

HOUSE BILL No. 2752

By Committee on Federal and State Affairs

2-19

1 AN ACT concerning gaming; creating the Kansas sports wagering act;
2 amending K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8702, 74-
3 8710, 74-8711, 74-8716, 74-8734, 74-8741, 74-8751, 74-8752, 74-
4 8760, 74-8763 and 74-8769 and repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) Sports wagering shall only be conducted in this
8 state in accordance with the provisions of the Kansas sports wagering act,
9 the Kansas lottery act, and the Kansas expanded lottery act.

10 (b) The Kansas lottery may offer sports wagering:

11 (1) In-person at a facility operated by the Kansas lottery;

12 (2) over the internet, including, but not limited to, through websites
13 and mobile device applications; or

14 (3) through a licensed interactive sports wagering platform.

15 (c) The executive director may enter into contracts with one or more
16 lottery gaming facility managers or racetrack gaming facility managers for
17 conducting, operating and managing sports wagering:

18 (1) In-person at the lottery gaming facility or racetrack gaming
19 facility operated by such manager;

20 (2) over the internet, including, but not limited to, through websites
21 and mobile device applications; or

22 (3) through a licensed interactive sports wagering platform.

23 (d) A lottery gaming facility manager or racetrack gaming facility
24 manager contracting with the Kansas lottery pursuant to subsection (c)
25 may agree to conduct sports wagering through the licensed interactive
26 sports wagering platform that has contracted with the Kansas lottery to
27 offer sports wagering. Any contract entered into pursuant to this section
28 shall be made in accordance with the provisions of K.S.A. 2017 Supp. 74-
29 8734, 74-8736, 74-8741 and 74-8742 and amendments thereto.

30 New Sec. 2. (a) An interactive sports wagering platform may not
31 offer sports wagering on behalf of the Kansas lottery or any lottery gaming
32 facility manager or racetrack gaming facility manager unless the platform
33 holds a license issued by the Kansas racing and gaming commission.

34 (b) An applicant for an interactive sports wagering platform license
35 shall apply for a license in such form and manner as prescribed by the
36 Kansas racing and gaming commission. At the time an application for a

1 platform license is submitted, the applicant shall pay an initial license fee
2 in the amount of \$10,000.

3 (c) The term of an interactive sports wagering platform license shall
4 be one year. Any application to renew a license shall be submitted in such
5 form and manner as prescribed by the Kansas racing and gaming
6 commission not later than 30 days prior to the expiration of the license.
7 Any licensee applying for renewal of a license shall pay a license renewal
8 fee in the amount of \$5,000 at the time the license renewal application is
9 submitted.

10 (d) Any information submitted to the Kansas racing and gaming
11 commission by an applicant for a license under this section containing
12 proprietary information, trade secrets, financial information or personally
13 identifiable information shall be considered confidential and exempt from
14 the Kansas open records act in accordance with K.S.A. 45-229, and
15 amendments thereto. The provisions of this subsection shall expire on July
16 1, 2023, unless the legislature reviews and reenacts this provision pursuant
17 to K.S.A. 45-229, and amendments thereto, prior to July 1, 2023.

18 (e) A licensed interactive sports wagering platform may enter into one
19 or more agreements with the Kansas lottery, any lottery gaming facility
20 manager and any racetrack gaming facility manager to offer sports
21 wagering on behalf of such entity. The existence of any such agreement
22 shall not be required for an interactive sports wagering platform to obtain a
23 license.

24 New Sec. 3. (a) Subject to the provisions of subsection (b), the
25 Kansas racing and gaming commission, in accordance with the Kansas
26 administrative procedure act, may suspend or revoke an interactive sports
27 wagering license or may impose a civil fine in an amount not to exceed
28 \$10,000 per failure or violation, or may both suspend such license and
29 impose such fine, if the commission finds probable cause to believe that
30 the licensee knowingly violated any provision of the Kansas sports
31 wagering act or any rules and regulations adopted thereunder.

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

1 commission.

2 New Sec. 4. (a) No person under age 21 shall be permitted to place a
3 wager. A sports wagering operator shall verify that any person placing a
4 wager is of the legal minimum age for placing such wagers, including all
5 wagers placed through internet websites or mobile device applications.

6 (b) Sports wagering operators shall allow a person to restrict such
7 person from placing wagers with the operator, including, wagering limits,
8 and shall take reasonable measures to prevent any such person from
9 placing such wagers. Upon the request of any such person, the operator
10 shall submit the restricted person's name and other pertinent information to
11 the Kansas racing and gaming commission for the sole purpose of having
12 such information disseminated to all other sports wagering operators.

13 (c) The executive director of the Kansas racing and gaming
14 commission shall adopt rules and regulations regarding the advertisement
15 for sports wagering. Such rules and regulations shall be adopted on or
16 before January 1, 2019, and shall include, but not be limited to:

17 (1) Ensuring that advertisements do not target children and minors, or
18 other persons who are ineligible to place wagers, or problem gamblers or
19 other vulnerable persons, including limitations on the form, content,
20 quantity, timing and location of such advertisements;

21 (2) disclosure of the identity of the sports wagering operator in all
22 such advertisements;

23 (3) provision of the toll-free number for information and referral
24 services for compulsive and problem gambling; and

25 (4) prohibitions on false, misleading or deceptive advertisements.

26 New Sec. 5. (a) Sports wagering operators shall use reasonable
27 methods to:

28 (1) Prohibit the operator, and any directors, officers, owners, and
29 employees of the operator, and any relative living in the same household as
30 such persons, from placing wagers with the operator;

31 (2) prohibit athletes, coaches, referees, team owners, employees of a
32 sports governing body or its member teams, and player and referee union
33 personnel from placing wagers on any sporting event overseen by such
34 sports governing body. In determining which persons are excluded from
35 placing wagers under this paragraph, operators shall use publicly available
36 information and any lists of such persons that the sports governing body
37 may provide to the Kansas racing and gaming commission;

38 (3) prohibit any person with access to nonpublic confidential
39 information held by the operator from placing wagers with the operator;

40 (4) prohibit persons from placing wagers as agents or proxies for
41 other persons; and

42 (5) maintain the security of wagering data, customer data and other
43 confidential information from unauthorized access and dissemination,

1 provided, however, that nothing in this act shall preclude the use of
2 internet or cloud-based hosting of such data and information or disclosure
3 as required by court order, state or federal law or as otherwise required by
4 this act.

5 (b) A sports governing body may notify the Kansas racing and
6 gaming commission that it desires to restrict, limit or exclude wagering on
7 its sporting events by providing notice in such form and manner as
8 prescribed by the Kansas racing and gaming commission, including, but
9 not limited to, the sources of data and associated video upon which an
10 operator may rely in offering and paying wagers and the bet types that may
11 be offered. Upon receiving such notice, the Kansas racing and gaming
12 commission shall publish the wagering restrictions and notify all operators
13 of such restrictions. Offering or taking wagers contrary to such published
14 restrictions is a violation of this act.

15 (c) Sports wagering operators shall cooperate with any investigations
16 conducted by the Kansas racing and gaming commission, sports governing
17 bodies or law enforcement agencies, including, but not limited to,
18 providing or facilitating the provision of account-level betting information
19 and audio or video files relating to persons placing wagers.

20 (d) Sports wagering operators shall immediately report to the Kansas
21 racing and gaming commission any information relating to:

22 (1) Criminal or disciplinary proceedings commenced against the
23 sports wagering operator in connection with its operations;

24 (2) abnormal wagering activity or patterns that may indicate a
25 concern with the integrity of a sporting event or events;

26 (3) any potential breach of the relevant sports governing body's
27 internal rules and codes of conduct pertaining to sports wagering;

28 (4) any other conduct that corrupts a betting outcome of a sporting
29 event or events for purposes of financial gain, including match fixing; and

30 (5) suspicious or illegal wagering activities, including use of funds
31 derived from illegal activity, wagers to conceal or launder funds derived
32 from illegal activity, using agents to place wagers and using false
33 identification.

34 Sports wagering operators also shall immediately report information
35 relating to conduct described in paragraphs (2), (3) and (4) to the relevant
36 sports governing body.

37 (e) Information provided by a sports governing body to a sports
38 wagering operator shall be confidential, and the operator shall not disclose
39 such information or any portion thereof, unless disclosure is required by
40 this act, the Kansas racing and gaming commission, state or federal law or
41 court order.

42 (f) For all sports wagering offered by a sports wagering operator, the
43 operator shall use only statistics, results, outcomes and other data relating

1 to a sporting event that have been obtained from the relevant sports
2 governing body or an entity expressly authorized by the sports governing
3 body to provide such information to sports wagering operators.

4 New Sec. 6. A sports governing body shall have a cause of action
5 against any person who knowingly engages in, facilitates or conceals
6 conduct that intends to improperly influence a betting outcome of a
7 sporting event for purposes of financial gain, in connection with betting or
8 wagering on a sporting event. A sports governing body filing any such
9 action may seek damages or other equitable relief. The provisions of this
10 section shall not be construed as a limitation on or bar against any other
11 claims a sports governing body may bring against such person, or any
12 other claim a sports governing body may bring for injuries or damages
13 arising out of the operation of sports wagering.

14 New Sec. 7. (a) Sports wagering operators shall maintain records of
15 all bets and wagers placed, including personally identifiable information of
16 the person placing the bet, the amount and type of bet, the time the bet was
17 placed, the location of the bet, including the IP address, if applicable, the
18 outcome of the bet, any records of abnormal betting activity and video
19 camera recordings, in the case of in-person wagers, for at least three years
20 after the sporting event occurs. An operator shall make such data available
21 for inspection upon request by the Kansas racing and gaming commission
22 or as required by court order.

23 (b) If a sports governing body has notified the Kansas racing and
24 gaming commission that real-time information sharing for wagers placed
25 on its sporting events is necessary and desirable, sports wagering operators
26 shall share in real time the information required to be retained pursuant to
27 subsection (a), except video camera recordings, with the sports governing
28 body, or its designee, with respect to wagers on its sporting events.

29 (c) The Kansas racing and gaming commission shall cooperate with a
30 sports governing body and sports wagering operators to ensure the timely,
31 efficient and accurate sharing of information.

32 (d) Any information provided pursuant to this section shall not
33 contain any personally identifiable information.

34 New Sec. 8. On July 1, October 1, January 1 and April 1 of each year,
35 or as soon thereafter as sufficient moneys are available, each sports
36 wagering operator shall remit a sport betting right and integrity fee to each
37 sports governing body with authority over a sporting event on which bets
38 were placed through such operator in the immediately preceding calendar
39 quarter. The fee required by this section shall be in an amount equal to 1%
40 of the aggregate amount wagered on sporting events conducted under the
41 authority of the sports governing body during the immediately preceding
42 calendar quarter.

43 New Sec. 9. (a) There is hereby established in the state treasury the

1 sports wagering receipts fund. Separate accounts shall be maintained in
2 such fund for receipt of moneys from sports wagering conducted by the
3 Kansas lottery and each lottery gaming facility manager and racetrack
4 gaming facility manager. All expenditures from the fund shall be made in
5 accordance with appropriation acts upon warrants of the director of
6 accounts and reports issued pursuant to vouchers approved by the
7 executive director for the purposes set forth in this act.

8 (b) All revenues from sports wagering conducted by the Kansas
9 lottery shall be remitted to the state treasurer and deposited in the lottery
10 operating fund in accordance with K.S.A. 74-8711, and amendments
11 thereto.

12 (c) (1) All revenues from sports wagering conducted by lottery
13 gaming facility managers and racetrack gaming facility managers shall be
14 paid daily and electronically to the executive director. The executive
15 director shall remit all moneys received therefrom to the state treasurer in
16 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
17 of the remittance, the state treasurer shall deposit the entire amount in the
18 state treasury and credit it to the respective account maintained for the
19 lottery gaming facility manager or racetrack gaming facility manager in
20 the expanded lottery receipts fund, established by K.S.A. 2017 Supp. 74-
21 8766, and amendments thereto.

22 (2) The executive director shall certify weekly to the director of
23 accounts and reports the percentages or amounts to be transferred from
24 each account maintained in the expanded lottery receipts fund to the
25 expanded lottery act revenues fund, as provided by the lottery gaming
26 facility management contract or racetrack gaming facility management
27 contract. Upon receipt of the certification, the director of accounts and
28 reports shall transfer amounts from each such account in accordance with
29 the certification of the executive director. Once each month, the executive
30 director shall cause amounts from each such account to be paid to lottery
31 gaming facility managers in accordance with the lottery gaming facility
32 management contract and to racetrack gaming facility managers in
33 accordance with the racetrack gaming facility management contract.

34 New Sec. 10. (a) The provisions of sections 1 through 10, and
35 amendments thereto, shall be known and may be cited as the Kansas sports
36 wagering act.

37 (b) The provisions of the Kansas sports wagering act shall be part of
38 and supplemental to the Kansas lottery act.

39 (c) If any provision of this act or the application thereof to any person
40 or circumstance is held invalid, the invalidity shall not affect any other
41 provision or application of the act that can be given effect without the
42 invalid provision or application.

43 Sec. 11. K.S.A. 2017 Supp. 19-101a is hereby amended to read as

1 follows: 19-101a. (a) The board of county commissioners may transact all
2 county business and perform all powers of local legislation and
3 administration it deems appropriate, subject only to the following
4 limitations, restrictions or prohibitions:

5 (1) Counties shall be subject to all acts of the legislature which apply
6 uniformly to all counties.

7 (2) Counties may not affect the courts located therein.

8 (3) Counties shall be subject to acts of the legislature prescribing
9 limits of indebtedness.

10 (4) In the exercise of powers of local legislation and administration
11 authorized under provisions of this section, the home rule power conferred
12 on cities to determine their local affairs and government shall not be
13 superseded or impaired without the consent of the governing body of each
14 city within a county which may be affected.

15 (5) Counties may not legislate on social welfare administered under
16 state law enacted pursuant to or in conformity with public law No. 271 –
17 74th congress, or amendments thereof.

18 (6) Counties shall be subject to all acts of the legislature concerning
19 elections, election commissioners and officers and their duties as such
20 officers and the election of county officers.

21 (7) Counties shall be subject to the limitations and prohibitions
22 imposed under K.S.A. 12-187 ~~to~~ *through* 12-195, ~~inclusive~~,—and
23 amendments thereto, prescribing limitations upon the levy of retailers'
24 sales taxes by counties.

25 (8) Counties may not exempt from or effect changes in statutes made
26 nonuniform in application solely by reason of authorizing exceptions for
27 counties having adopted a charter for county government.

28 (9) No county may levy ad valorem taxes under the authority of this
29 section upon real property located within any redevelopment project area
30 established under the authority of K.S.A. 12-1772, and amendments
31 thereto, unless the resolution authorizing the same specifically authorized
32 a portion of the proceeds of such levy to be used to pay the principal of
33 and interest upon bonds issued by a city under the authority of K.S.A. 12-
34 1774, and amendments thereto.

35 (10) Counties shall have no power under this section to exempt from
36 any statute authorizing or requiring the levy of taxes and providing
37 substitute and additional provisions on the same subject, unless the
38 resolution authorizing the same specifically provides for a portion of the
39 proceeds of such levy to be used to pay a portion of the principal and
40 interest on bonds issued by cities under the authority of K.S.A. 12-1774,
41 and amendments thereto.

42 (11) Counties may not exempt from or effect changes in the
43 provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

1 (12) Except as otherwise specifically authorized by K.S.A. 12-1,101
2 through 12-1,109, and amendments thereto, counties may not levy and
3 collect taxes on incomes from whatever source derived.

4 (13) Counties may not exempt from or effect changes in K.S.A. 19-
5 430, and amendments thereto.

6 (14) Counties may not exempt from or effect changes in K.S.A. 19-
7 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

8 (15) Counties may not exempt from or effect changes in K.S.A. 19-
9 15,139, 19-15,140 and 19-15,141, and amendments thereto.

10 (16) Counties may not exempt from or effect changes in the
11 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
12 and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-
13 1260 through 12-1270 and 12-1276, and amendments thereto.

14 (17) Counties may not exempt from or effect changes in the
15 provisions of K.S.A. 19-211, and amendments thereto.

16 (18) Counties may not exempt from or effect changes in the
17 provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

18 (19) Counties may not regulate the production or drilling of any oil or
19 gas well in any manner which would result in the duplication of regulation
20 by the state corporation commission and the Kansas department of health
21 and environment pursuant to chapter 55 and chapter 65 of the Kansas
22 Statutes Annotated, and amendments thereto, and any rules and regulations
23 adopted pursuant thereto. Counties may not require any license or permit
24 for the drilling or production of oil and gas wells. Counties may not
25 impose any fee or charge for the drilling or production of any oil or gas
26 well.

27 (20) Counties may not exempt from or effect changes in K.S.A. 79-
28 41a04, and amendments thereto.

29 (21) Counties may not exempt from or effect changes in K.S.A. 79-
30 1611, and amendments thereto.

31 (22) Counties may not exempt from or effect changes in K.S.A. 79-
32 1494, and amendments thereto.

33 (23) Counties may not exempt from or effect changes in ~~subsection~~
34 ~~(b)~~ of K.S.A. 19-202(b), and amendments thereto.

35 (24) Counties may not exempt from or effect changes in ~~subsection~~
36 ~~(b)~~ of K.S.A. 19-204(b), and amendments thereto.

37 (25) Counties may not levy or impose an excise, severance or any
38 other tax in the nature of an excise tax upon the physical severance and
39 production of any mineral or other material from the earth or water.

40 (26) Counties may not exempt from or effect changes in K.S.A. 79-
41 2017 or 79-2101, and amendments thereto.

42 (27) Counties may not exempt from or effect changes in K.S.A. 2-
43 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-

1 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments
2 thereto.

3 (28) Counties may not exempt from or effect changes in K.S.A. 2017
4 Supp. 80-121, and amendments thereto.

5 (29) Counties may not exempt from or effect changes in K.S.A. 19-
6 228, and amendments thereto.

7 (30) Counties may not exempt from or effect changes in the wireless
8 enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of
9 K.S.A. 12-5301 through 12-5308, and amendments thereto.

10 (31) Counties may not exempt from or effect changes in K.S.A. 2017
11 Supp. 26-601, and amendments thereto.

12 (32) (A) Counties may not exempt from or effect changes in the
13 Kansas liquor control act except as provided by paragraph (B).

14 (B) Counties may adopt resolutions which are not in conflict with the
15 Kansas liquor control act.

16 (33) (A) Counties may not exempt from or effect changes in the
17 Kansas cereal malt beverage act except as provided by paragraph (B).

18 (B) Counties may adopt resolutions which are not in conflict with the
19 Kansas cereal malt beverage act.

20 (34) Counties may not exempt from or effect changes in the Kansas
21 lottery act, *the Kansas expanded lottery act or the Kansas sports wagering*
22 *act*.

23 ~~(35) Counties may not exempt from or effect changes in the Kansas~~
24 ~~expanded lottery act.~~

25 ~~(36)~~ (35) Counties may neither exempt from nor effect changes to the
26 eminent domain procedure act.

27 ~~(37)~~ (36) Any county granted authority pursuant to the provisions of
28 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be
29 subject to the limitations and prohibitions imposed under K.S.A. 19-5001
30 through 19-5005, and amendments thereto.

31 ~~(38)~~ (37) Except as otherwise specifically authorized by K.S.A. 19-
32 5001 through 19-5005, and amendments thereto, counties may not exercise
33 any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and
34 amendments thereto, including the imposition or levy of any retailers' sales
35 tax.

36 (b) Counties shall apply the powers of local legislation granted in
37 subsection (a) by resolution of the board of county commissioners. If no
38 statutory authority exists for such local legislation other than that set forth
39 in subsection (a) and the local legislation proposed under the authority of
40 such subsection is not contrary to any act of the legislature, such local
41 legislation shall become effective upon passage of a resolution of the
42 board and publication in the official county newspaper. If the legislation
43 proposed by the board under authority of subsection (a) is contrary to an

1 act of the legislature which is applicable to the particular county but not
 2 uniformly applicable to all counties, such legislation shall become
 3 effective by passage of a charter resolution in the manner provided in
 4 K.S.A. 19-101b, and amendments thereto.

5 (c) Any resolution adopted by a county which conflicts with the
 6 restrictions in subsection (a) is null and void.

7 Sec. 12. K.S.A. 2017 Supp. 21-6403 is hereby amended to read as
 8 follows: 21-6403. As used in K.S.A. 2017 Supp. 21-6403 through 21-
 9 6409, and amendments thereto:

10 (a) "Bet" means a bargain in which the parties agree that, dependent
 11 upon chance, one stands to win or lose something of value specified in the
 12 agreement. A bet does not include:

13 (1) Bona fide business transactions which are valid under the law of
 14 contracts including, but not limited to, contracts for the purchase or sale at
 15 a future date of securities or other commodities, and agreements to
 16 compensation for loss caused by the happening of the chance including,
 17 but not limited to, contracts of indemnity or guaranty and life or health and
 18 accident insurance;

19 (2) offers of purses, prizes or premiums to the actual contestants in
 20 any bona fide contest for the determination of skill, speed, strength or
 21 endurance or to the bona fide owners of animals or vehicles entered in
 22 such a contest;

23 (3) a lottery as defined in this section;

24 (4) any bingo game by or for participants managed, operated or
 25 conducted in accordance with the laws of the state of Kansas by an
 26 organization licensed by the state of Kansas to manage, operate or conduct
 27 games of bingo;

28 (5) a lottery operated by the state pursuant to the Kansas lottery act;

29 (6) any system of parimutuel wagering managed, operated and
 30 conducted in accordance with the Kansas parimutuel racing act;

31 (7) tribal gaming;

32 (8) charitable raffles as defined by K.S.A. 2017 Supp. 75-5173, and
 33 amendments thereto; ~~or~~

34 (9) a fantasy sports league as defined in this section; *or*

35 (10) *sports wagering, as defined in K.S.A. 74-8702, and amendments*
 36 *thereto;*

37 (b) "lottery" means an enterprise wherein for a consideration the
 38 participants are given an opportunity to win a prize, the award of which is
 39 determined by chance. A lottery does not include:

40 (1) A lottery operated by the state pursuant to the Kansas lottery act;

41 *or*

42 (2) tribal gaming;

43 (c) "consideration" means anything which is a commercial or

1 financial advantage to the promoter or a disadvantage to any participant.
2 Mere registration without purchase of goods or services; personal
3 attendance at places or events, without payment of an admission price or
4 fee; listening to or watching radio and television programs; answering the
5 telephone or making a telephone call and acts of like nature are not
6 consideration. "Consideration" shall not include sums of money paid by or
7 for:

8 (1) Participants in any bingo game managed, operated or conducted
9 in accordance with the laws of the state of Kansas by any bona fide
10 nonprofit religious, charitable, fraternal, educational or veteran
11 organization licensed to manage, operate or conduct bingo games under
12 the laws of the state of Kansas and it shall be conclusively presumed that
13 such sums paid by or for such participants were intended by such
14 participants to be for the benefit of the sponsoring organizations for the use
15 of such sponsoring organizations in furthering the purposes of such
16 sponsoring organizations, as set forth in the appropriate paragraphs of
17 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
18 in K.S.A. 79-4701, and amendments thereto;

19 (2) participants in any lottery operated by the state pursuant to the
20 Kansas lottery act;

21 (3) participants in any system of parimutuel wagering managed,
22 operated and conducted in accordance with the Kansas parimutuel racing
23 act; or

24 (4) a person to participate in tribal gaming;

25 (d) "fantasy sports league" means any fantasy or simulation sports
26 game or contest in which no fantasy or simulation sports team is based on
27 the current membership of an actual team that is a member of an amateur
28 or professional sports organization and that meets the following
29 conditions:

30 (1) All prizes and awards offered to winning participants are
31 established and made known to the participants in advance of the game or
32 contest and their value is not determined by the number of participants or
33 the amount of any fees paid by those participants;

34 (2) all winning outcomes reflect the relative knowledge and skill of
35 the participants and are determined predominantly by accumulated
36 statistical results of the performance of individual athletes in multiple real-
37 world sporting events; and

38 (3) no winning outcome is based:

39 (A) On the score, point spread or any performance or performances
40 of any single real-world team or any combination of such teams; or

41 (B) solely on any single performance of an individual athlete in any
42 single real-world sporting event.

43 (e) (1) "gambling device" means any:

1 (A) So-called "slot machine" or any other machine, mechanical
2 device, electronic device or other contrivance an essential part of which is
3 a drum or reel with insignia thereon, and:

4 (i) Which when operated may deliver, as the result of chance, any
5 money or property; or

6 (ii) by the operation of which a person may become entitled to
7 receive, as the result of chance, any money or property;

8 (B) other machine, mechanical device, electronic device or other
9 contrivance including, but not limited to, roulette wheels and similar
10 devices, which are equipped with or designed to accommodate the addition
11 of a mechanism that enables accumulated credits to be removed, is
12 equipped with or designed to accommodate a mechanism to record the
13 number of credits removed or is otherwise designed, manufactured or
14 altered primarily for use in connection with gambling, and:

15 (i) Which when operated may deliver, as the result of chance, any
16 money or property; or

17 (ii) by the operation of which a person may become entitled to
18 receive, as the result of chance, any money or property;

19 (C) subassembly or essential part intended to be used in connection
20 with any such machine, mechanical device, electronic device or other
21 contrivance, but which is not attached to any such machine, mechanical
22 device, electronic device or other contrivance as a constituent part; or

23 (D) any token, chip, paper, receipt or other document which
24 evidences, purports to evidence or is designed to evidence participation in
25 a lottery or the making of a bet.

26 The fact that the prize is not automatically paid by the device does not
27 affect its character as a gambling device.

28 (2) "Gambling device" shall not include:

29 (A) Any machine, mechanical device, electronic device or other
30 contrivance used or for use by a licensee of the Kansas racing commission
31 as authorized by law and rules and regulations adopted by the commission
32 or by the Kansas lottery or Kansas lottery retailers as authorized by law
33 and rules and regulations adopted by the Kansas lottery commission;

34 (B) any machine, mechanical device, electronic device or other
35 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
36 machine, a so-called pinball machine, or mechanical gun, which is not
37 designed and manufactured primarily for use in connection with gambling,
38 and:

39 (i) Which when operated does not deliver, as a result of chance, any
40 money; or

41 (ii) by the operation of which a person may not become entitled to
42 receive, as the result of the application of an element of chance, any
43 money;

1 (C) any so-called claw, crane or digger machine and similar devices
 2 which are designed and manufactured primarily for use at carnivals or
 3 county or state fairs; or

4 (D) any machine, mechanical device, electronic device or other
 5 contrivance used in tribal gaming;

6 (f) "gambling place" means any place, room, building, vehicle, tent or
 7 location which is used for any of the following: Making and settling bets;
 8 receiving, holding, recording or forwarding bets or offers to bet;
 9 conducting lotteries; or playing gambling devices. Evidence that the place
 10 has a general reputation as a gambling place or that, at or about the time in
 11 question, it was frequently visited by persons known to be commercial
 12 gamblers or known as frequenters of gambling places is admissible on the
 13 issue of whether it is a gambling place;

14 (g) "tribal gaming" means the same as in K.S.A. 74-9802, and
 15 amendments thereto; and

16 (h) "tribal gaming commission" means the same as in K.S.A. 74-
 17 9802, and amendments thereto.

18 Sec. 13. K.S.A. 2017 Supp. 21-6507 is hereby amended to read as
 19 follows: 21-6507. (a) Sports bribery is:

20 (1) Conferring, or offering or agreeing to confer, any benefit upon a
 21 sports participant with intent to influence such participant not to give such
 22 participant's best efforts in a sports contest;

23 (2) conferring or offering or agreeing to confer, any benefit upon a
 24 sports official with intent to influence such official to perform such
 25 official's duties improperly;

26 (3) accepting, agreeing to accept or soliciting by a sports participant
 27 of any benefit from another person upon an understanding that such sports
 28 participant will thereby be influenced not to give such participant's best
 29 efforts in a sports contest; or

30 (4) accepting, agreeing to accept or soliciting by a sports official any
 31 benefit from another person upon an understanding that such official will
 32 perform such official's duties improperly.

33 (b) *Misuse of nonpublic sports information is placing, or causing to*
 34 *be placed, a bet or wager on a sports contest on the basis of material*
 35 *nonpublic information relating to such bet or wager.*

36 ~~(b)~~ (c) Sports bribery as defined in:

37 (1) Subsection (a)(1) or (a)(2) is a severity level 9, nonperson felony;
 38 ~~and~~

39 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;
 40 ~~and~~

41 (3) *subsections (a)(1) through (a)(4), if committed with the intent to*
 42 *influence a betting outcome of a sports contest in order to obtain financial*
 43 *gain, in connection with betting or wagering on a sports contest, is a*

1 *severity level 5, nonperson felony.*

2 *(d) Misuse of nonpublic sports information is a severity level 5,*
3 *nonperson felony.*

4 ~~(e)~~ *(e) As used in this section and K.S.A. 2017 Supp. 21-6508, and*
5 *amendments thereto:*

6 (1) "Sports contest" means any professional or amateur sports or
7 athletic game or contest viewed by the public;

8 (2) "sports participant" means any person who participates or expects
9 to participate in a sports contest as a player, contestant or member of a
10 team, or as a coach, manager, trainer or other person directly associated
11 with a player, contestant or team; ~~and~~

12 (3) "sports official" means any person who acts or expects to act in a
13 sports contest as an umpire, referee, judge or otherwise to officiate at a
14 sports contest; *and*

15 (4) *"on the basis of material nonpublic information" means the*
16 *person placing the bet or wager, or causing such bet or wager to be*
17 *placed, was aware of the material nonpublic information relating to such*
18 *bet or wager when the person placed the bet or wager, or caused such bet*
19 *or wager to be placed.*

20 Sec. 14. K.S.A. 2017 Supp. 74-8702 is hereby amended to read as
21 follows: 74-8702. As used in the Kansas lottery act, unless the context
22 otherwise requires:

23 (a) "Ancillary lottery gaming facility operations" means additional
24 non-lottery facility game products and services not owned and operated by
25 the state which may be included in the overall development associated
26 with the lottery gaming facility. Such operations may include, but are not
27 limited to, restaurants, hotels, motels, museums or entertainment facilities.

28 (b) "Commission" means the Kansas lottery commission.

29 (c) "Electronic gaming machine" means any electronic,
30 electromechanical, video or computerized device, contrivance or machine
31 authorized by the Kansas lottery which, upon insertion of cash, tokens,
32 electronic cards or any consideration, is available to play, operate or
33 simulate the play of a game authorized by the Kansas lottery pursuant to
34 the Kansas expanded lottery act, including, but not limited to, bingo,
35 poker, blackjack, keno and slot machines, and which may deliver or entitle
36 the player operating the machine to receive cash, tokens, merchandise or
37 credits that may be redeemed for cash. Electronic gaming machines may
38 use bill validators and may be single-position reel-type, single or multi-
39 game video and single-position multi-game video electronic game,
40 including, but not limited to, poker, blackjack and slot machines.
41 Electronic gaming machines shall be directly linked to a central computer
42 at a location determined by the executive director for purposes of security,
43 monitoring and auditing.

1 (d) "Executive director" means the executive director of the Kansas
2 lottery.

3 (e) "Gaming equipment" means any electric, electronic, computerized
4 or electromechanical machine, mechanism, supply or device or any other
5 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
6 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
7 gaming machine or lottery facility game; and (3) affects the results of an
8 electronic gaming machine or lottery facility game by determining win or
9 loss.

10 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
11 which consists of Wyandotte county; (2) the southeast Kansas gaming
12 zone, which consists of Crawford and Cherokee counties; (3) the south
13 central Kansas gaming zone, which consists of Sedgwick and Sumner
14 counties; and (4) the southwest Kansas gaming zone, which consists of
15 Ford county.

16 (g) "Gray machine" means any mechanical, electro-mechanical or
17 electronic device, capable of being used for gambling, that is: (1) Not
18 authorized by the Kansas lottery; (2) not linked to a lottery central
19 computer system; (3) available to the public for play; or (4) capable of
20 simulating a game played on an electronic gaming machine or any similar
21 gambling game authorized pursuant to the Kansas expanded lottery act.

22 (h) *"Interactive sports wagering platform" or "platform" means a*
23 *person or entity that offers sports wagering on behalf of the Kansas*
24 *lottery, a lottery gaming facility manager or a racetrack gaming facility*
25 *manager over the internet, including, but not limited to, through websites*
26 *and mobile device applications.*

27 ~~(i)~~ (i) "Kansas lottery" means the state agency created by this act to
28 operate a lottery or lotteries pursuant to this act.

29 ~~(j)~~ (j) "Lottery" or "state lottery" means the lottery or lotteries
30 operated pursuant to this act.

31 ~~(k)~~ (k) "Lottery facility games" means any electronic gaming
32 machines and any other games which, as of January 1, 2007, are
33 authorized to be conducted or operated at a tribal gaming facility, as
34 defined in K.S.A. 74-9802, and amendments thereto, located within the
35 boundaries of this state.

36 ~~(l)~~ (l) "Lottery gaming enterprise" means an entertainment enterprise
37 which includes a lottery gaming facility authorized pursuant to the Kansas
38 expanded lottery act and ancillary lottery gaming facility operations that
39 have a coordinated business or marketing strategy. A lottery gaming
40 enterprise shall be designed to attract to its lottery gaming facility
41 consumers who reside outside the immediate area of such enterprise.

42 ~~(m)~~ (m) "Lottery gaming facility" means that portion of a building
43 used for the purposes of operating, managing and maintaining lottery

1 facility games.

2 ~~(m)~~ (n) "Lottery gaming facility expenses" means normal business
3 expenses, as defined in the lottery gaming facility management contract,
4 associated with the ownership and operation of a lottery gaming facility.

5 ~~(n)~~ (o) "Lottery gaming facility management contract" means a
6 contract, subcontract or collateral agreement between the state and a
7 lottery gaming facility manager for the management of a lottery gaming
8 facility, the business of which is owned and operated by the Kansas lottery,
9 negotiated and signed by the executive director on behalf of the state.

10 ~~(o)~~ (p) "Lottery gaming facility manager" means a corporation,
11 limited liability company, resident Kansas American Indian tribe or other
12 business entity authorized to construct and manage, or manage alone,
13 pursuant to a lottery gaming facility management contract with the Kansas
14 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
15 gaming facility.

16 ~~(p)~~ (q) "Lottery gaming facility revenues" means the total revenues
17 from lottery facility games at a lottery gaming facility after all related
18 prizes are paid.

19 ~~(q)~~ (r) (1) "Lottery machine" means any machine or device that
20 allows a player to insert cash or other form of consideration and may
21 deliver as the result of an element of chance, regardless of the skill
22 required by the player, a prize or evidence of a prize, including, but not
23 limited to:

24 (A) Any machine or device in which the prize or evidence of a prize
25 is determined by both chance and the player's or players' skill, including,
26 but not limited to, any machine or device on which a lottery game or
27 lottery games, such as poker or blackjack, are played;

28 (B) any machine or device in which the prize or evidence of a prize is
29 determined only by chance, including, but not limited to, any slot machine
30 or bingo machine; or

31 (C) any lottery ticket vending machine, such as a keno ticket vending
32 machine, pull-tab vending machine or an instant-bingo vending machine.

33 (2) "Lottery machine" shall not mean:

34 (A) Any food vending machine defined by K.S.A. 36-501, and
35 amendments thereto;

36 (B) any nonprescription drug machine authorized under K.S.A. 65-
37 650, and amendments thereto;

38 (C) any machine which dispenses only bottled or canned soft drinks,
39 chewing gum, nuts or candies;

40 (D) any machine excluded from the definition of gambling devices
41 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
42 2017 Supp. 21-6403, and amendments thereto; or

43 (E) any electronic gaming machine or lottery facility game operated

1 in accordance with the provisions of the Kansas expanded lottery act.

2 ~~(t)~~ (s) "Lottery retailer" means any person with whom the Kansas
3 lottery has contracted to sell lottery tickets or shares, or both, to the public.

4 ~~(s)~~ (t) (1) "Major procurement" means any gaming product or service,
5 including, but not limited to, facilities, advertising and promotional
6 services, annuity contracts, prize payment agreements, consulting services,
7 equipment, tickets and other products and services unique to the Kansas
8 lottery, but not including materials, supplies, equipment and services
9 common to the ordinary operations of state agencies.

10 (2) "Major procurement" shall not mean any product, service or other
11 matter covered by or addressed in the Kansas expanded lottery act or a
12 lottery gaming facility management contract or racetrack gaming facility
13 management contract executed pursuant to the Kansas expanded lottery
14 act.

15 ~~(t)~~ (u) "Net electronic gaming machine income" means all cash or
16 other consideration utilized to play an electronic gaming machine operated
17 at a racetrack gaming facility, less all cash or other consideration paid out
18 to winning players as prizes.

19 ~~(t)~~ (v) "Organization licensee" has the meaning provided by K.S.A.
20 74-8802, and amendments thereto.

21 ~~(v)~~ (w) "Parimutuel licensee" means a facility owner licensee or
22 facility manager licensee under the Kansas parimutuel racing act.

23 ~~(w)~~ (x) "Parimutuel licensee location" means a racetrack facility, as
24 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
25 by the parimutuel licensee. A parimutuel licensee location may include any
26 existing structure at such racetrack facility or any structure that may be
27 constructed on real estate where such racetrack facility is located.

28 ~~(x)~~ (y) "Person" means any natural person, association, limited
29 liability company, corporation or partnership.

30 ~~(y)~~ (z) "Prize" means any prize paid directly by the Kansas lottery
31 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
32 any rules and regulations adopted pursuant to either act.

33 ~~(z)~~ (aa) "Progressive electronic game" means a game played on an
34 electronic gaming machine for which the payoff increases uniformly as the
35 game is played and for which the jackpot, determined by application of a
36 formula to the income of independent, local or interlinked electronic
37 gaming machines, may be won.

38 ~~(aa)~~ (bb) "Racetrack gaming facility" means that portion of a
39 parimutuel licensee location where electronic gaming machines are
40 operated, managed and maintained.

41 ~~(bb)~~ (cc) "Racetrack gaming facility management contract" means an
42 agreement between the Kansas lottery and a racetrack gaming facility
43 manager, negotiated and signed by the executive director on behalf of the

1 state, for placement of electronic gaming machines owned and operated by
2 the state at a racetrack gaming facility.

3 ~~(ee)~~ (dd) "Racetrack gaming facility manager" means a parimutuel
4 licensee specifically certified by the Kansas lottery to become a certified
5 racetrack gaming facility manager and offer electronic gaming machines
6 for play at the racetrack gaming facility.

7 ~~(dd)~~ (ee) "Returned ticket" means any ticket which was transferred to
8 a lottery retailer, which was not sold by the lottery retailer and which was
9 returned to the Kansas lottery for refund by issuance of a credit or
10 otherwise.

11 ~~(ee)~~ (ff) "Share" means any intangible manifestation authorized by the
12 Kansas lottery to prove participation in a lottery game, except as provided
13 by the Kansas expanded lottery act.

14 (gg) *"Sports governing body" means the organization that prescribes*
15 *the final rules and enforces codes of conduct with respect to a sporting*
16 *event and the participants in such event.*

17 (hh) *"Sports wagering" means wagering on sporting events or any*
18 *portion thereof, or on the individual performance statistics of athletes*
19 *participating in a sporting event, or combination of sporting events, by*
20 *any system or method of wagering, including, but not limited to, in-person*
21 *communication and electronic communication through internet websites*
22 *and mobile device applications. The term "sports wagering" shall include,*
23 *but is not limited to, single-game bets, teaser bets, parlays, over-under*
24 *bets, moneyline, pools, exchange wagerings, in-game wagering, in-play*
25 *bets, proposition bets and straight bets.*

26 (ii) *"Sports wagering operator" means the Kansas lottery, a lottery*
27 *gaming facility or a racetrack gaming facility that offers sports wagering,*
28 *or an interactive sports wagering platform that offers sports wagering on*
29 *behalf of such entity.*

30 ~~(ff)~~ (jj) "Ticket" means any tangible evidence issued by the Kansas
31 lottery to prove participation in a lottery game other than a lottery facility
32 game.

33 ~~(gg)~~ (kk) "Token" means a representative of value, of metal or other
34 material, which is not legal tender, redeemable for cash only by the issuing
35 lottery gaming facility manager or racetrack gaming facility manager and
36 which is issued and sold by a lottery gaming facility manager or racetrack
37 gaming facility manager for the sole purpose of playing an electronic
38 gaming machine or lottery facility game.

39 ~~(hh)~~ (ll) "Vendor" means any person who has entered into a major
40 procurement contract with the Kansas lottery.

41 ~~(ii)~~ (mm) "Video lottery machine" means any electronic video game
42 machine that, upon insertion of cash, is available to play or simulate the
43 play of a video game authorized by the commission, including, but not

1 limited to, bingo, poker, black jack and keno, and which uses a video
2 display and microprocessors and in which, by chance, the player may
3 receive free games or credits that can be redeemed for cash.

4 *(nn) "Wager" or "bet" shall have the same meaning as the term "bet"*
5 *is defined in K.S.A. 2017 Supp. 21-6403, and amendments thereto.*

6 Sec. 15. K.S.A. 2017 Supp. 74-8710 is hereby amended to read as
7 follows: 74-8710. (a) The commission, upon the recommendation of the
8 executive director, shall adopt rules and regulations governing the
9 establishment and operation of a state lottery, sales of lottery tickets ~~and~~,
10 the operation of lottery gaming facilities and racetrack gaming facilities
11 *and the operation of sports wagering* as necessary to carry out the
12 purposes of the Kansas lottery act ~~and~~, the Kansas expanded lottery act
13 *and the Kansas sports wagering act*. Temporary rules and regulations may
14 be adopted by the commission without being subject to the provisions and
15 requirements of K.S.A. 77-415 through 77-438, and amendments thereto,
16 but shall be subject to approval by the attorney general as to legality and
17 shall be filed with the secretary of state and published in the Kansas
18 register. Temporary and permanent rules and regulations may include, but
19 shall not be limited to:

20 (1) Subject to the provisions of subsection (c), the types of lottery
21 games to be conducted, including, but not limited to, instant lottery, on-
22 line, traditional games, lottery facility games and electronic gaming
23 machine games but not including games on video lottery machines or
24 lottery machines.

25 (2) The manner of selecting the winning tickets or shares, except that,
26 if a lottery game utilizes a drawing of winning numbers, a drawing among
27 entries or a drawing among finalists, such drawings shall always be open
28 to the public and shall be recorded on both video and audio tape.

29 (3) The manner of payment of prizes to the holders of winning tickets
30 or shares.

31 (4) The frequency of the drawings or selections of winning tickets or
32 shares.

33 (5) The type or types of locations at which tickets or shares may be
34 sold.

35 (6) The method or methods to be used in selling tickets or shares.

36 (7) Additional qualifications for the selection of lottery retailers and
37 the amount of application fees to be paid by each.

38 (8) The amount and method of compensation to be paid to lottery
39 retailers, including special bonuses and incentives.

40 (9) Deadlines for claims for prizes by winners of each lottery game.

41 (10) Provisions for confidentiality of information submitted by
42 vendors pursuant to K.S.A. 74-8705, and amendments thereto.

43 (11) Information required to be submitted by vendors, in addition to

1 that required by K.S.A. 74-8705, and amendments thereto.

2 (12) The major procurement contracts or portions thereof to be
3 awarded to minority business enterprises pursuant to ~~subsection (a) of~~
4 K.S.A. 74-8705(a), and amendments thereto, and procedures for the award
5 thereof.

6 (13) Rules and regulations to implement, administer and enforce the
7 provisions of the Kansas expanded lottery act. Such rules and regulations
8 shall include, but not be limited to, rules and regulations which govern
9 management contracts and which are designed to: (A) Ensure the integrity
10 of electronic gaming machines and other lottery facility games and the
11 finances of lottery gaming facilities and racetrack gaming facilities; and
12 (B) alleviate problem gambling, including a requirement that each lottery
13 gaming facility and each racetrack gaming facility maintain a self-
14 exclusion list by which individuals may exclude themselves from access to
15 electronic gaming machines and other lottery facility games.

16 (14) The types of electronic gaming machines, lottery facility games
17 and electronic gaming machine games to be operated pursuant to the
18 Kansas expanded lottery act.

19 (15) *Rules and regulations to implement, administer and enforce the*
20 *provisions of the Kansas sports wagering act. Such rules and regulations*
21 *shall include, but not be limited to: (A) Sports wagering conducted by the*
22 *Kansas lottery; (B) management contracts for sports wagering conducted*
23 *by lottery gaming facility managers and racetrack gaming facility*
24 *managers; (C) provisions for the confidentiality of information submitted*
25 *by interactive sports wagering platform licensees and sports wagering*
26 *operators; and (D) provisions ensuring the integrity of sports wagering*
27 *conducted in this state.*

28 (b) No new lottery game shall commence operation after the effective
29 date of this act unless first approved by the governor or, in the governor's
30 absence or disability, the lieutenant governor. This subsection shall not be
31 construed to require approval of games played on an electronic gaming
32 machine.

33 (c) The lottery shall adopt rules and regulations concerning the game
34 of keno. Such rules and regulations shall require that the amount of time
35 which elapses between the start of games shall not be less than four
36 minutes.

37 Sec. 16. K.S.A. 2017 Supp. 74-8711 is hereby amended to read as
38 follows: 74-8711. (a) There is hereby established in the state treasury the
39 lottery operating fund.

40 (b) Except as provided by K.S.A. 2017 Supp. 74-8724, *and*
41 *amendments thereto*, and the Kansas expanded lottery act, ~~and~~
42 ~~amendments thereto~~, the executive director shall remit all moneys
43 collected from the sale of lottery tickets and shares, *revenues from sports*

1 *wagering conducted by the Kansas lottery* and any other moneys received
2 by or on behalf of the Kansas lottery to the state treasurer in accordance
3 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
4 receipt of each such remittance, the state treasurer shall deposit the entire
5 amount in the state treasury to the credit of the lottery operating fund.
6 Moneys credited to the fund shall be expended or transferred only as
7 provided by this act. Expenditures from such fund shall be made in
8 accordance with appropriations acts upon warrants of the director of
9 accounts and reports issued pursuant to vouchers approved by the
10 executive director or by a person designated by the executive director.

11 (c) Moneys in the lottery operating fund shall be used for:

12 (1) The payment of expenses of the lottery, which shall include all
13 costs incurred in the operation and administration of the Kansas lottery; all
14 costs resulting from contracts entered into for the purchase or lease of
15 goods and services needed for operation of the lottery, including but not
16 limited to supplies, materials, tickets, independent studies and surveys,
17 data transmission, advertising, printing, promotion, incentives, public
18 relations, communications and distribution of tickets and shares; and
19 reimbursement of costs of facilities and services provided by other state
20 agencies;

21 (2) the payment of compensation to lottery retailers;

22 (3) transfers of moneys to the lottery prize payment fund pursuant to
23 K.S.A. 74-8712, and amendments thereto;

24 (4) transfers to the state general fund pursuant to K.S.A. 74-8713, and
25 amendments thereto;

26 (5) transfers to the state gaming revenues fund pursuant to subsection
27 (d) and as otherwise provided by law; and

28 (6) transfers to the county reappraisal fund as prescribed by law.

29 (d) The director of accounts and reports shall transfer moneys in the
30 lottery operating fund to the state gaming revenues fund created by K.S.A.
31 79-4801, and amendments thereto, on or before the 15th day of each month
32 in an amount certified monthly by the executive director and determined as
33 follows, whichever is greater:

34 (1) An amount equal to the moneys in the lottery operating fund in
35 excess of those needed for the purposes described in subsections (c)(1)
36 through (c)(4); or

37 (2) except for pull-tab lottery tickets and shares, an amount equal to
38 not less than 30% of total monthly revenues from the sales of lottery
39 tickets and shares less estimated returned tickets. In the case of pull-tab
40 lottery tickets and shares, an amount equal to not less than 20% of the total
41 monthly revenues from the sales of pull-tab lottery tickets and shares less
42 estimated returned tickets.

43 Sec. 17. K.S.A. 2017 Supp. 74-8716 is hereby amended to read as

1 follows: 74-8716. (a) It is unlawful for the executive director, a member of
2 the commission or any employee of the Kansas lottery, or any person
3 residing in the household thereof to:

4 (1) Have, either directly or indirectly, an interest in a business
5 knowing that such business contracts with the Kansas lottery for a major
6 procurement, whether such interest is as a natural person, partner, member
7 of an association, stockholder or director or officer of a corporation; or

8 (2) accept or agree to accept any economic opportunity, gift, loan,
9 gratuity, special discount, favor or service, or hospitality other than food
10 and beverages, having an aggregate value of \$20 or more in any calendar
11 year from a person knowing that such person: (A) Contracts or seeks to
12 contract with the state to supply gaming equipment, materials, tickets or
13 consulting services for use in the lottery; or (B) is a lottery retailer or an
14 applicant for lottery retailer.

15 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
16 or a person who contracts or seeks to contract with the state to supply
17 gaming equipment, materials, tickets or consulting services for use in the
18 lottery to offer, pay, give or make any economic opportunity, gift, loan,
19 gratuity, special discount, favor or service, or hospitality other than food
20 and beverages, having an aggregate value of \$20 or more in any calendar
21 year to a person, knowing such person is the executive director, a member
22 of the commission or an employee of the Kansas lottery, or a person
23 residing in the household thereof.

24 (c) It shall be unlawful for any person to serve as executive director, a
25 member of the commission or an employee of the Kansas lottery while or
26 within five years after holding, either directly or indirectly, a financial
27 interest or being employed by or a consultant to any of the following:

28 (1) Any lottery gaming facility manager, subcontractor or agent of a
29 lottery gaming facility manager, manufacturer or vendor of electronic
30 gaming machines or central computer system provider, or any business
31 ~~which~~ *that* sells goods or services to a lottery gaming facility manager; ~~or~~

32 (2) any licensee pursuant to the Kansas parimutuel racing act, other
33 than the Kansas lottery or a person holding a license on behalf of the
34 Kansas lottery, or any business which sells goods or services to a
35 parimutuel licensee; *or*

36 (3) *any interactive sports wagering platform, subcontractor or agent*
37 *of a platform or any business that sells goods or services to a platform.*

38 (d) No person who holds a license issued by the Kansas racing and
39 gaming commission shall serve as executive director or as a member of the
40 commission or shall be employed by the Kansas lottery while or within
41 five years after holding such license.

42 (e) No person shall participate, directly or indirectly, as an owner,
43 owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,

1 entered in a race meeting conducted in this state while executive director, a
2 member of the commission or an employee of the Kansas lottery.

3 (f) It shall be unlawful for the executive director, a member of the
4 commission or an employee of the Kansas lottery to accept any
5 compensation, gift, loan, entertainment, favor or service from any lottery
6 gaming facility manager, subcontractor or agent of a lottery gaming
7 facility manager, manufacturer or vendor of electronic gaming machines or
8 central computer system provider.

9 (g) It shall be unlawful for the executive director, a member of the
10 commission or an employee of the Kansas lottery to accept any
11 compensation, gift, loan, entertainment, favor or service from any licensee
12 pursuant to the Kansas parimutuel racing act, except such suitable facilities
13 and services within a racetrack facility operated by an organization
14 licensee as may be required to facilitate the performance of the executive
15 director's, member's or employee's official duties.

16 (h) *It shall be unlawful for the executive director, a member of the*
17 *commission or an employee of the Kansas lottery to accept any*
18 *compensation, gift, loan, entertainment, favor or service from any*
19 *interactive sports wagering platform, subcontractor or agent of a*
20 *platform.*

21 ~~(h)~~ (i) Violation of this section is a class A misdemeanor.

22 ~~(i)~~ (j) If the executive director, a member of the commission or an
23 employee of the Kansas lottery, or any person residing in the household
24 thereof, is convicted of an act described by this section, such executive
25 director, member or employee shall be removed from office or
26 employment with the Kansas lottery.

27 ~~(j)~~ (k) In addition to the provisions of this section, all other provisions
28 of law relating to conflicts of interest of state employees shall apply to the
29 members of the commission and employees of the Kansas lottery.

30 Sec. 18. K.S.A. 2017 Supp. 74-8734 is hereby amended to read as
31 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
32 facility in each gaming zone.

33 (b) Not more than 30 days after the effective date of this act the
34 lottery commission shall adopt and publish in the Kansas register the
35 procedure for receiving, considering and approving, proposed lottery
36 gaming facility management contracts. Such procedure shall include
37 provisions for review of competitive proposals within a gaming zone and
38 the date by which proposed lottery gaming facility management contracts
39 must be received by the lottery commission if they are to receive
40 consideration.

41 (c) The lottery commission shall adopt standards to promote the
42 integrity of the gaming and finances of lottery gaming facilities, which
43 shall apply to all management contracts, shall meet or exceed industry

1 standards for monitoring and controlling the gaming and finances of
2 gaming facilities and shall give the executive director sufficient authority
3 to monitor and control the gaming operation and to ensure its integrity and
4 security.

5 (d) The Kansas lottery commission may approve management
6 contracts with one or more prospective lottery gaming facility managers to
7 manage, or construct and manage, on behalf of the state of Kansas and
8 subject to the operational control of the Kansas lottery, a lottery gaming
9 facility or lottery gaming enterprise at specified destination locations
10 within the northeast, south central, southwest and southeast Kansas
11 gaming zones where the commission determines the operation of such
12 facility would promote tourism and economic development. The
13 commission shall approve or disapprove a proposed management contract
14 within 90 days after the deadline for receipt of proposals established
15 pursuant to subsection (b).

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

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

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

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

37 (B) the prospective lottery gaming facility manager is not a resident
38 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
39 to financial resources to support the activities required of a lottery gaming
40 facility manager under the Kansas expanded lottery act; (ii) is current in
41 filing all applicable tax returns and in payment of all taxes, interest and
42 penalties owed to the state of Kansas and any taxing subdivision where
43 such prospective manager is located in the state of Kansas, excluding

1 items under formal appeal pursuant to applicable statutes; and (iii) has
2 three consecutive years' experience in the management of gaming which
3 would be class III gaming, as defined in K.S.A. 46-2301, and amendments
4 thereto, operated pursuant to state or federal law; and

5 (2) the commission determines that the proposed development
6 consists of an investment in infrastructure, including ancillary lottery
7 gaming facility operations, of at least \$225,000,000 in the northeast and
8 south central Kansas gaming zones and of at least \$50,000,000 in the
9 southeast and southwest Kansas gaming zones. The commission, in
10 determining whether the minimum investment required by this subsection
11 is met, shall not include any amounts derived from or financed by state or
12 local retailers' sales tax revenues.

13 (h) Any management contract approved by the commission under this
14 section shall:

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

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

21 (3) establish a mechanism to facilitate payment of lottery gaming
22 facility expenses, payment of the lottery gaming facility manager's share of
23 the lottery gaming facility revenues and distribution of the state's share of
24 the lottery gaming facility revenues;

25 (4) include a provision for the lottery gaming facility manager to pay
26 the costs of oversight and regulation of the lottery gaming facility manager
27 and the operations of the lottery gaming facility by the Kansas racing and
28 gaming commission;

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

31 (6) provide for the prospective lottery gaming facility manager, upon
32 approval of the proposed lottery gaming facility management contract, to
33 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
34 being selected as a lottery gaming facility manager of a lottery gaming
35 facility in the northeast or south central Kansas gaming zone and
36 \$5,500,000 for the privilege of being selected as a lottery gaming facility
37 manager of a lottery gaming facility in the southeast or southwest Kansas
38 gaming zone. Such fee shall be deposited in the state treasury and credited
39 to the lottery gaming facility manager fund, which is hereby created in the
40 state treasury;

41 (7) incorporate terms and conditions for the ancillary lottery gaming
42 facility operations;

43 (8) designate as key employees, subject to approval of the executive

1 director, any employees or contractors providing services or functions
2 which are related to lottery facility games authorized by a management
3 contract;

4 (9) include financing commitments for construction;

5 (10) include a resolution of endorsement from the city governing
6 body, if the proposed facility is within the corporate limits of a city, or
7 from the county commission, if the proposed facility is located in the
8 unincorporated area of the county;

9 (11) include a requirement that any parimutuel licensee developing a
10 lottery gaming facility pursuant to this act comply with all orders and rules
11 and regulations of the Kansas racing and gaming commission with regard
12 to the conduct of live racing, including the same minimum days of racing
13 as specified in K.S.A. 2017 Supp. 74-8746, and amendments thereto, for
14 operation of electronic gaming machines at racetrack gaming facilities;

15 (12) include a provision for the state to receive not less than 22% of
16 lottery gaming facility revenues, which shall be paid to the expanded
17 lottery act revenues fund established by K.S.A. 2017 Supp. 74-8768, and
18 amendments thereto;

19 (13) include a provision for 2% of lottery gaming facility revenues to
20 be paid to the problem gambling and addictions grant fund established by
21 K.S.A. 2017 Supp. 79-4805, and amendments thereto;

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

34 (15) (A) if the lottery gaming facility is located in the northeast or
35 southwest Kansas gaming zone and is not located within a city, include a
36 provision for payment of an amount equal to 3% of the lottery gaming
37 facility revenues to the county in which the lottery gaming facility is
38 located; or (B) if the lottery gaming facility is located in the northeast or
39 southwest Kansas gaming zone and is located within a city, include
40 provision for payment of an amount equal to 1.5% of the lottery gaming
41 facility revenues to the city in which the lottery gaming facility is located
42 and an amount equal to 1.5% of such revenues to the county in which such
43 facility is located;

1 (16) (A) if the lottery gaming facility is located in the southeast or
2 south central Kansas gaming zone and is not located within a city, include
3 a provision for payment of an amount equal to 2% of the lottery gaming
4 facility revenues to the county in which the lottery gaming facility is
5 located and an amount equal to 1% of such revenues to the other county in
6 such zone; or (B) if the lottery gaming facility is located in the southeast or
7 south central Kansas gaming zone and is located within a city, provide for
8 payment of an amount equal to 1% of the lottery gaming facility revenues
9 to the city in which the lottery gaming facility is located, an amount equal
10 to 1% of such revenues to the county in which such facility is located and
11 an amount equal to 1% of such revenues to the other county in such zone;

12 (17) allow the lottery gaming facility manager to manage the lottery
13 gaming facility in a manner consistent with this act and applicable law, but
14 shall place full, complete and ultimate ownership and operational control
15 of the gaming operation of the lottery gaming facility with the Kansas
16 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
17 power to overrule any action of the lottery gaming facility manager
18 affecting the gaming operation without prior notice. The Kansas lottery
19 shall retain full control over all decisions concerning lottery gaming
20 facility games;

21 (18) include provisions for the Kansas racing and gaming
22 commission to oversee all lottery gaming facility operations, including, but
23 not limited to: Oversight of internal controls; oversight of security of
24 facilities; performance of background investigations, determination of
25 qualifications and credentialing of employees, contractors and agents of
26 the lottery gaming facility manager and of ancillary lottery gaming facility
27 operations, as determined by the Kansas racing and gaming commission;
28 auditing of lottery gaming facility revenues; enforcement of all state laws
29 and maintenance of the integrity of gaming operations; and

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

1 (i) *Any management contract approved by the commission under this*
2 *section may include provisions for conducting, operating and managing*
3 *sports wagering by the lottery gaming facility manager in accordance with*
4 *the Kansas sports wagering act. If a management contract includes such*
5 *provisions, then such contract shall include a provision for the state to*
6 *receive not less than 6.75% of the sports wagering revenues, which shall*
7 *be paid to the expanded lottery act revenues fund established by K.S.A.*
8 *2017 Supp. 74-8768, and amendments thereto.*

9 ~~(j)~~ (j) The power of eminent domain shall not be used to acquire any
10 interest in real property for use in a lottery gaming enterprise.

11 ~~(k)~~ (k) Any proposed management contract for which the privilege fee
12 has not been paid to the state treasurer within 30 days after the date of
13 approval of the management contract shall be null and void.

14 ~~(l)~~ (l) A person who is the manager of the racetrack gaming facility
15 in a gaming zone shall not be eligible to be the manager of the lottery
16 gaming facility in the same zone.

17 ~~(m)~~ (m) Management contracts authorized by this section may include
18 provisions relating to:

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

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

25 (3) eligibility requirements for employees, contractors or agents of a
26 lottery gaming facility manager who will have responsibility for or
27 involvement with actual gaming activities or for the handling of cash or
28 tokens;

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

31 (5) credentialing requirements for any employee, contractor or agent
32 of the lottery gaming facility manager or of any ancillary lottery gaming
33 facility operation 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 any lottery
39 facility game in a legal and fair manner.

40 ~~(n)~~ (n) A management contract shall not constitute property, nor shall
41 it be subject to attachment, garnishment or execution, nor shall it be
42 alienable or transferable, except upon approval by the executive director,
43 nor shall it be subject to being encumbered or hypothecated. The trustee of

1 any insolvent or bankrupt lottery gaming facility manager may continue to
 2 operate pursuant to the management contract under order of the
 3 appropriate court for no longer than one year after the bankruptcy or
 4 insolvency of such manager.

5 ~~(h)~~ (o) (1) The Kansas lottery shall be the licensee and owner of all
 6 software programs used at a lottery gaming facility for any lottery facility
 7 game.

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

12 (3) *If a lottery gaming facility manager agrees to offer sports*
 13 *wagering, the Kansas lottery shall be the licensee and owner of all*
 14 *software programs used in offering sports wagering, and the lottery*
 15 *gaming facility manager, on behalf of the state, shall purchase or lease for*
 16 *the Kansas lottery any equipment or other property necessary for offering*
 17 *sports wagering. All sports wagering shall be subject to the ultimate*
 18 *control of the Kansas lottery in accordance with this act and the Kansas*
 19 *sports wagering act.*

20 ~~(i)~~ (p) A lottery gaming facility shall comply with any planning and
 21 zoning regulations of the city or county in which it is to be located. The
 22 executive director shall not contract with any prospective lottery gaming
 23 facility manager for the operation and management of such lottery gaming
 24 facility unless such manager first receives any necessary approval under
 25 planning and zoning requirements of the city or county in which it is to be
 26 located.

27 ~~(j)~~ (q) Prior to expiration of the term of a lottery gaming facility
 28 management contract, the lottery commission may negotiate a new lottery
 29 gaming facility management contract with the lottery gaming facility
 30 manager if the new contract is substantially the same as the existing
 31 contract. Otherwise, the lottery gaming facility review board shall be
 32 reconstituted and a new lottery gaming facility management contract shall
 33 be negotiated and approved in the manner provided by this act.

34 Sec. 19. K.S.A. 2017 Supp. 74-8741 is hereby amended to read as
 35 follows: 74-8741. (a) The executive director of the Kansas lottery shall
 36 negotiate a racetrack gaming facility management contract to place
 37 electronic gaming machines at one parimutuel licensee location in each
 38 gaming zone except the southwest Kansas gaming zone. *The racetrack*
 39 *management contract may also provide for the racetrack gaming facility*
 40 *manager to conduct, operate and manage sports wagering as provided in*
 41 *subsection (d).*

42 (b) To be eligible to enter into a racetrack gaming facility
 43 management contract the prospective racetrack gaming facility manager

1 shall, at a minimum:

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

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

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

11 (1) The term of the contract;

12 (2) provisions for the Kansas racing and gaming commission to
13 oversee all racetrack gaming facility operations, including, but not limited to:
14 Oversight of internal controls; oversight of security of facilities;
15 performance of background investigations, determination of qualifications
16 and any required certification or licensing of officers, directors, board
17 members, employees, contractors and agents of the racetrack gaming
18 facility manager; auditing of net electronic gaming machine income and
19 maintenance of the integrity of electronic gaming machine operations;

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

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

38 (d) *Any management contract approved by the commission under*
39 *K.S.A. 2017 Supp. 74-8742, and amendments thereto, may include*
40 *provisions for conducting, operating and managing sports wagering by*
41 *the racetrack gaming facility manager in accordance with the Kansas*
42 *sports wagering act. If a management contract includes such provisions,*
43 *then such contract shall include a provision for the state to receive not less*

1 *than 6.75% of the sports wagering revenues, which shall be paid to the*
2 *expanded lottery act revenues fund established by K.S.A. 2017 Supp. 74-*
3 *8768, and amendments thereto.*

4 ~~(d)~~ (e) Racetrack gaming facility management contracts authorized by
5 this section may include provisions relating to:

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

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

12 (3) eligibility requirements for employees, contractors or agents of a
13 racetrack gaming facility manager who will have responsibility for or
14 involvement with electronic gaming machines or for the handling of cash
15 or tokens;

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

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

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

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

26 ~~(e)~~ (f) A person who is the manager of a lottery gaming facility in a
27 gaming zone shall not be eligible to be the manager of the racetrack
28 gaming facility in the same zone.

29 ~~(f)~~ (g) A racetrack gaming facility management contract shall not
30 constitute property, nor shall it be subject to attachment, garnishment or
31 execution, nor shall it be alienable or transferable, except upon approval
32 by the executive director, nor shall it be subject to being encumbered or
33 hypothecated.

34 (h) *If a racetrack gaming facility manager agrees to offer sports*
35 *wagering, the Kansas lottery shall be the licensee and owner of all*
36 *software programs used in offering sports wagering, and the racetrack*
37 *gaming facility manager, on behalf of the state, shall purchase or lease for*
38 *the Kansas lottery any equipment or other property necessary for offering*
39 *sports wagering. All sports wagering shall be subject to the ultimate*
40 *control of the Kansas lottery in accordance with this act and the Kansas*
41 *sports wagering act.*

42 Sec. 20. K.S.A. 2017 Supp. 74-8751 is hereby amended to read as
43 follows: 74-8751. The Kansas racing and gaming commission, through

1 rules and regulations, shall establish:

2 (a) A certification requirement; and enforcement procedure; for
3 officers, directors, key employees and persons directly or indirectly
4 owning a 0.5% or more interest in a lottery gaming facility manager or
5 racetrack gaming facility manager. Such certification requirement shall
6 include compliance with such security, fitness and background
7 investigations and standards as the executive director of the Kansas racing
8 and gaming commission deems necessary to determine whether such
9 person's reputation, habits or associations pose a threat to the public
10 interest of the state or to the reputation of or effective regulation and
11 control of the lottery gaming facility or racetrack gaming facility. Any
12 person convicted of any felony, a crime involving gambling or a crime of
13 moral turpitude prior to applying for a certificate hereunder or at any time
14 thereafter shall be deemed unfit. The Kansas racing and gaming
15 commission shall conduct the security, fitness and background checks
16 required pursuant to this subsection. Certification pursuant to this
17 subsection shall not be assignable or transferable;

18 (b) a certification requirement; and enforcement procedure; for those
19 persons, including electronic gaming machine manufacturers, technology
20 providers and computer system providers, who propose to contract with a
21 lottery gaming facility manager, a racetrack gaming facility manager or the
22 state for the provision of goods or services related to a lottery gaming
23 facility or racetrack gaming facility, including management services. Such
24 certification requirements shall include compliance with such security,
25 fitness and background investigations and standards of officers, directors,
26 key gaming employees and persons directly or indirectly owning a 0.5% or
27 more interest in such entity as the executive director of the Kansas racing
28 and gaming commission deems necessary to determine whether such
29 person's reputation, habits and associations pose a threat to the public
30 interest of the state or to the reputation of or effective regulation and
31 control of the lottery gaming facility or racetrack gaming facility. Any
32 person convicted of any felony, a crime involving gambling or a crime of
33 moral turpitude prior to applying for a certificate hereunder or at any time
34 thereafter shall be deemed unfit. If the executive director of the racing and
35 gaming commission determines the certification standards of another state
36 are comprehensive, thorough and provide similar adequate safeguards, the
37 executive director may certify an applicant already certified in such state
38 without the necessity of a full application and background check. The
39 Kansas racing and gaming commission shall conduct the security, fitness
40 and background checks required pursuant to this subsection. Certification
41 pursuant to this subsection shall not be assignable or transferable;

42 (c) provisions for revocation of a certification required by subsection
43 (a) or (b) upon a finding that the certificate holder, an officer or director

1 thereof or a person directly or indirectly owning a 0.5% or more interest
2 therein: (1) Has knowingly provided false or misleading material
3 information to the Kansas lottery or its employees; or (2) has been
4 convicted of a felony, gambling related offense or any crime of moral
5 turpitude; ~~and~~

6 (d) provisions for suspension, revocation or nonrenewal of a
7 certification required by subsection (a) or (b) upon a finding that the
8 certificate holder, an officer or director thereof or a person directly or
9 indirectly owning a 0.5% or more interest therein: (1) Has failed to notify
10 the Kansas lottery about a material change in ownership of the certificate
11 holder, or any change in the directors or officers thereof; (2) is delinquent
12 in remitting money owed to the Kansas lottery; (3) has violated any
13 provision of any contract between the Kansas lottery and the certificate
14 holder; or (4) has violated any provision of the Kansas expanded lottery
15 act or any rule and regulation adopted hereunder;

16 (e) *a certification requirement and enforcement procedure for: (1)*
17 *Employees of a lottery gaming facility manager or racetrack gaming*
18 *facility manager who are directly involved in the conduct, operation or*
19 *management of sports wagering offered by such manager; and (2) those*
20 *persons, including interactive sports wagering platforms and other*
21 *technology and computer system providers, who propose to contract with*
22 *a lottery gaming facility manager, a racetrack gaming facility manager or*
23 *the state for the provision of goods or services related to sports wagering,*
24 *including management services. Such certification requirement shall*
25 *include compliance with such security, fitness and background*
26 *investigations and standards as the executive director of the Kansas*
27 *racing and gaming commission deems necessary to determine whether*
28 *such person's reputation, habits or associations pose a threat to the public*
29 *interest of the state or to the reputation of or effective regulation and*
30 *control of sports wagering offered by the lottery gaming facility, racetrack*
31 *gaming facility or the Kansas lottery. Any person convicted of any felony,*
32 *a crime involving gambling or a crime of moral turpitude prior to*
33 *applying for a certificate hereunder or at any time thereafter shall be*
34 *deemed unfit. Such certification shall be valid for one year from the date*
35 *of issuance. The Kansas racing and gaming commission shall conduct the*
36 *security, fitness and background checks required pursuant to this*
37 *subsection. Certification pursuant to this subsection shall not be*
38 *assignable or transferable; and*

39 (f) provisions for suspension, revocation or nonrenewal of a
40 certification required by subsection (e) upon a finding that the certificate
41 holder: (1) Has knowingly provided false or misleading material
42 information to the Kansas lottery, the Kansas racing and gaming
43 commission or to the employees of either entity; (2) has been convicted of

1 *a felony, gambling-related offense or any crime of moral turpitude; (3) has*
2 *violated any provision of any contract between the Kansas lottery and the*
3 *certificate holder; or (4) has violated any provision of the Kansas sports*
4 *wagering act or any rule and regulation adopted hereunder.*

5 Sec. 21. K.S.A. 2017 Supp. 74-8752 is hereby amended to read as
6 follows: 74-8752. (a) The executive director of the Kansas lottery and the
7 executive director of the Kansas racing and gaming commission, or their
8 designees, may observe and inspect all electronic gaming machines, lottery
9 facility games, *sports wagering operations*, lottery gaming facilities,
10 racetrack gaming facilities and all related equipment and facilities operated
11 by a lottery gaming facility manager or racetrack gaming facility manager.

12 (b) In addition to any other powers granted pursuant to this act, the
13 executive director of the racing and gaming commission shall have the
14 power to:

15 (1) Examine, or cause to be examined by any agent or representative
16 designated by such executive director, any books, papers, records or
17 memoranda of any lottery gaming facility manager or racetrack gaming
18 facility manager, or of any business involved in electronic gaming
19 machines or lottery facility games authorized pursuant to the Kansas
20 expanded lottery act, *or sports wagering operations authorized pursuant*
21 *to the Kansas sports wagering act*, for the purpose of ascertaining
22 compliance with any provision of the Kansas lottery act, the Kansas
23 expanded lottery act, *the Kansas sports wagering act* or any rules and
24 regulations adopted thereunder;

25 (2) investigate alleged violations of the Kansas expanded lottery act
26 *or Kansas sports wagering act* and alleged violations of any rules and
27 regulations, orders and final decisions of the Kansas lottery commission,
28 the executive director of the Kansas lottery, the Kansas racing and gaming
29 commission or the executive director of the Kansas racing and gaming
30 commission;

31 (3) request a court to issue subpoenas to compel access to or for the
32 production of any books, papers, records or memoranda in the custody or
33 control of any lottery gaming facility manager or racetrack gaming facility
34 manager related to the management of the lottery gaming facility or
35 racetrack gaming facility, or to compel the appearance of any lottery
36 gaming facility manager or racetrack gaming facility manager for the
37 purpose of ascertaining compliance with the provisions of the Kansas
38 lottery act ~~and~~, the Kansas expanded lottery act, *the Kansas sports*
39 *wagering act* or rules and regulations adopted thereunder;

40 (4) inspect and approve, prior to publication or distribution, all
41 advertising by a lottery gaming facility manager or racetrack gaming
42 facility manager which includes any reference to the Kansas lottery; and

43 (5) take any other action as may be reasonable or appropriate to

1 enforce the provisions of the Kansas expanded lottery act *and the Kansas*
2 *sports wagering act*, and any rules and regulations, orders and final
3 decisions of the executive director of the Kansas lottery, the Kansas lottery
4 commission, the executive director of the Kansas racing commission or the
5 Kansas racing and gaming commission.

6 (c) Appropriate security measures shall be required in any and all
7 areas where electronic gaming machines and other lottery facility games
8 authorized pursuant to the Kansas expanded lottery act *and sports*
9 *wagering authorized pursuant to the Kansas sports wagering act* are
10 located or operated. The executive director of the Kansas racing and
11 gaming commission shall approve all such security measures.

12 (d) The executive director of the Kansas racing and gaming
13 commission shall require an annual audit of the operations of each lottery
14 gaming facility and ancillary lottery gaming facility operations and each
15 racetrack gaming facility as determined by the commission. Such audit
16 shall be conducted by the Kansas racing and gaming commission or a
17 licensed accounting firm approved by the executive director of the Kansas
18 racing and gaming commission and shall be conducted at the expense of
19 the lottery gaming facility manager or racetrack facility manager.

20 (e) None of the information disclosed pursuant to subsection (b) or
21 (d) shall be subject to disclosure under the Kansas open records act,
22 K.S.A. 45-216 et seq., and amendments thereto.

23 Sec. 22. K.S.A. 2017 Supp. 74-8760 is hereby amended to read as
24 follows: 74-8760. (a) Except in accordance with rules and regulations of
25 the Kansas racing and gaming commission or by written authority from the
26 executive director of the Kansas racing and gaming commission in
27 performing installation, maintenance, inspection and repair services, it is a
28 class A nonperson misdemeanor for the following to place a wager on or
29 play an electronic gaming machine game ~~or~~, a lottery facility game at a
30 lottery gaming facility *or place a sports wager with a lottery gaming*
31 *facility* in this state: The executive director of the Kansas lottery, a member
32 of the Kansas lottery commission or any employee or agent of the Kansas
33 lottery; the executive director, a member or any employee or agent of the
34 Kansas racing and gaming commission; or the lottery gaming facility
35 manager or any employee of the lottery gaming facility manager.

36 (b) Except in accordance with rules and regulations of the Kansas
37 racing and gaming commission or by written authority from the executive
38 director of the Kansas racing and gaming commission in performing
39 installation, maintenance, inspection and repair services, it is a class A
40 nonperson misdemeanor for the following to place a wager on or play an
41 electronic gaming machine at a racetrack gaming facility *or place a sports*
42 *wager with a racetrack gaming facility* in this state: The executive director
43 of the Kansas lottery, a member of the Kansas lottery commission or any

1 employee or agent of the Kansas lottery; the executive director, a member
2 or any employee or agent of the Kansas racing and gaming commission; or
3 the racetrack gaming facility manager or any employee of the racetrack
4 gaming facility manager.

5 (c) It is a severity level 8, nonperson felony for any person playing or
6 using any electronic gaming machine in Kansas knowingly to:

7 (1) Use other than a lawful coin or legal tender of the United States of
8 America, or to use coin not of the same denomination as the coin intended
9 to be used in an electronic gaming machine, except that in the playing of
10 any electronic gaming machine or similar gaming device, it shall be lawful
11 for any person to use gaming billets, tokens or similar objects therein
12 which are approved by the Kansas racing and gaming commission;

13 (2) possess or use, while on premises where electronic gaming
14 machines are authorized pursuant to the Kansas expanded lottery act, any
15 cheating or thieving device, including, but not limited to, tools, wires,
16 drills, coins attached to strings or wires or electronic or magnetic devices
17 to facilitate removing from any electronic gaming machine any money or
18 contents thereof, except that a duly authorized agent or employee of the
19 Kansas racing and gaming commission, lottery gaming facility manager or
20 racetrack gaming facility manager may possess and use any of the
21 foregoing only in furtherance of the agent's or employee's employment at
22 the lottery gaming facility or racetrack gaming facility; or

23 (3) possess or use while on the premises of a lottery gaming facility
24 or racetrack gaming facility, or any location where electronic gaming
25 machines are authorized pursuant to this act, any key or device designed
26 for the purpose of or suitable for opening or entering any electronic
27 gaming machine or similar gaming device or drop box.

28 (d) Any duly authorized agent or employee of the Kansas racing and
29 gaming commission, a lottery gaming facility manager or a racetrack
30 gaming facility manager may possess and use any of the devices described
31 in subsections (c)(3) and (c)(4) in furtherance of inspection or testing as
32 provided in the Kansas expanded lottery act or in furtherance of such
33 person's employment at any location where any electronic gaming machine
34 or similar gaming device or drop box is authorized pursuant to the Kansas
35 expanded lottery act.

36 Sec. 23. K.S.A. 2017 Supp. 74-8763 is hereby amended to read as
37 follows: 74-8763. Each person subject to a background check pursuant to
38 the Kansas expanded lottery act *or Kansas sports wagering act* shall be
39 subject to a state and national criminal history records check which
40 conforms to applicable federal standards for the purpose of verifying the
41 identity of the applicant and whether the person has been convicted of any
42 crime that would disqualify the person from engaging in activities
43 pursuant to this act. The executive director is authorized to use the

1 information obtained from the national criminal history record check to
2 determine the person's eligibility to engage in such activities.

3 Sec. 24. K.S.A. 2017 Supp. 74-8769 is hereby amended to read as
4 follows: 74-8769. Each person subject to a background check pursuant to
5 the Kansas expanded lottery act *or Kansas sports wagering act* shall be
6 subject to a state and national criminal history records check which
7 conforms to applicable federal standards for the purpose of verifying the
8 identity of the applicant and whether the person has been convicted of any
9 crime that would disqualify the person from engaging in activities
10 pursuant to this act. The executive director of the Kansas racing and
11 gaming commission is authorized to use the information obtained from the
12 national criminal history record check to determine the person's eligibility
13 to engage in such activities.

14 Sec. 25. K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8702, 74-
15 8710, 74-8711, 74-8716, 74-8734, 74-8741, 74-8751, 74-8752, 74-8760,
16 74-8763 and 74-8769 are hereby repealed.

17 Sec. 26. This act shall take effect and be in force from and after its
18 publication in the statute book and the date of publication in the Kansas
19 register of the certification by the executive director of the Kansas racing
20 and gaming commission that federal law does not prohibit states from
21 authorizing and conducting sports wagering.