

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 21**

As Agreed to March 26, 2025

Brief*

SB 21 would amend the Kansas Parimutuel Racing Act to change certain licensing requirements regarding live horse racing and to alter the distribution of moneys from certain funds. The bill would also make technical changes.

Definitions

The bill would amend definitions for “horsemen’s association” and “horsemen’s nonprofit organization” to remove location restrictions and references to specific racetracks, which would permit organizations of either type to obtain licenses for racetrack facilities located anywhere in Kansas.

Organization Licenses

The bill would remove the requirement that race meets are held within the boundaries of the county where the applicant for licensure is located. [*Note:* Continuing law would still require organizations to conduct no more than two race meetings each year, and the meetings be held for no more than 40 days per year.]

Fair Associations

The bill would require fair associations that intend to conduct live horse racing and are applying for licensure to submit documentation demonstrating the applicant is approved for the license by:

- The Kansas Quarter Horse Racing Association and the Kansas Thoroughbred Association; or
- A horsemen’s non-profit organization.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <https://klrd.gov/>

Horsemen's Non-profit Organization

The bill would prohibit horsemen's non-profit organizations that intend to conduct live horse racing and are applying for licensure from:

- Conducting live horse racing prior to March 1, 2028, unless the licensee intends to conduct the races at Eureka Downs; and
- Operating historical horse race machines.

Horsemen's Associations

The bill would prohibit a horsemen's association that is applying for a facility owner license or facility manager license from operating historical horse race machines at the racetrack facility for which it is seeking licensure.

State Racing Fund

The bill would redirect the distribution of moneys from the State Racing Fund. For moneys in excess of the amount required for operating expenditures of the Kansas Racing and Gaming Commission (Commission):

- 30 percent of the tax revenues from wagers on historical horse races would be transferred from the State Racing Fund to the Kansas Horse Breeding Development Fund (Development Fund); and
- 70 percent of the tax revenues from wagers on historical horse races would be transferred from the State Racing Fund to the Horse Fair Racing Benefit Fund (Benefit Fund).

The moneys would be transferred to each fund on or before July 15, 2025, and on the 15th day of each month thereafter.

Kansas Horse Breeding Development Fund

The bill would amend the distribution of moneys from the Development Fund. The bill would extend the stallion and breeder's awards to include owners of stallions and mares of Kansas-bred horses that compete in recognized parimutuel races and finish at a level determined by the Commission.

Horse Fair Racing Benefit Fund

The bill would permit 15 percent of moneys credited to the Benefit Fund to be used for the promotion of the parimutuel racing industry in Kansas. Non-profit horsemen's organizations could apply to the Commission for the use of such moneys. Moneys in the Benefit Fund could also be used to pay for costs related to lease agreements for land, equipment, or other materials necessary to conduct a race meeting.

Conference Committee Action

The Conference Committee agreed to remove the contents of SB 21 and add the contents of SB 260, as amended by the Senate Committee of Federal and State Affairs.

[*Note:* The original contents of SB 21, regarding third party administrators maintaining separate fiduciary accounts for individual payors, were included in the Conference Committee report for SB 23.]

Background

SB 260 (Live Horse Racing; Historic Horse Race Machines)

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Fagg.

Senate Committee on Federal and State Affairs

In the Senate Committee hearing, **proponent** testimony was provided by Senator Fagg, Representative Droge, representatives of the Kansas Horse Council and Golden Circle Historic Racing, and two private citizens. The proponents generally stated the bill would have a positive economic impact for small farms and the state of Kansas. One proponent recommended an amendment clarifying that only the previously authorized organization in Sedgwick County could operate historic horse race machines.

Written-only proponent testimony was provided by the Greenwood County Fair Association and five private citizens.

No other testimony was provided.

The Senate Committee amended the bill to:

- Prohibit horsemen's non-profit organizations and horsemen's associations from applying for licensure under the bill from operating historical horse race machines; and
- Clarify the operating expenditures mentioned in the bill pertain to the Commission.

[*Note:* The Conference Committee retained these amendments.]

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on SB 260, as introduced, the Commission indicates the bill has the potential to increase costs by unknown amounts for the regulation of a fair association and non-profit horsemen's organization and the disbursement of the parimutuel tax receipts to the Development Fund and Benefit Fund. The Development Fund is used to provide purse supplements, stakes, and awards for Kansas-bred

horses and research grants to State Board of Regents institutions for equine research. The Benefit Fund is used for fair-associated costs, including the Commission's regulatory costs, tote board expenses, background investigations for fair association or non-profit organization's members, purse supplements, operating assistance grants, employment of key race officials, and capital improvements to racetrack facilities.

The Commission assumes that existing staff would be able to accommodate the regulation of a fair association, and no additional staff would be needed. Any additional costs associated with the regulation of a fair association would need to be reimbursed by the fair association. Funding for regulating racing activities has primarily come from parimutuel tax receipts to the State Racing Fund. The appropriations bill each year provides the authority for the Commission to bill a racing facility for any costs related to regulating racing activity.

A reliable estimate of the parimutuel tax revenue that might be generated from historical horse race machines cannot be made without a detailed market study, which would also include an estimate if the new facility would impact revenues from existing gaming facilities. The approved historical horse racing facility in Park City is expected to open in late 2025 or early 2026 with 1,000 historical horse race machines and simulcast parimutuel racing, but no actual live horse racing. It is unclear if any excess receipts will be generated in FY 2026.

Under current law, any excess parimutuel tax receipts not needed to regulate the parimutuel racing industry are distributed to the State Gaming Revenues Fund beginning in FY 2027. Receipts to the State Gaming Revenues Fund in excess of \$50.0 million and up to \$71,490,000 are transferred to the State General Fund at the end of the fiscal year, and any additional amounts above \$71,490,000 would be transferred to the Department of Commerce's Attracting Professional Sports to Kansas Fund. Changing the distribution of excess parimutuel tax receipts not needed to regulate the parimutuel racing industry has the potential to reduce revenues to the Attracting Professional Sports to Kansas Fund by unknown amounts beginning in FY 2027.

Local governments in a region with a fair association may see increased expenditures associated with increased demands on public safety during the operation of a fair association. However, the Commission does not have a reliable estimate of those additional costs. Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Kansas Racing and Gaming Commission; Kansas Parimutuel Racing Act; historical horse races; parimutuel wagering; State Racing Fund; Kansas Horse Breeding Development Fund; Horse Fair Racing Benefit Fund; live horse racing

ccrb_sb21_01_032625.odt