

HOUSE BILL No. 2390

By Committee on Federal and State Affairs

3-6

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 authorizing sports wagering; amending K.S.A. 74-8702, 74-8710, 74-
3 8716, 74-8733, 74-8734, 74-8741, 74-8751, 74-8752, 74-8757, 74-
4 8760 and 74-8766 and K.S.A. 2018 Supp. 21-6403 and repealing the
5 existing sections.
6

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

8 New Section 1. Lottery facility games, including sports wagering,
9 shall not be authorized, permitted or offered in the state of Kansas except
10 pursuant to the terms and conditions of any lottery gaming facility or
11 racetrack gaming facility management contract, or amended management
12 contract, approved by the commission under K.S.A. 74-8734 or 74-8741,
13 and amendments thereto.

14 New Sec. 2. Sports wagering operators shall immediately report to
15 the Kansas racing and gaming commission any information relating to:

16 (a) Criminal or disciplinary proceedings commenced against the
17 sports wagering operator in connection with the operations of such
18 operator;

19 (b) abnormal wagering activity or patterns that may indicate a
20 concern with the integrity of a sporting event;

21 (c) any conduct that corrupts a betting outcome of a sporting event for
22 purposes of financial gain, including, but not limited to, match fixing; or

23 (d) any wagering activities that the operator knows or suspects
24 violates federal or state law, including, but not limited to: (1) The use of
25 funds derived from illegal activity; (2) wagers placed to conceal money
26 derived from illegal activity; (3) using other individuals to place wagers;
27 and (4) the use of false identification when placing a wager.

28 New Sec. 3. Any person convicted of any felony or misdemeanor
29 offense involving sports wagering, including, but not limited to, the use of
30 funds derived from illegal activity to make wagers, placing wagers to
31 conceal money derived from illegal activity, the use of other individuals to
32 place wagers as part of any wagering scheme to circumvent any provision
33 of federal or state law, and the use of false identification to facilitate the
34 placement of any wager or the collection of any prize in violation of
35 federal or state law, shall be prohibited from placing a wager with a sports
36 wagering operator, provided that the operator has knowledge of such

1 conduct. The sports wagering operator shall take reasonable steps to
2 prevent any such person from placing sports wagers in this state.

3 New Sec. 4. Upon request by an individual, a sports wagering
4 operator shall restrict such person from placing sports wagers with the
5 operator and shall take reasonable measures to prevent such person from
6 placing sports wagers. The sports wagering operator shall submit the
7 restricted person's name and pertinent information to the Kansas racing
8 and gaming commission for the sole purpose of having such information
9 disseminated to all other sports wagering operators. Any sports wagering
10 operator that receives such person's information from the Kansas racing
11 and gaming commission shall restrict such person from placing sports
12 wagers.

13 New Sec. 5. (a) No person shall offer sports wagering on behalf of
14 the Kansas lottery or any lottery gaming facility manager or racetrack
15 gaming facility manager through an interactive sports wagering platform,
16 unless such person holds an interactive sports wagering platform license
17 issued by the Kansas racing and gaming commission. An applicant for an
18 interactive sports wagering platform license shall apply for such license in
19 such form and manner as prescribed by the Kansas racing and gaming
20 commission.

21 (b) The Kansas racing and gaming commission may revoke or
22 suspend an interactive sports wagering platform license, or may impose a
23 civil fine in an amount not to exceed \$10,000 per failure or violation, or
24 both, if the commission finds probable cause to believe that the licensee
25 knowingly violated any enforcement provision related to sports wagering
26 or any related rules and regulations adopted in connection therewith.

27 (c) Any information submitted to the Kansas racing and gaming
28 commission by an applicant pursuant to this section that contains
29 proprietary information, trade secrets, financial information or personally
30 identifiable information shall be considered confidential and exempt from
31 the open records act, K.S.A. 45-215 et seq., and amendments thereto. The
32 provisions of this subsection shall expire on July 1, 2024, unless the
33 legislature reviews and reenacts such provisions in accordance with K.S.A.
34 45-229, and amendments thereto, prior to July 1, 2024.

35 Sec. 6. K.S.A. 2018 Supp. 21-6403 is hereby amended to read as
36 follows: 21-6403. As used in K.S.A. 2018 Supp. 21-6403 through 21-
37 6409, and amendments thereto:

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

41 (1) Bona fide business transactions which are valid under the law of
42 contracts including, but not limited to, contracts for the purchase or sale at
43 a future date of securities or other commodities, and agreements to

1 compensation for loss caused by the happening of the chance including,
 2 but not limited to, contracts of indemnity or guaranty and life or health and
 3 accident insurance;

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

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

9 (4) any bingo game by or for participants managed, operated or
 10 conducted in accordance with the laws of the state of Kansas by an
 11 organization licensed by the state of Kansas to manage, operate or conduct
 12 games of bingo;

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

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

16 (7) tribal gaming;

17 (8) charitable raffles as defined by K.S.A. 2018 Supp. 75-5173, and
 18 amendments thereto; ~~or~~

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

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

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

25 (1) A lottery operated by the state pursuant to the Kansas lottery act;
 26 *or*

27 (2) tribal gaming;

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

36 (1) Participants in any bingo game managed, operated or conducted
 37 in accordance with the laws of the state of Kansas by any bona fide
 38 nonprofit religious, charitable, fraternal, educational or veteran
 39 organization licensed to manage, operate or conduct bingo games under
 40 the laws of the state of Kansas and it shall be conclusively presumed that
 41 such sums paid by or for such participants were intended by such
 42 participants to be for the benefit of the sponsoring organizations for the use
 43 of such sponsoring organizations in furthering the purposes of such

1 sponsoring organizations, as set forth in the appropriate paragraphs of
 2 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
 3 in K.S.A. 79-4701, and amendments thereto;

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

6 (3) participants in any system of parimutuel wagering managed,
 7 operated and conducted in accordance with the Kansas parimutuel racing
 8 act; or

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

10 (d) "fantasy sports league" means any fantasy or simulation sports
 11 game or contest in which no fantasy or simulation sports team is based on
 12 the current membership of an actual team that is a member of an amateur
 13 or professional sports organization and that meets the following
 14 conditions:

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

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

23 (3) no winning outcome is based:

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

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

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

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

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

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

36 (B) other machine, mechanical device, electronic device or other
 37 contrivance including, but not limited to, roulette wheels and similar
 38 devices, which are equipped with or designed to accommodate the addition
 39 of a mechanism that enables accumulated credits to be removed, is
 40 equipped with or designed to accommodate a mechanism to record the
 41 number of credits removed or is otherwise designed, manufactured or
 42 altered primarily for use in connection with gambling, and:

43 (i) Which when operated may deliver, as the result of chance, any

1 money or property; or

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

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

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

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

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

14 (A) Any machine, mechanical device, electronic device or other
15 contrivance used or for use by a licensee of the Kansas racing *and gaming*
16 commission as authorized by law and rules and regulations adopted by the
17 commission or by the Kansas lottery or Kansas lottery retailers as
18 authorized by law and rules and regulations adopted by the Kansas lottery
19 commission;

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

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

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

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

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

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

43 (g) "tribal gaming" means the same as in K.S.A. 74-9802, and

1 amendments thereto; and

2 (h) "tribal gaming commission" means the same as in K.S.A. 74-
3 9802, and amendments thereto.

4 Sec. 7. K.S.A. 74-8702 is hereby amended to read as follows: 74-
5 8702. As used in the Kansas lottery act, unless the context otherwise
6 requires:

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

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

13 (c) "Electronic gaming machine" means any electronic,
14 electromechanical, video or computerized device, contrivance or machine
15 authorized by the Kansas lottery which, upon insertion of cash, tokens,
16 electronic cards or any consideration, is available to play, operate or
17 simulate the play of a game authorized by the Kansas lottery pursuant to
18 the Kansas expanded lottery act, including, but not limited to, bingo,
19 poker, blackjack, keno and slot machines, and which may deliver or entitle
20 the player operating the machine to receive cash, tokens, merchandise or
21 credits that may be redeemed for cash. Electronic gaming machines may
22 use bill validators and may be single-position reel-type, single or multi-
23 game video and single-position multi-game video electronic game,
24 including, but not limited to, poker, blackjack and slot machines.
25 Electronic gaming machines shall be directly linked to a central computer
26 at a location determined by the executive director for purposes of security,
27 monitoring and auditing.

28 (d) "Executive director" means the executive director of the Kansas
29 lottery.

30 (e) "Gaming equipment" means any electric, electronic, computerized
31 or electromechanical machine, mechanism, supply or device or any other
32 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
33 the Kansas lottery act; and (2) integral to the operation of an electronic
34 gaming machine or lottery facility game; and (3) affects the results of an
35 electronic gaming machine or lottery facility game by determining win or
36 loss.

37 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
38 which consists of Wyandotte county; (2) the southeast Kansas gaming
39 zone, which consists of Crawford and Cherokee counties; (3) the south
40 central Kansas gaming zone, which consists of Sedgwick and Sumner
41 counties; and (4) the southwest Kansas gaming zone, which consists of
42 Ford county.

43 (g) "Gray machine" means any mechanical, electro-mechanical or

1 electronic device, capable of being used for gambling, that is: (1) Not
2 authorized by the Kansas lottery; (2) not linked to a lottery central
3 computer system; (3) available to the public for play; or (4) capable of
4 simulating a game played on an electronic gaming machine or any similar
5 gambling game authorized pursuant to the Kansas expanded lottery act.

6 (h) *"Interactive sports wagering platform" means sports wagering*
7 *made available over the internet through a program or application,*
8 *including, but not limited to, through websites and mobile device*
9 *applications that accept wagers or bets and pay prizes to persons*
10 *physically located within the geographical boundaries of the state of*
11 *Kansas by and through a lottery gaming facility manager or racetrack*
12 *gaming facility manager in accordance with the Kansas expanded lottery*
13 *act, K.S.A. 74-8733 et seq., and amendments thereto.*

14 (h)(i) (1) "Instant bingo vending machine" means a machine or
15 electronic device that is purchased or leased by a licensee, as defined by
16 K.S.A. 2018 Supp. 75-5173, and amendments thereto, from a distributor
17 who has been issued a distributor registration certificate pursuant to K.S.A.
18 2018 Supp. 75-5184, and amendments thereto, or leased from the Kansas
19 lottery in fulfillment of the Kansas lottery's obligations under an
20 agreement between the Kansas lottery and a licensee entered into pursuant
21 to K.S.A. 2018 Supp. 75-5189, and amendments thereto, and the sole
22 purpose of which is to:

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

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

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

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

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

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

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

36 (E) dispense any winnings;

37 (F) dispense any prize;

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

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

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

43 All physical instant bingo tickets dispensed by an instant bingo vending

1 machine shall be purchased by a licensee, as defined by K.S.A. 2018 Supp.
2 75-5173, and amendments thereto, from a registered distributor.

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

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

7 ~~(j)~~(k) "Lottery" or "state lottery" means the lottery or lotteries
8 operated pursuant to this act.

9 ~~(k)~~(l) "Lottery facility games" means any electronic gaming machines
10 and any other games which, ~~as of January 1, 2007~~, are authorized to be
11 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
12 9802, and amendments thereto, located within the boundaries of this state.

13 ~~(l)~~(m) "Lottery gaming enterprise" means an entertainment enterprise
14 which includes a lottery gaming facility authorized pursuant to the Kansas
15 expanded lottery act and ancillary lottery gaming facility operations that
16 have a coordinated business or marketing strategy. A lottery gaming
17 enterprise shall be designed to attract to its lottery gaming facility
18 consumers who reside outside the immediate area of such enterprise.

19 ~~(m)~~(n) "Lottery gaming facility" means that portion of a building
20 used for the purposes of operating, managing and maintaining lottery
21 facility games.

22 ~~(n)~~(o) "Lottery gaming facility expenses" means normal business
23 expenses, as defined in the lottery gaming facility management contract,
24 associated with the ownership and operation of a lottery gaming facility.

25 ~~(o)~~(p) "Lottery gaming facility management contract" means a
26 contract, subcontract or collateral agreement between the state and a
27 lottery gaming facility manager for the management of a lottery gaming
28 facility, the business of which is owned and operated by the Kansas lottery,
29 negotiated and signed by the executive director on behalf of the state.

30 ~~(p)~~(q) "Lottery gaming facility manager" means a corporation,
31 limited liability company, resident Kansas American Indian tribe or other
32 business entity authorized to construct and manage, or manage alone,
33 pursuant to a lottery gaming facility management contract with the Kansas
34 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
35 gaming facility.

36 ~~(q)~~(r) "Lottery gaming facility revenues" means the total revenues
37 from lottery facility games at a lottery gaming facility after all related
38 prizes are paid. *The term "lottery gaming facility revenues" does not*
39 *include sports wagering revenues.*

40 ~~(r)~~(s) (1) "Lottery machine" means any machine or device that allows
41 a purchaser to insert cash or other form of consideration and may deliver
42 as the result of an element of chance, regardless of the skill required by the
43 purchaser, a prize or evidence of a prize, including, but not limited to:

1 (A) Any machine or device in which the prize or evidence of a prize
 2 is determined by both chance and the purchaser's or purchasers' skill,
 3 including, but not limited to, any machine or device on which a lottery
 4 game or lottery games, such as poker or blackjack, are played; or

5 (B) any machine or device in which the prize or evidence of a prize is
 6 determined only by chance, including, but not limited to, any slot machine
 7 or bingo machine.

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

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

11 (B) any nonprescription drug machine authorized under K.S.A. 65-
 12 650, and amendments thereto;

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

15 (D) any machine excluded from the definition of gambling devices
 16 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2018 Supp. 21-
 17 6403, and amendments thereto;

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

20 (F) any lottery ticket vending machine; or

21 (G) any instant bingo vending machine.

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

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

27 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
 28 ticket, a pull tab ticket or a coupon, the coupon of which must be
 29 redeemed through something other than a lottery ticket vending machine,
 30 after a purchaser inserts cash or other form of consideration into the
 31 machine;

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

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

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

37 (A) Provide a visual or audio representation of an electronic gaming
 38 machine;

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

41 (C) automatically determine or display the winning status of any
 42 dispensed ticket;

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

1 (E) dispense any winnings;

2 (F) dispense any prize;

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

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

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

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

11 Lottery ticket vending machines may only dispense the printed physical
12 lottery ticket, keno ticket or pull tab ticket, including any free Kansas
13 lottery ticket received as a result of the purchase of another Kansas lottery
14 ticket, and change from a purchase to the purchaser. Any winnings from a
15 lottery ticket vending machine shall be redeemed only for cash or check by
16 a lottery retailer or by cash, check or other prize from the office of the
17 Kansas lottery.

18 ~~(v)~~(v) (1) "Major procurement" means any gaming product or service,
19 including, but not limited to, facilities, advertising and promotional
20 services, annuity contracts, prize payment agreements, consulting services,
21 equipment, tickets and other products and services unique to the Kansas
22 lottery, but not including materials, supplies, equipment and services
23 common to the ordinary operations of state agencies.

24 (2) "Major procurement" shall not mean any product, service or other
25 matter covered by or addressed in the Kansas expanded lottery act or a
26 lottery gaming facility management contract or racetrack gaming facility
27 management contract executed pursuant to the Kansas expanded lottery
28 act.

29 *(w) "Match fixing" means to arrange or determine the outcome of a*
30 *sports event for financial gain.*

31 ~~(x)~~(x) "Net electronic gaming machine income" means all cash or
32 other consideration utilized to play an electronic gaming machine operated
33 at a racetrack gaming facility, less all cash or other consideration paid out
34 to winning players as prizes.

35 ~~(y)~~(y) "Organization licensee" has the meaning provided by K.S.A.
36 74-8802, and amendments thereto.

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

39 ~~(aa)~~(aa) "Parimutuel licensee location" means a racetrack facility, as
40 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
41 by the parimutuel licensee. A parimutuel licensee location may include any
42 existing structure at such racetrack facility or any structure that may be
43 constructed on real estate where such racetrack facility is located.

- 1 ~~(z)~~(bb) "Person" means any natural person, association, limited
2 liability company, corporation or partnership.
- 3 ~~(aa)~~(cc) "Prize" means any prize paid directly by the Kansas lottery
4 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
5 any rules and regulations adopted pursuant to either act.
- 6 ~~(bb)~~(dd) "Progressive electronic game" means a game played on an
7 electronic gaming machine for which the payoff increases uniformly as the
8 game is played and for which the jackpot, determined by application of a
9 formula to the income of independent, local or interlinked electronic
10 gaming machines, may be won.
- 11 ~~(ee)~~(ee) "Racetrack gaming facility" means that portion of a
12 parimutuel licensee location where electronic gaming machines are
13 operated, managed and maintained.
- 14 ~~(dd)~~(ff) "Racetrack gaming facility management contract" means an
15 agreement between the Kansas lottery and a racetrack gaming facility
16 manager, negotiated and signed by the executive director on behalf of the
17 state, for placement of electronic gaming machines owned and operated by
18 the state at a racetrack gaming facility.
- 19 ~~(ee)~~(gg) "Racetrack gaming facility manager" means a parimutuel
20 licensee specifically certified by the Kansas lottery to become a certified
21 racetrack gaming facility manager and offer electronic gaming machines
22 for play at the racetrack gaming facility.
- 23 ~~(ff)~~(hh) "Returned ticket" means any ticket which was transferred to a
24 lottery retailer, which was not sold by the lottery retailer and which was
25 returned to the Kansas lottery for refund by issuance of a credit or
26 otherwise.
- 27 ~~(gg)~~(ii) "Share" means any intangible manifestation authorized by the
28 Kansas lottery to prove participation in a lottery game, except as provided
29 by the Kansas expanded lottery act.
- 30 (jj) *"Sporting event" means any professional or collegiate sport or*
31 *athletic event, motor race event or any other event for which a wager is*
32 *authorized by the commission that has not occurred at the time wagers are*
33 *placed on such event. The term "sporting event" does not include any*
34 *horse or greyhound race that is subject to the provisions of the Kansas*
35 *parimutuel racing act, K.S.A. 74-8801 et seq., and amendments thereto.*
36 *The term "sporting event" does not include any activity where the age of*
37 *the majority of the participants is less than 18 years.*
- 38 (kk) (1) *"Sports wagering" means placing a wager or bet on one or*
39 *more sporting events, or any portion thereof, or on the individual*
40 *performance statistics of athletes participating in a sporting event, or*
41 *combination of sporting events, by any system or method of wagering*
42 *approved by the commission at or through a lottery gaming facility or*
43 *racetrack gaming facility or through an interactive sports wagering*

1 platform. The term "sports wagering" shall include, but is not limited to,
2 single-game bets, teaser bets, parlays, over-under bets, moneyline, pools,
3 exchange wagerings, in-game wagering, in-play bets, proposition bets and
4 straight bets.

5 (2) The term "sports wagering" does not include parimutuel
6 wagering, as such term is defined in K.S.A. 74-8802, and amendments
7 thereto, or fantasy sports leagues, as such term is defined in K.S.A. 2018
8 Supp. 21-6403, and amendments thereto.

9 (ll) "Sports wagering operator" means any lottery gaming facility
10 manager or racetrack gaming facility manager that has entered into an
11 approved management contract, in accordance with the Kansas expanded
12 lottery act, that provides for operating and managing sports wagering,
13 including any licensed third-party that has contracted with such lottery
14 gaming facility manager or racetrack gaming facility manager.

15 (mm) "Sports wagering revenues" means wagering revenue
16 generated from sports betting that shall be an amount equal to the total
17 wagers less any voided wagers, applicable fees, federal excise taxes and
18 any amounts paid as prizes. Sports wagering revenues shall not be
19 considered lottery gaming facility revenues.

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

23 ~~(ii)~~(oo) "Token" means a representative of value, of metal or other
24 material, which is not legal tender, redeemable for cash only by the issuing
25 lottery gaming facility manager or racetrack gaming facility manager and
26 which is issued and sold by a lottery gaming facility manager or racetrack
27 gaming facility manager for the sole purpose of playing an electronic
28 gaming machine or lottery facility game.

29 ~~(jj)~~(pp) "Vendor" means any person who has entered into a major
30 procurement contract with the Kansas lottery.

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

37 (rr) "Wager" or "bet" means a bargain in which the parties agree
38 that, dependent upon chance, one stands to win or lose something of value
39 specified in the agreement.

40 Sec. 8. K.S.A. 74-8710 is hereby amended to read as follows: 74-
41 8710. (a) The commission, upon the recommendation of the executive
42 director, shall adopt rules and regulations governing the establishment and
43 operation of a state lottery, sales of lottery tickets—and, the operation of

1 lottery gaming facilities and racetrack gaming facilities *and the operation*
2 *of sports wagering* as necessary to carry out the purposes of the Kansas
3 lottery act and the Kansas expanded lottery act. Temporary rules and
4 regulations may be adopted by the commission without being subject to
5 the provisions and requirements of K.S.A. 77-415 through 77-438, and
6 amendments thereto, but shall be subject to approval by the attorney
7 general as to legality and shall be filed with the secretary of state and
8 published in the Kansas register. Temporary and permanent rules and
9 regulations may include, but shall not be limited to:

10 (1) Subject to the provisions of subsection (c), the types of lottery
11 games to be conducted, including, but not limited to, instant lottery, on-
12 line, traditional games, lottery facility games and electronic gaming
13 machine games but not including games on video lottery machines or
14 lottery machines.

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

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

21 (4) The frequency of the drawings or selections of winning tickets or
22 shares.

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

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

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

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

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

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

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

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

39 (13) Rules and regulations to implement, administer and enforce the
40 provisions of the Kansas expanded lottery act. Such rules and regulations
41 shall include, but not be limited to, rules and regulations which govern
42 management contracts and which are designed to: (A) Ensure the integrity
43 of electronic gaming machines ~~and~~, other lottery facility games, *sports*

1 *wagering* and the finances of lottery gaming facilities and racetrack
2 gaming facilities; and (B) *promote responsible gaming and alleviate*
3 *problem gambling*, including a requirement that each lottery gaming
4 facility and each racetrack gaming facility maintain a self-exclusion list by
5 which individuals may exclude themselves from access to electronic
6 gaming machines ~~and~~, other lottery facility games *and sports wagering*.

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

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

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

19 Sec. 9. K.S.A. 74-8716 is hereby amended to read as follows: 74-
20 8716. (a) It is unlawful for the executive director, a member of the
21 commission or any employee of the Kansas lottery, or any person residing
22 in the household thereof to:

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

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

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

43 (c) It shall be unlawful for any person to serve as executive director, a

1 member of the commission or an employee of the Kansas lottery while or
2 within five years after holding, either directly or indirectly, a financial
3 interest or being employed by or a consultant to any of the following:

4 (1) Any lottery gaming facility manager, subcontractor or agent of a
5 lottery gaming facility manager, manufacturer or vendor of electronic
6 gaming machines, *interactive sports wagering platform licensee* or central
7 computer system provider, or any business ~~which~~ that sells goods or
8 services to a lottery gaming facility manager; or

9 (2) any licensee pursuant to the Kansas parimutuel racing act, other
10 than the Kansas lottery or a person holding a license on behalf of the
11 Kansas lottery, or any business which sells goods or services to a
12 parimutuel licensee.

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

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

21 (f) It shall be unlawful for the executive director, a member of the
22 commission or an employee of the Kansas lottery to accept any
23 compensation, gift, loan, entertainment, favor or service from any lottery
24 gaming facility manager, subcontractor or agent of a lottery gaming
25 facility manager, manufacturer or vendor of electronic gaming machines,
26 *interactive sports wagering platform licensee* or central computer system
27 provider.

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

35 (h) Violation of this section is a class A misdemeanor.

36 (i) If the executive director, a member of the commission or an
37 employee of the Kansas lottery, or any person residing in the household
38 thereof, is convicted of an act described by this section, such executive
39 director, member or employee shall be removed from office or
40 employment with the Kansas lottery.

41 (j) In addition to the provisions of this section, all other provisions of
42 law relating to conflicts of interest of state employees shall apply to the
43 members of the commission and employees of the Kansas lottery.

1 Sec. 10. K.S.A. 74-8733 is hereby amended to read as follows: 74-
2 8733. (a) K.S.A. 74-8733 through 74-8773, and amendments thereto, *and*
3 *sections 1 through 5, and amendments thereto*, shall be known and may be
4 cited as the Kansas expanded lottery act. The Kansas expanded lottery act
5 shall be *a* part of and supplemental to the Kansas lottery act.

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

10 (c) Any action challenging the constitutionality of or arising out of
11 any provision of this act, any lottery gaming facility management contract
12 or any racetrack gaming facility management contract entered into
13 pursuant to this act shall be brought in the district court of Shawnee
14 county.

15 Sec. 11. K.S.A. 74-8734 is hereby amended to read as follows: 74-
16 8734. (a) The Kansas lottery may operate one lottery gaming facility in
17 each gaming zone.

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

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

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

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

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

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

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

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

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

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

43 (1) Have a maximum initial term of 15 years from the date of opening

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

1 lottery gaming facility revenues, which shall be paid to the expanded
2 lottery act revenues fund established by K.S.A. 74-8768, and amendments
3 thereto;

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

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

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

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

40 (17) allow the lottery gaming facility manager to manage the lottery
41 gaming facility in a manner consistent with this act and applicable law, but
42 shall place full, complete and ultimate ownership and operational control
43 of the gaming operation of the lottery gaming facility with the Kansas

1 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
2 power to overrule any action of the lottery gaming facility manager
3 affecting the gaming operation without prior notice. The Kansas lottery
4 shall retain full control over all decisions concerning lottery gaming
5 facility games *and sports wagering*;

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

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

32 (i) *Any management contract approved by the commission under this*
33 *section may include provisions for operating and managing sports*
34 *wagering by the lottery gaming facility manager in person at the lottery*
35 *gaming facility and over the internet via an interactive sports wagering*
36 *platform, provided that each lottery gaming facility shall be limited to one*
37 *interactive sports wagering platform. Subject to the approval of the*
38 *commission and operational control of the Kansas lottery, such provisions*
39 *may authorize the lottery gaming facility manager on behalf of the Kansas*
40 *lottery to contract with a third party to provide ancillary services related*
41 *to sports wagering, including, but not limited to, banking for sports*
42 *wagering operations, setting of odds for sports wagering and supplying*
43 *equipment, software and any other items ancillary to processing sports*

1 wagers at the lottery gaming facility and over the internet via an
2 interactive sports wagering platform. If a management contract includes
3 such provisions, then such contract shall include a provision for the state
4 to receive 6.75% of the sports wagering revenues, which shall be paid to
5 the expanded lottery act revenues fund established by K.S.A. 74-8768, and
6 amendments thereto, and the remaining sports wagering revenues shall be
7 distributed to the lottery gaming facility manager.

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

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

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

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

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

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

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

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

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

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

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

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

1 operate pursuant to the management contract under order of the
2 appropriate court for no longer than one year after the bankruptcy or
3 insolvency of such manager.

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

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

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

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

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

33 Sec. 12. K.S.A. 74-8741 is hereby amended to read as follows: 74-
34 8741. (a) The executive director of the Kansas lottery shall negotiate a
35 racetrack gaming facility management contract to place electronic gaming
36 machines at one parimutuel licensee location in each gaming zone except
37 the southwest Kansas gaming zone. *The racetrack management contract*
38 *may also provide for the racetrack gaming facility manager to operate and*
39 *manage sports wagering as provided in subsection (d).*

40 (b) To be eligible to enter into a racetrack gaming facility
41 management contract the prospective racetrack gaming facility manager
42 shall, at a minimum:

43 (1) Have sufficient access to financial resources to support the

1 activities required of a racetrack gaming facility manager under the Kansas
2 expanded lottery act; and

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

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

9 (1) The term of the contract;

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

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

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

38 (d) *Any management contract approved by the commission under*
39 *K.S.A. 74-8742, and amendments thereto, may include provisions for*
40 *operating and managing sports wagering by the racetrack gaming*
41 *facility manager in person at the racetrack gaming facility and over the*
42 *internet via an interactive sports wagering platform, provided that each*
43 *racetrack gaming facility shall be limited to one interactive sports*

1 wagering platform. Subject to the approval of the commission and
2 operational control of the Kansas lottery, such provisions may authorize
3 the racetrack gaming facility manager on behalf of the Kansas lottery to
4 contract with a third party to provide ancillary services related to sports
5 wagering, including, but not limited to, banking for sports wagering
6 operations, setting of odds for sports wagering and supplying equipment,
7 software and any other items ancillary to processing sports wagers at the
8 racetrack gaming facility and over the internet via an interactive sports
9 wagering platform. If a management contract includes such provisions,
10 then such contract shall include a provision for the state to receive 6.75%
11 of the sports wagering revenues, which shall be paid to the expanded
12 lottery act revenues fund established by K.S.A. 74-8768, and amendments
13 thereto, and the remaining sports wagering revenues shall be distributed
14 to the racetrack gaming facility manager.

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

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

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

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

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

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

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

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

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

40 ~~(f)~~(g) A racetrack gaming facility management contract shall not
41 constitute property, nor shall it be subject to attachment, garnishment or
42 execution, nor shall it be alienable or transferable, except upon approval
43 by the executive director, nor shall it be subject to being encumbered or

1 hypothecated.

2 *(h) If a racetrack gaming facility manager agrees to conduct sports*
3 *wagering, the Kansas lottery shall be the licensee and owner of all*
4 *software programs used in conducting sports wagering, and the racetrack*
5 *gaming facility manager, on behalf of the state, shall purchase or lease for*
6 *the Kansas lottery any equipment or other property necessary for*
7 *conducting sports wagering, including any interactive sports wagering*
8 *platform. All sports wagering shall be subject to the ultimate control of the*
9 *Kansas lottery in accordance with the Kansas expanded lottery act.*

10 Sec. 13. K.S.A. 74-8751 is hereby amended to read as follows: 74-
11 8751. The Kansas racing and gaming commission, through rules and
12 regulations, shall establish:

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

29 (b) a certification requirement, and enforcement procedure, for those
30 persons, including electronic gaming machine manufacturers, technology
31 providers and computer system providers, who propose to contract with a
32 lottery gaming facility manager, a racetrack gaming facility manager or the
33 state for the provision of goods or services related to a lottery gaming
34 facility or racetrack gaming facility, including management services. Such
35 certification requirements shall include compliance with such security,
36 fitness and background investigations and standards of officers, directors,
37 key gaming employees and persons directly or indirectly owning a ~~0.5%~~
38 5% or more interest in such entity as the executive director of the Kansas
39 racing and gaming commission deems necessary to determine whether
40 such person's reputation, habits and associations pose a threat to the public
41 interest of the state or to the reputation of or effective regulation and
42 control of the lottery gaming facility or racetrack gaming facility. Any
43 person convicted of any felony, a crime involving gambling or a crime of

1 moral turpitude prior to applying for a certificate hereunder or at any time
2 thereafter shall be deemed unfit. If the executive director of the racing and
3 gaming commission determines the certification standards of another state
4 are comprehensive, thorough and provide similar adequate safeguards, the
5 executive director may certify an applicant already certified in such state
6 without the necessity of a full application and background check. The
7 Kansas racing and gaming commission shall conduct the security, fitness
8 and background checks required pursuant to this subsection. Certification
9 pursuant to this subsection shall not be assignable or transferable;

10 (c) provisions for revocation of a certification required by subsection
11 (a) or (b) upon a finding that the certificate holder, an officer or director
12 thereof or a person directly or indirectly owning a ~~0.5%~~ 5% or more
13 interest therein: (1) Has knowingly provided false or misleading material
14 information to the Kansas lottery or its employees; or (2) has been
15 convicted of a felony, gambling related offense or any crime of moral
16 turpitude; ~~and~~

17 (d) provisions for suspension, revocation or nonrenewal of a
18 certification required by subsection (a) or (b) upon a finding that the
19 certificate holder, an officer or director thereof or a person directly or
20 indirectly owning a ~~0.5%~~ 5% or more interest therein: (1) Has failed to
21 notify the Kansas lottery about a material change in ownership of the
22 certificate holder, or any change in the directors or officers thereof; (2) is
23 delinquent in remitting money owed to the Kansas lottery; (3) has violated
24 any provision of any contract between the Kansas lottery and the
25 certificate holder; or (4) has violated any provision of the Kansas
26 expanded lottery act or any rule and regulation adopted hereunder;

27 (e) *a certification requirement and enforcement procedure for: (1)*
28 *Employees of a lottery gaming facility manager or racetrack gaming*
29 *facility manager who are directly involved in the conduct, operation or*
30 *management of sports wagering conducted by such manager; and (2)*
31 *those persons who propose to contract with a lottery gaming facility*
32 *manager or a racetrack gaming facility manager for the provision of*
33 *goods or services related to sports wagering. Such certification*
34 *requirement shall include compliance with such security, fitness and*
35 *background investigations and standards as the executive director of the*
36 *Kansas racing and gaming commission deems necessary to determine*
37 *whether such person's reputation, habits or associations pose a threat*
38 *to the public interest of the state or to the reputation of or effective*
39 *regulation and control of sports wagering conducted by the lottery gaming*
40 *facility or racetrack gaming facility. Any person convicted of any*
41 *felony, a crime involving gambling or a crime of moral turpitude prior to*
42 *applying for a certificate hereunder or at any time thereafter shall be*
43 *deemed unfit. Such certification shall be valid for one year from the date*

1 *of issuance. The Kansas racing and gaming commission shall conduct the*
2 *security fitness and background checks required pursuant to this*
3 *subsection. Certification pursuant to this subsection shall not be*
4 *assignable or transferable; and*

5 *(f) provisions for suspension, revocation or nonrenewal of a*
6 *certification required by subsection (e) upon a finding that the certificate*
7 *holder has: (1) Knowingly provided false or misleading material*
8 *information to the Kansas lottery, the Kansas racing and gaming*
9 *commission or to the employees of either entity; (2) been convicted of a*
10 *felony, gambling-related offense or any crime of moral turpitude; (3)*
11 *violated any provision of any contract between the Kansas lottery and*
12 *the certificate holder; or (4) violated any provision of the Kansas*
13 *expanded lottery act or any rule and regulation adopted hereunder.*

14 Sec. 14. K.S.A. 74-8752 is hereby amended to read as follows: 74-
15 8752. (a) The executive director of the Kansas lottery and the executive
16 director of the Kansas racing and gaming commission, or their designees,
17 may observe and inspect all electronic gaming machines, lottery facility
18 games, *sports wagering operations*, lottery gaming facilities, racetrack
19 gaming facilities and all related equipment and facilities operated by a
20 lottery gaming facility manager or racetrack gaming facility manager.

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

24 (1) Examine, or cause to be examined by any agent or representative
25 designated by such executive director, any books, papers, records or
26 memoranda of any lottery gaming facility manager or racetrack gaming
27 facility manager, or of any business involved in electronic gaming
28 machines—~~or~~, lottery facility games *or sports wagering operations*
29 authorized pursuant to the Kansas expanded lottery act, for the purpose of
30 ascertaining compliance with any provision of the Kansas lottery act, the
31 Kansas expanded lottery act, or any rules and regulations adopted
32 thereunder;

33 (2) investigate alleged violations of the Kansas expanded lottery act
34 and alleged violations of any rules and regulations, orders and final
35 decisions of the Kansas lottery commission, the executive director of the
36 Kansas lottery, the Kansas racing and gaming commission or the executive
37 director of the Kansas racing and gaming commission;

38 (3) request a court to issue subpoenas to compel access to or for the
39 production of any books, papers, records or memoranda in the custody or
40 control of any lottery gaming facility manager or racetrack gaming facility
41 manager related to the management of the lottery gaming facility or
42 racetrack gaming facility, or to compel the appearance of any lottery
43 gaming facility manager or racetrack gaming facility manager for the

1 purpose of ascertaining compliance with the provisions of the Kansas
2 lottery act and the Kansas expanded lottery act or rules and regulations
3 adopted thereunder;

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

7 (5) take any other action as may be reasonable or appropriate to
8 enforce the provisions of the Kansas expanded lottery act and any rules
9 and regulations, orders and final decisions of the executive director of the
10 Kansas lottery, the Kansas lottery commission, the executive director of
11 the Kansas racing commission or the Kansas racing and gaming
12 commission.

13 (c) Appropriate security measures shall be required in any and all
14 areas where electronic gaming machines, *sports wagering* and other lottery
15 facility games authorized pursuant to the Kansas expanded lottery act are
16 located or operated. The executive director of the Kansas racing and
17 gaming commission shall approve all such security measures.

18 (d) The executive director of the Kansas racing and gaming
19 commission shall require an annual audit of the operations of each lottery
20 gaming facility and ancillary lottery gaming facility operations and each
21 racetrack gaming facility as determined by the commission. Such audit
22 shall be conducted by the Kansas racing and gaming commission or a
23 licensed accounting firm approved by the executive director of the Kansas
24 racing and gaming commission and shall be conducted at the expense of
25 the lottery gaming facility manager or racetrack facility manager.

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

29 Sec. 15. K.S.A. 74-8757 is hereby amended to read as follows: 74-
30 8757. (a) A person less than 21 years of age shall not be permitted in an
31 area where electronic gaming machines or lottery facility games are being
32 conducted, except for a person at least 18 years of age who is an employee
33 of the lottery gaming facility manager or the racetrack gaming facility
34 manager. No employee under age 21 shall perform any function involved
35 in gaming by the patrons.

36 (b) No person under age 21 shall play or make a wager on an
37 electronic gaming machine game or a lottery facility game.

38 (c) *No person under age 21 shall directly or indirectly make a wager*
39 *on any sporting event or events or otherwise be permitted to engage in*
40 *sports wagering.*

41 Sec. 16. K.S.A. 74-8760 is hereby amended to read as follows: 74-
42 8760. (a) Except in accordance with rules and regulations of the Kansas
43 racing and gaming commission or by written authority from the executive

1 director of the Kansas racing and gaming commission in performing
2 installation, maintenance, inspection and repair services, it is a class A
3 nonperson misdemeanor for the following to place a wager on or play an
4 electronic gaming machine game or a lottery facility game at a lottery
5 gaming facility *or place a sports wager with a lottery gaming facility* in
6 this state: The executive director of the Kansas lottery, a member of the
7 Kansas lottery commission or any employee or agent of the Kansas lottery;
8 the executive director, a member or any employee or agent of the Kansas
9 racing and gaming commission; or the lottery gaming facility manager or
10 any employee of the lottery gaming facility manager.

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

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

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

31 (2) possess or use, while on premises where electronic gaming
32 machines are authorized pursuant to the Kansas expanded lottery act, any
33 cheating or thieving device, including, but not limited to, tools, wires,
34 drills, coins attached to strings or wires or electronic or magnetic devices
35 to facilitate removing from any electronic gaming machine any money or
36 contents thereof, except that a duly authorized agent or employee of the
37 Kansas racing and gaming commission, lottery gaming facility manager or
38 racetrack gaming facility manager may possess and use any of the
39 foregoing only in furtherance of the agent's or employee's employment at
40 the lottery gaming facility or racetrack gaming facility; or

41 (3) possess or use while on the premises of a lottery gaming facility
42 or racetrack gaming facility, or any location where electronic gaming
43 machines are authorized pursuant to this act, any key or device designed

1 for the purpose of or suitable for opening or entering any electronic
2 gaming machine or similar gaming device or drop box.

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

11 Sec. 17. K.S.A. 74-8766 is hereby amended to read as follows: 74-
12 8766. (a) There is hereby established in the state treasury the expanded
13 lottery receipts fund. Separate accounts shall be maintained in such fund
14 for receipt of moneys from each lottery gaming facility manager and
15 racetrack gaming facility manager. All expenditures from the fund shall be
16 made in accordance with appropriation acts upon warrants of the director
17 of accounts and reports issued pursuant to vouchers approved by the
18 executive director for the purposes set forth in this act.

19 (b) All lottery gaming facility revenues from lottery gaming facilities
20 and all net electronic gaming machine income from racetrack gaming
21 facilities shall be paid daily and electronically to the executive director. *All*
22 *sports wagering revenues shall be paid weekly and electronically to the*
23 *executive director; but in no event prior to the completion and settling of*
24 *all bets for the sporting events for which wagers were placed.* The
25 executive director shall remit all moneys received therefrom to the state
26 treasurer in accordance with K.S.A. 75-4215, and amendments thereto.
27 Upon receipt of the remittance, the state treasurer shall deposit the entire
28 amount in the state treasury and credit it to the respective account
29 maintained for the lottery gaming facility manager or racetrack gaming
30 facility manager in the expanded lottery receipts fund.

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

1 facility managers in accordance with K.S.A. 74-8747, and amendments
2 thereto, *and the racetrack gaming facility management contract.*

3 (d) Amounts remaining in an account in the expanded lottery receipts
4 fund after transfers and payments pursuant to subsection (c) shall be
5 distributed in accordance with the related lottery gaming facility
6 management contract or racetrack gaming facility management contract.

7 Sec. 18. K.S.A. 74-8702, 74-8710, 74-8716, 74-8733, 74-8734, 74-
8 8741, 74-8751, 74-8752, 74-8757, 74-8760 and 74-8766 and K.S.A. 2018
9 Supp. 21-6403 are hereby repealed.

10 Sec. 19. This act shall take effect and be in force from and after its
11 publication in the statute book.