

**As Amended by House Committee**

*Session of 2017*

**HOUSE BILL No. 2173**

By Committee on Federal and State Affairs

1-26

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;  
2 making and concerning appropriations for the fiscal year ending June  
3 30, 2018, for the Kansas lottery; relating to the state debtor setoff  
4 program; relating to horse and greyhound racing; amending K.S.A. 74-  
5 8836 and K.S.A. 2016 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-  
6 8747, 74-8766, 74-8814 and 75-6204 and repealing the existing  
7 sections.

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

10 Section 1.

11 KANSAS LOTTERY

12 (a) There is appropriated for the above agency from the following  
13 special revenue fund or funds for the fiscal year ending June 30, 2018, all  
14 moneys now or hereafter lawfully credited to and available in such fund or  
15 funds, except that expenditures other than refunds authorized by law and  
16 transfers to other state agencies shall not exceed the following:

17 Privilege fee repayment fund.....No limit

18 Escrow account repayment fund.....No limit

19 Litigation cost reimbursement fund.....No limit

20 New Sec. 2. On or before December 1, the official breed registering  
21 agencies for both horse and greyhound breeds, as designated by the  
22 Kansas racing and gaming commission in K.S.A. 74-8830 and 74-8832,  
23 and amendments thereto, shall make recommendations to the Kansas  
24 racing and gaming commission for implementation of programs which will  
25 maximize the benefit to economic development in rural Kansas.

26 New Sec. 3. (a) Prior to any lottery gaming facility manager,  
27 racetrack gaming facility manager or facility owner licensee paying any  
28 prize requiring the completion of an internal revenue service form W-2G,  
29 the manager or licensee shall cause the person winning the prize to be  
30 matched against the state debtor files maintained by the director of  
31 accounts and reports as prescribed under K.S.A. 75-6201 et seq., and  
32 amendments thereto. If such person is listed in the state debtor files, the  
33 prize shall be withheld by the lottery gaming facility manager, racetrack  
34 gaming facility manager or the facility owner licensee to the extent of such  
35 person's debt as set forth in the state debtor files.

36 (b) The lottery gaming facility manager, racetrack gaming facility

1 manager and facility owner licensee shall not be subject to any civil,  
2 criminal or administrative liability for any actions taken pursuant to this  
3 section, unless such actions are intentional, malicious or wanton by such  
4 lottery gaming facility manager, racetrack gaming facility manager, facility  
5 owner licensee or employees or agents thereof. The sole remedy at law for  
6 any person who claims that a prize was wrongfully withheld pursuant to  
7 this section shall be to submit an appeal to the department of  
8 administration pursuant to K.S.A. 75-6201 et seq., and amendments  
9 thereto.

10 (c) Moneys withheld, based on the state debtor files, shall be remitted  
11 to the state treasurer in accordance with K.S.A. 75-4215, and amendments  
12 thereto. The state treasurer shall deposit the entire amount in the state  
13 treasury and credit it to the department of administration's setoff clearing  
14 fund.

15 (d) As used in this section:

16 (1) "Facility owner licensee" shall have the same meaning as that  
17 term is defined in K.S.A. 74-8802, and amendments thereto.

18 (2) "Racetrack gaming facility manager" shall have the same meaning  
19 as that term is defined in K.S.A. 74-8702, and amendments thereto.

20 (3) "Lottery gaming facility manager" shall have the same meaning as  
21 that term is defined in K.S.A. 74-8702, and amendments thereto.

22 (4) "Prize" shall have the same meaning as that term is defined in  
23 K.S.A. 74-8702, and amendments thereto, and any winnings from  
24 parimutuel wagering as provided by the Kansas parimutuel racing act in  
25 K.S.A. 74-8801 et seq., and amendments thereto.

26 (e) Nothing in this section shall apply to Native American tribal  
27 gaming facilities.

28 (f) This section shall be a part of and supplemental to the state debtor  
29 setoff program.

30 New Sec. 4. (a) The board of county commissioners of Sedgwick  
31 county shall submit, upon presentation of a valid petition, to the qualified  
32 voters of the county a proposition to permit the operation of electronic  
33 gaming machines at an existing parimutuel racetrack within that county,  
34 namely Wichita greyhound park. The petition shall be signed by not fewer  
35 than 5,000 qualified voters of the county. The following shall appear on  
36 the petition: "We request an election to determine whether the operation of  
37 electronic gaming machines at the Wichita Greyhound Park by the Kansas  
38 lottery shall be permitted in Sedgwick county."

39 (b) Upon the submission of a petition, the county election officer  
40 shall determine whether a sufficient number of qualified voters of the  
41 county have signed such petition. If the petition is deemed valid, the  
42 county election officer shall cause the following proposition to be placed  
43 on the ballot at the election called for that purpose and to be held no later

1 than 120 days after the petition is deemed valid: "Shall the operation of  
2 electronic gaming machines at the Wichita Greyhound Park by the Kansas  
3 lottery be permitted in Sedgwick county?"

4 (c) If a majority of the votes cast and counted at the election is in  
5 favor of permitting the operation of such machines, the executive director  
6 may enter into a contract with the parimutuel racetrack facility licensee or  
7 the facility owner licensee at the Wichita greyhound park in Sedgwick  
8 county to operate such machines at its existing location in the county. If a  
9 majority of the votes cast and counted at an election under this section is  
10 against permitting the operation of electronic gaming machines at the  
11 Wichita greyhound park in Sedgwick county, the Kansas lottery shall not  
12 operate such machines in the county, unless a subsequent election results  
13 in a favorable vote. The county election officer shall transmit a copy of the  
14 certification of the results of the election to the executive director and to  
15 the Kansas racing and gaming commission.

16 (d) This section shall be a part of and supplemental to the Kansas  
17 expanded lottery act.

18 New Sec. 5. (a) If the Kansas lottery enters into a racetrack gaming  
19 facility management contract for the placement of electronic gaming  
20 machines at a partimutuel licensee location in any Kansas gaming zone,  
21 the executive director shall give notice thereof to the lottery gaming  
22 facility manager in each of the Kansas gaming zones. Such notice shall  
23 advise that each lottery gaming facility manager shall have 60 days from  
24 the effective date of the racetrack gaming facility management contract to  
25 file or become a party to an action seeking to obtain a judgment that such  
26 racetrack gaming facility management contract violates the provisions of  
27 K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and amendments  
28 thereto, or that such racetrack gaming facility management contract creates  
29 a material breach of the lottery gaming facility manager's gaming facility  
30 management contract, thereby entitling the lottery gaming facility manager  
31 to recover the privilege fee filed by the lottery gaming facility manager,  
32 plus an amount equal to the accrued interest thereon at a rate of 10%  
33 compounded annually from the date when the privilege fee was paid to the  
34 effective date of such racetrack gaming facility management contract. Any  
35 such action shall be commenced in the district court of Shawnee county.

36 (b) (1) If a timely action is commenced as provided in subsection (a),  
37 within 60 days following the end of the 60-day period prescribed in  
38 subsection (a), the racetrack gaming facility manager that is a party to such  
39 racetrack gaming facility management contract shall place into escrow  
40 cash or a surety bond in a total amount equal to the privilege fees paid by  
41 the lottery gaming facility managers that are parties to the action, plus an  
42 amount equal to the accrued interest on each of the privilege fees at the  
43 rate of 10% compounded annually from the date the privilege fee was filed

1 to the effective date of such racetrack gaming facility management  
2 contract. This requirement shall be included in each racetrack gaming  
3 facility management contract, so that the failure of the racetrack gaming  
4 facility manager to place cash or a surety bond in escrow in a timely  
5 manner shall constitute a material breach of the racetrack gaming facility  
6 management contract and shall be cause for termination of such contract.  
7 The total amount of the cash or surety bond placed in escrow shall be  
8 verified by the executive director. If a surety bond is placed in escrow, the  
9 surety bond shall be executed by the surety in favor of the Kansas lottery,  
10 and the cash or surety bond shall be held by the escrow agent designated  
11 by the Kansas lottery pursuant to an escrow agreement executed by the  
12 executive director.

13 (2) Upon placing cash or a surety bond in escrow in accordance with  
14 subsection (b)(1), the racetrack gaming facility manager may proceed with  
15 the construction and operation of the racetrack gaming facility governed  
16 by the racetrack gaming facility management contract, without exposure to  
17 a restraining order or injunction requested by any party for any purpose in  
18 any action pursuant to this section or otherwise.

19 (3) If a timely action is commenced in accordance with subsection  
20 (a), each lottery gaming facility manager that is a party to the action, at the  
21 time it becomes a party, shall place into escrow with the Kansas lottery, as  
22 liquidated damages, the sum of \$5,000,000 either in cash or surety bond. If  
23 a surety bond is placed in escrow, a surety bond shall be executed by the  
24 surety in favor of the Kansas lottery, and the cash or surety bond shall be  
25 held by the escrow agent designated by the Kansas lottery pursuant to an  
26 escrow agreement executed by the executive director.

27 (c) (1) If a timely action is commenced as provided in subsection (a),  
28 and a court of competent jurisdiction determines pursuant to a final, non-  
29 appealable order that the racetrack gaming facility management contract  
30 does not violate the provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or  
31 74-8741(c)(4), and amendments thereto, or create a material breach of any  
32 lottery gaming facility management contract entered into with the Kansas  
33 lottery by any of the lottery gaming facility managers who are a party to  
34 such action, the executive director shall release and discharge back to the  
35 racetrack gaming facility manager the cash or surety bond held in escrow  
36 pursuant to subsection (b)(1). The executive director also shall direct the  
37 escrow agent holding in escrow cash or a surety bond pursuant to  
38 subsection (b)(3) to pay any such cash to the executive director, and the  
39 executive director also shall make demand on the surety for any surety  
40 bond held in escrow pursuant to subsection (b)(3). The executive director  
41 shall remit that portion of any cash or the proceeds of any such surety  
42 bond as is sufficient to reimburse the racetrack gaming facility manager  
43 for court costs and other costs of the action, including attorney fees, to the

1 state treasurer. Upon receipt of such remittance, the state treasurer shall  
2 deposit such amount in the state treasury to the credit of the litigation cost  
3 reimbursement fund. The remaining balance of any cash or the proceeds of  
4 any surety bond shall be deposited by the executive director in the  
5 expanded lottery act revenue fund. If there is more than one cash deposit  
6 or surety bond placed in escrow pursuant to subsection (b)(3),  
7 reimbursement of the racetrack gaming facility manager, as provided  
8 above, shall be made on a pro rata basis.

9 (2) If a timely action is commenced as provided in subsection (a), and  
10 a court of competent jurisdiction determines in a final, non-appealable  
11 order, that the racetrack gaming management contract violates the  
12 provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and  
13 amendments thereto, or creates a material breach of any lottery gaming  
14 facility management contract entered into with the Kansas lottery by any  
15 of the lottery gaming facility managers that are a party to such action, the  
16 executive director shall release and discharge back to each lottery gaming  
17 facility manager the cash or surety bond held in escrow pursuant to  
18 subsection (b)(3). The executive director also shall direct the escrow agent  
19 holding in escrow cash or a surety bond pursuant to subsection (b)(1) to  
20 pay such cash to the executive director, and the executive director also  
21 shall make demand on the surety for any surety bond held in escrow  
22 pursuant to subsection (b)(1). The total amount of cash and proceeds of  
23 any surety bond shall enable the repayment of any privilege fees and  
24 accrued interest thereon to any lottery gaming facility manager in whose  
25 favor final judgment has been rendered in such action. The executive  
26 director shall remit all such cash and the proceeds of any surety bond to  
27 the state treasurer. Upon receipt of such remittance, the state treasurer shall  
28 deposit the entire amount in the state treasury to the credit of the privilege  
29 fee repayment fund.

30 (d) In the event any proceeds from the surety bond held in escrow  
31 under subsection (b)(1) are remitted to the state treasurer for repayment to  
32 a lottery gaming facility manager pursuant to subsection (c)(2), the Kansas  
33 lottery shall thereafter reimburse an equal amount to the racetrack gaming  
34 facility manager. Such reimbursement payments shall be paid monthly  
35 from the escrow account repayment fund. The amount of each monthly  
36 reimbursement payment shall be a percentage of the funds in the expanded  
37 lottery act revenue fund that were received by the Kansas lottery pursuant  
38 to K.S.A. 2016 Supp. 74-8747(a)(1), and amendments thereto, as  
39 hereinafter provided. Such percentage shall be agreed to by the executive  
40 director and the racetrack gaming facility manager in each racetrack  
41 gaming facility management contract, except that such percentage shall  
42 not be less than 50% of the funds in the expanded lottery act revenue fund  
43 that were received by the Kansas lottery pursuant to K.S.A. 2016 Supp.

1 74-8747(a)(1), and amendments thereto. The executive director shall  
2 certify the amount to be paid under this subsection to the director of  
3 accounts and reports. Upon receipt of such certification, the director of  
4 accounts and reports shall transfer such certified amount from the  
5 expanded lottery act revenue fund to the escrow account repayment fund.  
6 Transfers from the expanded lottery act revenue fund under this subsection  
7 shall only be made from those funds held in the expanded lottery act  
8 revenue fund that were received by the Kansas lottery pursuant to K.S.A.  
9 2016 Supp. 74-8747(a)(1), and amendments thereto, as net electronic  
10 gaming machine income from the racetrack gaming facility to which the  
11 racetrack gaming facility management contract applies. All funds  
12 transferred to the escrow account repayment fund pursuant to this  
13 subsection shall be expended by the Kansas lottery for the purposes of this  
14 subsection.

15 (e) (1) The privilege fee repayment fund is hereby created in the state  
16 treasury and shall be administered by the Kansas lottery. The privilege fee  
17 repayment fund shall consist of those moneys credited to the privilege fee  
18 repayment fund pursuant to subsection (c)(2). All expenditures from the  
19 privilege fee repayment fund shall be for the repayment of privilege fees,  
20 including accrued interest thereon, pursuant to subsection (c)(2), and shall  
21 be made in accordance with appropriation acts upon warrants of the  
22 director of accounts and reports issued pursuant to vouchers approved by  
23 the executive director.

24 (2) The escrow account repayment fund is hereby created in the state  
25 treasury and shall be administered by the Kansas lottery. The escrow  
26 account repayment fund shall consist of those moneys credited to the  
27 escrow account repayment fund pursuant to subsection (d). All  
28 expenditures from the escrow account repayment fund shall be for  
29 reimbursement to the racetrack gaming facility manager of the proceeds  
30 from the cash or surety bond held in escrow under subsection (b)(1) that  
31 are remitted to the state treasurer for payment to a lottery gaming facility  
32 manager pursuant to subsection (c)(2), and shall be made in accordance  
33 with appropriation acts upon warrants of the director of accounts and  
34 reports issued pursuant to vouchers approved by the executive director.

35 (3) The litigation cost reimbursement fund is hereby created in the  
36 state treasury and shall be administered by the Kansas lottery. The  
37 litigation cost reimbursement fund shall consist of those moneys credited  
38 to the litigation cost reimbursement fund pursuant to subsection (c)(1). All  
39 expenditures from the litigation cost reimbursement fund shall be for  
40 reimbursement to the racetrack gaming facility manager for court costs  
41 and other costs of the action described in subsection (a), including attorney  
42 fees, and shall be made in accordance with appropriation acts upon  
43 warrants of the director of accounts and reports issued pursuant to

1 vouchers approved by the executive director.

2 (f) For purposes of this section, the Kansas expanded lottery act and  
3 the Kansas parimutuel racing act, a racetrack gaming facility manager, as  
4 defined in K.S.A. 2016 Supp. 74-8702, and amendments thereto, may also  
5 be a facility owner licensee, as defined in K.S.A. 74-8802, and  
6 amendments thereto.

7 (g) The provisions of this section shall be a part of and supplemental  
8 to the Kansas expanded lottery act.

9 New Sec. 6. There is hereby established in the state treasury the  
10 Kansas horse council fund, which shall be administered by the Kansas  
11 racing and gaming commission and which shall be funded by 0.1% of net  
12 electronic gaming machine income in the south central Kansas gaming  
13 zone, as provided in K.S.A. 2016 Supp. 74-8747, and amendments thereto.  
14 All expenditures from this fund shall be made in accordance with  
15 appropriation acts upon warrants of the director of accounts and reports  
16 issued pursuant to vouchers approved by the executive director of the  
17 Kansas racing and gaming commission. The moneys credited to this fund  
18 shall be used for the development, promotion and representation of the  
19 equine industry in Kansas and shall be distributed to the Kansas horse  
20 council by contract with the Kansas racing and gaming commission for  
21 these purposes.

22 Sec. 7. K.S.A. 2016 Supp. 74-8734 is hereby amended to read as  
23 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming  
24 facility in each gaming zone.

25 (b) Not more than 30 days after the effective date of this act the  
26 lottery commission shall adopt and publish in the Kansas register the  
27 procedure for receiving, considering and approving, proposed lottery  
28 gaming facility management contracts. Such procedure shall include  
29 provisions for review of competitive proposals within a gaming zone and  
30 the date by which proposed lottery gaming facility management contracts  
31 must be received by the lottery commission if they are to receive  
32 consideration.

33 (c) The lottery commission shall adopt standards to promote the  
34 integrity of the gaming and finances of lottery gaming facilities, which  
35 shall apply to all management contracts, shall meet or exceed industry  
36 standards for monitoring and controlling the gaming and finances of  
37 gaming facilities and shall give the executive director sufficient authority  
38 to monitor and control the gaming operation and to ensure its integrity and  
39 security.

40 (d) The Kansas lottery commission may approve management  
41 contracts with one or more prospective lottery gaming facility managers to  
42 manage, or construct and manage, on behalf of the state of Kansas and  
43 subject to the operational control of the Kansas lottery, a lottery gaming

1 facility or lottery gaming enterprise at specified destination locations  
2 within the northeast, south central, southwest and southeast Kansas  
3 gaming zones where the commission determines the operation of such  
4 facility would promote tourism and economic development. The  
5 commission shall approve or disapprove a proposed management contract  
6 within 90 days after the deadline for receipt of proposals established  
7 pursuant to subsection (b).

8 (e) In determining whether to approve a management contract with a  
9 prospective lottery gaming facility manager to manage a lottery gaming  
10 facility or lottery gaming enterprise pursuant to this section, the  
11 commission shall take into consideration the following factors: The size of  
12 the proposed facility; the geographic area in which such facility is to be  
13 located; the proposed facility's location as a tourist and entertainment  
14 destination; the estimated number of tourists that would be attracted by the  
15 proposed facility; the number and type of lottery facility games to be  
16 operated at the proposed facility; and agreements related to ancillary  
17 lottery gaming facility operations.

18 (f) Subject to the requirements of this section, the commission shall  
19 approve at least one proposed lottery gaming facility management contract  
20 for a lottery gaming facility in each gaming zone.

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

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

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

40 (2) the commission determines that the proposed development  
41 consists of an investment in infrastructure, including ancillary lottery  
42 gaming facility operations, of at least \$225,000,000 in the northeast and  
43 south central Kansas gaming zones and of at least \$50,000,000 in the



1 southeast and southwest Kansas gaming zones. The commission, in  
2 determining whether the minimum investment required by this subsection  
3 is met, shall not include any amounts derived from or financed by state or  
4 local retailers' sales tax revenues.

5 (h) Any management contract approved by the commission under this  
6 section shall:

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

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

13 (3) establish a mechanism to facilitate payment of lottery gaming  
14 facility expenses, payment of the lottery gaming facility manager's share of  
15 the lottery gaming facility revenues and distribution of the state's share of  
16 the lottery gaming facility revenues;

17 (4) include a provision for the lottery gaming facility manager to pay  
18 the costs of oversight and regulation of the lottery gaming facility manager  
19 and the operations of the lottery gaming facility by the Kansas racing and  
20 gaming commission;

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

23 (6) provide for the prospective lottery gaming facility manager, upon  
24 approval of the proposed lottery gaming facility management contract, to  
25 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of  
26 being selected as a lottery gaming facility manager of a lottery gaming  
27 facility in the northeast or south central Kansas gaming zone and  
28 \$5,500,000 for the privilege of being selected as a lottery gaming facility  
29 manager of a lottery gaming facility in the southeast or southwest Kansas  
30 gaming zone. Such fee shall be deposited in the state treasury and credited  
31 to the lottery gaming facility manager fund, which is hereby created in the  
32 state treasury;

33 (7) incorporate terms and conditions for the ancillary lottery gaming  
34 facility operations;

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

39 (9) include financing commitments for construction;

40 (10) include a resolution of endorsement from the city governing  
41 body, if the proposed facility is within the corporate limits of a city, or  
42 from the county commission, if the proposed facility is located in the  
43 unincorporated area of the county;

1 (11) include a requirement that any parimutuel licensee developing a  
2 lottery gaming facility pursuant to this act comply with all orders and rules  
3 and regulations of the Kansas racing and gaming commission with regard  
4 to the conduct of live racing, including the same minimum days of racing  
5 as specified in K.S.A. 2016 Supp. 74-8746, and amendments thereto, for  
6 operation of electronic gaming machines at racetrack gaming facilities;

7 (12) include a provision for the state to receive not less than 22% of  
8 lottery gaming facility revenues, which shall be paid to the expanded  
9 lottery act revenues fund established by K.S.A. 2016 Supp. 74-8768, and  
10 amendments thereto;

11 (13) include a provision for 2% of lottery gaming facility revenues to  
12 be paid to the problem gambling and addictions grant fund established by  
13 K.S.A. 2016 Supp. 79-4805, and amendments thereto;

14 (14) if the prospective lottery gaming facility manager is an American  
15 Indian tribe, include a provision that such tribe agrees to waive its  
16 sovereign immunity with respect to any actions arising from or to enforce  
17 either the Kansas expanded lottery act or any provision of the lottery  
18 gaming facility management contract; any action brought by an injured  
19 patron or by the state of Kansas; any action for purposes of enforcing the  
20 workers compensation act or any other employment or labor law; and any  
21 action to enforce laws, rules and regulations and codes pertaining to  
22 health, safety and consumer protection; and for any other purpose deemed  
23 necessary by the executive director to protect patrons or employees and  
24 promote fair competition between the tribe and others seeking a lottery  
25 gaming facility management contract;

26 (15) (A) if the lottery gaming facility is located in the northeast or  
27 southwest Kansas gaming zone and is not located within a city, include a  
28 provision for payment of an amount equal to 3% of the lottery gaming  
29 facility revenues to the county in which the lottery gaming facility is  
30 located; or (B) if the lottery gaming facility is located in the northeast or  
31 southwest Kansas gaming zone and is located within a city, include  
32 provision for payment of an amount equal to 1.5% of the lottery gaming  
33 facility revenues to the city in which the lottery gaming facility is located  
34 and an amount equal to 1.5% of such revenues to the county in which such  
35 facility is located;

36 (16) (A) if the lottery gaming facility is located in the southeast or  
37 south central Kansas gaming zone and is not located within a city, include  
38 a provision for payment of an amount equal to 2% of the lottery gaming  
39 facility revenues to the county in which the lottery gaming facility is  
40 located and an amount equal to 1% of such revenues to the other county in  
41 such zone; or (B) if the lottery gaming facility is located in the southeast or  
42 south central Kansas gaming zone and is located within a city, provide for  
43 payment of an amount equal to 1% of the lottery gaming facility revenues

1 to the city in which the lottery gaming facility is located, an amount equal  
2 to 1% of such revenues to the county in which such facility is located and  
3 an amount equal to 1% of such revenues to the other county in such zone;

4 (17) allow the lottery gaming facility manager to manage the lottery  
5 gaming facility in a manner consistent with this act and applicable law, but  
6 shall place full, complete and ultimate ownership and operational control  
7 of the gaming operation of the lottery gaming facility with the Kansas  
8 lottery. The Kansas lottery shall not delegate and shall explicitly retain the  
9 power to overrule any action of the lottery gaming facility manager  
10 affecting the gaming operation without prior notice. The Kansas lottery  
11 shall retain full control over all decisions concerning lottery gaming  
12 facility games;

13 (18) include provisions for the Kansas racing and gaming  
14 commission to oversee all lottery gaming facility operations, including, but  
15 not limited to: Oversight of internal controls; oversight of security of  
16 facilities; performance of background investigations, determination of  
17 qualifications and credentialing of employees, contractors and agents of  
18 the lottery gaming facility manager and of ancillary lottery gaming facility  
19 operations, as determined by the Kansas racing and gaming commission;  
20 auditing of lottery gaming facility revenues; enforcement of all state laws  
21 and maintenance of the integrity of gaming operations; and

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

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

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

41 (k) A person who is the manager of the racetrack gaming facility in a  
42 gaming zone shall not be eligible to be the manager of the lottery gaming  
43 facility in the same zone.

1 (1) Management contracts authorized by this section may include  
2 provisions relating to:

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

5 (2) minimum requirements for a lottery gaming facility manager to  
6 provide qualified oversight, security and supervision of the lottery facility  
7 games including the use of qualified personnel with experience in  
8 applicable technology;

9 (3) eligibility requirements for employees, contractors or agents of a  
10 lottery gaming facility manager who will have responsibility for or  
11 involvement with actual gaming activities or for the handling of cash or  
12 tokens;

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

15 (5) credentialing requirements for any employee, contractor or agent  
16 of the lottery gaming facility manager or of any ancillary lottery gaming  
17 facility operation as provided by the Kansas expanded lottery act or rules  
18 and regulations adopted pursuant thereto;

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

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

24 (m) A management contract shall not constitute property, nor shall it  
25 be subject to attachment, garnishment or execution, nor shall it be  
26 alienable or transferable, except upon approval by the executive director,  
27 nor shall it be subject to being encumbered or hypothecated. The trustee of  
28 any insolvent or bankrupt lottery gaming facility manager may continue to  
29 operate pursuant to the management contract under order of the  
30 appropriate court for no longer than one year after the bankruptcy or  
31 insolvency of such manager.

32 (n) (1) The Kansas lottery shall be the licensee and owner of all  
33 software programs used at a lottery gaming facility for any lottery facility  
34 game.

35 (2) A lottery gaming facility manager, on behalf of the state, shall  
36 purchase or lease for the Kansas lottery all lottery facility games. All  
37 lottery facility games shall be subject to the ultimate control of the Kansas  
38 lottery in accordance with this act.

39 (o) A lottery gaming facility shall comply with any planning and  
40 zoning regulations of the city or county in which it is to be located. The  
41 executive director shall not contract with any prospective lottery gaming  
42 facility manager for the operation and management of such lottery gaming  
43 facility unless such manager first receives any necessary approval under

1 planning and zoning requirements of the city or county in which it is to be  
2 located.

3 (p) Prior to expiration of the term of a lottery gaming facility  
4 management contract, the lottery commission may negotiate a new lottery  
5 gaming facility management contract with the lottery gaming facility  
6 manager if the new contract is substantially the same as the existing  
7 contract. Otherwise, the lottery gaming facility review board shall be  
8 reconstituted and a new lottery gaming facility management contract shall  
9 be negotiated and approved in the manner provided by this act.

10 (q) *For purposes of this section, the term "similar gaming facilities"*  
11 *does not include any racetrack gaming facility, as that term is defined in*  
12 *K.S.A. 74-8702, and amendments thereto, that was authorized on the*  
13 *effective date of this act.*

14 Sec. 8. K.S.A. 2016 Supp. 74-8741 is hereby amended to read as  
15 follows: 74-8741. (a) The executive director of the Kansas lottery shall  
16 negotiate a racetrack gaming facility management contract to place  
17 electronic gaming machines at one parimutuel licensee location in each  
18 gaming zone except the southwest Kansas gaming zone.

19 (b) To be eligible to enter into a racetrack gaming facility  
20 management contract the prospective racetrack gaming facility manager  
21 shall, at a minimum:

22 (1) Have sufficient access to financial resources to support the  
23 activities required of a racetrack gaming facility manager under the Kansas  
24 expanded lottery act; and

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

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

31 (1) The term of the contract;

32 (2) provisions for the Kansas racing and gaming commission to  
33 oversee all racetrack gaming facility operations, including, but not limited to:  
34 Oversight of internal controls; oversight of security of facilities;  
35 performance of background investigations, determination of qualifications  
36 and any required certification or licensing of officers, directors, board  
37 members, employees, contractors and agents of the racetrack gaming  
38 facility manager; auditing of net electronic gaming machine income and  
39 maintenance of the integrity of electronic gaming machine operations;

40 (3) provisions for the racetrack gaming facility manager to pay the  
41 costs of oversight and regulation of the racetrack gaming facility manager  
42 under this act and such manager's racetrack gaming facility operations by  
43 the *Kansas lottery and the Kansas racing and gaming commission;* ~~and~~

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

15 *(5) provisions for the distribution of the net electronic gaming*  
16 *machine income from the racetrack gaming facility, which shall be in*  
17 *accordance with K.S.A. 2016 Supp. 74-8747, and amendments thereto.*

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

20 (1) Accounting procedures to determine net electronic gaming  
21 machine income, unclaimed prizes and credits;

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

26 (3) eligibility requirements for employees, contractors or agents of a  
27 racetrack gaming facility manager who will have responsibility for or  
28 involvement with electronic gaming machines or for the handling of cash  
29 or tokens;

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

32 (5) credentialing or certification requirements of any employee,  
33 contractor or agent as provided by the Kansas expanded lottery act or rules  
34 and regulations adopted pursuant thereto;

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

37 (7) any other provision deemed necessary by the parties, including  
38 such other terms and restrictions as necessary to conduct racetrack gaming  
39 facility operations in a legal and fair manner.

40 (e) A person who is the manager of a lottery gaming facility in a  
41 gaming zone shall not be eligible to be the manager of the racetrack  
42 gaming facility in the same zone.

43 (f) A racetrack gaming facility management contract shall not

1 constitute property, nor shall it be subject to attachment, garnishment or  
2 execution, nor shall it be alienable or transferable, except upon approval  
3 by the executive director, nor shall it be subject to being encumbered or  
4 hypothecated.

5 (g) *For purposes of this section, the term "similar gaming facilities"*  
6 *does not include any racetrack gaming facility, as that term is defined in*  
7 *K.S.A. 74-8702, and amendments thereto, that was authorized on the*  
8 *effective date of this act.*

9 Sec. 9. K.S.A. 2016 Supp. 74-8744 is hereby amended to read as  
10 follows: 74-8744. (a) In accordance with rules and regulations adopted by  
11 the commission, the executive director shall have general responsibility for  
12 the implementation and administration of the provisions of this act relating  
13 to racetrack gaming facility operations, including the responsibility to:

14 (1) Certify net electronic gaming machine income by inspecting  
15 records, conducting audits, having agents of the Kansas lottery on site or  
16 by any other reasonable means; and

17 (2) assist the commission in the promulgation of rules and regulations  
18 concerning the operation of racetrack gaming facilities, which rules and  
19 regulations shall include, without limitation, the following:

20 (A) The number of electronic gaming machines allocated for  
21 placement at each racetrack gaming facility, subject to the provisions of  
22 subsection (b);

23 (B) standards for advertising, marketing and promotional materials  
24 used by racetrack gaming facility managers;

25 (C) the kind, type, number and location of electronic gaming  
26 machines at any racetrack gaming facility; and

27 (D) rules and regulations and procedures for the accounting and  
28 reporting of the payments required from racetrack gaming facility  
29 managers under K.S.A. 2016 Supp. 74-8766, and amendments thereto,  
30 including the calculations required for such payments.

31 (b) Rules and regulations establishing the minimum and maximum  
32 number of electronic gaming machines allocated for placement at each  
33 racetrack gaming facility shall be adopted and published not later than 120  
34 days after the effective date of this act. Such rules and regulations shall be  
35 subject to the following:

36 (1) At least ~~600~~ 400 electronic gaming machines shall be allocated to  
37 and placed at each racetrack gaming facility.

38 (2) The total number of electronic gaming machines allocated to and  
39 placed at all racetrack gaming facilities in the state shall not exceed 2,800.  
40 ~~Until lottery gaming facility management contracts for lottery gaming~~  
41 ~~facilities in all gaming zones become binding, the total number of~~  
42 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~  
43 ~~not exceed 2,200. When lottery gaming facility management contracts for~~

1 ~~lottery gaming facilities in all gaming zones have become binding, the~~  
2 ~~lottery commission shall take privilege fee bids from the lottery gaming~~  
3 ~~facility manager and racetrack gaming facility manager in each gaming~~  
4 ~~zone for the remaining electronic gaming machines allocated to but not yet~~  
5 ~~placed at the racetrack gaming facility in such zone. The minimum bid~~  
6 ~~shall be a privilege fee of \$2,500 per electronic gaming machine. If the~~  
7 ~~racetrack gaming facility manager submits the highest bid, the lottery~~  
8 ~~commission shall place the remaining electronic gaming machines at the~~  
9 ~~racetrack gaming facility. If the lottery gaming facility manager submits~~  
10 ~~the highest bid, the commission shall not place any additional electronic~~  
11 ~~gaming machines at the racetrack gaming facility.~~

12 (3) ~~In addition to any privilege fee paid pursuant to paragraph (2),~~  
13 ~~Each racetrack gaming facility manager shall pay a privilege fee of \$2,500~~  
14 ~~for each electronic gaming machine placed at the racetrack gaming facility~~  
15 ~~for which a privilege fee is not paid pursuant to paragraph (2).~~

16 (4) The racetrack gaming facility manager shall pay the privilege fees  
17 provided by this subsection to the executive director, who shall remit the  
18 entire amount to the state treasurer in accordance with K.S.A. 75-4215,  
19 and amendments thereto. Upon receipt of the remittance, the state treasurer  
20 shall deposit the entire amount in the state treasury and credit it to the  
21 expanded lottery act revenues fund.

22 Sec. 10. K.S.A. 2016 Supp. 74-8746 is hereby amended to read as  
23 follows: 74-8746. (a) Except as provided in subsection (b):

24 (1) No electronic gaming machines shall be operated at a parimutuel  
25 licensee location in Sedgwick county unless, during the first full calendar  
26 year and each year thereafter in which electronic gaming machines are  
27 operated at such location, the parimutuel licensee conducts at such location  
28 at least 100 live greyhound races each calendar week ~~for the number of~~  
29 ~~weeks raced during calendar year 2003~~ *at least 50 weeks* with at least 13  
30 live races conducted each day for not less than five days per week.

31 (2) No electronic gaming machines shall be operated at a parimutuel  
32 licensee location in Wyandotte county unless, during the first full calendar  
33 year and each year thereafter in which electronic gaming machines are  
34 operated at such location, the parimutuel licensee conducts live horse  
35 racing programs for at least 60 days, with at least 10 live races conducted  
36 each program, and must offer and make a reasonable effort to conduct a  
37 minimum number of three live races restricted for quarter horses each day  
38 and seven live thoroughbred races each day, of which not less than two  
39 races each day shall be limited to registered Kansas-bred horses  
40 apportioned in the same ratio that live races are offered, except that the  
41 licensee shall not be required to conduct the second live race restricted to  
42 Kansas-bred horses unless there are at least seven qualified entries for such  
43 race; ~~and with at least 100 live greyhound races each calendar week for at~~



1 ~~least the same number of weeks raced during calendar year 2003, with at~~  
2 ~~least 13 live races conducted each day for not less than five days per week.~~

3 (3) No electronic gaming machines shall be operated at a parimutuel  
4 licensee location in Crawford county unless, during the first full calendar  
5 year and each year thereafter in which electronic gaming machines are  
6 operated at such location, the parimutuel licensee conducts at such location  
7 at least 85 live greyhound races each calendar week ~~for the number of~~  
8 ~~weeks raced during calendar year 2003 in Sedgewick county, at least 25~~  
9 ~~weeks~~ with at least 12 live races conducted each day for not less than five  
10 days per week.

11 (4) If a parimutuel licensee has not held live races pursuant to a  
12 schedule approved by the Kansas racing and gaming commission in the  
13 preceding 12 months, the Kansas racing and gaming commission shall  
14 hold a hearing to determine the number of days of live racing required for  
15 the remaining days of the first calendar year of operation to qualify for  
16 operation of electronic gaming machines. At such hearing, the commission  
17 shall receive testimony and evidence from affected breed groups, the  
18 licensee and others, as the Kansas racing and gaming commission deems  
19 appropriate concerning the schedule of live race days. ~~The operation of~~  
20 ~~electronic gaming machines shall not commence more than 90 days prior~~  
21 ~~to the start of live racing at such facility.~~

22 (b) The Kansas racing and gaming commission may not grant  
23 exceptions to the requirements of subsection (a) for a parimutuel licensee  
24 conducting live racing unless such exception is in the form of an  
25 agreement which: (1) Is between the parimutuel licensee and the affected  
26 recognized greyhound or recognized horsemen's group, as defined in  
27 K.S.A. 74-8802, and amendments thereto; (2) has been approved by the  
28 appropriate official breed registering agencies; and (3) has been submitted  
29 to and approved by the commission. In the case of emergencies, weather  
30 related issues or immediate circumstances beyond the control of the  
31 licensee, the Kansas racing and gaming commission may grant an  
32 exception.

33 Sec. 11. K.S.A. 2016 Supp. 74-8747 is hereby amended to read as  
34 follows: 74-8747. (a) *A racetrack gaming facility management contract*  
35 *shall include provisions for net electronic gaming machine income from a*  
36 *racetrack gaming facility shall to be distributed as follows:*

37 ~~To the racetrack gaming facility manager.~~ An amount equal to  
38 ~~25%~~ 22% of net electronic gaming machine income *shall be credited to*  
39 *the expanded lottery act revenues fund;*

40 (2) ~~7%~~ an amount equal to 10% of net electronic gaming machine  
41 income *derived from electronic gaming machines located at racetrack*  
42 *gaming facilities licensed to conduct live horse races during the first and*  
43 *second years of operation, and 14% of net electronic gaming machine*

1 *income derived from electronic gaming machines located at such*  
2 *racetrack gaming facilities during the third and subsequent years of*  
3 *operation shall be credited to the live horse racing purse supplement fund*  
4 *established by K.S.A. 2016 Supp. 74-8767, and amendments thereto,*  
5 ~~*except that the amount of net electronic gaming machine income credited*~~  
6 ~~*to the fund during any fiscal year from electronic gaming machines at a*~~  
7 ~~*racetrack gaming facility shall not exceed an amount equal to the average*~~  
8 ~~*of \$3,750 per electronic gaming machine at each location and any moneys*~~  
9 ~~*in excess of such amount shall be distributed between the state and the*~~  
10 ~~*racetrack gaming facility manager in accordance with the racetrack*~~  
11 ~~*gaming facility management contract;*~~

12 (3) *an amount equal to 7% of net electronic gaming machine income*  
13 *derived from electronic gaming machines located at racetrack gaming*  
14 *facilities licensed to conduct greyhound races shall be credited to the live*  
15 *greyhound racing purse supplement fund established by K.S.A. 2016*  
16 *Supp. 74-8767, and amendments thereto,*~~*except that the amount of net*~~  
17 ~~*electronic gaming machine income credited to the fund during any fiscal*~~  
18 ~~*year from electronic gaming machines at a racetrack gaming facility shall*~~  
19 ~~*not exceed an amount equal to the average of \$3,750 per electronic gaming*~~  
20 ~~*machine at each location and any moneys in excess of such amount shall*~~  
21 ~~*be distributed between the state and the racetrack gaming facility manager*~~  
22 ~~*in accordance with the racetrack gaming facility management contract;*~~

23 (4) (A) *if the racetrack gaming facility is located in the northeast*  
24 *Kansas gaming zone and is not located within a city, include a provision*  
25 ~~*for payment of an amount equal to 3% of the racetrack gaming facility*~~  
26 ~~*revenues 2% of net electronic gaming machine income shall be paid to the*~~  
27 ~~*county in which the racetrack gaming facility is located; or (B) if the*~~  
28 ~~*racetrack gaming facility is located in the northeast Kansas gaming zone*~~  
29 ~~*and is located within a city, include provision for payment of an amount*~~  
30 ~~*equal to 1.5% of the racetrack gaming facility revenues 1% of net*~~  
31 ~~*electronic gaming machine income shall be paid to the city in which the*~~  
32 ~~*racetrack gaming facility is located and an amount equal to 1.5% of such*~~  
33 ~~*revenues 1% of net electronic gaming machine income shall be paid to the*~~  
34 ~~*county in which such facility is located;*~~

35 (5) (A) *if the racetrack gaming facility is located in the southeast or*  
36 *south central Kansas gaming zone and is not located within a city, include*  
37 ~~*a provision for payment of an amount equal to 2% of the racetrack gaming*~~  
38 ~~*facility revenues 2% of net electronic gaming machine income shall be*~~  
39 ~~*paid to the county in which the racetrack gaming facility is located and an*~~  
40 ~~*amount equal to 1% of such revenues to the other county in such zone; or*~~  
41 ~~*(B) if the racetrack gaming facility is located in the southeast or south*~~  
42 ~~*central Kansas gaming zone and is located within a city, provide for*~~  
43 ~~*payment of an amount equal to 1% of the racetrack gaming facility*~~

1 ~~revenues~~ *1% of net electronic gaming machine income shall be paid to the*  
2 *city in which the racetrack gaming facility is located; and an amount equal*  
3 *to 1% of such revenues net electronic gaming machine income shall be*  
4 *paid to the county in which such facility is located and an amount equal to*  
5 *1% of such revenues to the other county in such zone;*

6 **(6) (A) if the racetrack gaming facility is located in the southeast**  
7 **Kansas gaming zone and is not located within a city, 2% of net**  
8 **electronic gaming machine income shall be paid to the county in which**  
9 **the racetrack gaming facility is located and 1% of net electronic**  
10 **gaming machine income shall be paid to the other county in such zone;**  
11 **or**

12 **(B) if the racetrack gaming facility is located in the southeast**  
13 **Kansas gaming zone and is located within a city, 1% of the net**  
14 **electronic gaming machine income shall be paid to the city in which**  
15 **the racetrack gaming facility is located, 1% of net electronic gaming**  
16 **machine income shall be paid to the county in which the racetrack**  
17 **gaming facility is located and 1% of net electronic gaming machine**  
18 **income shall be paid to the other county in such zone;**

19 ~~(6) (7)~~ *2% an amount equal to 0.5% of net electronic gaming*  
20 *machine income shall be credited to the problem gambling and addictions*  
21 *grant fund established by K.S.A. 2016 Supp. 79-4805, and amendments*  
22 *thereto;*

23 ~~(7) (8) (A)~~ *an amount equal to 1% of net electronic gaming machine*  
24 *income derived from electronic gaming machines located at a racetrack*  
25 *gaming facility located in the northeast Kansas gaming zone shall be*  
26 *credited to the Kansas horse fair racing benefit fund established by K.S.A.*  
27 *74-8838, and amendments thereto; and*

28 ~~(B)~~ *an amount equal to 0.4% of net electronic gaming machine*  
29 *income derived from electronic gaming machines located at racetrack*  
30 *gaming facilities located in the southeast Kansas gaming zone or south*  
31 *central Kansas gaming zone shall be credited to the Kansas horse fair*  
32 *racing benefit fund established by K.S.A. 74-8838, and amendments*  
33 *thereto;*

34 ~~(8) (9)~~ *40% of net electronic gaming machine income shall be*  
35 *credited to the expanded lottery act revenues fund an amount equal to*  
36 *0.1% of net electronic gaming machine income derived from electronic*  
37 *gaming machines located at a racetrack gaming facility located in the*  
38 *south central Kansas gaming zone shall be credited to the Kansas horse*  
39 *council fund established by section 6, and amendments thereto; and*

40 ~~(9) (10)~~ *15% of electronic gaming machine income shall be used for*  
41 *gaming expenses, subject to agreement between the Kansas lottery and the*  
42 *remaining balance of net electronic gaming machine income shall be paid*  
43 *to the racetrack gaming facility manager.*

1 (b) A racetrack gaming facility management contract may include  
2 provisions for a parimutuel licensee or any other entity to pay the  
3 parimutuel licensee's expenses related to electronic gaming machines, as  
4 the executive director deems appropriate, ~~subject to the requirements of~~  
5 ~~subsection (a)(9).~~

6 Sec. 12. K.S.A. 2016 Supp. 74-8766 is hereby amended to read as  
7 follows: 74-8766. (a) There is hereby established in the state treasury the  
8 expanded lottery receipts fund. Separate accounts shall be maintained in  
9 such fund for receipt of moneys from each lottery gaming facility manager  
10 and racetrack gaming facility manager. All expenditures from the fund  
11 shall be made in accordance with appropriation acts upon warrants of the  
12 director of accounts and reports issued pursuant to vouchers approved by  
13 the executive director for the purposes set forth in this act.

14 (b) All lottery gaming facility revenues from lottery gaming facilities  
15 and all net electronic gaming machine income from racetrack gaming  
16 facilities shall be paid daily and electronically to the executive director.  
17 The executive director shall remit all moneys received therefrom to the  
18 state treasurer in accordance with K.S.A. 75-4215, and amendments  
19 thereto. Upon receipt of the remittance, the state treasurer shall deposit the  
20 entire amount in the state treasury and credit it to the respective account  
21 maintained for the lottery gaming facility manager or racetrack gaming  
22 facility manager in the expanded lottery receipts fund.

23 (c) The executive director shall certify weekly to the director of  
24 accounts and reports the percentages or amounts to be transferred from  
25 each account maintained in the expanded lottery receipts fund to the  
26 expanded lottery act revenues fund, the live horse racing supplement fund,  
27 the live greyhound racing purse supplement fund and the problem  
28 gambling and addictions grant fund, as provided by the lottery gaming  
29 facility management contract or K.S.A. 2016 Supp. 74-8747, and  
30 amendments thereto. Upon receipt of the certification, the director of  
31 accounts and reports shall transfer amounts from each such account in  
32 accordance with the certification of the executive director. Once each  
33 month, the executive director shall cause amounts from each such account  
34 to be paid to cities, counties and lottery gaming facility managers in  
35 accordance with the lottery gaming facility management contract and to  
36 racetrack gaming facility managers in accordance with K.S.A. 2016 Supp.  
37 74-8747, and amendments thereto.

38 (d) Amounts remaining in an account in the expanded lottery receipts  
39 fund after transfers and payments pursuant to subsection (c) *and section 5,*  
40 *and amendments thereto,* shall be distributed in accordance with the  
41 related lottery gaming facility management contract or racetrack gaming  
42 facility management contract.

43 Sec. 13. K.S.A. 2016 Supp. 74-8814 is hereby amended to read as

1 follows: 74-8814. (a) Subject to the provisions of subsection (b), the  
2 commission shall establish by rules and regulations an application fee not  
3 exceeding ~~\$500~~ \$50 for any of the following ~~which organizations that~~  
4 applies for an organization license and ~~the a license fee for any of the~~  
5 ~~following granted an organization license shall be \$100~~ of \$25 for each  
6 day of racing approved by the commission ~~for any of the following~~  
7 ~~organizations that are granted an organization license:~~

8 ~~(1) Any fair association other than the Greenwood county and~~  
9 ~~Anthony fair associations;~~ any horsemen's nonprofit organization; or the  
10 national greyhound association of Abilene, Kansas, if: ~~(A) (1) Such~~  
11 association conducts not more than two race meetings each year; ~~(B) (2)~~  
12 such race meets are held within the boundaries of the county where the  
13 applicant is located; and ~~(C) (3) such race meetings are held for a total of~~  
14 not more than 40 days per year; ~~or~~

15 ~~(2) the Greenwood county fair association or a horsemen's nonprofit~~  
16 ~~organization, with respect to race meetings conducted by such association~~  
17 ~~or organization at Eureka Downs, or the Anthony fair association or a~~  
18 ~~horsemen's nonprofit organization, with respect to race meetings~~  
19 ~~conducted by such association or organization at Anthony Downs, for~~  
20 ~~which the number of race meetings and days, and the dates thereof, shall~~  
21 ~~be specified by the commission.~~

22 (b) The commission shall adopt rules and regulations providing for  
23 *expedited*, simplified and less costly procedures and requirements for fair  
24 associations and horsemen's nonprofit organizations applying for or  
25 holding a license to conduct race meetings.

26 (c) The Kansas racing and gaming commission shall ~~investigate~~  
27 ~~perform a criminal history records check and credit history check of:~~

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

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

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

38 Sec. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-  
39 8836. (a) Any organization licensee that conducts at least ~~150~~ 60 days of  
40 live racing during a calendar year, *or is in compliance with the provisions*  
41 *of K.S.A. 2016 Supp. 74-8746, and amendments thereto*, or a fair  
42 association that conducts fewer than ~~22~~ 40 days of live racing during a  
43 calendar year may apply to the commission for a simulcasting license to

1 display simulcast horse or greyhound races and to conduct intertrack  
2 parimutuel wagering thereon. If the organization licensee conducts races at  
3 a racetrack facility that is owned by a facility owner licensee, both  
4 licensees shall join in the application. ~~A simulcasting license granted to a  
5 fair association that conducts fewer than 22 days of live racing shall  
6 restrict the fair association's display of simulcast races to a number of  
7 days, including days on which it conducts live races, equal to not more  
8 than twice the number of days on which it conducts live races.~~

9 (b) (1) A simulcasting license granted to an organization licensee  
10 other than a fair association shall authorize the display of simulcast races  
11 at the racetrack facility where the live races are conducted so long as the  
12 licensee conducts at least eight live races per day and an average of 10 live  
13 races per day per week *is in compliance with the provisions of K.S.A. 2016*  
14 *Supp. 74-8746, and amendments thereto.* If a simulcasting licensee  
15 conducts live horse races on a day when simulcast races are displayed by  
16 the licensee and the licensee conducts fewer than an average of 10 live  
17 horse races per day per week, not less than 80% of the races on which  
18 wagers are taken by the licensee during such week shall be live races  
19 conducted by the licensee unless approved by the recognized horsemen's  
20 group or upon a finding by the commission that the organization licensee  
21 was unable to do so for reasonable cause. If a simulcast licensee conducts  
22 live greyhound races on a day when simulcast races *also* are displayed by  
23 the licensee and the licensee schedules fewer than 13 live greyhound races  
24 during a performance on such day, not less than 80% of the races on which  
25 wagers are taken by the licensee during such performance shall be live  
26 races conducted by the licensee.

27 (2) A simulcasting license granted to a fair association shall authorize  
28 the display of simulcast races at the racetrack facility where the races are  
29 conducted ~~only if live races are scheduled for two or more days of the  
30 same calendar week, except that the licensee may conduct simulcast races  
31 in the week immediately before and immediately after a live meeting if the  
32 total number of days on which simulcast races are displayed does not  
33 exceed the total authorized in subsection (a). In no case shall the live meet  
34 or simulcast races allowed under this subsection exceed 10 consecutive  
35 weeks. For purposes of this subsection, a calendar week shall be measured  
36 from Monday through the following Sunday.~~

37 (3) Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),  
38 a fair association may apply to the commission for not more than five  
39 additional days of simulcasting of special events. In addition, the  
40 commission may authorize a fair association to display additional  
41 simulcast races but, if such fair association is less than 100 miles from an  
42 organization licensee that is not a fair association, it also shall secure  
43 written consent from that organization licensee.

1       ~~(4)~~—Notwithstanding the provisions of subsection (b)(1), if an  
2 emergency causes the cancellation of all or any live races scheduled for a  
3 day or performance by a simulcasting licensee, the commission or the  
4 commission's designee may authorize the licensee to display any simulcast  
5 races previously scheduled for such day or performance.

6       ~~(5)~~ (4) Notwithstanding the provisions of subsection (b)(1), the  
7 commission may authorize the licensee to display simulcast special racing  
8 events as designated by the commission.

9       (c) The application for a simulcasting license shall be filed with the  
10 commission at a time and place prescribed by rules and regulations of the  
11 commission. The application shall be in a form and include such  
12 information as the commission prescribes.

13       (d) To qualify for a simulcasting license the applicant shall:

14       (1) Comply with the interstate horse racing act of 1978 (15 U.S.C. §  
15 3001 et seq.), as in effect December 31, 1991;

16       (2) submit with the application a written approval of the proposed  
17 simulcasting schedule signed by: (A) The recognized horsemen's group for  
18 the track, if the applicant is licensed to conduct only horse races, *and*  
19 *horse races or greyhound races, or both, are to be simulcast*; (B) the  
20 recognized greyhound owners' group, if the applicant is licensed to  
21 conduct only greyhound races and only greyhound races are to be  
22 simulcast; (C) both the recognized greyhound owners' group and a  
23 recognized horsemen's group, if the applicant is licensed to conduct only  
24 greyhound races and horse races are to be simulcast; (D) the recognized  
25 greyhound owners' group, if the applicant is licensed to conduct both  
26 greyhound and horse races, only greyhound races are to be simulcast and  
27 races are to be simulcast only while the applicant is conducting live  
28 greyhound races; (E) the recognized horsemen's group for the track, if the  
29 applicant is licensed to conduct both greyhound and horse races, only  
30 horse races are to be simulcast and races are to be simulcast only while the  
31 applicant is conducting live horse races; or (F) both the recognized  
32 greyhound owners' group and the recognized horsemen's group for the  
33 track, if the applicant is licensed to conduct both greyhound races and  
34 horse races and horse races are to be simulcast while the applicant is  
35 conducting live greyhound races or greyhound races are to be simulcast  
36 while the applicant is conducting live horse races; and

37       (3) submit, in accordance with rules and regulations of the  
38 commission and before the simulcasting of a race, a written copy of each  
39 contract or agreement which the applicant proposes to enter into with  
40 regard to such race, and any proposed modification of any such contract or  
41 agreement.

42       (e) The term of a simulcasting license shall be one year.

43       (f) A simulcasting licensee may apply to the commission or its

1 designee for changes in the licensee's approved simulcasting schedule if  
2 such changes are approved by the respective recognized greyhound  
3 owners' group or recognized horsemen's group needed throughout the term  
4 of the license. Application shall be made upon forms furnished by the  
5 commission and shall contain such information as the commission  
6 prescribes.

7 (g) Except as provided by subsection (j), the takeout for simulcast  
8 horse and greyhound races shall be the same as it is for the live horse and  
9 greyhound races conducted during the current or next live race meeting at  
10 the racetrack facility where the simulcast races are displayed. For  
11 simulcast races the tax imposed on amounts wagered shall be as provided  
12 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout  
13 remaining after deduction of taxes, an amount equal to a percentage, to be  
14 determined by the commission, of the gross sum wagered on simulcast  
15 races shall be used for purses, as follows:

16 (1) For greyhound races conducted by the licensee, if the simulcast  
17 race is a greyhound race and the licensee conducts only live greyhound  
18 races;

19 (2) for horse races conducted by the licensee, if the simulcast race is a  
20 horse race and the licensee conducts only live horse races;

21 (3) for horse races and greyhound races, as determined by both the  
22 recognized horsemen's group and the recognized greyhound owners'  
23 group, if the simulcast race is a greyhound race and the licensee does not  
24 conduct or is not currently conducting live greyhound races; or

25 (4) for horse races and greyhound races, as determined by both the  
26 recognized horsemen's group and the recognized greyhound owners'  
27 group, if the simulcast is a horse race and the licensee does not conduct or  
28 is not currently conducting live horse races. That portion of simulcast  
29 purse money determined to be used for horse purses shall be apportioned  
30 by the commission to the various horse race meetings held in any calendar  
31 year based upon the number of live horse race dates comprising such horse  
32 race meetings in the preceding calendar year.

33 (h) Except as provided by subsection (j):

34 (1) If a simulcasting licensee has a license to conduct live horse races  
35 and the *simulcasting* licensee displays a simulcast horse race: (A) All  
36 breakage proceeds shall be remitted by the licensee to the commission not  
37 later than the 15<sup>th</sup> day of the month following the race from which the  
38 breakage is derived and the commission shall remit any such proceeds  
39 received to the state treasurer in accordance with the provisions of K.S.A.  
40 75-4215, and amendments thereto. Upon receipt of each such remittance,  
41 the state treasurer shall deposit the entire amount in the state treasury to  
42 the credit of the Kansas horse breeding development fund created by  
43 K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket



1 proceeds shall be remitted by the licensee to the commission on the 61<sup>st</sup>  
2 day after the end of the calendar year and the commission shall remit any  
3 such proceeds received to the state treasurer in accordance with the  
4 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
5 each such remittance, the state treasurer shall deposit the entire amount in  
6 the state treasury to the credit of the Kansas horse breeding development  
7 fund created by K.S.A. 74-8829, and amendments thereto.

8 (2) If a simulcasting licensee has a license to conduct live greyhound  
9 races and the *simulcasting* licensee displays a simulcast greyhound race,  
10 breakage and unclaimed winning ticket proceeds shall be distributed in the  
11 manner provided by K.S.A. 74-8821 and 74-8822, and amendments  
12 thereto, for breakage and unclaimed winning ticket proceeds from live  
13 greyhound races.

14 (3) If a simulcasting licensee has a license to conduct live racing of  
15 only horses and the *simulcasting* licensee displays a simulcast greyhound  
16 race, unclaimed winning ticket proceeds shall be distributed in the manner  
17 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed  
18 winning ticket proceeds from live greyhound races. Breakage for such  
19 races shall be distributed for use to benefit greyhound racing as determined  
20 by the commission.

21 (4) If a simulcasting licensee has a license to conduct live racing of  
22 only greyhounds and the *simulcasting* licensee displays a simulcast horse  
23 race: (A) All breakage proceeds shall be remitted by the licensee to the  
24 commission not later than the 15<sup>th</sup> day of the month following the race  
25 from which the breakage is derived and the commission shall remit any  
26 such proceeds received to the state treasurer in accordance with the  
27 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
28 each such remittance, the state treasurer shall deposit the entire amount in  
29 the state treasury to the credit of the Kansas horse breeding development  
30 fund created by K.S.A. 74-8829, and amendments thereto; and (B) all  
31 unclaimed ticket proceeds shall be remitted by the licensee to the  
32 commission on the 61<sup>st</sup> day after the end of the calendar year and the  
33 commission shall remit any such proceeds received to the state treasurer in  
34 accordance with the provisions of K.S.A. 75-4215, and amendments  
35 thereto. Upon receipt of each such remittance, the state treasurer shall  
36 deposit the entire amount in the state treasury to the credit of the Kansas  
37 horse breeding development fund created by K.S.A. 74-8829, and  
38 amendments thereto.

39 (i) The commission may approve a request by two or more  
40 simulcasting licensees to combine wagering pools within the state of  
41 Kansas pursuant to rules and regulations adopted by the commission.

42 (j) (1) The commission may authorize any simulcasting licensee to  
43 participate in an interstate combined wagering pool with one or more other

1 racing jurisdictions.

2 (2) If a licensee participates in an interstate pool, the licensee may  
3 adopt the takeout of the host jurisdiction or facility. The amount and  
4 manner of paying purses from the takeout in an interstate pool shall be as  
5 provided by subsection (g).

6 (3) The tax imposed on amounts wagered in an interstate pool shall  
7 be as provided by K.S.A. 74-8823, and amendments thereto. Parimutuel  
8 taxes may not be imposed on any amounts wagered in an interstate  
9 combined wagering pool other than amounts wagered within this  
10 jurisdiction.

11 (4) Breakage for interstate combined wagering pools shall be  
12 calculated in accordance with the statutes and rules and regulations of the  
13 host jurisdiction and shall be allocated among the participating  
14 jurisdictions in a manner agreed to among the jurisdictions. Breakage  
15 allocated to this jurisdiction shall be distributed as provided by subsection  
16 (h).

17 (5) Upon approval of the respective recognized greyhound owners'  
18 group or recognized horsemen's group, the commission may permit an  
19 organization licensee to simulcast to other racetrack facilities or off-track  
20 wagering or intertrack wagering facilities in other jurisdictions one or  
21 more races conducted by such licensee, use one or more races conducted  
22 by such licensee for an intrastate combined wagering pool or use one or  
23 more races conducted by such licensee for an interstate combined  
24 wagering pool at off-track wagering or intertrack wagering locations  
25 outside the commission's jurisdiction and may allow parimutuel pools in  
26 other jurisdictions to be combined with parimutuel pools in the  
27 commission's jurisdiction for the purpose of establishing an interstate  
28 combined wagering pool.

29 (6) The participation by a simulcasting licensee in a combined  
30 interstate wagering pool does not cause that licensee to be considered to be  
31 doing business in any jurisdiction other than the jurisdiction in which the  
32 licensee is physically located.

33 (k) If the organization licensee, facility owner licensee if any and the  
34 recognized horsemen's group or recognized greyhound owners' group are  
35 unable to agree concerning a simulcasting application, the matter may be  
36 submitted to the commission for determination at the written request of  
37 any party in accordance with rules and regulations of the commission.

38 (l) This section shall be part of and supplemental to the Kansas  
39 parimutuel racing act.

40 Sec. 15. K.S.A. 2016 Supp. 75-6204 is hereby amended to read as  
41 follows: 75-6204. (a) Subject to the limitations provided in this act, if a  
42 debtor fails to pay to the state of Kansas or any state agency, foreign state  
43 agency, municipality or the federal department of the treasury an amount

1 owed, the director may setoff such amount and a reasonable collection  
2 assistance fee determined in accordance with K.S.A. 75-6210, and  
3 amendments thereto, against any money held for, or any money owed to,  
4 such debtor by the state ~~or~~, any state agency, *lottery gaming facility*  
5 *manager; racetrack gaming facility manager or facility owner licensee.*

6 (b) The director may enter into an agreement with a municipality for  
7 participation in the setoff program for the purpose of assisting in the  
8 collection of a debt as defined by K.S.A. 75-6202, and amendments  
9 thereto. The director shall include in any such agreement a provision  
10 requiring the municipality to certify that the municipality has made at least  
11 three attempts to collect a debt prior to submitting such debt to setoff  
12 pursuant to this act.

13 (c) (1) Except as provided in subsection (c)(2), the director shall add  
14 the cost of collection and the debt for a total amount subject to setoff  
15 against a debtor.

16 (2) Any debts due and owing to an individual, the state of Kansas or  
17 an agency of another state that are being enforced by the Kansas  
18 department for children and families under part D of title IV of the federal  
19 social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the  
20 cost of collection added to the debt owed and subject to setoff. Such cost  
21 of collection shall be paid by the Kansas department for children and  
22 families.

23 Sec. 16. K.S.A. 74-8836 and 75-6204 and K.S.A. 2016 Supp. 74-  
24 8734, 74-8741, 74-8744, 74-8746, 74-8747, 74-8766 and 74-8814 are  
25 hereby repealed.

26 Sec. 17. This act shall take effect and be in force from and after its  
27 publication in the statute book.