

3
4 **SENATE BILL No. 226**

5
6 By Committee on Judiciary

7
8 2-13

9
10 AN ACT concerning electronic gaming machines; allowing electronic
11 gaming machines at racetracks; amending K.S.A. 74-8702, 74-8710 and
12 74-8711 and K.S.A. 2002 Supp. 19-101a and 79-4805 and repealing
13 the existing sections.
14

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

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

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

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

22 (c) "Gaming equipment" means any electric, electronic ~~or mechanical~~
23 ~~device or other equipment unique to the Kansas lottery used directly~~
24 ~~in the operation of any lottery and in the determination of winners pur-~~
25 ~~suant to this act, computerized or electromechanical machine, mechanism,~~
26 ~~supply or device or any other equipment, which is: (1) Unique to the~~
27 ~~Kansas lottery and used pursuant to the Kansas lottery act; (2) integral~~
28 ~~to the operation of an electronic gaming machine; or (3) affects the results~~
29 ~~of an electronic gaming machine by determining win or loss.~~

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

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

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

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

42 (h) "Person" means any natural person, association, *limited liability*
43 *company*, corporation or partnership.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (D) any machine excluded from the definition of gambling devices
40 under subsection (d) of K.S.A. 21-4302, and amendments thereto; *or*

41 (E) *any machine excluded from the definition of gambling devices*
42 *under subsection (d) of K.S.A. 21-4302, and amendments thereto* **elec-**
43 **tronic gaming machine operated in accordance with the Kansas**

1 **gaming act.**

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

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

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

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

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

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

43

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

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

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

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

26 New Sec. 2. (a) Sections 2 through ~~25~~ 28, and amendments thereto,
27 shall be known as the Kansas gaming act and shall be part of and supple-
28 mental to the Kansas lottery act.

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

33 New Sec. 3. (a) The executive director may contract with parimutuel
34 licensees for the operation and management, by the state of Kansas, of
35 electronic gaming machines at parimutuel licensee locations in counties
36 where a proposition submitted pursuant to section 5, and amendments
37 thereto, has been approved by the voters of such county. Such contracts
38 shall be subject to the provisions of this act and rules and regulations
39 adopted under this act ~~but shall not be subject to the provisions of K.S.A.~~
40 ~~74-3738 through 75-3744, and amendments thereto.~~

41 (b) The executive director shall select as lottery gaming machine op-
42 erators such parimutuel licensees as the executive director deems best
43 able to serve the public convenience and promote marketing plans de-

1 developed by the Kansas lottery. In the selection of lottery gaming machine
2 operators, the executive director shall consider factors such as financial
3 responsibility, security of the licensee location, integrity, reputation, vol-
4 ume of expected sales and such other factors as the executive director
5 may deem appropriate.

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

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

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

25 (f) To be selected as a lottery gaming machine operator, a parimutuel
26 licensee must:

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

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

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

34 (g) ~~The lottery gaming machine operator, at its own expense, **Kansas**~~
35 ~~lottery shall purchase for the Kansas lottery a license for all software~~
36 ~~programs used by such lottery gaming machine operator to operate elec-~~
37 ~~tronic gaming machines. The Kansas lottery shall be the licensee and~~
38 ~~owner of all such software programs to each lottery gaming machine op-~~
39 ~~erator. A parimutuel licensee may own or lease, on behalf of the Kansas~~
40 ~~lottery and at the licensee's own expense, electronic gaming machines for~~
41 ~~placement at the parimutuel licensee location or the Kansas lottery with~~
42 ~~the consent of the parimutuel licensee may lease such machines for place-~~
43 ~~ment at the parimutuel licensee location, subject to reimbursement of~~

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

15 (h) Each contract between the Kansas lottery and a lottery gaming
16 machine operator shall provide that the Kansas lottery shall receive all of
17 the net machine income derived from the operation of electronic gaming
18 machines at the parimutuel licensee location.

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

21 (1) Accounting procedures to determine the net machine income,
22 unclaimed merchandise and credits;

23 (2) the location and operation of electronic gaming machines at the
24 parimutuel licensee location, except as provided by this act, the days and
25 hours of operation and the number of such electronic gaming machines
26 shall not be restricted;

27 (3) minimum requirements for an electronic gaming machine oper-
28 ator to provide qualified oversight, security and supervision of the oper-
29 ation of electronic gaming machines at the parimutuel licensee location,
30 including the use of qualified personnel with experience in applicable
31 technology;

32 (4) the eligibility requirements for employees of a lottery gaming ma-
33 chine operator who will have responsibility for the handling of cash or
34 tokens. Such requirements may include a background investigation per-
35 formed by the Kansas racing and gaming commission and that any key
36 gaming employee shall be licensed as provided in sections 17(f) and 19,
37 and amendments thereto;

38 (5) provision for termination of the contract by either party for cause,
39 including but not limited to, failure of the lottery gaming machine op-
40 erator to maintain a parimutuel license in accordance with K.S.A. 74-
41 8801 *et seq.*, and amendments thereto, failure of the lottery gaming ma-
42 chine operator to collect and remit net machine income pursuant to
43 section 8, and amendments thereto; and

1 (6) any other provision deemed necessary by the parties pursuant to
2 this section.

3 (k) The initial term of a contract pursuant to this section shall be not
4 less than the remaining term of the Kansas lottery. Such contract may be
5 renewed with each extension of the Kansas lottery as provided in K.S.A.
6 74-8723, and amendments thereto.

7 (1) (1) The Kansas lottery shall examine prototypes of electronic gam-
8 ing machines and shall notify the Kansas racing and gaming commission
9 which such types of electronic gaming machines are in compliance with
10 the requirements of this act.

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

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

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

32 (m) Electronic gaming machines operated pursuant to this act shall:

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

35 (2) be directly linked to a central lottery communications system to
36 provide auditing and other program information as approved by the Kan-
37 sas lottery. The communications systems certified by the Kansas lottery
38 shall not limit participation to only one electronic gaming machine man-
39 ufacturer, distributor, supplier or provider; and

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

1 ment such central communications and auditing functions.

2 (n) No employee, contractor or other person in any way affiliated with
3 an electronic gaming machine operator shall loan money to or otherwise
4 extend credit to patrons of a parimutuel licensee location.

5 New Sec. 4. In addition to the powers granted pursuant to K.S.A.
6 74-8704 and section 3, and amendments thereto, the executive director
7 shall have the power to:

8 (a) Enter into contracts with parimutuel licensee for placement and
9 replacement of electronic gaming machines at parimutuel licensee loca-
10 tions. Such contracts shall be subject to rules and regulations adopted
11 pursuant to this act ~~but shall not be subject to the provisions of K.S.A.~~
12 ~~75-3738 through 75-3744, and amendments thereto.~~

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

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

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

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

38 New Sec. 5. (a) Electronic gaming machines shall be operated pur-
39 suant to this act only in counties where, in accordance with this section,
40 the qualified voters of the county have voted to permit operation of elec-
41 tronic gaming machines at parimutuel licensee locations within the county
42 **and if the qualified voters of any county located in Kansas which is**
43 **contiguous to the county in which the parimutuel licensee location**

1 **is located have voted in favor of permitting the operation of elec-**
2 **tronic gaming machines at such parimutuel licensee location.**

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

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

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

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

43 (f) The election provided for by this section shall be conducted, and

1 the votes counted and canvassed, in the manner provided by law for
2 question submitted at elections of the count.

3 (g) If in any election provided for by this section a majority of the
4 votes cast and counted is against permitting the operation of electronic
5 gaming machines in the county, another election submitting the issue of
6 the operation of electronic gaming machines in the county shall not be
7 held for at least ~~two~~ **six** years from the date of such election.

8 New Sec. 6. (a) All purse supplements paid pursuant to this act shall
9 be according to the point schedule in effect on January 1, 2002, at the
10 respective parimutuel licensee locations. All purse supplements paid pur-
11 suant to this section shall be in addition to purses and supplements paid
12 under K.S.A. 74-8801 *et seq.*, and amendments thereto.

13 (b) Except as provided in subsection (e), no electronic gaming ma-
14 chine shall be operated pursuant to this act at a parimutuel licensee lo-
15 cation unless the facility where the electronic gaming machine is operated
16 displays live and simulcast parimutuel races pursuant to an order issued
17 by the Kansas racing and gaming commission on video terminals and has
18 installed parimutuel windows for wagering on parimutuel races.

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

20 (1) No electronic gaming machine shall be operated pursuant to this
21 act at a parimutuel licensee location in Sedgwick county unless, during
22 the first full calendar year and each year thereafter in which electronic
23 gaming machines are operated at such location, the parimutuel licensee
24 shall conduct at such location at least six live racing programs each cal-
25 endar week for 49 weeks, with at least 13 live races conducted each
26 program;

27 (2) no electronic gaming machine shall be operated pursuant to this
28 act at a parimutuel licensee location in Wyandotte county unless, during
29 the first full calendar year and each year thereafter in which electronic
30 gaming machines are operated at such location, the parimutuel licensee
31 shall conduct at such location at least five live horse racing programs each
32 calendar week for a minimum of 60 racing days, with at least ten live
33 races conducted each program, with a minimum of seven live thorough-
34 bred and three live quarterhorse races per day and at least seven live dog
35 racing programs each calendar week for at least 49 weeks, with at least
36 13 live races conducted each program; and

37 (3) no electronic gaming machine shall be operated pursuant to this
38 act at a parimutuel licensee location in Crawford county unless, during
39 the first full calendar year and each year thereafter in which electronic
40 gaming machines are operated at such location, the parimutuel licensee
41 shall conduct at such location live racing the number of days agreed upon
42 by the organization licensee and the parimutuel licensee but not less than
43 150 days, comprised of at least seven live racing programs each calendar

1 week, with at least 13 live races conducted each program.

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

8 (e) The Kansas racing and gaming commission may allow the oper-
9 ation of electronic gaming machines at the racetrack facility at eureka
10 downs and the racetrack facility at anthony downs on days when simulcast
11 parimutuel races are displayed at such facility without requiring live horse
12 racing or live greyhound racing at such facility. The Kansas racing and
13 gaming commission shall not authorize the operation of such machines
14 at such racetrack facility unless the qualified voters of the county where
15 such racetrack facility is located have voted pursuant to section 5, and
16 amendments thereto, to permit operation of such machines within the
17 county.

18 New Sec. 7. (a) There is hereby established in the state treasury the
19 live horse racing purse supplement fund. Moneys available in such fund
20 shall be paid to parimutuel licensees for distribution as purse supplements
21 in accordance with rules and regulations of the Kansas racing and gaming
22 commission. Such moneys shall be distributed from the separate horse
23 purse supplement accounts maintained pursuant to this section, in ac-
24 cordance with rules and regulations of the Kansas racing and gaming
25 commission, provided that parimutuel licensees shall continue to pay
26 purses from the live and simulcast purse fund established by law.

27 (b) There is hereby established in the state treasury the live ~~dog~~ **grey-**
28 **hound** racing purse supplement fund. Moneys available in such fund shall
29 be paid to parimutuel licensees for distribution as purse supplements in
30 accordance with rules and regulations of the Kansas racing and gaming
31 commission.

32 (c) There is hereby established in the state treasury the electronic
33 gaming machine operation and regulatory fund. Moneys in such fund shall
34 be used to pay for all expenses of the Kansas lottery and the Kansas racing
35 and gaming commission attributable to the operation and regulation of
36 electronic gaming machines. Moneys in such fund may be expended only
37 pursuant to appropriation and moneys in excess of those appropriated to
38 the Kansas lottery and the Kansas racing and gaming commission may be
39 transferred to the state general fund and expended as provided by
40 appropriation.

41 (d) There is hereby established in the state treasury the electronic
42 gaming machine fund.

43 New Sec. 8. (a) The executive director shall collect and remit to the

1 state treasurer in accordance with K.S.A. 75-4215, and amendments
2 thereto, all net machine income received from lottery gaming machine
3 operators. Upon receipt of the remittance, the state treasurer shall deposit
4 the entire amount in the state treasury and credit it to the electronic
5 gaming machine fund, established pursuant to section 7, and amendments
6 thereto. Separate accounts shall be maintained in the electronic gaming
7 machine fund for receipt of moneys from each lottery gaming machine
8 operator.

9 (b) Subject to the limitations of subsection (c)(5), not less than once
10 each week the state treasurer shall transfer from each account in the
11 electronic gaming machine fund to the electronic gaming machine op-
12 eration and regulatory fund the amount certified by the executive director
13 as the amount required for the purposes described in subsection (c) of
14 section 7, and amendments thereto, and shall distribute the balance of
15 the amount credited to each account in the electronic gaming machine
16 fund as provided by subsections (c) and (d).

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

22 (1) To the problem gambling grant fund established pursuant to
23 K.S.A. 2002 Supp. 79-4805, and amendments thereto, 0.5%, but the total
24 amount credited to such fund shall not exceed \$3,000,000 in any fiscal
25 year;

26 (2) to the state general fund, ~~20%~~ **30%**;

27 ~~(3) to the nonprofit organization licensed by the Kansas racing and
28 gaming commission to conduct races at the parimutuel licensee location,
29 1%, pursuant to the management contract;~~

30 ~~(4) (3)~~ to the electronic gaming machine operation and regulatory
31 fund, 1%;

32 ~~(5) (4)~~ to the city where the parimutuel location is located, 1.5%;

33 ~~(6) (5)~~ to the county where the parimutuel location is located, 1.5%;

34 ~~(7) (6)~~ to the live ~~dog~~ **greyhound** racing purse supplement fund,
35 ~~3.5%~~ **1.5%**; and

36 ~~(8) (7)~~ to the live horse racing purse supplement fund, ~~3.5%~~ **1.5%**;
37 20% of such purse supplement fund shall be deposited to the Kansas
38 horse breeding development fund and disbursed pursuant to K.S.A. 74-
39 8829, and amendments thereto.

40 For purposes of this subsection, the unified government of Wyandotte
41 county shall be deemed both a city and a county. Payments to the city
42 and county shall only be made during the time period that parimutuel
43 licensees are the only operator of class III gaming in such city and county.

1 (d) After distribution of moneys pursuant to subsection (c), the state
2 treasurer, not less than once each week, shall remit in the account of each
3 lottery gaming machine operator to such lottery gaming machine
4 operator.

5 New Sec. 9. (a) Except as when authorized in accordance with sub-
6 section (c), it is unlawful for any parimutuel licensee to allow any person
7 to play electronic gaming machines or share in winnings of a person know-
8 ing such person to be:

9 (1) Under 21 years of age;

10 (2) the executive director, a member of the commission or an em-
11 ployee of the Kansas lottery;

12 (3) an officer or employee of a vendor contracting with the Kansas
13 lottery to supply gaming equipment or tickets to the Kansas lottery for
14 use in the operation of any lottery conducted pursuant to this act; or

15 (4) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
16 parent or stepparent or a person described by subsection (a)(2) or (3).

17 (b) Violation of subsection (a) is a class A nonperson misdemeanor
18 upon conviction for a first offense. Violation of subsection (a) is a severity
19 level 9, nonperson felony upon conviction for a second or subsequent
20 offense.

21 (c) The executive director may authorize in writing any employee of
22 the Kansas lottery and any employee of a lottery vendor to play an elec-
23 tronic gaming machine to verify the proper operation thereof with respect
24 to security and contract compliance. Any prize awarded as a result of such
25 ticket purchase shall become the property of the Kansas lottery and be
26 added to the prize pools of subsequent lottery games. No money or mer-
27 chandise shall be awarded to any employee playing an electronic gaming
28 machine pursuant to this subsection.

29 New Sec. 10. No person shall operate an electronic gaming machine
30 while intoxicated. The Kansas racing and gaming commission shall adopt
31 rules and regulations governing identification of persons who are intoxi-
32 cated and procedures for removal of such persons from premises where
33 electronic gaming machines are operated. Such rules and regulations may
34 include requirements the employees of a parimutuel licensee be trained
35 in controlling intoxicated persons within a parimutuel licensee location.

36 New Sec. 11. Each lottery gaming machine operator shall post one
37 or more signs at the operator's parimutuel licensee location to inform
38 patrons of the toll free number available to provide information and re-
39 ferral services regarding compulsive or problem gambling. The text shall
40 be determined by the secretary of the department of social and rehabil-
41 itation services. Failure by a lottery gaming machine operator to post and
42 maintain such signs shall be cause for the imposition of a fine not to
43 exceed \$500 per day.

1 New Sec. 12. Each lottery gaming machine operator shall provide
2 access for the executive director, the executive director's designee or the
3 commission to all its records and the physical premises where the elec-
4 tronic gaming machine activities occur for the purpose of monitoring or
5 inspecting the electronic gaming machines and gaming equipment. None
6 of the information disclosed pursuant to this subsection shall be subject
7 to disclosure under the Kansas open records act, K.S.A. 45-216 *et seq.*,
8 and amendments thereto.

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

13 (b) Violation of this section is a class A nonperson misdemeanor upon
14 a conviction for a first offense. Violation of this section is a severity level
15 9, nonperson felony upon conviction for a second or subsequent offense.

16 New Sec. 14. Each lottery gaming machine operator may employ a
17 person at least ~~16~~ **21** years of age as an employee of the parimutuel
18 licensee. No employee under age 21 shall be permitted to make a wager
19 on an electronic gaming machine.

20 New Sec. 15. Pursuant to section 2 of the federal act entitled "An
21 Act to Prohibit Transportation of Gambling Devices in Interstate and
22 Foreign Commerce," 15 U.S.C. 1171 through 1777, the state of Kansas,
23 acting by and through the duly elected and qualified members of the
24 legislature, does hereby in this section, and in accordance with and in
25 compliance with the provisions of section 2 of such federal act, declare
26 and proclaim that it is exempt from the provision of section 2 of such
27 federal act to the extent that such gambling devices are being transported
28 to or from the Kansas lottery or to or from a lottery gaming machine
29 operator at a parimutuel licensee location within the state of Kansas.

30 New Sec. 16. Except for persons acting in accordance with rules and
31 regulations of the Kansas lottery and rules and regulations of the Kansas
32 racing and gaming commission in performing installation, maintenance
33 and repair services, any person who, with the intent to manipulate the
34 outcome, ~~pay-off~~ **pay out** or operation of an electronic gaming machine,
35 manipulates the outcome, ~~pay-off~~ **pay out** or operation of an electronic
36 gaming machine by physical, electrical or mechanical means shall be
37 guilty of a severity level 8, nonperson felony.

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

41 (b) The Kansas racing and gaming commission may examine, or cause
42 to be examined by any agent or representative designated by such com-
43 mission, any books, papers, records or memoranda of any parimutuel

1 licensee, or of any business involved in electronic gaming, for the purpose
2 of ascertaining compliance with any provision of this act or any rules and
3 regulations adopted hereunder.

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

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

10 (e) Appropriate security measures shall be required in any and all
11 areas where electronic gaming machines are located. The Kansas racing
12 and gaming commission shall approve all such security measures.

13 (f) The Kansas racing and gaming commission may provide by rules
14 and regulations for the licensure of key gaming employees and technology
15 providers. Such rules and regulations may specify employment applica-
16 tion forms, fees and procedures for suspension or revocation of any key
17 gaming employee license.

18 (g) The Kansas racing and gaming commission shall have the power
19 to take any other action as may be reasonable or appropriate to enforce
20 the provisions of this act and any rules and regulations, orders and final
21 decisions of such commission.

22 (h) The Kansas racing and gaming commission shall require an annual
23 audit of the electronic gaming machine operations of each lottery gaming
24 machine operator contracting with the Kansas lottery. Such audit shall be
25 conducted by a licensed accounting firm approved by the Kansas racing
26 and gaming commission. Such audit shall be conducted at the expense of
27 the lottery gaming machine operator to which such audit applies.

28 New Sec. 18. (a) It is a class A nonperson misdemeanor for the ex-
29 ecutive director, any member of the lottery commission, any employee
30 of the Kansas lottery or any member, employee or appointee of the Kan-
31 sas racing and gaming commission, including stewards and racing judges,
32 knowingly to:

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

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

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

42 (4) accept any compensation, gift, loan, entertainment, favor or serv-
43 ice from any parimutuel licensee, except such suitable facilities and serv-

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

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

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

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

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

18 (2) possess or use, while on the premises of a parimutuel licensee
19 location any cheating or thieving device, including but not limited to,
20 tools, wires, drills, coins attached to strings or wires or electronic or mag-
21 netic devices to facilitate removing from any electronic gaming machine
22 any money or contents thereof, except that a duly authorized agent or
23 employee of the Kansas lottery, the Kansas racing and gaming commission
24 or a parimutuel licensee may possess and use any of the foregoing only
25 in furtherance of the agent's or employee's employment at the parimutuel
26 licensee location;

27 (3) possess or use while on the premises of any parimutuel licensee
28 location any key or device designed for the purpose of or suitable for
29 opening or entering any electronic gaming machine or similar gaming
30 device or drop box, except that a duly authorized agent or employee of
31 the Kansas lottery, the Kansas racing and gaming commission or a pari-
32 mutuel licensee may possess and use any of the foregoing only in fur-
33 therance of the agent's or employee's employment at the parimutuel li-
34 censee location; or

35 (4) wager prior to obtaining the age of 21 years.

36 New Sec. 19. (a) No organization licensee or facility manager li-
37 censee shall permit any business not owned and operated by the organ-
38 ization licensee to provide electronic gaming machine equipment or serv-
39 ices, as designated by rules and regulations of the commission, to an
40 organization licensee unless such business has been issued an electronic
41 gaming machine equipment or services license by the executive director.
42 Such equipment and services shall include, but are not limited to, sur-
43 veillance, electronic computer components, random number generator

1 or cabinet thereof and token redemption equipment or services.

2 (b) Business required to be licensed pursuant to this section shall
3 apply for electronic gaming machine equipment or services licenses in a
4 manner and upon forms prescribed and furnished by the Kansas racing
5 and gaming commission. The Kansas racing and gaming commission shall
6 require disclosure of information about the owners and officers of each
7 applicant and may require such owners and officers to submit to finger-
8 printing. The Kansas racing and gaming commission also may require
9 disclosure of information about and fingerprinting of such employees of
10 each applicant as the commission considers necessary. Electronic gaming
11 machine equipment or services licenses shall be issued for a period of
12 time established by the executive director but not to exceed 10 years. The
13 Kansas racing and gaming commission, by rules and regulations, shall
14 establish a schedule of application fees and license fees for electronic
15 gaming machine equipment or services licenses based upon the type and
16 size of business. The application fee shall not be refundable if the business
17 fails to qualify for a license. If the application fee is insufficient to pay
18 the reasonable expenses of processing the application and investigating
19 the applicant's qualifications for licensure, the Kansas racing and gaming
20 commission shall require the applicant to pay to the Kansas racing and
21 gaming commission, at such times and in such form as required by the
22 executive director, any additional amounts necessary to pay such ex-
23 penses. No license shall be issued to an applicant until the applicant has
24 paid such additional amounts in full, and such amounts shall not be re-
25 fundable except to the extent that they exceed the actual expenses of
26 processing the application and investigating the applicant's qualifications
27 for licensure.

28 (c) The Kansas racing and gaming commission shall require appli-
29 cants as a condition of licensure to consent to allow agents of the Kansas
30 bureau of investigation or security personnel of the Kansas lottery and
31 the Kansas racing and gaming commission to search without warrant the
32 licensee's premises and personal property and the persons of its owners,
33 officers and employees while engaged in the licensee's business within
34 the premises of the racetrack facility or adjacent facilities under the con-
35 trol of the organization licensee, for the purpose of investigating criminal
36 violations of this act or violations of rules and regulations of the
37 commission.

38 (d) The Kansas racing and gaming commission may refuse to issue
39 an electronic gaming machine equipment or services license to any busi-
40 ness if any person having an interest ownership in such business, any
41 person who is an officer of such business or any person employed by such
42 business within the racetrack facility:

43 (1) Has been convicted of a felony in a court of any state or of the

1 United States, has been adjudicated in the last 10 years, in any such court
2 of committing as a juvenile an act which, if committed by an adult, would
3 constitute a felony or has been convicted of a crime in any other state or
4 country which would constitute a felony if committed under the same
5 circumstances pursuant to Kansas law;

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

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

14 (4) has been found by the executive director to have violated any
15 provision of this act or any rule and regulation of the executive director;
16 or

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

19 (e) The executive director may suspend or revoke the electronic gam-
20 ing machine equipment or services license of any business for any reason
21 which would justify refusal to issue such a license.

22 (f) The commission may provide by rules and regulations for the tem-
23 porary suspension of an electronic gaming machine equipment or services
24 license. Such suspension shall be for a period not exceeding 30 days. Upon
25 expiration of such suspension, the license shall be restored unless the
26 license has been suspended or revoked as a result of proceedings con-
27 ducted pursuant to subsection (e).

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

32 New Sec. 21. All sales of electronic gaming machine games shall be
33 exempt from sales taxes imposed pursuant to K.S.A. 12-187 *et seq.*, and
34 79-3601 *et seq.*, and amendments thereto.

35 ***New Sec. 22. All licensees are subject to all income taxes, sales***
36 ***taxes, earnings taxes, use taxes, property taxes or any other tax or***
37 ***fee now or hereafter lawfully levied by any political subdivision;***
38 ***however, no other license tax, permit tax, occupation tax, operation***
39 ***or machine tax or taxes or fees shall be imposed, levied or assessed***
40 ***exclusively upon gaming by a political subdivision.***

41 ***New Sec. 23. No tax credit, tax abatement, enterprise zone or***
42 ***tax increment financing shall be available to any lottery gaming***
43 ***machine operator licensed pursuant to this act, nor shall any gov-***

1 *ernmental entity or subdivision transfer or make available any real*
2 *or personal property to a lottery gaming machine operator at less*
3 *than fair market value.*

4 **New Sec. 24.** *On or before the first day of each regular session*
5 *of the legislature, the executive director shall prepare and submit*
6 *to the president of the senate and the speaker of the house of rep-*
7 *resentatives a report containing player statistical information, by*
8 *county, including the frequency of player activity and the amount*
9 *of winnings and losses.*

10 **New Sec. 25.** (a) *Electronic gaming machines shall be designed*
11 *so that a machine will not operate unless a player identification*
12 *card is inserted into the machine and remains in the machine during*
13 *player operation.*

14 (b) *The executive director shall provide for the issuance of*
15 *player identification cards at locations where Kansas drivers' li-*
16 *censes are obtained. There shall be no charge for such identification*
17 *card. Any cost incurred in the issuance of such identification cards*
18 *shall be paid by the Kansas lottery.*

19 (c) *The executive director may authorize lottery retailers to is-*
20 *sue player identification cards. There shall be no charge for such*
21 *identification cards and the cost of issuance shall be borne by the*
22 *retailer.*

23 **New Sec. ~~22~~ 26.** Each lottery gaming machine operator shall hold
24 the executive director of the Kansas lottery, the Kansas lottery commis-
25 sion, the executive director of the Kansas racing and gaming commission,
26 the Kansas racing and gaming commission and the state harmless from
27 and defend and pay for the defense of any and all claims which may be
28 asserted against the executive director, the commission, the executive
29 director of the Kansas racing and gaming commission and the state, or
30 the agents or employees thereof, arising from the operation of electronic
31 gaming machines located at parimutuel licensee location of such lottery
32 gaming machine operator. The provisions of this section shall not apply
33 to any claims arising from the negligence or willful misconduct of the
34 executive director, the commission, the executive director of the Kansas
35 racing and gaming commission, the Kansas racing and gaming commis-
36 sion and the state, or the agents or employees thereof.

37 **New Sec. ~~23~~ 27.** If a disagreement arises between the executive
38 director and the Kansas racing and gaming commission with regard to
39 their respective duties or responsibilities in carrying out the purposes of
40 the Kansas gaming act, such disagreement shall be resolved by the gov-
41 ernor in a manner not inconsistent with the provisions of this act.

42 **New Sec. ~~24~~ 28.** As a condition precedent to contracting for the
43 privilege of being a lottery gaming machine contractor, parimutuel li-

1 censees shall file with the secretary of state of this state written consent,
2 irrevocable, that any action or garnishment proceeding may be com-
3 menced against such licensees in the proper court of any county in this
4 state in which the case of action shall arise or in which the plaintiff may
5 reside by the service of process on a resident agent, and stipulating and
6 agreeing that such service shall be taken and held in all courts to be as
7 valid and binding as if due service had been made upon the licensee. The
8 written consent shall state that the courts of this state have jurisdiction
9 over the person of such licensee and are the proper and convenient forum
10 for such action and shall waive the right to request a change of jurisdiction
11 or venue to a court outside that state and that all actions arising under
12 this act and commenced by the licensee shall be brought in this state's
13 court as the proper and convenient forum. Such consent shall be executed
14 by the licensee and if a corporation, by the president and secretary of the
15 corporate licensee, and shall be accompanied by a duly certified copy of
16 the order or resolution of the board of directors, trustees or managers
17 authorizing the president and secretary to execute the same.

18 ~~Sec. 25.~~ **29.** K.S.A. 74-8710 is hereby amended to read as follows:
19 74-8710. (a) The commission, upon the recommendation of the executive
20 director, shall adopt rules and regulations governing the establishment
21 and operation of a state lottery as necessary to carry out the purposes of
22 this act. Temporary rules and regulations may be adopted by the com-
23 mission without being subject to the provisions and requirements of
24 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
25 subject to approval by the attorney general as to legality and shall be filed
26 with the secretary of state and published in the Kansas register. Tem-
27 porary and permanent rules and regulations may include but shall not be
28 limited to:

29 (1) Subject to the provisions of subsection (c), the types of lottery
30 games to be conducted, including but not limited to instant lottery, on-
31 line and traditional games, but not including games on video lottery ma-
32 chines or lottery machines.

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

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

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

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

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

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

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

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

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

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

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

14 (13) *Rules and regulations to implement, administer and enforce the*
15 *provisions of the Kansas 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 effective
19 date of this act unless first approved by the governor or, in the governor's
20 absence or disability, the lieutenant governor.

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

25 ~~Sec. 26.~~ **30.** K.S.A. 74-8711 is hereby amended to read as follows:
26 74-8711. (a) There is hereby established in the state treasury the lottery
27 operating fund.

28 (b) *Except as otherwise provided by the Kansas gaming act*, the ex-
29 ecutive director shall remit all moneys collected from the sale of lottery
30 tickets and shares and any other moneys received by or on behalf of the
31 Kansas lottery to the state treasurer in accordance with the provisions of
32 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
33 remittance, the state treasurer shall deposit the entire amount in the state
34 treasury to the credit of the lottery operating fund. Moneys credited to
35 the fund shall be expended or transferred only as provided by this act.
36 Expenditures from such fund shall be made in accordance with appro-
37 priations acts upon warrants of the director of accounts and reports issued
38 pursuant to vouchers approved by the executive director or by a person
39 designated by the executive director.

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

41 (1) The payment of expenses of the lottery, which shall include all
42 costs incurred in the operation and administration of the Kansas lottery,
43 *other than expenses incurred pursuant to the Kansas gaming act*; all costs

1 resulting from contracts entered into for the purchase or lease of goods
2 and services needed for operation of the lottery, including but not limited
3 to supplies, materials, tickets, independent studies and surveys, data
4 transmission, advertising, printing, promotion, incentives, public rela-
5 tions, communications and distribution of tickets and shares; and reim-
6 bursement of costs of facilities and services provided by other state
7 agencies;

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

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

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

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

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

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

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

24 (2) except for pull-tab lottery tickets and shares, an amount equal to
25 not less than 30% of total monthly revenues from the sales of lottery
26 tickets and shares less estimated returned tickets. In the case of pull-tab
27 lottery tickets and shares, an amount equal to not less than 20% of the
28 total monthly revenues from the sales of pull-tab lottery tickets and shares
29 less estimated returned tickets.

30 ~~Sec. 27.~~ **31.** K.S.A. 2002 Supp. 19-101a is hereby amended to read
31 as follows: 19-101a. (a) The board of county commissioners may transact
32 all county business and perform all powers of local legislation and admin-
33 istration it deems appropriate, subject only to the following limitations,
34 restrictions or prohibitions:

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

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

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

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

41 (5) In the exercise of powers of local legislation and administration
42 authorized under provisions of this section, the home rule power con-
43 ferred on cities to determine their local affairs and government shall not

1 be superseded or impaired without the consent of the governing body of
2 each city within a county which may be affected.

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

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

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

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

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

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

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

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

34 (14) Counties may not exempt from or effect changes in K.S.A. 19-
35 430, and amendments thereto.

36 (15) Counties may not exempt from or effect changes in K.S.A. 19-
37 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

38 (16) (A) Counties may not exempt from or effect changes in K.S.A.
39 13-13a26, and amendments thereto.

40 (B) This provision shall expire on June 30, 2004.

41 (17) (A) Counties may not exempt from or effect changes in K.S.A.
42 71-301a, and amendments thereto.

43 (B) This provision shall expire on June 30, 2004.

1 (18) Counties may not exempt from or effect changes in K.S.A. 19-
2 15,139, 19-15,140 and 19-15,141, and amendments thereto.

3 (19) Counties may not exempt from or effect changes in the provi-
4 sions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-
5 1226, and amendments thereto, or the provisions of K.S.A. 12-1260
6 through 12-1270 and 12-1276, and amendments thereto.

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

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

11 (22) Counties may not regulate the production or drilling of any oil
12 or gas well in any manner which would result in the duplication of reg-
13 ulation by the state corporation commission and the Kansas department
14 of health and environment pursuant to chapter 55 and chapter 65 of the
15 Kansas Statutes Annotated and any rules and regulations adopted pur-
16 suant thereto. Counties may not require any license or permit for the
17 drilling or production of oil and gas wells. Counties may not impose any
18 fee or charge for the drilling or production of any oil or gas well.

19 (23) Counties may not exempt from or effect changes in K.S.A. 79-
20 41a04, and amendments thereto.

21 (24) Counties may not exempt from or effect changes in K.S.A. 79-
22 1611, and amendments thereto.

23 (25) Counties may not exempt from or effect changes in K.S.A. 79-
24 1494, and amendments thereto.

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

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

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

32 (29) Counties may not exempt from or effect changes in K.S.A. 79-
33 2017 or 79-2101, and amendments thereto.

34 (30) Counties may not exempt from or effect changes in K.S.A. 2-
35 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d 65-
36 1,178 through 65-1,199 or K.S.A. 2002 Supp. 17-5909, and amendments
37 thereto.

38 (31) Counties may not exempt from or effect changes in K.S.A. 2002
39 Supp. 80-121, and amendments thereto.

40 (32) Counties may not exempt from or effect changes in K.S.A. 19-
41 228, and amendments thereto.

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

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

3 (b) Counties shall apply the powers of local legislation granted in
4 subsection (a) by resolution of the board of county commissioners. If no
5 statutory authority exists for such local legislation other than that set forth
6 in subsection (a) and the local legislation proposed under the authority
7 of such subsection is not contrary to any act of the legislature, such local
8 legislation shall become effective upon passage of a resolution of the
9 board and publication in the official county newspaper. If the legislation
10 proposed by the board under authority of subsection (a) is contrary to an
11 act of the legislature which is applicable to the particular county but not
12 uniformly applicable to all counties, such legislation shall become effec-
13 tive by passage of a charter resolution in the manner provided in K.S.A.
14 19-101b, and amendments thereto.

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

17 ~~New Sec. 28.— All licensees are subject to all income taxes, sales taxes,~~
18 ~~earnings taxes, use taxes, property taxes or any other tax or fee now or~~
19 ~~hereafter lawfully levied by any political subdivision; however, no other~~
20 ~~license tax, permit tax, occupation tax, operation or machine tax or taxes~~
21 ~~or fees shall be imposed, levied or assessed exclusively upon gaming by~~
22 ~~a political subdivision.~~

23 ~~— New Sec. 29.— No tax credit, tax abatement, enterprise zone or T.I.F.~~
24 ~~financing shall be available to any lottery gaming machine operator li-~~
25 ~~icensed pursuant to this act, nor shall any governmental entity or sub-~~
26 ~~division transfer or make available any real or personal property to a~~
27 ~~lottery gaming machine operator at less than fair market value.~~

28 ~~Sec. 30. 32.~~ K.S.A. 2002 Supp. 79-4805 is hereby amended to read
29 as follows: 79-4805. (a) There is hereby established in the state treasury
30 the problem gambling grant fund. All moneys credited to such fund shall
31 be used only for the awarding of grants under this section. Such fund
32 shall be administered in accordance with this section and the provisions
33 of appropriation acts.

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

38 (c) There is hereby established a state grant program to provide as-
39 sistance for the direct treatment of persons diagnosed as suffering from
40 pathological gambling *the continued training of addiction professionals,*
41 *the marketing of programs funded pursuant to this section* and to provide
42 funding for research regarding the impact of gambling on residents of
43 Kansas. Research grants awarded under this section may include, but

1 need not be limited to, grants for determining the effectiveness of edu-
2 cation, *treatment* and prevention efforts on the prevalence of pathological
3 gambling in Kansas. All grants shall be made after open solicitation of
4 proposals and evaluation of proposals against criteria established in rules
5 and regulations adopted by the secretary of the department of social and
6 rehabilitation services. Both public and private entities shall be eligible
7 to apply for and receive grants under the provisions of this section.

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

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

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

24 Sec. ~~31~~ **33**. K.S.A. 74-8702, 74-8710 and 74-8711 and K.S.A. 2002
25 Supp. 19-101a and 79-4805 are hereby repealed.

26 Sec. ~~32~~ **34**. This act shall take effect and be in force from and after
27 its publication in the Kansas register.

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