

3-22-22

House Bill 2740—Sports Wagering Summary

Sec 1. The Kansas lottery may offer sports wagering through one or more lottery gaming facility managers that have contracted with the Kansas lottery in accordance with the Kansas expanded lottery act to operate and manage sports wagering on behalf of the Kansas lottery, including, but not limited to, sports wagering over the internet through websites and mobile device applications, through an interactive sports wagering platform approved by the Kansas lottery and the use of any such platform at the primary facility of a professional sports team or other marketing entity pursuant to a marketing agreement entered into between the lottery gaming facility manager and the professional sports team or other marketing entity.

Sec 2. Each lottery gaming facility manager shall be limited to three interactive sports wagering platforms that shall be approved by the executive director. Any lottery gaming facility manager may enter into a contract on behalf of the Kansas lottery with an approved-- interactive sports wagering platform.

A sports wagering manager shall only accept wagers placed through an interactive sports wagering platform from individuals who are physically located within the state of Kansas at the time of submitting the wager.

A lottery gaming facility manager may apply to the Kansas lottery for approval of one additional graphical user interface specific to a professional sports team that has a marketing agreement with such lottery gaming facility manager to be used to access an interactive sports wagering platform

Sec 3. No person shall provide goods, services, software or any other components necessary for the determination of the odds or the outcomes of any wager on a sporting event, directly or indirectly, to a lottery gaming facility manager, including data feeds and odds services, unless such person holds a license. The commission shall establish the fee for the issuance and renewal of a sports wagering supplier license and provisional sports wagering supplier license. A sports wagering supplier license shall be valid for a period of two years.

Sec 4. A professional sports team or other marketing entity may enter into a marketing agreement with a lottery gaming facility manager for the purpose of marketing sports wagering at the primary facility of such professional sports team or the premises of such other marketing entity. Promotion may include:

--Advertising through signage and other media, including electronic media; -- allowing devices, such as kiosks, to be located within the primary facility of the professional sports team to allow patrons to engage in sports wagering; and

--providing access to mobile device applications that allow patrons to access the interactive sports wagering platforms utilized by the lottery gaming facility manager operating and managing sports wagering at the primary facility or other premises.

If the primary facility or other premises specified in the marketing agreement is located outside a gaming zone, then all sports wagering at such facility or other premises shall be conducted through an interactive sports wagering platform.

Any lottery gaming facility manager may enter into marketing agreements with not more than 50 marketing entities. Not fewer than 10 such agreements shall be with a nonprofit fraternal or veterans' organizations.

Sec 5. The executive director shall adopt rules and regulations regarding the advertisement for sports wagering.

Sec 6. The Kansas lottery may restrict, limit or exclude wagering on one or more sporting events by providing notice to all lottery gaming facility managers in such form and manner as prescribed by the executive director.

Sec 7. Lottery gaming facility managers shall use reasonable methods to prohibit certain individuals listed from placing wagers and shall cooperate with investigations conducted by the Kansas lottery, the Kansas racing and gaming commission and law enforcement. Information provided by a sports governing body to a lottery gaming facility manager shall be confidential and not subject to the open records act. Lottery gaming facility managers may use data for determining the result of sports wagers from any source that provides certified league data approved by the executive director

Sec 8. Lottery gaming facility managers shall maintain records of:

- (1) All wagers placed, including personally identifiable information of the person placing the wager;
- (2) the amount and type of wager;
- (3) the time the wager was placed;
- (4) the location of the wager, including the IP address, if applicable;
- (5) the outcome of the wager;
- (6) any records of abnormal wagering activity; and
- (7) video camera recordings, in the case of in-person wagers.

Such records shall be maintained for at least three years.

Sec 9. The state shall have a cause of action against any person who knowingly engages in, facilitates or conceals conduct that intends to improperly influence a betting outcome of a sporting event for purposes of financial gain, in connection with betting or wagering on a sporting event. The state may seek damages or other equitable relief.

Sec 10. Upon request by an individual, a lottery gaming facility manager shall restrict such individual from placing sports wagers.

Sec 11. There is hereby established in the state treasury the sports wagering receipts fund to be administered by the executive director of the Kansas lottery. All revenues from sports wagering conducted by lottery gaming facility managers shall be paid weekly and electronically to the executive director, or as soon as reasonably possible based on the sporting event and the wager placed, but in no event prior to the completion and settling of all bets for the sporting events for which wagers were placed. At least once each month, the executive director shall cause amounts from each such account to be paid to the lottery gaming facility managers.

Sec. 12. There is hereby established in the state treasury the white collar crime fund to be administered by the governor. All moneys credited to the white collar crime fund shall be expended only for the purpose of investigating and prosecuting:

Criminal offenses involving or facilitated by:

--The use of funds derived from illegal activity to make wagers;

- placing wagers to conceal money derived from illegal activity;
- the use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law;
- the use of false identification to facilitate the placement of any wager or the collection of any prize in violation of federal or state law;
- any other unlawful activity involving or facilitated by the placing of wagers;
- any other violation of the Kansas expanded lottery act; or
- any financial or economic crime involving any unauthorized gambling.

The attorney general and the executive director of the Kansas racing and gaming commission annually, on or before August 1, shall submit requests to the governor for the amount of such sums that they consider necessary to carry out the purposes of the white collar crime fund.

Sec 13. Upon receipt of a request to negotiate an existing gaming compact or a new gaming compact regarding sports wagering from a federally recognized Indian tribe pursuant to section 17, and amendments thereto, the governor shall submit notice of such request to the executive director. Upon receipt of such notice, the executive director shall enter into an agreement with the federally recognized Indian tribe that made such request for the operation and management of sports wagering by such tribe or any corporation, limited liability company or other business entity wholly owned by such tribe on behalf of the state of Kansas.

Sec 14. Wagering on one or more historical horse races is hereby authorized and may be conducted in accordance with the provisions of the Kansas parimutuel racing act.

(b) Parimutuel wagering on historical horse races shall only be conducted by an organization licensee at a facility located in Sedgwick county and only through historical horse race machines approved by the commission. No historical horse race machines shall be operated at any facility that conducts live greyhound races or displays simulcast greyhound races.

Not more than 1,000 historical horse race machines shall be placed and operated at a racetrack facility. No parimutuel wagering or other type of wagering on historical horse races shall be conducted over the internet or a digital cellular network, including through any website or mobile device application.

Sec 15. Prior to the operation of any historical horse race machines pursuant to section 14, and amendments thereto, the executive director shall provide written notice to any lottery gaming facility manager managing a lottery gaming facility located in the same gaming zone as a racetrack facility where such historical horse race machines are to be operated.

Any monetary damages awarded in any action brought pursuant to this section shall not exceed an amount equal to the privilege fee paid by the lottery gaming facility manager filing such action, plus any interest from the date such action accrued. If the final judgment of the court orders the repayment of the privilege fees, or any portion thereof, paid by the lottery gaming facility manager, including any interest from the date such action accrued, as specified in subsection (b), the executive director shall determine the total amount due for such repayment in accordance with such order and certify such repayment amount to the facility manager licensee for the racetrack facility.

The privilege fee repayment fund is hereby created in the state treasury and shall be administered by the Kansas lottery. The privilege fee repayment fund shall consist of those moneys credited to the privilege fee repayment fund from any payments received.

The facility manager licensee repayment fund is hereby created in the state treasury and shall be administered by the Kansas racing and gaming commission. The facility manager licensee

repayment fund shall consist of those moneys credited to the facility manager licensee repayment fund pursuant to subsection (f).

Sec 16. The provisions of sections 14 and 15, and amendments thereto, are hereby declared to be severable.

Sec 17. If any federally recognized Indian tribe submits a request for negotiation of a gaming compact regarding sports wagering in accordance with K.S.A. 46-2302, and amendments thereto, the governor or the governor's designated representative shall negotiate in good faith with such Indian tribe to enter into such gaming compact. No compact shall include sports wagering beyond the boundaries of the compacting tribe's Indian lands, within the meaning of the Indian gaming regulatory act.

Sec. 18. The crime of misuse of nonpublic sports information is created and defined as placing or causing to be placed a bet or wager on a sports contest on the basis of material nonpublic information relating to such bet or wager. Misuse of nonpublic sports information is a severity level 5, nonperson felony.

Sec 19. This section amends the criminal statute, K.S.A. 21-6403, dealing with gambling definitions to amend the definition of "Bet" to exclude sports wagering.

Sec 20. The crime of sports bribery, K.S.A. 21-6507, is amended to include match fixing as a severity level 5, nonperson felony.

Sec. 21. The Indian gaming compact act is amended to include Sec. 17 as part of that act.

Sec 22. The definitions section of the Kansas lottery act is amended to add the following definitions or clarifications to definitions:

--electronic gaming machine definition is clarified so that it does not include an historic horse race machine

--interactive sports wagering platform

--lottery facility games does not include sports wagering or historic horse race machines

--lottery gaming facility revenues does not include sports wagering revenues

--marketing agreement

--marketing entity

--match-fixing

--nonprofit fraternal organization

--nonprofit veterans' organization

--primary facility

--professional sports team

--sports governing body

--sports wagering

--sports wagering revenues

--sports wagering supplier

--wager or bet

Sec 23. KSA 74-8710 is amended dealing with rules and regulations authority of the lottery commission is to add authority of for adopting rules and regulations to implement sections 1 through 13.

Sec 24. KSA 74-8711 is amended to allow transfers from the lottery operating fund to the white collar crime fund of the governor—Sec 12-- on July 1 of each year of \$750,000.

Sec 25. KSA 74-8716 is amended to make it unlawful for the executive director, the lottery commission members and employees to accept compensation, gifts, loans or entertainment from an interactive sports wagering platform.

Sec. 26. The lottery is authorized to sell tickets or shares over the internet or digital cellular network, including through a lottery website and mobile device application.

No online game sold or conducted under this section shall:

- (1) Allow a player to choose the denomination of a ticket during game play
- (2) offer a ticket or game at a price less than any traditional lottery ticket offered at retail
- (3) simulate the play of an electronic gaming machine
- (4) extend or arrange credit for the purchase of a ticket
- (5) allow for the redemption for payment of a lottery ticket other than at a lottery retail location or with the Kansas lottery
- (6) allow a player to use an automatic play feature for consecutive instant games or
- (7) allow a player to use a reveal all feature that functions over a period of less than three seconds.

Sec. 27. KSA 74-8733 is amended to add sections 1 through 13 as part of the expanded lottery act.

Sec 28. KSA 74-8734 is amended dealing with lottery gaming zone contracts to include operating and managing sports wagering. Such contract may include provisions for operating and managing sports wagering by the lottery gaming facility manager in person at the lottery gaming facility and over the internet via one or more interactive sports wagering platforms. If a management contract includes such provisions, then such contract shall include the following provisions:

(A) The state shall receive 20% of the sports wagering revenues received from wagers placed with the lottery gaming facility through an interactive sports wagering platform; and

(B) the state shall receive 14% of the sports wagering revenues received from wagers placed in person at the lottery gaming facility.

If a lottery gaming facility manager agrees to operate and Manage sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in conducting sports wagering, and the lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for operating and managing sports wagering. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with the Kansas expanded lottery act.

Sec 29. KSA 74-8751 is amended dealing with certification requirements for officers, directors and key employees of a lottery gaming facility manager or racetrack facility manager to change the percentage of interest requiring certification from 0.5% to 5%.

A certification requirement and enforcement procedure is established for employees of a lottery gaming facility manager who are directly involved in the operation or management of sports wagering conducted by such manager; and those persons who propose to contract with a lottery gaming facility manager for the provision of goods or services related to sports wagering, including any interactive sports wagering platform requested by a lottery gaming facility manager under section 2. The certification requirement shall include compliance with such security, fitness and background investigations and standards and provisions for suspension, revocation or nonrenewal of a certification upon a finding that the certificate holder has: (A) Knowingly provided false or misleading material information to the Kansas lottery, the Kansas racing and gaming commission or to the employees of either entity; (B) been convicted of a felony, gambling-related offense or any crime of moral turpitude; (C) violated any provision of any contract between the Kansas lottery and the certificate holder; or (D) violated any provision of the Kansas expanded lottery act or any rule and regulation adopted hereunder.

(b) The Kansas racing and gaming commission shall conduct the security, fitness and background checks.

Sec. 30. KSA &4-8752 is amended to give the executive director of the lottery and the executive director of the Kansas racing and gaming commission or their designees to inspect sports wagering operations.

Sec. 31. KSA 74-8757 is amended to provide that No person under age 21 shall directly or indirectly make a wager on any sporting event or otherwise be permitted to engage in sports wagering.

Sec 32. KSA 74-8760 is amended to provide except as provided by rules and regulations of the racing and gaming commission, or by written authority from the executive director of the Kansas racing and gaming commission, in performing installation, maintenance, inspection and repair services, it is a class A nonperson misdemeanor for the following to place a sports wager with a lottery gaming facility manager:

- (1) The executive director of the Kansas lottery, a member of the Kansas lottery commission or any employee or agent of the Kansas lottery
- (2) the executive director, a member or any employee or agent of the Kansas racing and gaming commission
- (3) a lottery gaming facility manager, or any director, officer, owner or employee of such manager, or any relative living in the same household as such persons
- (4) an interactive sports wagering platform, or any director, officer, owner or employee of such platform, or any relative living in the same household as such persons
- (5) any director, officer or employee of a sports governing body
- (6) any owner, officer, athlete, coach or other employee of a team or
- (7) any director, officer or employee of a player lottery gaming facility manager, or any director, officer, owner or employee of such manager, or any relative living in the same household as such persons;

It is a severity level 8, nonperson felony for any person knowingly to place a sports wager:

- With access to nonpublic confidential information held by the lottery gaming facility manager;
- as an agent or proxy for other persons;
- using funds derived from illegal activity;
- to conceal money derived from illegal activity;
- through the use of other individuals to place wagers as part of any wagering scheme to circumvent any provision of federal or state law or
- using false identification to facilitate the placement of the wager or the collection of any prize in violation of federal or state law.

Sec. 33. KSA 74-8761 is amended to provide that it shall be the duty of the Attorney General and the Kansas racing and gaming commission to enforce the provisions of this section, dealing with grey machines together with any rules and regulations adopted. The attorney general and the Kansas racing and gaming commission shall have original jurisdiction to investigate and prosecute violations.

Sec. 34. KSA 74-8802 , definitions section of the Kansas parimutuel racing act, to amend the definition of “facility manager licensee” to limit the facility to one located in Sedgwick county; to add a definition of “historic horse race machine” ; to expand the definition of “parimutuel wagering” to include historic horse races conducted by machine; to repand the definition of

“racetrack facility” to include a facility used for display and wagering on simulcast races and the operation of historic horse racing machines without any live horse or greyhound races.

Sec. 35. KSA 74-8804 is amended to give the Kansas racing and gaming commission authority to observe and inspect all historic horse race machines and to approve all proposed contracts for the use of such machines.

Further, the commission shall review and approve all proposed historical horse race machines and all proposed types of wagering to be conducted on such machines.

Sec 36. KSA 74-8814 is amended to change the fee structure—not to exceed \$50 for each application and a license fee of \$25 for each day of racing.

Sec 37. KSA 74-8823 is amended to establish a 3% tax on the total amount wagered on historic horse races.

Sec. 38. KSA 74-8836 is amended dealing with racing schedules and simulcasting. Specifically, the section authorizes an organizational licensee—nonprofit organization-- that conducts at least 150 days of live greyhound racing or 60 days of live or simulcast horse racing or a fair association that conducts fewer than 22 days of live greyhound racing or 40 days of live horse racing a year to apply for a simulcast license to display simulcast horse racing. Authorization for simulcasting of greyhound racing is deleted.

Sec. 39. KSA 79-4806 dealing with problem gambling and additions grant fund to raise the amount credited to such fund annually from \$80,000 to \$100,000.

Sec. 40. Repealers.

Sec. 41. Effective date—publication in the statute book.

Mike Heim, Revisor of Statutes Office

