

HOUSE BILL No. 2068

By Committee on Federal and State Affairs

1-24

1 AN ACT concerning gaming; creating the Kansas sports wagering act;
2 amending K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-
3 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and
4 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 and repealing the
5 existing sections.
6

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

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

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

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

13 (2) through lottery retailers who have contracted with the Kansas
14 lottery to conduct sports wagering on behalf of the Kansas lottery;

15 (3) over the internet, including, but not limited to, websites and
16 mobile device applications; or

17 (4) through an interactive sports wagering platform.

18 (c) The executive director may enter into contracts with one or more
19 lottery gaming facility managers or racetrack gaming facility managers for
20 conducting, operating and managing sports wagering on behalf of the
21 Kansas lottery in person at the lottery gaming facility or racetrack gaming
22 facility operated by such manager, or through the interactive sports
23 wagering platform that has contracted with the Kansas lottery to offer
24 sports wagering. Any contract entered into pursuant to this section shall be
25 made in accordance with the provisions of K.S.A. 74-8734, 74-8736, 74-
26 8741 and 74-8742, and amendments thereto.

27 New Sec. 2. (a) No person under age 21 shall be permitted to place a
28 wager. A sports wagering operator shall verify that any person placing a
29 wager is of the legal minimum age for placing such wagers, including all
30 wagers placed through an interactive sports wagering platform.

31 (b) Sports wagering operators shall allow a person to restrict such
32 person from placing wagers with the operator, including, wagering limits,
33 and shall take reasonable measures to prevent any such person from
34 placing such wagers. Upon the request of any such person, the operator
35 shall submit the restricted person's name and other pertinent information to
36 the Kansas racing and gaming commission. The executive director of the

1 commission may enter into a self-exclusion agreement with such person,
2 and disseminate such person's information to all other sports wagering
3 operators.

4 (c) The executive director of the Kansas racing and gaming
5 commission shall adopt rules and regulations regarding the advertisement
6 for sports wagering. Such rules and regulations shall be adopted on or
7 before January 1, 2020, and shall include, but not be limited to:

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

12 (2) disclosure of the identity of the sports wagering operator in all
13 such advertisements;

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

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

17 New Sec. 3. (a) Sports wagering operators shall use reasonable
18 methods to:

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

22 (2) prohibit the interactive sports wagering platform, and any
23 directors, officers, owners and employees of the platform, and any relative
24 living in the same household as such persons, from placing wagers with
25 the operator;

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

33 (4) prohibit any person with access to nonpublic confidential
34 information held by the operator from placing wagers with the operator;

35 (5) prohibit persons from placing wagers as agents or proxies for
36 other persons; and

37 (6) maintain the security of wagering data, customer data and other
38 confidential information from unauthorized access and dissemination,
39 provided, however, that nothing in this act shall preclude the use of
40 internet or cloud-based hosting of such data and information or disclosure
41 as required by court order, state or federal law or as otherwise required by
42 this act.

43 (b) A sports governing body may notify the Kansas racing and

1 gaming commission that it desires to restrict, limit or exclude wagering on
2 its sporting events by providing notice in such form and manner as
3 prescribed by the Kansas racing and gaming commission. Upon receiving
4 such notice, the Kansas racing and gaming commission shall review the
5 request in good faith, seek input from operators on such a request and, if
6 deemed appropriate, the commission shall adopt rules and regulations to
7 restrict sports wagering on such sports events. If the commission denies a
8 request submitted pursuant to this section, the commission shall notify the
9 sports governing body that submitted the request. Any sports governing
10 body whose request is denied may appeal the decision of the commission
11 in accordance with the Kansas administrative procedure act. Offering or
12 taking wagers contrary to such published restrictions is a violation of this
13 act. In the event that a request submitted pursuant to this section is
14 submitted in response to an emergency situation, the executive director of
15 the Kansas racing and gaming commission may temporarily prohibit the
16 specific sports wager in question until the commission has the opportunity
17 to review the request and adopt rules and regulations in accordance with
18 this section.

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

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

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

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

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

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

34 (5) suspicious or illegal wagering activities, including use of funds
35 derived from illegal activity, wagers to conceal or launder funds derived
36 from illegal activity, using agents to place wagers and using false
37 identification.

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

41 (e) Information provided by a sports governing body to a sports
42 wagering operator shall be confidential, and the operator shall not disclose
43 such information or any portion thereof, unless disclosure is required by

1 this act, the Kansas racing and gaming commission, state or federal law or
2 court order. The provisions of this subsection shall expire on July 1, 2024,
3 unless the legislature acts to reenact such provision. The provisions of this
4 subsection shall be reviewed by the legislature prior to July 1, 2024.

5 (f) Operators may use whatever data source such operator deems
6 appropriate for determining the result of tier one sports wagers. Operators
7 shall use only official league data for determining the result of all tier two
8 sports wagers, provided the relevant sports governing body can provide a
9 feed of official league data to the operator and make such feed available
10 for purchase by the operator on commercially reasonable terms.

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

21 New Sec. 5. (a) Sports wagering operators shall maintain records of
22 all bets and wagers placed, including personally identifiable information of
23 the person placing the bet, the amount and type of bet, the time the bet was
24 placed, the location of the bet, including the IP address, if applicable, the
25 outcome of the bet, any records of abnormal betting activity and video
26 camera recordings, in the case of in-person wagers, for at least three years
27 after the sporting event occurs. An operator shall make such data available
28 for inspection upon request by the Kansas racing and gaming commission
29 or as required by court order.

30 (b) If a sports governing body has notified the Kansas racing and
31 gaming commission that real-time information sharing for wagers placed
32 on its sporting events is necessary and desirable, sports wagering operators
33 shall share in real time the information required to be retained pursuant to
34 subsection (a), except video camera recordings, with the sports governing
35 body, or its designee, with respect to wagers on its sporting events. Any
36 information provided pursuant to this subsection shall not contain any
37 personally identifiable information.

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

41 New Sec. 6. (a) On July 1, October 1, January 1 and April 1 of each
42 year, or as soon thereafter as sufficient moneys are available, each sports
43 wagering operator shall remit a sports betting right and integrity fee to

1 each sports governing body with authority over a sporting event on which
2 bets were placed through such operator in the immediately preceding
3 calendar quarter. The fee required by this section shall be in an amount
4 equal to 0.25% of the aggregate amount wagered on sporting events
5 conducted under the authority of the sports governing body during the
6 immediately preceding calendar quarter.

7 (b) For purposes of this section, "aggregate amount wagered" means
8 an amount equal to the total of all wagers placed with a sports wagering
9 operator on sporting events that are not attributable to prohibited sports
10 events.

11 New Sec. 7. (a) There is hereby established in the state treasury the
12 sports wagering receipts fund. Separate accounts shall be maintained in
13 such fund for receipt of moneys from sports wagering conducted by the
14 Kansas lottery and each lottery gaming facility manager and racetrack
15 gaming facility manager. All expenditures from the fund shall be made in
16 accordance with appropriation acts upon warrants of the director of
17 accounts and reports issued pursuant to vouchers approved by the
18 executive director for the purposes set forth in this act.

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

23 (c) (1) All revenues from sports wagering conducted by lottery
24 gaming facility managers and racetrack gaming facility managers shall be
25 paid daily and electronically to the executive director. The executive
26 director shall remit all moneys received therefrom to the state treasurer in
27 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
28 of each such remittance, the state treasurer shall deposit the entire amount
29 in the state treasury and credit it to the respective account maintained for
30 the lottery gaming facility manager or racetrack gaming facility manager
31 in the expanded lottery receipts fund, established by K.S.A. 74-8766, and
32 amendments thereto.

33 (2) The executive director shall certify weekly to the director of
34 accounts and reports the percentages or amounts to be transferred from
35 each account maintained in the expanded lottery receipts fund to the
36 expanded lottery act revenues fund, as provided by the lottery gaming
37 facility management contract or racetrack gaming facility management
38 contract. Upon receipt of the certification, the director of accounts and
39 reports shall transfer amounts from each such account in accordance with
40 the certification of the executive director. Once each month, the executive
41 director shall cause amounts from each such account to be paid to lottery
42 gaming facility managers in accordance with the lottery gaming facility
43 management contract and to racetrack gaming facility managers in

1 accordance with the racetrack gaming facility management contract.

2 New Sec. 8. (a) The provisions of sections 1 through 8, and
3 amendments thereto, shall be known and may be cited as the Kansas sports
4 wagering act.

5 (b) The provisions of the Kansas sports wagering act shall be a part of
6 and supplemental to the Kansas lottery act.

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

11 Sec. 9. K.S.A. 2018 Supp. 19-101a is hereby amended to read as
12 follows: 19-101a.(a) The board of county commissioners may transact all
13 county business and perform all powers of local legislation and
14 administration it deems appropriate, subject only to the following
15 limitations, restrictions or prohibitions:

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

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

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

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

26 (5) Counties may not legislate on social welfare administered under
27 state law enacted pursuant to or in conformity with public law No. 271 –
28 74th congress, or amendments thereof.

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

32 (7) Counties shall be subject to the limitations and prohibitions
33 imposed under K.S.A. 12-187~~–to~~ through 12-195,~~–inclusive~~, and
34 amendments thereto, prescribing limitations upon the levy of retailers'
35 sales taxes by counties.

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

39 (9) No county may levy ad valorem taxes under the authority of this
40 section upon real property located within any redevelopment project area
41 established under the authority of K.S.A. 12-1772, and amendments
42 thereto, unless the resolution authorizing the same specifically authorized
43 a portion of the proceeds of such levy to be used to pay the principal of

1 and interest upon bonds issued by a city under the authority of K.S.A. 12-
2 1774, and amendments thereto.

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

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

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

15 (13) Counties may not exempt from or effect changes in K.S.A. 19-
16 430, and amendments thereto.

17 (14) Counties may not exempt from or effect changes in K.S.A. 19-
18 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

19 (15) Counties may not exempt from or effect changes in K.S.A. 19-
20 15,139, 19-15,140 and 19-15,141, and amendments thereto.

21 (16) Counties may not exempt from or effect changes in the
22 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
23 and, 12-1226, ~~and amendments thereto, or the provisions of K.S.A. 12-~~
24 ~~1260 through 12-1270 and or 12-1276,~~ and amendments thereto.

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

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

29 (19) Counties may not regulate the production or drilling of any oil or
30 gas well in any manner which would result in the duplication of regulation
31 by the state corporation commission and the Kansas department of health
32 and environment pursuant to chapter 55 and chapter 65 of the Kansas
33 Statutes Annotated, and amendments thereto, and any rules and regulations
34 adopted pursuant thereto. Counties may not require any license or permit
35 for the drilling or production of oil and gas wells. Counties may not
36 impose any fee or charge for the drilling or production of any oil or gas
37 well.

38 (20) Counties may not exempt from or effect changes in K.S.A. 79-
39 41a04, and amendments thereto.

40 (21) Counties may not exempt from or effect changes in K.S.A. 79-
41 1611, and amendments thereto.

42 (22) Counties may not exempt from or effect changes in K.S.A. 79-
43 1494, and amendments thereto.

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

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

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

8 (26) Counties may not exempt from or effect changes in K.S.A. 79-
9 2017 or 79-2101, and amendments thereto.

10 (27) Counties may not exempt from or effect changes in K.S.A. 2-
11 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-
12 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments
13 thereto.

14 (28) Counties may not exempt from or effect changes in K.S.A. 2018
15 Supp. 80-121, and amendments thereto.

16 (29) Counties may not exempt from or effect changes in K.S.A. 19-
17 228, and amendments thereto.

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

21 (31) Counties may not exempt from or effect changes in K.S.A. 2018
22 Supp. 26-601, and amendments thereto.

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

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

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

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

31 (34) Counties may not exempt from or effect changes in the Kansas
32 lottery act, *the Kansas expanded lottery act* or *the Kansas sports wagering*
33 *act*.

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

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

38 ~~(37)~~(36) Any county granted authority pursuant to the provisions of
39 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be
40 subject to the limitations and prohibitions imposed under K.S.A. 19-5001
41 through 19-5005, and amendments thereto.

42 ~~(38)~~(37) Except as otherwise specifically authorized by K.S.A. 19-
43 5001 through 19-5005, and amendments thereto, counties may not exercise

1 any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and
2 amendments thereto, including the imposition or levy of any retailers' sales
3 tax.

4 (b) Counties shall apply the powers of local legislation granted in
5 subsection (a) by resolution of the board of county commissioners. If no
6 statutory authority exists for such local legislation other than that set forth
7 in subsection (a) and the local legislation proposed under the authority of
8 such subsection is not contrary to any act of the legislature, such local
9 legislation shall become effective upon passage of a resolution of the
10 board and publication in the official county newspaper. If the legislation
11 proposed by the board under authority of subsection (a) is contrary to an
12 act of the legislature which is applicable to the particular county but not
13 uniformly applicable to all counties, such legislation shall become
14 effective by passage of a charter resolution in the manner provided in
15 K.S.A. 19-101b, and amendments thereto.

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

18 Sec. 10. K.S.A. 2018 Supp. 21-6403 is hereby amended to read as
19 follows: 21-6403. As used in K.S.A. 2018 Supp. 21-6403 through 21-
20 6409, and amendments thereto:

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

24 (1) Bona fide business transactions which are valid under the law of
25 contracts including, but not limited to, contracts for the purchase or sale at
26 a future date of securities or other commodities, and agreements to
27 compensation for loss caused by the happening of the chance including,
28 but not limited to, contracts of indemnity or guaranty and life or health and
29 accident insurance;

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

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

35 (4) any bingo game by or for participants managed, operated or
36 conducted in accordance with the laws of the state of Kansas by an
37 organization licensed by the state of Kansas to manage, operate or conduct
38 games of bingo;

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

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

42 (7) tribal gaming;

43 (8) charitable raffles as defined by K.S.A. 2018 Supp. 75-5173, and

1 amendments thereto;~~or~~

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

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

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

8 (1) A lottery operated by the state pursuant to the Kansas lottery act;
9 or

10 (2) tribal gaming;

11 (c) "consideration" means anything which is a commercial or
12 financial advantage to the promoter or a disadvantage to any participant.
13 Mere registration without purchase of goods or services; personal
14 attendance at places or events, without payment of an admission price or
15 fee; listening to or watching radio and television programs; answering the
16 telephone or making a telephone call and acts of like nature are not
17 consideration. "Consideration" shall not include sums of money paid by or
18 for:

19 (1) Participants in any bingo game managed, operated or conducted
20 in accordance with the laws of the state of Kansas by any bona fide
21 nonprofit religious, charitable, fraternal, educational or veteran
22 organization licensed to manage, operate or conduct bingo games under
23 the laws of the state of Kansas and it shall be conclusively presumed that
24 such sums paid by or for such participants were intended by such
25 participants to be for the benefit of the sponsoring organizations for the use
26 of such sponsoring organizations in furthering the purposes of such
27 sponsoring organizations, as set forth in the appropriate paragraphs of
28 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
29 in K.S.A. 79-4701, and amendments thereto;

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

32 (3) participants in any system of parimutuel wagering managed,
33 operated and conducted in accordance with the Kansas parimutuel racing
34 act; or

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

36 (d) "fantasy sports league" means any fantasy or simulation sports
37 game or contest in which no fantasy or simulation sports team is based on
38 the current membership of an actual team that is a member of an amateur
39 or professional sports organization and that meets the following
40 conditions:

41 (1) All prizes and awards offered to winning participants are
42 established and made known to the participants in advance of the game or
43 contest and their value is not determined by the number of participants or

1 the amount of any fees paid by those participants;

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

6 (3) no winning outcome is based:

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

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

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

12 (A) So-called "slot machine" or any other machine, mechanical
13 device, electronic device or other contrivance an essential part of which is
14 a drum or reel with insignia thereon, 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 (B) other machine, mechanical device, electronic device or other
20 contrivance including, but not limited to, roulette wheels and similar
21 devices, which are equipped with or designed to accommodate the addition
22 of a mechanism that enables accumulated credits to be removed, is
23 equipped with or designed to accommodate a mechanism to record the
24 number of credits removed or is otherwise designed, manufactured or
25 altered primarily for use in connection with gambling, and:

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

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

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

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

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

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

40 (A) Any machine, mechanical device, electronic device or other
41 contrivance used or for use by a licensee of the Kansas racing commission
42 as authorized by law and rules and regulations adopted by the commission
43 or by the Kansas lottery or Kansas lottery retailers as authorized by law

1 and rules and regulations adopted by the Kansas lottery commission;

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

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

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

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

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

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

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

27 (h) "tribal gaming commission" means the same as in K.S.A. 74-
28 9802, and amendments thereto.

29 Sec. 11. K.S.A. 2018 Supp. 21-6507 is hereby amended to read as
30 follows: 21-6507. (a) Sports bribery is:

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

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

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

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

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

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

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

7 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;
 8 *and*

9 (3) *subsections (a)(1) through (a)(4), if committed with the intent to*
 10 *influence a betting outcome of a sports contest in order to obtain financial*
 11 *gain, in connection with betting or wagering on a sports contest, is a*
 12 *severity level 5, nonperson felony.*

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

15 ~~(e)~~(e) As used in this section and K.S.A. 2018 Supp. 21-6508, and
 16 amendments thereto:

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

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

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

26 (4) *"on the basis of material nonpublic information" means the*
 27 *person placing the bet or wager; or causing such bet or wager to be*
 28 *placed, was aware of the material nonpublic information relating to such*
 29 *bet or wager when the person placed the bet or wager; or caused such bet*
 30 *or wager to be placed.*

31 Sec. 12. K.S.A. 74-8702 is hereby amended to read as follows: 74-
 32 8702. As used in the Kansas lottery act, unless the context otherwise
 33 requires:

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

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

40 (c) "Electronic gaming machine" means any electronic,
 41 electromechanical, video or computerized device, contrivance or machine
 42 authorized by the Kansas lottery which, upon insertion of cash, tokens,
 43 electronic cards or any consideration, is available to play, operate or

1 simulate the play of a game authorized by the Kansas lottery pursuant to
2 the Kansas expanded lottery act, including, but not limited to, bingo,
3 poker, blackjack, keno and slot machines, and which may deliver or entitle
4 the player operating the machine to receive cash, tokens, merchandise or
5 credits that may be redeemed for cash. Electronic gaming machines may
6 use bill validators and may be single-position reel-type, single or multi-
7 game video and single-position multi-game video electronic game,
8 including, but not limited to, poker, blackjack and slot machines.
9 Electronic gaming machines shall be directly linked to a central computer
10 at a location determined by the executive director for purposes of security,
11 monitoring and auditing.

12 (d) "Executive director" means the executive director of the Kansas
13 lottery.

14 (e) "Gaming equipment" means any electric, electronic, computerized
15 or electromechanical machine, mechanism, supply or device or any other
16 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
17 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
18 gaming machine or lottery facility game; and (3) affects the results of an
19 electronic gaming machine or lottery facility game by determining win or
20 loss.

21 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
22 which consists of Wyandotte county; (2) the southeast Kansas gaming
23 zone, which consists of Crawford and Cherokee counties; (3) the south
24 central Kansas gaming zone, which consists of Sedgwick and Sumner
25 counties; and (4) the southwest Kansas gaming zone, which consists of
26 Ford county.

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

33 (h) *"Interactive sports wagering platform" or "platform" means a*
34 *person or entity that offers sports wagering on behalf of the Kansas*
35 *lottery, a lottery gaming facility manager or a racetrack gaming facility*
36 *manager over the internet, including, but not limited to, websites and*
37 *mobile device applications.*

38 ~~(h)~~(i) (1) "Instant bingo vending machine" means a machine or
39 electronic device that is purchased or leased by a licensee, as defined by
40 K.S.A. 2018 Supp. 75-5173, and amendments thereto, from a distributor
41 who has been issued a distributor registration certificate pursuant to K.S.A.
42 2018 Supp. 75-5184, and amendments thereto, or leased from the Kansas
43 lottery in fulfillment of the Kansas lottery's obligations under an

1 agreement between the Kansas lottery and a licensee entered into pursuant
 2 to K.S.A. 2018 Supp. 75-5189, and amendments thereto, and the sole
 3 purpose of which is to:

4 (A) Dispense a printed physical instant bingo ticket after a purchaser
 5 inserts cash or other form of consideration into the machine; and

6 (B) allow purchasers to manually check the winning status of the
 7 instant bingo ticket.

8 (2) "Instant bingo vending machine" shall not:

9 (A) Provide a visual or audio representation of a bingo card or an
 10 electronic gaming machine;

11 (B) visually or functionally have the same characteristics of an
 12 electronic instant bingo game or an electronic gaming machine;

13 (C) automatically determine or display the winning status of any
 14 dispensed instant bingo ticket;

15 (D) extend or arrange credit for the purchase of an instant bingo
 16 ticket;

17 (E) dispense any winnings;

18 (F) dispense any prize;

19 (G) dispense any evidence of a prize other than an instant bingo
 20 ticket;

21 (H) provide free instant bingo tickets or any other item that can be
 22 redeemed for cash; or

23 (I) dispense any other form of a prize to a purchaser.

24 All physical instant bingo tickets dispensed by an instant bingo vending
 25 machine shall be purchased by a licensee, as defined by K.S.A. 2018 Supp.
 26 75-5173, and amendments thereto, from a registered distributor.

27 No more than two instant bingo vending machines may be located on
 28 the premises of each licensee location.

29 ~~(j)~~(j) "Kansas lottery" means the state agency created by this act to
 30 operate a lottery or lotteries pursuant to this act.

31 ~~(k)~~(k) "Lottery" or "state lottery" means the lottery or lotteries
 32 operated pursuant to this act.

33 ~~(l)~~(l) "Lottery facility games" means any electronic gaming machines
 34 and any other games which, as of January 1, 2007, are authorized to be
 35 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
 36 9802, and amendments thereto, located within the boundaries of this state.

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

43 ~~(n)~~(n) "Lottery gaming facility" means that portion of a building

1 used for the purposes of operating, managing and maintaining lottery
2 facility games.

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

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

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

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

20 ~~(h)~~(s) (1) "Lottery machine" means any machine or device that allows
21 a purchaser to insert cash or other form of consideration and may deliver
22 as the result of an element of chance, regardless of the skill required by the
23 purchaser, a prize or evidence of a prize, including, but not 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 purchaser's or purchasers' skill,
26 including, but not limited to, any machine or device on which a lottery
27 game or lottery games, such as poker or blackjack, are played; or

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.

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

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

34 (B) any nonprescription drug machine authorized under K.S.A. 65-
35 650, and amendments thereto;

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

38 (D) any machine excluded from the definition of gambling devices
39 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2018 Supp. 21-
40 6403, and amendments thereto;

41 (E) any electronic gaming machine or lottery facility game operated
42 in accordance with the provisions of the Kansas expanded lottery act;

43 (F) any lottery ticket vending machine; or

1 (G) any instant bingo vending machine.

2 ~~(s)~~(t) "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 *or to conduct sports wagering on behalf of the Kansas lottery.*

5 ~~(t)~~(u) (1) "Lottery ticket vending machine" means a machine or
6 similar electronic device owned or leased by the Kansas lottery, the sole
7 purposes of which are to:

8 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
9 ticket, a pull tab ticket or a coupon, the coupon of which must be
10 redeemed through something other than a lottery ticket vending machine,
11 after a purchaser inserts cash or other form of consideration into the
12 machine;

13 (B) allow purchasers to manually check the winning status of a
14 Kansas lottery ticket; and

15 (C) display advertising, promotions and other information pertaining
16 to the Kansas lottery.

17 (2) "Lottery ticket vending machine" shall not:

18 (A) Provide a visual or audio representation of an electronic gaming
19 machine;

20 (B) visually or functionally have the same characteristics of an
21 electronic gaming machine;

22 (C) automatically determine or display the winning status of any
23 dispensed ticket;

24 (D) extend or arrange credit for the purchase of a ticket;

25 (E) dispense any winnings;

26 (F) dispense any prize;

27 (G) dispense any evidence of a prize other than the lottery ticket,
28 keno ticket, pull tab ticket or any free Kansas lottery ticket received as a
29 result of the purchase of another Kansas lottery ticket;

30 (H) provide free games or any other item that can be redeemed for
31 cash; or

32 (I) dispense any other form of a prize to a purchaser.

33 No more than two lottery ticket vending machines may be located at
34 each Kansas lottery retailer selling location.

35 Lottery ticket vending machines may only dispense the printed physical
36 lottery ticket, keno ticket or pull tab ticket, including any free Kansas
37 lottery ticket received as a result of the purchase of another Kansas lottery
38 ticket, and change from a purchase to the purchaser. Any winnings from a
39 lottery ticket vending machine shall be redeemed only for cash or check by
40 a lottery retailer or by cash, check or other prize from the office of the
41 Kansas lottery.

42 ~~(u)~~(v) (1) "Major procurement" means any gaming product or service,
43 including, but not limited to, facilities, advertising and promotional

1 services, annuity contracts, prize payment agreements, consulting services,
2 equipment, tickets and other products and services unique to the Kansas
3 lottery, but not including materials, supplies, equipment and services
4 common to the ordinary operations of state agencies.

5 (2) "Major procurement" shall not mean any product, service or other
6 matter covered by or addressed in the Kansas expanded lottery act or a
7 lottery gaming facility management contract or racetrack gaming facility
8 management contract executed pursuant to the Kansas expanded lottery
9 act.

10 ~~(v)~~(w) "Net electronic gaming machine income" means all cash or
11 other consideration utilized to play an electronic gaming machine operated
12 at a racetrack gaming facility, less all cash or other consideration paid out
13 to winning players as prizes.

14 (x) *"Official league data" means statistics, results, outcomes and*
15 *other data relating to a sporting event that have been obtained from the*
16 *relevant sports governing body, or an entity expressly authorized by the*
17 *sports governing body to provide such information to sports wagering*
18 *operators.*

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

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

23 ~~(y)~~(aa) "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 ~~(z)~~(bb) "Person" means any natural person, association, limited
29 liability company, corporation or partnership.

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

41 ~~(dd)~~(ff) "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)~~(gg) "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 ~~(ff)~~(hh) "Returned ticket" means any ticket which was transferred to a
8 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 ~~(gg)~~(ii) "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 (jj) *"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 (kk) *"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 (ll) *"Sports wagering operator" means the Kansas lottery, a lottery*
27 *retailer, a lottery gaming facility or a racetrack gaming facility that offers*
28 *sports wagering, or an interactive sports wagering platform that offers*
29 *sports wagering on behalf of such entity.*

30 (mm) *"Sports wagering revenue" means the total revenue from sports*
31 *wagering conducted at the lottery gaming facility or racetrack gaming*
32 *facility after all related prizes are paid.*

33 ~~(hh)~~(nn) "Ticket" means any tangible evidence issued by the Kansas
34 lottery to prove participation in a lottery game other than a lottery facility
35 game.

36 (oo) *"Tier one sports wager" means a sports wager that is*
37 *determined solely by the final score or final outcome of the sports event*
38 *and is placed before the sports event has begun.*

39 (pp) *"Tier two sports wager" means a sports wager that is not a tier*
40 *one sports wager.*

41 ~~(ii)~~(qq) "Token" means a representative of value, of metal or other
42 material, which is not legal tender, redeemable for cash only by the issuing
43 lottery gaming facility manager or racetrack gaming facility manager and

1 which is issued and sold by a lottery gaming facility manager or racetrack
2 gaming facility manager for the sole purpose of playing an electronic
3 gaming machine or lottery facility game.

4 ~~(jj)~~(rr) "Vendor" means any person who has entered into a major
5 procurement contract with the Kansas lottery.

6 ~~(kk)~~(ss) "Video lottery machine" means any electronic video game
7 machine that, upon insertion of cash, is available to play or simulate the
8 play of a video game authorized by the commission, including, but not
9 limited to, bingo, poker, black jack and keno, and which uses a video
10 display and microprocessors and in which, by chance, the player may
11 receive free games or credits that can be redeemed for cash.

12 (tt) "Wager" or "bet" shall have the same meaning as the term "bet"
13 is defined in K.S.A. 2018 Supp. 21-6403, and amendments thereto.

14 Sec. 13. K.S.A. 74-8710 is hereby amended to read as follows: 74-
15 8710. (a) The commission, upon the recommendation of the executive
16 director, shall adopt rules and regulations governing the establishment and
17 operation of a state lottery, sales of lottery tickets~~and~~, the operation of
18 lottery gaming facilities and racetrack gaming facilities *and the operation*
19 *of sports wagering* as necessary to carry out the purposes of the Kansas
20 lottery act~~and~~, the Kansas expanded lottery act *and the Kansas sports*
21 *wagering act*. Temporary rules and regulations may be adopted by the
22 commission without being subject to the provisions and requirements of
23 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be
24 subject to approval by the attorney general as to legality and shall be filed
25 with the secretary of state and published in the Kansas register. Temporary
26 and permanent rules and regulations may include, but shall not be limited to:
27

28 (1) Subject to the provisions of subsection (c), the types of lottery
29 games to be conducted, including, but not limited to, instant lottery, on-
30 line, traditional games, lottery facility games and electronic gaming
31 machine games but not including games on video lottery machines or
32 lottery machines.

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

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

39 (4) The frequency of the drawings or selections of winning tickets or
40 shares.

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

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

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

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

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

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

8 (11) Information required to be submitted by vendors, in addition to
9 that required by K.S.A. 74-8705, and amendments thereto.

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

14 (13) Rules and regulations to implement, administer and enforce the
15 provisions of the Kansas expanded lottery act. Such rules and regulations
16 shall include, but not be limited to, rules and regulations which govern
17 management contracts and which are designed to (A) ensure the integrity
18 of electronic gaming machines and other lottery facility games and the
19 finances of lottery gaming facilities and racetrack gaming facilities and (B)
20 alleviate problem gambling, including a requirement that each lottery
21 gaming facility and each racetrack gaming facility maintain a self-
22 exclusion list by which individuals may exclude themselves from access to
23 electronic gaming machines and other lottery facility games.

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

27 *(15) Rules and regulations to implement, administer and enforce the*
28 *provisions of the Kansas sports wagering act. Such rules and regulations*
29 *shall include, but not be limited to: (A) Sports wagering conducted by the*
30 *Kansas lottery, including contracts for sports wagering conducted by*
31 *lottery retailers; (B) management contracts for sports wagering conducted*
32 *by lottery gaming facility managers and racetrack gaming facility*
33 *managers; (C) provisions for the confidentiality of information submitted*
34 *by an interactive sports wagering platform and sports wagering*
35 *operators; and (D) provisions ensuring the integrity of sports wagering*
36 *conducted in this state.*

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

42 (c) The lottery shall adopt rules and regulations concerning the game
43 of keno. Such rules and regulations shall require that the amount of time

1 which elapses between the start of games shall not be less than four
2 minutes.

3 *(d) The lottery may contract with multiple interactive sports*
4 *wagering platforms without limitation.*

5 Sec. 14. K.S.A. 74-8711 is hereby amended to read as follows: 74-
6 8711. (a) There is hereby established in the state treasury the lottery
7 operating fund.

8 (b) Except as provided by K.S.A. 74-8724, *and amendments thereto*,
9 and the Kansas expanded lottery act, ~~and amendments thereto~~, the
10 executive director shall remit all moneys collected from the sale of lottery
11 tickets and shares, *revenues from sports wagering conducted by the*
12 *Kansas lottery* and any other moneys received by or on behalf of the
13 Kansas lottery to the state treasurer in accordance with the provisions of
14 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
15 remittance, the state treasurer shall deposit the entire amount in the state
16 treasury to the credit of the lottery operating fund. Moneys credited to the
17 fund shall be expended or transferred only as provided by this act.
18 Expenditures from such fund shall be made in accordance with
19 appropriations acts upon warrants of the director of accounts and reports
20 issued pursuant to vouchers approved by the executive director or by a
21 person designated by the executive director.

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

23 (1) The payment of expenses of the lottery, which shall include all
24 costs incurred in the operation and administration of the Kansas lottery; all
25 costs resulting from contracts entered into for the purchase or lease of
26 goods and services needed for operation of the lottery, including but not
27 limited to supplies, materials, tickets, independent studies and surveys,
28 data transmission, advertising, printing, promotion, incentives, public
29 relations, communications and distribution of tickets and shares; and
30 reimbursement of costs of facilities and services provided by other state
31 agencies;

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

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

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

37 (5) transfers to the community crisis stabilization centers fund and
38 clubhouse model program fund of the Kansas department for aging and
39 disability services pursuant to subsection (e);

40 (6) transfers to the state gaming revenues fund pursuant to subsection
41 (d) and as otherwise provided by law; and

42 (7) transfers to the county reappraisal fund as prescribed by law.

43 (d) The director of accounts and reports shall transfer moneys in the

1 lottery operating fund to the state gaming revenues fund created by K.S.A.
2 79-4801, and amendments thereto, on or before the 15th day of each month
3 in an amount certified monthly by the executive director and determined as
4 follows, whichever is greater:

5 (1) An amount equal to the moneys in the lottery operating fund in
6 excess of those needed for the purposes described in subsections (c)(1)
7 through (c)(5); or

8 (2) except for pull-tab lottery tickets and shares, an amount equal to
9 not less than 30% of total monthly revenues from the sales of lottery
10 tickets and shares less estimated returned tickets. In the case of pull-tab
11 lottery tickets and shares, an amount equal to not less than 20% of the total
12 monthly revenues from the sales of pull-tab lottery tickets and shares less
13 estimated returned tickets.

14 (e) (1) Subject to the limitations set forth in paragraph (2),
15 commencing in fiscal year 2019, on or before the 10th day of each month,
16 the director of the lottery shall certify to the director of accounts and
17 reports all net profits from the sale of lottery tickets and shares via lottery
18 ticket vending machines. Of such certified amount, the director of
19 accounts and reports shall transfer 75% from the lottery operating fund to
20 the community crisis stabilization centers fund of the Kansas department
21 for aging and disability services and 25% from the lottery operating fund
22 to the clubhouse model program fund of the Kansas department for aging
23 and disability services.

24 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in
25 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the
26 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.

27 Sec. 15. K.S.A. 74-8716 is hereby amended to read as follows: 74-
28 8716. (a) It is unlawful for the executive director, a member of the
29 commission or any employee of the Kansas lottery, or any person residing
30 in the household thereof to:

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

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

42 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
43 or a person who contracts or seeks to contract with the state to supply

1 gaming equipment, materials, tickets or consulting services for use in the
2 lottery to offer, pay, give or make any economic opportunity, gift, loan,
3 gratuity, special discount, favor or service, or hospitality other than food
4 and beverages, having an aggregate value of \$20 or more in any calendar
5 year to a person, knowing such person is the executive director, a member
6 of the commission or an employee of the Kansas lottery, or a person
7 residing in the household thereof.

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

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

16 (2) any licensee pursuant to the Kansas parimutuel racing act, other
17 than the Kansas lottery or a person holding a license on behalf of the
18 Kansas lottery, or any business ~~which~~ *that* sells goods or services to a
19 parimutuel licensee; *or*

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

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

26 (e) No person shall participate, directly or indirectly, as an owner,
27 owner-trainer or trainer of a horse or greyhound, or as a jockey of a horse,
28 entered in a race meeting conducted in this state while executive director, a
29 member of the commission or an employee of the Kansas lottery.

30 (f) It shall be unlawful for the executive director, a member of the
31 commission or an employee of the Kansas lottery to accept any
32 compensation, gift, loan, entertainment, favor or service from any lottery
33 gaming facility manager, subcontractor or agent of a lottery gaming
34 facility manager, manufacturer or vendor of electronic gaming machines or
35 central computer system provider.

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

43 (h) *It shall be unlawful for the executive director, a member of the*

1 *commission or an employee of the Kansas lottery to accept any*
2 *compensation, gift, loan, entertainment, favor or service from any*
3 *interactive sports wagering platform, subcontractor or agent of a*
4 *platform.*

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

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

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

14 Sec. 16. K.S.A. 74-8734 is hereby amended to read as follows: 74-
15 8734. (a) The Kansas lottery may operate one lottery gaming facility in
16 each gaming zone.

17 (b) Not more than 30 days after the effective date of this act the
18 lottery commission shall adopt and publish in the Kansas register the
19 procedure for receiving, considering and approving, proposed lottery
20 gaming facility management contracts. Such procedure shall include
21 provisions for review of competitive proposals within a gaming zone and
22 the date by which proposed lottery gaming facility management contracts
23 must be received by the lottery commission if they are to receive
24 consideration.

25 (c) The lottery commission shall adopt standards to promote the
26 integrity of the gaming and finances of lottery gaming facilities, which
27 shall apply to all management contracts, shall meet or exceed industry
28 standards for monitoring and controlling the gaming and finances of
29 gaming facilities and shall give the executive director sufficient authority
30 to monitor and control the gaming operation and to ensure its integrity and
31 security.

32 (d) The Kansas lottery commission may approve management
33 contracts with one or more prospective lottery gaming facility managers to
34 manage, or construct and manage, on behalf of the state of Kansas and
35 subject to the operational control of the Kansas lottery, a lottery gaming
36 facility or lottery gaming enterprise at specified destination locations
37 within the northeast, south central, southwest and southeast Kansas
38 gaming zones where the commission determines the operation of such
39 facility would promote tourism and economic development. The
40 commission shall approve or disapprove a proposed management contract
41 within 90 days after the deadline for receipt of proposals established
42 pursuant to subsection (b).

43 (e) In determining whether to approve a management contract with a

1 prospective lottery gaming facility manager to manage a lottery gaming
2 facility or lottery gaming enterprise pursuant to this section, the
3 commission shall take into consideration the following factors: The size of
4 the proposed facility; the geographic area in which such facility is to be
5 located; the proposed facility's location as a tourist and entertainment
6 destination; the estimated number of tourists that would be attracted by the
7 proposed facility; the number and type of lottery facility games to be
8 operated at the proposed facility; and agreements related to ancillary
9 lottery gaming facility operations.

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

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

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

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

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

40 (h) Any management contract approved by the commission under this
41 section shall:

42 (1) Have a maximum initial term of 15 years from the date of opening
43 of the lottery gaming facility. At the end of the initial term, the contract

- 1 may be renewed by mutual consent of the state and the lottery gaming
2 facility manager;
- 3 (2) specify the total amount to be paid to the lottery gaming facility
4 manager pursuant to the contract;
- 5 (3) establish a mechanism to facilitate payment of lottery gaming
6 facility expenses, payment of the lottery gaming facility manager's share of
7 the lottery gaming facility revenues and distribution of the state's share of
8 the lottery gaming facility revenues;
- 9 (4) include a provision for the lottery gaming facility manager to pay
10 the costs of oversight and regulation of the lottery gaming facility manager
11 and the operations of the lottery gaming facility by the Kansas racing and
12 gaming commission;
- 13 (5) establish the types of lottery facility games to be installed in such
14 facility;
- 15 (6) provide for the prospective lottery gaming facility manager, upon
16 approval of the proposed lottery gaming facility management contract, to
17 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
18 being selected as a lottery gaming facility manager of a lottery gaming
19 facility in the northeast or south central Kansas gaming zone and
20 \$5,500,000 for the privilege of being selected as a lottery gaming facility
21 manager of a lottery gaming facility in the southeast or southwest Kansas
22 gaming zone. Such fee shall be deposited in the state treasury and credited
23 to the lottery gaming facility manager fund, which is hereby created in the
24 state treasury;
- 25 (7) incorporate terms and conditions for the ancillary lottery gaming
26 facility operations;
- 27 (8) designate as key employees, subject to approval of the executive
28 director, any employees or contractors providing services or functions
29 which are related to lottery facility games authorized by a management
30 contract;
- 31 (9) include financing commitments for construction;
- 32 (10) include a resolution of endorsement from the city governing
33 body, if the proposed facility is within the corporate limits of a city, or
34 from the county commission, if the proposed facility is located in the
35 unincorporated area of the county;
- 36 (11) include a requirement that any parimutuel licensee developing a
37 lottery gaming facility pursuant to this act comply with all orders and rules
38 and regulations of the Kansas racing and gaming commission with regard
39 to the conduct of live racing, including the same minimum days of racing
40 as specified in K.S.A. 74-8746, and amendments thereto, for operation of
41 electronic gaming machines at racetrack gaming facilities;
- 42 (12) include a provision for the state to receive not less than 22% of
43 lottery gaming facility revenues, which shall be paid to the expanded

1 lottery act revenues fund established by K.S.A. 74-8768, and amendments
2 thereto;

3 (13) include a provision for 2% of lottery gaming facility revenues to
4 be paid to the problem gambling and addictions grant fund established by
5 K.S.A. 2018 Supp. 79-4805, and amendments thereto;

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

18 (15) (A) if the lottery gaming facility is located in the northeast or
19 southwest Kansas gaming zone and is not located within a city, include a
20 provision for payment of an amount equal to 3% of the lottery gaming
21 facility revenues to the county in which the lottery gaming facility is
22 located; or (B) if the lottery gaming facility is located in the northeast or
23 southwest Kansas gaming zone and is located within a city, include
24 provision for payment of an amount equal to 1.5% of the lottery gaming
25 facility revenues to the city in which the lottery gaming facility is located
26 and an amount equal to 1.5% of such revenues to the county in which such
27 facility is located;

28 (16) (A) if the lottery gaming facility is located in the southeast or
29 south central Kansas gaming zone and is not located within a city, include
30 a provision for payment of an amount equal to 2% of the lottery gaming
31 facility revenues to the county in which the lottery gaming facility is
32 located and an amount equal to 1% of such revenues to the other county in
33 such zone; or (B) if the lottery gaming facility is located in the southeast or
34 south central Kansas gaming zone and is located within a city, provide for
35 payment of an amount equal to 1% of the lottery gaming facility revenues
36 to the city in which the lottery gaming facility is located, an amount equal
37 to 1% of such revenues to the county in which such facility is located and
38 an amount equal to 1% of such revenues to the other county in such zone;

39 (17) allow the lottery gaming facility manager to manage the lottery
40 gaming facility in a manner consistent with this act and applicable law, but
41 shall place full, complete and ultimate ownership and operational control
42 of the gaming operation of the lottery gaming facility with the Kansas
43 lottery. The Kansas lottery shall not delegate and shall explicitly retain the

1 power to overrule any action of the lottery gaming facility manager
2 affecting the gaming operation without prior notice. The Kansas lottery
3 shall retain full control over all decisions concerning lottery gaming
4 facility games;

5 (18) include provisions for the Kansas racing and gaming
6 commission to oversee all lottery gaming facility operations, including, but
7 not limited to: Oversight of internal controls; oversight of security of
8 facilities; performance of background investigations, determination of
9 qualifications and credentialing of employees, contractors and agents of
10 the lottery gaming facility manager and of ancillary lottery gaming facility
11 operations, as determined by the Kansas racing and gaming commission;
12 auditing of lottery gaming facility revenues; enforcement of all state laws
13 and maintenance of the integrity of gaming operations; and

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

28 (i) *Any management contract approved by the commission under this*
29 *section may include provisions for conducting, operating and managing*
30 *sports wagering by the lottery gaming facility manager in accordance with*
31 *the Kansas sports wagering act. If a management contract includes such*
32 *provisions, then such contract shall include a provision for the state to*
33 *receive not less than 6.75% of the sports wagering revenues, which shall*
34 *be paid to the expanded lottery act revenues fund established by K.S.A. 74-*
35 *8768, and amendments thereto.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (3) *If a lottery gaming facility manager agrees to offer sports*
40 *wagering, the Kansas lottery shall be the licensee and owner of all*
41 *software programs used in offering sports wagering, and the lottery*
42 *gaming facility manager, on behalf of the state, shall purchase or lease for*
43 *the Kansas lottery any equipment or other property necessary for offering*

1 *sports wagering. All sports wagering shall be subject to the ultimate*
2 *control of the Kansas lottery in accordance with this act and the Kansas*
3 *sports wagering act.*

4 ~~(p)~~(p) A lottery gaming facility shall comply with any planning and
5 zoning regulations of the city or county in which it is to be located. The
6 executive director shall not contract with any prospective lottery gaming
7 facility manager for the operation and management of such lottery gaming
8 facility unless such manager first receives any necessary approval under
9 planning and zoning requirements of the city or county in which it is to be
10 located.

11 ~~(q)~~(q) Prior to expiration of the term of a lottery gaming facility
12 management contract, the lottery commission may negotiate a new lottery
13 gaming facility management contract with the lottery gaming facility
14 manager if the new contract is substantially the same as the existing
15 contract. Otherwise, the lottery gaming facility review board shall be
16 reconstituted and a new lottery gaming facility management contract shall
17 be negotiated and approved in the manner provided by this act.

18 Sec. 17. K.S.A. 74-8741 is hereby amended to read as follows: 74-
19 8741. (a) The executive director of the Kansas lottery shall negotiate a
20 racetrack gaming facility management contract to place electronic gaming
21 machines at one parimutuel licensee location in each gaming zone except
22 the southwest Kansas gaming zone. *The racetrack management contract*
23 *may also provide for the racetrack gaming facility manager to conduct,*
24 *operate and manage sports wagering as provided in subsection (d).*

25 (b) To be eligible to enter into a racetrack gaming facility
26 management contract the prospective racetrack gaming facility manager
27 shall, at a minimum:

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

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

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

37 (1) The term of the contract;

38 (2) provisions for the Kansas racing and gaming commission to
39 oversee all racetrack gaming facility operations, including, but not limited to:
40 Oversight of internal controls; oversight of security of facilities;
41 performance of background investigations, determination of qualifications
42 and any required certification or licensing of officers, directors, board
43 members, employees, contractors and agents of the racetrack gaming

1 facility manager; auditing of net electronic gaming machine income *and*
2 *sports wagering revenues* and maintenance of the integrity of electronic
3 gaming machine operations;

4 (3) provisions for the racetrack gaming facility manager to pay the
5 costs of oversight and regulation of the racetrack gaming facility manager
6 under this act and such manager's racetrack gaming facility operations by
7 the Kansas racing and gaming commission; and

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

22 (d) *Any management contract approved by the commission under*
23 *K.S.A. 74-8742, and amendments thereto, may include provisions for*
24 *conducting, operating and managing sports wagering by the racetrack*
25 *gaming facility manager in accordance with the Kansas sports wagering*
26 *act. If a management contract includes such provisions, then such contract*
27 *shall include a provision for the state to receive not less than 6.75% of the*
28 *sports wagering revenues, which shall be paid to the expanded lottery act*
29 *revenues fund established by K.S.A. 74-8768, and amendments thereto.*

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

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

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

38 (3) eligibility requirements for employees, contractors or agents of a
39 racetrack gaming facility manager who will have responsibility for or
40 involvement with electronic gaming machines or for the handling of cash
41 or tokens;

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

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

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

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

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

12 ~~(f)~~(g) A racetrack gaming facility management contract shall not
13 constitute property, nor shall it be subject to attachment, garnishment or
14 execution, nor shall it be alienable or transferable, except upon approval
15 by the executive director, nor shall it be subject to being encumbered or
16 hypothecated.

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

25 Sec. 18. K.S.A. 74-8751 is hereby amended to read as follows: 74-
26 8751. The Kansas racing and gaming commission, through rules and
27 regulations, shall establish:

28 (a) A certification requirement, and enforcement procedure, for
29 officers, directors, key employees and persons directly or indirectly
30 owning a 0.5% or more interest in a lottery gaming facility manager or
31 racetrack gaming facility manager. Such certification requirement shall
32 include compliance with such security, fitness and background
33 investigations and standards as the executive director of the Kansas racing
34 and gaming commission deems necessary to determine whether such
35 person's reputation, habits or associations pose a threat to the public
36 interest of the state or to the reputation of or effective regulation and
37 control of the lottery gaming facility or racetrack gaming facility. Any
38 person convicted of any felony, a crime involving gambling or a crime of
39 moral turpitude prior to applying for a certificate hereunder, or at any time
40 thereafter, shall be deemed unfit. The Kansas racing and gaming
41 commission shall conduct the security, fitness and background checks
42 required pursuant to this subsection. Certification pursuant to this
43 subsection shall not be assignable or transferable;

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

25 (c) provisions for revocation of a certification required by subsection
26 (a) or (b) upon a finding that the certificate holder, an officer or director
27 thereof or a person directly or indirectly owning a 0.5% or more interest
28 therein: (1) Has knowingly provided false or misleading material
29 information to the Kansas lottery or its employees; or (2) has been
30 convicted of a felony, gambling related offense or any crime of moral
31 turpitude; ~~and~~

32 (d) provisions for suspension, revocation or nonrenewal of a
33 certification required by subsection (a) or (b) upon a finding that the
34 certificate holder, an officer or director thereof or a person directly or
35 indirectly owning a 0.5% or more interest therein: (1) Has failed to notify
36 the Kansas lottery about a material change in ownership of the certificate
37 holder, or any change in the directors or officers thereof; (2) is delinquent
38 in remitting money owed to the Kansas lottery; (3) has violated any
39 provision of any contract between the Kansas lottery and the certificate
40 holder; or (4) has violated any provision of the Kansas expanded lottery
41 act or any rule and regulation adopted hereunder;

42 (e) *a certification requirement and enforcement procedure for: (1)*
43 *Employees of a lottery retailer; a lottery gaming facility manager or*

1 racetrack gaming facility manager who are directly involved in the
2 conduct, operation or management of sports wagering offered by such
3 retailer or manager; and (2) those persons, including interactive sports
4 wagering platforms and other technology and computer system providers,
5 who propose to contract with a lottery gaming facility manager, a
6 racetrack gaming facility manager or the state for the provision of goods
7 or services related to sports wagering, including management services.
8 Such certification requirement shall include compliance with such
9 security, fitness and background investigations and standards as the
10 executive director of the Kansas racing and gaming commission deems
11 necessary to determine whether such person's reputation, habits or
12 associations pose a threat to the public interest of the state or to the
13 reputation of or effective regulation and control of sports wagering offered
14 by the lottery gaming facility, racetrack gaming facility or the Kansas
15 lottery. Any person convicted of any felony, a crime involving gambling or
16 a crime of moral turpitude prior to applying for a certificate hereunder, or
17 at any time thereafter, shall be deemed unfit. Such certification shall be
18 valid for one year from the date of issuance. The Kansas racing and
19 gaming commission shall conduct the security, fitness and background
20 checks required pursuant to this subsection. Certification pursuant to this
21 subsection shall not be assignable or transferable; and

22 (f) provisions for suspension, revocation or nonrenewal of a
23 certification required by subsection (e) upon a finding that the certificate
24 holder: (1) Has knowingly provided false or misleading material
25 information to the Kansas lottery, the Kansas racing and gaming
26 commission or to the employees of either entity; (2) has been convicted of
27 a felony, gambling-related offense or any crime of moral turpitude; (3) has
28 violated any provision of any contract between the Kansas lottery and the
29 certificate holder; or (4) has violated any provision of the Kansas sports
30 wagering act or any rule and regulation adopted hereunder.

31 Sec. 19. K.S.A. 74-8752 is hereby amended to read as follows: 74-
32 8752. (a) The executive director of the Kansas lottery and the executive
33 director of the Kansas racing and gaming commission, or their designees,
34 may observe and inspect all electronic gaming machines, lottery facility
35 games, *sports wagering operations*, lottery gaming facilities, racetrack
36 gaming facilities and all related equipment and facilities operated by a
37 lottery gaming facility manager or racetrack gaming facility manager.

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

41 (1) Examine, or cause to be examined by any agent or representative
42 designated by such executive director, any books, papers, records or
43 memoranda of any lottery gaming facility manager or racetrack gaming

1 facility manager, or of any business involved in electronic gaming
2 machines or lottery facility games authorized pursuant to the Kansas
3 expanded lottery act, *or sports wagering operations authorized pursuant*
4 *to the Kansas sports wagering act*, for the purpose of ascertaining
5 compliance with any provision of the Kansas lottery act, the Kansas
6 expanded lottery act, *the Kansas sports wagering act* or any rules and
7 regulations adopted thereunder;

8 (2) investigate alleged violations of the Kansas expanded lottery act
9 *or the Kansas sports wagering act* and alleged violations of any rules and
10 regulations, orders and final decisions of the Kansas lottery commission,
11 the executive director of the Kansas lottery, the Kansas racing and gaming
12 commission or the executive director of the Kansas racing and gaming
13 commission;

14 (3) request a court to issue subpoenas to compel access to or for the
15 production of any books, papers, records or memoranda in the custody or
16 control of any lottery gaming facility manager or racetrack gaming facility
17 manager related to the management of the lottery gaming facility or
18 racetrack gaming facility, or to compel the appearance of any lottery
19 gaming facility manager or racetrack gaming facility manager for the
20 purpose of ascertaining compliance with the provisions of the Kansas
21 lottery act ~~and~~, the Kansas expanded lottery act, *the Kansas sports*
22 *wagering act* or rules and regulations adopted thereunder;

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

26 (5) take any other action as may be reasonable or appropriate to
27 enforce the provisions of the Kansas expanded lottery act *and the Kansas*
28 *sports wagering act*, and any rules and regulations, orders and final
29 decisions of the executive director of the Kansas lottery, the Kansas lottery
30 commission, the executive director of the Kansas racing commission or the
31 Kansas racing and gaming commission.

32 (c) Appropriate security measures shall be required in any and all
33 areas where electronic gaming machines and other lottery facility games
34 authorized pursuant to the Kansas expanded lottery act *and sports*
35 *wagering operations authorized pursuant to the Kansas sports wagering*
36 *act* are located or operated. The executive director of the Kansas racing
37 and gaming commission shall approve all such security measures.

38 (d) The executive director of the Kansas racing and gaming
39 commission shall require an annual audit of the operations of each lottery
40 gaming facility and ancillary lottery gaming facility operations and each
41 racetrack gaming facility as determined by the commission. Such audit
42 shall be conducted by the Kansas racing and gaming commission or a
43 licensed accounting firm approved by the executive director of the Kansas

1 racing and gaming commission and shall be conducted at the expense of
2 the lottery gaming facility manager or racetrack facility manager.

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

6 Sec. 20. K.S.A. 74-8760 is hereby amended to read as follows: 74-
7 8760. (a) Except in accordance with rules and regulations of the Kansas
8 racing and gaming commission or by written authority from the executive
9 director of the Kansas racing and gaming commission in performing
10 installation, maintenance, inspection and repair services, it is a class A
11 nonperson misdemeanor for the following to place a wager on or play an
12 electronic gaming machine game ~~or~~, a lottery facility game at a lottery
13 gaming facility *or place a sports wager with a lottery gaming facility* in
14 this state: The executive director of the Kansas lottery, a member of the
15 Kansas lottery commission or any employee or agent of the Kansas lottery;
16 the executive director, a member or any employee or agent of the Kansas
17 racing and gaming commission; or the lottery gaming facility manager or
18 any employee of the lottery gaming facility manager.

19 (b) Except in accordance with rules and regulations of the Kansas
20 racing and gaming commission or by written authority from the executive
21 director of the Kansas racing and gaming commission in performing
22 installation, maintenance, inspection and repair services, it is a class A
23 nonperson misdemeanor for the following to place a wager on or play an
24 electronic gaming machine at a racetrack gaming facility *or place a sports*
25 *wager with a racetrack gaming facility* in this state: The executive director
26 of the Kansas lottery, a member of the Kansas lottery commission or any
27 employee or agent of the Kansas lottery; the executive director, a member
28 or any employee or agent of the Kansas racing and gaming commission; or
29 the racetrack gaming facility manager or any employee of the racetrack
30 gaming facility manager.

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

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

39 (2) possess or use, while on premises where electronic gaming
40 machines are authorized pursuant to the Kansas expanded lottery act, any
41 cheating or thieving device, including, but not limited to, tools, wires,
42 drills, coins attached to strings or wires or electronic or magnetic devices
43 to facilitate removing from any electronic gaming machine any money or

1 contents thereof, except that a duly authorized agent or employee of the
2 Kansas racing and gaming commission, lottery gaming facility manager or
3 racetrack gaming facility manager may possess and use any of the
4 foregoing only in furtherance of the agent's or employee's employment at
5 the lottery gaming facility or racetrack gaming facility; or

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

11 (d) Any duly authorized agent or employee of the Kansas racing and
12 gaming commission, a lottery gaming facility manager or a racetrack
13 gaming facility manager may possess and use any of the devices described
14 in subsections (c)(3) and (c)(4) in furtherance of inspection or testing as
15 provided in the Kansas expanded lottery act or in furtherance of such
16 person's employment at any location where any electronic gaming machine
17 or similar gaming device or drop box is authorized pursuant to the Kansas
18 expanded lottery act.

19 Sec. 21. K.S.A. 74-8763 is hereby amended to read as follows: 74-
20 8763. Each person subject to a background check pursuant to the Kansas
21 expanded lottery act *or the Kansas sports wagering act* shall be subject to
22 a state and national criminal history records check which conforms to
23 applicable federal standards for the purpose of verifying the identity of the
24 applicant and whether the person has been convicted of any crime that
25 would disqualify the person from engaging in activities pursuant to this
26 act. The executive director is authorized to use the information obtained
27 from the national criminal history record check to determine the person's
28 eligibility to engage in such activities.

29 Sec. 22. K.S.A. 74-8765 is hereby amended to read as follows: 74-
30 8765. The Kansas lottery, lottery gaming facility managers, racetrack
31 gaming facility managers, lottery gaming facility management contracts
32 and racetrack gaming facility management contracts under the Kansas
33 expanded lottery act *and the Kansas sports wagering act* shall not be
34 subject to the provisions of and restrictions on major procurement
35 contracts, including, but not limited to, the provisions of K.S.A. 74-8705,
36 and amendments thereto.

37 Sec. 23. K.S.A. 74-8769 is hereby amended to read as follows: 74-
38 8769. Each person subject to a background check pursuant to the Kansas
39 expanded lottery act *or the Kansas sports wagering act* shall be subject to
40 a state and national criminal history records check which conforms to
41 applicable federal standards for the purpose of verifying the identity of the
42 applicant and whether the person has been convicted of any crime that
43 would disqualify the person from engaging in activities pursuant to this

1 act. The executive director of the Kansas racing and gaming commission is
2 authorized to use the information obtained from the national criminal
3 history record check to determine the person's eligibility to engage in such
4 activities.

5 Sec. 24. K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-
6 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and
7 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 are hereby repealed.

8 Sec. 25. This act shall take effect and be in force from and after its
9 publication in the statute book.