

## GAMING REVENUES

The Kansas Lottery historically has generated revenue for the state through the sales of lottery tickets and online games most of which is deposited in the Economic Development Initiatives Fund (EDIF). With the passage of 2007 SB 66, the Kansas Lottery will begin transferring new revenue to the state Expanded Lottery Act Revenue Fund that will be in addition to the traditional (or old) lottery revenue (EDIF). The new lottery revenue (ELARF) will be generated by fees and gaming at race track and casino facilities authorized by 2007 SB 66.

### Expanded Lottery Act Revenues Fund (ELARF) Overview

KSA 74-8768 provides that the ELARF funding shall be used for "...reduction of state debt, state infrastructure improvements, the university engineering initiative act, reduction of local ad valorem tax, and reduction of the unfunded actuarial liability of the system attributable to the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, by the Kansas public employees retirement system." Revenue to the fund is derived from the distribution of receipts from race track gaming facilities and lottery gaming facilities, and from one-time gaming machine privilege fees and one-time lottery gaming facility privilege fees.

Kansas law requires that the first \$10.5 million credited to the ELARF fund each year be transferred to the engineering funds of the University of Kansas, Wichita State University and Kansas State University in equal amounts of \$3.5 million. The Act was further amended to require that 50.0 percent of revenue credited to the ELARF shall be transferred to the KPERs Trust Fund, commencing quarterly transfers in FY 2014, after other obligations totaling \$10.5 million have been met.

### *Revenue Distribution Agreement in the Expanded Lottery Act*

Casinos	Racinos
73.0 % to Lottery Gaming Facility Manager 22.0% to Expanded Lottery Act Revenue Fund 2.0% to Problem Gambling & Addictions Fund 3.0% to Cities and Counties (at facility locations)	25.0 % to Racetrack Gaming Facility Manager 40.0 % to Expanded Lottery Act Revenue Fund 2.0 % to Problem Gambling & Addiction Fund 3.0 % to the Cities and Counties 15.0 % to Gaming Facility Manager for Gaming Expenses 1.0 % to the Horse Fair Benefit Fund 7.0 % to Live Greyhound Racing Purse Supplement Fund (amounts above \$3,750 per machine in 1 fiscal year split between the state and the gaming facility manager) 7.0 % to Live Horse Racing Supplement Fund (amounts above \$3,750 per machine in 1 fiscal year split between the state and the gaming facility manager)

#### *Privilege Fees Revenue (One-Time Payment)*

\$25.0 million per site (Except Dodge City which has a \$5.0 million privilege fee)	\$2,500 per electronic gaming machine with a minimum of 600 machines at each track
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Senate Ways and Means Committee  
 Date: 03-14-2013  
 Attachment #: 6

**Expanded Lottery Act Revenue Fund Table  
FY 2012 - 2015**

	Actual FY 2012	Gov Rec. FY 2013	Senate Adjustments FY 2013	Gov Rec. FY 2014	Senate Adjustments FY 2014	Gov Rec. FY 2015	Senate Adjustments FY 2015
<b>Expanded Lottery Act Revenue Fund</b>							
Kansas Department of Corrections Labele Elderly Correctional Facility	\$ 1,695,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Fair Capital Improvement Master Plan Debt Service	-	11,182,256	-	-	-	-	-
Department of Wildlife, Parks and Tourism Kansas Wildscape Cabin Debt	-	1,765,473	-	-	-	-	-
Department of Agriculture Wichita Aquifer Storage and Recovery *	-	-	-	-	-	-	-
Department of Administration KPERs Bonds Debt Service	-	36,142,328	-	36,139,161	-	36,135,483	-
Statehouse Debt Service	-	19,516,839	-	1,274,501	-	3,119,748	-
Public Broadcasting Council Bonds	-	1,578,000	-	233,332	-	234,769	-
Judicial Center Bonds	-	445,297	-	-	-	-	-
Subtotal - Debt Service	-	57,682,264	-	37,651,984	-	39,490,000	-
Transfers to Other Funds							
Ken-Grow Engineering Funds	-	10,500,000	-	10,500,000	-	10,500,000	-
KPERs Actuarial Liability	40,411,025	-	-	37,512,000	-	39,490,000	-
State General Fund	40,411,025	(2,000,000)	-	48,012,000	-	49,990,000	-
Subtotal - Transfers		8,500,000		48,012,000		49,990,000	
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	\$ 42,106,175	\$ 79,149,993	\$ 79,149,993	\$ 85,663,984	\$ 85,663,984	\$ 89,480,000	\$ 89,480,000
<b>ELARF Resource Estimate</b>							
Beginning Balance	\$ -	\$ -	\$ -	\$ 140,007	\$ 140,007	\$ 23	\$ 23
Gaming Revenues	42,106,175	79,290,000	79,290,000	85,524,000	85,524,000	89,480,000	89,480,000
Privilege Fees	-	-	-	-	-	-	-
Total Available	\$ 42,106,175	\$ 79,290,000	\$ 79,290,000	\$ 85,664,007	\$ 85,664,007	\$ 89,480,023	\$ 89,480,023
Less: Expenditures and Transfers	42,106,175	79,149,993	79,149,993	85,663,984	85,663,984	89,480,000	89,480,000
<b>ENDING BALANCE</b>	\$ -	\$ 140,007	\$ 140,007	\$ 23	\$ 23	\$ 23	\$ 23

\* The appropriation to the Wichita Aquifer Storage and Recovery Fund was vetoed by the Governor.

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