

SENATE BILL No. 84

By Committee on Federal and State Affairs

1-26

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, executive director of the Kansas lottery; white collar
5 crime fund, governor; amending K.S.A. 46-2301, 74-8702, 74-8710,
6 74-8711, 74-8716, 74-8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-
7 8757, 74-8758, 74-8760, 74-8772 and 79-4806 and K.S.A. 2020 Supp.
8 21-6403, 21-6507 and 21-6508 and repealing the existing sections.
9

, disposition of sports wagering revenues; authorizing use of
moneys in the problem gambling and addictions grant fund

combating white collar crimes and information technology
scholarship fund, state board of regents;

, 79-4805

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

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

14 (b) The Kansas lottery may offer sports wagering through:

15 (1) Lottery gaming facility managers who have contracted with the
16 Kansas lottery in accordance with the Kansas expanded lottery act to
17 manage sports wagering on behalf of the Kansas lottery, including, but not
18 limited to, sports wagering over the internet through websites and mobile
19 device applications approved by the Kansas lottery; or

20 (2) an interactive sports wagering platform if, within two years of the
21 effective date of this act, no more than one manager has continuously
22 offered sports wagering on an interactive sports wagering platform.

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

28 (b) Sports wagering managers shall allow a person to restrict themself
29 from placing wagers with the operator, including wagering limits, and
30 shall take reasonable measures to prevent any such person from placing
31 such wagers. Upon the request of any such person, the operator shall
32 submit the restricted person's name and other pertinent information to the
33 Kansas racing and gaming commission. The executive director of the
34 commission may enter into a self-exclusion agreement with such person,
35 and disseminate such person's information to all other sports wagering
36 operators.

Insert Attachment A

- 1 New Sec. 11. (a) Misuse of nonpublic sports information is placing,
- 2 or causing to be placed, a bet or wager on a sports contest on the basis of
- 3 material nonpublic information relating to such bet or wager.
- 4 (b) Misuse of nonpublic sports information is a severity level 5,
- 5 nonperson felony.
- 6 (c) As used in this section:
- 7 (1) "On the basis of material nonpublic information" means the
- 8 person placing the bet or wager, or causing such bet or wager to be placed,
- 9 was aware of the material nonpublic information relating to such bet or
- 10 wager when the person placed the bet or wager, or caused such bet or
- 11 wager to be placed.
- 12 (2) "Sports contest" means the same as that term is defined in K.S.A.
- 13 2020 Supp. 21-6507, and amendments thereto.
- 14 (d) The provisions of this section shall be a part of and supplemental
- 15 to the Kansas criminal code.
- 16 New Sec. 12. If any federally recognized Indian tribe described in
- 17 K.S.A. 74-9802(f), and amendments thereto, submits a request for
- 18 negotiation of a gaming compact regarding sports wagering in accordance
- 19 with K.S.A. 46-2302, and amendments thereto, the governor or the
- 20 governor's designated representatives shall negotiate in good faith with
- 21 such Indian tribe to enter into such a gaming compact.
- 22 Sec. 13. K.S.A. 2020 Supp. 21-6403 is hereby amended to read as
- 23 follows: 21-6403. As used in K.S.A. 2020 Supp. 21-6403 through 21-
- 24 6409, and amendments thereto:
- 25 (a) "Bet" means a bargain in which the parties agree that, dependent
- 26 upon chance, one stands to win or lose something of value specified in the
- 27 agreement. A bet does not include:
- 28 (1) Bona fide business transactions~~which~~ *that* are valid under the law
- 29 of contracts including, but not limited to, contracts for the purchase or sale
- 30 at a future date of securities or other commodities, and agreements to
- 31 compensation for loss caused by the happening of the chance including,
- 32 but not limited to, contracts of indemnity or guaranty and life or health and
- 33 accident insurance;
- 34 (2) offers of purses, prizes or premiums to the actual contestants in
- 35 any bona fide contest for the determination of skill, speed, strength or
- 36 endurance or to the bona fide owners of animals or vehicles entered in
- 37 such a contest;
- 38 (3) a lottery as defined in this section;
- 39 (4) any bingo game by or for participants managed, operated or
- 40 conducted in accordance with the laws of the state of Kansas by an
- 41 organization licensed by the state of Kansas to manage, operate or conduct
- 42 games of bingo;
- 43 (5) a lottery operated by the state pursuant to the Kansas lottery act;

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

6 (c) The lottery shall adopt rules and regulations concerning the game
7 of keno. Such rules and regulations shall require that the amount of time
8 ~~which~~ *that* elapses between the start of games shall not be less than four
9 minutes.

10 Sec. 19. K.S.A. 74-8711 is hereby amended to read as follows: 74-
11 8711. (a) There is hereby established in the state treasury the lottery
12 operating fund.

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

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

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

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

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

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

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

(6) transfers to the white collar crime fund, the combating white collar crimes and information technology scholarship fund, the problem gambling and addictions grant fund, the permanent families account - family and children investment fund and the certified community behavioral health clinics program pursuant to subsection (f);

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

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

4 (d) The director of accounts and reports shall transfer moneys in the
5 lottery operating fund to the state gaming revenues fund created by K.S.A.
6 79-4801, and amendments thereto, on or before the 15th day of each month
7 in an amount certified monthly by the executive director and determined as
8 follows, whichever is greater:

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

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

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

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

31 ~~(f) On July 1, 2022, and each July 1 thereafter, or as soon as moneys~~
32 ~~are available, the first \$750,000 credited to the lottery operating fund from~~
33 ~~sports wagering revenues deposited in the lottery operating fund shall be~~
34 ~~transferred by the director of accounts and reports from the lottery~~
35 ~~operating fund to the white collar crime fund established in section 10,~~
36 ~~and amendments thereto.~~

37 Sec. 20. K.S.A. 74-8716 is hereby amended to read as follows: 74-
38 8716. (a) It is unlawful for the executive director, a member of the
39 commission or any employee of the Kansas lottery, or any person residing
40 in the household thereof to:

41 (1) Have, either directly or indirectly, an interest in a business
42 knowing that such business contracts with the Kansas lottery for a major
43 procurement, whether such interest is as a natural person, partner, member

Commencing in fiscal year 2023, on or before the 10th day of each month, the executive director shall certify to the director of accounts and reports all sports wagering revenues deposited in the lottery operating fund. On July 1, 2022, and each July 1 thereafter, as soon as moneys are available, the first \$750,000 certified by the executive director as sports wagering revenues deposited in the lottery operating fund shall be transferred by the director of accounts and reports from the lottery operating fund to the white collar crime fund established in section 10, and amendments thereto. Of the remaining certified amounts, the director of accounts and reports shall transfer:
(1) 20% of such certified amount from the lottery operating fund to the combating white collar crimes and information technology scholarship fund established in section 11, and amendments thereto;
(2) 20% of such certified amount from the lottery operating fund to the problem gambling and addictions grant fund established in K.S.A. 79-4805, and amendments thereto;
(3) 20% of such certified amount from the lottery operating fund to the permanent families account - family and children investment fund of the judicial branch to be expended only for purposes of the court appointed special advocate program; and
(4) 40% of such certified amount from the lottery operating fund to the certified community behavioral health clinics program fund of the Kansas department for aging and disability services or such other fund established for the same purpose by any acts of appropriation

1 ensure its integrity and security;

2 (b) prescribing the on-site security arrangements for lottery gaming

3 facilities and racetrack gaming facilities;

4 (c) requiring reporting of information about any lottery gaming

5 facility manager or racetrack gaming facility manager, and its employees,

6 vendors and finances, necessary or desirable to ensure the security of

7 lottery gaming facility and racetrack gaming facility operations. None of

8 the information disclosed pursuant to this subsection shall be subject to

9 disclosure under the Kansas open records act;

10 (d) requiring reporting and auditing of financial information of lottery

11 gaming facility managers and racetrack gaming facility managers,

12 including, but not limited to, the reporting of profits or losses incurred by

13 lottery gaming facility managers and racetrack gaming facility managers

14 and the reporting of such other information as the Kansas racing and

15 gaming commission requires to determine compliance with the Kansas

16 expanded lottery act and rules and regulations adopted hereunder. None of

17 the information disclosed pursuant to this subsection shall be subject to

18 disclosure under the Kansas open records act; and

19 (e) provisions for oversight of all lottery gaming facility operations

20 and racetrack gaming facility operations, including, but not limited to,

21 oversight of internal controls; oversight of security of facilities;

22 performance of background investigations, determination of qualifications

23 and credentialing of employees, contractors and agents of lottery gaming

24 facility managers, ancillary lottery gaming facility operations and

25 racetrack gaming facilities; auditing of lottery gaming facility revenues

26 and net electronic gaming machine income of racetrack gaming facilities;

27 enforcement of all state laws; and maintenance of the integrity of lottery

28 gaming facility and racetrack gaming facility operations.

29 ✓Sec. 30. K.S.A. 79-4806 is hereby amended to read as follows: 79-

30 4806. On July 1 of each year or as soon thereafter as sufficient moneys are

31 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund

32 shall be transferred and credited to the problem gambling *and addictions*

33 grant fund established by K.S.A. 79-4805, and amendments thereto.

34 Sec. 31. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-

35 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8758, 74-8760,

36 74-8772 and 79-4806 and K.S.A. 2020 Supp. 21-6403, 21-6507 and 21-

37 6508 are hereby repealed.

38 Sec. 32. This act shall take effect and be in force from and after its

39 publication in the statute book.

Insert Attachment B

And by renumbering sections accordingly

, 79-4805

New Sec. 11. (a) There is hereby established the combating white collar crimes and information technology scholarship fund to be administered by the state board of regents. The executive officer shall remit all moneys received that are paid due to failure of a scholarship recipient to satisfy the obligations under any agreement entered into pursuant to this section to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the combating white collar crimes and information technology scholarship fund. All expenditures from the combating white collar crimes and information technology scholarship fund shall be for scholarships awarded under this section and shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive officer or such officer's designee.

(b) Within the limits of appropriations therefor, a scholarship may be awarded to any qualified student. The amount of each scholarship shall be established annually by the state board of regents. Applications for scholarships from the fund shall be in a form and manner as determined by the state board of regents. The determination of the individuals qualified for scholarships shall be made by the state board of regents and shall be awarded on a priority basis to qualified applicants that are attending a designated educational institution. Any scholarship awarded by the state board of regents shall be subject to the applicant entering into an agreement with the state board of regents and subject to repayment for failure to complete the requirements of such agreement.

(c) As a condition of the awarding of a scholarship, an eligible student shall enter into a scholarship agreement with the state board of regents. Such scholarship agreement shall require the qualified student to: (1) Enroll as a full-time or part-time student at a designated educational institution and complete their program of study; (2) maintain satisfactory academic progress toward the completion of their program of study; and (3) within six months of the completion of their program of study work in that field on a full-time or part-time basis for a period of not less than the length of the course of instruction for which the scholarship was awarded or on a part-time basis in Kansas for a period of time that is equivalent to full-time, as determined by the state board of regents.

(d) Upon the failure of any person to satisfy the obligations under any agreement entered into pursuant to this section, such person shall pay to the state board of regents an amount equal to the total amount of money received by such person pursuant to such agreement plus accrued interest at a rate that is equivalent to the interest rate applicable to loans made under the federal PLUS program at the time such person first entered into an agreement plus five percentage points. Installment payments of such amounts may be made in accordance with rules and regulations of the state board of regents, except that such installment payments shall commence six months after the date of the action or circumstances that cause the failure of the person to satisfy the obligations of such agreements, as determined by the state board of regents based upon the circumstances of each individual case. Amounts paid to the state board of regents shall be deposited in the combating white collar crimes and information technology scholarship fund.

(e) The state board of regents may adopt any rules and regulations necessary to effectuate the provisions of this section.

(f) As used in this section:

(1) "Qualified student" means a person who is: (A) A resident of Kansas; (B) enrolled at least half-time at a designated educational institution in an educational and training program determined by the state board of regents as combating white collar crimes or informational technology and that addresses electronic security; and (C) in good standing at such designated educational institution and maintains good standing while participating in their program of study;

(2) "designated educational institution" means a state educational institution, community college, technical college, municipal university and not-for-profit independent institution of higher education whose main campus or principal place of operation is located in Kansas; and

(3) "program of study" means a degree program in the field of white collar crimes or informational technology that addresses electronic security, as determined by the state board of regents.

Attachment B

Sec. 30. K.S.A. 79-4805 is hereby amended to read as follows: 79-4805. (a) There is hereby established in the state treasury the problem gambling and addictions grant fund. All moneys credited to such fund shall be used only for the awarding of grants under this section. Such fund shall be administered in accordance with this section and the provisions of appropriation acts.

(b) All expenditures from the problem gambling and addictions grant fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved in the manner prescribed by law.

(c) (1) There is hereby established a state grant program to provide assistance for the direct treatment of persons diagnosed as suffering from pathological gambling and to provide funding for research ~~regarding the impact of gambling on, prevention and recovery for the residents of Kansas.~~ Research grants awarded under this section may include, but need not be limited to, grants for determining the effectiveness of education and prevention efforts on the prevalence of pathological gambling in Kansas. All grants shall be made after open solicitation of proposals and evaluation of proposals against criteria established in rules and regulations adopted by the secretary of the Kansas department for aging and disability services. Both public and private entities shall be eligible to apply for and receive grants under the provisions of this section. The secretary shall ensure that an adequate problem gambling treatment services network is available in Kansas to individuals seeking treatment for a pathological gambling disorder.

(2) Moneys in the problem gambling and addictions grant fund ~~may~~ shall be used ~~to~~ as follows:

(A) To fund a helpline with text messaging and chat capabilities;

(B) an amount equal to 12% of all moneys credited to the problem gambling and addictions grant fund shall be expended for the treatment, research, education or prevention of pathological gambling; and

(C) all remaining moneys in such fund that are not used for the purposes described in subparagraphs (A) and (B) shall be used to treat alcoholism, drug abuse and, other addictive behaviors and other co-occurring behavioral health disorders.

(d) The secretary for aging and disability services is hereby authorized to receive moneys from any grants, gifts, contributions or bequests made for the purpose of funding grants under this section and to expend such moneys for the purpose for which received.

(e) All grants made in accordance with this section shall be made from the problem gambling and addictions grant fund. The secretary shall administer the provisions of this section and shall adopt rules and regulations establishing criteria for qualification to receive grants and such other matters deemed necessary by the secretary for the administration of this section. Such rules and regulations shall include, but need not be limited to, a requirement that each recipient of a grant to provide treatment for pathological gamblers report at least annually to the secretary the grantee's measurable achievement of specific outcome goals.

(f) For the purpose of this section, "pathological gambling" means the disorder by that name described in the most recent edition of the American psychiatric association's diagnostic and statistical manual.

(g) ~~On the effective date of this act the director of accounts and reports shall transfer all moneys in the problem gambling grant fund to the problem gambling and addictions grant fund. Thereupon the problem gambling grant fund shall be and is hereby abolished~~ The problem gambling and addictions grant fund and any other moneys transferred pursuant to this section shall be used for the purposes set forth in this section and for no other governmental purposes. It is the intent of the legislature that the funds and the moneys deposited in this fund shall remain intact and inviolate for the purposes set forth in this section.