

SENATE BILL No. 2

By Committee on Ways and Means

6-22

10 AN ACT concerning lotteries; enacting the Kansas expanded lottery act;
11 authorizing operation of certain lottery gaming facilities, electronic
12 gaming machines, video lottery terminals and other lottery games at
13 certain locations; prohibiting certain acts and providing penalties for
14 violations; making appropriations for the fiscal year ending June 30,
15 2006; amending K.S.A. 74-8702, 74-8705, 74-8710, 74-8716, 74-8723,
16 74-8830 and 74-8832, K.S.A. 2004 Supp. 74-8711 and K.S.A. 2004
17 Supp. 19-101a, as amended by section 1 of 2005 Senate Bill No. 298,
18 and repealing the existing sections.

19

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

21 Section 1. K.S.A. 74-8702 is hereby amended to read as follows: 74-
22 8702. As used in the Kansas lottery act, unless the context otherwise
23 requires:

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

25 (b) "Executive director" means the executive director of the Kansas
26 lottery.

27 (c) ~~"Gaming equipment" means any electric, electronic or mechanical~~
28 ~~device or other equipment unique to the Kansas lottery used directly in~~
29 ~~the operation of any lottery and in the determination of winners pursuant~~
30 ~~to this act. "Gaming equipment" means any electric, electronic, comput-~~
31 ~~erized or electromechanical machine, mechanism, supply or device or any~~
32 ~~other equipment, which is: (1) Unique to the Kansas lottery and used~~
33 ~~pursuant to the Kansas lottery act; and (2) integral to the operation of an~~
34 ~~electronic gaming machine, lottery facility game or video lottery terminal;~~
35 ~~and (3) affects the results of an electronic gaming machine, lottery facility~~
36 ~~game or video lottery terminal by determining win or loss.~~

37 (d) "Kansas lottery" means the state agency created by this act to op-
38 erate a lottery or lotteries pursuant to this act.

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

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

43 (g) (1) "Major procurement" means any gaming product or service,

1 including but not limited to facilities, advertising and promotional serv-
2 ices, annuity contracts, prize payment agreements, consulting services,
3 equipment, tickets and other products and services unique to the Kansas
4 lottery, but not including materials, supplies, equipment and services
5 common to the ordinary operations of state agencies.

6 (2) “Major procurement” shall not mean any product, service or other
7 matter covered by or addressed in the Kansas expanded lottery act or a
8 management contract executed pursuant to the Kansas expanded lottery
9 act.

10 (h) “Person” means any natural person, association, *limited liability*
11 *company*, corporation or partnership.

12 (i) “Prize” means any prize paid directly by the Kansas lottery pursuant
13 to ~~its~~ the Kansas lottery act or the Kansas expanded lottery act or any
14 rules and regulations *adopted pursuant to either act*.

15 (j) “Share” means any intangible manifestation authorized by the Kan-
16 sas lottery to prove participation in a lottery game, *except as provided by*
17 *the Kansas expanded lottery act*.

18 (k) “Ticket” means any tangible evidence issued by the Kansas lottery
19 to prove participation in a lottery game *other than a lottery facility game*.

20 (l) “Vendor” means any person who has entered into a major procure-
21 ment contract with the Kansas lottery.

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

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

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

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

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

43 (C) any lottery ticket vending machine, such as a keno ticket vending

1 machine, pull-tab vending machine or an instant-bingo vending machine.

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

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

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

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

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

11 (E) *any electronic gaming machine, lottery facility game or video lottery*
12 *terminal operated in accordance with the provisions of the Kansas ex-*
13 *expanded lottery act.*

14 (p) “Electronic gaming machine” means any electronic, electromechan-
15 ical, video or computerized device, contrivance or machine authorized by
16 the Kansas lottery which, upon insertion of cash, tokens, electronic cards
17 or any consideration, is available to play, operate or simulate the play of
18 a game authorized by the Kansas lottery pursuant to the Kansas expanded
19 lottery act, including, but not limited to, bingo, poker, blackjack, keno and
20 slot machines, and which may deliver or entitle the player operating the
21 machine to receive cash, tokens, merchandise or credits that may be re-
22 deemed for cash. Electronic gaming machines may use bill validators and
23 may be single-position reel-type, single or multi-game video and single-
24 position multi-game video electronic game, including but not limited to,
25 poker, blackjack and slot machines. Electronic gaming machines shall be
26 directly linked to a central computer at a location determined by the
27 executive director for purposes of security, monitoring and auditing. Elec-
28 tronic gaming machines may be linked to the central video lottery terminal
29 computer system.

30 (q) “Progressive electronic game” means a game played on an electronic
31 gaming machine for which the payoff increases uniformly as the game is
32 played and for which the jackpot, determined by application of a formula
33 to the income of independent, local or interlinked electronic gaming ma-
34 chines, may be won.

35 (r) “Token” means a representative of value, of metal or other material,
36 which is not legal tender, redeemable for cash only by the issuing lottery
37 gaming facility manager and which is issued and sold by a lottery gaming
38 facility manager for the sole purpose of playing an electronic gaming
39 machine or lottery facility game.

40 (s) “Lottery gaming facility” means that portion of a building, including
41 the real and personal property, that is owned or leased by the state for
42 the purposes of operating, managing and maintaining lottery facility
43 games.

- 1 (t) “Lottery gaming enterprise” means an entertainment enterprise
2 which includes a lottery gaming facility authorized pursuant to the Kansas
3 expanded lottery act and ancillary lottery gaming operations that have a
4 common business or marketing strategy. A lottery gaming enterprise shall
5 be designed to attract to its lottery gaming facility consumers who reside
6 outside the immediate area of such enterprise.
- 7 (u) “Lottery gaming facility manager” means a corporation, limited
8 liability company or other business entity authorized to construct and
9 manage, or manage alone, pursuant to a management contract with the
10 Kansas lottery, and on behalf of the state, a lottery gaming enterprise and
11 lottery gaming facility.
- 12 (v) “Accelerated lottery gaming facility net payment” means the ad-
13 vanced payment to the state treasurer of a portion of the state’s future
14 share of residual lottery gaming facility revenues upon approval of a man-
15 agement contract with a lottery gaming facility manager for the devel-
16 opment or construction of a lottery gaming facility and management of a
17 lottery gaming enterprise pursuant to the Kansas expanded lottery act.
- 18 (w) “Lottery gaming facility revenues” means the total revenues from
19 lottery facility games at a lottery gaming facility after all related prizes
20 are paid.
- 21 (x) “Residual lottery gaming facility revenues” means the balance of the
22 lottery gaming facility revenues in each account in the lottery gaming
23 facility fund established in subsection (a) of section 8, and amendments
24 thereto, after the transfer to an operating account for the payment of
25 lottery gaming facility expenses and interest on financing approved in the
26 management contract, as described in subsection (b) of section 8, and
27 amendments thereto.
- 28 (y) “Lottery gaming facility expenses” means normal business expenses,
29 as defined in the management contract pursuant to generally accepted
30 accounting principles (GAAP), associated with the ownership and oper-
31 ation of a lottery gaming facility, payments to any city or county and
32 payments to the problem gambling grant fund.
- 33 (z) “Lottery facility games” mean any electronic gaming machines and
34 any other lottery games in the form of Class II or III gaming which, as
35 of May 1, 2004, are authorized to be conducted or operated at a tribal
36 gaming facility, as defined in K.S.A. 74-9802, and amendments thereto,
37 located within the boundaries of this state.
- 38 (aa) “Ancillary lottery gaming facility operations” means additional
39 non-lottery facility game products and services not owned and operated
40 by the state which may be included in the overall development associated
41 with the lottery gaming facility. Such operations may include, but are not
42 limited to, restaurants, hotels, motels, museums or entertainment facilities.
43 Such operations conducted on state-owned property shall pay reasonable

1 *compensation to the state for the use of the space.*

2 *(bb) “Certificate of authorization” means a written approval of the*
3 *executive director authorizing a prospective lottery gaming facility man-*
4 *ager to proceed with approval under section 4, and amendments thereto,*
5 *and any applicable county or city planning and zoning requirements for*
6 *the establishment of a lottery gaming facility pursuant to the Kansas ex-*
7 *panded lottery act. No prospective lottery gaming facility manager shall*
8 *seek the approval under section 4, and amendments thereto, unless such*
9 *prospective manager holds a certificate or temporary certificate of*
10 *authorization.*

11 *(cc) “Management contract” means a contract, subcontract or collateral*
12 *agreement between the state and a lottery gaming facility manager for the*
13 *management of a lottery gaming facility owned and operated by the state,*
14 *negotiated and signed by the executive director on behalf of the state.*
15 *Management contracts shall not be subject to the provisions of K.S.A. 75-*
16 *3738 through 75-3744, and amendments thereto, or to any statutory pro-*
17 *vision regulating major procurements.*

18 *(dd) “Parimutuel licensee” means a facility owner licensee or facility*
19 *manager licensee under the Kansas parimutuel racing act.*

20 *(ee) “Parimutuel licensee location” means the racetrack facility, as de-*
21 *finied in K.S.A. 74-8802, and amendments thereto, owned or managed by*
22 *the parimutuel licensee. A parimutuel licensee location may include any*
23 *existing structure at such racetrack facility or any structure that may be*
24 *constructed on real estate where such racetrack facility is located.*

25 *(ff) “Destination development zone” means one of the following zones*
26 *where one or more lottery gaming facilities may be operated pursuant to*
27 *the Kansas expanded lottery act as a part of an overall strategy of creating*
28 *regional tourism destinations to enhance the local and state economy*
29 *through increased tourism opportunities:*

30 *(1) The northeast Kansas development zone, which consists of Wyan-*
31 *dotte county;*

32 *(2) the southeast Kansas development zone, which consists of Crawford*
33 *and Cherokee counties;*

34 *(3) the south central Kansas development zone, which consists of*
35 *Sedgwick county;*

36 *(4) the southwest Kansas development zone, which consists of Ford*
37 *county; or*

38 *(5) the north central Kansas development zone, which consists of Geary*
39 *county.*

40 *(gg) “Gray machine” means any mechanical, electro-mechanical or*
41 *electronic device, capable of being used for gambling, that is: (1) Not*
42 *authorized by the Kansas lottery, (2) not linked to a lottery central com-*
43 *puter or the central video lottery terminal computer system, (3) available*

1 *to the public for play and (4) capable of simulating a game played on a*
2 *video lottery terminal or any similar gambling game authorized pursuant*
3 *to the Kansas expanded lottery act.*

4 New Sec. 2. (a) Sections 2 through 46, and amendments thereto, shall
5 be known and may be cited as the Kansas expanded lottery act. The
6 Kansas expanded lottery act shall be part of and supplemental to the
7 Kansas lottery act.

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

12 (c) (1) The court shall require the plaintiff in any civil action challenging
13 the constitutionality of the Kansas expanded lottery act to file with the
14 court a surety bond or other financial security approved by the court,
15 conditioned on and in an amount determined by the court as sufficient
16 to provide for payment of any economic damages to the state or others
17 resulting from delay of implementation of such act if the action is dis-
18 missed or, if judgment is entered for the state, payment in full of amounts
19 awarded by the court under paragraph (2).

20 (2) The court in any action challenging the constitutionality of the Kan-
21 sas expanded lottery act may award to the state and others damages for
22 economic harm to the state and others, as well as costs and reasonable
23 attorney fees.

24 (3) The decision of the district court in any action challenging the con-
25 stitutionality of the Kansas expanded lottery act shall be subject to auto-
26 matic review by and appeal to the supreme court of Kansas in the manner
27 provided by applicable statutes and rules of the supreme court governing
28 appellate procedure. The review and appeal shall be expedited in every
29 manner consistent with the proper presentation thereof and given priority
30 pursuant to the statutes and rules of the supreme court governing ap-
31 pellate procedure.

32 New Sec. 3. (a) The executive director shall issue a certificate of au-
33 thorization to each prospective lottery gaming facility manager which
34 meets the necessary requirements established by the executive director
35 and as set forth herein. The executive director shall select as prospective
36 lottery gaming facility managers only such entities as the executive direc-
37 tor deems best able to serve the interests of the state of Kansas, the public
38 good and convenience. In the selection of lottery gaming facility man-
39 agers, the executive director shall consider factors such as financial re-
40 sponsibility, integrity, reputation, experience and such other factors as
41 the executive director deems appropriate.

42 (b) The executive director may charge an administrative application
43 fee. Such fee shall be submitted with the application for a certificate of

1 authorization and shall be reasonably related to the actual costs of proc-
2 essing the application.

3 (c) To receive a certificate of authorization, a prospective lottery gam-
4 ing facility manager shall, at a minimum:

5 (1) Have sufficient access to financial resources to support the activities
6 required of a lottery gaming facility manager under the Kansas expanded
7 lottery act;

8 (2) be current in filing all applicable tax returns and in payment of all
9 taxes, interest and penalties owed to the state of Kansas and any taxing
10 subdivision where such prospective manager is located in the state of
11 Kansas, excluding items under formal appeal pursuant to applicable stat-
12 utes; and

13 (3) have three consecutive years experience in the management of a
14 gaming-related facility operated pursuant to state or federal law.

15 (d) Any certificate of authorization issued to a parimutuel licensee
16 which proposes to establish a lottery gaming facility at a parimutuel li-
17 censee location shall be contingent upon approval by the Kansas racing
18 and gaming commission of a plan for compliance with the requirements
19 for live racing and purse supplements established pursuant to sections 29
20 and 36, and amendments thereto. Upon application of a parimutuel li-
21 censee, the Kansas racing and gaming commission shall open a proceed-
22 ing to consider such licensee's proposal for development of a lottery gam-
23 ing facility at the parimutuel licensee location. Such proposal shall include
24 provisions for: (1) Compliance with the requirements of section 29, and
25 amendments thereto; (2) payment of purse supplements from the appro-
26 priate funds established by section 36, and amendments thereto; and

27 (3) a plan for protecting and promoting live racing in Kansas. The
28 Kansas racing and gaming commission shall hear evidence and testimony
29 from all interested parties. Upon a finding by the Kansas racing and gam-
30 ing commission that the proposal is in the best interest of live racing in
31 Kansas and more beneficial to live racing than placement of video lottery
32 terminals at such parimutuel licensee location, the Kansas racing and
33 gaming commission may approve such proposal and recommend issuance
34 of a certificate of authorization by the executive director of the Kansas
35 lottery pursuant to this section.

36 (e) Subject to the requirements of this section, a certificate of author-
37 ization shall not be unreasonably withheld. The executive director shall
38 issue a temporary certificate of authorization to a prospective lottery gam-
39 ing facility manager if: (1) The executive director believes such manager
40 will meet the appropriate requirements for a certificate of authorization;
41 (2) the prospective manager and the principals, officers and directors, of
42 such prospective manager, have completed acceptable background in-
43 vestigations by federal or state authorities; and (3) a complete review of

1 the application for a certificate cannot be completed within 30 days of
2 the application filing.

3 New Sec. 4. (a) The lottery commission shall adopt rules and regula-
4 tions establishing a procedure to receive, consider and approve proposed
5 management contracts for lottery gaming facilities. Such procedure shall
6 provide for review of competitive proposals within a destination devel-
7 opment zone.

8 (b) The executive director, with the approval of the Kansas lottery com-
9 mission, may enter into a management contract with a prospective lottery
10 gaming facility manager holding a certificate of authorization to construct
11 and manage, or manage alone, on behalf of the state of Kansas, a lottery
12 gaming facility or lottery gaming enterprise at specified destination lo-
13 cations within the northeast and southeast Kansas development zones
14 where the executive director determines the operation of such facility
15 would promote tourism and economic development. Any such specified
16 destination location must be in a county where a proposition submitted
17 pursuant to section 5, and amendments thereto, has been approved by
18 the voters of such county. The executive director shall not be authorized
19 to enter into a management contract for a lottery gaming facility within
20 any destination development zone other than the northeast and southeast
21 Kansas development zones until the voters of the county comprising such
22 zone have approved a proposition as provided by section 5, and amend-
23 ments thereto, and the legislature by statute has authorized a lottery gam-
24 ing facility in the destination development zone comprised by the county.
25 Action on a management contract shall be taken within 60 days of sub-
26 mission of the management contract proposal, unless extended by agree-
27 ment of the proposed manager and the commission.

28 (c) In determining whether to enter into a management contract with
29 a prospective lottery gaming facility manager to manage a lottery gaming
30 facility or lottery gaming enterprise pursuant to this section, the com-
31 mission shall take into consideration the following factors: The size of the
32 proposed facility; the geographic area in which such facility is to be lo-
33 cated; the proposed facility's location as a tourist and entertainment des-
34 tination; the estimated number of tourists that would be attracted by the
35 proposed facility; the number and type of lottery facility games to be
36 operated at the proposed facility; and agreements related to ancillary lot-
37 tery gaming facility operations. In order to facilitate competition among
38 lottery gaming facilities and to increase gaming revenues to the state, no
39 lottery gaming facility manager may hold management contracts for two
40 or more lottery gaming facilities which are located within 20 miles of one
41 another within the state of Kansas.

42 (d) (1) No management contract shall be awarded for a lottery gaming
43 facility located within Wyandotte county to any owner, operator or man-

1 ager of a casino or other gaming establishment which is in operation and
 2 located in Buchanan, Cass, Clay, Jackson, Johnson, Lafayette, Platte or
 3 Ray county, Missouri.

4 (2) No management contract shall be awarded for a lottery gaming
 5 facility located within Cherokee or Crawford county to any owner, op-
 6 erator or manager of a casino or other gaming establishment which is in
 7 operation and located in: (A) Barry, Barton, Cedar, Dade, Jasper,
 8 Lawrence, McDonald, Newton or Vernon county, Missouri; (B) Craig,
 9 Delaware, Mayes or Ottawa county, Oklahoma; or (C) Benton county,
 10 Arkansas.

11 (e) The commission may authorize more than one lottery gaming fa-
 12 cility within a destination development zone if the commission deter-
 13 mines that it is in the best interest of the state to approve multiple man-
 14 agement contracts within such zone. The commission shall determine
 15 through a review of market studies included in proposals whether devel-
 16 opment of multiple lottery gaming facilities within the same market place
 17 is reasonably feasible. If the commission deems it necessary, the com-
 18 mission may provide for an independent market study to assess the mar-
 19 ket impact of more than one lottery gaming facility within the same mar-
 20 ket area.

21 (f) The commission shall not approve a management contract unless:
 22 (1) The commission determines that the proposed development: (A)
 23 Constitutes a lottery gaming enterprise; and (B) demonstrates through a
 24 market study that, considering all other competing gaming and entertain-
 25 ment venues, the proposed development would: (i) Be economically fea-
 26 sible, (ii) be profitable for the state and (iii) not render economically
 27 infeasible any other lottery gaming enterprise; and

28 (2) the commission determines that the proposed development: (A)
 29 Consists of an investment in infrastructure, including ancillary lottery
 30 gaming facility operations, of at least \$150,000,000 for the northeast and
 31 south central development zones; or (B) consists of an investment in in-
 32 frastructure, including ancillary lottery gaming facility operations, of at
 33 least ~~\$30,000,000~~ **\$90,000,000** and demonstrates through a market study
 34 that at least 25% of its gaming consumers would reside outside the state
 35 of Kansas for all other destination development zones.

36 (g) All management contracts authorized under this section shall:

37 (1) Have a maximum initial term of 15 years from the date of opening
 38 of the lottery gaming facility. At the end of the initial term, the contract
 39 may be renewed by mutual consent of the state and the lottery facility
 40 gaming manager;

41 ~~(2) specify the percentage of residual lottery gaming facility revenues~~
 42 ~~to be paid to the lottery gaming facility manager, subject to the following:~~
 43 (A) For a lottery gaming facility located in the northeast or south central

1 ~~development zone, the manager shall be paid (i) a base amount equal to~~
2 ~~not more than 22% of residual lottery gaming facility revenues plus (ii)~~
3 ~~an additional amount equal to not more than 1% of residual lottery gam-~~
4 ~~ing facility revenues for each additional \$25,000,000 of infrastructure in-~~
5 ~~vestment in ancillary lottery gaming facility operations above the amount~~
6 ~~required by subsection (f) if the executive director determines that the~~
7 ~~increased investment will result in additional revenues to the state; and~~
8 ~~(B) for a lottery gaming facility located in any other development zone,~~
9 ~~the manager be paid (i) a base amount equal to not more than 22% of~~
10 ~~residual lottery gaming facility revenues plus (ii) an additional amount~~
11 ~~equal to not more than 1% of residual lottery gaming facility revenues for~~
12 ~~each additional \$5,000,000 of infrastructure investment in ancillary lottery~~
13 ~~gaming facility operations above the amount required by subsection (f) if~~
14 ~~the executive director determines that the increased investment will re-~~
15 ~~sult in additional revenues to the state; and~~

16 **(2) specify the percentage, not to exceed 22%, of residual lottery**
17 **gaming facility revenues to be paid to the manager;**

18 (3) establish a mechanism to facilitate payment of lottery gaming facility
19 expenses, payment of the lottery gaming facility manager's share of the
20 residual lottery gaming facility revenues and distribution of the state's
21 share of the residual lottery gaming facility revenues;

22 (4) establish the types of lottery facility games to be installed in such
23 facility;

24 (5) establish the maximum construction cost or purchase cost of the
25 lottery gaming facility and the mechanism for recovering those costs from
26 the state's share of the residual lottery gaming facility revenues and trans-
27 fer of ownership of such facility to the state, if the lottery gaming facility
28 is owned by the state;

29 (6) specify the terms of the lease including, but not limited to, terms
30 which establish state control of the lottery gaming facility and that any
31 lease payments shall be treated as an operating expense, if the lottery
32 gaming facility is leased by the state;

33 (7) calculate the accelerated lottery gaming facility net payment by
34 multiplying the maximum number of electronic gaming machines au-
35 thorized for and located in the facility by \$15,000 per machine;

36 (8) specify the mechanism for recovering the accelerated lottery gam-
37 ing facility net payment from the state's share of the residual lottery gam-
38 ing facility revenues;

39 (9) specify that financing for construction and operation of the lottery
40 gaming facility on behalf of the state and of the payment to the state of
41 other sums required by the management contract is to be arranged by
42 the lottery gaming facility manager and that the state shall cooperate in
43 the financing by executing all necessary security interests for the construc-

- 1 tion, equipping and operation of the lottery gaming facility;
- 2 (10) incorporate terms and conditions for the ancillary lottery gaming
- 3 facility operations;
- 4 (11) designate as key employees, subject to approval of the executive
- 5 director, any employees or contractors providing services or functions
- 6 which are related to lottery facility games authorized by a management
- 7 contract;
- 8 (12) include financing commitments for construction;
- 9 (13) include a resolution of endorsement from the city, if the proposed
- 10 facility is within the corporate limits of a city, or from the county if the
- 11 proposed facility is located in the unincorporated area of the county;
- 12 (14) include for parimutuel licensee location a requirement that any
- 13 parimutuel licensee developing a destination casino pursuant to this act
- 14 comply with all orders and rules and regulations of the Kansas racing and
- 15 gaming commission with regard to the conduct of live racing, including
- 16 the same minimum days of racing as specified in section 29, and amend-
- 17 ments thereto, for operation of video lottery terminals at parimutuel li-
- 18 censee locations;
- 19 (15) (A) if the lottery gaming facility is located in a destination devel-
- 20 opment zone comprised of one county and is not located within a city,
- 21 include for services, as determined by the management contract, payment
- 22 of an amount equal to not more than 4% of the lottery gaming facility
- 23 revenues to the county in which the lottery gaming facility is located; or
- 24 (B) if the lottery gaming facility is located in a destination development
- 25 zone comprised of one county and is located within a city, include for
- 26 services, as determined by the management contract, payment of an
- 27 amount equal to not more than 2% of the lottery gaming facility revenues
- 28 to the city in which the lottery gaming facility is located and an amount
- 29 equal to not more than 2% of such revenues to the county in which such
- 30 facility is located. Such payment shall be deemed to be an expense of the
- 31 lottery gaming facility;
- 32 (16) (A) if the lottery gaming facility is located in a destination devel-
- 33 opment zone comprised of more than one county and is not located within
- 34 a city, include for services, as determined by the management contract,
- 35 payment of an amount equal to not more than 3% of the lottery gaming
- 36 facility revenues to the county in which the lottery gaming facility is lo-
- 37 cated and an aggregate amount equal to not more than 1% of such rev-
- 38 enues to other counties in the destination development zone, divided
- 39 equally among such counties; or (B) if the lottery gaming facility is located
- 40 in a destination development zone comprised of more than one county
- 41 and is located within a city, include for services, as determined by the
- 42 management contract, payment of an amount equal to not more than
- 43 1.5% of the lottery gaming facility revenues to the city in which the lottery

1 gaming facility is located, an amount equal to not more than 1.5% of such
2 revenues to the county in which such facility is located and an aggregate
3 amount equal to not more than 1% of such revenues to other counties in
4 the destination development zone, divided equally among such counties.
5 Such payment shall be deemed to be an expense of the lottery gaming
6 facility; and

7 (17) allow the lottery gaming facility manager to operate the lottery
8 gaming facility in a manner consistent with this act, but shall place full,
9 complete and ultimate ownership and control of the gaming operation of
10 the lottery gaming facility with the Kansas lottery. The Kansas lottery
11 shall retain the ability to overrule any significant gaming decision without
12 notice required prior to taking such action. The Kansas lottery shall retain
13 full control over all decisions concerning lottery gaming facility games.

14 (h) Any management contract under which the accelerated lottery gam-
15 ing facility net payment has not been paid to the state treasurer within
16 ~~180~~ **30** days of the date of approval of the management contract shall be
17 null and void.

18 (i) Management contracts authorized by this section may include pro-
19 visions relating to:

20 (1) Accounting procedures to determine the lottery gaming facility rev-
21 enues, unclaimed prizes and credits;

22 (2) minimum requirements for a lottery gaming facility manager to
23 provide qualified oversight, security and supervision of the lottery facility
24 games including the use of qualified personnel with experience in appli-
25 cable technology;

26 (3) eligibility requirements for employees, contractors or agents of a
27 lottery gaming facility manager who will have responsibility for or involve-
28 ment with actual gaming activities or for the handling of cash or tokens;

29 (4) background investigations to be performed by the Kansas lottery;

30 (5) licensure requirements of any employee, contractor or agent as
31 provided by the Kansas expanded lottery act or rules and regulations
32 adopted pursuant thereto;

33 (6) provision for termination of the management contract by either
34 party for cause; and

35 (7) any other provision deemed necessary by the parties, including such
36 other terms and restrictions as necessary to conduct any lottery facility
37 game in a legal and fair manner.

38 (j) A management contract shall not constitute property, nor shall it be
39 subject to attachment, garnishment or execution, nor shall it be alienable
40 or transferable, except upon approval by the executive director, nor shall
41 it be subject to being encumbered or hypothecated. No interest in the
42 management contract shall descend by the laws of testate or intestate
43 devolution, but any interest shall cease and expire upon the death of the

1 lottery gaming facility manager or all interest holders in such manager,
2 except that executors, administrators or representatives of the estate of
3 any deceased lottery gaming facility manager and the trustee of any in-
4 solvent or bankrupt lottery gaming facility manager may continue to op-
5 erate pursuant to the management contract under order of the appro-
6 priate court for no longer than one year after the death, bankruptcy or
7 insolvency of such manager.

8 (k) (1) The Kansas lottery shall be the licensee and owner of all software
9 programs used at a lottery gaming facility for any lottery facility game.

10 (2) A lottery gaming facility manager, on behalf of the state, shall pur-
11 chase or lease for the Kansas lottery all lottery facility games. The lottery
12 gaming facility manager shall be entitled to reimbursement from the state
13 for all out-of-pocket expenses related to purchasing, leasing and installing
14 such games. The Kansas lottery shall be the owner of all lottery facility
15 games, except for those leased by the state or leased by the lottery gaming
16 facility manager on behalf of the state, and all lottery facility games shall
17 be subject to the ultimate control of the Kansas lottery in accordance with
18 this act.

19 (l) A lottery gaming facility shall comply with any planning and zoning
20 regulations of the city or county in which it is to be located. The executive
21 director shall not contract with any prospective lottery gaming facility
22 manager for the operation and management of such lottery gaming facility
23 unless such manager first receives any necessary approval under planning
24 and zoning requirements of the city or county in which it is to be located.

25 New Sec. 5. (a) Before the lottery commission may approve manage-
26 ment contracts for operation of lottery gaming facilities in a county, the
27 qualified voters of the county where a lottery gaming facility is proposed
28 to be located must approve the operation of lottery gaming facilities
29 within the county as provided by this section. Once the question has been
30 submitted to and approved by the voters of the county, subsequent elec-
31 tions shall not be required for the approval of the operation of additional
32 lottery gaming facilities in such county.

33 (b) (1) The board of county commissioners of any county may submit,
34 by resolution, and shall submit upon presentation of a petition filed in
35 accordance with this section, to the qualified voters of the county a prop-
36 osition to permit the operation of lottery gaming facilities within the
37 county pursuant to this section. The proposition shall be submitted to the
38 voters either at a special election called by the board of county commis-
39 sioners for that purpose and held not less than 90 days after the resolution
40 is adopted or the petition is filed or at the next general election, as shall
41 be specified by the board of county commissioners or as specified in the
42 petition, as the case may be.

43 (2) A petition to submit a proposition pursuant to this section shall be

1 filed with the county election officer. The petition shall be signed by
2 qualified voters of the county equal in number to not less than 10% of
3 the voters of the county who voted for the office of secretary of state at
4 the last preceding general election at which such office was elected. The
5 following shall appear on the petition: “We request an election to deter-
6 mine whether the Kansas lottery shall be authorized to operate a lottery
7 gaming facility in _____ county.”

8 (3) Upon the adoption of a resolution or the submission of a valid
9 petition calling for an election pursuant to this section, the county election
10 officer shall cause the following proposition to be placed on the ballot at
11 the election called for that purpose: “Shall the Kansas lottery be author-
12 ized to operate a lottery gaming facility in _____ county?”

13 (4) If a majority of the votes cast and counted at such election is in
14 favor of approving the operation of lottery gaming facilities within the
15 county and the county is located within a destination development district
16 where the legislature by statute has authorized the executive director to
17 enter into management contracts for lottery gaming facilities, the lottery
18 commission may accept applications for operation of lottery gaming fa-
19 cilities within the county pursuant to this act. If a majority of the votes
20 cast and counted at an election under this section is against permitting
21 the operation of lottery gaming facilities within the county, the lottery
22 commission shall not approve management contracts for the operation of
23 lottery gaming facilities within the county. The county election officer
24 shall transmit a copy of the certification of the results of the election to
25 the executive director.

26 (5) The election provided for by this subsection (b) shall be conducted,
27 and the votes counted and canvassed, in the manner provided by law for
28 question submitted elections of the county.

29 (c) The lottery commission may consider qualified proposals for lottery
30 gaming facility management contracts for developments in a county
31 where the commission finds that after March 1, 2005, the county has held
32 an election of qualified voters pursuant to the county’s home rule au-
33 thority if the commission determines that the ballot question was in sub-
34 stantial compliance with the requirements of subsection (b)(3) and the
35 election was administered by the county election officer in a manner
36 consistent with the requirements of state election law.

37 (d) The question of the operation of a lottery gaming facility in a county
38 may be submitted at the same election as the question of placement of
39 video lottery terminals in the county under section 25, and amendments
40 thereto.

41 (e) A ballot question submitted prior to April 15, 2005, which uses the
42 phrase “destination casino” shall be deemed valid for the purposes of this
43 section.

1 New Sec. 6. (a) Electronic gaming machines operated pursuant to this
2 act, including those operated as lottery facility games, shall:

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

5 (2) be directly linked to a central lottery communications system to
6 provide monitoring, auditing and other available program information to
7 the Kansas lottery;

8 (3) be on-line and in constant communication with a central computer
9 situated at a location determined by the executive director and specified
10 in the management contract; and

11 (4) be subject to deactivation at any time by order of the executive
12 director.

13 (b) The communications systems selected by the executive director
14 shall not limit participation to only one electronic gaming machine man-
15 ufacturer, distributor, supplier or provider. The lottery gaming facility
16 manager shall lease or purchase for the Kansas lottery and at the lottery
17 gaming facility's expense all equipment necessary to implement such cen-
18 tral communications and auditing functions.

19 (c) No employee, contractor or other person who has any legal affilia-
20 tion with a lottery gaming facility manager shall loan money to or other-
21 wise extend credit to patrons of a location where electronic gaming ma-
22 chines or lottery facility games are situated.

23 New Sec. 7. (a) Each specific type of electronic gaming machine and
24 lottery facility game shall be approved by the Kansas lottery. The Kansas
25 lottery shall examine prototypes of electronic gaming machines and lot-
26 tery facility games and shall notify the lottery gaming facility manager
27 which types of electronic gaming machines or lottery facility games are
28 in compliance with the requirements of this act. The use of progressive
29 electronic gaming machines is expressly permitted.

30 (b) No electronic gaming machine or lottery facility game shall be op-
31 erated pursuant to this act unless the executive director first issues a
32 certificate for such machine or game authorizing its use at a specified
33 location. Each electronic gaming machine and lottery facility game shall
34 have such certificate prominently displayed thereon. Any electronic gam-
35 ing machine or lottery facility game which does not display the certificate
36 required by this section is contraband and a public nuisance subject to
37 confiscation by any law enforcement officer.

38 (c) The executive director shall require any manufacturer, supplier,
39 provider, lottery gaming facility manager or other person seeking the
40 examination and certification of electronic gaming machines or lottery
41 facility games to pay the anticipated actual costs of the examination in
42 advance. After the completion of the examination, the executive director
43 shall refund any overpayment or charge and collect amounts sufficient to

1 reimburse the executive director for any underpayment of actual costs.
2 The executive director may contract for the examination of electronic
3 gaming machines and lottery facility games required by this section, and
4 may rely upon testing done by or for other states regulating electronic
5 gaming machines or lottery facility games, if the executive director deems
6 such testing to be reliable and in the best interest of the state of Kansas.

7 New Sec. 8. (a) There is hereby established in the state treasury the
8 lottery gaming facility fund (LGFF). A separate account for each lottery
9 gaming facility manager shall be maintained in the LGFF for receipt of
10 lottery gaming facility revenues from each respective manager. The lot-
11 tery gaming facility manager shall remit daily all lottery gaming facility
12 revenues to the state treasurer. Upon receipt of the remittance, the state
13 treasurer shall deposit the entire amount in the state treasury and credit
14 it to the respective account maintained for such manager in the LGFF.

15 (b) Upon receipt of each remittance under subsection (a), the state
16 treasurer shall immediately transfer 50% of the lottery gaming facility
17 revenues received from the remitting facility manager into a separate state
18 lottery gaming facility operating account (LGFOA) to be used by the state
19 for the payment of all lottery gaming facility expenses, including all in-
20 terest on financing. For a lottery gaming facility that is owned by the
21 state, a transfer in the amount of the monthly interest then due on such
22 approved financing shall occur from the LGFOA to the debt retirement
23 account established in subsection (d). On a monthly basis, a transfer in
24 an amount equal to 1% of the lottery gaming facility revenues shall occur
25 from the LGFOA to the problem gambling grant fund established by
26 K.S.A. 2004 Supp. 79-4805, and amendments thereto.

27 The executive director or the executive director's designee shall remit
28 payment for all expenses as provided by the management contract ap-
29 proved by the lottery gaming facility manager within three days of sub-
30 mission of documentation evidencing the expense to the executive direc-
31 tor or the executive director's designee.

32 (c) On a monthly basis, the treasurer shall transfer the residual lottery
33 gaming facility revenues in each account in the LGFF as follows:

34 (1) To the lottery gaming facility manager, a percentage specified in
35 the management contract, but not more than ~~the amount provided by~~
36 ~~subsection (g)(2) of section 4, and amendments thereto~~ **22%**; and

37 (2) to the Kansas education opportunity trust fund established pursuant
38 to section 37, and amendments thereto, not less than ~~that amount of~~
39 ~~residual lottery gaming facility revenues remaining after deduction of the~~
40 ~~amount transferred pursuant to paragraph (1)~~ **78%** or 24% of lottery
41 gaming facility revenues, whichever is greater.

42 (d) The state shall maintain for each lottery gaming facility a lottery
43 gaming facility debt retirement account (LGFDR) for the payment of

1 financing obligations related to the lottery gaming facility. Interest shall
2 be payable from the LGFDRA out of the funds transferred from the
3 LGFOA pursuant to subsection (b). To the extent principal on financing
4 obligations related to the lottery gaming facility remains unpaid, the state
5 treasurer first shall transfer to the LGFDRA out of the state's share of
6 the residual lottery gaming facility revenues as provided in subsection
7 (c)(2), such sums as are necessary to pay scheduled principal then due.
8 Thereafter, the balance of the residual lottery gaming facility revenues
9 shall be transferred to the Kansas education opportunity trust fund es-
10 tablished pursuant to section 37, and amendments thereto.

11 (e) On a monthly basis, the executive director and the lottery gaming
12 facility manager shall reconcile the amounts deposited into the LGFOA
13 for the lottery gaming facility manager's payment of the projected lottery
14 gaming facility expenses and approved financing interest with the actual
15 lottery gaming facility expenses and interest accrued. After completion of
16 the reconciliation, the state shall transfer any amount remaining in the
17 LGFOA to the LGFF to be distributed in the manner provided in sub-
18 section (c). If funds in the LGFOA are insufficient to pay lottery gaming
19 facility expenses and interest accrued, the state and the lottery gaming
20 facility manager shall transfer to the LGFOA, in the respective shares
21 provided in subsection (c), the sums necessary to reconcile such insuffi-
22 ciency and balance the LGFOA.

23 New Sec. 9. The Kansas lottery, through rules and regulations, shall
24 establish:

25 (a) A certification requirement, and enforcement procedure, for offi-
26 cers, directors, key employees and persons directly or indirectly owning
27 a 5% or more interest in a lottery gaming facility manager. Such certifi-
28 cation requirement shall include compliance with such security, fitness
29 and background investigations and standards the executive director
30 deems necessary to determine whether such person's reputation, habits
31 or associations pose a threat to the public interest of the state or to the
32 reputation of or effective regulation and control of the lottery gaming
33 facility. Any person convicted of any felony, a crime involving gambling
34 or a crime of moral turpitude prior to applying for a certificate as such
35 sales agent or at any time thereafter shall be deemed unfit. The Kansas
36 lottery shall conduct the security, fitness and background checks required
37 pursuant to this subsection;

38 (b) a certification requirement, and enforcement procedure, for those
39 persons, including electronic gaming machine manufacturers, technology
40 providers and computer system providers, who propose to contract with
41 a lottery gaming facility manager or the state for the provision of goods
42 or services related to a lottery gaming facility, including management
43 services. Such certification requirements shall include compliance with

1 such security, fitness and background investigations and standards of of-
2 ficers, directors, key gaming employees and persons directly or indirectly
3 owning a 5% or more interest in such entity, the executive director deems
4 necessary to determine whether such person's reputation, habits and as-
5 sociations pose a threat to the public interest of the state or to the rep-
6 utation of or effective regulation and control of the lottery gaming facility.
7 Any person convicted of any felony, a crime involving gambling or a crime
8 of moral turpitude prior to applying for a certificate hereunder or at any
9 time thereafter shall be deemed unfit. If the executive director deter-
10 mines the certification standards of another state are comprehensive,
11 thorough and provide similar adequate safeguards, the executive director
12 may certify an applicant already certified in such state without the ne-
13 cessity of a full application and background check. The Kansas lottery
14 shall conduct the security, fitness and background checks required under
15 this subsection;

16 (c) provisions for revocation of a certification required by paragraph
17 (a) or (b) upon a finding that the certificate holder, an officer or director
18 thereof or a person directly or indirectly owning a 5% or more interest
19 therein: (1) Has knowingly provided false or misleading material infor-
20 mation to the Kansas lottery or its employees; or (2) has been convicted
21 of a felony, gambling related offense or any crime of moral turpitude; and

22 (d) provisions for suspension, revocation or nonrenewal of a certifica-
23 tion required by paragraph (a) or (b) upon a finding that the certificate
24 holder, an officer or director thereof or a person directly or indirectly
25 owning a 5% or more interest therein: (1) Has failed to notify the Kansas
26 lottery about a material change in ownership of the certificate holder, or
27 any change in the directors or officers thereof; (2) is delinquent in re-
28 mitting money owed to the Kansas lottery; (3) has violated any provision
29 of any contract between the Kansas lottery and the certificate holder; or
30 (4) has violated any provision of the Kansas expanded lottery act or any
31 rule and regulation adopted hereunder.

32 New Sec. 10. (a) The executive director, or the executive director's
33 designee, may observe and inspect all electronic gaming machines, lottery
34 facility games, lottery gaming facilities and all related equipment and fa-
35 cilities operated by a lottery gaming facility manager.

36 (b) In addition to the powers granted pursuant to K.S.A. 74-8704 and
37 sections 3 and 4, and amendments thereto, the executive director shall
38 have the power to:

39 (1) Examine, or cause to be examined by any agent or representative
40 designated by the executive director, any books, papers, records or mem-
41 oranda of any lottery facility gaming manager, or of any business involved
42 in electronic gaming machines or lottery facility games authorized pur-
43 suant to the Kansas expanded lottery act, for the purpose of ascertaining

- 1 compliance with any provision of the Kansas lottery act, the Kansas ex-
2 panded lottery act, or any rules and regulations adopted thereunder;
- 3 (2) investigate alleged violations of the Kansas expanded lottery act and
4 alleged violations of any rules and regulations, orders and final decisions
5 of the commission or the executive director;
- 6 (3) request a court to issue subpoenas to compel access to or for the
7 production of any books, papers, records or memoranda in the custody
8 or control of any lottery gaming facility manager related to the manage-
9 ment of the lottery gaming facility, or to compel the appearance of any
10 lottery gaming facility manager for the purpose of ascertaining compli-
11 ance with the provisions of the Kansas lottery act and the Kansas ex-
12 panded lottery act or rules and regulations adopted thereunder;
- 13 (4) inspect and approve, prior to publication or distribution, all adver-
14 tising by a lottery gaming facility manager which includes any reference
15 to the Kansas lottery; and
- 16 (5) take any other action as may be reasonable or appropriate to enforce
17 the provisions of the Kansas expanded lottery act and any rules and reg-
18 ulations, orders and final decisions of the executive director or the
19 commission.
- 20 (c) Appropriate security measures shall be required in any and all areas
21 where electronic gaming machines and other lottery facility games au-
22 thorized pursuant to the Kansas expanded lottery act are located or op-
23 erated. The executive director shall approve all such security measures.
- 24 (d) The executive director shall require an annual audit of the elec-
25 tronic gaming machine operations and lottery facility games of each lot-
26 tery gaming facility manager contracting with the Kansas lottery. Such
27 audit shall be conducted by a licensed accounting firm approved by the
28 executive director. Such audit shall be conducted at the expense of the
29 lottery.
- 30 (e) None of the information disclosed pursuant to this section shall be
31 subject to disclosure under the Kansas open records act, K.S.A. 45-216
32 et seq., and amendments thereto.
- 33 New Sec. 11. (a) Wagers shall be received only from a person at the
34 location where the electronic gaming machine or lottery facility game is
35 authorized pursuant to the Kansas expanded lottery act. No person pres-
36 ent at such location shall place or attempt to place a wager on behalf of
37 another person who is not present at such location.
- 38 (b) Violation of this section is a class A nonperson misdemeanor upon
39 a conviction for a first offense. Violation of this section is a severity level
40 9, nonperson felony upon conviction for a second or subsequent offense.
- 41 New Sec. 12. (a) Except as authorized in subsection (c), it is unlawful
42 for any lottery gaming facility manager, or its employees or agents, to
43 allow any person to play electronic gaming machines or lottery facility

- 1 games or share in winnings of a person knowing such person to be:
2 (1) Under 21 years of age;
3 (2) the executive director, a member of the commission or an employee
4 of the Kansas lottery;
5 (3) an employee or agent of the lottery gaming facility manager;
6 (4) an officer or employee of a vendor contracting with the Kansas
7 lottery to supply gaming equipment to the Kansas lottery for use in the
8 operation of any electronic gaming machine or lottery facility game con-
9 ducted pursuant to the Kansas expanded lottery act;
10 (5) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
11 parent or stepparent of a person described in subsection (a)(2), (a)(3) or
12 (a)(4); or
13 (6) a person who resides in the same household as any person described
14 by subsection (a)(2), (a)(3) or (a)(4).
- 15 (b) Violation of subsection (a) is a class A nonperson misdemeanor upon
16 conviction for a first offense. Violation of subsection (a) is a severity level
17 9, nonperson felony upon conviction for a second or subsequent offense.
- 18 (c) The executive director may authorize in writing any employee of
19 the Kansas lottery and any employee of a lottery vendor to play an elec-
20 tronic gaming machine or a lottery facility game authorized pursuant to
21 the Kansas expanded lottery act to verify the proper operation thereof
22 with respect to security and contract compliance. Any prize awarded as
23 a result of such play shall become the property of the Kansas lottery and
24 be added to the prize pools of subsequent lottery games. No money or
25 merchandise shall be awarded to any employee of the Kansas lottery play-
26 ing an electronic gaming machine or lottery facility game pursuant to this
27 subsection.
- 28 New Sec. 13. A person under age 21 shall not be permitted in an area
29 of any location where any electronic gaming machine or lottery facility
30 game authorized pursuant to the Kansas expanded lottery act is being
31 operated or conducted, except for a person at least 18 years of age who
32 is an employee of the lottery gaming facility manager. No employee under
33 age 21 shall perform any function involved in gaming by patrons. No
34 person under age 21 shall be permitted to make a wager on an electronic
35 gaming machine or lottery facility game authorized pursuant to the Kan-
36 sas expanded lottery act.
- 37 New Sec. 14. Except for persons acting in accordance with rules and
38 regulations of the Kansas lottery or by written authority of the executive
39 director in performing installation, maintenance, inspection and repair
40 services, any person who, with the intent to manipulate the outcome, pay
41 out or operation of an electronic gaming machine or lottery facility game,
42 manipulates the outcome, pay out or operation of an electronic gaming
43 machine or lottery facility game by physical, electrical or mechanical

1 means shall be guilty of a severity level 8, nonperson felony.

2 New Sec. 15. (a) Except in accordance with rules and regulations of
3 the Kansas lottery or by written authority from the executive director in
4 performing installation, maintenance, inspection and repair services, it is
5 a class A nonperson misdemeanor for the executive director, the com-
6 mission or any employee or agent of the commission, or the lottery gam-
7 ing facility manager or any employee of such manager, to knowingly, while
8 in Kansas, place a wager on or bet or play an electronic gaming machine
9 or other lottery facility game authorized pursuant to the Kansas expanded
10 lottery act.

11 (b) It is a severity level 8, nonperson felony for any person playing or
12 using any electronic gaming machine or lottery facility game in Kansas
13 knowingly to:

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

21 (2) use gaming billets, tokens or similar objects in a lottery gaming
22 facility other than in the facility for which the billet, token or similar object
23 was approved;

24 (3) possess or use, while on the premises of a lottery gaming facility,
25 or any location where electronic gaming machines or other lottery facility
26 games are authorized pursuant to this act, any cheating or thieving device,
27 including, but not limited to, tools, wires, drills, coins attached to strings
28 or wires or electronic or magnetic devices to facilitate removing from any
29 electronic gaming machine or lottery facility game or any money or con-
30 tents thereof;

31 (4) possess or use while on the premises of a lottery gaming facility, or
32 any location where electronic gaming machines or other lottery facility
33 games are authorized pursuant to the Kansas expanded lottery act, any
34 key or device designed for the purpose of, or suitable for, opening or
35 entering any electronic gaming machine, lottery facility game or similar
36 gaming device or drop box.

37 (c) Any duly authorized agent or employee of the commission or a
38 lottery gaming facility manager may possess and use any of the devices
39 described in paragraphs (3) and (4) of subsection (b) in furtherance of
40 inspection or testing as provided in the Kansas expanded lottery act or in
41 furtherance of such person's employment at any location where electronic
42 gaming machines, lottery facility games or other lottery games are au-
43 thorized pursuant to the Kansas expanded lottery act.

1 New Sec. 16. Each lottery gaming facility manager shall post one or
2 more signs at the location where such manager operates electronic gam-
3 ing machines or lottery facility games to inform patrons of the toll-free
4 number available to provide information and referral services regarding
5 compulsive or problem gambling. The text shall be determined by the
6 secretary of the department of social and rehabilitation services. Failure
7 by a lottery gaming facility manager to post and maintain such signs shall
8 be cause for the imposition of a fine not to exceed \$500 per day.

9 New Sec. 17. No taxes, fees, charges, transfers or distributions, other
10 than those provided for in the Kansas expanded lottery act, shall be made
11 or levied by any city, county or other municipality from or against net
12 machine income or lottery gaming facility revenue derived from elec-
13 tronic gaming machines and lottery facility games operated pursuant to
14 this act.

15 New Sec. 18. All sales of electronic gaming machine games and lottery
16 facility games authorized by the Kansas expanded lottery act shall be
17 exempt from sales taxes imposed pursuant to K.S.A. 12-187 et seq. and
18 79-3601 et seq., and amendments thereto.

19 New Sec. 19. Each lottery gaming facility manager shall hold the ex-
20 ecutive director, the commission and the state harmless from and defend
21 any and all claims which may be asserted against the executive director,
22 the commission and the state, or the agents or employees thereof, arising
23 from the operation of electronic gaming machines, lottery facility games
24 or other lottery-type games pursuant to the Kansas expanded lottery act.
25 This section may be satisfied by procurement of insurance as a lottery
26 gaming facility expense of the lottery gaming facility naming the executive
27 director, the commission and the state as additional insured parties. The
28 provisions of this section shall not apply to any claims arising from a
29 negligent act or omission or willful or malicious misconduct of the exec-
30 utive director, the commission or the state, or the agents or employees
31 thereof.

32 New Sec. 20. As a condition precedent to contracting for the privilege
33 of being a lottery gaming facility manager, such manager shall file with
34 the secretary of state of this state a written and irrevocable consent that
35 any action or garnishment proceeding may be commenced against such
36 manager in the proper court of any county in this state by the service of
37 process on a resident agent, and stipulating and agreeing that such service
38 shall be valid and binding as if service had been made upon such manager.
39 Such written consent shall state that the courts of this state have juris-
40 diction over the person of the lottery gaming facility manager and are the
41 proper and convenient forum for such action and shall waive the right to
42 request a change of jurisdiction or venue to a court outside this state and
43 that all actions arising under this act and commenced by such manager

1 shall be brought in this state's courts as the proper and convenient forum.
2 Such consent shall be executed by the lottery gaming facility manager
3 and, if a corporation, by the president and secretary of such corporate
4 manager. Such consent shall be accompanied by a certified copy of the
5 order or resolution of the board of directors, trustees or managers au-
6 thORIZING the president and secretary to execute the same.

7 New Sec. 21. The Kansas expanded lottery act, lottery gaming facility
8 managers and management contracts under the Kansas expanded lottery
9 act shall not be subject to the provisions of and restrictions on major
10 procurement contracts, including, but not limited to, the provisions of
11 K.S.A. 74-8705, and amendments thereto.

12 New Sec. 22. The sale or service by lottery gaming facility managers
13 or ancillary lottery gaming facility operations and the consumption by
14 patrons of lottery gaming facilities of alcohol, liquor, wine, spirits, cereal
15 malt beverages and other intoxicating liquors is hereby permitted upon
16 and in lottery gaming facilities and ancillary lottery gaming facility oper-
17 ations. The provisions of K.S.A. 41-719, and amendments thereto, relating
18 to alcoholic liquor shall not be applicable to lottery gaming facilities and
19 ancillary lottery gaming facility operations.

20 New Sec. 23. As used in the Kansas expanded lottery act and sections
21 23 through 46, and amendments thereto, unless the context otherwise
22 requires:

23 (a) "Accelerated video lottery net payment" means the advanced pay-
24 ment to the state treasurer of a portion of the state's future share of net
25 video lottery terminal income pursuant to the final management contract
26 between the executive director and a video lottery parimutuel sales agent
27 for the operation of video lottery terminals at a parimutuel licensee
28 location.

29 (b) "Central video lottery terminal computer system" means the central
30 computer system, which monitors the operations of all video lottery ter-
31 minals, approved by the Kansas lottery and which is provided by the
32 central video lottery terminal computer system provider in accordance
33 with this act.

34 (c) "Central video lottery terminal computer system provider" means
35 a person with whom the executive director has contracted for the purpose
36 of providing and maintaining a central video lottery terminal computer
37 system and the related management facilities with respect to operating
38 and servicing the video lottery terminals.

39 (d) "Net video lottery terminal income" means all cash or other con-
40 sideration utilized to play a video lottery terminal, less all cash or other
41 consideration paid out to winning players as prizes.

42 (e) "Organization licensee" has the meaning provided by K.S.A. 74-
43 8802, and amendments thereto.

- 1 (f) “Parimutuel licensee” means a facility owner licensee or facility
2 manager licensee under the Kansas parimutuel racing act.
- 3 (g) “Parimutuel licensee location” means the racetrack facility, as de-
4 fined in K.S.A. 74-8802, and amendments thereto, owned or managed by
5 the parimutuel licensee. A parimutuel licensee location may include any
6 existing structure at such racetrack facility or any structure that may be
7 constructed on real estate where such racetrack facility is located.
- 8 (h) “Progressive video lottery game” means any game whose jackpot
9 grows and accumulates as it is being played on a video lottery terminal
10 and whose outcome is randomly determined by the play of video lottery
11 terminals linked to the central video lottery terminal computer system.
- 12 (i) “Video lottery” means any lottery conducted with a video lottery
13 terminal or, with respect to a progressive game, a network of linked video
14 lottery terminals.
- 15 (j) “Video lottery game” means any electronically simulated game of
16 chance, including but not limited to video poker, keno, line-up, or black-
17 jack, displayed and played on a video lottery terminal.
- 18 (k) “Video lottery parimutuel sales agent” means a parimutuel licensee
19 specifically certified by the Kansas lottery to become a certified video
20 lottery parimutuel sales agent and offer video lottery terminals for play
21 at the parimutuel licensee location.
- 22 (l) “Video lottery terminal” means any electronic, electromechanical,
23 video or computerized device, contrivance or machine authorized by the
24 Kansas lottery which, upon insertion of cash, tokens, electronic cards or
25 any consideration, is available to play, operate or simulate the play of a
26 game authorized by the Kansas lottery pursuant to the Kansas gaming
27 act, including, but not limited to, bingo, poker, blackjack, keno and slot
28 machines, and which may deliver or entitle the player operating the ma-
29 chine to receive cash, tokens, merchandise or credits that may be re-
30 deemed for cash. Video lottery terminals may use bill validators and may
31 be single-position reel-type, single or multi-game video and single-posi-
32 tion multi-game video electronic games, including, but not limited to,
33 poker, blackjack and slot machines. Video lottery terminals shall be linked
34 directly to a central computer at a location determined by the executive
35 director for purposes of security, monitoring and auditing.
- 36 (m) “Video lottery terminal associated equipment” means any propri-
37 etary device, machine or part used in the manufacture, operation or main-
38 tenance of a video lottery terminal.
- 39 (n) “Video lottery terminal management contract” means an agreement
40 between the Kansas lottery and a video lottery parimutuel sales agent
41 which governs the placement and operation of video lottery terminals,
42 including allocation and payment of expenses, management fee and net
43 lease, recovery of any accelerated video lottery net payment and the

1 state's share of net video terminal income which shall not be less than
2 24% of net video lottery terminal income. A video lottery terminal man-
3 agement contract shall not constitute property, nor shall it be subject to
4 attachment, garnishment or execution, nor shall it be alienable or trans-
5 ferable, except upon approval by the executive director, nor shall it be
6 subject to being encumbered or hypothecated. No interest in the man-
7 agement contract shall descend by the laws of testate or intestate devo-
8 lution, but any interest shall cease and expire upon the death of the video
9 lottery parimutuel sales agent or all interest holders in such agent, except
10 that executors, administrators or representatives of the estate of any de-
11 ceased video lottery parimutuel sales agent and the trustee of any insol-
12 vent or bankrupt video lottery parimutuel sales agent may continue to
13 operate pursuant to the management contract under order of the appro-
14 priate court for no longer than one year after the death, bankruptcy or
15 insolvency of such video lottery parimutuel sales agent.

16 (o) "Video lottery terminal manufacturer" means any individual, firm,
17 corporation or other legal entity certified by the Kansas lottery to assem-
18 ble or produce video lottery terminals or video lottery terminal associated
19 equipment for sale or use in this state.

20 (p) "Voucher" means a bearer instrument in the form of a printed ticket
21 or facsimile issued by a video lottery terminal to a player that represents
22 the existing credit balance accumulated by a player of the video lottery
23 terminal. A voucher is a secure document that carries a unique identifier
24 in the form of a serial number and bar code issued by the central video
25 lottery terminal computer system.

26 New Sec. 24. (a) The Kansas lottery shall implement a video lottery
27 program whereby the Kansas lottery places video lottery terminals at pari-
28 mutuel licensee locations.

29 (b) The Kansas lottery shall not place video lottery terminals at any
30 parimutuel licensee location unless the commission has adopted rules and
31 regulations as provided in sections 23 through 46, and amendments
32 thereto.

33 (c) The Kansas lottery shall not place video lottery terminals at pari-
34 mutuel licensee locations in a county unless the question of the placement
35 of video lottery terminals in such county has been submitted to and ap-
36 proved by the voters of such county as provided in section 25, and amend-
37 ments thereto.

38 New Sec. 25. (a) Before the Kansas lottery places any video lottery
39 terminals in a county, the qualified voters of the county must approve the
40 placement of video lottery terminals in the county as provided by this
41 section.

42 (b) (1) The board of county commissioners of any county may submit
43 by resolution, and shall submit upon presentation of a petition filed in

1 accordance with this section, to the qualified voters of the county a prop-
2 osition to permit the placement of video lottery terminals in the county
3 pursuant to this subsection. The proposition shall be submitted to the
4 voters either at a special election called by the board of county commis-
5 sioners for that purpose and held not less than 90 days after the resolution
6 is adopted or the petition is filed or at the next general election, as shall
7 be specified by the board of county commissioners or as specified in the
8 petition, as the case may be.

9 (2) A petition to submit a proposition pursuant to this subsection shall
10 be filed with the county election officer. The petition shall be signed by
11 qualified voters of the county equal in number to not less than 10% of
12 the voters of the county who voted for the office of secretary of state at
13 the last preceding general election at which such office was elected. The
14 following shall appear on the petition: “We request an election to deter-
15 mine whether the Kansas Lottery shall be authorized to place video lot-
16 tery terminals in _____ county.”

17 (3) Upon the adoption of a resolution or the submission of a valid
18 petition calling for an election pursuant to this section, the county election
19 officer shall cause the following proposition to be placed on the ballot at
20 the election called for that purpose: “Shall the Kansas Lottery be au-
21 thorized to place video lottery terminals in _____ county?”

22 (4) If a majority of the votes cast and counted at such election is in
23 favor of approving the placement of video lottery terminals in the county,
24 the executive director may enter into video lottery terminal management
25 contracts for placement of video lottery terminals in the county as pro-
26 vided by this act. If a majority of the votes cast and counted at an election
27 under this section is against placement of video lottery terminals in the
28 county, the executive director shall not enter into video lottery terminal
29 management contracts for placement of video lottery terminals in the
30 county. The county election officer shall transmit a copy of the certifi-
31 cation of the results of the election to the executive director.

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

35 (c) The lottery commission may place video lottery terminals in a
36 county where the commission finds that after March 1, 2005, the county
37 has held an election of qualified voters pursuant to the county’s home
38 rule authority if the commission determines that the ballot question was
39 in substantial compliance with the requirements of subsection (b)(3) and
40 the election was administered by the county election officer in a manner
41 consistent with the requirements of state election law.

42 (d) The question of the placement of video lottery terminals in a county
43 may be submitted at the same election as the question of operation of

1 lottery gaming facilities in the county under section 5, and amendments
2 thereto.

3 New Sec. 26. (a) In accordance with rules and regulations adopted by
4 the commission, the executive director shall have general responsibility
5 for the implementation and administration of the provisions of this act
6 relating to video lottery, including, without limitation, the responsibility
7 to:

8 (1) Establish a statewide video lottery terminal network in accordance
9 with the provisions of this act;

10 (2) review and determine promptly and in reasonable order all certifi-
11 cate applications or proceedings for suspension or revocation of
12 certificates;

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

15 (4) collect all fees imposed pursuant to sections 23 through 46, and
16 amendments thereto;

17 (5) certify net video lottery terminal income by inspecting records,
18 conducting audits, having agents of the Kansas lottery on site or by any
19 other reasonable means;

20 (6) assist the commission in the promulgation of rules and regulations
21 concerning the operation of a statewide video lottery terminal network,
22 which rules and regulations shall include, without limitation, the
23 following:

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

26 (B) payout from video lottery terminals, provided that such payouts
27 shall not be less than 87% of the amount wagered over the life of the
28 video lottery terminal;

29 (C) a certification requirement and enforcement procedure for officers,
30 directors, board members and key employees, specified by the executive
31 director, of video lottery parimutuel sales agents, which certification re-
32 quirement shall include compliance with such security, fitness and back-
33 ground standards as the executive director may deem necessary relating
34 to competence, honesty and integrity, such that a person's reputation,
35 habits and associations do not pose a threat to the public interest of the
36 state or to the reputation of or effective regulation and control of the
37 video lottery; it being specifically understood that any person convicted
38 of any felony, a crime involving gambling or a crime of moral turpitude
39 prior to applying for a certificate as such sales agent or at any time there-
40 after shall be deemed unfit. The Kansas lottery shall conduct the security,
41 fitness and background checks required pursuant to such rules and
42 regulations;

43 (D) a certification requirement and enforcement procedure for those

1 persons or entities, including video lottery terminal manufacturers and
2 the central video lottery terminal computer system providers, who pro-
3 pose to contract with a video lottery parimutuel sales agent or the state
4 for the provision of goods or services related to the video lottery, including
5 management services, which certification requirements shall include
6 compliance with such security, fitness and background standards of offi-
7 cers, directors, key employees specified by the executive director and
8 persons who own, directly or indirectly, 5% or more of such entity, as the
9 executive director may deem necessary relating to competence, honesty
10 and integrity, such that a person's reputation, habits and associations do
11 not pose a threat to the public interest of the state or to the reputation
12 of or effective regulation and control of the video lottery; it being specif-
13 ically understood that any person convicted of any felony, a crime involv-
14 ing gambling or a crime of moral turpitude prior to applying for a certifi-
15 cate hereunder or at any time thereafter shall be deemed unfit. The
16 executive director may determine whether the certification standards of
17 another state are comprehensive, thorough, and provide similar adequate
18 safeguards and, if so, may in the executive director's discretion certify an
19 applicant already certified in such state without the necessity of a full
20 application and background check. The Kansas lottery shall conduct the
21 security, fitness and background checks required under this rule and
22 regulation;

23 (E) the number of video lottery terminals permitted in each parimutuel
24 licensee location, subject to the following: The total number of video
25 lottery terminals shall not exceed 2,000 at a parimutuel licensee location
26 in Wyandotte county; 1,500 at a parimutuel licensee location in Sedgwick
27 county; 1,500 at a parimutuel licensee location in Crawford county; and
28 an aggregate of 500 at parimutuel licensee locations in Greenwood and
29 Harper counties;

30 (F) standards for advertising, marketing and promotional materials
31 used by video lottery parimutuel sales agents;

32 (G) the registration, kind, type, number and location of video lottery
33 terminals at any parimutuel licensee location;

34 (H) the on-site security arrangements for the video lottery terminals;

35 (I) rules and regulations and procedures for the accounting and re-
36 porting of the payments required from video lottery parimutuel sales
37 agents under section 31, and amendments thereto, including the calcu-
38 lations required for such payments;

39 (J) requiring the reporting of information about any video lottery par-
40 imutuel sales agent, its employees, vendors and finances necessary or
41 desirable to ensure the security of the video lottery system. None of the
42 information disclosed pursuant to this subsection shall be subject to dis-
43 closure under the Kansas open records act; and

- 1 (K) the reporting and auditing of financial information of video lottery
2 parimutuel sales agents, including, but not limited to, the reporting of
3 profits or losses incurred by video lottery parimutuel sales agents and the
4 reporting of such other information as the executive director may require
5 to determine compliance with the Kansas expanded lottery act and the
6 rules and regulations adopted hereunder. None of the information dis-
7 closed pursuant to this subsection shall be subject to disclosure under the
8 Kansas open records act.
- 9 (b) In addition to any other powers granted pursuant to the Kansas
10 lottery act or the Kansas expanded lottery act, the executive director shall
11 have the power to:
- 12 (1) Examine, or cause to be examined by any agent or representative
13 designated by the executive director, any books, papers, records or mem-
14 oranda of any video lottery parimutuel sales agent, or of any business
15 involved in video lottery terminals or video lottery games authorized pur-
16 suant to the Kansas expanded lottery act, for the purpose of ascertaining
17 compliance with any provision of the Kansas lottery act or the Kansas
18 expanded lottery act, or any rules and regulations adopted thereunder;
- 19 (2) investigate alleged violations of the Kansas lottery act and alleged
20 violations of any rules and regulations, orders and final decisions of the
21 commission or the executive director;
- 22 (3) request a court to issue subpoenas to compel access to or for the
23 production of any books, papers, records or memoranda in the custody
24 or control of any video lottery parimutuel sales agent related to the man-
25 agement or operation of video lottery terminals, or to compel the ap-
26 pearance of any video lottery parimutuel sales agent for the purpose of
27 ascertaining compliance with the provisions of the Kansas lottery act and
28 the Kansas expanded lottery act, and rules and regulations adopted
29 thereunder;
- 30 (4) inspect and approve, prior to publication or distribution, all adver-
31 tising by a video lottery parimutuel sales agent which includes any ref-
32 erence to the Kansas lottery; and
- 33 (5) take any other action as may be reasonable or appropriate to enforce
34 the provisions of the Kansas expanded lottery act and any rules and reg-
35 ulations, orders and final decisions of the executive director or the
36 commission.
- 37 (c) Appropriate security measures shall be required in any and all areas
38 where video lottery terminals authorized pursuant to the Kansas ex-
39 panded lottery act are located or operated. The executive director shall
40 approve all such security measures.
- 41 (d) The executive director shall require an annual audit of the video
42 lottery terminal operations of each video lottery parimutuel sales agent.
43 Such audit shall be conducted by a licensed accounting firm approved by

1 the executive director. Such audit shall be conducted at the expense of
2 the lottery.

3 (e) None of the information disclosed pursuant to subsection (b) or (d)
4 shall be subject to disclosure under the Kansas open records act.

5 (f) The Kansas lottery shall operate the video lottery terminal network
6 through the central video lottery terminal computer system. The central
7 video lottery terminal computer system shall be capable of auditing the
8 operation, financial data and program information of the video lottery
9 terminal network. All equipment or devices required for operation of the
10 central video lottery terminal computer system shall be included in any
11 contract made for the purpose of providing or operating such system.

12 (g) The central video lottery terminal computer system shall be used
13 for the operation of the video lottery terminal network and shall incor-
14 porate electronic fund transfer procedures to facilitate the collection of
15 revenue, be capable of disabling any video lottery terminal from play, and
16 be capable of communicating with all video lottery terminals approved
17 by the Kansas lottery. The central video lottery terminal computer system
18 provider shall provide certified manufacturers with the protocol docu-
19 mentation and the audit information and controls necessary to enable the
20 manufacturers' video lottery terminals to communicate with the Kansas
21 lottery's central video lottery terminal computer system. The central video
22 lottery terminal computer system shall not limit participation to only one
23 manufacturer of video lottery terminals or video lottery terminal associ-
24 ated equipment.

25 (h) The executive director may remove from play and confiscate any
26 video lottery terminal or gray machine that does not comply with the
27 requirements of the Kansas expanded lottery act. Any video lottery ter-
28 minal that the executive director determines has been modified or the
29 design of which has been modified without the consent of the executive
30 director may be removed from play, confiscated by the executive director
31 and disposed of in any manner allowed by law.

32 (i) With regard to minutes and records of the commission:

33 (1) The Kansas lottery shall keep and maintain a list of all applicants
34 for certification under the Kansas expanded lottery act, together with a
35 record of all actions taken with respect to such applicants. A file and
36 record of the Kansas lottery's actions shall be open to public inspection
37 pursuant to the Kansas open records act, but the information regarding
38 any applicant whose certificate has been denied, revoked or not renewed
39 shall be removed from such list five years after the date certification was
40 denied, revoked or not renewed.

41 (2) All information and data required by the Kansas lottery to be fur-
42 nished to it, or which may otherwise be obtained, relative to the finances,
43 earnings or revenue, except the net video lottery terminal income, of any

1 vendor shall be considered confidential and shall not be revealed in whole
2 or in part without permission of the vendor, except in the course of the
3 necessary administration of the Kansas expanded lottery act, or upon the
4 lawful order of a court of competent jurisdiction, or with the approval of
5 the attorney general, to a duly authorized law enforcement agency.

6 (3) All information and data pertaining to an applicant's criminal rec-
7 ord, family and background furnished to or obtained by the Kansas lottery
8 from any source shall be considered confidential and shall not be revealed,
9 in whole or part. Such information shall be released upon the lawful order
10 of a court of competent jurisdiction or, with the approval of the attorney
11 general, to a duly authorized law enforcement agency.

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

16 New Sec. 27. (a) The executive director may issue, suspend, revoke
17 and renew certificates for video lottery terminal manufacturers, video
18 lottery terminals or video lottery parimutuel sales agents pursuant to rules
19 and regulations adopted by the commission.

20 (b) Any individual, firm, corporation or other legal entity seeking to
21 obtain a certificate pursuant to rules and regulations adopted by the com-
22 mission shall apply to the executive director for such certificate on forms
23 provided by the executive director.

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

27 (d) No certificate issued pursuant to this section shall be assignable or
28 transferable.

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

36 (f) A certificate shall be revoked upon a finding that the certificate
37 holder, or an officer, director or board member thereof:

38 (1) Has knowingly provided false or misleading material information to
39 the Kansas lottery or its employees; or

40 (2) has been convicted of a felony, gambling related offense or any
41 crime of moral turpitude.

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

1 (1) Failure to notify the Kansas lottery about a material change in own-
2 ership of the certificate holder, or any change in the directors, officers or
3 board members thereof;

4 (2) a delinquency in remitting money owed to the Kansas lottery;

5 (3) any violation of any provision of any contract between the Kansas
6 lottery and the certificate holder; or

7 (4) any violation of any provision of the Kansas expanded lottery act or
8 any rule and regulation adopted by the commission.

9 New Sec. 28. (a) Every certified video lottery terminal manufacturer
10 shall submit a training program for the service and maintenance of such
11 video lottery terminals and associated equipment for approval by the Kan-
12 sas lottery. The training program shall include an outline of the training
13 curriculum, a list of instructors and their qualifications, a copy of the
14 instructional materials and the dates, times and location of training clas-
15 ses. No service and maintenance program shall be held until approved by
16 the Kansas lottery.

17 (b) Every service employee shall complete the requirements of the
18 manufacturer's training program before such employee performs service,
19 maintenance and repairs on video lottery terminals or video lottery ter-
20 minal associated equipment. Upon the successful completion by a service
21 employee of the training program required by this section, the Kansas
22 lottery shall issue a certificate authorizing such employee to service, main-
23 tain and repair video lottery terminals and video lottery terminal associ-
24 ated equipment. No certificate of completion shall be issued to any serv-
25 ice employee until the Kansas lottery has ascertained that such employee
26 has completed the required training program. Any person certified as a
27 service employee under this section shall pass a background investigation
28 under the rules and regulations of the commission. The Kansas lottery
29 may revoke certification upon finding a service employee in violation of
30 any provision of the Kansas expanded lottery act or a commission rule
31 and regulation.

32 New Sec. 29. (a) Except as provided in subsection (b):

33 (1) No video lottery terminals shall be operated at a parimutuel licensee
34 location in Sedgwick county unless, during the first full calendar year and
35 each year thereafter in which video lottery terminals are operated at such
36 location, the parimutuel licensee conducts at such location at least 100
37 live greyhound races each calendar week for the number of weeks raced
38 during calendar year 2003 with at least 13 live races conducted each day
39 for not less than five days per week.

40 (2) No video lottery terminals shall be operated at a parimutuel licensee
41 location in Wyandotte county unless, during the first full calendar year
42 and each year thereafter in which video lottery terminals are operated at
43 such location, the parimutuel licensee conducts live horse racing pro-

1 grams for at least 60 days, with at least 10 live races conducted each
2 program, and must offer and make a reasonable effort to conduct a min-
3 imum number of three live races restricted for quarter horses each day
4 and seven live thoroughbred races each day, of which not less than two
5 races each day shall be limited to registered Kansas-bred horses appor-
6 tioned in the same ratio that live races are offered, except that the licensee
7 shall not be required to conduct the second live race restricted to Kansas-
8 bred horses unless there are at least seven qualified entries for such race,
9 and with at least 100 live greyhound races each calendar week for at least
10 the same number of weeks raced during 2003, with at least 13 live races
11 conducted each day for not less than five days per week.

12 (3) No video lottery terminals shall be operated at a parimutuel licensee
13 location in Crawford county unless, during the first full calendar year and
14 each year thereafter in which video lottery terminals are operated at such
15 location, the parimutuel licensee conducts at such location at least 85 live
16 greyhound races each calendar week for the number of weeks raced dur-
17 ing calendar year 2003 in Sedgwick county with at least 12 live races
18 conducted each day for not less than five days per week.

19 (4) If a parimutuel licensee has not held live races pursuant to a sched-
20 ule approved by the Kansas racing and gaming commission in the pre-
21 ceding 12 months, the Kansas racing and gaming commission shall hold
22 a hearing to determine the number of days of live racing required for the
23 remaining days of the first calendar year of operation to qualify for op-
24 eration of video lottery terminals. At such hearing, the commission shall
25 receive testimony and evidence from affected breed groups, the licensee
26 and others, as the Kansas racing and gaming commission deems approp-
27 riate concerning the schedule of live race days. The operation of video
28 lottery terminals shall not commence more than 90 days prior to the start
29 of live racing at such facility.

30 (5) No video lottery terminals shall be operated at a parimutuel licensee
31 location in Greenwood county at Eureka Downs unless, during the first
32 full calendar year and each year thereafter in which video lottery terminals
33 are operated, the parimutuel licensee conducts at least 20 days of live
34 horse racing.

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

40 (7) The Greenwood County Fair Association and Anthony Fair Asso-
41 ciation shall qualify as fair associations pursuant to the provisions of this
42 section and shall be required to comply with all provisions of K.S.A. 74-
43 8814, and amendments thereto.

1 (b) The Kansas racing and gaming commission may not grant excep-
2 tions to the requirements of subsection (a) for a parimutuel licensee con-
3 ducting live racing unless such exception is in the form of an agreement
4 which: (1) Is between the parimutuel licensee and the affected recognized
5 greyhound or recognized horsemen's group, as defined in K.S.A. 74-8802,
6 and amendments thereto; (2) has been approved by the appropriate of-
7 ficial breed registering agencies; and (3) has been submitted to and ap-
8 proved by the commission. In the case of emergencies, weather related
9 issues or immediate circumstances beyond the control of the licensee,
10 the Kansas racing and gaming commission may grant an exception.

11 (c) Notwithstanding the provisions of subsections (a) and (b) of K.S.A.
12 74-8836, and amendments thereto, the Kansas racing and gaming com-
13 mission shall authorize simulcasting on any day the operation of video
14 lottery terminals is authorized at the race track facility at Eureka Downs
15 and the race track facility at Anthony Downs. Rules and regulations of
16 the Kansas racing and gaming commission shall provide that the video
17 lottery terminals shall not be operated at Eureka Downs or Anthony
18 Downs on days when simulcasting signals are not available at the track.

19 New Sec. 30. (a) Video lottery terminals shall not be offered for use or
20 play in this state unless approved by the Kansas lottery. Video lottery
21 terminals may only offer video lottery games authorized by the Kansas
22 lottery.

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

24 (1) Be incapable of manipulation to effect the random probability of
25 winning plays;

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

32 (3) be capable of suspending play as a result of physical tampering until
33 reset at the direction of the executive director or the executive director's
34 designee;

35 (4) be linked directly to a central lottery communications system to
36 provide auditing and other program information as approved by the Kan-
37 sas lottery and specified in the video lottery terminal management con-
38 tract; and

39 (5) be on-line and in constant communication with a central computer
40 located at a location determined by the executive director pursuant to the
41 video lottery terminal management contract.

42 New Sec. 31. (a) Net video lottery terminal income shall be distributed
43 as follows:

- 1 (1) To the video lottery parimutuel sales agent, an amount equal to:
2 (A) 22% of net video lottery terminal income as a management fee and
3 net lease for facilities used for the operation of video lottery terminals at
4 the parimutuel licensee location; plus (B) expenses of the video lottery
5 parimutuel sales agent as provided in the video lottery terminal manage-
6 ment contract, except that such expenses shall not include any payment
7 for lease of facilities;
- 8 (2) 7% of net video lottery terminal income shall be credited to the
9 live horse racing purse supplement fund established by section 36, and
10 amendments thereto;
- 11 (3) 7% of net video lottery terminal income shall be credited to the
12 live greyhound racing purse supplement fund established by section 36,
13 and amendments thereto;
- 14 (4) 1.5% of net video lottery terminal income shall be remitted to the
15 city, if any, and 1.5% of net video lottery terminal income shall be re-
16 mitted to the county where the parimutuel licensee location is located,
17 except that 3% of net video lottery terminal income shall be remitted to
18 such county if the parimutuel licensee location is not located in a city;
- 19 (5) 1% of net video lottery terminal income shall be credited to the
20 problem gambling grant fund established by K.S.A. 2004 Supp. 79-4805,
21 and amendments thereto;
- 22 (6) amounts determined pursuant to the video lottery terminal man-
23 agement contract for direct expenses of the Kansas lottery attributable to
24 implementation, administration and enforcement of the provisions of sec-
25 tions 23 through 46, and amendments thereto, and implementation, over-
26 sight and monitoring of video lottery pursuant to the provisions of such
27 sections shall be credited to the video lottery oversight fund established
28 by section 35, and amendments thereto;
- 29 (7) for a parimutuel licensee location other than a parimutuel licensee
30 location in Crawford county, an amount determined by an agreement
31 which is entered into by the video lottery parimutuel sales agent and the
32 organization licensee at the parimutuel licensee location and which has
33 been approved by the executive director; ~~and~~
- 34 (8) for a parimutuel licensee location located in Crawford county, 2%
35 of net video lottery terminal income shall be paid to the organization
36 licensee at the parimutuel licensee location; *and*
- 37 **(9) 24% of net video lottery terminal income shall be credited**
38 **to the Kansas education opportunity trust fund.**
- 39 (b) A video lottery terminal management contract shall establish an
40 accelerated video lottery net payment of \$15,000 per video lottery ter-
41 minal installed at a parimutuel licensee location. Such payment shall be
42 due and payable upon execution of the management contract. The ac-
43 celerated video lottery net payment shall be recovered by the video lottery

1 parimutuel sales agent pursuant to the terms of the video lottery terminal
2 management contract.

3 New Sec. 32. The Kansas lottery commission, upon the recommen-
4 dation of the executive director, shall adopt rules and regulations neces-
5 sary to carry out the purposes of this act. Temporary rules and regulations
6 may 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 amend-
8 ments thereto, but shall be subject to approval by the attorney general as
9 to legality and shall be filed with the secretary of state and published in
10 the Kansas register.

11 New Sec. 33. (a) All video lottery terminals shall be leased or owned
12 by the Kansas lottery or by an authorized video lottery parimutuel sales
13 agent on behalf of the Kansas lottery pursuant to the terms of a video
14 lottery terminal management contract and shall be obtained from video
15 lottery terminal manufacturers certified pursuant to the Kansas expanded
16 lottery act and the rules and regulations adopted by the commission.

17 (b) The executive director shall contract with an independent labora-
18 tory to test video lottery terminals and associated equipment on a periodic
19 basis to ensure that the terminals and equipment comply with the require-
20 ments of the Kansas expanded lottery act and any other applicable stan-
21 dards and rules and regulations. The video lottery terminal manufacturer
22 providing such terminals and equipment shall pay all costs associated with
23 such testing.

24 (c) Each video lottery parimutuel sales agent shall hold the executive
25 director, the commission, and this state harmless from and defend and
26 pay for the defense of any and all claims which may be asserted against
27 the executive director, the commission, the state or the employees
28 thereof, arising from the participation in the video lottery system; specif-
29 ically excluding, however, any claims arising from the negligence or willful
30 misconduct of the executive director, the commission, the state or the
31 employees thereof.

32 (d) Each video lottery parimutuel sales agent shall provide access to all
33 records of the video lottery parimutuel sales agent and the physical prem-
34 ises of the locations where the video lottery activities are conducted for
35 the purpose of monitoring and inspecting the activities of the video lottery
36 parimutuel sales agent and video lottery games, video lottery terminals
37 and associated equipment.

38 New Sec. 34. (a) There is hereby established in the state treasury the
39 video lottery revenues fund. Separate accounts shall be maintained in
40 such fund for receipt of moneys from each video lottery parimutuel sales
41 agent. All expenditures from the fund shall be made in accordance with
42 appropriation acts upon warrants of the director of accounts and reports
43 issued pursuant to vouchers approved by the executive director for the

1 purposes set forth in this act.

2 (b) All net video lottery terminal income shall be paid daily and elec-
3 tronically to the executive director. The executive director shall remit all
4 moneys received therefrom to the state treasurer in accordance with
5 K.S.A. 75-4215, and amendments thereto. Upon receipt of the remit-
6 tance, the state treasurer shall deposit the entire amount in the state
7 treasury and credit it to the respective account maintained for the video
8 lottery parimutuel sales agent in the video lottery revenues fund.

9 (c) The executive director shall certify weekly to the director of ac-
10 counts and reports the percentages or amounts to be transferred from
11 each account maintained in the video lottery revenues fund to the video
12 lottery oversight fund, the live horse racing purse supplement fund, the
13 live greyhound racing purse supplement fund and the problem gambling
14 grant fund, as provided by section 31, and amendments thereto. Upon
15 receipt of the certification, the director of accounts and reports shall
16 transfer amounts from each such account in accordance with the certifi-
17 cation of the executive director. Once each week, the executive director
18 shall cause amounts from each such account to be paid to cities, counties
19 and video lottery parimutuel sales agents in accordance with section 31,
20 and amendments thereto.

21 (d) Amounts remaining in the video lottery revenues fund after trans-
22 fers and payments pursuant to subsection (c) shall be transferred to the
23 Kansas education opportunity trust fund established pursuant to section
24 37, and amendments thereto.

25 New Sec. 35. (a) There is hereby created in the state treasury the video
26 lottery oversight fund.

27 (b) Moneys in the video lottery oversight fund shall be expended to
28 pay for the expenses of the Kansas lottery attributable to implementation,
29 administration and enforcement of the provisions of sections 23 through
30 46, and amendments thereto, and implementation, oversight and moni-
31 toring of operations of video lottery parimutuel sales agents pursuant to
32 such sections.

33 (c) On or before the 10th of each month, the director of accounts and
34 reports shall transfer from the state general fund to the video lottery
35 oversight fund interest earnings based on:

36 (1) The average daily balance of moneys in the video lottery oversight
37 fund for the preceding month; and

38 (2) the net earnings rate for the pooled money investment portfolio for
39 the preceding month.

40 (d) All expenditures from the video lottery oversight fund shall be made
41 in accordance with appropriation acts upon warrants of the director of
42 accounts and reports issued pursuant to vouchers approved by the exec-
43 utive director for the purposes set forth in the Kansas expanded lottery

1 act.

2 New Sec. 36. (a) (1) There is hereby established in the state treasury
3 the live horse racing purse supplement fund.

4 (2) Twenty-five percent of all moneys credited to the live horse racing
5 purse supplement fund shall be transferred to the Kansas horse breeding
6 development fund created pursuant to K.S.A. 74-8829, and amendments
7 thereto. Two percent of the moneys credited to the live horse racing purse
8 supplement fund shall be distributed to the official registering agency
9 designated pursuant to K.S.A. 74-8830, and amendments thereto, to be
10 used for horse registration, administration, development, representation
11 and promotion of the Kansas horse racing and breeding industries. A
12 complete financial accounting for the use of the funds received pursuant
13 to this subsection shall be provided annually to the Kansas racing and
14 gaming commission. Fifty percent of the moneys credited to the Kansas
15 horse breeding development fund pursuant to this section shall be used
16 as purse supplements for registered Kansas-bred foals and distributed
17 based upon recommendation from the official horse breed registering
18 agency and approval of the Kansas racing and gaming commission. The
19 balance of funds credited to the Kansas horse breeding development fund
20 pursuant to this section shall be used as breed awards for registered Kan-
21 sas-bred broodmares and stallions. The Kansas racing and gaming com-
22 mission shall distribute such moneys credited to the Kansas horse breed-
23 ing development fund in accordance with K.S.A. 74-8829, and
24 amendments thereto.

25 (3) Based on the contribution to the Kansas horse racing and breeding
26 industries in Kansas, the balance in the live horse race purse supplement
27 fund shall be distributed in accordance with rules and regulations adopted
28 by the Kansas racing and gaming commission with recommendations by
29 the official registering agency designated pursuant to K.S.A. 74-8830, and
30 amendments thereto.

31 (b) There is hereby established in the state treasury the live greyhound
32 racing purse supplement fund. Moneys available in such fund shall be
33 paid to the parimutuel licensees for distribution as purse supplements in
34 accordance with rules and regulations of the Kansas racing and gaming
35 commission. Such rules and regulations shall provide that 25% of the total
36 amount credited to such fund shall be transferred to the credit of the
37 Kansas greyhound breeding development fund, created pursuant to
38 K.S.A. 74-8831, and amendments thereto. Funds transferred into the
39 Kansas greyhound breeding development fund pursuant to this section
40 shall be used to supplement special stake races and enhance the amount
41 per point paid to the owners of Kansas-whelped greyhounds which win
42 live races at Kansas greyhound tracks in accordance with Kansas racing
43 and gaming commission rules and regulations. Upon the recommendation

1 of the official greyhound breed registry, the Kansas racing and gaming
2 commission may transfer funds from the Kansas greyhound breeding de-
3 velopment fund to the live greyhound racing purse supplement fund.

4 (c) All purse supplements paid pursuant to this act shall be according
5 to the point schedule in effect on January 1, 2003, at the respective pari-
6 mutuel licensee locations. All purse supplements paid pursuant to this
7 section shall be in addition to purses and supplements paid under K.S.A.
8 74-8801 et seq., and amendments thereto.

9 New Sec. 37. (a) There is hereby established in the state treasury the
10 Kansas education opportunity trust fund. Amounts deposited in such fund
11 shall be expended solely for the purpose of supplementing the state's
12 obligation to fund preschool, kindergarten, elementary, secondary and
13 postsecondary education programs. Expenditures from the Kansas edu-
14 cation opportunity trust fund shall be made pursuant to appropriations
15 acts.

16 (b) Such funding shall be supplemental to, and not in lieu of, any state
17 revenues appropriated during the 2005 regular legislative session to fund
18 educational programs for the fiscal year ending June 30, 2006.

19 (c) Unless the payment or transfer has been authorized pursuant to a
20 separate appropriations act which has been approved by a majority vote
21 of the members of the house of representatives and a majority vote of
22 the members of the senate, the state treasurer shall not make transfers
23 or payments pursuant to an appropriation for any purpose other than
24 supplementing the funding of education programs as described in sub-
25 section (a). Such payment or transfer shall be made only upon certifica-
26 tion of the governor that such payment meets the requirements of this
27 section.

28 New Sec. 38. (a) Wagers shall be received only from a person at the
29 location where the video lottery game is authorized pursuant to the Kan-
30 sas expanded lottery act. No person present at such location shall place
31 or attempt to place a wager on behalf of another person who is not present
32 at such location.

33 (b) No employee or contractor of a video lottery parimutuel sales agent
34 shall loan money to or otherwise extend credit to patrons of the pari-
35 mutuel licensee.

36 (c) Violation of this section is a class A nonperson misdemeanor upon
37 a conviction for a first offense. Violation of this section is a severity level
38 9, nonperson felony upon conviction for a second or subsequent offense.

39 New Sec. 39. (a) A person less than 21 years of age shall not be per-
40 mitted in in area where video lottery games are being conducted, except
41 for a person at least 18 years of age who is an employee of the video
42 lottery parimutuel sales agent. No employee under age 21 shall perform
43 any function involved in gaming by the patrons.

1 (b) No person under age 21 shall play or make a wager on a video
2 lottery game.

3 New Sec. 40. (a) Except as when authorized in accordance with sub-
4 section (c), it is unlawful for any video lottery parimutuel sales agent, or
5 any employee or agent thereof, to allow any person to play video lottery
6 games pursuant to the Kansas expanded lottery act, or share in winnings
7 of such person, knowing such person to be:

8 (1) Less than 21 years of age;

9 (2) the executive director, a member of the commission or an employee
10 of the Kansas lottery;

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

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

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

20 (b) Violation of subsection (a) is a class A nonperson misdemeanor upon
21 conviction for a first offense. Violation of subsection (a) is a severity level
22 9, nonperson felony upon conviction for a second or subsequent offense.

23 (c) The executive director may authorize in writing any employee of
24 the Kansas lottery and any employee of a lottery vendor to play a video
25 lottery game to verify the proper operation thereof with respect to se-
26 curity and contract compliance. Any prize awarded as a result of such
27 ticket purchase shall become the property of the Kansas lottery and be
28 added to the prize pools of subsequent video lottery games. No money
29 or merchandise shall be awarded to any employee playing a video lottery
30 game pursuant to this subsection.

31 New Sec. 41. Except for persons acting in accordance with rules and
32 regulations of the Kansas lottery in performing installation, maintenance
33 and repair services, any person who, with the intent to manipulate the
34 outcome, pay out or operation of a video lottery game, manipulates by
35 physical, electrical or mechanical means the outcome, pay out or opera-
36 tion of such game shall be guilty of a severity level 8, nonperson felony.

37 New Sec. 42. (a) It is a class A nonperson misdemeanor for the exec-
38 utive director, any member of the lottery commission or any employee
39 of the Kansas lottery to place a wager on or bet or play a video lottery
40 game while in Kansas.

41 (b) It is a severity level 8, nonperson felony for any person playing or
42 using any electronic gaming machine or video lottery terminal in Kansas
43 knowingly to:

1 (1) Use other than a lawful coin or legal tender of the United States of
2 America, or to use coin not of the same denomination as the coin intended
3 to be used in an electronic gaming machine or video lottery terminal,
4 except that in the playing of any electronic gaming machine, video lottery
5 terminal or similar gaming device, it shall be lawful for any person to use
6 gaming billets, tokens or similar objects therein which are approved by
7 the Kansas lottery;

8 (2) possess or use, while on premises where video lottery games are
9 authorized pursuant to the Kansas expanded lottery act, any cheating or
10 thieving device, including, but not limited to, tools, wires, drills, coins
11 attached to strings or wires or electronic or magnetic devices to facilitate
12 removing from any electronic gaming machine or video lottery terminal
13 any money or contents thereof, except that a duly authorized agent or
14 employee of the Kansas lottery or video lottery parimutuel sales agent
15 may possess and use any of the foregoing only in furtherance of the agent's
16 or employee's employment at the parimutuel licensee location; or

17 (3) possess or use while on the premises of any video lottery parimutuel
18 sales agent any key or device designed for the purpose of or suitable for
19 opening or entering any video lottery terminal or similar gaming device
20 or drop box, except that a duly authorized agent or employee of the
21 Kansas lottery or video lottery parimutuel sales agent may possess and
22 use any of the foregoing only in furtherance of the agent's or employee's
23 employment at the parimutuel licensee location.

24 New Sec. 43. It shall be a severity level 9, nonperson felony for any
25 individual, firm, corporation or other legal entity to place in operation or
26 continue to have in place any gray machine for use by members of the
27 public at any location in this state.

28 New Sec. 44. Each person subject to a background check pursuant to
29 the Kansas expanded lottery act shall be subject to a state and national
30 criminal history records check which conforms to applicable federal stan-
31 dards for the purpose of verifying the identity of the applicant and
32 whether the person has been convicted of any crime that would disqualify
33 the person from engaging in activities pursuant to this act. The executive
34 director is authorized to use the information obtained from the national
35 criminal history record check to determine the person's eligibility to en-
36 gage in such activities.

37 New Sec. 45. (a) No taxes, fees, charges, transfers or distributions,
38 other than those provided for in the Kansas expanded lottery act, shall be
39 made or levied by any city, county or other municipality from or against
40 net video lottery revenue.

41 (b) All sales of games on video lottery terminals authorized by the
42 Kansas expanded lottery act shall be exempt from sales taxes imposed
43 pursuant to K.S.A. 12-187 et seq., and 79-3601 et seq., and amendments

1 thereto.

2 New Sec. 46. Pursuant to section 2 of the federal act entitled “An Act
3 to Prohibit Transportation of Gambling Devices in Interstate and Foreign
4 Commerce,” 15 U.S.C. 1171 through 1777, the state of Kansas, acting by
5 and through the duly elected and qualified members of the legislature,
6 does hereby in this section, and in accordance with and in compliance
7 with the provisions of section 2 of such federal act, declare and proclaims
8 that it is exempt from the provision of section 2 of such federal act to the
9 extent that such gambling devices as described therein are being trans-
10 ported to or from the Kansas lottery or to or from a lottery gaming facility
11 managed or a video lottery sales agent at a location within the state of
12 Kansas where such gambling devices are authorized pursuant to the Kan-
13 sas expanded lottery act.

14 Sec. 47. K.S.A. 74-8705 is hereby amended to read as follows: 74-8705.

15 (a) Major procurement contracts shall be awarded in accordance with
16 K.S.A. 75-3738 through 75-3744, and amendments thereto, or subsection
17 (b), as determined by the *executive* director, except that:

18 (1) The contract or contracts for the initial lease of facilities for the
19 Kansas lottery shall be awarded upon the evaluation and approval of the
20 *executive* director, the secretary of administration and the director of ar-
21 chitectural services;

22 (2) The commission shall designate certain major procurement con-
23 tracts or portions thereof to be awarded, in accordance with rules and
24 regulations of the commission, solely to minority business enterprises.

25 (b) The *executive* director may award any major procurement contract
26 by use of a procurement negotiating committee. Such committee shall
27 be composed of: (1) The executive director or a Kansas lottery employee
28 designated by the executive director; (2) the chairperson of the commis-
29 sion or a commission member designated by the chairperson; and (3) the
30 director of the division of purchases or an employee of such division
31 designated by the director. Prior to negotiating a major procurement con-
32 tract, the committee shall solicit bids or proposals thereon. The division
33 of purchases shall provide staff support for the committee’s solicitations.
34 Upon receipt of bids or proposals, the committee may negotiate with one
35 or more of the persons submitting such bids or proposals and select from
36 among such persons the person to whom the contract is awarded. Such
37 procurements shall be open and competitive and shall consider relevant
38 factors, including security, competence, experience, timely performance
39 and maximization of net revenues to the state. If a procurement negoti-
40 ating committee is utilized, the provisions of K.S.A. 75-3738 through 75-
41 3744, and amendments thereto, shall not apply. Meetings conducted by
42 the procurement negotiating committee shall be exempt from the pro-
43 visions of the Kansas open meeting act, K.S.A. 75-4317 through 75-4320a,

1 and amendments thereto.

2 (c) Before a major procurement contract is awarded, the executive
3 director shall conduct a background investigation of: (1) The vendor to
4 whom the contract is to be awarded; (2) all officers and directors of such
5 vendor; (3) all persons who own a 5% or more interest in such vendor;
6 (4) all persons who own a controlling interest in such vendor; and (5) any
7 subsidiary or other business in which such vendor owns a controlling
8 interest. The vendor shall submit appropriate investigation authorizations
9 to facilitate such investigation. The executive director may require, in
10 accordance with rules and regulations of the commission, that a vendor
11 submit any additional information considered appropriate to preserve the
12 integrity and security of the lottery. In addition, the executive director
13 may conduct a background investigation of any person having a beneficial
14 interest in a vendor. The secretary of revenue, securities commissioner,
15 attorney general and director of the Kansas bureau of investigation shall
16 assist in any investigation pursuant to this subsection upon request of the
17 executive director. Whenever the secretary of revenue, securities com-
18 missioner, attorney general or director of the Kansas bureau of investi-
19 gation assists in such an investigation and incurs costs in addition to those
20 attributable to the operations of the office or bureau, such additional costs
21 shall be paid by the Kansas lottery. The furnishing of assistance in such
22 an investigation shall be a transaction between the Kansas lottery and the
23 respective officer and shall be settled in accordance with K.S.A. 75-5516,
24 and amendments thereto.

25 Upon the request of the chairperson, the Kansas bureau of investiga-
26 tion and other criminal justice agencies shall provide to the chairperson
27 all background investigation information including criminal history record
28 information, arrest and nonconviction data, criminal intelligence infor-
29 mation and information relating to criminal and background investiga-
30 tions of a vendor to whom a major procurement contract is to be awarded.
31 Such information, other than conviction data, shall be confidential and
32 shall not be disclosed, except as provided in this section. In addition to
33 any other penalty provided by law, disclosure of such information shall
34 be grounds for removal from office or termination of employment.

35 (d) All major procurement contracts shall be subject to approval of the
36 commission.

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

41 (2) *The provisions of paragraph (1) shall not apply to the extension or*
42 *renegotiation of an existing contract with a vendor for the purposes of*
43 *providing services for the monitoring and control of video lottery termin-*

- 1 *als pursuant to the Kansas expanded lottery act. The provisions of this*
2 *subsection (e)(2) shall expire on June 30, 2006.*
- 3 Sec. 48. K.S.A. 74-8710 is hereby amended to read as follows: 74-8710.
- 4 (a) The commission, upon the recommendation of the executive director,
5 shall adopt rules and regulations governing the establishment and oper-
6 ation of a state lottery, *sales of lottery tickets and the operation of lottery*
7 *gaming facilities* as necessary to carry out the purposes of ~~this~~ *the Kansas*
8 *lottery act and the Kansas expanded lottery act.* Temporary rules and
9 regulations may be adopted by the commission without being subject to
10 the provisions and requirements of K.S.A. 77-415 through 77-438, and
11 amendments thereto, but shall be subject to approval by the attorney
12 general as to legality and shall be filed with the secretary of state and
13 published in the Kansas register. Temporary and permanent rules and
14 regulations may include but shall not be limited to:
- 15 (1) Subject to the provisions of subsection (c), the types of lottery games
16 to be conducted, including but not limited to instant lottery, on-line ~~and~~,
17 traditional games, *lottery facility games and video lottery games* but not
18 including games on video lottery machines or lottery machines.
- 19 (2) The manner of selecting the winning tickets or shares, except that,
20 if a lottery game utilizes a drawing of winning numbers, a drawing among
21 entries or a drawing among finalists, such drawings shall always be open
22 to the public and shall be recorded on both video and audio tape.
- 23 (3) The manner of payment of prizes to the holders of winning tickets
24 or shares.
- 25 (4) The frequency of the drawings or selections of winning tickets or
26 shares.
- 27 (5) The type or types of locations at which tickets or shares may be
28 sold.
- 29 (6) The method or methods to be used in selling tickets or shares.
- 30 (7) Additional qualifications for the selection of lottery retailers and the
31 amount of application fees to be paid by each.
- 32 (8) The amount and method of compensation to be paid to lottery
33 retailers, including special bonuses and incentives.
- 34 (9) Deadlines for claims for prizes by winners of each lottery game.
- 35 (10) Provisions for confidentiality of information submitted by vendors
36 pursuant to K.S.A. 74-8705, and amendments thereto.
- 37 (11) Information required to be submitted by vendors, in addition to
38 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) of
41 K.S.A. 74-8705, and amendments thereto, and procedures for the award
42 thereof.
- 43 (13) *Rules and regulations to implement, administer and enforce the*

1 *provisions of the Kansas expanded lottery act. Such rules and regulations*
2 *shall include, but not be limited to, rules and regulations which govern*
3 *management contracts and which are designed to (A) ensure the integrity*
4 *of electronic gaming machines and other lottery facility games and the*
5 *finances of lottery gaming facilities and (B) alleviate problem gambling,*
6 *including a requirement that each lottery gaming facility maintain a self-*
7 *exclusion list by which individuals may exclude themselves from access to*
8 *electronic gaming machines and other lottery facility games.*

9 *(14) The types of electronic gaming machines, lottery facility games,*
10 *video lottery terminals and video lottery games to be operated pursuant*
11 *to the Kansas expanded lottery act.*

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

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

21 Sec. 49. K.S.A. 2004 Supp. 74-8711 is hereby amended to read as fol-
22 lows: 74-8711. (a) There is hereby established in the state treasury the
23 lottery operating fund.

24 (b) Except as provided by K.S.A. 2004 Supp. 74-8724 *and the Kansas*
25 *expanded lottery act*, and amendments thereto, the executive director
26 shall remit all moneys collected from the sale of lottery tickets and shares
27 and any other moneys received by or on behalf of the Kansas lottery to
28 the state treasurer in accordance with the provisions of K.S.A. 75-4215,
29 and amendments thereto. Upon receipt of each such remittance, the state
30 treasurer shall deposit the entire amount in the state treasury to the credit
31 of the lottery operating fund. Moneys credited to the fund shall be ex-
32 pended or transferred only as provided by this act. Expenditures from
33 such fund shall be made in accordance with appropriations acts upon
34 warrants of the director of accounts and reports issued pursuant to vouch-
35 ers approved by the executive director or by a person designated by the
36 executive director.

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

38 (1) The payment of expenses of the lottery, which shall include all costs
39 incurred in the operation and administration of the Kansas lottery; all
40 costs resulting from contracts entered into for the purchase or lease of
41 goods and services needed for operation of the lottery, including but not
42 limited to supplies, materials, tickets, independent studies and surveys,
43 data transmission, advertising, printing, promotion, incentives, public re-

- 1 lations, communications and distribution of tickets and shares; and re-
2 imbursement of costs of facilities and services provided by other state
3 agencies;
- 4 (2) the payment of compensation to lottery retailers;
- 5 (3) transfers of moneys to the lottery prize payment fund pursuant to
6 K.S.A. 74-8712, and amendments thereto;
- 7 (4) transfers to the state general fund pursuant to K.S.A. 74-8713, and
8 amendments thereto;
- 9 (5) transfers to the state gaming revenues fund pursuant to subsection
10 ~~(d) of this section~~ and as otherwise provided by law; and
- 11 (6) transfers to the county reappraisal fund as prescribed by law.
- 12 (d) The director of accounts and reports shall transfer moneys in the
13 lottery operating fund to the state gaming revenues fund created by
14 K.S.A. 79-4801, and amendments thereto, on or before the 15th day of
15 each month in an amount certified monthly by the executive director and
16 determined as follows, whichever is greater:
- 17 (1) An amount equal to the moneys in the lottery operating fund in
18 excess of those needed for the purposes described in subsections (c)(1)
19 through (c)(4); or
- 20 (2) except for pull-tab lottery tickets and shares, an amount equal to
21 not less than 30% of total monthly revenues from the sales of lottery
22 tickets and shares less estimated returned tickets. In the case of pull-tab
23 lottery tickets and shares, an amount equal to not less than 20% of the
24 total monthly revenues from the sales of pull-tab lottery tickets and shares
25 less estimated returned tickets.
- 26 Sec. 50. K.S.A. 74-8716 is hereby amended to read as follows: 74-8716.
- 27 (a) It is unlawful for the executive director, a member of the commission
28 or any employee of the Kansas lottery, or any person residing in the
29 household thereof to:
- 30 (1) Have, either directly or indirectly, an interest in a business knowing
31 that such business contracts with the Kansas lottery for a major procure-
32 ment, whether such interest is as a natural person, partner, member of
33 an association, stockholder or director or officer of a corporation; or
- 34 (2) accept or agree to accept any economic opportunity, gift, loan, gra-
35 tuity, special discount, favor or service, or hospitality other than food and
36 beverages, having an aggregate value of \$20 or more in any calendar year
37 from a person knowing that such person (A) contracts or seeks to contract
38 with the state to supply gaming equipment, materials, tickets or consulting
39 services for use in the lottery or (B) is a lottery retailer or an applicant
40 for lottery retailer.
- 41 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
42 or a person who contracts or seeks to contract with the state to supply
43 gaming equipment, materials, tickets or consulting services for use in the

1 lottery to offer, pay, give or make any economic opportunity, gift, loan,
2 gratuity, special discount, favor or service, or hospitality other than food
3 and beverages, having an aggregate value of \$20 or more in any calendar
4 year to a person, knowing such person is the executive director, a member
5 of the commission or an employee of the Kansas lottery, or a person
6 residing in the household thereof.

7 *(c) It shall be unlawful for any person to serve as executive director, a*
8 *member of the commission or an employee of the Kansas lottery while or*
9 *within two years after holding, either directly or indirectly, a financial*
10 *interest or being employed by or a consultant to any of the following:*

11 *(1) Any lottery gaming facility manager, subcontractor or agent of a*
12 *lottery gaming facility manager, manufacturer or vendor of electronic*
13 *gaming machines or central computer system provider, or any business*
14 *which sells goods or services to a lottery gaming facility manager;*

15 *(2) any video lottery terminal manufacturer or video lottery terminal*
16 *vendor; or*

17 *(3) any licensee pursuant to the Kansas parimutuel racing act, other*
18 *than the Kansas lottery or a person holding a license on behalf of the*
19 *Kansas lottery, or any business which sells goods or services to a pari-*
20 *mutuel licensee.*

21 *(d) No person who holds a license issued by the Kansas racing and*
22 *gaming commission shall serve as executive director or as a member of*
23 *the commission or shall be employed by the Kansas lottery while or within*
24 *two years after holding such license.*

25 *(e) No person shall participate, directly or indirectly, as an owner,*
26 *owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,*
27 *entered in a race meeting conducted in this state while executive director,*
28 *a member of the commission or an employee of the Kansas lottery.*

29 *(f) It shall be unlawful for the executive director, a member of the*
30 *commission or an employee of the Kansas lottery to accept any compen-*
31 *sation, gift, loan, entertainment, favor or service from any lottery gaming*
32 *facility manager, subcontractor or agent of a lottery gaming facility man-*
33 *ager, manufacturer or vendor of electronic gaming machines, video lottery*
34 *terminal manufacturer, video lottery terminal vendor or central computer*
35 *system provider.*

36 *(g) It shall be unlawful for the executive director, a member of the*
37 *commission or an employee of the Kansas lottery to accept any compen-*
38 *sation, gift, loan, entertainment, favor or service from any licensee pur-*
39 *suant to the Kansas parimutuel racing act, except such suitable facilities*
40 *and services within a racetrack facility operated by an organization li-*
41 *cencee as may be required to facilitate the performance of the executive*
42 *director's, member's or employee's official duties.*

43 ~~(e)~~ *(h) Violation of this section is a class A misdemeanor.*

- 1 ~~(i)~~ (i) If the executive director, a member of the commission or an
2 employee of the Kansas lottery, or any person residing in the household
3 thereof, is convicted of an act described by this section, such executive
4 director, member or employee shall be removed from office or employ-
5 ment with the Kansas lottery.
- 6 ~~(j)~~ (j) In addition to the provisions of this section, all other provisions
7 of law relating to conflicts of interest of state employees shall apply to the
8 members of the commission and employees of the Kansas lottery.
- 9 Sec. 51. K.S.A. 74-8723 is hereby amended to read as follows: 74-8723.
- 10 (a) The Kansas lottery and the office of executive director of the Kansas
11 lottery, established by K.S.A. 74-8703, and amendments thereto, and the
12 Kansas lottery commission, created by K.S.A. 74-8709, and amendments
13 thereto, shall be and hereby are abolished on July 1, ~~2008~~ 2022.
- 14 (b) This section shall be part of and supplemental to the Kansas lottery
15 act.
- 16 Sec. 52. K.S.A. 74-8830 is hereby amended to read as follows: 74-8830.
- 17 (a) The commission shall, by rules and regulations:
- 18 (1) Qualify stallions for participation in Kansas-registered stallion
19 awards;
- 20 (2) provide for the registration of Kansas-domiciled mares, Kansas-
21 domiciled stallions and Kansas-bred horses;
- 22 (3) determine qualifications of Kansas-bred horses and establish classes
23 of Kansas-bred horses for registration purposes and for the purpose of
24 awarding purse supplements, stakes and awards pursuant to K.S.A. 74-
25 8829 and amendments thereto; and
- 26 (4) establish a schedule of fees for the registration of Kansas-domiciled
27 mares, Kansas-domiciled stallions and Kansas-bred horses sufficient to
28 provide for all expenses incurred in the administration of the Kansas horse
29 breeding development fund created pursuant to K.S.A. 74-8829 and
30 amendments thereto.
- 31 (b) The commission ~~may~~ shall contract with and designate an official
32 registering agency to implement the registration of horses. *The board of*
33 *directors of the official registering agency shall consist of five represen-*
34 *tatives of the quarter horse breed and five representatives of the thor-*
35 *oughbred breed. Representatives shall be selected by each breed organi-*
36 *zation from their respective memberships pursuant to rules and*
37 *regulations adopted by the Kansas racing and gaming commission. In*
38 *order to be eligible to serve on the board, a participant must be a legal*
39 *resident of the state of Kansas and a member of the Kansas quarter horse*
40 *racing association or the Kansas thoroughbred association. Such agency*
41 *shall operate under the supervision of the commission and be subject to*
42 *rules and regulations of the commission. The official registering agency*
43 *shall receive no compensation from the Kansas racing and gaming com-*

1 *mission* except fees received for registration of horses necessary to pay
2 its expenses for such registration.

3 (c) The commission ~~may~~ *shall* contract with and designate an agency
4 to provide for the distribution of purse supplements, stakes and awards
5 from the Kansas horse breeding development fund. Such agency shall
6 operate under the supervision of the commission and be subject to rules
7 and regulations of the commission.

8 Sec. 53. K.S.A. 74-8832 is hereby amended to read as follows: 74-8832.

9 (a) The commission shall, by rules and regulations, establish a schedule
10 of fees for the registration of Kansas-whelped greyhounds which, together
11 with the amount provided pursuant to K.S.A. 74-8830 and amendments
12 thereto, shall be sufficient to provide for all expenses incurred in the
13 administration of the Kansas greyhound breeding development fund cre-
14 ated pursuant to K.S.A. 74-8831 and amendments thereto.

15 (b) The commission ~~may~~ *shall* contract with and designate an official
16 registering agency to implement the registration of greyhounds. Such
17 agency shall operate under the supervision of the commission and be
18 subject to rules and regulations of the commission. The official registering
19 agency shall receive no compensation *from the Kansas racing and gaming*
20 *commission* except the amount provided pursuant to K.S.A. ~~74-8830~~ 74-
21 8831, and amendments thereto, and fees received for registration of grey-
22 hounds necessary to pay its expenses for such registration.

23 (c) The commission ~~may~~ *shall* contract with and designate an agency
24 to provide for the distribution of purse supplements from the Kansas
25 greyhound breeding development fund. Such agency shall operate under
26 the supervision of the commission and be subject to rules and regulations
27 of the commission.

28 New Sec. 54. (a) The Kansas racing and gaming commission shall es-
29 tablish a greyhound promotion and development fund which shall be
30 funded through a voluntary greyhound purse checkoff program which
31 shall provide for the deduction of 2% from all purses paid to kennels and
32 greyhound owners who participate in the program. Greyhound owners
33 and kennel operators shall be provided an opportunity annually to not
34 participate in the program by signing a form approved by the Kansas
35 racing and gaming commission. Moneys deposited into the fund shall be
36 used for the development, promotion and representation of the grey-
37 hound industry in Kansas and shall be distributed to the organization
38 contracted with by the Kansas racing and gaming commission to admin-
39 ister the official greyhound registry in Kansas.

40 (b) This section shall be part of and supplemental to the Kansas pari-
41 mutuel racing act.

42 Sec. 55. K.S.A. 2004 Supp. 19-101a, as amended by section 1 of 2005
43 Senate Bill No. 298, is hereby amended to read as follows: 19-101a. (a)

1 The board of county commissioners may transact all county business and
2 perform all powers of local legislation and administration it deems ap-
3 propriate, subject only to the following limitations, restrictions or
4 prohibitions:

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

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

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

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

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

16 (6) Counties may not legislate on social welfare administered under
17 state law enacted pursuant to or in conformity with public law No.
18 27174th congress, or amendments thereof.

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

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

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

28 (10) No county may levy ad valorem taxes under the authority of this
29 section upon real property located within any redevelopment project area
30 established under the authority of K.S.A. 12-1772, and amendments
31 thereto, unless the resolution authorizing the same specifically authorized
32 a portion of the proceeds of such levy to be used to pay the principal of
33 and interest upon bonds issued by a city under the authority of K.S.A.
34 12-1774, and amendments thereto.

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

42 (12) Counties may not exempt from or effect changes in the provisions
43 of K.S.A. 19-4601 through 19-4625, and amendments thereto.

- 1 (13) Except as otherwise specifically authorized by K.S.A. 12-1,101
2 through 12-1,109, and amendments thereto, counties may not levy and
3 collect taxes on incomes from whatever source derived.
- 4 (14) Counties may not exempt from or effect changes in K.S.A. 19-430,
5 and amendments thereto.
- 6 (15) Counties may not exempt from or effect changes in K.S.A. 19-302,
7 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.
- 8 (16) (A) Counties may not exempt from or effect changes in K.S.A. 13-
9 13a26, and amendments thereto.
- 10 (B) This provision shall expire on June 30, 2006.
- 11 (17) (A) Counties may not exempt from or effect changes in K.S.A. 71-
12 301a, and amendments thereto.
- 13 (B) This provision shall expire on June 30, 2006.
- 14 (18) Counties may not exempt from or effect changes in K.S.A. 19-
15 15,139, 19-15,140 and 19-15,141, and amendments thereto.
- 16 (19) Counties may not exempt from or effect changes in the provisions
17 of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c and 12-1226,
18 and amendments thereto, or the provisions of K.S.A. 12-1260 through
19 12-1270 and 12-1276, and amendments thereto.
- 20 (20) Counties may not exempt from or effect changes in the provisions
21 of K.S.A. 19-211, and amendments thereto.
- 22 (21) Counties may not exempt from or effect changes in the provisions
23 of K.S.A. 19-4001 through 19-4015, and amendments thereto.
- 24 (22) Counties may not regulate the production or drilling of any oil or
25 gas well in any manner which would result in the duplication of regulation
26 by the state corporation commission and the Kansas department of health
27 and environment pursuant to chapter 55 and chapter 65 of the Kansas
28 Statutes Annotated, and amendments thereto, and any rules and regula-
29 tions adopted pursuant thereto. Counties may not require any license or
30 permit for the drilling or production of oil and gas wells. Counties may
31 not impose any fee or charge for the drilling or production of any oil or
32 gas well.
- 33 (23) Counties may not exempt from or effect changes in K.S.A. 79-
34 41a04, and amendments thereto.
- 35 (24) Counties may not exempt from or effect changes in K.S.A. 79-
36 1611, and amendments thereto.
- 37 (25) Counties may not exempt from or effect changes in K.S.A. 79-
38 1494, and amendments thereto.
- 39 (26) Counties may not exempt from or effect changes in subsection (b)
40 of K.S.A. 19-202, and amendments thereto.
- 41 (27) Counties may not exempt from or effect changes in subsection (b)
42 of K.S.A. 19-204, and amendments thereto.
- 43 (28) Counties may not levy or impose an excise, severance or any other

1 tax in the nature of an excise tax upon the physical severance and pro-
2 duction of any mineral or other material from the earth or water.

3 (29) Counties may not exempt from or effect changes in K.S.A. 79-
4 2017 or 79-2101, and amendments thereto.

5 (30) Counties may not exempt from or effect changes in K.S.A. 2-3302,
6 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-1,178
7 through 65-1,199, and amendments thereto.

8 (31) Counties may not exempt from or effect changes in K.S.A. 2004
9 Supp. 80-121, and amendments thereto.

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

12 (33) Counties may not exempt from or effect changes in the wireless
13 enhanced 911 act or in the provisions of K.S.A. 12-5301 through 12-5308,
14 and amendments thereto.

15 (34) Counties may not exempt from or effect changes in K.S.A. 2004
16 Supp. 26-601, and amendments thereto.

17 (35) (A) From and after November 15, 2005, counties may not exempt
18 from or effect changes in the Kansas liquor control act except as provided
19 by paragraph (B).

20 (B) From and after November 15, 2005, counties may adopt resolutions
21 which are not in conflict with the Kansas liquor control act.

22 (36) (A) From and after November 15, 2005, counties may not exempt
23 from or effect changes in the Kansas cereal malt beverage act except as
24 provided by paragraph (B).

25 (B) From and after November 15, 2005, counties may adopt resolutions
26 which are not in conflict with the Kansas cereal malt beverage act.

27 (37) *Counties may not exempt from or effect changes in the Kansas*
28 *lottery act.*

29 (38) *Counties may not exempt from or effect changes in the Kansas*
30 *expanded lottery act.*

31 (b) Counties shall apply the powers of local legislation granted in sub-
32 section (a) by resolution of the board of county commissioners. If no
33 statutory authority exists for such local legislation other than that set forth
34 in subsection (a) and the local legislation proposed under the authority
35 of such subsection is not contrary to any act of the legislature, such local
36 legislation shall become effective upon passage of a resolution of the
37 board and publication in the official county newspaper. If the legislation
38 proposed by the board under authority of subsection (a) is contrary to an
39 act of the legislature which is applicable to the particular county but not
40 uniformly applicable to all counties, such legislation shall become effec-
41 tive by passage of a charter resolution in the manner provided in K.S.A.
42 19-101b, and amendments thereto.

43 (c) Any resolution adopted by a county which conflicts with the restric-

1 tions in subsection (a) is null and void.

2 New Sec. 56.

3 STATE DEPARTMENT OF EDUCATION

4 (a) There is appropriated for the above agency from the following spe-
5 cial revenue fund or funds for the fiscal year ending June 30, 2006, all
6 moneys now or hereafter lawfully credited to and available in such fund
7 or funds, except that expenditures other than refunds authorized by law
8 shall not exceed the following:

9 Kansas education opportunity trust fund..... \$160,781,000

10 Sec. 57. K.S.A. 74-8702, 74-8705, 74-8710, 74-8716, 74-8723, 74-8830
11 and 74-8832, K.S.A. 2004 Supp. 74-8711 and K.S.A. 2004 Supp. 19-101a,
12 as amended by section 1 of 2005 Senate Bill No. 298, are hereby repealed.

13 Sec. 58. This act shall take effect and be in force from and after its
14 publication in the Kansas register.