

HOUSE BILL No. 2740

By Committee on Federal and State Affairs

3-16

Proposed Amendments to
HB 2740
Committee on Federal and State Affairs
March 28, 2022
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Office of Revisor of Statutes

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 Kansas lottery and Kansas racing and gaming commission, rules and
3 regulations; authorizing sports wagering; creating the sports wagering
4 receipts fund, the white collar crime fund, the privilege fee repayment
5 fund and the facility manager licensee repayment fund; authorizing
6 parimutuel licensees to operate historical horse race machines;
7 amending K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
8 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8760, 74-
9 8761, 74-8802, 74-8804, 74-8814, 74-8823, 74-8836 and 79-4806 and
10 K.S.A. 2021 Supp. 21-6403 and 21-6507 and repealing the existing
11 sections.
12

, 79-4805

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

14 New Section 1. (a) Sports wagering shall only be conducted in this
15 state in accordance with the provisions of the Kansas lottery act and the
16 Kansas expanded lottery act.

17 (b) The Kansas lottery may offer sports wagering through one or
18 more lottery gaming facility managers that have contracted with the
19 Kansas lottery in accordance with the Kansas expanded lottery act to
20 operate and manage sports wagering on behalf of the Kansas lottery,
21 including, but not limited to, sports wagering over the internet through
22 websites and mobile device applications, through an interactive sports
23 wagering platform approved by the Kansas lottery and the use of any such
24 platform at the primary facility of a professional sports team or other
25 marketing entity pursuant to a marketing agreement entered into between
26 the lottery gaming facility manager and the professional sports team or
27 other marketing entity in accordance with section 4, and amendments
28 thereto.

29 New Sec. 2. (a) Each lottery gaming facility manager shall be limited
30 to three interactive sports wagering platforms that shall be approved by the
31 executive director. Any interactive sports wagering platform approved by
32 the executive director shall serve the public convenience and promote
33 sports wagering in accordance with marketing plans developed by the
34 Kansas lottery to offer sports wagers. Any lottery gaming facility manager
35 may enter into a contract on behalf of the Kansas lottery with an approved
36 interactive sports wagering platform. Any such contract shall be approved

1 by the Kansas lottery. A sports wagering manager shall only accept wagers
 2 placed through an interactive sports wagering platform from individuals
 3 who are physically located within the state of Kansas at the time of
 4 submitting the wager. Sports wagering conducted through the interactive
 5 sports wagering platform shall be offered only as approved by the Kansas
 6 lottery and in accordance with the provisions of the Kansas expanded
 7 lottery act.

8 (b) Requests for approval of an interactive sports wagering platform
 9 submitted to the Kansas lottery shall be in such form and manner as
 10 prescribed by the executive director. The lottery gaming facility manager
 11 requesting approval shall provide such information regarding the
 12 interactive sports wagering platform and the manager's intended use of
 13 such platform as the executive director deems necessary. All background
 14 investigation requirements required by the Kansas racing and gaming
 15 commission pursuant to the Kansas expanded lottery act shall be
 16 completed before the executive director shall consider approval and usage
 17 of any interactive sports wagering platform. The executive director shall
 18 not unreasonably withhold approval of an interactive sports wagering
 19 platform that a lottery gaming facility manager requests to be approved for
 20 conducting sports wagering. Lottery gaming facility managers shall not be
 21 required to use the same interactive sports wagering platforms.

22 (c) A lottery gaming facility manager may apply to the Kansas lottery
 23 for approval of one additional graphical user interface specific to a
 24 professional sports team that has a marketing agreement with such lottery
 25 gaming facility manager to be used to access an interactive sports
 26 wagering platform approved by the Kansas lottery.

27 New Sec. 3. (a) No person shall provide goods, services, software or
 28 any other components necessary for the determination of the odds or the
 29 outcomes of any wager on a sporting event, directly or indirectly, to a
 30 lottery gaming facility manager, including data feeds and odds services,
 31 unless such person holds a license issued pursuant to this section.

32 (b) (1) Upon receipt of a complete application and payment of the
 33 required license fee, the commission may issue a sports wagering supplier
 34 license to a person who satisfies the requirements of this section and any
 35 rules and regulations adopted pursuant thereto. Applications for a sports
 36 wagering supplier license shall be submitted in such form and manner as
 37 prescribed by the commission.

38 (2) Such application shall include:

39 (A) The identity of:

40 (i) Each person who directly owns at least a 10% ownership interest
 41 in the applicant;

42 (ii) each holding, intermediary or parent company that directly owns
 43 at least a 15% ownership interest in the applicant; and

(d) No lottery gaming facility manager shall provide a line of credit to any person engaged in sports wagering.

(e) A lottery gaming facility manager shall include information and tools to assist players in making responsible decisions and shall provide, at a minimum:

(1) Prominently displayed tools to set limits on the amount of time and money a person spends on any interactive sport wagering platform;

(2) prominently displayed information regarding compulsive gambling and ways to seek treatment and support if a person has a problem; and

(3) a person with the ability to exclude the use of certain electronic payment methods if desired by the person.

1 (6) any records of abnormal wagering activity; and
2 (7) video camera recordings, in the case of in-person wagers.

3 (b) Such records shall be maintained for at least three years after the
4 sporting event occurs. A lottery gaming facility manager shall make such
5 records available for inspection upon request by the Kansas lottery or the
6 Kansas racing and gaming commission or as required by court order.

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

16 New Sec. 10. Upon request by an individual, a lottery gaming facility
17 manager shall restrict such individual from placing sports wagers with
18 such manager and shall take reasonable measures to prevent such
19 individual from placing sports wagers. The lottery gaming facility manager
20 shall submit the restricted individual's name and pertinent information to
21 the Kansas racing and gaming commission for the sole purpose of having
22 such information disseminated to all other lottery gaming facility
23 managers. Any lottery gaming facility manager that receives such
24 individual's information from the Kansas racing and gaming commission
25 shall restrict such individual from placing sports wagers.

26 New Sec. 11. (a) There is hereby established in the state treasury the
27 sports wagering receipts fund to be administered by the executive director
28 of the Kansas lottery. Separate accounts shall be maintained in such fund
29 for receipt of moneys from sports wagering conducted by each lottery
30 gaming facility manager. All expenditures from the fund shall be made in
31 accordance with appropriation acts upon warrants of the director of
32 accounts and reports issued pursuant to vouchers approved by the
33 executive director, or the executive director's designee, for the purposes set
34 forth in this act.

35 (b) All revenues from sports wagering conducted by lottery gaming
36 facility managers shall be paid weekly and electronically to the executive
37 director, or as soon as reasonably possible based on the sporting event and
38 the wager placed, but in no event prior to the completion and settling of all
39 bets for the sporting events for which wagers were placed. The executive
40 director shall remit all moneys received therefrom to the state treasurer in
41 accordance with the provisions of K.S.A. 75-4215, and amendments
42 thereto. Upon receipt of each such remittance, the state treasurer shall
43 deposit the entire amount in the state treasury and credit such remittance to

(a)

(b) Any winnings of any individual who has requested to be restricted from placing sports wagering bets shall forfeit such winnings and such winnings shall be credited to the problem gambling grant fund established under K.S.A. 79-4805, and amendments thereto.

1 being selected as a lottery gaming facility manager of a lottery gaming
2 facility in the northeast or south central Kansas gaming zone and
3 \$5,500,000 for the privilege of being selected as a lottery gaming facility
4 manager of a lottery gaming facility in the southeast or southwest Kansas
5 gaming zone. Such fee shall be deposited in the state treasury and credited
6 to the lottery gaming facility manager fund, ~~which that~~ is hereby created in
7 the state treasury;

8 (7) incorporate terms and conditions for the ancillary lottery gaming
9 facility operations;

10 (8) designate as key employees, subject to approval of the executive
11 director, any employees or contractors providing services or functions
12 ~~which that~~ are related to lottery facility games authorized by a
13 management contract;

14 (9) include financing commitments for construction;

15 (10) include a resolution of endorsement from the city governing
16 body, if the proposed facility is within the corporate limits of a city, or
17 from the county commission, if the proposed facility is located in the
18 unincorporated area of the county;

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

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

29 (13) include a provision for 2% of lottery gaming facility revenues to
30 be paid to the problem gambling ~~and additions~~ grant fund established by
31 K.S.A. 79-4805, and amendments thereto;

Strike in line 30

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

1 group or recognized horsemen's group, the commission may permit an
 2 organization licensee to simulcast to other racetrack facilities or off-track
 3 wagering or intertrack wagering facilities in other jurisdictions one or
 4 more races conducted by such licensee, use one or more races conducted
 5 by such licensee for an intrastate combined wagering pool or use one or
 6 more races conducted by such licensee for an interstate combined
 7 wagering pool at off-track wagering or intertrack wagering locations
 8 outside the commission's jurisdiction and may allow parimutuel pools in
 9 other jurisdictions to be combined with parimutuel pools in the
 10 commission's jurisdiction for the purpose of establishing an interstate
 11 combined wagering pool.

12 (6) The participation by a simulcasting licensee in a combined
 13 interstate wagering pool does not cause that licensee to be considered to be
 14 doing business in any jurisdiction other than the jurisdiction in which the
 15 licensee is physically located.

16 (k) If the organization licensee, facility owner licensee, if any, and the
 17 recognized horsemen's group or recognized greyhound owners' group are
 18 unable to agree concerning a simulcasting application, the matter may be
 19 submitted to the commission for determination at the written request of
 20 any party in accordance with rules and regulations of the commission.

21 (l) This section shall be a part of and supplemental to the Kansas
 22 parimutuel racing act.

23 Sec. 39. K.S.A. 79-4806 is hereby amended to read as follows: 79-
 24 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
 25 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
 26 shall be transferred and credited to the problem gambling ~~and additions~~
 27 grant fund established by K.S.A. 79-4805, and amendments thereto.

28 Sec. 40. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
 29 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8760, 74-8761,
 30 74-8802, 74-8804, 74-8814, 74-8823, 74-8836 and 79-4806 and K.S.A.
 31 2021 Supp. 21-6403 and 21-6507 are hereby repealed.

32 Sec. 41. This act shall take effect and be in force from and after its
 33 publication in the statute book.

Strike in line 26
 See attachment

79-4805

And by renumbering sections accordingly.