

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 169

As Recommended by Senate Committee on
Federal and State Affairs

Brief*

SB 169 would allow the Kansas Lottery to use lottery ticket vending machines to sell lottery tickets. The bill would amend the definition of lottery machine in existing law by removing the term "lottery ticket vending machine" from the definition of lottery machine. The bill would further amend the definition of lottery machine to specify that lottery ticket vending machines are not considered lottery machines. Games on lottery machines are prohibited under existing law, which would remain unchanged by the bill (2016 Supp. KSA 74-8710).

The bill would also create a definition for lottery ticket vending machine as follows:

- Lottery ticket vending machine to mean a machine or similar electronic device owned or leased by the Kansas Lottery, of which the sole purposes are to:
 - Dispense a printed physical ticket, such as a lottery ticket, a keno ticket, a pull tab ticket, or an instant bingo ticket, or a coupon, the coupon of which must be redeemed through something other than a lottery ticket vending machine, after a purchaser inserts cash or other form of consideration into the machine;
 - Allow purchasers to manually check the winning status of a Kansas Lottery ticket; and

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

- Display advertising, promotions, and other information pertaining to the Kansas Lottery.
- Lottery ticket vending machine would not:
 - Provide a visual or audio representation of an electronic gaming machine;
 - Visually or functionally have the same characteristics of an electronic gaming machine;
 - Automatically determine or display the winning status of any dispensed ticket;
 - Extend or arrange credit for the purchase of a ticket;
 - Dispense any winnings;
 - Dispense any prize; dispense any evidence of a prize other than the lottery ticket, keno ticket, pull tab ticket, or instant bingo ticket, or any free Kansas Lottery ticket received as a result of the purchase of another Kansas Lottery ticket;
 - Provide free games or any other item that could be redeemed for cash; or
 - Dispense any other form of a prize to a purchaser.

Lottery ticket vending machines could only dispense the printed physical lottery ticket, keno ticket, pull tab ticket, or instant bingo ticket, including any free Kansas Lottery ticket received as a result of the purchase of another Kansas Lottery ticket, and change from a purchase to the purchaser. Any winnings from a lottery ticket vending machine would be redeemed only for cash or check by a lottery retailer or by cash, check, or other prize from the Office of the Lottery.

Background

The bill was introduced in the Senate Committee on Federal and State Affairs at the request of the Kansas Lottery. In the Senate Committee hearing, the Deputy Executive Director of the Kansas Lottery, representatives of Hy-Vee, Inc., and the Petroleum Marketers and Convenience Stores Association of Kansas appeared in support of the bill. The proponents testified the bill would help the Kansas Lottery and Kansas Lottery retailers make more sales. They also testified Kansas is one of the few states that has a lottery and does not allow the use of lottery ticket vending machines. The proponents stated other states have not reported problems with underage persons using the vending machines to purchase lottery tickets.

Written-only proponent testimony was provided by Johnson's General Stores, the Kansas Restaurant and Hospitality Association, Murphy USA, Inc., and QuikTrip, Corp.

No other testimony was provided on the bill.

According to the fiscal note provided by the Division of the Budget, the Kansas Lottery indicates the use of lottery ticket vending machines at lottery retailer locations has the potential to increase sales by improving product availability and efficiently delivering lottery products to its customers. The Kansas Lottery indicates that allowing lottery ticket vending machines is estimated to increase the Kansas Lottery's year end transfer to the State General Fund by \$4.0 million in FY 2018 and by \$8.0 million in FY 2019. The Kansas Lottery is unable to estimate the additional expenses for this program because it has not determined the most cost efficient method to acquire lottery ticket vending machines and to place them at lottery retailer locations. In other lottery jurisdictions, lottery ticket vending machines have been purchased, leased, or acquired from a revenue sharing agreement. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.