

SENATE BILL No. 260

By Committee on Ways and Means

2-11

1 AN ACT concerning parimutuel wagering; relating to the Kansas
2 parimutuel racing act; modifying the qualifications for an organization
3 license; redefining horsemen's associations and horsemen's nonprofit
4 organizations; changing the distribution of certain tax revenues;
5 amending K.S.A. **74-8815**, 74-8826, 74-8829 and 74-8838 and K.S.A.
6 2024 Supp. 74-8802 and 74-8814 and repealing the existing sections.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 2024 Supp. 74-8802 is hereby amended to read as
10 follows: 74-8802. As used in the Kansas parimutuel racing act unless the
11 context otherwise requires:

12 (a) "Breakage" means the odd cents by which the amount payable on
13 each dollar wagered exceeds:

14 (1) A multiple of \$.10, for parimutuel pools from races conducted in
15 this state; and

16 (2) a multiple of such other number of cents as provided by law of the
17 host jurisdiction, for interstate combined wagering pools.

18 (b) "Commission" means the Kansas racing and gaming commission
19 created by this act.

20 (c) "Concessionaire licensee" means a person, partnership,
21 corporation or association licensed by the commission to utilize a space or
22 privilege within a racetrack facility to sell goods or services.

23 (d) "Contract" means an agreement, written or oral, between two or
24 more persons, partnerships, corporations or associations, or any
25 combination thereof that creates an obligation between the parties.

26 (e) "Crossover employment" means a situation in which an
27 occupational licensee is concurrently employed at the same racing facility
28 by an organization licensee and a facility owner licensee or facility
29 manager licensee.

30 (f) "Dual racetrack facility" means a racetrack facility for the racing
31 of both horses and greyhounds or two immediately adjacent racetrack
32 facilities, owned by the same licensee, one for racing horses and one for
33 racing greyhounds.

34 (g) "Employee" means a person who has applied for a position of
35 employment or is currently employed by the commission.

36 (h) "Executive director" means the executive director of the

1 commission.

2 (i) "Facility manager licensee" means a person, partnership,
3 corporation or association licensed by the commission and having a
4 contract with an organization licensee to manage a racetrack facility
5 located in Sedgwick county.

6 (j) "Facility owner licensee" means a person, partnership, corporation
7 or association, or the state of Kansas or any political subdivision thereof,
8 licensed by the commission to construct or own a racetrack facility located
9 in Sedgwick county. "Facility owner licensee" does not mean an
10 organization licensee that owns the racetrack facility in which it conducts
11 horse or greyhound racing.

12 (k) "Fair association" means an association organized pursuant to
13 K.S.A. 2-125 et seq., and amendments thereto or a nonprofit association
14 determined by the commission to be otherwise organized to conduct fair
15 activities pursuant to findings of fact entered by the commission in a
16 license order.

17 (l) "Financial interest" means an interest that could result directly or
18 indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a
19 result of ownership or interest in a business entity or activity or as a result
20 of a salary, gratuity or other compensation or remuneration from any
21 person.

22 (m) "Greyhound" means any greyhound breed of dog properly
23 registered with the national greyhound association of Abilene, Kansas.

24 (n) "Historical horse race machine" means any electronic,
25 electromechanical, video or computerized device, contrivance or machine
26 authorized by the commission that, upon insertion of cash, tokens,
27 electronic cards or any consideration, is available to accept wagers on and
28 simulate the running of historical horse races, and that may deliver or
29 entitle the patron operating the machine to receive cash, tokens,
30 merchandise or credits that may be redeemed for cash. Historical horse
31 race machines shall use historically accurate information of the horse race
32 selected to determine the place of finish of each horse. No random number
33 generator or other algorithm shall be used for determining the results of an
34 historical horse race. Historical horse race machines shall be directly
35 linked to a central computer at a location determined by the commission
36 for purposes of security, monitoring and auditing.

37 (o) "Horsemen's association" means any association or corporation:

38 (1) All officers, directors, members and shareholders of which are
39 licensed owners of horses or licensed trainers of horses, or both;

40 (2) applying for or has been issued a facility owner license
41 authorizing ownership of ~~Eureka Downs, Anthony Downs~~ or a racetrack
42 facility ~~on or adjacent to premises used by a fair association to conduct fair~~
43 ~~activities; and~~

1 (3) none of the officers, directors, members or shareholders of which
2 holds another facility owner license or is an officer, director, member or
3 shareholder of another facility owner licensee.

4 (p) "Horsemen's nonprofit organization" means any nonprofit
5 organization:

6 (1) All officers, directors, members or shareholders of which are
7 licensed owners of horses or licensed trainers of horses, or both; and

8 (2) applying for or has been issued an organization license
9 authorizing the conduct of horse races at ~~Eureka Downs, Anthony Downs~~
10 ~~or a racetrack facility on or adjacent to premises used by a fair association~~
11 ~~to conduct fair activities.~~

12 (q) "Host facility" means the racetrack at which the race is run or, if
13 the race is run in a jurisdiction that is not participating in the interstate
14 combined wagering pool, the racetrack or other facility that is designated
15 as the host facility.

16 (r) "Host jurisdiction" means the jurisdiction where the host facility is
17 located.

18 (s) "Interstate combined wagering pool" means a parimutuel pool
19 established in one jurisdiction that is combined with comparable
20 parimutuel pools from one or more racing jurisdictions for the purpose of
21 establishing the amount of money returned on a successful wager in the
22 participating jurisdictions.

23 (t) "Intertrack wagering" means wagering on a simulcast race at a
24 licensed racetrack facility or at a facility that is licensed in its racing
25 jurisdiction to conduct live races.

26 (u) "Intrastate combined wagering pool" means a parimutuel pool that
27 is combined with comparable parimutuel pools from one or more racetrack
28 facilities for the purpose of establishing the amount of money returned on
29 a successful wager at the participating racetrack facilities.

30 (v) "Kansas-whelped greyhound" means a greyhound whelped and
31 raised in Kansas for the first six months of its life.

32 (w) "Licensee" means a person who has submitted an application for
33 licesure or currently holds a license issued by the commission.

34 (x) "Minus pool" means a parimutuel pool in which, after deducting
35 the takeout, not enough money remains in the pool to pay the legally
36 prescribed minimum return to those placing winning wagers, and in which
37 the organization licensee would be required to pay the remaining amount
38 due.

39 (y) "Nonprofit organization" means:

40 (1) A corporation that is incorporated in Kansas as a not-for-profit
41 corporation pursuant to the Kansas general corporation code and the net
42 earnings of which do not inure to the benefit of any shareholder, individual
43 member or person; or

1 (2) a fair association.

2 (z) "Occupation licensee" means a person licensed by the commission
3 to perform an occupation or provide services that the commission has
4 identified as requiring a license pursuant to this act.

5 (aa) "Off-track wagering" means wagering on a simulcast race at a
6 facility that is not licensed in its jurisdiction to conduct live races.

7 (bb) "Organization licensee" means a nonprofit organization licensed
8 by the commission to conduct races pursuant to this act and, if the license
9 so provides, to construct or own a racetrack facility.

10 (cc) "Parimutuel pool" means the total money wagered by individuals
11 on one or more horses or greyhounds in a particular horse or greyhound
12 race to win, place or show, or combinations thereof, as established by the
13 commission, and, except in the case of an interstate or intrastate combined
14 wagering pool, held by the organization licensee pursuant to the
15 parimutuel system of wagering. There is a separate parimutuel pool for
16 win, for place, for show and for each of the other forms of betting
17 provided for by the rules and regulations of the commission.

18 (dd) "Parimutuel wagering" means a form of wagering on the
19 outcome of horse and greyhound races, including historical horse races
20 conducted by an historical horse race machine, in which those who wager
21 purchase tickets of various denominations on one or more horses or
22 greyhounds and all wagers for each race are pooled and the winning ticket
23 holders are paid prizes from such pool in amounts proportional to the total
24 receipts in the pool.

25 (ee) "Race meeting" means one or more periods of racing days during
26 a calendar year designated by the commission for which an organization
27 licensee has been approved by the commission to hold live horse or
28 greyhound races or simulcast horse races at which parimutuel wagering is
29 conducted, including such additional time as designated by the
30 commission for the conduct of official business before and after the races.

31 (ff) "Racetrack facility" means a racetrack within Kansas used for the
32 racing of horses or greyhounds, or both, including the track surface,
33 grandstands, clubhouse, all animal housing and handling areas, other areas
34 in which a person may enter only upon payment of an admission fee or
35 upon presentation of authorized credentials and such additional areas as
36 designated by the commission. The term "racetrack facility" includes a
37 facility used for the display of and wagering on simulcast races and the
38 operation of historical horse race machines without any live horse or
39 greyhound races being conducted.

40 (gg) "Racing jurisdiction" or "jurisdiction" means a governmental
41 authority that is responsible for the regulation of live or simulcast racing in
42 its jurisdiction.

43 (hh) "Racing or wagering equipment or services licensee" means any

1 person, partnership, corporation or association licensed by the commission
2 to provide integral racing or wagering equipment or services, as designated
3 by the commission, to an organization licensee.

4 (ii) "Recognized greyhound owners' group" means the duly
5 recognized group elected in accordance with rules and regulations of the
6 commission by a majority of the Kansas licensed greyhound owners at the
7 racetrack facility voting in the election. The commission may designate an
8 organization such as the national greyhound association of Abilene,
9 Kansas, to conduct the election.

10 (jj) "Recognized horsemen's group" means the duly recognized
11 group, representing the breeds of horses running at a racetrack facility,
12 elected in accordance with rules and regulations of the commission by a
13 majority of the licensed owners and trainers at the racetrack facility voting
14 in the election. If the licensee does not have a recognized horsemen's
15 group, the commission shall designate as the recognized horsemen's group
16 one that serves another organization licensee, but not one that serves a fair
17 association organization licensee.

18 (kk) "Simulcast" means a live audio-visual broadcast of an actual
19 horse race at the time it is run.

20 (ll) "Takeout" means the total amount of money withheld from each
21 parimutuel pool for the payment of purses, taxes and the share to be kept
22 by the organization licensee. Takeout does not include the breakage. The
23 balance of each pool less the breakage is distributed to the holders of
24 winning parimutuel tickets.

25 Sec. 2. K.S.A. 2024 Supp. 74-8814 is hereby amended to read as
26 follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the
27 commission shall establish by rules and regulations an application fee not
28 exceeding \$50 for an organization license and a license fee of \$25 for each
29 day of racing approved by the commission for any organization granted an
30 organization license.

31 (2) *Subject to paragraphs (3) and (4), any fair association,*
32 *horsemen's nonprofit organization or the national greyhound association of*
33 *Abilene, Kansas, may apply for an organization license if:*

34 (A) Such organization conducts not more than two race meetings
35 each year; *and*

36 ~~(B) such race meets are held within the boundaries of the county~~
37 ~~where the applicant is located; and~~

38 ~~(C) such race meetings are held for a total of not more than 40 days~~
39 ~~per year.~~

40 (3) *If the applicant is a fair association intending to conduct live*
41 *horse racing, then, along with an application for an organization license,*
42 *such applicant shall submit documentation demonstrating such applicant*
43 *is approved for such license by:*

1 (A) *The Kansas quarter horse racing association and the Kansas*
2 *thoroughbred association; or*

3 (B) *a horsemen's nonprofit organization.*

4 (4) *If the applicant is a horsemen's nonprofit organization and:*

5 (A) *Intending to conduct live horse racing, such applicant shall not*
6 *conduct live horse racing prior to March 1, 2028, unless such licensee*
7 *intends to conduct such races at Eureka Downs; and*

8 (B) *such applicant shall not operate historical horse race machines.*

9 (b) The commission shall adopt rules and regulations providing for
10 simplified and less costly procedures and requirements for fair associations
11 and horsemen's nonprofit organizations applying for or holding a license to
12 conduct race meetings.

13 (c) The Kansas racing and gaming commission shall investigate:

14 (1) The president, ~~vice-president~~ *vice president*, secretary and
15 treasurer of a fair association, and such other members as the commission
16 considers necessary, to determine eligibility for an organization license;

17 (2) each officer and each director of a ~~nonprofit~~ *horsemen's nonprofit*
18 *organization*, and such other members or shareholders as the commission
19 considers necessary to determine eligibility for an organization license.

20 (d) Except as otherwise provided by this section, all applicants for
21 organization licenses for the conduct of race meetings pursuant to the
22 provisions of this section shall be required to comply with all the
23 provisions of K.S.A. 74-8813, and amendments thereto.

24 **Sec. 3. K.S.A. 74-8815 is hereby amended to read as follows: 74-**
25 **8815. (a) Any person, partnership, corporation or association, or the**
26 **state of Kansas or any political subdivision thereof, may apply to the**
27 **commission for a facility owner license to construct or own, or both, a**
28 **racetrack facility ~~which~~ that includes a racetrack and other areas**
29 **designed for horse racing or greyhound racing, or both.**

30 (b) *Any person, partnership, corporation or association may apply*
31 *to the commission for a facility manager license to manage a racetrack*
32 *facility.*

33 (c) *A facility owner license or a facility manager license shall be*
34 *issued for a period established by the commission but not to exceed 25*
35 *years. The application for a facility owner license shall be accompanied*
36 *by a nonrefundable fee of \$5,000. An application for a facility manager*
37 *license shall be accompanied by a nonrefundable fee of \$5,000. If the*
38 *application fee is insufficient to pay the reasonable expenses of*
39 *processing the application and investigating the applicant's*
40 *qualifications for licensure, the commission shall require the applicant*
41 *to pay to the commission, at such times and in such form as required by*
42 *the commission, any additional amounts necessary to pay such expenses.*
43 *No license shall be issued to an applicant until the applicant has paid*

1 *such additional amounts in full, and such amounts shall not be*
2 *refundable except to the extent that they exceed the actual expenses of*
3 *processing the application and investigating the applicant's*
4 *qualifications for licensure.*

5 *(d) If an applicant for a facility owner license is proposing to*
6 *construct a racetrack facility, such applicant, at the time of submitting*
7 *the application, shall deposit with the commission, in such form as*
8 *prescribed by rules and regulations of the commission, the sum of: (1)*
9 *\$500,000, if the number of racing days applied for by organization*
10 *licensee applicants proposing to race at the facility is 150 days or more*
11 *in a racing season; (2) \$250,000, if such number of racing days applied*
12 *for is less than 150 days; or (3) a lesser sum established by the*
13 *commission, if the applicant is the state or a political subdivision of the*
14 *state. Only one such deposit shall be required for a dual racetrack*
15 *facility. The executive director shall remit any deposit received pursuant*
16 *to this subsection to the state treasurer in accordance with the provisions*
17 *of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such*
18 *remittance, the state treasurer shall deposit the entire amount in the*
19 *state treasury to the credit of the racing applicant deposit fund created*
20 *by K.S.A. 74-8828, and amendments thereto. If the application is denied*
21 *by the commission, the deposit, and any interest accrued thereon, shall*
22 *be refunded to the applicant. If the license is granted by the commission*
23 *in accordance with the terms of the application or other terms*
24 *satisfactory to the applicant, the deposit, and any interest accrued*
25 *thereon, shall be refunded to the licensee upon completion of the*
26 *racetrack facility in accordance with the terms of the license. If the*
27 *licensee fails to complete the racetrack facility in accordance with the*
28 *terms of the license, the deposit, and any interest accrued thereon, shall*
29 *be forfeited by the applicant.*

30 *(e) A facility owner license shall be granted only to an applicant*
31 *that already owns an existing racetrack facility or has submitted with its*
32 *application detailed plans for the construction of such facility, including*
33 *the means and source of financing such construction and operation*
34 *sufficient to convince the commission that such plans are feasible. A*
35 *facility manager license shall be granted only to an applicant that has a*
36 *facility management contract with an organization licensed pursuant to*
37 *K.S.A. 74-8813, and amendments thereto.*

38 *(f) An applicant for a facility owner license or facility manager*
39 *license, or both, shall not be granted a license if there is substantial*
40 *evidence that the applicant for the license, or any officer or director,*
41 *stockholder, member or owner of or other person having a financial*
42 *interest in the applicant:*

43 *(1) Has been suspended or ordered to cease operation of a*

1 *parimutuel racing facility in another jurisdiction by the appropriate*
2 *authorities in that jurisdiction, has been ordered to cease association or*
3 *affiliation with such a racing facility or has been banned from such a*
4 *racing facility;*

5 *(2) has been convicted by a court of any state or of the United*
6 *States of any criminal act involving fixing or manipulation of*
7 *parimutuel races, violation of any law involving gambling or controlled*
8 *substances or drug violations involving horses or greyhounds, or has*
9 *been adjudicated in the last five years in any such court of committing*
10 *as a juvenile an act which, if committed by an adult, would constitute*
11 *such a criminal act, or if any employee or agent assisting the applicant*
12 *in activities relating to ownership or management of a racetrack facility*
13 *or to the conduct of races has been so convicted or adjudicated;*

14 *(3) has been convicted by a court of any state or of the United*
15 *States of any felony involving dishonesty, fraud, theft, counterfeiting,*
16 *alcohol violations or embezzlement, or has been adjudicated in the last*
17 *five years in any such court of committing as a juvenile an act which, if*
18 *committed by an adult, would constitute such a felony, or if any*
19 *employee or agent assisting the applicant in activities relating to*
20 *ownership or management of a racetrack facility or to the conduct of*
21 *races has been so convicted or adjudicated;*

22 *(4) has not demonstrated financial responsibility sufficient to meet*
23 *the obligations being undertaken pursuant to its contract with the*
24 *organization licensee;*

25 *(5) is not in fact the person or entity authorized to or engaged in the*
26 *licensed activity;*

27 *(6) is or becomes subject to a contract or option to purchase under*
28 *which 10% or more of the ownership or other financial interest or*
29 *membership interest are subject to purchase or transfer, unless the*
30 *contract or option has been disclosed to the commission and the*
31 *commission has approved the sale or transfer during the license period;*

32 *(7) has made a statement of a material fact in the application or*
33 *otherwise in response to official inquiry by the commission knowing*
34 *such statement to be false; or*

35 *(8) has failed to meet any monetary or tax obligation to the federal*
36 *government or to any state or local government, whether or not relating*
37 *to the conduct or operation of a race meet held in this state or any other*
38 *jurisdiction.*

39 *(g) No person or entity shall be qualified to hold a facility manager*
40 *license if such person or entity, or any director, officer, employee or*
41 *agent thereof, is addicted to, and a user of, alcohol or a controlled*
42 *substance.*

43 *(h) If the applicant for a facility owner license or facility manager*

1 license is a horsemen's association, such applicant shall not operate
2 historical horse race machines at such racetrack facility.

3 (i) All facility owner licenses and facility manager licenses shall be
4 reviewed annually by the commission to determine if the licensee is
5 complying with the provisions of this act and rules and regulations of
6 the commission and following such proposed plans and operating
7 procedures as were approved by the commission. The commission may
8 review a facility owner license or facility manager license more often
9 than annually upon its own initiative or upon the request of any
10 interested party. The commission shall require each facility owner
11 licensee and each facility manager licensee to file annually with the
12 commission a certified financial audit of the licensee by an independent
13 certified public accountant, which audit shall be open to inspection by
14 the public, and may require any such licensee to provide any other
15 information necessary for the commission to conduct the annual or
16 periodic review.

17 ~~(j)~~ Subject to the provisions of subsection ~~(k)~~, the commission,
18 in accordance with the Kansas administrative procedure act, may
19 suspend or revoke a facility owner or facility manager license or may
20 impose a civil fine not exceeding \$10,000 per failure or violation, or may
21 both suspend such license and impose such fine, if the commission finds
22 probable cause to believe that:

23 (1) In the case of a facility owner licensee, the licensee has failed to
24 follow one or more provisions of the licensee's plans for the financing,
25 construction or operation of a racetrack facility as submitted to and
26 approved by the commission; or

27 (2) in the case of either a facility owner licensee or facility manager
28 licensee, the licensee has violated any of the terms and conditions of
29 licensure provided by this section or any other provision of this act or
30 any rule and regulation of the commission.

31 ~~(k)~~ Prior to suspension or revocation of a license pursuant to
32 subsection ~~(j)~~, the commission shall give written notice of the reason
33 therefor to the licensee and all other interested parties. The licensee
34 shall have 30 days from receipt of the notice to cure the alleged failure
35 or violation, if it can be cured. If the commission finds that the failure or
36 violation has not been cured upon expiration of the 30 days or upon a
37 later deadline granted by the commission, or if the alleged violation is of
38 such a nature that it cannot be cured, the commission may proceed to
39 suspend or revoke the licensee's license pursuant to subsection ~~(j)~~.
40 Nothing in this subsection shall be construed to preclude the
41 commission from imposing a fine pursuant to subsection ~~(j)~~ even if
42 the violation is cured within 30 days or such other period as provided by
43 the commission.

1 ~~(k)~~(l) *If an applicant for a facility owner license proposes to*
2 *construct a racetrack facility and the commission determines that such*
3 *license should be issued to the applicant, the commission shall issue to*
4 *the applicant a facility owner license conditioned on the submission by*
5 *the licensee to the commission, within a period of time prescribed by the*
6 *commission, of a commitment for financing the construction of the*
7 *racetrack facility by a financial institution or other source, subject to*
8 *approval by the commission. If such commitment is not submitted within*
9 *the period of time originally prescribed by the commission or such*
10 *additional time as authorized by the commission, the license shall expire*
11 *at the end of such period.*

12 ~~(h)~~(m) *If a facility owner licensee's license authorizes the*
13 *construction of a dual racetrack facility, such license shall be*
14 *conditioned on the completion of such facility within a time specified by*
15 *the commission. If, within the time specified by the commission, the*
16 *licensee has not constructed a dual racetrack facility in accordance with*
17 *the plans submitted to the commission pursuant to subsection (e), the*
18 *commission, in accordance with the Kansas administrative procedure*
19 *act, shall:*

20 (1) *Impose upon the licensee a civil fine equal to 5% of the total*
21 *parimutuel pools for all races held at the licensee's facility on and after*
22 *the date that racing with parimutuel wagering is first conducted at such*
23 *facility and until the date that construction of the dual racetrack facility*
24 *is completed and horse racing has begun; and*

25 (2) *revoke the licensee's license unless the licensee demonstrates*
26 *reasonable cause for the failure to complete the facility.*

27 ~~(m)~~(n) *The refusal to renew a facility owner license or a facility*
28 *manager license shall be in accordance with the Kansas administrative*
29 *procedure act and shall be subject to review under the Kansas judicial*
30 *review act.*

31 ~~(n)~~(o) *The grant or denial of an original facility owner license or*
32 *facility manager license shall not be subject to the Kansas administrative*
33 *procedure act. Such grant or denial shall be a matter to be determined in*
34 *the sole discretion of the commission, whose decision shall be final upon*
35 *the grant of a license to one of two or more competing applicants*
36 *without the necessity of a hearing on the denial of a license to each*
37 *other competing applicant. Any action for judicial review of such*
38 *decision shall be by appeal to the supreme court in accordance with the*
39 *Kansas judicial review act, except that the scope of review shall be*
40 *limited to whether the action of the commission was arbitrary or*
41 *capricious or constituted an abuse of discretion. All competing*
42 *applicants for the facility owner license or facility manager license shall*
43 *be parties to such appeal. Any such appeal shall have priority over other*

1 *cases except those having statutory priority.*

2 ~~(p)~~ *The commission may adopt rules and regulations regulating*
 3 *crossover employment between facility manager licensees and facility*
 4 *owner licensees and organization licensees.*

5 ~~Sec. 4.~~ K.S.A. 74-8826 is hereby amended to read as follows: 74-
 6 8826. (a) There is hereby created the state racing fund in the state treasury.

7 (b) Except as otherwise provided by K.S.A. 74-8824 and 74-8835,
 8 and amendments thereto, all taxes on parimutuel wagering, admissions tax,
 9 application fees, license fees and fines ~~which~~ *that* are collected by the
 10 commission shall be remitted to the state treasurer in accordance with the
 11 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
 12 each such remittance, the state treasurer shall deposit the entire amount in
 13 the state treasury to the credit of the state racing fund. All moneys credited
 14 to such fund shall be expended or transferred only for the purposes and in
 15 the manner provided by this act. Expenditures from such fund shall be
 16 made in accordance with appropriation acts upon warrants of the director
 17 of accounts and reports issued pursuant to vouchers approved by the
 18 chairperson of the commission or a person designated by the chairperson.

19 (c) Except as otherwise provided by this act, all operating expenses of
 20 the commission and moneys for the promotion of horse and greyhound
 21 racing appropriated by the legislature shall be paid from the state racing
 22 fund. On January 15, 1990, and on the 15th day of each month thereafter,
 23 and at such other times as provided by law, the director of accounts and
 24 reports shall transfer to the state gaming revenues fund created by K.S.A.
 25 79-4801, and amendments thereto, any moneys in the state racing fund on
 26 each such date in excess of the amount required for operating
 27 expenditures, *transfers made pursuant to subsection (d)* and an adequate
 28 fund balance, taking into consideration encumbrances, anticipated
 29 revenues, revenue and expenditure experience to date and other relevant
 30 factors, as determined by the executive director and the director of
 31 accounts and reports.

32 (d) (1) *On or before July 15, 2025, and on the 15th day of each month*
 33 *thereafter, of the moneys in the state racing fund in excess of the amount*
 34 *required for operating expenditures of the commission, 30% of such*
 35 *moneys credited to the state racing fund from tax revenues collected on*
 36 *wagers on historical horse races pursuant to K.S.A. 74-8823(a)(5), and*
 37 *amendments thereto, shall be transferred by the director of accounts and*
 38 *reports from the state racing fund to the Kansas horse breeding*
 39 *development fund established in K.S.A. 74-8829, and amendments thereto.*

40 (2) *On or before July 15, 2025, and on the 15th day of each month*
 41 *thereafter, of the moneys in the state racing fund in excess of the amount*
 42 *required for operating expenditures of the commission, 70% of such*
 43 *moneys credited to the state racing fund from tax revenues collected on*

1 *wagers on historical horse races pursuant to K.S.A. 74-8823(a)(5), and*
2 *amendments thereto, shall be transferred by the director of accounts and*
3 *reports from the state racing fund to the horse fair racing benefit fund*
4 *established in K.S.A. 74-8838, and amendments thereto.*

5 (e) Any appropriation or transfer of state general fund moneys for the
6 operation of the commission or the office of the executive director and any
7 other expenses incurred in connection with the administration and
8 enforcement of this act shall be considered a loan and shall be repaid with
9 interest to the state general fund in accordance with appropriation acts.
10 Such loan shall not be considered an indebtedness or debt of the state
11 within the meaning of section 6 of article 11 of the constitution of the state
12 of Kansas. Such loan shall bear interest at a rate equal to the rate
13 prescribed by K.S.A. 75-4210, and amendments thereto, for inactive
14 accounts of the state effective on the first day of the month during which
15 the appropriation or transfer takes effect.

16 (e)(f) At the time of repayment of a loan pursuant to subsection (d),
17 the executive director shall certify to the director of accounts and reports
18 the amount to be repaid and any interest due thereon. Upon receipt of such
19 certification, the director of accounts and reports shall promptly transfer
20 the amount certified from the state racing fund to the state general fund.

21 ~~Sec. 4.~~ 5. K.S.A. 74-8829 is hereby amended to read as follows: 74-
22 8829. (a) There is hereby created in the state treasury the Kansas horse
23 breeding development fund to which moneys shall be credited as provided
24 by this act. Expenditures from such fund shall be made in accordance with
25 appropriation acts upon warrants of the director of accounts and reports
26 issued pursuant to vouchers approved by the chairperson of the
27 commission or a person designated by the chairperson.

28 (b) Moneys credited to the Kansas horse breeding development fund,
29 including any moneys in the fund on March 24, 1994, and any moneys
30 credited to the fund on or after that date, shall be apportioned into
31 categories corresponding with the various breeds of horses ~~which~~ *that* are
32 participating in live races with parimutuel wagering conducted by
33 organization licensees in direct proportion to the number of horses in each
34 category participating in such live races and shall be used in each category
35 to provide:

- 36 (1) Purse supplements to owners of Kansas-bred horses;
- 37 (2) stakes and awards to be paid to the owners of the winning Kansas-
38 bred horses in certain races as determined by the commission;
- 39 (3) a stallion award to each owner of a Kansas-registered stallion
40 ~~which~~ *that* is the sire of a Kansas-bred horse if such horse ~~wins or wins,~~
41 ~~places or shows competes~~ *competes* in any *recognized parimutuel race conducted at*
42 ~~a Kansas race meeting, but and finishes at a level determined by the~~
43 *commission for such award.* No such award shall be paid to the owner of a

1 ~~Kansas~~ *Kansas-registered* stallion that served outside Kansas at any time
2 during the calendar year in which the ~~winning~~ Kansas-bred horse was
3 conceived;

4 (4) a breeder's award to each owner of a Kansas-registered mare
5 which is the dam of a Kansas-bred horse if such horse ~~wins or wins, places~~
6 ~~or shows competes~~ in any *recognized parimutuel race conducted at a*
7 ~~Kansas race meeting~~ *and finishes at a level determined by the commission*
8 *for such award*; and

9 (5) moneys for equine research through institutions of higher
10 education under the state board of regents.

11 ~~Sec. 5.~~ 6. K.S.A. 74-8838 is hereby amended to read as follows: 74-
12 8838. (a) The state treasurer shall credit $\frac{1}{3}$ of the taxes on the takeout from
13 parimutuel pools for simulcast races, as certified by the executive director,
14 to the horse fair racing benefit fund, which is hereby created in the state
15 treasury.

16 (b) Twenty-five percent of all moneys credited to the horse fair racing
17 benefit fund may be expended, upon application to the commission, for
18 capital improvements to racetrack facilities ~~on or adjacent to premises~~
19 ~~used by a fair association to conduct fair racing activities.~~

20 (c) *Fifteen percent of all moneys credited to the horse fair racing*
21 *benefit fund may be expended, upon application to the commission, by a*
22 *nonprofit horsemen's organization for the promotion of the parimutuel*
23 *racing industry in this state.*

24 (d) The remaining moneys in the horse fair racing benefit fund shall
25 be expended only for:

26 (1) Reimbursement of the commission for the commission's
27 administrative costs, as established by rules and regulations of the
28 commission, related to race meetings conducted by a fair association or a
29 horsemen's nonprofit organization, including the cost of stewards, racing
30 judges and assistant animal health officers performing services at such race
31 meetings;

32 (2) paying the costs of totalisator expenses incurred by an
33 organization licensee that is a fair association or horsemen's nonprofit
34 organization;

35 (3) paying the costs of background investigations required under the
36 Kansas parimutuel racing act for members of a fair association or
37 horsemen's nonprofit organization;

38 (4) *paying the costs related to any lease agreement for land,*
39 *equipment or other materials necessary to conduct a race meeting;*

40 (5) purse supplements at race meetings conducted by a fair
41 association or horsemen's nonprofit organization;

42 ~~(5)(6)~~ basic operating assistance grants to an organization licensee
43 that is a fair association or horsemen's nonprofit organization; and

1 ~~(6)~~(7) costs for employment of key racing officials, as determined by
2 the commission, incurred by an organization licensee that is a fair
3 association or horsemen's nonprofit organization.

4 ~~(d)~~(e) The commission shall adopt rules and regulations establishing
5 procedures for distributing moneys in the horse fair racing benefit fund to
6 fair associations and nonprofit horsemen's organizations for the purposes
7 provided by this section.

8 ~~(e)~~(f) Expenditures from the horse fair racing benefit fund related to
9 the conduct of a race meeting shall not be allocated to any organization
10 licensee for a period exceeding 40 days.

11 ~~(f)~~(g) Expenditures from the horse fair racing benefit fund shall not
12 be allocated to any organization licensee to support the conduct of
13 parimutuel greyhound races unless the organization licensee conducts an
14 equal or greater number of parimutuel horse races during the race meeting.

15 ~~(g)~~(h) Expenditures from the horse fair racing benefit fund shall be
16 made in accordance with appropriation acts upon warrants of the director
17 of accounts and reports issued pursuant to vouchers approved by the
18 chairperson of the commission or a person designated by the chairperson.

19 Sec.-~~6~~ 7. K.S.A. ~~74-8815~~, 74-8826, 74-8829 and 74-8838 and K.S.A.
20 2024 Supp. 74-8802 and 74-8814 are hereby repealed.

21 Sec.-~~7~~ 8. This act shall take effect and be in force from and after its
22 publication in the statute book.