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4 **SENATE BILL No. 230**

5  
6 By Committee on Federal and State Affairs

7  
8 2-14  
9

10 AN ACT concerning lotteries; ~~relating to issuance and display of retailers'~~  
11 ~~certificates and transfer of Kansas lottery proceeds to the state gaming~~  
12 ~~revenues fund; amending K.S.A. 74-8708 and 74-8711 and repealing~~  
13 ***relating to the regulation thereof and the distribution of moneys***  
14 ***derived therefrom; amending K.S.A. 74-8708, 74-8711 and 74-***  
15 ***8821 and repealing*** the existing sections.

16  
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 74-8708 is hereby amended to read as follows: 74-  
19 8708. (a) The executive director shall select as lottery retailers such per-  
20 sons as deemed best able to serve the public convenience and promote  
21 the sale of tickets or shares in accordance with marketing plans developed  
22 by the Kansas lottery. In the selection of lottery retailers, the executive  
23 director shall consider factors such as financial responsibility, security of  
24 the applicant's place of business or activity, accessibility of the applicant's  
25 place of business or activity, integrity, reputation, volume of expected  
26 sales and such other factors as the executive director may deem appro-  
27 priate. The executive director may select the state fair board as a lottery  
28 retailer to sell lottery tickets or shares only on the state fairgrounds and  
29 only during the time of the annual state fair. Other persons lawfully en-  
30 gaged in nongovernmental business on state property may be selected as  
31 lottery retailers.

32 (b) The executive director may charge an application fee to persons  
33 applying to become lottery retailers.

34 (c) All lottery retailer contracts awarded by the Kansas lottery under  
35 this act shall be renewable annually after issuance unless sooner canceled  
36 or terminated.

37 (d) No lottery retailer contract awarded under this act shall be trans-  
38 ferred or assignable.

39 ~~Each lottery retailer shall be issued a lottery retailer certificate~~  
40 ~~which shall be conspicuously displayed at the place where the lottery~~  
41 ~~retailer is authorized to sell lottery tickets or shares.~~

42 ~~(f) Lottery tickets or shares shall only be sold by the lottery retailer~~  
43 ~~at the location stated on the lottery retailer certificate approved by the~~

1 *lottery.*

2 ~~(g)~~ (f) To be selected as a lottery retailer, a natural person acting as  
3 a sole proprietor must:

- 4 (1) Be at least 18 years of age;  
5 (2) have sufficient financial resources to support the activities re-  
6 quired to sell lottery tickets or shares;  
7 (3) be current in payment of all taxes, interest and penalties owed to  
8 any taxing subdivision where the lottery retailer will sell lottery tickets or  
9 shares;  
10 (4) be current in filing all applicable tax returns and in payment of  
11 all taxes, interest and penalties owed to the state of Kansas, excluding  
12 items under formal appeal pursuant to applicable statutes; and

13 (5) not be engaged exclusively in the sale of lottery tickets and shares.

14 ~~(h)~~ (g) No natural person shall be selected as a lottery retailer who:

- 15 (1) Has been convicted of a felony in this or any other jurisdiction,  
16 unless at least 10 years have passed since satisfactory completion of the  
17 sentence or probation imposed by the court for each such felony;  
18 (2) has been convicted of an illegal gambling activity in this or any  
19 other jurisdiction;  
20 (3) has been found to have violated the provisions of this act or any  
21 rule and regulation adopted hereunder;  
22 (4) is a vendor or an employee or agent of any vendor doing business  
23 with the Kansas lottery;  
24 (5) resides in the same household of an employee of the Kansas lot-  
25 tery or of a member of the commission; or  
26 (6) has made a statement of material fact to the Kansas lottery, know-  
27 ing such statement to be false.

28 ~~(i)~~ (h) For a partnership to be selected as a lottery retailer, the part-  
29 nership must meet the requirements of subsections ~~(g)(2), (g)(3), (g)(4)~~  
30 ~~and (g)(5)~~ (f)(2), (f)(3), (f)(4) and (f)(5) and each partner must meet the  
31 requirements of subsections ~~(g)(1), (g)(3), (g)(4) and (h)(1) through (h)(6)~~  
32 (f)(1), (f)(3), (f)(4) and (g)(1) through (g)(6).

33 ~~(j)~~ (i) For a corporation to be selected as a lottery retailer, the cor-  
34 poration must meet the requirements of subsections ~~(g)(2), (g)(3), (g)(4)~~  
35 ~~and (g)(5)~~ (f)(2), (f)(3), (f)(4) and (f)(5) and each officer or director and  
36 each stockholder who owns 5% or more of the stock of such corporation  
37 must meet the requirements of subsections ~~(g)(3), (g)(4) and (h)(1)~~  
38 ~~through (h)(6)~~ (f)(3), (f)(4) and (g)(1) through (g)(6).

39 ~~(k)~~ (j) For an unincorporated association to be selected as a lottery  
40 retailer, the association must meet the requirements of subsections ~~(g)(2),~~  
41 ~~(g)(3), (g)(4) and (g)(5)~~ (f)(2), (f)(3), (f)(4) and (f)(5) and each officer or  
42 director must meet the requirements of subsections ~~(g)(1), (g)(3), (g)(4)~~  
43 ~~and (h)(1) through (h)(6)~~ (f)(1), (f)(3), (f)(4) and (g)(1) through (g)(6).

1     ~~(k)~~ (k) The executive director may terminate the ~~certificate contract~~ *contract*  
2 of any lottery retailer who fails to meet any of the applicable qualifying  
3 standards for selection as a retailer provided in this section or on the  
4 grounds for termination provided in the contract pursuant to rules and  
5 regulations adopted by the commission.

6     ~~(m)~~ (l) If a lottery retailer's rental payments for the business premises  
7 are contractually computed, in whole or in part, on the basis of a per-  
8 centage of retail sales, and such computation of retail sales is not explicitly  
9 defined to include sale of tickets or shares in a state-operated lottery, the  
10 compensation received by the lottery retailer from the lottery shall be  
11 considered the amount of the retail sale for purposes of computing the  
12 rental payment.

13     Sec. 2. K.S.A. 74-8711 is hereby amended to read as follows: 74-  
14 8711. (a) There is hereby established in the state treasury the lottery  
15 operating fund.

16     (b) The executive director shall remit all moneys collected from the  
17 sale of lottery tickets and shares and any other moneys received by or on  
18 behalf of the Kansas lottery to the state treasurer in accordance with the  
19 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
20 each such remittance, the state treasurer shall deposit the entire amount  
21 in the state treasury to the credit of the lottery operating fund. Moneys  
22 credited to the fund shall be expended or transferred only as provided  
23 by this act. Expenditures from such fund shall be made in accordance  
24 with appropriations acts upon warrants of the director of accounts and  
25 reports issued pursuant to vouchers approved by the executive director  
26 or by a person designated by the executive director.

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

28     (1) The payment of expenses of the lottery, which shall include all  
29 costs incurred in the operation and administration of the Kansas lottery;  
30 all costs resulting from contracts entered into for the purchase or lease  
31 of goods and services needed for operation of the lottery, including but  
32 not limited to supplies, materials, tickets, independent studies and sur-  
33 veys, data transmission, advertising, printing, promotion, incentives, pub-  
34 lic relations, communications and distribution of tickets and shares; and  
35 reimbursement of costs of facilities and services provided by other state  
36 agencies;

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

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

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

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

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

2 (d) *On or before the 15th day of each month*, the director of accounts  
3 and reports shall transfer moneys in the lottery operating fund to the state  
4 gaming revenues fund created by K.S.A. 79-4801, and amendments  
5 thereto, ~~on or before the 15th day of each month~~ in an amount certified  
6 monthly by the executive director ~~and determined as follows, whichever~~  
7 ~~is greater:~~

8 ~~(1) An amount to be equal to the moneys in the lottery operating~~  
9 ~~fund in excess of those needed for the purposes described in subsections~~  
10 ~~(c)(1) through (c)(4), or~~

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

17 **Sec. 3. K.S.A. 74-8821 is hereby amended to read as follows:**  
18 **74-8821. (a) The breakage deducted from the amounts paid to win-**  
19 **ning ticket holders for each parimutuel pool shall be computed by**  
20 **the organization licensee and disbursed as set forth in subsections**  
21 ~~(b), (c) and (d) this section. An accounting of the amount and dispo-~~  
22 **sition of the breakage shall be made by each organization licensee**  
23 **as directed by the commission. Except as otherwise provided by**  
24 **K.S.A. 74-8836, and amendments thereto, the breakage on minus**  
25 **pools shall be calculated in multiples of \$.05 rather than \$.10.**

26 **(b) All breakage proceeds from parimutuel wagering conducted**  
27 **by the organization licensee on live horse races conducted by the**  
28 **licensee shall be remitted by the licensee to the commission not later**  
29 **than the 15th day of the month following the race from which the**  
30 **breakage is derived. The commission shall remit any such proceeds**  
31 **received 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**  
34 **the state treasury to the credit of the Kansas horse breeding devel-**  
35 **opment fund created by K.S.A. 74-8829, and amendments thereto.**

36 **(c) Except as provided by subsection (e), all breakage proceeds**  
37 **from parimutuel wagering conducted by the organization licensee**  
38 **on live greyhound races conducted by the licensee shall be distrib-**  
39 **uted by the licensee not later than the 15th day of the month fol-**  
40 **lowing the race from which the breakage is derived as follows:**

41 **(1) An amount equal to 50% of the breakage shall be used at**  
42 **racetrack facilities where derived to supplement open stakes races**  
43 **as approved by the commission; and**

1     **(2) an amount equal to 50% of the breakage shall be paid as**  
2 **purses directly to the breeders of Kansas-whelped greyhounds pur-**  
3 **suant to rules and regulations of the commission.**

4     **(d) All breakage proceeds from parimutuel wagering conducted**  
5 **by a simulcast licensee on simulcast races displayed by the licensee**  
6 **shall be distributed as provided by K.S.A. 74-8836, and amend-**  
7 **ments thereto.**

8     **(e) If a racetrack facility closes or discontinues conducting races and**  
9 **there are undistributed breakage proceeds from parimutuel wagering con-**  
10 **ducted by the organization licensee on live greyhound races, the licensee**  
11 **shall distribute such proceeds to charitable organizations who apply to**  
12 **the organizational licensee. Such proceeds shall be distributed in accord-**  
13 **ance with the licensee's charitable distribution guidelines. Within 30 days**  
14 **of such distribution, the licensee shall file a report with the commission**  
15 **disclosing the amounts of the distributions, the names of the distributees**  
16 **and the date on which the distributions were made.**

17     **The provisions of this subsection shall apply to any racetrack facility**  
18 **conducting races on or before October 31, 2001.**

19     **Sec. ~~3~~ 4. K.S.A. 74-8708 and ~~74-8711~~, 74-8711 and 74-8821 are**  
20 **hereby repealed.**

21     **Sec. 4 5. This act shall take effect and be in force from and after its**  
22 **publication in the statute book.**

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