 ~~machines within the county as follows:~~
31 ~~—[The board of county commissioners of Geary county may sub-~~
32 ~~mit by resolution, and shall submit upon presentation of a petition~~
33 ~~filed in accordance with this subsection, to the qualified voters of~~
34 ~~the county a proposition to permit the operation of electronic gam-~~
35 ~~ing machines within the county. The proposition shall be submit-~~
36 ~~ted to the voters either in a countywide special election called by~~
37 ~~the board of county commissioners for that purpose and held not~~
38 ~~less than 90 days after the resolution is adopted or the petition is~~
39 ~~filed or at the next general election, as shall be specified by the~~
40 ~~board of county commissioners or in the petition, as the case may~~
41 ~~be.~~
42 ~~—[A petition to submit a proposition to the qualified voters of~~
43 ~~Geary county pursuant to this section shall be filed with the county~~

1 ~~election officer. The petition shall be signed by qualified voters of~~
2 ~~the county equal in number to not less than 10% of the voters of~~
3 ~~the county who voted for the office of secretary of state at the last~~
4 ~~preceding general election at which such office was elected. The~~
5 ~~following shall appear on the petition: "We request an election to~~
6 ~~determine whether the operation of electronic gaming machines~~
7 ~~by the Kansas lottery shall be permitted in Geary county."~~
8 ~~—[Upon the adoption of a resolution or the submission of a valid~~
9 ~~petition calling for an election, the county election officer shall~~
10 ~~cause the following proposition to be placed on the ballot at the~~
11 ~~election called for that purpose: "Shall the operation of electronic~~
12 ~~gaming machines by the Kansas lottery be permitted in Geary~~
13 ~~county?" If a majority of the votes cast and counted at such election~~
14 ~~is in favor of permitting the operation of such machines within the~~
15 ~~county, the Kansas lottery may enter a contract pursuant to this~~
16 ~~act for operation of such machines within the county. If a majority~~
17 ~~of the votes cast and counted at an election under this section is~~
18 ~~against permitting the operation of such machines within the~~
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20 ~~for the operation of such machines within the county. The county~~
21 ~~election officer shall transmit a copy of the certification of the re-~~
22 ~~sults of the election to the executive director and to the Kansas~~
23 ~~racing and gaming commission.~~
24 ~~—[(2) The election provided for by this subsection (b) shall be~~
25 ~~conducted, and the votes counted and canvassed, in the manner~~
26 ~~provided by law for question submitted elections of the county.~~
27 ~~—[(3) If in any election provided for by this subsection (b) a ma-~~
28 ~~jority of the votes cast and counted is against permitting the op-~~
29 ~~eration of electronic gaming machines in the county, another elec-~~
30 ~~tion submitting the issue of the operation of such machines and~~
31 ~~games in the county shall not be held for at least two years from~~
32 ~~the date of such election. No election to submit the question of~~
33 ~~permitting electronic gaming machines shall be called and held~~
34 ~~during the period of time between December 15, 2004 through~~
35 ~~January 1, 2007.~~
36 ~~—[(c) The executive director may charge an administrative ap-~~
37 ~~plication fee, reasonably related to the costs of processing the ap-~~
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16 ~~—(1) Have sufficient financial resources to support the activities~~
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18 ~~—(2) be current in payment of all taxes, interest and penalties~~
19 ~~owed to any taxing subdivision where the electronic gaming ma-~~
20 ~~chines will be operated; and~~

21 ~~—(3) be current in filing all applicable tax returns and in pay-~~
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25 ~~—(g) The lottery gaming machine operator, at the operator's ex-~~
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24 ~~—(1) Pay out an average of not less than 87% of the amount~~
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30 ~~and auditing functions required by this act. The communications~~
31 ~~systems certified by the Kansas lottery shall not limit participation~~
32 ~~to only one electronic gaming machine manufacturer, distributor,~~
33 ~~supplier or provider; and~~

34 ~~—(3) be on-line and in constant communication with a central~~
35 ~~computer located at a location determined by the executive direc-~~
36 ~~tor. The lottery gaming machine operator shall lease or purchase~~
37 ~~at its own expense for the Kansas lottery all gaming equipment~~
38 ~~necessary to implement such central communications and auditing~~
39 ~~functions.~~

40 ~~—(m) No employee, contractor or other person in any way af-~~
41 ~~iliated with a lottery gaming machine contractor shall loan money~~
42 ~~to or otherwise extend credit to patrons of the location where elec-~~
43 ~~tronic gaming machines are operated pursuant to this act.~~

1 ~~—[New Sec. 28. The executive director shall have the power to:~~
2 ~~—[(a) Enter into contracts with a person pursuant to section 27,~~
3 ~~and amendments thereto, for placement and replacement of elec-~~
4 ~~tronic gaming machines at the location specified by contract. Such~~
5 ~~contracts shall be subject to rules and regulations adopted pursu-~~
6 ~~ant to this act but shall not be subject to the provisions of K.S.A.~~
7 ~~75-3738 through 75-3744, and amendments thereto:~~
8 ~~—[(b) Examine or cause to be examined by any agent or repre-~~
9 ~~sentative designated by the executive director any books, papers,~~
10 ~~records or memoranda of the lottery gaming machine operator for~~
11 ~~the purpose of ascertaining compliance with the provisions of the~~
12 ~~Kansas lottery act or rules and regulations adopted thereunder:~~
13 ~~—[(c) Issue subpoenas to compel access to or for the production~~
14 ~~of any books, papers, records or memoranda in the custody or~~
15 ~~control of the lottery gaming machine operator, or to compel the~~
16 ~~appearance of the lottery gaming machine operator for the pur-~~
17 ~~pose of ascertaining compliance with the provisions of this act or~~
18 ~~rules and regulations adopted hereunder. Subpoenas issued under~~
19 ~~the provisions of this subsection may be served upon natural per-~~
20 ~~sons and corporations in the manner provided in K.S.A. 60-304,~~
21 ~~and amendments thereto, for the service of process by any officer~~
22 ~~authorized to serve subpoenas in civil actions or by the executive~~
23 ~~director or an agent or representative designated by the executive~~
24 ~~director. In the case of the refusal of any person to comply with~~
25 ~~any such subpoena, the executive director may make application~~
26 ~~to the district court of any county where such books, papers, re-~~
27 ~~records, memoranda or person is located for an order to comply:~~
28 ~~—[(d) Inspect and view the operation of all machines, systems or~~
29 ~~facilities where electronic gaming machines controlled and oper-~~
30 ~~ated by the Kansas lottery are located.~~
31 ~~—[(e) Inspect and approve, prior to publication or distribution,~~
32 ~~all advertising by a lottery gaming machine operator which in-~~
33 ~~cludes any reference to the Kansas lottery:~~
34 ~~—[New Sec. 29. (a) The executive director shall collect all net~~
35 ~~machine income from the lottery gaming machine operator au-~~
36 ~~thorized pursuant to section 27, and amendments thereto. The ex-~~
37 ~~ecutive director shall remit the entire amount to the state trea-~~
38 ~~surer in accordance with K.S.A. 75-4215, and amendments thereto.~~
39 ~~Upon receipt of the remittance, the state treasurer shall deposit~~
40 ~~the entire amount in the state treasury and credit it to the elec-~~
41 ~~tronic gaming machine fund established pursuant to section 7, and~~
42 ~~amendments thereto.~~
43 ~~—[(b) Subject to the provisions of section 32, and amendments~~

~~1 thereto, not less often than once each week, the state treasurer
2 shall transfer from the account of each lottery gaming machine
3 operator in the electronic gaming machine fund to the state gen-
4 eral fund an amount equal to the following:~~

~~5 —[(1) Of the first \$50,000,000 net machine income of such op-
6 erator during any fiscal year, 20%.~~

~~7 —[(2) Of the next \$50,000,000 net machine income of such op-
8 erator during such fiscal year, 22.5%.~~

~~9 —[(3) Of the next \$50,000,000 net machine income of such op-
10 erator during such fiscal year, 25%.~~

~~11 —[(4) Of the next \$50,000,000 net machine income of such op-
12 erator during such fiscal year, 27.5%.~~

~~13 —[(5) Of any additional amounts of net machine income of such
14 operator during such fiscal year, 30%.~~

~~15 —[(c) Subject to the provisions of section 32, not more often than
16 once each week, the state treasurer shall transfer from the account
17 of the lottery gaming machine operator in the electronic gaming
18 machine fund the following percentages of the balance remaining
19 after transfer of moneys pursuant to subsection (b):~~

~~20 —[(1) To the problem gambling grant fund established pursuant
21 to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not
22 to exceed \$3,000,000 in any fiscal year;~~

~~23 —[(2) to the live greyhound racing purse supplement fund, 2.5%;~~

~~24 —[(3) to the live horse racing purse supplement fund, 2.5%;~~

~~25 —[(4) to the state tourism fund established pursuant to K.S.A. 74-
26 9003, and amendments thereto, 2.5%; and~~

~~27 —[(5) to Geary county, Kansas, 3%.~~

~~28 —[(c) Subject to the provisions of section 32, not more often than
29 once each week, the state treasurer shall transfer from the account
30 of the lottery gaming machine operator in the electronic gaming
31 machine fund the following percentages of the balance remaining
32 after transfer of moneys pursuant to subsection (b):~~

~~33 —[(1) To the problem gambling grant fund established pursuant
34 to K.S.A. 2002 Supp. 79-4805, and amendments thereto, .25%, not
35 to exceed \$3,000,000 in any fiscal year;~~

~~36 —[(2) to the youth services aid and assistance account within the
37 state general fund, .20% to be expended on the emergency shelter
38 program;~~

~~39 —[(3) to the live greyhound racing purse supplement fund, 2.5%;~~

~~40 —[(4) to the live horse racing purse supplement fund, 2.5%;~~

~~41 —[(5) to the state tourism fund established pursuant to K.S.A. 74-
42 9003, and amendments thereto, 2.5%; and~~

~~43 —[(6) to Geary county, Kansas, 3%.]~~

1 ~~—[(d) Subject to the provisions of section 32, and amendments~~
2 ~~thereto, after the distribution of moneys pursuant to subsection~~
3 ~~(b), the state treasurer, not less than once each week, shall remit~~
4 ~~the balance in the account of the lottery gaming machine operator~~
5 ~~to such operator.~~

6 ~~—[New Sec. 30. If a disagreement arises between the executive~~
7 ~~director and the Kansas racing and gaming commission with re-~~
8 ~~gard to their respective duties or responsibilities in carrying out~~
9 ~~the purposes of the Kansas gaming act, such disagreement shall be~~
10 ~~resolved by the governor in a manner not inconsistent with the~~
11 ~~provisions of this act.~~

12 ~~—[New Sec. 31. As a condition precedent to contracting for the~~
13 ~~privilege of being a lottery gaming machine operator, parimutuel~~
14 ~~licensees shall file with the secretary of state of this state written~~
15 ~~consent, irrevocable, that any action or garnishment proceeding~~
16 ~~may be commenced against such licensees in the proper court of~~
17 ~~any county in this state in which the case of action shall arise or in~~
18 ~~which the plaintiff may reside by the service of process on a resi-~~
19 ~~dent agent, and stipulating and agreeing that such service shall be~~
20 ~~taken and held in all courts to be as valid and binding as if due~~
21 ~~service had been made upon the licensee. The written consent~~
22 ~~shall state that the courts of this state have jurisdiction over the~~
23 ~~person of such licensee and are the proper and convenient forum~~
24 ~~for such action and shall waive the right to request a change of~~
25 ~~jurisdiction or venue to a court outside that state and that all ac-~~
26 ~~tions arising under this act and commenced by the licensee shall~~
27 ~~be brought in this state's court as the proper and convenient fo-~~
28 ~~rum. Such consent shall be executed by the licensee and if a cor-~~
29 ~~poration, by the president and secretary of the corporate licensee,~~
30 ~~and shall be accompanied by a duly certified copy of the order or~~
31 ~~resolution of the board of directors, trustees or managers author-~~
32 ~~izing the president and secretary to execute the same.~~

33 ~~—[New Sec. 32. (a) As a condition precedent to contracting for~~
34 ~~the privilege of being a lottery gaming machine operator under~~
35 ~~the Kansas gaming act, each operator shall make an advance pay-~~
36 ~~ment of the amount due under subsection (b) of section 8, subsec-~~
37 ~~tion (b) of section 26 or subsection (b) of section 29, and amend-~~
38 ~~ments thereto. The aggregate amount of such payments by all~~
39 ~~operators shall not exceed \$30,000,000.~~

40 ~~—[(b) On or before December 31, 2003, the executive director~~
41 ~~shall determine the amount owed by each lottery gaming machine~~
42 ~~operator under subsection (a). Such amount shall be due and pay-~~
43 ~~able on a date determined by the executive director, but not later~~

1 ~~than June 30, 2004.~~

2 ~~—[(c) Except as provided by subsection (d), no moneys shall be~~
3 ~~transferred as provided by subsection (c) of section 8, subsection~~
4 ~~(c) of section 26 or subsection (c) of section 29, and amendments~~
5 ~~thereto. One half of the amount paid by an operator under sub-~~
6 ~~section (a) shall be allowed as a credit against the amount due~~
7 ~~under subsection (b) of section 8, subsection (b) of section 26 or~~
8 ~~subsection (b) of section 29, and amendments thereto, for fiscal~~
9 ~~year 2005 and the balance shall be allowed as a credit against such~~
10 ~~amount due for fiscal year 2006.~~

11 ~~—[(d) Transfers of moneys as provided by subsection (c) of sec-~~
12 ~~tion 8, subsection (c) of section 26 or subsection (c) of section 29,~~
13 ~~and amendments thereto, shall commence in fiscal year 2005 and~~
14 ~~in fiscal year 2006 at the time any amount remitted by the operator~~
15 ~~exceeds the credit allowed under subsection (c) for each such fiscal~~
16 ~~year.~~

17 ~~—[Sec. 33. K.S.A. 74-8705 is hereby amended to read as follows:~~
18 ~~74-8705. (a) Major procurement contracts shall be awarded in ac-~~
19 ~~cordance with K.S.A. 75-3738 through 75-3744, and amendments~~
20 ~~thereto, or subsection (b), as determined by the director, except~~
21 ~~that:~~

22 ~~—[(1) The contract or contracts for the initial lease of facilities~~
23 ~~for the Kansas lottery shall be awarded upon the evaluation and~~
24 ~~approval of the director, the secretary of administration and the~~
25 ~~director of architectural services; or~~

26 ~~[(2) the commission shall designate certain major procurement~~
27 ~~contracts or portions thereof to be awarded, in accordance with~~
28 ~~rules and regulations of the commission, solely to minority busi-~~
29 ~~ness enterprises.~~

30 ~~—[(b) The director may award any major procurement contract~~
31 ~~by use of a procurement negotiating committee. Such committee~~
32 ~~shall be composed of: (1) The executive director or a Kansas lottery~~
33 ~~employee designated by the executive director; (2) the chairperson~~
34 ~~of the commission or a commission member designated by the~~
35 ~~chairperson; and (3) the director of the division of purchases or an~~
36 ~~employee of such division designated by the director. Prior to ne-~~
37 ~~gotiating a major procurement contract, the committee shall solicit~~
38 ~~bids or proposals thereon. The division of purchases shall provide~~
39 ~~staff support for the committee's solicitations. Upon receipt of bids~~
40 ~~or proposals, the committee may negotiate with one or more of~~
41 ~~the persons submitting such bids or proposals and select from~~
42 ~~among such persons the person to whom the contract is awarded.~~
43 ~~Such procurements shall be open and competitive and shall con-~~

1 ~~sider relevant factors, including security, competence, experience,~~
2 ~~timely performance and maximization of net revenues to the state.~~
3 ~~If a procurement negotiating committee is utilized, the provisions~~
4 ~~of K.S.A. 75-3738 through 75-3744, and amendments thereto, shall~~
5 ~~not apply. Meetings conducted by the procurement negotiating~~
6 ~~committee shall be exempt from the provisions of the Kansas open~~
7 ~~meeting act, K.S.A. 75-4317 through 75-4320a, and amendments~~
8 ~~thereto.~~

9 ~~—[(c) Before a major procurement contract is awarded, the ex-~~
10 ~~ecutive director shall conduct a background investigation of: (1)~~
11 ~~The vendor to whom the contract is to be awarded; (2) all officers~~
12 ~~and directors of such vendor; (3) all persons who own a 5% or more~~
13 ~~interest in such vendor; (4) all persons who own a controlling in-~~
14 ~~terest in such vendor; and (5) any subsidiary or other business in~~
15 ~~which such vendor owns a controlling interest. The vendor shall~~
16 ~~submit appropriate investigation authorizations to facilitate such~~
17 ~~investigation. The executive director may require, in accordance~~
18 ~~with rules and regulations of the commission, that a vendor submit~~
19 ~~any additional information considered appropriate to preserve the~~
20 ~~integrity and security of the lottery. In addition, the executive di-~~
21 ~~rector may conduct a background investigation of any person hav-~~
22 ~~ing a beneficial interest in a vendor. The secretary of revenue,~~
23 ~~securities commissioner, attorney general and director of the Kan-~~
24 ~~sas bureau of investigation shall assist in any investigation pursuant~~
25 ~~to this subsection upon request of the executive director. When-~~
26 ~~ever the secretary of revenue, securities commissioner, attorney~~
27 ~~general or director of the Kansas bureau of investigation assists in~~
28 ~~such an investigation and incurs costs in addition to those attrib-~~
29 ~~utable to the operations of the office or bureau, such additional~~
30 ~~costs shall be paid by the Kansas lottery. The furnishing of assis-~~
31 ~~tance in such an investigation shall be a transaction between the~~
32 ~~Kansas lottery and the respective officer and shall be settled in~~
33 ~~accordance with K.S.A. 75-5516, and amendments thereto.~~

34 ~~—[Upon the request of the chairperson, the Kansas bureau of in-~~
35 ~~vestigation and other criminal justice agencies shall provide to the~~
36 ~~chairperson all background investigation information including~~
37 ~~criminal history record information, arrest and nonconviction~~
38 ~~data, criminal intelligence information and information relating to~~
39 ~~criminal and background investigations of a vendor to whom a~~
40 ~~major procurement contract is to be awarded. Such information,~~
41 ~~other than conviction data, shall be confidential and shall not be~~
42 ~~disclosed, except as provided in this section. In addition to any~~
43 ~~other penalty provided by law, disclosure of such information shall~~

1 ~~be grounds for removal from office or termination of employment.~~

2 ~~[(d) All major procurement contracts shall be subject to ap-~~
3 ~~proval of the commission.~~

4 ~~[(c) (1) Except as provided by paragraph (2), the executive direc-~~
5 ~~tor shall not agree to any renewal or extension of a major procure-~~
6 ~~ment contract unless such extension or renewal is awarded in the~~
7 ~~manner provided by this section.~~

8 ~~[(2) The provisions of paragraph (1) shall not apply to the extension~~
9 ~~or renegotiation of an existing contract with a vendor for the purposes of~~
10 ~~providing services for the monitoring and control of electronic gaming~~
11 ~~machines under the Kansas gaming act. The provisions of this subsection~~
12 ~~shall expire on June 30, 2005.~~

13 [Sec. 34. K.S.A. 74-8710 is hereby amended to read as follows:
14 74-8710. (a) The commission, upon the recommendation of the
15 executive director, shall adopt rules and regulations governing the
16 establishment and operation of a state lottery as necessary to carry
17 out the purposes of this act. Temporary rules and regulations may
18 be adopted by the commission without being subject to the pro-
19 visions and requirements of K.S.A. 77-415 through 77-438, and
20 amendments thereto, but shall be subject to approval by the at-
21 torney general as to legality and shall be filed with the secretary
22 of state and published in the Kansas register. Temporary and per-
23 manent rules and regulations may include but shall not be limited
24 to:

25 ~~[(1) Subject to the provisions of subsection (c), the types of lot-~~
26 ~~tery games to be conducted, including but not limited to instant~~
27 ~~lottery, on-line and traditional games, but not including games on~~
28 ~~video lottery machines or lottery machines.~~

29 ~~[(2) The manner of selecting the winning tickets or shares, ex-~~
30 ~~cept that, if a lottery game utilizes a drawing of winning numbers,~~
31 ~~a drawing among entries or a drawing among finalists, such draw-~~
32 ~~ings shall always be open to the public and shall be recorded on~~
33 ~~both video and audio tape.~~

34 ~~[(3) The manner of payment of prizes to the holders of winning~~
35 ~~tickets or shares.~~

36 ~~[(4) The frequency of the drawings or selections of winning~~
37 ~~tickets or shares.~~

38 ~~[(5) The type or types of locations at which tickets or shares~~
39 ~~may be sold.~~

40 ~~[(6) The method or methods to be used in selling tickets or~~
41 ~~shares.~~

42 ~~[(7) Additional qualifications for the selection of lottery retail-~~
43 ~~ers and the amount of application fees to be paid by each.~~

- 1 ~~—[(8) The amount and method of compensation to be paid to~~
2 ~~lottery retailers, including special bonuses and incentives.~~
- 3 ~~—[(9) Deadlines for claims for prizes by winners of each lottery~~
4 ~~game.~~
- 5 ~~—[(10) Provisions for confidentiality of information submitted by~~
6 ~~vendors pursuant to K.S.A. 74-8705, and amendments thereto.~~
- 7 ~~—[(11) Information required to be submitted by vendors, in ad-~~
8 ~~dition to that required by K.S.A. 74-8705, and amendments~~
9 ~~thereto.~~
- 10 ~~—[(12) The major procurement contracts or portions thereof to~~
11 ~~be awarded to minority business enterprises pursuant to subsec-~~
12 ~~tion (a) of K.S.A. 74-8705, and amendments thereto, and proced-~~
13 ~~ures for the award thereof.~~
- 14 ~~—[(13) Provisions to implement, administer and enforce the Kansas~~
15 ~~gaming act.~~
- 16 ~~—[(14) The types of electronic gaming machines to be operated at par-~~
17 ~~mutuel licensee locations pursuant to the Kansas gaming act.~~
- 18 ~~—[(b) No new lottery game shall commence operation after the~~
19 ~~effective date of this act unless first approved by the governor or,~~
20 ~~in the governor's absence or disability, the lieutenant governor.~~
21 ~~This subsection shall not apply to electronic gaming machine games.~~
- 22 ~~—[(c) The lottery shall adopt rules and regulations concerning~~
23 ~~the game of keno. Such rules and regulations shall require that the~~
24 ~~amount of time which elapses between the start of games shall not~~
25 ~~be less than four minutes.~~
- 26 ~~—[Sec. 35. K.S.A. 74-8711 is hereby amended to read as follows:~~
27 ~~74-8711. (a) There is hereby established in the state treasury the~~
28 ~~lottery operating fund.~~
- 29 ~~—[(b) Except as otherwise provided by the Kansas gaming act, the~~
30 ~~executive director shall remit all moneys collected from the sale~~
31 ~~of lottery tickets and shares and any other moneys received by or~~
32 ~~on behalf of the Kansas lottery to the state treasurer in accordance~~
33 ~~with the provisions of K.S.A. 75-4215, and amendments thereto.~~
34 ~~Upon receipt of each such remittance, the state treasurer shall~~
35 ~~deposit the entire amount in the state treasury to the credit of the~~
36 ~~lottery operating fund. Moneys credited to the fund shall be ex-~~
37 ~~pended or transferred only as provided by this act. Expenditures~~
38 ~~from such fund shall be made in accordance with appropriations~~
39 ~~acts upon warrants of the director of accounts and reports issued~~
40 ~~pursuant to vouchers approved by the executive director or by a~~
41 ~~person designated by the executive director.~~
- 42 ~~—[(c) Moneys in the lottery operating fund shall be used for:~~
43 ~~—[(1) The payment of expenses of the lottery, which shall include~~

1 ~~all costs incurred in the operation and administration of the Kansas~~
2 ~~lottery, other than expenses incurred pursuant to the Kansas gaming act;~~
3 ~~all costs resulting from contracts entered into for the purchase or~~
4 ~~lease of goods and services needed for operation of the lottery;~~
5 ~~including but not limited to supplies, materials, tickets, independ-~~
6 ~~ent studies and surveys, data transmission, advertising, printing;~~
7 ~~promotion, incentives, public relations, communications and dis-~~
8 ~~tribution of tickets and shares; and reimbursement of costs of fa-~~
9 ~~ilities and services provided by other state agencies;~~
10 ~~—(2) the payment of compensation to lottery retailers;~~
11 ~~—(3) transfers of moneys to the lottery prize payment fund pur-~~
12 ~~suant to K.S.A. 74-8712, and amendments thereto;~~
13 ~~—(4) transfers to the state general fund pursuant to K.S.A. 74-~~
14 ~~8713, and amendments thereto;~~
15 ~~—(5) transfers to the state gaming revenues fund pursuant to~~
16 ~~subsection (d) of this section and as otherwise provided by law; and~~
17 ~~—(6) transfers to the county reappraisal fund as prescribed by~~
18 ~~law;~~
19 ~~—(d) The director of accounts and reports shall transfer moneys~~
20 ~~in the lottery operating fund to the state gaming revenues fund~~
21 ~~created by K.S.A. 79-4801, and amendments thereto, on or before~~
22 ~~the 15th day of each month in an amount certified monthly by the~~
23 ~~executive director and determined as follows, whichever is~~
24 ~~greater:~~
25 ~~—(1) An amount equal to the moneys in the lottery operating~~
26 ~~fund in excess of those needed for the purposes described in sub-~~
27 ~~sections (c)(1) through (c)(4); or~~
28 ~~—(2) except for pull-tab lottery tickets and shares, an amount~~
29 ~~equal to not less than 30% of total monthly revenues from the sales~~
30 ~~of lottery tickets and shares less estimated returned tickets. In the~~
31 ~~case of pull-tab lottery tickets and shares, an amount equal to not~~
32 ~~less than 20% of the total monthly revenues from the sales of pull-~~
33 ~~tab lottery tickets and shares less estimated returned tickets.~~
34 ~~—[Sec. 36. K.S.A. 2002 Supp. 19-101a is hereby amended to~~
35 ~~read as follows: 19-101a. (a) The board of county commissioners~~
36 ~~may transact all county business and perform all powers of local~~
37 ~~legislation and administration it deems appropriate, subject only~~
38 ~~to the following limitations, restrictions or prohibitions:~~
39 ~~—(1) Counties shall be subject to all acts of the legislature which~~
40 ~~apply uniformly to all counties.~~
41 ~~—(2) Counties may not consolidate or alter county boundaries.~~
42 ~~—(3) Counties may not affect the courts located therein.~~
43 ~~—(4) Counties shall be subject to acts of the legislature prescrib-~~

1 ing limits of indebtedness.

2 ~~—[(5) In the exercise of powers of local legislation and adminis-~~
3 ~~tration authorized under provisions of this section, the home rule~~
4 ~~power conferred on cities to determine their local affairs and gov-~~
5 ~~ernment shall not be superseded or impaired without the consent~~
6 ~~of the governing body of each city within a county which may be~~
7 ~~affected.~~

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

11 ~~—[(7) Counties shall be subject to all acts of the legislature con-~~
12 ~~cerning elections, election commissioners and officers and their~~
13 ~~duties as such officers and the election of county officers.~~

14 ~~—[(8) Counties shall be subject to the limitations and prohibi-~~
15 ~~tions imposed under K.S.A. 12-187 to 12-195, inclusive, and~~
16 ~~amendments thereto, prescribing limitations upon the levy of re-~~
17 ~~tailers' sales taxes by counties.~~

18 ~~—[(9) Counties may not exempt from or effect changes in statutes~~
19 ~~made nonuniform in application solely by reason of authorizing~~
20 ~~exceptions for counties having adopted a charter for county~~
21 ~~government.~~

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

30 ~~—[(11) Counties shall have no power under this section to ex-~~
31 ~~empt from any statute authorizing or requiring the levy of taxes~~
32 ~~and providing substitute and additional provisions on the same~~
33 ~~subject, unless the resolution authorizing the same specifically~~
34 ~~provides for a portion of the proceeds of such levy to be used to~~
35 ~~pay a portion of the principal and interest on bonds issued by cities~~
36 ~~under the authority of K.S.A. 12-1774, and amendments thereto.~~

37 ~~—[(12) Counties may not exempt from or effect changes in the~~
38 ~~provisions of K.S.A. 19-4601 through 19-4625, and amendments~~
39 ~~thereto.~~

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

- 1 ~~[(14) Counties may not exempt from or effect changes in K.S.A.~~
2 ~~19-430, and amendments thereto.~~
- 3 ~~[(15) Counties may not exempt from or effect changes in K.S.A.~~
4 ~~19-302, 19-502b, 19-503, 19-805 or 19-1202, and amendments~~
5 ~~thereto:~~
- 6 ~~[(16) (A) Counties may not exempt from or effect changes in~~
7 ~~K.S.A. 13-13a26, and amendments thereto:~~
- 8 ~~[(B) This provision shall expire on June 30, 2004.~~
- 9 ~~[(17) (A) Counties may not exempt from or effect changes in~~
10 ~~K.S.A. 71-301a, and amendments thereto:~~
- 11 ~~[(B) This provision shall expire on June 30, 2004.~~
- 12 ~~[(18) Counties may not exempt from or effect changes in K.S.A.~~
13 ~~19-15,139, 19-15,140 and 19-15,141, and amendments thereto:~~
- 14 ~~[(19) Counties may not exempt from or effect changes in the~~
15 ~~provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-~~
16 ~~1225c and 12-1226, and amendments thereto, or the provisions of~~
17 ~~K.S.A. 12-1260 through 12-1270 and 12-1276, and amendments~~
18 ~~thereto:~~
- 19 ~~[(20) Counties may not exempt from or effect changes in the~~
20 ~~provisions of K.S.A. 19-211, and amendments thereto:~~
- 21 ~~[(21) Counties may not exempt from or effect changes in the~~
22 ~~provisions of K.S.A. 19-4001 through 19-4015, and amendments~~
23 ~~thereto:~~
- 24 ~~[(22) Counties may not regulate the production or drilling of~~
25 ~~any oil or gas well in any manner which would result in the dupli-~~
26 ~~cation of regulation by the state corporation commission and the~~
27 ~~Kansas department of health and environment pursuant to chapter~~
28 ~~55 and chapter 65 of the Kansas Statutes Annotated and any rules~~
29 ~~and regulations adopted pursuant thereto. Counties may not re-~~
30 ~~quire any license or permit for the drilling or production of oil and~~
31 ~~gas wells. Counties may not impose any fee or charge for the drill-~~
32 ~~ing or production of any oil or gas well.~~
- 33 ~~[(23) Counties may not exempt from or effect changes in K.S.A.~~
34 ~~79-41a04, and amendments thereto:~~
- 35 ~~[(24) Counties may not exempt from or effect changes in K.S.A.~~
36 ~~79-1611, and amendments thereto:~~
- 37 ~~[(25) Counties may not exempt from or effect changes in K.S.A.~~
38 ~~79-1494, and amendments thereto:~~
- 39 ~~[(26) Counties may not exempt from or effect changes in sub-~~
40 ~~section (b) of K.S.A. 19-202, and amendments thereto:~~
- 41 ~~[(27) Counties may not exempt from or effect changes in sub-~~
42 ~~section (b) of K.S.A. 19-204, and amendments thereto:~~
- 43 ~~[(28) Counties may not levy or impose an excise, severance or~~

- 1 ~~any other tax in the nature of an excise tax upon the physical sev-~~
2 ~~erance and production of any mineral or other material from the~~
3 ~~earth or water.~~
- 4 ~~—[(29) Counties may not exempt from or effect changes in K.S.A.~~
5 ~~79-2017 or 79-2101, and amendments thereto.~~
- 6 ~~—[(30) Counties may not exempt from or effect changes in K.S.A.~~
7 ~~2-3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-~~
8 ~~171d 65-1,178 through 65-1,199 or K.S.A. 2002 Supp. 17-5909, and~~
9 ~~amendments thereto.~~
- 10 ~~—[(31) Counties may not exempt from or effect changes in K.S.A.~~
11 ~~2002 Supp. 80-121, and amendments thereto.~~
- 12 ~~—[(32) Counties may not exempt from or effect changes in K.S.A.~~
13 ~~19-228, and amendments thereto.~~
- 14 ~~—[(33) Counties may not exempt from or effect changes in the Kansas~~
15 ~~lottery act.~~
- 16 ~~—[(34) Counties may not exempt from or effect changes in the Kansas~~
17 ~~gaming act.~~
- 18 ~~—[(b) Counties shall apply the powers of local legislation granted~~
19 ~~in subsection (a) by resolution of the board of county commis-~~
20 ~~sioners. If no statutory authority exists for such local legislation other~~
21 ~~than that set forth in subsection (a) and the local legislation pro-~~
22 ~~posed under the authority of such subsection is not contrary to any~~
23 ~~act of the legislature, such local legislation shall become effective~~
24 ~~upon passage of a resolution of the board and publication in the~~
25 ~~official county newspaper. If the legislation proposed by the board~~
26 ~~under authority of subsection (a) is contrary to an act of the leg-~~
27 ~~islature which is applicable to the particular county but not uni-~~
28 ~~formly applicable to all counties, such legislation shall become ef-~~
29 ~~fective by passage of a charter resolution in the manner provided~~
30 ~~in K.S.A. 19-101b, and amendments thereto.~~
- 31 ~~—[(c) Any resolution adopted by a county which conflicts with~~
32 ~~the restrictions in subsection (a) is null and void.~~
- 33 ~~—[Sec. 37. K.S.A. 2002 Supp. 79-4805 is hereby amended to~~
34 ~~read as follows: 79-4805. (a) There is hereby established in the~~
35 ~~state treasury the problem gambling grant fund. All moneys cred-~~
36 ~~ited to such fund shall be used only for the awarding of grants~~
37 ~~under this section. Such fund shall be administered in accordance~~
38 ~~with this section and the provisions of appropriation acts.~~
- 39 ~~—[(b) All expenditures from the problem gambling grant fund~~
40 ~~shall be made in accordance with appropriation acts upon warrants~~
41 ~~of the director of accounts and reports issued pursuant to vouchers~~
42 ~~approved in the manner prescribed by law.~~
- 43 ~~—[(c) There is hereby established a state grant program to pro-~~

1 ~~vide assistance for the direct treatment of persons diagnosed as~~
2 ~~suffering from pathological gambling~~ *the continued training of ad-*
3 ~~iction professionals, the marketing of programs funded pursuant to this~~
4 ~~section and to provide funding for research regarding the impact~~
5 ~~of gambling on residents of Kansas. Research grants awarded un-~~
6 ~~der this section may include, but need not be limited to, grants for~~
7 ~~determining the effectiveness of education,~~ *treatment* ~~and preven-~~
8 ~~tion efforts on the prevalence of pathological gambling in Kansas.~~
9 ~~All grants shall be made after open solicitation of proposals and~~
10 ~~evaluation of proposals against criteria established in rules and~~
11 ~~regulations adopted by the secretary of the department of social~~
12 ~~and rehabilitation services. Both public and private entities shall~~
13 ~~be eligible to apply for and receive grants under the provisions of~~
14 ~~this section.~~
15 ~~—[(d) The secretary of the department of social and rehabilita-~~
16 ~~tion services is hereby authorized to receive moneys from any~~
17 ~~grants, gifts, contributions or bequests made for the purpose of~~
18 ~~funding grants under this section and to expend such moneys for~~
19 ~~the purpose for which received.~~
20 ~~—[(e) All grants made in accordance with this section shall be~~
21 ~~made from the problem gambling grant fund. The secretary shall~~
22 ~~administer the provisions of this section and shall adopt rules and~~
23 ~~regulations establishing criteria for qualification to receive grants~~
24 ~~and such other matters deemed necessary by the secretary for the~~
25 ~~administration of this section. Such rules and regulations shall in-~~
26 ~~clude, but need not be limited to, a requirement that each recip-~~
27 ~~ient of a grant to provide treatment for pathological gamblers re-~~
28 ~~port at least annually to the secretary the grantee's measurable~~
29 ~~achievement of specific outcome goals.~~
30 ~~—[(f) For the purpose of this section “pathological gambling”~~
31 ~~means the disorder by that name described in the most recent~~
32 ~~edition of the diagnostic and statistical manual.~~
33 ~~—[Sec. 38. K.S.A. 74-8702, 74-8705, 74-8710 and 74-8711 and~~
34 ~~K.S.A. 2002 Supp. 19-101a and 79-4805 are hereby repealed.~~
35 ~~—[Sec. 39. This act shall take effect and be in force from and~~
36 ~~after its publication in the Kansas register.]~~