

Expanded Lottery Act Regulation Program

Consequences of Not Funding this Program

Without this program there would be no regulatory oversight of gaming ownership and operations in Kansas Casinos. There would be no protection for Kansas citizens from the nefarious influences of the criminal element that had such a large impact on the early years of gaming in the United States. Additionally, the statutory requirements of K.S.A. 74-8733 through 74-8773 would not be met.

Specific	<u>Statutory Basis</u>	<u>Mandatory vs. Discretionary</u>	<u>MOE/Match Rqt.</u>	<u>Priority Level</u>
	K.S.A. 74-8733 through 74-8773	Mandatory	No	1

Program Goals

- A. Uphold and promote the integrity of gaming at lottery and racetrack gaming facilities.
- B. Protect gaming operations from the influence of individuals or entities seeking to harm the integrity of gaming in Kansas.
- C. Protect the state of Kansas and its citizens from criminal activity and other potential issues related to the operation of lottery and racetrack gaming
- D. Investigate complaints and alleged violations of the KRGC rules and regulations and applicable state and federal laws.
- E. Coordinate with state agencies and local authorities to reduce and minimize illegal gaming in Kansas.
- F. Promote responsible gambling in the state of Kansas.

Program History

Under KELA, the State of Kansas is authorized to contract with entities to operate casino-style games owned by the Kansas Lottery Commission. KELA established four gaming zones where lottery gaming facilities could be located and exclusively operated. Additionally, KELA provided that the Kansas Lottery Commission was authorized to contract with racetrack gaming facility managers in three of the four gaming zones to operate slots machines at pari-mutuel facilities.

Program History (Continued)

K.S.A. 74-8772 requires the KRGC to establish and enforce rules and regulations that include but are not limited to: 1) promoting the integrity of gaming and the finances of gaming activity in Kansas that meet or exceed industry standards for monitoring and controlling lottery and racetrack gaming facility managers; 2) prescribing the on-site security at lottery and racetrack gaming facility enterprises in Kansas; 3) reporting of information concerning lottery and racetrack facility managers, their employees, vendors and vendor finances necessary or desirable to ensure the security of lottery or racetrack gaming facility operations; and 4) reporting and auditing of the financial information of lottery or racetrack gaming facility managers, and other information the KRGC requires to determine compliance with KELA and KRGC rules and regulations. KRGC rules and regulations shall include but not be limited to oversight provisions related to: 1) internal controls; 2) security of facilities; 3) performance of background investigations; 4) determination of qualifications and credentialing of employees, contractors and agents of lottery or racetrack gaming facility managers, ancillary lottery gaming facility operations and racetrack gaming facilities; 5) auditing of lottery gaming facility revenue and racetrack gaming facility slot machine income; 6) enforcement of all state laws; and 7) maintaining of the integrity of lottery and racetrack gaming facility operations.

K.S.A. 74-8769 requires that each person subject to a background check under KELA shall be subject to a state and national criminal history records check that conforms to federal standards for the purpose of verifying an applicant's identity and determining whether the applicant has been convicted of any crime that would disqualify the applicant from engaging in activities at lottery or racetrack gaming facilities or ancillary lottery gaming facilities.

K.S.A. 74-8710(a)(13)(B) states that the Kansas Lottery Commission must issue rules and regulations to enforce management contract provisions that require lottery and racetrack gaming facility managers to provide a program to alleviate problem gambling including a requirement that each lottery and racetrack gaming facility maintain a self-exclusion list by which individuals may exclude themselves from access to slots machines and other lottery facility games. Under K.S.A. 74-8772, the KRGC issues rules and regulations to provide regulatory oversight of these management contract provisions that include responsible gambling and voluntary exclusion programs.

K.S.A. 74-8750(c) requires the KRGC to collect from any manufacturer, supplier, provider, lottery gaming facility manager, racetrack gaming facility manager or other person the anticipated actual costs in advance for the examination and certification of electronic gaming machines or lottery facility games. KRGC will reimburse any overpayment and collect any under payment from the appropriate vendor.

Performance Measures

<i>Outcome Measures</i>	<i>Goal</i>	<i>FY 2019 Actuals</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Previous Est.</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Est.</i>	<i>FY 2024 Est.</i>	<i>3- yr. Avg.</i>
1. Percentage of employee licenses denied by the Commission	A, B, C	1.0%	1.0%	0.5%	2.0%	1%	2%	2%	0.8%
2. Number of VEP enrollees granted access to lottery gaming facility	F	85	86	99	95	80	95	95	88
3. Improper gaming outcome discovered after complaint	D	-	-	-	-	-	-	-	0

<i>Output Measures</i>									
4. Number of Criminal Case Reports	D	486	409	457	550	340	550	550	402
5. Number of background investigations completed (individual & corporate)	A, B, C	1,123	927	606	1,260	1247	1260	1260	927

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Additional Measures as Necessary

6. Number of initial EGM inspections/certifications	A, C	791	375	108	300	204	300	300	229
7. Illegal gaming machines seized (# does not include components, prizes and other related items seized)	E	47	39	6	25	10	25	25	18
8. Illegal gambling complaints received	E	176	143	145	157	121	157	160	136
9. Number of new Voluntary Exclusion Program enrollments	F	289	200	174	200	172	180	180	182
10. EGM Hardware/Software Components Tested and Approved	A, C	2,634	2,683	1,706	2,400	1626	2300	2400	2,005

Funding

Funding Source	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Approved	FY 2022 Actuals	FY 2023 Est.	FY 2024 Est.	3-yr. Avg.
State General Fund	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	\$ 6,207,553	\$ 6,400,385	\$ 6,275,022	\$ 7,586,794	\$ 6,766,978	\$ 8,785,037	\$ 8,891,670	\$ 6,480,795
Federal Funds	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Total	\$ 6,207,553	\$ 6,400,385	\$ 6,275,022	\$ 7,586,794	\$ 6,766,978	\$ 8,785,037	\$ 8,891,670	\$ 6,480,795
FTE	86.5	86.5	86.5	86.5	86.5	92.5	92.5	86.5

Racing Regulation

Consequences of Not Funding this Program

Currently, there are breeders of horses and greyhounds who continue to register their animals as Kansas bred. Not funding this program would result in their being no mechanism for these breeders to be able to register their animals as Kansas bred. The distinction can be important within the industry and not having this mechanism may have a negative impact on some breeders. Not funding this program would result in the loss of historical documents prior to their approved destruction.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rgt.	Priority Level
Specific K.S.A 74-8801 through 74-8842	Mandatory	No	2

Program Goals

A. To maintain the integrity of pari-mutuel wagering systems and to protect the public and the health, safety and welfare of the racing animal.

Program History

K.S.A. 74-8804 (a) through (q) require the commission to observe and inspect all racetrack facilities; administer oaths and take depositions; examine any books, paper records or memoranda of any licensee, racetrack or business involved in simulcasting races to racetrack facilities in Kansas; issue subpoenas; allocate race meeting dates, racing days, and hours to all organization licensees; authority to exclude, or cause to be expelled from any race meeting or racetrack facility or to prohibit a licensee from conducting business with any person who has violated the provision of this act or any rule and regulation or order of the commission, been convicted of a violation of the racing or gambling laws or has been adjudicated of committing as a juvenile an act which if committed by an adult, would constitute such a violation, whose person reflects adversely on the honesty and integrity of horse or greyhound racing or interferes with the conduct of a race meeting; review and approve all proposed construction and major renovations to racetrack facilities; review and approve all proposed contracts with racetracks or businesses involved in simulcasting races to racetrack facilities in Kansas; suspend a horse or greyhound from participation in races; impose a civil fine; adopt rules and regulations and require fingerprinting and background information of all persons for employment, license or simulcasting license.

Performance Measures

There were no performance measures submitted for this program.

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Funding

<i>Funding Source</i>	<i>FY 2019 Actuals</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Approved</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Est.</i>	<i>FY 2024 Est.</i>	<i>3-yr. Avg.</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	610	1,388	2,826	3,972	3,271	889,410	1,372,711	2,495
Federal Funds	-	-	-	-	-	-	-	-
Total	\$ 610	\$ 1,388	\$ 2,826	\$ 3,972	\$ 3,271	\$ 889,410	\$ 1,372,711	\$ 2,495
FTE	0.0	0.0	0.0	0.0	0.0	13.0	13.0	0.0

Tribal Gaming

Consequences of Not Funding this Program

Lack of regulation and oversight as required by the tribal-state gaming compacts, the Tribal Gaming Oversight Act, and the Indian Gaming Regulatory Act. Without this program there would be no agency to monitor compliance with tribal-state gaming compacts and no agency to perform the duties provided for in the tribal-state compacts. There would be no protection from criminal activity in the tribal gaming arena for Kansas and its citizens.

Statutory Basis	Mandatory vs. Discretionary	MOE/Match Rgt.	Priority Level
Specific K.S.A. 74-9801 through 74-9809	Mandatory	No	1

Program Goals

- A. Ensure compliance with the four tribal-state compacts and the Tribal Gaming Oversight Act and that gaming is conducted in accordance with said compacts and applicable state and federal laws.
- B. Protect the state of Kansas and its citizens from criminal activity in the Tribal gaming arena.
- C. Ensure accurate and complete information is provided to the different tribal gaming commissions for licensing purposes and to review all licensing decisions to ensure compliance.
- D. To conduct thorough background investigations on all gaming employees, management contractors, manufacturers and distributors of gaming devices seeking licensure at gaming facilities located in this state.
- E. Investigate any alleged violations of the tribal-state compacts and the Tribal Gaming Oversight Act.

Program History

K.S.A. 74-9801 through 74-9809 (a) mandate the agency shall be responsible for oversight, monitoring and compliance of class III gaming conducted pursuant to tribal-state compacts. It is the responsibility of the agency to monitor compliance with tribal-state gaming compacts and perform the duties of the state gaming agency as provided for in the tribal-state gaming compacts. The agency may examine and inspect all tribal gaming facilities and facilities linked to Kansas tribal gaming facilities for gaming, including but not limited to all machines and equipment used for tribal gaming, books, papers, records, electronic records, computer records or surveillance and security tapes and logs of any tribal gaming facility. The executive director may issue subpoenas. The agency can review all licensing and disciplinary actions and reports of noncompliance with the tribal-state compacts. Enforcement agents are vested with the power and authority of law enforcement officers.

Performance Measures

Outcome Measures	Goal	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Actuals	FY 2022 Previous Est.	FY 2022 Actuals	FY 2023 Est.	FY 2024 Est.	3- yr. Avg.
1. Average days to complete background investigations	C, D	41	40	31	45	31	31	31	34
2. Average days to preliminary suitability	C, D	1	2	2.25	2	2	2	2	2

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Output Measures

3. Number of internal control inspections (NEW during FY16)	A, B	3271	2316	1903	2750	1874	2000	2000	2,031
4. Number of background investigations.	C, D	514	432	487	470	411	470	470	443

Additional Measures as Necessary

5. Number of official slot machine inspections	A, B	342	318	255	470	339	350	350	304
6. Number of compliance inspections	A, B	230	457	183	200	190	200	200	277

Funding

<i>Funding Source</i>	<i>FY 2019 Actuals</i>	<i>FY 2020 Actuals</i>	<i>FY 2021 Actuals</i>	<i>FY 2022 Approved</i>	<i>FY 2022 Actuals</i>	<i>FY 2023 Est.</i>	<i>FY 2024 Est.</i>	<i>3-yr. Avg.</i>
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-SGF State Funds	1,385,601	1,378,569	1,249,657	1,361,044	1,226,584	1,473,092	1,481,267	1,284,937
Federal Funds	-	-	-	-	-	-	-	-
Total	\$ 1,385,601	\$ 1,378,569	\$ 1,249,657	\$ 1,361,044	\$ 1,226,584	\$ 1,473,092	\$ -	\$ 1,284,937
FTE	17.0	15.5	13.0	13.0	13.0	15.0	15.0	13.8