

HOUSE BILL No. 2444

By Committee on Federal and State Affairs

3-18

1 AN ACT concerning gaming; relating to the Kansas lottery act; Kansas
2 lottery, rules and regulations; authorizing sports wagering; creating the
3 white collar crime fund; amending K.S.A. 74-8702, 74-8710, 74-8711,
4 74-8716 and 79-4806 and K.S.A. 2020 Supp. 21-6403 and 21-6507 and
5 repealing the existing sections.
6

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

8 New Section 1. Sports wagering shall only be conducted in this state
9 in accordance with the provisions of the Kansas lottery act. The Kansas
10 lottery may offer sports wagering through one or more licensed interactive
11 sports wagering platforms, including the use of any such platform at the
12 primary facility of a professional sports team pursuant to a marketing
13 agreement entered into between the Kansas lottery and the professional
14 sports team in accordance with section 3, and amendments thereto.

15 New Sec. 2. The executive director may select an interactive sports
16 wagering platform that the executive director deems is best able to serve
17 the public convenience and promote sports wagering in accordance with
18 marketing plans developed by the Kansas lottery. Sports wagering
19 conducted through the interactive sports wagering platform shall be
20 offered only as approved by the Kansas lottery and in accordance with the
21 provisions of the Kansas lottery act.

22 New Sec. 3. (a) A professional sports team may enter into a
23 marketing agreement with the Kansas lottery for the purpose of marketing
24 sports wagering at the primary facility of such professional sports team.
25 All sports wagering shall be operated and managed by the Kansas lottery.
26 No owner, director, officer, employee or agent of the professional sports
27 team shall have any duties directly related to the operation or management
28 of sports wagering except as expressly provided in the marketing
29 agreement.

30 (b) (1) A marketing agreement shall provide that the professional
31 sports team shall promote and advertise sports wagering on behalf of the
32 lottery at the primary facility of the professional sports team. Promotion
33 and advertising may include, but shall not be limited to:

34 (A) Advertising through signage and other media, including
35 electronic media;

36 (B) allowing devices, such as kiosks, to be located within the primary

1 facility of the professional sports team to allow patrons to engage in sports
2 wagering; and

3 (C) providing access to mobile device applications that allow patrons
4 to access the interactive sports wagering platforms utilized by the lottery.

5 (2) A marketing agreement shall expressly prohibit the professional
6 sports team and any owner, director, officer, employee or agent of such
7 professional sports team from taking any bets, paying out any prizes or
8 otherwise having any control or access to the interactive sports wagering
9 platform or any other system used by the Kansas lottery.

10 New Sec. 4. A sports governing body may notify the Kansas lottery
11 that the sports governing body desires to restrict, limit or exclude wagering
12 on one or more sporting events overseen by such sports governing body by
13 providing notice in such form and manner as prescribed by the executive
14 director. Upon receiving such notice, the executive director shall review
15 the request in good faith and, if deemed appropriate, the commission shall
16 adopt rules and regulations to restrict sports wagering on such sporting
17 events. If the executive director denies a request submitted pursuant to this
18 section, the executive director shall notify the sports governing body of
19 such denial. Any sports governing body whose request is denied may
20 appeal the decision of the executive director in accordance with the Kansas
21 administrative procedure act. In the event that the sports governing body
22 indicates that a request submitted pursuant to this section is submitted in
23 response to an emergency situation, the executive director may temporarily
24 prohibit sports wagering on the sporting event in question until there is an
25 opportunity to review the request and adopt rules and regulations in
26 accordance with this section.

27 New Sec. 5. The state or a sports governing body shall have a cause
28 of action against any person who knowingly engages in, facilitates or
29 conceals conduct that intends to improperly influence a wagering outcome
30 of a sporting event for purposes of financial gain, in connection with
31 wagering on a sporting event. The entity filing any such action may seek
32 damages or other equitable relief. The provisions of this section shall not
33 be construed as a limitation on or bar against any other claims the state or
34 a sports governing body may bring against such person or any other claim
35 the state or a sports governing body may bring for injuries or damages
36 arising out of the operation of sports wagering.

37 New Sec. 6. Sections 1 through 5 shall be a part of and supplemental
38 to the Kansas lottery act.

39 New Sec. 7. (a) There is hereby established in the state treasury the
40 white collar crime fund. The attorney general shall administer such fund.
41 All moneys credited to the white collar crime fund shall be expended only
42 for the purpose of investigating and prosecuting:

43 (1) Criminal offenses involving or facilitated by:

- 1 (A) The use of funds derived from illegal activity to make wagers;
2 (B) placing wagers to conceal money derived from illegal activity;
3 (C) the use of other individuals to place wagers as part of any
4 wagering scheme to circumvent any provision of federal or state law;
5 (D) the use of false identification to facilitate the placement of any
6 wager or the collection of any prize in violation of federal or state law;
7 (E) any other unlawful activity involving or facilitated by the placing
8 of wagers; or

- 9 (F) any other violation of the Kansas lottery act; or
10 (2) any financial or economic crime.

11 (b) All expenditures from the fund shall be made in accordance with
12 appropriation acts upon warrants of the director of accounts and reports
13 issued pursuant to vouchers approved by the attorney general, or the
14 attorney general's designee, for the purposes set forth in this act.

15 (c) The attorney general may certify to the director of accounts and
16 reports amounts to be transferred from the white collar crime fund to any
17 special revenue fund or funds of the Kansas bureau of investigation as
18 deemed appropriate by the attorney general to carry out the purposes of the
19 white collar crime fund. Upon receipt of any such certification, the director
20 of accounts and reports shall transfer amounts from the white collar crime
21 fund to the special revenue fund or funds of the Kansas bureau of
22 investigation in accordance with the certification of the attorney general.
23 Upon providing any such certification to the director of accounts and
24 reports, the attorney general shall provide a copy of such certification to
25 the director of the budget and the director of legislative research.

26 New Sec. 8. (a) Misuse of nonpublic sports information is placing or
27 causing to be placed a bet or wager on a sports contest on the basis of
28 material nonpublic information relating to such bet or wager.

29 (b) Misuse of nonpublic sports information is a severity level 5,
30 nonperson felony.

31 (c) As used in this section:

32 (1) "On the basis of material nonpublic information" means the
33 person placing the bet or wager, or causing such bet or wager to be placed,
34 was aware of the material nonpublic information relating to such bet or
35 wager when the person placed the bet or wager or caused such bet or
36 wager to be placed; and

37 (2) "sports contest" means the same as defined in K.S.A. 2020 Supp.
38 21-6507, and amendments thereto.

39 (d) The provisions of this section shall be a part of and supplemental
40 to the Kansas criminal code.

41 Sec. 9. K.S.A. 2020 Supp. 21-6403 is hereby amended to read as
42 follows: 21-6403. As used in K.S.A. 2020 Supp. 21-6403 through 21-
43 6409, and amendments thereto:

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

4 (1) Bona fide business transactions which are valid under the law of
5 contracts including, but not limited to, contracts for the purchase or sale at
6 a future date of securities or other commodities, and agreements to
7 compensation for loss caused by the happening of the chance including,
8 but not limited to, contracts of indemnity or guaranty and life or health and
9 accident insurance;

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

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

15 (4) any bingo game by or for participants managed, operated or
16 conducted in accordance with the laws of the state of Kansas by an
17 organization licensed by the state of Kansas to manage, operate or conduct
18 games of bingo;

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

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

22 (7) tribal gaming;

23 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments
24 thereto; ~~or~~

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

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

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

31 (1) A lottery operated by the state pursuant to the Kansas lottery act;

32 *or*

33 (2) tribal gaming;

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

42 (1) Participants in any bingo game managed, operated or conducted
43 in accordance with the laws of the state of Kansas by any bona fide

1 nonprofit religious, charitable, fraternal, educational or veteran
2 organization licensed to manage, operate or conduct bingo games under
3 the laws of the state of Kansas and it shall be conclusively presumed that
4 such sums paid by or for such participants were intended by such
5 participants to be for the benefit of the sponsoring organizations for the use
6 of such sponsoring organizations in furthering the purposes of such
7 sponsoring organizations, as set forth in the appropriate paragraphs of
8 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
9 in K.S.A. 79-4701, and amendments thereto;

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

12 (3) participants in any system of parimutuel wagering managed,
13 operated and conducted in accordance with the Kansas parimutuel racing
14 act; or

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

16 (d) "fantasy sports league" means any fantasy or simulation sports
17 game or contest in which no fantasy or simulation sports team is based on
18 the current membership of an actual team that is a member of an amateur
19 or professional sports organization and that meets the following
20 conditions:

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

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

29 (3) no winning outcome is based:

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

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

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

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

38 (i) ~~Which~~ That when operated may deliver, as the result of chance,
39 any money or property; or

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

42 (B) other machine, mechanical device, electronic device or other
43 contrivance including, but not limited to, roulette wheels and similar

1 devices, ~~which that~~ are equipped with or designed to accommodate the
 2 addition of a mechanism that enables accumulated credits to be removed,
 3 is equipped with or designed to accommodate a mechanism to record the
 4 number of credits removed or is otherwise designed, manufactured or
 5 altered primarily for use in connection with gambling, and:

6 (i) ~~Which That~~ when operated may deliver, as the result of chance,
 7 any money or property; or

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

10 (C) subassembly or essential part intended to be used in connection
 11 with any such machine, mechanical device, electronic device or other
 12 contrivance, but ~~which that~~ is not attached to any such machine,
 13 mechanical device, electronic device or other contrivance as a constituent
 14 part; or

15 (D) any token, chip, paper, receipt or other document ~~which that~~
 16 evidences, purports to evidence or is designed to evidence participation in
 17 a lottery or the making of a bet.

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

20 (2) "Gambling device" ~~shall~~ does not include:

21 (A) Any machine, mechanical device, electronic device or other
 22 contrivance used or for use by a licensee of the Kansas racing *and gaming*
 23 commission as authorized by law and rules and regulations adopted by the
 24 commission or by the Kansas lottery or Kansas lottery retailers as
 25 authorized by law and rules and regulations adopted by the Kansas lottery
 26 commission;

27 (B) any machine, mechanical device, electronic device or other
 28 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
 29 machine, a so-called pinball machine, or mechanical gun, ~~which that~~ is not
 30 designed and manufactured primarily for use in connection with gambling,
 31 and:

32 (i) ~~Which That~~ when operated does not deliver, as a result of chance,
 33 any money; or

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

37 (C) any so-called claw, crane or digger machine and similar devices
 38 ~~which that~~ are designed and manufactured primarily for use at carnivals or
 39 county or state fairs; or

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

42 (f) "gambling place" means any place, room, building, vehicle, tent or
 43 location ~~which that~~ is used for any of the following: Making and settling

1 bets; receiving, holding, recording or forwarding bets or offers to bet;
2 conducting lotteries; or playing gambling devices. Evidence that the place
3 has a general reputation as a gambling place or that, at or about the time in
4 question, it was frequently visited by persons known to be commercial
5 gamblers or known as frequenters of gambling places is admissible on the
6 issue of whether it is a gambling place;

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

9 (h) "tribal gaming commission" means the same as in K.S.A. 74-
10 9802, and amendments thereto.

11 Sec. 10. K.S.A. 2020 Supp. 21-6507 is hereby amended to read as
12 follows: 21-6507. (a) Sports bribery is:

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

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

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

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

26 (b) Sports bribery as defined in:

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

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

31 (3) *subsection (a)(1) through (a)(4), if committed with the intent to*
32 *influence a betting outcome of a sports contest in order to obtain financial*
33 *gain, in connection with betting or wagering on a sports contest is a*
34 *severity level 5, nonperson felony.*

35 (c) As used in this section and K.S.A. 2020 Supp. 21-6508, and
36 amendments thereto:

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

39 (2) "sports participant" means any person who participates or expects
40 to participate in a sports contest as a player, contestant or member of a
41 team, or as a coach, manager, trainer or other person directly associated
42 with a player, contestant or team; and

43 (3) "sports official" means any person who acts or expects to act in a

1 sports contest as an umpire, referee, judge or otherwise to officiate at a
2 sports contest.

3 Sec. 11. K.S.A. 74-8702 is hereby amended to read as follows: 74-
4 8702. As used in the Kansas lottery act, unless the context otherwise
5 requires:

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

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

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

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

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

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

42 (g) "Gray machine" means any mechanical, electro-mechanical or
43 electronic device, capable of being used for gambling, that is: (1) Not

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

5 *(h) "Interactive sports wagering platform" means sports wagering*
 6 *made available over the internet, including through websites and mobile*
 7 *device applications, that accepts wagers or bets and pays prizes to*
 8 *persons physically located within the geographical boundaries of the state*
 9 *of Kansas by and through the Kansas lottery.*

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

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

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

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

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

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

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

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

31 (E) dispense any winnings;

32 (F) dispense any prize;

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

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

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

38 All physical instant bingo tickets dispensed by an instant bingo vending
 39 machine shall be purchased by a licensee, as defined by K.S.A. 75-5173,
 40 and amendments thereto, from a registered distributor.

41 ~~No~~*Not* more than two instant bingo vending machines may be located
 42 on the premises of each licensee location.

43 ~~(i)~~(j) "Kansas lottery" means the state agency created by this act to

1 operate a lottery or lotteries pursuant to this act.

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

4 ~~(k)~~(l) "Lottery facility games" means any electronic gaming machines
5 and any other games ~~which~~ that, as of January 1, 2007, are authorized to
6 be conducted or operated at a tribal gaming facility, as defined in K.S.A.
7 74-9802, and amendments thereto, located within the boundaries of this
8 state.

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

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

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

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

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

32 ~~(q)~~(r) "Lottery gaming facility revenues" means the total revenues
33 from lottery facility games at a lottery gaming facility after all related
34 prizes are paid.

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

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

43 (B) any machine or device in which the prize or evidence of a prize is

1 determined only by chance, including, but not limited to, any slot machine
2 or bingo machine.

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

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

6 (B) any nonprescription drug machine authorized under K.S.A. 65-
7 650, and amendments thereto;

8 (C) any machine ~~which~~ *that* dispenses only bottled or canned soft
9 drinks, chewing gum, nuts or candies;

10 (D) any machine excluded from the definition of gambling devices
11 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2020 Supp. 21-
12 6403, and amendments thereto;

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

15 (F) any lottery ticket vending machine; or

16 (G) any instant bingo vending machine.

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

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

22 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
23 ticket, a pull tab ticket or a coupon, the coupon of which must be
24 redeemed through something other than a lottery ticket vending machine,
25 after a purchaser inserts cash or other form of consideration into the
26 machine;

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

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

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

32 (A) Provide a visual or audio representation of an electronic gaming
33 machine;

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

36 (C) automatically determine or display the winning status of any
37 dispensed ticket;

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

39 (E) dispense any winnings;

40 (F) dispense any prize;

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

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

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

4 ~~No~~ *Not* more than two lottery ticket vending machines may be located
5 at each Kansas lottery retailer selling location.

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

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

19 (2) "Major procurement" shall not mean any product, service or other
20 matter covered by or addressed in the Kansas expanded lottery act or a
21 lottery gaming facility management contract or racetrack gaming facility
22 management contract executed pursuant to the Kansas expanded lottery
23 act.

24 *(w) "Marketing agreement" means an agreement entered into*
25 *between a professional sports team and the Kansas lottery for the*
26 *purposes described in section 3, and amendments thereto.*

27 *(x) "Match-fixing" means to arrange or determine any action that*
28 *occurs during a sporting event, including, but not limited to, any action*
29 *resulting in the final outcome of such sporting event, for financial gain.*

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

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

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

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

43 ~~(cc)~~ (cc) "Person" means any natural person, association, limited

1 liability company, corporation or partnership.

2 *(dd) "Primary facility" means the stadium or arena where a*
 3 *professional sports team hosts competitive games in accordance with such*
 4 *team's league rules.*

5 ~~(aa)~~*(ee) "Prize" means any prize paid directly by the Kansas lottery*
 6 *pursuant to the Kansas lottery act or the Kansas expanded lottery act or*
 7 *any rules and regulations adopted pursuant to either act.*

8 *(ff) "Professional sports team" means an athletic team, whose*
 9 *primary facility is located in Kansas, that operates at the major league*
 10 *level in the sport of baseball, basketball, football, ice hockey or soccer.*

11 ~~(bb)~~*(gg) "Progressive electronic game" means a game played on an*
 12 *electronic gaming machine for which the payoff increases uniformly as the*
 13 *game is played and for which the jackpot, determined by application of a*
 14 *formula to the income of independent, local or interlinked electronic*
 15 *gaming machines, may be won.*

16 ~~(ee)~~*(hh) "Racetrack gaming facility" means that portion of a*
 17 *parimutuel licensee location where electronic gaming machines are*
 18 *operated, managed and maintained.*

19 ~~(dd)~~*(ii) "Racetrack gaming facility management contract" means an*
 20 *agreement between the Kansas lottery and a racetrack gaming facility*
 21 *manager, negotiated and signed by the executive director on behalf of the*
 22 *state, for placement of electronic gaming machines owned and operated by*
 23 *the state at a racetrack gaming facility.*

24 ~~(ee)~~*(jj) "Racetrack gaming facility manager" means a parimutuel*
 25 *licensee specifically certified by the Kansas lottery to become a certified*
 26 *racetrack gaming facility manager and offer electronic gaming machines*
 27 *for play at the racetrack gaming facility.*

28 ~~(ff)~~*(kk) "Returned ticket" means any ticket ~~which~~ that was transferred*
 29 *to a lottery retailer, ~~which~~ that was not sold by the lottery retailer and*
 30 *~~which~~ that was returned to the Kansas lottery for refund by issuance of a*
 31 *credit or otherwise.*

32 ~~(gg)~~*(ll) "Share" means any intangible manifestation authorized by the*
 33 *Kansas lottery to prove participation in a lottery game, except as provided*
 34 *by the Kansas expanded lottery act.*

35 *(mm) "Sports governing body" means the organization that*
 36 *prescribes the final rules and enforces codes of conduct with respect to a*
 37 *sporting event and the participants in such event.*

38 *(nn) (1) "Sporting event" means any professional or collegiate sport*
 39 *or athletic event, motor race event or any other special event authorized*
 40 *by the commission that has not occurred at the time wagers are placed on*
 41 *such event.*

42 *(2) The term "sporting event" does not include:*

43 *(A) Any horse or greyhound race that is subject to the provisions of*

1 *the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., and*
 2 *amendments thereto; or*

3 *(B) any interscholastic sports event or kindergarten or any of the*
 4 *grades one through 12.*

5 *(oo) (1) "Sports wagering" means placing a wager or bet on one or*
 6 *more sporting events, or any portion thereof, or on the individual*
 7 *performance statistics of athletes participating in a sporting event, or*
 8 *combination of sporting events, by any system or method of wagering at or*
 9 *through the Kansas lottery.*

10 *(2) The term "sports wagering" shall not include:*

11 *(A) Parimutuel wagering, as defined in K.S.A. 74-8802, and*
 12 *amendments thereto; or*

13 *(B) fantasy sports leagues, as defined in K.S.A. 2020 Supp. 21-6403,*
 14 *and amendments thereto.*

15 ~~(hh)~~(pp) *"Ticket" means any tangible evidence issued by the Kansas*
 16 *lottery to prove participation in a lottery game, including a sports wager,*
 17 *other than a lottery facility game.*

18 ~~(ii)~~(qq) *"Token" means a representative of value, of metal or other*
 19 *material, which that is not legal tender, redeemable for cash only by the*
 20 *issuing lottery gaming facility manager or racetrack gaming facility*
 21 *manager and which that is issued and sold by a lottery gaming facility*
 22 *manager or racetrack gaming facility manager for the sole purpose of*
 23 *playing an electronic gaming machine or lottery facility game.*

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

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

32 *(tt) "Wager" or "bet" means a bargain in which the parties agree*
 33 *that, dependent upon chance, one stands to win or lose something of value*
 34 *specified in the agreement.*

35 Sec. 12. K.S.A. 74-8710 is hereby amended to read as follows: 74-
 36 8710. (a) The commission, upon the recommendation of the executive
 37 director, shall adopt rules and regulations governing the establishment and
 38 operation of a state lottery, sales of lottery tickets~~and~~, the operation of
 39 lottery gaming facilities and racetrack gaming facilities *and the operation*
 40 *of sports wagering* as necessary to carry out the purposes of the Kansas
 41 lottery act and the Kansas expanded lottery act. Temporary rules and
 42 regulations may be adopted by the commission without being subject to
 43 the provisions and requirements of K.S.A. 77-415 through 77-438, and

1 amendments thereto, but shall be subject to approval by the attorney
2 general as to legality and shall be filed with the secretary of state and
3 published in the Kansas register. Temporary and permanent rules and
4 regulations may include, but shall not be limited to:

5 (1) Subject to the provisions of subsection (c), the types of lottery
6 games to be conducted, including, but not limited to, instant lottery, ~~on-~~
7 ~~line~~ *online*, traditional games, lottery facility games and electronic gaming
8 machine games but not including games on video lottery machines or
9 lottery machines.

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

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

16 (4) The frequency of the drawings or selections of winning tickets or
17 shares.

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

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

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

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

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

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

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

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

34 (13) Rules and regulations to implement, administer and enforce the
35 provisions of the Kansas expanded lottery act. Such rules and regulations
36 shall include, but not be limited to, rules and regulations ~~which~~ *that* govern
37 management contracts and ~~which~~ *that* are designed to: (A) Ensure the
38 integrity of electronic gaming machines ~~and~~, other lottery facility games,
39 *sports wagering* and the finances of lottery gaming facilities and racetrack
40 gaming facilities; and (B) alleviate problem gambling, including a
41 requirement that each lottery gaming facility and each racetrack gaming
42 facility maintain a self-exclusion list by which individuals may exclude
43 themselves from access to electronic gaming machines ~~and~~, other lottery

1 facility games *and sports wagering*.

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

5 (15) *Rules and regulations to implement, administer and enforce the*
6 *provisions of sections 1 through 5, and amendments thereto. Such rules*
7 *and regulations shall include, but not be limited to: (A) Sports wagering*
8 *conducted by the Kansas lottery; (B) provisions for the confidentiality of*
9 *information submitted by an interactive sports wagering platform; and (C)*
10 *provisions ensuring the integrity of sports wagering conducted in this*
11 *state.*

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

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

21 Sec. 13. K.S.A. 74-8711 is hereby amended to read as follows: 74-
22 8711. (a) There is hereby established in the state treasury the lottery
23 operating fund.

24 (b) Except as provided by K.S.A. 74-8724 and the Kansas expanded
25 lottery act, and amendments thereto, the executive director shall remit all
26 moneys collected from the sale of lottery tickets and shares and any other
27 moneys received by or on behalf of the Kansas lottery to the state treasurer
28 in accordance with the provisions of K.S.A. 75-4215, and amendments
29 thereto. Upon receipt of each such remittance, the state treasurer shall
30 deposit the entire amount in the state treasury to the credit of the lottery
31 operating fund. Moneys credited to the fund shall be expended or
32 transferred only as provided by this act. Expenditures from such fund shall
33 be made in accordance with appropriations acts upon warrants of the
34 director of accounts and reports issued pursuant to vouchers approved by
35 the executive director or by a person designated by the executive director.

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

37 (1) The payment of expenses of the lottery, which shall include all
38 costs incurred in the operation and administration of the Kansas lottery; all
39 costs resulting from contracts entered into for the purchase or lease of
40 goods and services needed for operation of the lottery, including but not
41 limited to supplies, materials, tickets, independent studies and surveys,
42 data transmission, advertising, printing, promotion, incentives, public
43 relations, communications and distribution of tickets and shares; and

1 reimbursement of costs of facilities and services provided by other state
2 agencies;

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

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

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

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

11 *(6) transfers to the white collar crime fund of the attorney general*
12 *pursuant to subsection (f);*

13 ~~(6)~~(7) transfers to the state gaming revenues fund pursuant to
14 subsection (d) and as otherwise provided by law; and

15 ~~(7)~~(8) transfers to the county reappraisal fund as prescribed by law.

16 (d) The director of accounts and reports shall transfer moneys in the
17 lottery operating fund to the state gaming revenues fund created by K.S.A.
18 79-4801, and amendments thereto, on or before the 15th day of each month
19 in an amount certified monthly by the executive director and determined as
20 follows, whichever is greater:

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

24 (2) except for pull-tab lottery tickets and shares, an amount equal to
25 not less than 30% of total monthly revenues from the sales of lottery
26 tickets and shares less estimated returned tickets. In the case of pull-tab
27 lottery tickets and shares, an amount equal to not less than 20% of the total
28 monthly revenues from the sales of pull-tab lottery tickets and shares less
29 estimated returned tickets.

30 (e) (1) Subject to the limitations set forth in paragraph (2),
31 commencing in fiscal year 2020, on or before the 10th day of each month,
32 the director of the lottery shall certify to the director of accounts and
33 reports all net profits from the sale of lottery tickets and shares via lottery
34 ticket vending machines. Of such certified amount, the director of
35 accounts and reports shall transfer 75% from the lottery operating fund to
36 the community crisis stabilization centers fund of the Kansas department
37 for aging and disability services and 25% from the lottery operating fund
38 to the clubhouse model program fund of the Kansas department for aging
39 and disability services.

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

43 *(f) On July 1, 2022, and each July 1 thereafter, or as soon thereafter*

1 *as moneys are available, the first \$750,000 credited to the lottery*
2 *operating fund from sports wagering revenues deposited in the lottery*
3 *operating fund shall be transferred by the director of accounts and reports*
4 *from the lottery operating fund to the white collar crime fund of the*
5 *attorney general established in section 7, and amendments thereto.*

6 Sec. 14. K.S.A. 74-8716 is hereby amended to read as follows: 74-
7 8716. (a) It is unlawful for the executive director, a member of the
8 commission or any employee of the Kansas lottery, or any person residing
9 in the household thereof to:

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

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

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

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

34 (1) Any lottery gaming facility manager, subcontractor or agent of a
35 lottery gaming facility manager, manufacturer or vendor of electronic
36 gaming machines, *an interactive sports wagering platform* or central
37 computer system provider, or any business ~~which~~ *that* sells goods or
38 services to a lottery gaming facility manager; or

39 (2) any licensee pursuant to the Kansas parimutuel racing act, other
40 than the Kansas lottery or a person holding a license on behalf of the
41 Kansas lottery, or any business ~~which~~ *that* sells goods or services to a
42 parimutuel licensee.

43 (d) No person who holds a license issued by the Kansas racing and

1 gaming commission shall serve as executive director or as a member of the
2 commission or shall be employed by the Kansas lottery while or within
3 five years after holding such license.

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

8 (f) It shall be unlawful for the executive director, a member of the
9 commission or an employee of the Kansas lottery to accept any
10 compensation, gift, loan, entertainment, favor or service from any lottery
11 gaming facility manager, subcontractor or agent of a lottery gaming
12 facility manager, manufacturer or vendor of electronic gaming machines,
13 *an interactive sports wagering platform* or central computer system
14 provider.

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

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

23 (i) If the executive director, a member of the commission or an
24 employee of the Kansas lottery, or any person residing in the household
25 thereof, is convicted of an act described by this section, such executive
26 director, member or employee shall be removed from office or
27 employment with the Kansas lottery.

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

31 Sec. 15. K.S.A. 79-4806 is hereby amended to read as follows: 79-
32 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
33 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
34 shall be transferred and credited to the problem gambling *and addictions*
35 grant fund established by K.S.A. 79-4805, and amendments thereto.

36 Sec. 16. K.S.A. 74-8702, 74-8710, 74-8711, 74-8716 and 79-4806
37 and K.S.A. 2020 Supp. 21-6403 and 21-6507 are hereby repealed.

38 Sec. 17. This act shall take effect and be in force from and after its
39 publication in the statute book.