

## HOUSE BILL No. 2187

By Committee on Federal and State Affairs

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9 AN ACT concerning the Kansas expanded lottery act; relating to gaming  
10 facility investment and racetrack gaming facility management; amend-  
11 ing K.S.A. 2008 Supp. 74-8734, 74-8736, 74-8741 and 74-8747 and  
12 repealing the existing sections.  
13

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

15 Section 1. K.S.A. 2008 Supp. 74-8734 is hereby amended to read as  
16 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming  
17 facility in each gaming zone.

18 (b) Not more than 30 days after the effective date of this act the  
19 lottery commission shall adopt and publish in the Kansas register the  
20 procedure for receiving, considering and approving, proposed lottery  
21 gaming facility management contracts. Such procedure shall include pro-  
22 visions for review of competitive proposals within a gaming zone and the  
23 date by which proposed lottery gaming facility management contracts  
24 must be received by the lottery commission if they are to receive  
25 consideration.

26 (c) The lottery commission shall adopt standards to promote the in-  
27 tegrity of the gaming and finances of lottery gaming facilities, which shall  
28 apply to all management contracts, shall meet or exceed industry stan-  
29 dards for monitoring and controlling the gaming and finances of gaming  
30 facilities and shall give the executive director sufficient authority to mon-  
31 itor and control the gaming operation and to ensure its integrity and  
32 security.

33 (d) The Kansas lottery commission may approve management con-  
34 tracts with one or more prospective lottery gaming facility managers to  
35 manage, or construct and manage, on behalf of the state of Kansas and  
36 subject to the operational control of the Kansas lottery, a lottery gaming  
37 facility or lottery gaming enterprise at specified destination locations  
38 within the northeast, south central, southwest and southeast Kansas gam-  
39 ing zones where the commission determines the operation of such facility  
40 would promote tourism and economic development. The commission  
41 shall approve or disapprove a proposed management contract within ~~90~~  
42 45 days after the deadline for receipt of proposals established pursuant  
43 to subsection (b).

1 (e) In determining whether to approve a management contract with  
2 a prospective lottery gaming facility manager to manage a lottery gaming  
3 facility or lottery gaming enterprise pursuant to this section, the com-  
4 mission shall take into consideration the following factors: The size of the  
5 proposed facility; the geographic area in which such facility is to be lo-  
6 cated; the proposed facility's location as a tourist and entertainment des-  
7 tination; the estimated number of tourists that would be attracted by the  
8 proposed facility; the number and type of lottery facility games to be  
9 operated at the proposed facility; and agreements related to ancillary lot-  
10 tery gaming facility operations.

11 (f) Subject to the requirements of this section, the commission shall  
12 approve at least one proposed lottery gaming facility management con-  
13 tract for a lottery gaming facility in each gaming zone.

14 (g) The commission shall not approve a management contract unless:

15 (1) (A) The prospective lottery gaming facility manager is a resident  
16 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
17 to financial resources to support the activities required of a lottery gaming  
18 facility manager under the Kansas expanded lottery act; and (ii) has three  
19 consecutive years' experience in the management of gaming which would  
20 be class III gaming, as defined in K.S.A. 46-2301, and amendments  
21 thereto, operated pursuant to state or federal law; or

22 (B) the prospective lottery gaming facility manager is not a resident  
23 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access  
24 to financial resources to support the activities required of a lottery gaming  
25 facility manager under the Kansas expanded lottery act; (ii) is current in  
26 filing all applicable tax returns and in payment of all taxes, interest and  
27 penalties owed to the state of Kansas and any taxing subdivision where  
28 such prospective manager is located in the state of Kansas, excluding  
29 items under formal appeal pursuant to applicable statutes; and (iii) has  
30 three consecutive years' experience in the management of gaming which  
31 would be class III gaming, as defined in K.S.A. 46-2301, and amendments  
32 thereto, operated pursuant to state or federal law; and

33 (2) the commission determines that the proposed development con-  
34 sists of an investment in infrastructure, including ancillary lottery gaming  
35 facility operations, of at least \$225,000,000 in the northeast, ~~southeast~~ and  
36 south central Kansas gaming zones and *of at least* \$50,000,000 in the  
37 *southeast and* southwest Kansas gaming ~~zone~~ *zones*. The commission, in  
38 determining whether the minimum investment required by this subsec-  
39 tion is met, shall not include any amounts derived from or financed by  
40 state or local retailers' sales tax revenues.

41 (h) Any management contract approved by the commission under  
42 this section shall:

43 (1) Have a maximum initial term of 15 years from the date of opening

1 of the lottery gaming facility. At the end of the initial term, the contract  
2 may be renewed by mutual consent of the state and the lottery gaming  
3 facility manager;

4 (2) specify the total amount to be paid to the lottery gaming facility  
5 manager pursuant to the contract;

6 (3) establish a mechanism to facilitate payment of lottery gaming fa-  
7 cility expenses, payment of the lottery gaming facility manager's share of  
8 the lottery gaming facility revenues and distribution of the state's share  
9 of the lottery gaming facility revenues;

10 (4) include a provision for the lottery gaming facility manager to pay  
11 the costs of oversight and regulation of the lottery gaming facility manager  
12 and the operations of the lottery gaming facility by the Kansas racing and  
13 gaming commission;

14 (5) establish the types of lottery facility games to be installed in such  
15 facility;

16 (6) provide for the prospective lottery gaming facility manager, upon  
17 approval of the proposed lottery gaming facility management contract, to  
18 pay to the state treasurer a privilege fee of: (A) \$25,000,000 for the priv-  
19 ilege of being selected as a lottery gaming facility manager of a lottery  
20 gaming facility in the northeast, ~~southeast~~ or south central Kansas gaming  
21 zone; and (B) \$5,500,000 for the privilege of being selected as a lottery  
22 gaming facility manager of a lottery gaming facility in the *southeast or*  
23 southwest Kansas gaming zone. Such fee shall be deposited in the state  
24 treasury and credited to the lottery gaming facility manager fund, which  
25 is hereby created in the state treasury;

26 (7) incorporate terms and conditions for the ancillary lottery gaming  
27 facility operations;

28 (8) designate as key employees, subject to approval of the executive  
29 director, any employees or contractors providing services or functions  
30 which are related to lottery facility games authorized by a management  
31 contract;

32 (9) include financing commitments for construction;

33 (10) include a resolution of endorsement from the city governing  
34 body, if the proposed facility is within the corporate limits of a city, or  
35 from the county commission, if the proposed facility is located in the  
36 unincorporated area of the county;

37 (11) include a requirement that any parimutuel licensee developing  
38 a lottery gaming facility pursuant to this act comply with all orders and  
39 rules and regulations of the Kansas racing and gaming commission with  
40 regard to the conduct of live racing, including the same minimum days  
41 of racing as specified in K.S.A. 2008 Supp. 74-8746, and amendments  
42 thereto, for operation of electronic gaming machines at racetrack gaming  
43 facilities;

- 1 (12) include a provision for the state to receive not less than 22% of  
2 lottery gaming facility revenues, which shall be paid to the expanded  
3 lottery act revenues fund established by K.S.A. 2008 Supp. 74-8768, and  
4 amendments thereto;
- 5 (13) include a provision for 2% of lottery gaming facility revenues to  
6 be paid to the problem gambling and addictions grant fund established  
7 by K.S.A. 2008 Supp. 79-4805, and amendments thereto;
- 8 (14) if the prospective lottery gaming facility manager is an American  
9 Indian tribe, include a provision that such tribe agrees to waive its sov-  
10 ereign immunity with respect to any actions arising from or to enforce  
11 either the Kansas expanded lottery act or any provision of the lottery  
12 gaming facility management contract; any action brought by an injured  
13 patron or by the state of Kansas; any action for purposes of enforcing the  
14 workers compensation act or any other employment or labor law; and any  
15 action to enforce laws, rules and regulations and codes pertaining to  
16 health, safety and consumer protection; and for any other purpose  
17 deemed necessary by the executive director to protect patrons or em-  
18 ployees and promote fair competition between the tribe and others seek-  
19 ing a lottery gaming facility management contract;
- 20 (15) (A) if the lottery gaming facility is located in the northeast or  
21 southwest Kansas gaming zone and is not located within a city, include a  
22 provision for payment of an amount equal to 3% of the lottery gaming  
23 facility revenues to the county in which the lottery gaming facility is lo-  
24 cated; or (B) if the lottery gaming facility is located in the northeast or  
25 southwest Kansas gaming zone and is located within a city, include pro-  
26 vision for payment of an amount equal to 1.5% of the lottery gaming  
27 facility revenues to the city in which the lottery gaming facility is located  
28 and an amount equal to 1.5% of such revenues to the county in which  
29 such facility is located;
- 30 (16) (A) if the lottery gaming facility is located in the southeast or  
31 south central Kansas gaming zone and is not located within a city, include  
32 a provision for payment of an amount equal to 2% of the lottery gaming  
33 facility revenues to the county in which the lottery gaming facility is lo-  
34 cated and an amount equal to 1% of such revenues to the other county  
35 in such zone; or (B) if the lottery gaming facility is located in the southeast  
36 or south central Kansas gaming zone and is located within a city, provide  
37 for payment of an amount equal to 1% of the lottery gaming facility  
38 revenues to the city in which the lottery gaming facility is located, an  
39 amount equal to 1% of such revenues to the county in which such facility  
40 is located and an amount equal to 1% of such revenues to the other county  
41 in such zone;
- 42 (17) allow the lottery gaming facility manager to manage the lottery  
43 gaming facility in a manner consistent with this act and applicable law,

1 but shall place full, complete and ultimate ownership and operational  
2 control of the gaming operation of the lottery gaming facility with the  
3 Kansas lottery. The Kansas lottery shall not delegate and shall explicitly  
4 retain the power to overrule any action of the lottery gaming facility man-  
5 ager affecting the gaming operation without prior notice. The Kansas  
6 lottery shall retain full control over all decisions concerning lottery gaming  
7 facility games;

8 (18) include provisions for the Kansas racing and gaming commission  
9 to oversee all lottery gaming facility operations, including, but not limited  
10 to: Oversight of internal controls; oversight of security of facilities; per-  
11 formance of background investigations, determination of qualifications  
12 and credentialing of employees, contractors and agents of the lottery gam-  
13 ing facility manager and of ancillary lottery gaming facility operations, as  
14 determined by the Kansas racing and gaming commission; auditing of  
15 lottery gaming facility revenues; enforcement of all state laws and main-  
16 tenance of the integrity of gaming operations; and

17 (19) include enforceable provisions: (A) Prohibiting the state, until  
18 July 1, 2032, from (i) entering into management contracts for more than  
19 four lottery gaming facilities or similar gaming facilities, one to be located  
20 in the northeast Kansas gaming zone, one to be located in the south  
21 central Kansas gaming zone, one to be located in the southwest Kansas  
22 gaming zone and one to be located in the southeast Kansas gaming zone,  
23 (ii) designating additional areas of the state where operation of lottery  
24 gaming facilities or similar gaming facilities would be authorized or (iii)  
25 operating an aggregate of more than 2,800 electronic gaming machines  
26 at all parimutuel licensee locations; and (B) requiring the state to repay  
27 to the lottery gaming facility manager an amount equal to the privilege  
28 fee paid by such lottery gaming facility manager, plus interest on such  
29 amount, compounded annually at the rate of 10%, if the state violates the  
30 prohibition provision described in (A).

31 (i) The power of eminent domain shall not be used to acquire any  
32 interest in real property for use in a lottery gaming enterprise.

33 (j) Any proposed management contract for which the privilege fee  
34 has not been paid to the state treasurer within 30 days after the date of  
35 approval of the management contract shall be null and void.

36 (k) A person who is the manager of the racetrack gaming facility in a  
37 *the northeast, south central or southwest Kansas* gaming zone shall not  
38 be eligible to be the manager of the lottery gaming facility in the same  
39 zone.

40 (l) Management contracts authorized by this section may include pro-  
41 visions relating to:

42 (1) Accounting procedures to determine the lottery gaming facility  
43 revenues, unclaimed prizes and credits;

- 1 (2) minimum requirements for a lottery gaming facility manager to  
2 provide qualified oversight, security and supervision of the lottery facility  
3 games including the use of qualified personnel with experience in appli-  
4 cable technology;
- 5 (3) eligibility requirements for employees, contractors or agents of a  
6 lottery gaming facility manager who will have responsibility for or involve-  
7 ment with actual gaming activities or for the handling of cash or tokens;
- 8 (4) background investigations to be performed by the Kansas racing  
9 and gaming commission;
- 10 (5) credentialing requirements for any employee, contractor or agent  
11 of the lottery gaming facility manager or of any ancillary lottery gaming  
12 facility operation as provided by the Kansas expanded lottery act or rules  
13 and regulations adopted pursuant thereto;
- 14 (6) provision for termination of the management contract by either  
15 party for cause; and
- 16 (7) any other provision deemed necessary by the parties, including  
17 such other terms and restrictions as necessary to conduct any lottery fa-  
18 cility game in a legal and fair manner.
- 19 (m) A management contract shall not constitute property, nor shall  
20 it be subject to attachment, garnishment or execution, nor shall it be  
21 alienable or transferable, except upon approval by the executive director,  
22 nor shall it be subject to being encumbered or hypothecated. The trustee  
23 of any insolvent or bankrupt lottery gaming facility manager may continue  
24 to operate pursuant to the management contract under order of the ap-  
25 propriate court for no longer than one year after the bankruptcy or in-  
26 solvency of such manager.
- 27 (n) (1) The Kansas lottery shall be the licensee and owner of all soft-  
28 ware programs used at a lottery gaming facility for any lottery facility  
29 game.
- 30 (2) A lottery gaming facility manager, on behalf of the state, shall  
31 purchase or lease for the Kansas lottery all lottery facility games. All lot-  
32 tery facility games shall be subject to the ultimate control of the Kansas  
33 lottery in accordance with this act.
- 34 (o) A lottery gaming facility shall comply with any planning and zon-  
35 ing regulations of the city or county in which it is to be located. The  
36 executive director shall not contract with any prospective lottery gaming  
37 facility manager for the operation and management of such lottery gaming  
38 facility unless such manager first receives any necessary approval under  
39 planning and zoning requirements of the city or county in which it is to  
40 be located.
- 41 (p) Prior to expiration of the term of a lottery gaming facility man-  
42 agement contract, the lottery commission may negotiate a new lottery  
43 gaming facility management contract with the lottery gaming facility man-

1 ager if the new contract is substantially the same as the existing contract.  
2 Otherwise, the lottery gaming facility review board shall be reconstituted  
3 and a new lottery gaming facility management contract shall be negotiated  
4 and approved in the manner provided by this act.

5 Sec. 2. K.S.A. 2008 Supp. 74-8736 is hereby amended to read as  
6 follows: 74-8736. (a) Upon approval of a lottery gaming facility manage-  
7 ment contract by the commission, but not later than ~~90~~ 45 days after the  
8 deadline for receipt of proposals established pursuant to subsection (b)  
9 of K.S.A. 2008 Supp. 74-8734, and amendments thereto, the executive  
10 director and the prospective lottery gaming facility manager shall execute  
11 the contract, which shall be binding upon the parties only upon a deter-  
12 mination by the lottery gaming facility review board pursuant to this sec-  
13 tion that the contract is the best possible such contract, approval of the  
14 contract by the Kansas racing and gaming commission pursuant to this  
15 section and endorsement by resolution of the city governing body or  
16 county commission as required in K.S.A. 2008 Supp. 74-8734, and  
17 amendments thereto.

18 (b) Upon execution of a lottery gaming facility management contract  
19 or contracts by the executive director, the executive director shall submit  
20 such contract or contracts to the lottery gaming facility review board. The  
21 board shall determine which contract best maximizes revenue, encour-  
22 ages tourism and otherwise serves the interests of the people of Kansas.  
23 In making its determination, the board shall conduct public hearings, take  
24 testimony, solicit the advice of experts and investigate the merits of each  
25 contract submitted by the executive director.

26 (c) Within ~~30~~ 15 days after execution of a lottery gaming facility man-  
27 agement contract with a parimutuel licensee for development of a lottery  
28 gaming facility at a parimutuel licensee location, the parimutuel licensee  
29 must submit to the Kansas racing and gaming commission, for approval  
30 by the commission, a plan for compliance with the requirements for live  
31 racing and purse supplements established pursuant to K.S.A. 2008 Supp.  
32 74-8745 and 74-8767, and amendments thereto. Upon application of a  
33 parimutuel licensee, the Kansas racing and gaming commission shall open  
34 a proceeding to consider such licensee's proposal for development of a  
35 lottery gaming facility at the parimutuel licensee location. Such proposal  
36 shall include provisions for: (1) Compliance with the requirements of  
37 K.S.A. 2008 Supp. 74-8745, and amendments thereto; (2) payment of  
38 purse supplements from the appropriate funds established by K.S.A. 2008  
39 Supp. 74-8767, and amendments thereto; and (3) a plan for protecting  
40 and promoting live racing in Kansas. The Kansas racing and gaming com-  
41 mission shall hear evidence and testimony from all interested parties.  
42 Upon a finding by the Kansas racing and gaming commission that the  
43 proposal is in the best interest of live racing in Kansas and more beneficial

1 to live racing than placement of electronic gaming machines at such par-  
2 imutuel licensee location, the Kansas racing and gaming commission may  
3 approve such proposal. The Kansas racing and gaming commission shall  
4 notify the lottery gaming facility review board of the commission's ap-  
5 proval or disapproval of the proposal. If the Kansas racing and gaming  
6 commission does not approve the proposal, the lottery gaming facility  
7 review board shall not give further consideration to the lottery gaming  
8 facility management contract with the parimutuel licensee and the ex-  
9 ecutive director shall direct the state treasurer to refund, without interest,  
10 the privilege fee paid pursuant to such contract.

11 (d) (1) Not more than ~~60~~ 30 days after all lottery gaming facility man-  
12 agement contracts for a lottery gaming facility in a gaming zone have been  
13 submitted to the lottery gaming facility review board, the board: (A) If  
14 more than one lottery gaming facility management contract has been  
15 submitted for a lottery gaming facility in a gaming zone, shall select by  
16 public vote the lottery gaming facility management contract, if any, which  
17 the board determines is the best possible such contract; or (B) if the  
18 executive director submits only one lottery gaming facility management  
19 contract for a lottery gaming facility in a gaming zone, shall determine  
20 whether such contract is the best possible such contract.

21 (2) If the board cannot reach agreement that a lottery gaming facility  
22 management contract is the best possible such contract, the board shall  
23 request the executive director to renegotiate the contract or contracts  
24 until the board determines that the best possible such contract or con-  
25 tracts have been executed.

26 (e) Upon a determination by the lottery gaming facility review board  
27 that a lottery gaming facility management contract is the best possible  
28 such contract, the board shall submit the contract to the Kansas racing  
29 and gaming commission for approval. The Kansas racing and gaming com-  
30 mission shall conduct such background investigations of prospective lot-  
31 tery gaming facility managers, their directors and officers and any other  
32 persons having an interest in such prospective managers, as determined  
33 in accordance with rules and regulations adopted by the Kansas racing  
34 and gaming commission. Upon completion of such investigations and ap-  
35 proval of the background of the prospective lottery gaming facility man-  
36 ager, directors, officers and other persons having an interest in such pro-  
37 spective manager, but not more than 10 days after receiving the  
38 recommendation of the lottery gaming facility review board, the Kansas  
39 racing and gaming commission shall vote to approve in whole or reject in  
40 whole the recommendation of the lottery gaming facility review board. If  
41 the Kansas racing and gaming commission does not approve the back-  
42 ground of such prospective lottery gaming facility manager, directors,  
43 officers and other persons having an interest in such prospective manager



1 or does not approve the recommendation of the lottery gaming facility  
2 review board, the Kansas racing and gaming commission shall notify the  
3 executive director of the lottery and the process for selection of a lottery  
4 gaming facility manager shall begin again in the manner provided in  
5 K.S.A. 2008 Supp. 74-8734 and 74-8735, and amendments thereto.

6 (f) The deadline for receipt of proposals established pursuant to sub-  
7 section (b) of K.S.A. 2008 Supp. 74-8734, and amendments thereto, the  
8 time limit imposed by subsection (a) for action by the lottery commission,  
9 the time limit imposed by subsection (d) for action by the lottery gaming  
10 facility review board or the time limit imposed by subsection (e) for action  
11 by the Kansas racing and gaming commission, upon application by the  
12 respective commission or board, may be extended by the governor for a  
13 period not to exceed ~~60~~ 30 days if the governor, in the governor's discre-  
14 tion, determines that the respective commission or board has acted on  
15 good faith to comply with the time limit. Failure to comply with any such  
16 time limit, unless extended as provided by this subsection, or to comply  
17 with an extended time limit authorized by this subsection, shall render  
18 the respective commission or board subject to relief in the form of man-  
19 damus, injunction or other legal remedy.

20 Sec. 3. K.S.A. 2008 Supp. 74-8741 is hereby amended to read as  
21 follows: 74-8741. (a) The executive director of the Kansas lottery shall  
22 negotiate a racetrack gaming facility management contract to place elec-  
23 tronic gaming machines at one parimutuel licensee location in each gam-  
24 ing zone except the southwest Kansas gaming zone.

25 (b) To be eligible to enter into a racetrack gaming facility manage-  
26 ment contract the prospective racetrack gaming facility manager shall, at  
27 a minimum:

28 (1) Have sufficient access to financial resources to support the activ-  
29 ities required of a racetrack gaming facility manager under the Kansas  
30 expanded lottery act; and

31 (2) be current in filing all applicable tax returns and in payment of  
32 all taxes, interest and penalties owed to the state of Kansas and any taxing  
33 subdivision where such prospective manager is located in the state of  
34 Kansas, excluding items under formal appeal pursuant to applicable  
35 statutes.

36 (c) A racetrack gaming facility management contract shall include:

37 (1) The term of the contract;

38 (2) provisions for the Kansas racing and gaming commission to over-  
39 see all racetrack gaming facility operations, including, but not limited to:  
40 Oversight of internal controls; oversight of security of facilities; perform-  
41 ance of background investigations, determination of qualifications and any  
42 required certification or licensing of officers, directors, board members,  
43 employees, contractors and agents of the racetrack gaming facility man-

1 ager; auditing of net electronic gaming machine income and maintenance  
2 of the integrity of electronic gaming machine operations;

3 (3) provisions for the racetrack gaming facility manager to pay the  
4 costs of oversight and regulation of the racetrack gaming facility manager  
5 under this act and such manager's racetrack gaming facility operations by  
6 the Kansas racing and gaming commission; and

7 (4) enforceable provisions: (A) Prohibiting the state, until July 1,  
8 2032, from (i) entering into management contracts for more than  
9 three<sup>°</sup>]lottery gaming facilities or similar gaming facilities, one to be lo-  
10 cated in the northeast Kansas gaming zone, one to be located in the south  
11 central Kansas gaming zone<sup>°</sup>]and one to be located in the southeast  
12 Kansas gaming zone, (ii) designating additional areas of the state where  
13 operation of lottery gaming facilities or similar gaming facilities would be  
14 authorized or (iii) operating an aggregate of more than 2,800 electronic  
15 gaming machines at all parimutuel licensee locations; and (B) requiring  
16 the state to repay to the racetrack gaming facility manager an amount  
17 equal to the privilege fee paid by such racetrack gaming facility manager,  
18 plus interest on such amount, compounded annually at the rate of 10%,  
19 if the state violates the prohibition provision described in (A).

20 (d) Racetrack gaming facility management contracts authorized by  
21 this section may include provisions relating to:

22 (1) Accounting procedures to determine net electronic gaming ma-  
23 chine income, unclaimed prizes and credits;

24 (2) minimum requirements for a racetrack gaming facility manager  
25 to provide qualified oversight, security and supervision of electronic gam-  
26 ing machines including the use of qualified personnel with experience in  
27 applicable technology;

28 (3) eligibility requirements for employees, contractors or agents of a  
29 racetrack gaming facility manager who will have responsibility for or in-  
30 volvement with electronic gaming machines or for the handling of cash  
31 or tokens;

32 (4) background investigations to be performed by the Kansas racing  
33 and gaming commission;

34 (5) credentialing or certification requirements of any employee, con-  
35 tractor or agent as provided by the Kansas expanded lottery act or rules  
36 and regulations adopted pursuant thereto;

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

39 (7) any other provision deemed necessary by the parties, including  
40 such other terms and restrictions as necessary to conduct racetrack gam-  
41 ing facility operations in a legal and fair manner.

42 (e) A person who is the manager of a lottery gaming facility in ~~a~~ *the*  
43 *northeast, south central or southwest Kansas* gaming zone shall not be

1 eligible to be the manager of the racetrack gaming facility in the same  
2 zone.

3 (f) A racetrack gaming facility management contract shall not consti-  
4 tute property, nor shall it be subject to attachment, garnishment or exe-  
5 cution, nor shall it be alienable or transferable, except upon approval by  
6 the executive director, nor shall it be subject to being encumbered or  
7 hypothecated.

8 Sec. 4. K.S.A. 2008 Supp. 74-8747 is hereby amended to read as  
9 follows: 74-8747. (a) Net electronic gaming machine income from a race-  
10 track gaming facility shall be distributed as follows:

11 (1) To the racetrack gaming facility manager, an amount equal to ~~25%~~  
12 43% of net electronic gaming machine income;

13 (2) 7% of net electronic gaming machine income shall be credited to  
14 the live horse racing purse supplement fund established by K.S.A. 2008  
15 Supp. 74-8767, and amendments thereto, except that the amount of net  
16 electronic gaming machine income credited to the fund during any fiscal  
17 year from electronic gaming machines at a racetrack gaming facility shall  
18 not exceed an amount equal to the average of \$3,750 per electronic gam-  
19 ing machine at each location and any moneys in excess of such amount  
20 shall be distributed between the state and the racetrack gaming facility  
21 manager in accordance with the racetrack gaming facility management  
22 contract;

23 (3) 7% of net electronic gaming machine income shall be credited to  
24 the live greyhound racing purse supplement fund established by K.S.A.  
25 2008 Supp. 74-8767, and amendments thereto, except that the amount  
26 of net electronic gaming machine income credited to the fund during any  
27 fiscal year from electronic gaming machines at a racetrack gaming facility  
28 shall not exceed an amount equal to the average of \$3,750 per electronic  
29 gaming machine at each location and any moneys in excess of such  
30 amount shall be distributed between the state and the racetrack gaming  
31 facility manager in accordance with the racetrack gaming facility man-  
32 agement contract;

33 (4) (A) if the racetrack gaming facility is located in the northeast Kan-  
34 sas gaming zone and is not located within a city, include a provision for  
35 payment of an amount equal to 3% of the racetrack gaming facility rev-  
36 enues[\*] to the county in which the racetrack gaming facility is located;  
37 or (B) if the racetrack gaming facility is located in the northeast Kansas  
38 gaming zone and is located within a city, include provision for payment  
39 of an amount equal to 1.5% of the racetrack gaming facility revenues[\*] to  
40 the city in which the racetrack gaming facility is located and an amount  
41 equal to 1.5% of such revenues to the county in which such facility is  
42 located;

43 (5) (A) if the racetrack gaming facility is located in the southeast or

1 south central Kansas gaming zone and is not located within a city, include  
2 a provision for payment of an amount equal to 2% of the racetrack gaming  
3 facility revenues[\*] to the county in which the racetrack gaming facility  
4 is located and an amount equal to 1% of such revenues to the other county  
5 in such zone; or (B) if the racetrack gaming facility is located in the  
6 southeast or south central Kansas gaming zone and is located within a  
7 city, provide for payment of an amount equal to 1% of the racetrack  
8 gaming facility revenues[\*] to the city in which the racetrack gaming fa-  
9 cility is located, an amount equal to 1% of such revenues to the county  
10 in which such facility is located and an amount equal to 1% of such rev-  
11 enues to the other county in such zone;

12 (6) 2% of net electronic gaming machine income shall be credited to  
13 the problem gambling and addictions grant fund established by K.S.A.  
14 2008 Supp. 79-4805, and amendments thereto;

15 (7) 1% of net electronic gaming machine income shall be credited to  
16 the Kansas horse fair racing benefit fund established by K.S.A. 74-8838,  
17 and amendments thereto;

18 (8) ~~40%~~ 22% of net electronic gaming machine income shall be cred-  
19 ited to the expanded lottery act revenues fund; and

20 (9) 15% of electronic gaming machine income shall be used for gam-  
21 ing expenses, subject to agreement between the Kansas lottery and the  
22 racetrack gaming facility manager.

23 (b) A racetrack gaming facility management contract may include  
24 provisions for a parimutuel licensee or any other entity to pay the pari-  
25 mutuel licensee's expenses related to electronic gaming machines, as the  
26 executive director deems appropriate, subject to the requirements of sub-  
27 section (a)(9).

28 Sec. 5. K.S.A. 2008 Supp. 74-8734, 74-8736, 74-8741 and 74-8747  
29 are hereby repealed.

30 Sec. 6. This act shall take effect and be in force from and after its  
31 publication in the Kansas register.