

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on March 17, 2004 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Russell Mills, Legislative Research
Dennis Hodgins, Legislative Research
Theresa Kiernan, Revisor of Statutes' Office
John Beverlin, Committee Secretary

Conferees appearing before the committee:

Matt All, Governor's Chief Counsel
Doug Lawrence, Kansas Greyhound Association

Others attending:

See Attached List.

Chairperson Brungardt called the meeting to order and asked the committee to take action on **SB 499, Kansas expanded gaming opportunity act; authorizing destination casinos, electronic and video gaming and other games at certain locations**. He presented a petition signed by several members of The Loyal Order of Moose in support of **SB 499**, to the committee (Attachment 1). Chairperson Brungardt then asked Matt All to provide an overview of the bill to the committee.

Mr. All presented his an overview of the bill. He then asked the committee to consider an amendment to the bill concerning how monies would be transferred to accounts in the gaming revenue fund, oversight fund, the operating expenses fund for each destination casino, the breeds' purse supplement fund, and the problem gaming fund. The amendment would require the director to legally certify each transfer (Attachment 2).

Senator Gilstrap made a motion to amend the bill. The motion was seconded by Senator Vratil. The motion to amend SB 499 passed.

Chairperson Brungardt asked for additional amendments.

Senator Teichman stated she had several amendments to support Kansas breeders (Attachment 3). She explained each amendment to the committee.

Chairperson Brungardt asked the committee for questions.

Senator Vratil explained that it would not be proper to vote on all of Senator Teichman's amendments at once. He further explained there were some amendments he could support and some he felt like he could not support.

Chairperson Brungardt asked Senator Vratil to single out the amendments he could not support.

Senator Vratil explained that the first amendment he could not support was the amendment to page seven, line 33.

Senator Teichman explained the amendment was meant to enable local authorities to control whether gaming facilities are built in the area.

Senator Vratil explained that local authority would have control through zoning and development ordinances. He further explained that the bill requires a local vote before a gaming facility can be constructed.

Chairperson Brungardt called for a voice vote on the amendment.

CONTINUATION SHEET

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on March 17, 2004 in Room 231-N of the Capitol.

The bill was not amended on page seven, line 33.

Senator Vratil asked Senator Teichman to explain the proposed amendment to page 23 and page 24, section (b).

Senator Teichman deferred the question to Doug Lawrence.

Mr. Lawrence explained the proposed amendment on page 23 to the committee. The amendment concerned the number of live races a pari-mutuel track would be required to hold each year in order to be eligible for video lottery terminals.

Senator Vratil explained that it appears the proposal was an attempt to micro-manage the pari-mutuel tracks. For that reason, he further explained, he opposed the proposed amendment to page 23 and page 24, section (b).

Chairperson Brungardt asked Mr. All for his opinion.

Mr. All explained that the Governor's office did not oppose the amendment. He further explained that he saw the reason for the required racing days as a way to guarantee the pari-mutuel facilities also operated as a track for the benefit of Kansas breeders.

Senator Clark asked Mr. Lawrence why video lottery terminals would be allowed 90 days prior to the first race date in Pittsburgh.

Mr. Lawrence explained that the track was closed. The 90 days prior was beneficial to raise money for purses for the open period of racing.

Senator Vratil asked Mr. All why the Governor's original proposal did not include a provision requiring a number of race dates in order for the pari-mutuel track to qualify for video lottery terminals.

Mr. All explained that it was added after feed-back from the breeders.

Chairperson Brungardt asked the committee for a voice vote on the amendment to page 23 and page 24, section (b).

The bill was not amended on page 23 and page 24, section (b).

Senator Vratil stated he also opposed the amendment on page 24 sections (e) and (f). He explained that it was also an attempt to micro-manage pari-mutuel facilities.

Senator Teichman explained the attempt made by the breeders to come together. She explained that the amendments that she had proposed were a product of that effort.

Chairperson Brungardt asked about the effect of simulcasts on the breeds. He wanted to know if simulcasting brought revenue to the breeds.

Mr. Lawrence explained that the simulcasting exposed the industry of the breeders to the public.

Senator Vratil asked if the amendment required pari-mutuel facility owners to provide simulcasting, regardless of the owner's ability to pay for or benefit from the simulcasting.

Mr. Lawrence explained that the intention of the amendment was not to require simulcasting but will allow them to have simulcasting.

Senator Vratil explained that the way he reads the amendment, simulcasting would be required.

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MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE at 10:30 a.m. on March 17, 2004 in Room 231-N of the Capitol.

Mr. Lawrence explained that it was not the intention.

Senator Vratil suggested replacing the word "shall" in the proposed amendment to page 24 sections (e) and (f) with the word "may."

Senator Vratil made a motion to change the wording in the proposed amendment and to amend the bill on page 24, proposed sections (e) and (f). The motion was seconded by Senator Teichman. The word changes were made and the bill was amended on page 24.

Senator Vratil asked for an explanation of the proposed amendment to page 25, section (a).

Mr. Lawrence explained that the net video lottery terminal income that goes to the pari-mutuel sales agent would increase from 21 to 25 percent. He further explained that the state's percentage is 68 percent.

Senator Vratil asked who would be losing four percent, if the pari-mutuel sales agent was getting an additional four percent.

Mr. Lawrence explained that ultimately it was reducing the bottom line to the state.

Senator Vratil explained that he would have to oppose the proposed amendment to page 25, section (a) because it decreases the amount of money that would be received by the state.

Chairperson Brungardt asked Mr. All for his opinion on the amendment.

Mr. All explained that 25 percent seems like the appropriate percent.

Chairperson Brungardt asked for a voice vote on the proposed amendment to page 25, section (a).

The bill was not amended on page 25, section (a).

Senator Vratil asked Mr. Lawrence about the second amendment to page 25, on section (c). He wanted to know which group would lose money if the bill was amended.

Mr. Lawrence explained that it would reduce the amount of money to be received by the state.

Senator Vratil stated he would have to oppose the proposed amendment to page 25, section (c).

Chairperson Brungardt asked the committee for a voice vote on the proposed amendment.

The bill was not amended on page 25, section (c).

Senator Vratil asked for an explanation of the proposed amendment to page 28.

Mr. Lawrence explained that the language deals with the funding of a breed development fund. He further explained that it only redistributes the money.

Senator Vratil asked if the amendment took money from any other entity.

Mr. Lawrence explained that it only redistributed money, no entity lost a share of money, including the state.

Senator Vratil stated that he had no objections to the proposed amendment to page 28. He also stated that he had no further objections to other proposed amendments by Senator Teichman.

Chairperson Brungardt asked the committee if there were any other oppositions to amendments.

Senator O' Connor stated that she opposed the proposed amendment to page nine, section (f). She explained

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that the amending language reverses the original language and its intent.

Mr. All explained her point was well taken. He explained that in some circumstances, it may be feasible to have more than one casino in sooner than two years. The amendment would require the Casino Commission to make a finding that it was the case where two casinos were feasible within the same community without waiting two years.

Senator O' Connor stated that she opposed the amendment. She explained that she felt two years was not that long to wait before a second casino was built in the same community.

Chairperson Brungardt asked for a vote on the proposed amendment to page 9, section (f).

The bill was amended on page 9, section (f).

Senator Clark asked for the reason behind the increase in the number of video lottery terminals on page 20, from 2500 to 4000 terminals.

Mr. All explained that the number was appropriate to give a proper amount of revenue to the track owners and the breeders in the state without becoming a destination casino. The number was reached by the track owners and the breeders.

Chairperson Brungardt asked if the legislation calls for up to 4000 video lottery terminals.

Mr. All stated that Chairperson Brungardt was correct, the legislation calls for up to 4000 video lottery terminals.

Chairperson Brungardt asked for a vote on the proposed amendment to page 20, section (e).

The bill was amended on page 20, section (e).

Chairperson Brungardt asked the committee if there were any other objections to Senator Teichman's proposed amendments.

Russell Mills explained that there was a technical problem with page 10.

Chairperson Brungardt asked the revisor to correct any technical problems that may exist within the bill. He then asked the committee to take action on the rest of the proposed amendments to **SB 499** by Senator Teichman.

The bill was amended according to the rest of the proposed amendments by Senator Teichman.

Chairperson Brungardt thanked the committee.

The meeting was adjourned at 12:00 p.m. The next meeting is scheduled for March 18, 2004, at 10:30 a.m. in room 231-N.

Senate Federal and State Affairs Committee

Date: ~~March~~ 17, 2004

Name:

Representing:

Alissa Rowinsky	Governor's Office
Matt All	Governor's Office
Dow Denney	Unified Government Wyandotte County
Randy Conroy	Prairie Band Potawatomi
Christina Thomas	American Legion Aux #23
Emily Conklin	Kickapoo Tribe in KS
Karen Tolle	KQHRA/Ks. Quarter Horse Racing Assoc.
J.P. Small	KQHRA
Ed Van Petten	Lottery
Gary Smith	KTA
J.L. Jordan	KTA
Gene Asman	KTA
JOHN C. BITTENBERG	KS RACING LLC
Larry Seckington	KS. RACING LLC
Rodney A Ziemer	American Legion in Kansas
E.P. "Tom" Jan	Su Vice Cmdr, VFW Dist 1
Lester E. Hayes (Gene)	1st District American Legion Post #400
Pat River	Post 23 Leavenworth KS
Garry Winget	KAP
Shirley Allen	Bulle, Nat'l
Judith Perkins	Sac of Fox Nation of Mopinks NE
Compre Green	Sac of Fox Nation of Mopinks NE
Jerry L. Griggs	Moose Lodges of Kansas
CARL LINDSEY, JR.	KANSAS ELKS ASSOC.

Senate Federal and State Affairs Committee

Date: ~~March~~ 17, 2004

Name:

Representing:

Ralph Snyder

Ks. American Legion

Richard Stuckey

Ks. ELKS. ASSN. OF Ks.

George Webb

KOVA

Doug Lawrence

Ks Greghours Assn

Tracy Diel

KRGC

Sham ~~lik~~.

Ks Resident

Bob ~~Am~~

Ks Resident

Dan Murray

Federico Consulting

John Federico

Harraki

To: Kansas Federal and State Affairs Committee

Senator Pete Brungardt – Chair, Room Number: 143-N
Senator Bob Lyon - Vice Chair, Room Number: 143-N
Senator Mark S Gilstrap - Ranking Minority, Room Number: 138-N
Senator Stan Clark – Member, Room Number: 449-N
Senator Jim Barnett – Member, Room Number: 136-N
Senator Ruth Teichman – Member, Room Number: 143-N
Senator Kay O'Connor – Member, Room Number: 521-S
Senator John L Vratil – Member, Room Number: 522-S
Senator Donald Betts – Member, Room Number: 404-N

300 S.W. 10th Street
Topeka, KS 66612-1504

Re: Senate Bill 499 - Kansas expanded gaming opportunity act; authorizing destination casinos, electronic and video gaming and other games at certain locations.

Dear Senator Brungardt,

We, the undersigned, support Senate Bill 499 - Kansas expanded gaming opportunity act; and believe strongly that the government has introduced a good and well intentioned piece of legislation.

We believe, as Veterans and Fraternal organizations: **The American Legion; The Veterans of Foreign Wars; The Fraternal Order of Eagles; The Benevolent and Protective Order of Elks; The Knights of Columbus; The Loyal Order of Moose; The Order of the Mystic Shrine;** which are licensed as a class A club pursuant to the club and drinking establishment act, and have been in continuous existence and operation for a period of not less than five years prior, are in favor of Senate Bill 499 as submitted to the Kansas State Federal and State Affairs Committee.

From an economic standpoint, Gambling locations already present in the State of Kansas, as well as, other neighboring States increased Gambling opportunities which have negatively impacted our Charitable Bingo Revenues and our Charities. With more and more citizens of Kansas looking for assistance for youth programs, scholarships and education, this Bill would allow us to offset our past loses and allow us to continue assistance back to our communities.

We take this opportunity to thank you for your attention to our concerns, and look forward to having an opportunity to work with the government to enact this legislation for the good of Kansas.

Sincerely,
The Undersigned

Senate Federal and State Affairs Com.

Date: **MARCH 17, 2009**

Attachment: # **1**

We, the undersigned, support Senate Bill 499 - Kansas expanded gaming opportunity act; and believe strongly that the government has introduced a good and well intentioned piece of legislation.

Eugene E. Durham
Wendell E. Baldwin
Joan Baldwin
Marian K. Whitney
Margaret Woods
Mary Truitt
Christina F. Faunce
Cynthia Sweeney
Facil Terrell
Lutz Anderson
Vespa Scritchfield
Agnes Noller
Roy B. Quinn
Lorraine
Annette
Shirley A. Blasing
Nedra P. Austin
Betty Waldi
C. D. Hostie
Wynoris E. Linder
Sallyman P. Linder
Linda L. Christensen
Michael D. Kelly
Merald M. Cal
Luora Sisson
Pats Morris
Kathy Essman
Dorothy Wilson
Alice Ilse
Raymond Essman

Thomas H. Lay
James W. Carroll
Frances A. ...
J. P. ...
James ...
Patty ...
Betty L. Serene
Leis L. Serene
Marg ... Serene
Emily ...
Ruth Kantrac
James A. T. Remason
Billy Jones
Jeanie ...
Anna ...
Walter H. ...
Egtha ...
R. ...
Anna ...
Walter ...
Annie ...
Barbara ...
Joan ...
Bernice ...
Earl ...
Meranda ...
William B. ...
Patricia ...
Judy ...
Norma ...

We, the undersigned, support Senate Bill 499 - Kansas expanded gaming opportunity act; and believe strongly that the government has introduced a good and well intentioned piece of legislation.

Joyce G. Thomasson
Leland D. Walker
Charles Shepard
Lila Shepard
Renee Lee Farlow
Betsy Deane
David Michael
Beth Dean
Verna Weidner
Historie Ingvaldsen
Lynette Hammond
Phil Esser
Patricia E. Esau
Bonnie Johnson
Pat Kozubek
~~Wynne~~ Wynne
Aimee G. Hudson
Cennis J. Phillips
Ruth A. Phillips
Dag Sennott
Ayla Zauch
Wilbert G. Anton
Michael J. Kozubek
K. D. D. D.
Robert A. Brewer
Judith L. Brewer
Larry W. Miller
Jennie L. Hahn
Lynn S. Hahn
Charlynn Bennett

Alvin Mess
Carol Hanes
Helen Esker
Bobby Esker
Daryl Hanes
Carol Hanes
Darrell E. Frick
Donald D. Miller
Gand D. D.
Lynne D. D.
Thomas D. D.
Johnnie D. D.
Lloyd Redman
Dorothy Redman
Carol Tucker
Jean Miller
Pauline Frick
Rosemary Simons
James W. Simons
Dan Ford
B. R. Lardie
Mary Jane Tucker
R. L. Sharon
Ken Epperson
Veda Sharon
Marilyn Simpson
Robert D. D.
Eric Barr
Norma Douglas
Ernest J. Douglas

We, the undersigned, support Senate Bill 499 - Kansas expanded gaming opportunity act; and believe strongly that the government has introduced a good and well intentioned piece of legislation.

Ken E. Brady
Susan Mew
Debra Mew
Benie Bauer
Dorothy Barnes
Kenneth Menden
Kent H. McNamee
Steve Menden
Karen S. Swanson
Charlotte Bowman
James K. Hault
Dale L. Gill
Richard Robbins
Bill Vauter
Glen Ross
Mary Jo Rose
Mary Ann Benaka
Bob Felkey
Dino K. Palko
Randy Palko
Wanda A. Steiwender
Sharon Christensen
Karen Wood
Carr Wood

Tom (Aes)
Ron Meier
Doreen M. Heibach
Tom Olson
Larry Lamson
Thomas E. Mallyang
Dorothy Warner
Dot Lamore
Linda Deal
Linda Wieland
Shelly Artner
John M. Hagedorn
Carrie Richardson
Charles W. Williams
Leon K. Christensen
Carl Christensen
Dorothy Christensen
George V. DESCH
Harvey J. Mayer Jr
Mary L. Mayer
Jerry L. Lujan
Carol Beth Lujan

AMENDMENT - MATT ALL

SB 880

26

1 requirements of the Kansas expanded gaming opportunity act and any
2 other applicable standards and regulations. The video lottery terminal
3 manufacturer providing such terminals and equipment shall pay all costs
4 associated with such testing.

5 (c) Each video lottery parimutuel sales agent or video lottery club
6 sales agent shall hold the executive director, the commission, and this
7 state harmless from and defend and pay for the defense of any and all
8 claims which may be asserted against the executive director, the com-
9 mission, the state or the employees thereof, arising from the participation
10 in the video lottery system, specifically excluding, however, any claims
11 arising from the negligence or willful misconduct of the executive direc-
12 tor, the commission, the state or the employees thereof.

13 (d) Each video lottery parimutuel sales agent or video lottery club
14 sales agent shall provide access to all records of the video lottery pari-
15 mutuel sales agent or video lottery club sales agent and the physical prem-
16 ises of the locations where the video lottery activities are conducted for
17 the purpose of monitoring and inspecting the activities of the video lottery
18 parimutuel sales agent or video lottery club sales agent and video lottery
19 games, video lottery terminals and associated equipment.

GENERAL PROVISIONS

21 New Sec. 21. (a) There is hereby established in the state treasury the
22 gaming act revenues fund. Separate accounts shall be maintained in such
23 fund for receipt of moneys from each destination casino manager, video
24 lottery parimutuel sales agent and video lottery club sales agent. All ex-
25 penditures from the fund shall be made in accordance with appropriation
26 acts upon warrants of the director of accounts and reports issued pursuant
27 to vouchers approved by the executive director for the purposes set forth
28 in this act.

29 (b) All destination casino revenue and all net video lottery terminal
30 income shall be paid daily and electronically to the executive director.
31 The executive director shall remit all moneys received therefrom to the
32 state treasurer in accordance with K.S.A. 75-1215, and amendments
33 thereto. Upon receipt of the remittance, the state treasurer shall deposit
34 the entire amount in the state treasury and credit it to the respective
35 account maintained for the destination casino manager, video lottery pari-
36 mutuel sales agent or video lottery club sales agent in the gaming act
37 revenues fund.

38 (c) ~~Within one week after receipt of a remittance pursuant to this
39 section, the state treasurer shall transfer and the executive director shall
40 cause to be paid:~~

41 ~~(1) From each account maintained in the gaming act revenues fund
42 for each destination casino manager amounts in accordance with the pro-
43 visions of the certificate of authority establishing the disposition of des-~~

Senate Federal and State Affairs Com.

Date: ~~MARCH~~ 17, 2004

Attachment: # 2

1 ~~destination casino revenue fund~~

2 ~~(2) From each account maintained in the gaming act revenues fund~~
 3 ~~for each video lottery parimutuel sales agent or video lottery club sales~~
 4 ~~agent amounts in accordance with the provisions of section 18, and~~
 5 ~~amendments thereto.~~

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

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

15 (2) for Kansas comprehensive grant program established pursuant to
 16 K.S.A. 71-32,120 *et seq.*, and amendments thereto, \$3.75 million in the
 17 fiscal year ending June 30, 2005; \$7.5 million in the fiscal year ending
 18 June 30, 2006; \$11.25 million in the fiscal year ending June 30, 2007; and
 19 \$15 million in the fiscal year ending June 30, 2008, and each fiscal year
 20 thereafter;

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

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

28 New Sec. 22. (a) There is hereby created in the state treasury the
 29 gaming act oversight fund.

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

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

39 (1) The average daily balance of moneys in the gaming act oversight
 40 fund for the preceding month; and

41 (2) the net earnings rate for the pooled money investment portfolio
 42 for the preceding month.

43 (d) All expenditures from the gaming act oversight fund shall be made

(c) The executive director shall certify weekly to the director of
 accounts and reports the percentages or amounts to be transferred
 from each account maintained in the gaming act revenues fund to the
 gaming act oversight fund, the destination casino operating expenses
 fund, the live horse racing supplement fund, the live greyhound racing
 purse supplement fund and the problem gambling grant fund, as
 provided by the certificate of authority or section 18, and amendments
 thereto. Upon receipt of the certification the director of accounts and
 reports shall transfer amounts from each such account in accordance
 with the certification of the executive director. Once each week the
 executive director shall cause amounts from each such account to be
 paid to cities, counties and destination casino managers in accordance
 with the certificate of authority and to video lottery parimutuel sales
 agents and video lottery club sales agents in accordance with section
 18, and amendments thereto.

TEICHMAN

AMENDMENTS - SENATOR RUTH TEICHMAN

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Session of 2004

SENATE BILL No. 499

By Committee on Federal and State Affairs

2-10

AN ACT concerning lotteries; enacting the Kansas expanded gaming opportunity act; authorizing operation of destination casinos, electronic gaming machines, video lottery terminals and other lottery games at certain locations; prohibiting certain acts and providing penalties for violations; amending K.S.A. 74-8702, 74-8705, 74-8710, 74-8711 and 74-8723 and K.S.A. 2003 Supp. 19-101a and repealing the existing sections.

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

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

- (a) "Commission" means the Kansas lottery commission.
- (b) "Executive director" means the executive director of the Kansas lottery.
- (c) ~~"Gaming equipment" means any electric, electronic or mechanical device or other equipment unique to the Kansas lottery used directly in the operation of any lottery and in the determination of winners pursuant to this act.~~
"Gaming equipment" means any electric, electronic, computerized or electromechanical machine, mechanism, supply or device, or any other equipment, which is: (1) Unique to the Kansas lottery and used pursuant to the Kansas lottery act; (2) integral to the operation of an electronic gaming machine; or (3) affects the results of an electronic gaming machine by determining win or loss.
- (d) "Kansas lottery" means the state agency created by this act to operate a lottery or lotteries pursuant to this act.
- (e) "Lottery retailer" means any person with whom the Kansas lottery has contracted to sell lottery tickets or shares, or both, to the public.
- (f) "Lottery" or "state lottery" means the lottery or lotteries operated pursuant to this act.
- (g) "Major procurement" means any gaming product or service, including but not limited to facilities, advertising and promotional services, annuity contracts, prize payment agreements, consulting services, equipment, tickets and other products and services unique to the Kansas lot-

Senate Federal and State Affairs Com.

Date: MARCH 17, 2004

Attachment: # 3

1 stepbrother, sister, stepsister, parent or stepparent or anyone who resides
2 in such person's household, shall:

3 (1) Be employed by or have any financial interest in any destination
4 casino, any destination enterprise, destination enterprise manager, des-
5 tination casino manager or any business engaged in gaming or operating
6 a lottery, selling goods or services used in the operation of gaming or a
7 lottery or representing the gaming or lottery industry, while or within two
8 years before or after such person is a member of the destination casino
9 commission; or

10 (2) accept any compensation, gift, loan, entertainment, hospitality,
11 favor or service from any applicant for or holder of a certificate of au-
12 thority, any destination enterprise, any destination enterprise manager,
13 destination casino manager or any person selling goods or services used
14 in the operation of gaming or a lottery, or any agent or employee thereof.

15 Violation of the provisions of this subsection is a class A nonperson
16 misdemeanor upon conviction for a first offense. Violation of this sub-
17 section is a severity level 9, nonperson felony upon conviction for a second
18 or subsequent offense.

19 (g) The destination casino commission is hereby attached to the Kan-
20 sas lottery as a part thereof. All budgeting, purchasing and related man-
21 agement functions of the destination casino commission shall be admin-
22 istered by the executive director. The executive director shall provide
23 office and meeting space and such clerical and other staff assistance as
24 may be necessary to assist the destination casino commission in carrying
25 out its powers, duties and functions under this act. The destination casino
26 commission may employ any experts, consultants or other professionals
27 at the expense of a prospective destination enterprise manager to provide
28 assistance in evaluating a destination enterprise proposal submitted to the
29 destination casino commission.

30 New Sec. 5. (a) The destination casino commission shall review propo-
31 sals for destination enterprises and destination casinos submitted to the
32 destination casino commission by applicants seeking to become destina-
33 tion enterprise managers and destination casino managers. The destina-
34 tion casino commission may charge applicants an administrative applica-
35 tion fee reasonably related to the actual costs of processing the
36 application.

37 (b) A parimutuel licensee may apply to develop and manage a des-
38 tination enterprise and destination casino at the parimutuel licensee lo-
39 cation only if such development shall maintain live racing facilities and
40 operations and included in the expenses of such operation are provisions
41 for purse supplements adequate to encourage live racing and the asso-
42 ciated agricultural industries in Kansas. The amount of such purse sup-
43 plements shall be determined through the negotiation of a binding con-

Only after such applicant provides evidence of approval for development of such facility from the governing body of the city where the facility will be located or, if the facility will not be located within any city, from the governing body of the county.

That has accepted placement of video lottery terminals by the Kansas lottery at a pari-mutuel licensee location pursuant to the provisions of sections 11-20 of this act

1 tract between the parimutuel licensee and representatives of the horse.
2 and greyhound racing industry. As a part of its application for authori-
3 zation to develop a destination casino at a parimutuel licensee location, a
4 parimutuel licensee shall provide the destination casino commission with
5 a contract approved by the official breed registering agencies as recog-
6 nized by the Kansas racing and gaming commission pursuant to K.S.A.
7 74-8830 and 74-8832, and amendments thereto. The contract shall specify
8 the distributions to be made from the gross destination casino revenues
9 to provide purse supplements to the appropriate breed groups. Such con-
10 tract shall become a part of the management contract if the parimutuel
11 licensee is authorized to develop a destination casino. A parimutuel li-
12 censee must receive the consent of its organization licensee, as defined
13 in K.S.A. 74-8802, and amendments thereto, before applying to develop
14 a destination enterprise and destination casino under this act. A desti-
15 nation enterprise and destination casino shall not exist at a parimutuel
16 licensee location except as provided in this section.

17 (c) Subject to the provisions of section 7, and amendments thereto,
18 the destination casino commission, in its discretion, may issue a certificate
19 of authority for the proposed destination casino, if the destination casino
20 commission determines that:

21 (1) The proposal constitutes a destination enterprise and a destination
22 casino;

23 (2) the proposal: (A) Includes ancillary destination enterprise opera-
24 tions which would provide for dining, lodging, meetings, conferences and
25 entertainment other than gaming; and (B) demonstrates through a market
26 study that, considering all other competing gaming and other entertain-
27 ment venues, the proposal would (i) be economically feasible, (ii) be prof-
28 itable for the state and (iii) not render economically infeasible any other
29 destination enterprise, destination casino or tribal gaming facility which
30 is approved by the state and in which the state has a financial stake;

31 (3) the proposed destination enterprise either: (A) Consists of an in-
32 vestment in infrastructure, including ancillary destination enterprise op-
33 erations, of at least \$75 million; or (B) consists of an investment in infra-
34 structure, including ancillary destination enterprise operations, of at least
35 \$30 million and demonstrates through a market study that at least 15%
36 of its gaming consumers would reside outside the state of Kansas; and

37 (4) the applicant: (A) Has sufficient access to financial resources to
38 support the activities required under the Kansas expanded gaming op-
39 portunity act; (B) is current in payment of all taxes, interest and penalties
40 owed to any taxing subdivision where the person is located in Kansas; and
41 (C) is current in filing all applicable tax returns and in payment of all
42 taxes, interest and penalties owed to the state of Kansas, excluding items
43 under formal appeal pursuant to applicable statutes; and

proposal or proposals

1 (5) the applicant, the principals and the officers and directors, if a
2 corporation, have completed acceptable background investigations by
3 federal or state authorities.

4 (d) If the destination casino commission is considering more than one
5 proposal for a destination casino, the destination casino commission shall
6 select the ~~proposal~~ that, in the judgment of the destination casino com-
7 mission, is in the best interest of the state as a whole. The destination
8 casino commission shall favor proposals that: (1) Have larger investments
9 in infrastructure; (2) create more jobs and have higher payroll; (3) have
10 lower management fees and expenses; (4) create more revenue for the
11 state; (5) are likely to succeed in the marketplace; (6) have a more ex-
12 periented and qualified management team; (7) have more effective and
13 aggressive plans for identifying and counteracting problem gambling; (8)
14 would attract more tourists; and (9) have the support of the local
15 community.

16 (e) The destination casino commission shall issue not more than five
17 certificates of authority. When the destination casino commission has is-
18 sued three certificates of authority, the destination casino commission
19 shall commission a statewide feasibility study to determine whether ad-
20 ditional destination casinos would be in the best interest of the state and
21 where any additional destination casinos should be located.

22 (f) The destination casino commission shall not issue a certificate of
23 authority for a destination casino within 50 miles of any destination casino
24 for which a certificate of authority has been issued during the preceding
25 two years.

26 (g) If a tribal compact is negotiated and signed by the governor and
27 approved by the legislature in accordance with K.S.A. 46-2301 *et seq.*,
28 and amendments thereto, the destination casino commission shall not
29 issue a certificate of authority for any destination casino within 50 miles
30 of the proposed site for the tribal casino until the United States secretary
31 of interior issues a final decision on the tribal compact and any related
32 land issues pursuant to the Indian Gaming Regulatory Act, including any
33 determination under 25 U.S.C. 2719 (b)(1)(A), provided, however, if the
34 secretary of interior has not made a final decision on the tribal compact
35 and any related land issues within one year after legislative approval of
36 the tribal compact, the destination casino commission may consider pro-
37 posals and issue a certificate of authority for a destination enterprise and
38 casino to be located within 50 miles of the proposed site for the tribal
39 casino. If the secretary of interior gives final approval to the tribal compact
40 and any related land issues, the destination casino commission shall not
41 issue a certificate of authority for a destination casino within 50 miles of
42 the tribal casino for a period of two years after such approval.

43 New Sec. 6. (a) The certificate of authority issued by the destination

unless the destination casino commission determines that it is in the best interest of the state to approve either single or multiple proposals within the same market. The commission shall determine through a review of market studies included in the proposals whether development of more than one facility within the same marketplace is reasonably feasible. The commission may, if it deems necessary, commission an independent market study, which assesses the market impact of more than one destination casino within 50 miles of each other.

1 casino commission shall:

2 (1) Define the size, scope and nature of the destination enterprise,
3 destination casino and ancillary destination enterprise operations;

4 (2) include a comprehensive management plan, submitted by the des-
5 tination enterprise manager and approved by the destination casino com-
6 mission, for operation, oversight and monitoring of the destination en-
7 terprise. The plan shall provide for the management of the destination
8 casino by the destination casino manager but shall place full, complete
9 and ultimate ownership and control of the gaming operation of the des-
10 tination casino with the Kansas lottery. In addition, the plan shall include,
11 but not be limited to:

12 (A) Accounting procedures to determine destination casino revenues,
13 destination casino expenses and net destination casino revenues;

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

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

17 (D) minimum requirements for the destination enterprise manager
18 and destination casino manager to provide qualified oversight, security
19 and supervision of the operation of electronic gaming machines and des-
20 tination casino games, including the use of qualified personnel with ex-
21 perience in applicable technology;

22 ~~(E)~~ a certification requirement and enforcement procedure for offi-
23 cers, directors, key employees and persons directly or indirectly owning
24 a 5% or more interest in a destination enterprise manager or destination
25 casino manager, which certification requirement shall include compliance
26 with such security, fitness and background standards as the executive
27 director may deem necessary relating to competence, honesty and integ-
28 rity, such that a person's reputation, habits and associations do not pose
29 a threat to the public interest of the state or to the reputation of or
30 effective regulation and control of the destination casino; it being specif-
31 ically understood that any person convicted of any felony, a crime involv-
32 ing gambling or a crime of moral turpitude within 10 years prior to ap-
33 plying for a certificate as such sales agent or at any time thereafter shall
34 be deemed unfit. The Kansas lottery shall conduct the security, fitness
35 and background checks required pursuant to such rules and regulations;

36 ~~(F)~~ a certification requirement and enforcement procedure for those
37 persons, including electronic gaming machine manufacturers, technology
38 providers and computer system providers, who propose to contract with
39 a destination enterprise manager, a destination casino manager or the
40 state for the provision of goods or services related to a destination casino,
41 including management services, which certification requirements shall
42 include compliance with such security, fitness and background standards
43 of officers, directors, key gaming employees and persons directly or in-

(E) A requirement that a pari-mutuel licensee developing a destination casino facility pursuant to this section, comply with all orders, rules and regulations of the Kansas Racing and Gaming Commission with regards to the conduct of live racing, including minimum days of racing as specified in new section 16.

REGARDING

1 (b) If the destination enterprise manager or destination casino man-
2 ager is a parimutuel licensee, the certificate of authority shall provide for
3 the disposition of destination casino revenues as follows:

4 (1) Not more than 2% of destination casino revenues shall be credited
5 to the gaming act oversight fund established by section 22, and amend-
6 ments thereto;

7 (2) an aggregate of not more than 4% of destination casino revenues
8 shall be remitted, as determined by the destination casino commission in
9 its discretion, to the county and city, if any, where the destination enter-
10 prise is located;

11 (3) the maximum percentage of destination casino revenues specified
12 by the certificate of authority for expenses of operation of the destination
13 casino shall be credited to the destination casino operating expenses fund
14 established by section 24, and amendments thereto;

15 (4) a percentage of destination casino revenues specified by the cer-
16 tificate of authority, but not less than 18% of such revenues, shall be
17 retained by the state; and

18 (5) a percentage of destination casino net revenues specified by the
19 certificate of authority shall be paid to the destination casino manager.

20 (c) If the destination enterprise manager and destination casino man-
21 ager are not a parimutuel licensee, the certificate of authority shall pro-
22 vide for the disposition of the gaming revenues from the destination ca-
23 sino as follows:

24 (1) Not more than 2% of destination casino revenues shall be credited
25 to the gaming act oversight fund established by section 22, and amend-
26 ments thereto;

27 (2) an aggregate of not more than 4% of destination casino revenues
28 shall be remitted, as determined by the destination casino commission in
29 its discretion, to the county and city, if any, where the destination enter-
30 prise is located;

31 (3) the maximum percentage of destination casino revenues specified
32 by the certificate of authority for expenses of operation of the destination
33 casino shall be credited to the destination casino operating expenses fund
34 established by section 24, and amendments thereto;

35 (4) a percentage of destination casino revenues specified by the cer-
36 tificate of authority, but not less than 22% of such revenues, shall be
37 retained by the state; and

38 (5) a percentage of destination casino net revenues specified by the
39 certificate of authority shall be paid to the destination casino manager.

40 (d) Upon approval of the voters of the county pursuant to section 7,
41 and amendments thereto, and issuance of the certificate of authority, the
42 executive director shall enter into a management contract with the des-
43 tination enterprise manager and destination casino manager. The man-

1 agement contract shall implement the provisions of the certificate and
2 shall be limited by the terms of the certificate. The management contract
3 shall allow the destination casino manager to manage the destination ca-
4 sino in a manner consistent with this act and the certificate of authority
5 but shall place full, complete and ultimate ownership and control of the
6 gaming operation of the destination casino with the Kansas lottery. The
7 Kansas lottery shall retain the ability to overrule any and all significant
8 gaming decisions at any time, without notice and shall retain full control
9 over all decisions concerning destination casino games, including which
10 games are offered at a destination casino, the odds, the payout and other
11 conditions under which destination casino games are played. Any man-
12 agement contract that attempts to transfer ownership or control of the
13 destination casino or its gaming operation shall be null and void. Such
14 contract shall not be subject to the provisions of K.S.A. 75-3738 through
15 75-3744, and amendments thereto. The management contract shall re-
16 quire the destination casino manager to submit a detailed gaming plan to
17 the executive director for approval by the executive director. The gaming
18 plan shall include procedures to identify and counteract problem gam-
19 bling. Failure to follow these procedures shall be cause for cancelling the
20 management contract. The management contract shall be for a term of
21 not less than 10 years and shall be renewable by mutual consent of the
22 state and the destination enterprise manager and destination casino man-
23 ager. The management contract shall provide that any party may cancel
24 the contract for cause.

25 New Sec. 7. (a) Before a management contract is entered into by the
26 executive director, the qualified voters of the county where a destination
27 enterprise is proposed to be located must approve the operation of a
28 destination casino within the county as provided by this section.

29 (b) The board of county commissioners of any county may submit by
30 resolution, and shall submit upon presentation of a petition filed in ac-
31 cordance with this section, to the qualified voters of the county a prop-
32 osition to permit the operation of a destination casino within the county
33 pursuant to this section. The proposition shall be submitted to the voters
34 either at a special election called by the board of county commissioners
35 for that purpose and held not less than 90 days after the resolution is
36 adopted or the petition is filed or at the next general election, as shall be
37 specified by the board of county commissioners or as specified in the
38 petition, as the case may be.

39 (c) A petition to submit a proposition pursuant to this section shall
40 be filed with the county election officer. The petition shall be signed by
41 qualified voters of the county equal in number to not less than 10% of
42 the voters of the county who voted for the office of secretary of state at
43 the last preceding general election at which such office was elected. The

1 following shall appear on the petition: "We request an election to deter-
2 mine whether the certificate of authority issued by the destination casino
3 commission to _____
(name of destination enterprise manager and destination casino manager)

4 to operate a destination casino in _____ county shall be approved."

5 (d) Upon the adoption of a resolution or the submission of a
6 valid petition calling for an election pursuant to this section, the county
7 election officer shall cause the following proposition to be placed
8 on the ballot at the election called for that purpose: "Shall the
9 certificate of authority issued by the destination casino commission to
10 _____
(name of destination enterprise manager and destination casino manager)

11 to operate a destination casino in _____ county be approved?"

12 (f) If a majority of the votes cast and counted at such election is in
13 favor of approving the specified certificate of authority within the county,
14 the executive director may enter into a management contract as provided
15 by this act for operation of a destination casino within the county. If a
16 majority of the votes cast and counted at an election under this section is
17 against permitting the operation of a destination casino within the county,
18 the executive director shall not enter into any management contract pur-
19 suant to this act for the operation of a destination casino within the county.
20 The county election officer shall transmit a copy of the certification of
21 the results of the election to the executive director.

22 (g) The election provided for by this section shall be conducted, and
23 the votes counted and canvassed, in the manner provided by law for
24 question submitted elections of the county.

25 New Sec. 8. (a) The Kansas lottery shall examine prototypes of elec-
26 tronic gaming machines to determine compliance with the certificate of
27 authority and the requirements of the Kansas expanded gaming oppor-
28 tunity act.

29 (b) No electronic gaming machine shall be operated pursuant to the
30 Kansas expanded gaming opportunity act unless the executive director
31 first issues a certificate for such machine authorizing its use at a specified
32 destination casino. Each electronic gaming machine shall have the certif-
33 icate prominently displayed thereon. Any machine which does not display
34 the certificate required by this section is contraband and a public nuisance
35 subject to confiscation by any law enforcement officer.

36 (c) The executive director shall require any manufacturer, supplier,
37 provider, destination enterprise manager, destination casino manager or
38 other person seeking the examination and certification of electronic gam-
39 ing machines to pay the anticipated actual costs of the examination in
40 advance. After the completion of the examination, the executive director
41 shall refund any overpayment or charge and collect amounts sufficient to
42 reimburse the executive director for any underpayment of actual costs.
43 The executive director may contract for the examination of electronic

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

21 (E) the number of video lottery terminals permitted in each pari-
22 mutuel location and club location. The total number of video lottery ter-
23 minals at all parimutuel locations shall not exceed ~~2,500~~. No club location
24 shall have more than five video lottery terminals;

4,000

25 (F) standards for advertising, marketing and promotional materials
26 used by video lottery parimutuel sales agents. Video lottery club sales
27 agents shall not advertise, market or promote the existence of video lot-
28 tery terminals at any club location, except to the members of the veterans
29 or fraternal organization at which the video lottery terminals are located;

30 (G) the registration, kind, type, number and location of video lottery
31 terminals at any parimutuel licensee location or club location;

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

33 (I) regulations and procedures for the accounting and reporting of
34 the payments required from video lottery parimutuel sales agents and
35 video lottery club sales agents under section 21, and amendments thereto,
36 including the calculations required for such payments;

37 (J) requiring the reporting of information about any video lottery pari-
38 mutuel sales agent or video lottery club sales agent, its employees, ven-
39 dors and finances necessary or desirable to ensure the security of the
40 video lottery system. None of the information disclosed pursuant to this
41 subsection shall be subject to disclosure under the Kansas open records
42 act; and

43 (K) the reporting and auditing of financial information of video lot-

1 entities, in possession or control of the accounts or records of the vendor
2 to allow examination of any or all of those accounts or records by the
3 executive director.

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

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

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

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

12 (1) Failure to notify the Kansas lottery about a material change in
13 ownership of the certificate holder, or any change in the directors, officers
14 or board members thereof;

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

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

18 (4) any violation of any provision of the Kansas expanded gaming
19 opportunity act or any rule or regulation adopted by the commission.

20 New Sec. 15. (a) Every certified video lottery terminal manufacturer
21 shall submit a training program for the service and maintenance of such
22 video lottery terminals and associated equipment for approval by the Kan-
23 sas lottery. The training program shall include an outline of the training
24 curriculum, a list of instructors and their qualifications, a copy of the
25 instructional materials and the dates, times and location of training clas-
26 ses. No service and maintenance program shall be held until approved by
27 the Kansas lottery.

28 (b) Every service employee shall complete the requirements of the
29 manufacturer's training program before such employee performs service,
30 maintenance and repairs on video lottery terminals or video lottery ter-
31 minal associated equipment. Upon the successful completion by a service
32 employee of the training program required by this section, the Kansas
33 lottery shall issue a certificate authorizing such employee to service, main-
34 tain and repair video lottery terminals and video lottery terminal associ-
35 ated equipment. No certificate of completion shall be issued to any serv-
36 ice employee until the Kansas lottery has ascertained that such employee
37 has completed the required training program. Any person certified as a
38 service employee under this section shall pass a background investigation
39 under the rules and regulations of the commission. The Kansas lottery
40 may revoke certification upon finding a service employee in violation of
41 any provision of the Kansas expanded gaming opportunity act or a com-
42 mission rule or regulation.

43 New Sec. 16. (a) Video lottery terminals shall not be offered for use

New Section 16. (a) Except as provided in subsection (b):

(1) No video lottery terminal shall be operated at a pari-mutuel licensee location in Sedgwick county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the pari-mutuel licensee conducts at such location at least eight live greyhound racing programs each calendar week for the number of weeks raced during calendar year 2002, with at least 13 live races conducted each program.

(2) No video lottery terminal shall be operated at a pari-mutuel licensee location in Wyandotte county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the pari-mutuel licensee conducts live horse racing programs for at least 65 days, with at least 10 live races conducted each program, and must offer and make a reasonable effort to conduct a minimum number of three live races restricted for quarter horses each day and seven live thoroughbred races each day, of which not less than two races each day shall be limited to registered Kansas-bred horses apportioned in the same 70-30 ratio that live races are offered, and with at least eight live greyhound racing programs each calendar week for at least the same number of weeks raced during 2002, with at least 13 live races conducted each program.

(3) No video lottery terminal shall be operated at a pari-mutuel licensee location in Crawford county unless, during the first full calendar year and each year thereafter in which video lottery terminals are operated at such location, the pari-mutuel licensee conducts at such location at least eight live greyhound racing programs each calendar week for the number of weeks equal to the number of days raced during calendar year 2002 at a pari-mutuel licensee location in Sedgwick county, with at least 13 live races conducted each program.

(4) In the case where a pari-mutuel licensee has not held live races pursuant to a commission approved schedule in the preceding 12 months, the Kansas racing and gaming commission shall open a proceeding to determine the number of days of live racing required for the remaining days of the first calendar year of operation to qualify for operation of video lottery terminals. Such proceeding shall receive testimony and evidence from affected breed groups, the licensee and others, as the Kansas racing and gaming commission deems appropriate concerning the schedule of live race days. Such operation of video lottery terminals shall not commence more than 90 days prior to the start of live racing at such facility.

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

(6) No video lottery terminals shall be operated at a pari-mutuel licensee location at Anthony Downs in Harper County unless during the first full calendar year and each year thereafter in which video lottery terminals are operated the pari-mutuel licensee shall conduct at such location at least 40 days of live horse racing.

(7) Greenwood county fair association and Anthony fair association shall qualify as fair associations pursuant to the provisions of this section and shall be required to comply with all provisions of K.S.A. 74-8814.

1 or play in this state unless approved by the Kansas lottery. Video lottery
 2 terminals may only offer video lottery games authorized by the Kansas
 3 lottery.

4 ~~(c)(b)~~ Video lottery terminals approved for use or play in this state shall:
 5 (1) Be incapable of manipulation to effect the random probability of
 6 winning plays;

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

13 (3) be capable of suspending play as a result of physical tampering
 14 until reset at the direction of the executive director or the executive di-
 15 rector's designee;

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

20 (5) be capable of being linked to the Kansas lottery's central video
 21 lottery terminal computer system for the purpose of auditing the opera-
 22 tion, financial data and program information as required by the executive
 23 director.

24 ~~(d)(e)~~ Video lottery terminals operated at club locations shall:

25 (1) Only be capable of non-cash methods of initiating play and pay-
 26 ment of prizes, whether by voucher, electronic card, or otherwise, but all
 27 prizes shall be payable in cash by the video lottery club sales agent where
 28 the terminal is located, which video lottery club sales agent shall receive
 29 credit on its lottery account for all prizes paid; however, if a video lottery
 30 club sales agent is unable or fails to pay any prize, subject to claim and
 31 validation such prize may be claimed through and paid by the Kansas
 32 lottery; and

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

35 New Sec. 17. (a) No person who has held an interest in or been
 36 employed by a parimutuel licensee, a video lottery parimutuel sales agent
 37 or a video lottery club sales agent shall be employed by the Kansas lottery
 38 for two years after the expiration of such interest or employment.

39 (b) No person who holds an interest in or is employed by the video
 40 lottery terminal manufacturer's vendor shall be employed by the Kansas
 41 lottery.

42 (c) No employee of the Kansas lottery shall play a video lottery ter-
 43 minal unless specifically authorized by the executive director or the ex-

(b) The Kansas racing and gaming commission may not provide an exception to the requirements of subsection (a) for a pari-mutuel licensee conducting live racing unless such exception is in the form of an agreement between the track licensee and the affected recognized breed group, which has first been reviewed by the appropriate official breed registering agencies, and then submitted to the racing commission for consideration. In the case of an emergency, weather related issues or immediate circumstances beyond the control of the licensee, the commission may grant an exception after consultation with the affected recognized breed group at the facility.

(e) Notwithstanding the provisions of K.S.A.74-8836 (a) and (b) the Kansas racing and gaming commission shall authorize simulcasting on any day the operation of video lottery terminals are authorized at the racetrack facility at Eureka Downs and the racetrack facility at Anthony Downs.

(f) Parimutuel licensee locations authorized to operate video lottery terminals shall make available in the same facilities and where the video lottery terminals are operated displays of simulcast pari-mutuel races on video terminals and pari-mutuel windows for wagering on pari-mutuel races.

1 ecutive director's designee for purposes of testing, auditing or other se-
2 curity reasons.

3 (d) No person who was employed by the Kansas lottery shall hold an
4 interest in or be employed by a parimutuel licensee, a video lottery ter-
5 minal manufacturer's vendor or the central system provider for a period
6 of two years after the termination of employment with the Kansas lottery.

7 New Sec. 18. Net video lottery terminal income shall be distributed
8 as follows:

9 (a) Twenty-^{Five} percent of net video lottery terminal income shall be
10 paid to the video lottery parimutuel sales agent or video lottery club sales
11 agent.

12 (b) seven percent of net video lottery terminal income derived from
13 video lottery terminals at parimutuel licensee locations shall be credited
14 to the live horse racing purse supplement fund established by section 23,
15 and amendments thereto;

16 (c) seven percent of net video lottery terminal income derived from
17 video lottery terminals at parimutuel licensee locations shall be credited
18 to the live greyhound racing purse supplement fund established by sec-
19 tion 23, and amendments thereto.

20 (d) one-half of one percent of net video lottery terminal income shall
21 be credited to the problem gambling grant fund established by K.S.A. 79-
22 4805, and amendments thereto; and

23 (e) amounts appropriated for expenses of the Kansas lottery attrib-
24 utable to implementation, administration and enforcement of the provi-
25 sions of the Kansas expanded gaming opportunity act and oversight, mon-
26 itoring and of video lottery pursuant to the provisions of such act shall be
27 credited to the gaming act oversight fund established by section 22, and
28 amendments thereto.

29 New Sec. 19. The Kansas lottery commission, upon the recommen-
30 dation of the executive director, shall adopt rules and regulations neces-
31 sary to carry out the purposes of this act. Temporary rules and regulations
32 may be adopted by the commission without being subject to the provi-
33 sions and requirements of K.S.A. 77-415 through 77-438, and amend-
34 ments thereto, but shall be subject to approval by the attorney general as
35 to legality and shall be filed with the secretary of state and published in
36 the Kansas register.

37 New Sec. 20. (a) All video lottery terminals shall be leased by the
38 Kansas lottery and shall be obtained from video lottery terminal manu-
39 facturers certified pursuant to the Kansas expanded gaming opportunity
40 act and the rules and regulations adopted by the commission.

41 (b) The executive director shall contract with an independent labo-
42 ratory to test video lottery terminals and associated equipment on a pe-
43 riodic basis to ensure that the terminals and equipment comply with the

a video lottery parimutuel sales agent may be reimbursed for marketing, security and additional labor expenses associated with the placement of video lottery terminals at a parimutuel licensee location pursuant to a management contract with the Kansas lottery.

twenty-one percent to the

plus an additional purse supplement paid to winners of live greyhound races at each pari-mutuel licensee location where greyhound races are conducted, for each Kansas-whelped greyhound an additional amount equal to \$60 per point for each point awarded to the winner

1 in accordance with appropriation acts upon warrants of the director of
2 accounts and reports issued pursuant to vouchers approved by the executive
3 director for the purposes set forth in the Kansas expanded gaming
4 opportunity act.

5 New Sec. 23. ~~(a) There is hereby established in the state treasury the
6 live horse racing purse supplement fund. Twenty percent of all moneys
7 paid into such fund shall be transferred to the Kansas horse breeding
8 development fund created pursuant to K.S.A. 74-8829, and amendments
9 thereto. The balance shall be distributed from the separate horse purse
10 supplement accounts maintained pursuant to this section in accordance
11 with rules and regulations of the Kansas racing and gaming commission,
12 provided that pari-mutuel licensees shall continue to pay purses from the
13 live and simulcast purse fund established by law.~~

14 ~~(b) There shall be and is hereby established in the state treasury the
15 live greyhound racing purse supplement fund. Moneys available in such
16 fund shall be paid to pari-mutuel licensees for distribution as purse supplements
17 in accordance with rules and regulations of the Kansas racing
18 and gaming commission.~~

19 (c) All purse supplements paid pursuant to this act shall be according
20 to the point schedule in effect on January 1, 2003, at the respective pari-
21 mutuel licensee locations. All purse supplements paid pursuant to this
22 section shall be in addition to purses and supplements paid under K.S.A.
23 74-8801 et seq., and amendments thereto.

24 New Sec. 24. (a) There is hereby established in the state treasury the
25 destination casino operating expenses fund. Separate accounts shall be
26 maintained in such fund to pay expenses of operation of each destination
27 casino. All expenditures from the fund shall be made in accordance with
28 appropriation acts upon warrants of the director of accounts and reports
29 issued pursuant to vouchers approved by the executive director for the
30 purposes set forth in this act.

31 (b) Moneys in accounts in the destination casino operating expenses
32 fund shall be expended only to pay expenses of operation of the respective
33 destination casino in accordance with the certificate of authority and the
34 management contract.

35 (c) Subject to the limitations of subsections (b)(5) and (c)(5) of section
36 6, and amendments thereto, any moneys remaining in an account in
37 the destination casino operating expenses fund at the end of any fiscal
38 year shall be transferred to the state general fund.

39 New Sec. 25. (a) Wagers shall be received only from a person at the
40 location where the destination casino game or video lottery game is authorized
41 pursuant to the Kansas expanded gaming opportunity act. No
42 person present at such location shall place or attempt to place a wager
43 on behalf of another person who is not present at such location.

(a) There is hereby created in the state treasury the live horse racing purse supplement fund. Twenty-five percent of all moneys paid into the live horse racing purse supplement fund shall be transferred to the Kansas horse breeding development fund created pursuant to K.S.A. 74-8829, and amendments thereto. 2% of the moneys credited to the live horse racing purse supplement fund shall be distributed to the official registering agency to be used for horse registration, administration, development, representation and promotion of the Kansas horse racing and breeding industries. A complete financial accounting for the use of all funds received pursuant to this act shall be provided to the Kansas Racing and Gaming Commission annually. Fifty percent of the moneys deposited in the Kansas horse breeding development fund pursuant to this subsection shall be used as purse supplements for registered Kansas bred foals and 50% of such amounts shall be used as breed awards for registered Kansas bred broodmares and stallions. The racing and gaming commission shall distribute moneys in the Kansas horse breeding development fund in accordance with the established percentage of purse shares between quarterhorses and thoroughbreds. Based on the contribution to the horse racing and breeding industries in Kansas the distribution of the balance of the live horse purse supplement fund shall be in accordance with rules and regulations adopted by the commission with recommendations by the official horse registering agency. The board of directors of the official horse breed registering agency shall consist of the following number of representatives of the various breeds, five (5) representatives of the Quarter horse breed, five (5) representatives of the thoroughbred breed. Representatives shall be selected by each breed organization from their respective memberships pursuant to rules and regulations established by the Kansas Racing and Gaming Commission. In order to be eligible to serve on the board, participant must be a legal resident of Kansas, and be a member of the Kansas Quarter Horse Association or the Kansas Thoroughbred association.

(b) There is hereby established in the state treasury the live greyhound racing purse supplement fund. Moneys available in such fund shall be paid to pari-mutuel licensees for distribution as purse supplements in accordance with rules and regulations of the Kansas racing and gaming commission. Except, such rules and regulations shall provide that 25% of the total amount credited to such fund shall be transferred to the credit of the greyhound breeding development fund, created pursuant to K.S.A. 74-8831, and amendments thereto. Funds transferred into the greyhound breeding development fund pursuant to this section shall be used to supplement special stake races and enhancing the amount per point paid to the owners of Kansas-whelped greyhounds which win live races at Kansas greyhound tracks in accordance with Kansas racing and Gaming Commission rules and regulations. Upon the recommendation of the official greyhound breed registry, the Kansas racing and gaming commission may transfer funds from the Kansas Greyhound Breed development fund to the purse supplement fund.

1 ~~(b)~~ No employee or contractor of a destination enterprise manager,
 2 destination casino manager, video lottery parimutuel sales agent or video
 3 lottery club sales agent shall loan money to or otherwise extend credit to
 4 patrons of the destination enterprise, parimutuel licensee or veterans or
 5 fraternal organization.

6 ~~D(c)~~ Violation of this section is a class A nonperson misdemeanor upon
 7 a conviction for a first offense. Violation of this section is a severity level
 8 9, nonperson felony upon conviction for a second or subsequent offense.

9 New Sec. 26. (a) A person less than 21 years of age shall not be
 10 permitted in an area where destination casino games or video lottery
 11 games are being conducted, except for a person at least 18 years of age
 12 who is an employee of the destination enterprise manager, destination
 13 casino manager, video lottery parimutuel sales agent or video lottery club
 14 sales agent. No employee under age 21 shall perform any function in-
 15 volved in gaming by the patrons.

16 (b) No person under age 21 shall play or make a wager on a desti-
 17 nation casino game or video lottery game.

18 New Sec. 27. (a) Except as when authorized in accordance with sub-
 19 section (c), it is unlawful for any destination enterprise manager, desti-
 20 nation casino manager, video lottery parimutuel sales agent or video lot-
 21 tery club sales agent, or any employee or agent thereof, to allow any
 22 person to play destination casino games or video lottery pursuant to the
 23 Kansas expanded gaming opportunity act, or share in winnings of such
 24 person, knowing such person to be:

25 (1) Less than 21 years of age;

26 (2) a member of the destination casino commission, the executive
 27 director, a member of the commission or an employee of the Kansas
 28 lottery;

29 (3) an officer or employee of a vendor contracting with the Kansas
 30 lottery to supply gaming equipment or tickets to the Kansas lottery for
 31 use in the operation of any lottery conducted pursuant to the Kansas
 32 lottery act;

33 (4) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
 34 parent or stepparent of a person described by subsection (a)(2) or (a)(3);
 35 or

36 (5) a person who resides in the same household as any person de-
 37 scribed by subsection (a)(2) or (a)(3).

38 (b) Violation of subsection (a) is a class A nonperson misdemeanor
 39 upon conviction for a first offense. Violation of subsection (a) is a severity
 40 level 9, nonperson felony upon conviction for a second or subsequent
 41 offense.

42 (c) The executive director may authorize in writing any employee of
 43 the Kansas lottery and any employee of a lottery vendor to play a desti-

(b) The Kansas racing and gaming commission shall establish a greyhound promotion and development fund and shall be funded through a voluntary greyhound purse check-off program which shall provide for deduction of 2% from all purses paid to kennels and greyhound owners who participate in the program. Greyhound owners and kennel operators shall be provided annually an opportunity to not participate in the program by signing a form approved by the commission. Moneys deposited into the fund shall be used for the development, promotion and representation of the greyhound industry in Kansas and shall be distributed by the commission to the organization contracted by the commission to administer the official greyhound registry in Kansas.