

SENATE BILL No. 455

By Committee on Federal and State Affairs

3-22

1 AN ACT concerning gaming; creating the Kansas sports wagering act;
2 amending K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8702, 74-
3 8710, 74-8711, 74-8716, 74-8734, 74-8741, 74-8751, 74-8752, 74-
4 8760, 74-8763, 74-8765 and 74-8769 and repealing the existing
5 sections.
6

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

8 New Section 1. (a) Sports wagering shall only be conducted in this
9 state in accordance with the provisions of the Kansas sports wagering act,
10 the Kansas lottery act, and the Kansas expanded lottery act.

11 (b) The Kansas lottery may offer sports wagering:

12 (1) In-person at a facility operated by the Kansas lottery;

13 (2) through lottery retailers who have contracted with the Kansas
14 lottery to conduct sports wagering on behalf of the Kansas lottery;

15 (3) over the internet, including, but not limited to, through websites
16 and mobile device applications; or

17 (4) through an interactive sports wagering platform.

18 (c) The executive director may enter into contracts with one or more
19 lottery gaming facility managers or racetrack gaming facility managers for
20 conducting, operating and managing sports wagering on behalf of the
21 Kansas lottery in-person at the lottery gaming facility or racetrack gaming
22 facility operated by such manager, or through the interactive sports
23 wagering platform that has contracted with the Kansas lottery to offer
24 sports wagering. Any contract entered into pursuant to this section shall be
25 made in accordance with the provisions of K.S.A. 2017 Supp. 74-8734,
26 74-8736, 74-8741 and 74-8742 and amendments thereto.

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

31 (b) Sports wagering operators shall allow a person to restrict such
32 person from placing wagers with the operator, including, wagering limits,
33 and shall take reasonable measures to prevent any such person from
34 placing such wagers. Upon the request of any such person, the operator
35 shall submit the restricted person's name and other pertinent information to
36 the Kansas racing and gaming commission. The executive director of the

1 commission may enter into a self-exclusion agreement with such person,
2 and disseminate such person's information to all other sports wagering
3 operators.

4 (c) The executive director of the Kansas racing and gaming
5 commission shall adopt rules and regulations regarding the advertisement
6 for sports wagering. Such rules and regulations shall be adopted on or
7 before January 1, 2019, and shall include, but not be limited to:

8 (1) Ensuring that advertisements do not target children and minors, or
9 other persons who are ineligible to place wagers, or problem gamblers or
10 other vulnerable persons, including limitations on the form, content,
11 quantity, timing and location of such advertisements;

12 (2) disclosure of the identity of the sports wagering operator in all
13 such advertisements;

14 (3) provision of the toll-free number for information and referral
15 services for compulsive and problem gambling; and

16 (4) prohibitions on false, misleading or deceptive advertisements.

17 New Sec. 3. (a) Sports wagering operators shall use reasonable
18 methods to:

19 (1) Prohibit the operator, and any directors, officers, owners and
20 employees of the operator, and any relative living in the same household as
21 such persons, from placing wagers with the operator;

22 (2) prohibit the interactive sports wagering platform, and any
23 directors, officers, owners and employees of the platform, and any relative
24 living in the same household as such persons, from placing wagers with
25 the operator;

26 (3) prohibit athletes, coaches, referees, team owners, employees of a
27 sports governing body or its member teams, and player and referee union
28 personnel from placing wagers on any sporting event overseen by such
29 sports governing body. In determining which persons are excluded from
30 placing wagers under this paragraph, operators shall use publicly available
31 information and any lists of such persons that the sports governing body
32 may provide to the Kansas racing and gaming commission;

33 (4) prohibit any person with access to nonpublic confidential
34 information held by the operator from placing wagers with the operator;

35 (5) prohibit persons from placing wagers as agents or proxies for
36 other persons; and

37 (6) maintain the security of wagering data, customer data and other
38 confidential information from unauthorized access and dissemination,
39 provided, however, that nothing in this act shall preclude the use of
40 internet or cloud-based hosting of such data and information or disclosure
41 as required by court order, state or federal law or as otherwise required by
42 this act.

43 (b) A sports governing body may notify the Kansas racing and

1 gaming commission that it desires to restrict, limit or exclude wagering on
2 its sporting events by providing notice in such form and manner as
3 prescribed by the Kansas racing and gaming commission. Upon receiving
4 such notice, the Kansas racing and gaming commission shall review the
5 request in good faith, seek input from operators on such a request and, if
6 deemed appropriate, the commission shall adopt rules and regulations to
7 restrict sports wagering on such sports events. If the commission denies a
8 request submitted pursuant to this section, the commission shall notify the
9 sports governing body that submitted the request. Any sports governing
10 body whose request is denied may appeal the decision of the commission
11 in accordance with the Kansas administrative procedure act. Offering or
12 taking wagers contrary to such published restrictions is a violation of this
13 act. In the event that a request submitted pursuant to this section is
14 submitted in response to an emergency situation, the executive director of
15 the Kansas racing and gaming commission may temporarily prohibit the
16 specific sports wager in question until the commission has the opportunity
17 to review the request and adopt rules and regulations in accordance with
18 this section.

19 (c) Sports wagering operators shall cooperate with any investigations
20 conducted by the Kansas racing and gaming commission, sports governing
21 bodies or law enforcement agencies, including, but not limited to,
22 providing or facilitating the provision of account-level betting information
23 and audio or video files relating to persons placing wagers.

24 (d) Sports wagering operators shall immediately report to the Kansas
25 racing and gaming commission any information relating to:

26 (1) Criminal or disciplinary proceedings commenced against the
27 sports wagering operator in connection with its operations;

28 (2) abnormal wagering activity or patterns that may indicate a
29 concern with the integrity of a sporting event or events;

30 (3) any potential breach of the relevant sports governing body's
31 internal rules and codes of conduct pertaining to sports wagering;

32 (4) any other conduct that corrupts a betting outcome of a sporting
33 event or events for purposes of financial gain, including match fixing; and

34 (5) suspicious or illegal wagering activities, including use of funds
35 derived from illegal activity, wagers to conceal or launder funds derived
36 from illegal activity, using agents to place wagers and using false
37 identification.

38 Sports wagering operators also shall immediately report information
39 relating to conduct described in paragraphs (2), (3) and (4) to the relevant
40 sports governing body.

41 (e) Information provided by a sports governing body to a sports
42 wagering operator shall be confidential, and the operator shall not disclose
43 such information or any portion thereof, unless disclosure is required by

1 this act, the Kansas racing and gaming commission, state or federal law or
2 court order.

3 (f) Operators may use whatever data source such operator deems
4 appropriate for determining the result of tier one sports wagers. Operators
5 shall use only official league data for determining the result of all tier two
6 sports wagers, provided the relevant sports governing body can provide a
7 feed of official league data to the operator and makes such feed available
8 for purchase by the operator on commercially reasonable terms.

9 New Sec. 4. A sports governing body shall have a cause of action
10 against any person who knowingly engages in, facilitates or conceals
11 conduct that intends to improperly influence a betting outcome of a
12 sporting event for purposes of financial gain, in connection with betting or
13 wagering on a sporting event. A sports governing body filing any such
14 action may seek damages or other equitable relief. The provisions of this
15 section shall not be construed as a limitation on or bar against any other
16 claims a sports governing body may bring against such person, or any
17 other claim a sports governing body may bring for injuries or damages
18 arising out of the operation of sports wagering.

19 New Sec. 5. (a) Sports wagering operators shall maintain records of
20 all bets and wagers placed, including personally identifiable information of
21 the person placing the bet, the amount and type of bet, the time the bet was
22 placed, the location of the bet, including the IP address, if applicable, the
23 outcome of the bet, any records of abnormal betting activity and video
24 camera recordings, in the case of in-person wagers, for at least three years
25 after the sporting event occurs. An operator shall make such data available
26 for inspection upon request by the Kansas racing and gaming commission
27 or as required by court order.

28 (b) If a sports governing body has notified the Kansas racing and
29 gaming commission that real-time information sharing for wagers placed
30 on its sporting events is necessary and desirable, sports wagering operators
31 shall share in real time the information required to be retained pursuant to
32 subsection (a), except video camera recordings, with the sports governing
33 body, or its designee, with respect to wagers on its sporting events.

34 (c) The Kansas racing and gaming commission shall cooperate with a
35 sports governing body and sports wagering operators to ensure the timely,
36 efficient and accurate sharing of information.

37 (d) Any information provided pursuant to this section shall not
38 contain any personally identifiable information.

39 New Sec. 6. (a) On July 1, October 1, January 1 and April 1 of each
40 year, or as soon thereafter as sufficient moneys are available, each sports
41 wagering operator shall remit a sport betting right and integrity fee to each
42 sports governing body with authority over a sporting event on which bets
43 were placed through such operator in the immediately preceding calendar

1 quarter. The fee required by this section shall be in an amount equal to
2 0.25% of the aggregate amount wagered on sporting events conducted
3 under the authority of the sports governing body during the immediately
4 preceding calendar quarter, except such fee shall not exceed an amount
5 equal to 5% of the aggregate gross revenue on wagers placed on sporting
6 events conducted under the authority of the sports governing body during
7 the immediately preceding calendar quarter.

8 (b) For purposes of this section, the following terms shall have the
9 following meanings:

10 (1) "Aggregate amount wagered" means an amount equal to the total
11 of all wagers placed with a sports wagering operator on sporting events
12 that are not attributable to prohibited sports events.

13 (2) "Aggregate gross revenue" means an amount equal to the total of
14 all wagers placed with a sports wagering operator on sporting events that
15 are not attributable to prohibited sports events less the total of all moneys
16 not attributable to prohibited sports events paid as winnings to persons
17 who placed wagers with a sports wagering operator, except that the total of
18 all moneys paid as winnings shall not include the cash equivalent value of
19 any goods, services or any other thing of value awarded as a prize.

20 New Sec. 7. (a) There is hereby established in the state treasury the
21 sports wagering receipts fund. Separate accounts shall be maintained in
22 such fund for receipt of moneys from sports wagering conducted by the
23 Kansas lottery and each lottery gaming facility manager and racetrack
24 gaming facility manager. All expenditures from the fund shall be made in
25 accordance with appropriation acts upon warrants of the director of
26 accounts and reports issued pursuant to vouchers approved by the
27 executive director for the purposes set forth in this act.

28 (b) All revenues from sports wagering conducted by the Kansas
29 lottery shall be remitted to the state treasurer and deposited in the lottery
30 operating fund in accordance with K.S.A. 74-8711, and amendments
31 thereto.

32 (c) (1) All revenues from sports wagering conducted by lottery
33 gaming facility managers and racetrack gaming facility managers shall be
34 paid daily and electronically to the executive director. The executive
35 director shall remit all moneys received therefrom to the state treasurer in
36 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
37 of the remittance, the state treasurer shall deposit the entire amount in the
38 state treasury and credit it to the respective account maintained for the
39 lottery gaming facility manager or racetrack gaming facility manager in
40 the expanded lottery receipts fund, established by K.S.A. 2017 Supp. 74-
41 8766, and amendments thereto.

42 (2) The executive director shall certify weekly to the director of
43 accounts and reports the percentages or amounts to be transferred from

1 each account maintained in the expanded lottery receipts fund to the
2 expanded lottery act revenues fund, as provided by the lottery gaming
3 facility management contract or racetrack gaming facility management
4 contract. Upon receipt of the certification, the director of accounts and
5 reports shall transfer amounts from each such account in accordance with
6 the certification of the executive director. Once each month, the executive
7 director shall cause amounts from each such account to be paid to lottery
8 gaming facility managers in accordance with the lottery gaming facility
9 management contract and to racetrack gaming facility managers in
10 accordance with the racetrack gaming facility management contract.

11 New Sec. 8. (a) The provisions of sections 1 through 8, and
12 amendments thereto, shall be known and may be cited as the Kansas sports
13 wagering act.

14 (b) The provisions of the Kansas sports wagering act shall be part of
15 and supplemental to the Kansas lottery act.

16 (c) If any provision of this act or the application thereof to any person
17 or circumstance is held invalid, the invalidity shall not affect any other
18 provision or application of the act that can be given effect without the
19 invalid provision or application.

20 Sec. 9. K.S.A. 2017 Supp. 19-101a is hereby amended to read as
21 follows: 19-101a. (a) The board of county commissioners may transact all
22 county business and perform all powers of local legislation and
23 administration it deems appropriate, subject only to the following
24 limitations, restrictions or prohibitions:

25 (1) Counties shall be subject to all acts of the legislature which apply
26 uniformly to all counties.

27 (2) Counties may not affect the courts located therein.

28 (3) Counties shall be subject to acts of the legislature prescribing
29 limits of indebtedness.

30 (4) In the exercise of powers of local legislation and administration
31 authorized under provisions of this section, the home rule power conferred
32 on cities to determine their local affairs and government shall not be
33 superseded or impaired without the consent of the governing body of each
34 city within a county which may be affected.

35 (5) Counties may not legislate on social welfare administered under
36 state law enacted pursuant to or in conformity with public law No. 271 –
37 74th congress, or amendments thereof.

38 (6) Counties shall be subject to all acts of the legislature concerning
39 elections, election commissioners and officers and their duties as such
40 officers and the election of county officers.

41 (7) Counties shall be subject to the limitations and prohibitions
42 imposed under K.S.A. 12-187 ~~to~~ *through* 12-195, ~~inclusive,~~ and
43 amendments thereto, prescribing limitations upon the levy of retailers'

1 sales taxes by counties.

2 (8) Counties may not exempt from or effect changes in statutes made
3 nonuniform in application solely by reason of authorizing exceptions for
4 counties having adopted a charter for county government.

5 (9) No county may levy ad valorem taxes under the authority of this
6 section upon real property located within any redevelopment project area
7 established under the authority of K.S.A. 12-1772, and amendments
8 thereto, unless the resolution authorizing the same specifically authorized
9 a portion of the proceeds of such levy to be used to pay the principal of
10 and interest upon bonds issued by a city under the authority of K.S.A. 12-
11 1774, and amendments thereto.

12 (10) Counties shall have no power under this section to exempt from
13 any statute authorizing or requiring the levy of taxes and providing
14 substitute and additional provisions on the same subject, unless the
15 resolution authorizing the same specifically provides for a portion of the
16 proceeds of such levy to be used to pay a portion of the principal and
17 interest on bonds issued by cities under the authority of K.S.A. 12-1774,
18 and amendments thereto.

19 (11) Counties may not exempt from or effect changes in the
20 provisions of K.S.A. 19-4601 through 19-4625, and amendments thereto.

21 (12) Except as otherwise specifically authorized by K.S.A. 12-1,101
22 through 12-1,109, and amendments thereto, counties may not levy and
23 collect taxes on incomes from whatever source derived.

24 (13) Counties may not exempt from or effect changes in K.S.A. 19-
25 430, and amendments thereto.

26 (14) Counties may not exempt from or effect changes in K.S.A. 19-
27 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

28 (15) Counties may not exempt from or effect changes in K.S.A. 19-
29 15,139, 19-15,140 and 19-15,141, and amendments thereto.

30 (16) Counties may not exempt from or effect changes in the
31 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
32 and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-
33 1260 through 12-1270 and 12-1276, and amendments thereto.

34 (17) Counties may not exempt from or effect changes in the
35 provisions of K.S.A. 19-211, and amendments thereto.

36 (18) Counties may not exempt from or effect changes in the
37 provisions of K.S.A. 19-4001 through 19-4015, and amendments thereto.

38 (19) Counties may not regulate the production or drilling of any oil or
39 gas well in any manner which would result in the duplication of regulation
40 by the state corporation commission and the Kansas department of health
41 and environment pursuant to chapter 55 and chapter 65 of the Kansas
42 Statutes Annotated, and amendments thereto, and any rules and regulations
43 adopted pursuant thereto. Counties may not require any license or permit

1 for the drilling or production of oil and gas wells. Counties may not
2 impose any fee or charge for the drilling or production of any oil or gas
3 well.

4 (20) Counties may not exempt from or effect changes in K.S.A. 79-
5 41a04, and amendments thereto.

6 (21) Counties may not exempt from or effect changes in K.S.A. 79-
7 1611, and amendments thereto.

8 (22) Counties may not exempt from or effect changes in K.S.A. 79-
9 1494, and amendments thereto.

10 (23) Counties may not exempt from or effect changes in subsection
11 ~~(b)~~ of K.S.A. 19-202(b), and amendments thereto.

12 (24) Counties may not exempt from or effect changes in subsection
13 ~~(b)~~ of K.S.A. 19-204(b), and amendments thereto.

14 (25) Counties may not levy or impose an excise, severance or any
15 other tax in the nature of an excise tax upon the physical severance and
16 production of any mineral or other material from the earth or water.

17 (26) Counties may not exempt from or effect changes in K.S.A. 79-
18 2017 or 79-2101, and amendments thereto.

19 (27) Counties may not exempt from or effect changes in K.S.A. 2-
20 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-
21 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments
22 thereto.

23 (28) Counties may not exempt from or effect changes in K.S.A. 2017
24 Supp. 80-121, and amendments thereto.

25 (29) Counties may not exempt from or effect changes in K.S.A. 19-
26 228, and amendments thereto.

27 (30) Counties may not exempt from or effect changes in the wireless
28 enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of
29 K.S.A. 12-5301 through 12-5308, and amendments thereto.

30 (31) Counties may not exempt from or effect changes in K.S.A. 2017
31 Supp. 26-601, and amendments thereto.

32 (32) (A) Counties may not exempt from or effect changes in the
33 Kansas liquor control act except as provided by paragraph (B).

34 (B) Counties may adopt resolutions which are not in conflict with the
35 Kansas liquor control act.

36 (33) (A) Counties may not exempt from or effect changes in the
37 Kansas cereal malt beverage act except as provided by paragraph (B).

38 (B) Counties may adopt resolutions which are not in conflict with the
39 Kansas cereal malt beverage act.

40 (34) Counties may not exempt from or effect changes in the Kansas
41 lottery act, *the Kansas expanded lottery act or the Kansas sports wagering*
42 *act*.

43 ~~(35) Counties may not exempt from or effect changes in the Kansas~~

1 expanded lottery act.

2 ~~(36)~~(35) Counties may neither exempt from nor effect changes to the
3 eminent domain procedure act.

4 ~~(37)~~(36) Any county granted authority pursuant to the provisions of
5 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be
6 subject to the limitations and prohibitions imposed under K.S.A. 19-5001
7 through 19-5005, and amendments thereto.

8 ~~(38)~~(37) Except as otherwise specifically authorized by K.S.A. 19-
9 5001 through 19-5005, and amendments thereto, counties may not exercise
10 any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and
11 amendments thereto, including the imposition or levy of any retailers' sales
12 tax.

13 (b) Counties shall apply the powers of local legislation granted in
14 subsection (a) by resolution of the board of county commissioners. If no
15 statutory authority exists for such local legislation other than that set forth
16 in subsection (a) and the local legislation proposed under the authority of
17 such subsection is not contrary to any act of the legislature, such local
18 legislation shall become effective upon passage of a resolution of the
19 board and publication in the official county newspaper. If the legislation
20 proposed by the board under authority of subsection (a) is contrary to an
21 act of the legislature which is applicable to the particular county but not
22 uniformly applicable to all counties, such legislation shall become
23 effective by passage of a charter resolution in the manner provided in
24 K.S.A. 19-101b, and amendments thereto.

25 (c) Any resolution adopted by a county which conflicts with the
26 restrictions in subsection (a) is null and void.

27 Sec. 10. K.S.A. 2017 Supp. 21-6403 is hereby amended to read as
28 follows: 21-6403. As used in K.S.A. 2017 Supp. 21-6403 through 21-
29 6409, and amendments thereto:

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

33 (1) Bona fide business transactions which are valid under the law of
34 contracts including, but not limited to, contracts for the purchase or sale at
35 a future date of securities or other commodities, and agreements to
36 compensation for loss caused by the happening of the chance including,
37 but not limited to, contracts of indemnity or guaranty and life or health and
38 accident insurance;

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

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

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

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

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

8 (7) tribal gaming;

9 (8) charitable raffles as defined by K.S.A. 2017 Supp. 75-5173, and
10 amendments thereto; ~~or~~

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

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

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

17 (1) A lottery operated by the state pursuant to the Kansas lottery act;
18 *or*

19 (2) tribal gaming;

20 (c) "consideration" means anything which is a commercial or
21 financial advantage to the promoter or a disadvantage to any participant.
22 Mere registration without purchase of goods or services; personal
23 attendance at places or events, without payment of an admission price or
24 fee; listening to or watching radio and television programs; answering the
25 telephone or making a telephone call and acts of like nature are not
26 consideration. "Consideration" shall not include sums of money paid by or
27 for:

28 (1) Participants in any bingo game managed, operated or conducted
29 in accordance with the laws of the state of Kansas by any bona fide
30 nonprofit religious, charitable, fraternal, educational or veteran
31 organization licensed to manage, operate or conduct bingo games under
32 the laws of the state of Kansas and it shall be conclusively presumed that
33 such sums paid by or for such participants were intended by such
34 participants to be for the benefit of the sponsoring organizations for the use
35 of such sponsoring organizations in furthering the purposes of such
36 sponsoring organizations, as set forth in the appropriate paragraphs of
37 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
38 in K.S.A. 79-4701, and amendments thereto;

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

41 (3) participants in any system of parimutuel wagering managed,
42 operated and conducted in accordance with the Kansas parimutuel racing
43 act; *or*

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

2 (d) "fantasy sports league" means any fantasy or simulation sports
3 game or contest in which no fantasy or simulation sports team is based on
4 the current membership of an actual team that is a member of an amateur
5 or professional sports organization and that meets the following
6 conditions:

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

11 (2) all winning outcomes reflect the relative knowledge and skill of
12 the participants and are determined predominantly by accumulated
13 statistical results of the performance of individual athletes in multiple real-
14 world sporting events; and

15 (3) no winning outcome is based:

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

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

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

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

24 (i) Which when operated may deliver, as the result of chance, any
25 money or property; or

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

28 (B) other machine, mechanical device, electronic device or other
29 contrivance including, but not limited to, roulette wheels and similar
30 devices, which are equipped with or designed to accommodate the addition
31 of a mechanism that enables accumulated credits to be removed, is
32 equipped with or designed to accommodate a mechanism to record the
33 number of credits removed or is otherwise designed, manufactured or
34 altered primarily for use in connection with gambling, and:

35 (i) Which when operated may deliver, as the result of chance, any
36 money or property; or

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

39 (C) subassembly or essential part intended to be used in connection
40 with any such machine, mechanical device, electronic device or other
41 contrivance, but which is not attached to any such machine, mechanical
42 device, electronic device or other contrivance as a constituent part; or

43 (D) any token, chip, paper, receipt or other document which

1 evidences, purports to evidence or is designed to evidence participation in
2 a lottery or the making of a bet.

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

5 (2) "Gambling device" shall not include:

6 (A) Any machine, mechanical device, electronic device or other
7 contrivance used or for use by a licensee of the Kansas racing commission
8 as authorized by law and rules and regulations adopted by the commission
9 or by the Kansas lottery or Kansas lottery retailers as authorized by law
10 and rules and regulations adopted by the Kansas lottery commission;

11 (B) any machine, mechanical device, electronic device or other
12 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
13 machine, a so-called pinball machine, or mechanical gun, which is not
14 designed and manufactured primarily for use in connection with gambling,
15 and:

16 (i) Which when operated does not deliver, as a result of chance, any
17 money; or

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

21 (C) any so-called claw, crane or digger machine and similar devices
22 which are designed and manufactured primarily for use at carnivals or
23 county or state fairs; or

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

26 (f) "gambling place" means any place, room, building, vehicle, tent or
27 location which is used for any of the following: Making and settling bets;
28 receiving, holding, recording or forwarding bets or offers to bet;
29 conducting lotteries; or playing gambling devices. Evidence that the place
30 has a general reputation as a gambling place or that, at or about the time in
31 question, it was frequently visited by persons known to be commercial
32 gamblers or known as frequenters of gambling places is admissible on the
33 issue of whether it is a gambling place;

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

36 (h) "tribal gaming commission" means the same as in K.S.A. 74-
37 9802, and amendments thereto.

38 Sec. 11. K.S.A. 2017 Supp. 21-6507 is hereby amended to read as
39 follows: 21-6507. (a) Sports bribery is:

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

43 (2) conferring or offering or agreeing to confer, any benefit upon a

1 sports official with intent to influence such official to perform such
2 official's duties improperly;

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

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

10 (b) *Misuse of nonpublic sports information is placing, or causing to*
11 *be placed, a bet or wager on a sports contest on the basis of material*
12 *nonpublic information relating to such bet or wager.*

13 ~~(b)~~ (c) Sports bribery as defined in:

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

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

18 (3) *subsections (a)(1) through (a)(4), if committed with the intent to*
19 *influence a betting outcome of a sports contest in order to obtain financial*
20 *gain, in connection with betting or wagering on a sports contest, is a*
21 *severity level 5, nonperson felony.*

22 (d) *Misuse of nonpublic sports information is a severity level 5,*
23 *nonperson felony.*

24 ~~(e)~~ (e) As used in this section and K.S.A. 2017 Supp. 21-6508, and
25 amendments thereto:

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

28 (2) "sports participant" means any person who participates or expects
29 to participate in a sports contest as a player, contestant or member of a
30 team, or as a coach, manager, trainer or other person directly associated
31 with a player, contestant or team; ~~and~~

32 (3) "sports official" means any person who acts or expects to act in a
33 sports contest as an umpire, referee, judge or otherwise to officiate at a
34 sports contest; *and*

35 (4) *"on the basis of material nonpublic information" means the*
36 *person placing the bet or wager; or causing such bet or wager to be*
37 *placed, was aware of the material nonpublic information relating to such*
38 *bet or wager when the person placed the bet or wager; or caused such bet*
39 *or wager to be placed.*

40 Sec. 12. K.S.A. 2017 Supp. 74-8702 is hereby amended to read as
41 follows: 74-8702. As used in the Kansas lottery act, unless the context
42 otherwise requires:

43 (a) "Ancillary lottery gaming facility operations" means additional

1 non-lottery facility game products and services not owned and operated by
2 the state which may be included in the overall development associated
3 with the lottery gaming facility. Such operations may include, but are not
4 limited to, restaurants, hotels, motels, museums or entertainment facilities.

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

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

21 (d) "Executive director" means the executive director of the Kansas
22 lottery.

23 (e) "Gaming equipment" means any electric, electronic, computerized
24 or electromechanical machine, mechanism, supply or device or any other
25 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
26 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
27 gaming machine or lottery facility game; and (3) affects the results of an
28 electronic gaming machine or lottery facility game by determining win or
29 loss.

30 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
31 which consists of Wyandotte county; (2) the southeast Kansas gaming
32 zone, which consists of Crawford and Cherokee counties; (3) the south
33 central Kansas gaming zone, which consists of Sedgwick and Sumner
34 counties; and (4) the southwest Kansas gaming zone, which consists of
35 Ford county.

36 (g) "Gray machine" means any mechanical, electro-mechanical or
37 electronic device, capable of being used for gambling, that is: (1) Not
38 authorized by the Kansas lottery; (2) not linked to a lottery central
39 computer system; (3) available to the public for play; or (4) capable of
40 simulating a game played on an electronic gaming machine or any similar
41 gambling game authorized pursuant to the Kansas expanded lottery act.

42 (h) *"Interactive sports wagering platform" or "platform" means a*
43 *person or entity that offers sports wagering on behalf of the Kansas*

1 *lottery, a lottery gaming facility manager or a racetrack gaming facility*
2 *manager over the internet, including, but not limited to, through websites*
3 *and mobile device applications.*

4 ~~(h)~~ (i) "Kansas lottery" means the state agency created by this act to
5 operate a lottery or lotteries pursuant to this act.

6 ~~(i)~~ (j) "Lottery" or "state lottery" means the lottery or lotteries
7 operated pursuant to this act.

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

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

19 ~~(l)~~ (m) "Lottery gaming facility" means that portion of a building
20 used for the purposes of operating, managing and maintaining lottery
21 facility games.

22 ~~(m)~~ (n) "Lottery gaming facility expenses" means normal business
23 expenses, as defined in the lottery gaming facility management contract,
24 associated with the ownership and operation of a lottery gaming facility.

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

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

36 ~~(p)~~ (q) "Lottery gaming facility revenues" means the total revenues
37 from lottery facility games at a lottery gaming facility after all related
38 prizes are paid.

39 ~~(q)~~ (r) (1) "Lottery machine" means any machine or device that
40 allows a player to insert cash or other form of consideration and may
41 deliver as the result of an element of chance, regardless of the skill
42 required by the player, a prize or evidence of a prize, including, but not
43 limited to:

1 (A) Any machine or device in which the prize or evidence of a prize
 2 is determined by both chance and the player's or players' skill, including,
 3 but not limited to, any machine or device on which a lottery game or
 4 lottery games, such as poker or blackjack, are played;

5 (B) any machine or device in which the prize or evidence of a prize is
 6 determined only by chance, including, but not limited to, any slot machine
 7 or bingo machine; or

8 (C) any lottery ticket vending machine, such as a keno ticket vending
 9 machine, pull-tab vending machine or an instant-bingo vending machine.

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

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

13 (B) any nonprescription drug machine authorized under K.S.A. 65-
 14 650, and amendments thereto;

15 (C) any machine which dispenses only bottled or canned soft drinks,
 16 chewing gum, nuts or candies;

17 (D) any machine excluded from the definition of gambling devices
 18 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
 19 2017 Supp. 21-6403, and amendments thereto; or

20 (E) any electronic gaming machine or lottery facility game operated
 21 in accordance with the provisions of the Kansas expanded lottery act.

22 ~~(s)~~ (s) "Lottery retailer" means any person with whom the Kansas
 23 lottery has contracted to sell lottery tickets or shares, or both, to the public,
 24 *or to conduct sports wagering on behalf of the Kansas lottery.*

25 ~~(t)~~ (t) (1) "Major procurement" means any gaming product or service,
 26 including, but not limited to, facilities, advertising and promotional
 27 services, annuity contracts, prize payment agreements, consulting services,
 28 equipment, tickets and other products and services unique to the Kansas
 29 lottery, but not including materials, supplies, equipment and services
 30 common to the ordinary operations of state agencies.

31 (2) "Major procurement" shall not mean any product, service or other
 32 matter covered by or addressed in the Kansas expanded lottery act or a
 33 lottery gaming facility management contract or racetrack gaming facility
 34 management contract executed pursuant to the Kansas expanded lottery
 35 act.

36 ~~(u)~~ (u) "Net electronic gaming machine income" means all cash or
 37 other consideration utilized to play an electronic gaming machine operated
 38 at a racetrack gaming facility, less all cash or other consideration paid out
 39 to winning players as prizes.

40 (v) "Official league data" means statistics, results, outcomes and
 41 other data relating to a sporting event that have been obtained from the
 42 relevant sports governing body, or an entity expressly authorized by the
 43 sports governing body to provide such information to sports wagering

1 operators.

2 ~~(tt)~~ (w) "Organization licensee" has the meaning provided by K.S.A.
3 74-8802, and amendments thereto.

4 ~~(vv)~~ (x) "Parimutuel licensee" means a facility owner licensee or
5 facility manager licensee under the Kansas parimutuel racing act.

6 ~~(ww)~~ (y) "Parimutuel licensee location" means a racetrack facility, as
7 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
8 by the parimutuel licensee. A parimutuel licensee location may include any
9 existing structure at such racetrack facility or any structure that may be
10 constructed on real estate where such racetrack facility is located.

11 ~~(xx)~~ (z) "Person" means any natural person, association, limited
12 liability company, corporation or partnership.

13 ~~(yy)~~ (aa) "Prize" means any prize paid directly by the Kansas lottery
14 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
15 any rules and regulations adopted pursuant to either act.

16 ~~(zz)~~ (bb) "Progressive electronic game" means a game played on an
17 electronic gaming machine for which the payoff increases uniformly as the
18 game is played and for which the jackpot, determined by application of a
19 formula to the income of independent, local or interlinked electronic
20 gaming machines, may be won.

21 ~~(aaa)~~ (cc) "Racetrack gaming facility" means that portion of a
22 parimutuel licensee location where electronic gaming machines are
23 operated, managed and maintained.

24 ~~(bbb)~~ (dd) "Racetrack gaming facility management contract" means an
25 agreement between the Kansas lottery and a racetrack gaming facility
26 manager, negotiated and signed by the executive director on behalf of the
27 state, for placement of electronic gaming machines owned and operated by
28 the state at a racetrack gaming facility.

29 ~~(eee)~~ (ee) "Racetrack gaming facility manager" means a parimutuel
30 licensee specifically certified by the Kansas lottery to become a certified
31 racetrack gaming facility manager and offer electronic gaming machines
32 for play at the racetrack gaming facility.

33 ~~(ddd)~~ (ff) "Returned ticket" means any ticket which was transferred to
34 a lottery retailer, which was not sold by the lottery retailer and which was
35 returned to the Kansas lottery for refund by issuance of a credit or
36 otherwise.

37 ~~(eee)~~ (gg) "Share" means any intangible manifestation authorized by
38 the Kansas lottery to prove participation in a lottery game, except as
39 provided by the Kansas expanded lottery act.

40 (hh) *"Sports governing body" means the organization that prescribes*
41 *the final rules and enforces codes of conduct with respect to a sporting*
42 *event and the participants in such event.*

43 (ii) *"Sports wagering" means wagering on sporting events or any*

1 *portion thereof, or on the individual performance statistics of athletes*
 2 *participating in a sporting event, or combination of sporting events, by*
 3 *any system or method of wagering, including, but not limited to, in-person*
 4 *communication and electronic communication through internet websites*
 5 *and mobile device applications. The term "sports wagering" shall include,*
 6 *but is not limited to, single-game bets, teaser bets, parlays, over-under*
 7 *bets, moneyline, pools, exchange wagerings, in-game wagering, in-play*
 8 *bets, proposition bets and straight bets.*

9 *(jj) "Sports wagering operator" means the Kansas lottery, a lottery*
 10 *retailer, a lottery gaming facility or a racetrack gaming facility that offers*
 11 *sports wagering, or an interactive sports wagering platform that offers*
 12 *sports wagering on behalf of such entity.*

13 *(kk) "Sports wagering revenue" means the total revenues from sports*
 14 *wagering conducted at the lottery gaming facility or racetrack gaming*
 15 *facility after all related prizes are paid.*

16 ~~(ff)~~ *(ll) "Ticket" means any tangible evidence issued by the Kansas*
 17 *lottery to prove participation in a lottery game other than a lottery facility*
 18 *game or sports wager.*

19 *(mm) "Tier one sports wager" means a sports wager that is*
 20 *determined solely by the final score or final outcome of the sports event and*
 21 *is placed before the sports event has begun.*

22 *(nn) "Tier two sports wager" means a sports wager that is not a tier*
 23 *one sports wager.*

24 ~~(gg)~~ *(oo) "Token" means a representative of value, of metal or other*
 25 *material, which is not legal tender, redeemable for cash only by the issuing*
 26 *lottery gaming facility manager or racetrack gaming facility manager and*
 27 *which is issued and sold by a lottery gaming facility manager or racetrack*
 28 *gaming facility manager for the sole purpose of playing an electronic*
 29 *gaming machine or lottery facility game.*

30 ~~(hh)~~ *(pp) "Vendor" means any person who has entered into a major*
 31 *procurement contract with the Kansas lottery.*

32 ~~(ii)~~ *(qq) "Video lottery machine" means any electronic video game*
 33 *machine that, upon insertion of cash, is available to play or simulate the*
 34 *play of a video game authorized by the commission, including, but not*
 35 *limited to, bingo, poker, black jack and keno, and which uses a video*
 36 *display and microprocessors and in which, by chance, the player may*
 37 *receive free games or credits that can be redeemed for cash.*

38 *(rr) "Wager" or "bet" shall have the same meaning as the term "bet"*
 39 *is defined in K.S.A. 2017 Supp. 21-6403, and amendments thereto.*

40 Sec. 13. K.S.A. 2017 Supp. 74-8710 is hereby amended to read as
 41 follows: 74-8710. (a) The commission, upon the recommendation of the
 42 executive director, shall adopt rules and regulations governing the
 43 establishment and operation of a state lottery, sales of lottery tickets ~~and,~~

1 the operation of lottery gaming facilities and racetrack gaming facilities
2 *and the operation of sports wagering* as necessary to carry out the
3 purposes of the Kansas lottery act ~~and~~ the Kansas expanded lottery act
4 *and the Kansas sports wagering act*. Temporary rules and regulations may
5 be adopted by the commission without being subject to the provisions and
6 requirements of K.S.A. 77-415 through 77-438, and amendments thereto,
7 but shall be subject to approval by the attorney general as to legality and
8 shall be filed with the secretary of state and published in the Kansas
9 register. Temporary and permanent rules and regulations may include, but
10 shall not be limited to:

11 (1) Subject to the provisions of subsection (c), the types of lottery
12 games to be conducted, including, but not limited to, instant lottery, on-
13 line, traditional games, lottery facility games and electronic gaming
14 machine games but not including games on video lottery machines or
15 lottery machines.

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

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

22 (4) The frequency of the drawings or selections of winning tickets or
23 shares.

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

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

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

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

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

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

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

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

40 (13) Rules and regulations to implement, administer and enforce the
41 provisions of the Kansas expanded lottery act. Such rules and regulations
42 shall include, but not be limited to, rules and regulations which govern
43 management contracts and which are designed to: (A) Ensure the integrity

1 of electronic gaming machines and other lottery facility games and the
2 finances of lottery gaming facilities and racetrack gaming facilities; and
3 (B) alleviate problem gambling, including a requirement that each lottery
4 gaming facility and each racetrack gaming facility maintain a self-
5 exclusion list by which individuals may exclude themselves from access to
6 electronic gaming machines and other lottery facility games.

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

10 (15) *Rules and regulations to implement, administer and enforce the*
11 *provisions of the Kansas sports wagering act. Such rules and regulations*
12 *shall include, but not be limited to: (A) Sports wagering conducted by the*
13 *Kansas lottery, including contracts for sports wagering conducted by*
14 *lottery retailers; (B) management contracts for sports wagering conducted*
15 *by lottery gaming facility managers and racetrack gaming facility*
16 *managers; (C) provisions for the confidentiality of information submitted*
17 *by an interactive sports wagering platform and sports wagering*
18 *operators; and (D) provisions ensuring the integrity of sports wagering*
19 *conducted in this state.*

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

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

29 Sec. 14. K.S.A. 2017 Supp. 74-8711 is hereby amended to read as
30 follows: 74-8711. (a) There is hereby established in the state treasury the
31 lottery operating fund.

32 (b) Except as provided by K.S.A. 2017 Supp. 74-8724, *and*
33 *amendments thereto*, and the Kansas expanded lottery act, ~~and~~
34 ~~amendments thereto~~, the executive director shall remit all moneys
35 collected from the sale of lottery tickets and shares, *revenues from sports*
36 *wagering conducted by the Kansas lottery* and any other moneys received
37 by or on behalf of the Kansas lottery to the state treasurer in accordance
38 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
39 receipt of each such remittance, the state treasurer shall deposit the entire
40 amount in the state treasury to the credit of the lottery operating fund.
41 Moneys credited to the fund shall be expended or transferred only as
42 provided by this act. Expenditures from such fund shall be made in
43 accordance with appropriations acts upon warrants of the director of

1 accounts and reports issued pursuant to vouchers approved by the
2 executive director or by a person designated by the executive director.

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

4 (1) The payment of expenses of the lottery, which shall include all
5 costs incurred in the operation and administration of the Kansas lottery; all
6 costs resulting from contracts entered into for the purchase or lease of
7 goods and services needed for operation of the lottery, including but not
8 limited to supplies, materials, tickets, independent studies and surveys,
9 data transmission, advertising, printing, promotion, incentives, public
10 relations, communications and distribution of tickets and shares; and
11 reimbursement of costs of facilities and services provided by other state
12 agencies;

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

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

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

18 (5) transfers to the state gaming revenues fund pursuant to subsection
19 (d) and as otherwise provided by law; and

20 (6) transfers to the county reappraisal fund as prescribed by law.

21 (d) The director of accounts and reports shall transfer moneys in the
22 lottery operating fund to the state gaming revenues fund created by K.S.A.
23 79-4801, and amendments thereto, on or before the 15th day of each month
24 in an amount certified monthly by the executive director and determined as
25 follows, whichever is greater:

26 (1) An amount equal to the moneys in the lottery operating fund in
27 excess of those needed for the purposes described in subsections (c)(1)
28 through (c)(4); or

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

35 Sec. 15. K.S.A. 2017 Supp. 74-8716 is hereby amended to read as
36 follows: 74-8716. (a) It is unlawful for the executive director, a member of
37 the commission or any employee of the Kansas lottery, or any person
38 residing in the household thereof to:

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

43 (2) accept or agree to accept any economic opportunity, gift, loan,

1 gratuity, special discount, favor or service, or hospitality other than food
2 and beverages, having an aggregate value of \$20 or more in any calendar
3 year from a person knowing that such person: (A) Contracts or seeks to
4 contract with the state to supply gaming equipment, materials, tickets or
5 consulting services for use in the lottery; or (B) is a lottery retailer or an
6 applicant for lottery retailer.

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

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

20 (1) Any lottery gaming facility manager, subcontractor or agent of a
21 lottery gaming facility manager, manufacturer or vendor of electronic
22 gaming machines or central computer system provider, or any business
23 ~~which~~ *that* sells goods or services to a lottery gaming facility manager; ~~or~~

24 (2) any licensee pursuant to the Kansas parimutuel racing act, other
25 than the Kansas lottery or a person holding a license on behalf of the
26 Kansas lottery, or any business which sells goods or services to a
27 parimutuel licensee; *or*

28 (3) *any interactive sports wagering platform, subcontractor or agent*
29 *of a platform or any business that sells goods or services to a platform.*

30 (d) No person who holds a license issued by the Kansas racing and
31 gaming commission shall serve as executive director or as a member of the
32 commission or shall be employed by the Kansas lottery while or within
33 five years after holding such license.

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

38 (f) It shall be unlawful for the executive director, a member of the
39 commission or an employee of the Kansas lottery to accept any
40 compensation, gift, loan, entertainment, favor or service from any lottery
41 gaming facility manager, subcontractor or agent of a lottery gaming
42 facility manager, manufacturer or vendor of electronic gaming machines or
43 central computer system provider.

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

8 (h) *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*
11 *interactive sports wagering platform, subcontractor or agent of a*
12 *platform.*

13 ~~(h)~~(i) Violation of this section is a class A misdemeanor.

14 ~~(i)~~(j) If the executive director, a member of the commission or an
15 employee of the Kansas lottery, or any person residing in the household
16 thereof, is convicted of an act described by this section, such executive
17 director, member or employee shall be removed from office or
18 employment with the Kansas lottery.

19 ~~(j)~~(k) In addition to the provisions of this section, all other provisions
20 of law relating to conflicts of interest of state employees shall apply to the
21 members of the commission and employees of the Kansas lottery.

22 Sec. 16. K.S.A. 2017 Supp. 74-8734 is hereby amended to read as
23 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
24 facility in each gaming zone.

25 (b) Not more than 30 days after the effective date of this act the
26 lottery commission shall adopt and publish in the Kansas register the
27 procedure for receiving, considering and approving, proposed lottery
28 gaming facility management contracts. Such procedure shall include
29 provisions for review of competitive proposals within a gaming zone and
30 the date by which proposed lottery gaming facility management contracts
31 must be received by the lottery commission if they are to receive
32 consideration.

33 (c) The lottery commission shall adopt standards to promote the
34 integrity of the gaming and finances of lottery gaming facilities, which
35 shall apply to all management contracts, shall meet or exceed industry
36 standards for monitoring and controlling the gaming and finances of
37 gaming facilities and shall give the executive director sufficient authority
38 to monitor and control the gaming operation and to ensure its integrity and
39 security.

40 (d) The Kansas lottery commission may approve management
41 contracts with one or more prospective lottery gaming facility managers to
42 manage, or construct and manage, on behalf of the state of Kansas and
43 subject to the operational control of the Kansas lottery, a lottery gaming

1 facility or lottery gaming enterprise at specified destination locations
2 within the northeast, south central, southwest and southeast Kansas
3 gaming zones where the commission determines the operation of such
4 facility would promote tourism and economic development. The
5 commission shall approve or disapprove a proposed management contract
6 within 90 days after the deadline for receipt of proposals established
7 pursuant to subsection (b).

8 (e) In determining whether to approve a management contract with a
9 prospective lottery gaming facility manager to manage a lottery gaming
10 facility or lottery gaming enterprise pursuant to this section, the
11 commission shall take into consideration the following factors: The size of
12 the proposed facility; the geographic area in which such facility is to be
13 located; the proposed facility's location as a tourist and entertainment
14 destination; the estimated number of tourists that would be attracted by the
15 proposed facility; the number and type of lottery facility games to be
16 operated at the proposed facility; and agreements related to ancillary
17 lottery gaming facility operations.

18 (f) Subject to the requirements of this section, the commission shall
19 approve at least one proposed lottery gaming facility management contract
20 for a lottery gaming facility in each gaming zone.

21 (g) The commission shall not approve a management contract unless:

22 (1) (A) The prospective lottery gaming facility manager is a resident
23 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
24 to financial resources to support the activities required of a lottery gaming
25 facility manager under the Kansas expanded lottery act; and (ii) has three
26 consecutive years' experience in the management of gaming which would
27 be class III gaming, as defined in K.S.A. 46-2301, and amendments
28 thereto, operated pursuant to state or federal law; or

29 (B) the prospective lottery gaming facility manager is not a resident
30 Kansas American Indian tribe and, at a minimum: (i) Has sufficient access
31 to financial resources to support the activities required of a lottery gaming
32 facility manager under the Kansas expanded lottery act; (ii) is current in
33 filing all applicable tax returns and in payment of all taxes, interest and
34 penalties owed to the state of Kansas and any taxing subdivision where
35 such prospective manager is located in the state of Kansas, excluding
36 items under formal appeal pursuant to applicable statutes; and (iii) has
37 three consecutive years' experience in the management of gaming which
38 would be class III gaming, as defined in K.S.A. 46-2301, and amendments
39 thereto, operated pursuant to state or federal law; and

40 (2) the commission determines that the proposed development
41 consists of an investment in infrastructure, including ancillary lottery
42 gaming facility operations, of at least \$225,000,000 in the northeast and
43 south central Kansas gaming zones and of at least \$50,000,000 in the

1 southeast and southwest Kansas gaming zones. The commission, in
2 determining whether the minimum investment required by this subsection
3 is met, shall not include any amounts derived from or financed by state or
4 local retailers' sales tax revenues.

5 (h) Any management contract approved by the commission under this
6 section shall:

7 (1) Have a maximum initial term of 15 years from the date of opening
8 of the lottery gaming facility. At the end of the initial term, the contract
9 may be renewed by mutual consent of the state and the lottery gaming
10 facility manager;

11 (2) specify the total amount to be paid to the lottery gaming facility
12 manager pursuant to the contract;

13 (3) establish a mechanism to facilitate payment of lottery gaming
14 facility expenses, payment of the lottery gaming facility manager's share of
15 the lottery gaming facility revenues and distribution of the state's share of
16 the lottery gaming facility revenues;

17 (4) include a provision for the lottery gaming facility manager to pay
18 the costs of oversight and regulation of the lottery gaming facility manager
19 and the operations of the lottery gaming facility by the Kansas racing and
20 gaming commission;

21 (5) establish the types of lottery facility games to be installed in such
22 facility;

23 (6) provide for the prospective lottery gaming facility manager, upon
24 approval of the proposed lottery gaming facility management contract, to
25 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
26 being selected as a lottery gaming facility manager of a lottery gaming
27 facility in the northeast or south central Kansas gaming zone and
28 \$5,500,000 for the privilege of being selected as a lottery gaming facility
29 manager of a lottery gaming facility in the southeast or southwest Kansas
30 gaming zone. Such fee shall be deposited in the state treasury and credited
31 to the lottery gaming facility manager fund, which is hereby created in the
32 state treasury;

33 (7) incorporate terms and conditions for the ancillary lottery gaming
34 facility operations;

35 (8) designate as key employees, subject to approval of the executive
36 director, any employees or contractors providing services or functions
37 which are related to lottery facility games authorized by a management
38 contract;

39 (9) include financing commitments for construction;

40 (10) include a resolution of endorsement from the city governing
41 body, if the proposed facility is within the corporate limits of a city, or
42 from the county commission, if the proposed facility is located in the
43 unincorporated area of the county;

1 (11) include a requirement that any parimutuel licensee developing a
2 lottery gaming facility pursuant to this act comply with all orders and rules
3 and regulations of the Kansas racing and gaming commission with regard
4 to the conduct of live racing, including the same minimum days of racing
5 as specified in K.S.A. 2017 Supp. 74-8746, and amendments thereto, for
6 operation of electronic gaming machines at racetrack gaming facilities;

7 (12) include a provision for the state to receive not less than 22% of
8 lottery gaming facility revenues, which shall be paid to the expanded
9 lottery act revenues fund established by K.S.A. 2017 Supp. 74-8768, and
10 amendments thereto;

11 (13) include a provision for 2% of lottery gaming facility revenues to
12 be paid to the problem gambling and addictions grant fund established by
13 K.S.A. 2017 Supp. 79-4805, and amendments thereto;

14 (14) if the prospective lottery gaming facility manager is an American
15 Indian tribe, include a provision that such tribe agrees to waive its
16 sovereign immunity with respect to any actions arising from or to enforce
17 either the Kansas expanded lottery act or any provision of the lottery
18 gaming facility management contract; any action brought by an injured
19 patron or by the state of Kansas; any action for purposes of enforcing the
20 workers compensation act or any other employment or labor law; and any
21 action to enforce laws, rules and regulations and codes pertaining to
22 health, safety and consumer protection; and for any other purpose deemed
23 necessary by the executive director to protect patrons or employees and
24 promote fair competition between the tribe and others seeking a lottery
25 gaming facility management contract;

26 (15) (A) if the lottery gaming facility is located in the northeast or
27 southwest Kansas gaming zone and is not located within a city, include a
28 provision for payment of an amount equal to 3% of the lottery gaming
29 facility revenues to the county in which the lottery gaming facility is
30 located; or (B) if the lottery gaming facility is located in the northeast or
31 southwest Kansas gaming zone and is located within a city, include
32 provision for payment of an amount equal to 1.5% of the lottery gaming
33 facility revenues to the city in which the lottery gaming facility is located
34 and an amount equal to 1.5% of such revenues to the county in which such
35 facility is located;

36 (16) (A) if the lottery gaming facility is located in the southeast or
37 south central Kansas gaming zone and is not located within a city, include
38 a provision for payment of an amount equal to 2% of the lottery gaming
39 facility revenues to the county in which the lottery gaming facility is
40 located and an amount equal to 1% of such revenues to the other county in
41 such zone; or (B) if the lottery gaming facility is located in the southeast or
42 south central Kansas gaming zone and is located within a city, provide for
43 payment of an amount equal to 1% of the lottery gaming facility revenues

1 to the city in which the lottery gaming facility is located, an amount equal
2 to 1% of such revenues to the county in which such facility is located and
3 an amount equal to 1% of such revenues to the other county in such zone;

4 (17) allow the lottery gaming facility manager to manage the lottery
5 gaming facility in a manner consistent with this act and applicable law, but
6 shall place full, complete and ultimate ownership and operational control
7 of the gaming operation, *including any sports wagering*, of the lottery
8 gaming facility with the Kansas lottery. The Kansas lottery shall not
9 delegate and shall explicitly retain the power to overrule any action of the
10 lottery gaming facility manager affecting the gaming operation without
11 prior notice. The Kansas lottery shall retain full control over all decisions
12 concerning lottery gaming facility games *and sports wagering*;

13 (18) include provisions for the Kansas racing and gaming
14 commission to oversee all lottery gaming facility operations, including, but
15 not limited to: Oversight of internal controls; oversight of security of
16 facilities; performance of background investigations, determination of
17 qualifications and credentialing of employees, contractors and agents of
18 the lottery gaming facility manager and of ancillary lottery gaming facility
19 operations, as determined by the Kansas racing and gaming commission;
20 auditing of lottery gaming facility revenues *and sports wagering revenues*;
21 enforcement of all state laws and maintenance of the integrity of gaming
22 operations; and

23 (19) include enforceable provisions: (A) Prohibiting the state, until
24 July 1, 2032, from: (i) Entering into management contracts for more than
25 four lottery gaming facilities or similar gaming facilities, one to be located
26 in the northeast Kansas gaming zone, one to be located in the south central
27 Kansas gaming zone, one to be located in the southwest Kansas gaming
28 zone and one to be located in the southeast Kansas gaming zone; (ii)
29 designating additional areas of the state where operation of lottery gaming
30 facilities or similar gaming facilities would be authorized; or (iii) operating
31 an aggregate of more than 2,800 electronic gaming machines at all
32 parimutuel licensee locations; and (B) requiring the state to repay to the
33 lottery gaming facility manager an amount equal to the privilege fee paid
34 by such lottery gaming facility manager, plus interest on such amount,
35 compounded annually at the rate of 10%, if the state violates the
36 prohibition provision described in (A).

37 (i) *Any management contract approved by the commission under this*
38 *section may include provisions for conducting, operating and managing*
39 *sports wagering by the lottery gaming facility manager in accordance with*
40 *the Kansas sports wagering act. If a management contract includes such*
41 *provisions, then such contract shall include a provision for the state to*
42 *receive not less than 6.75% of the sports wagering revenues, which shall*
43 *be paid to the expanded lottery act revenues fund established by K.S.A.*

1 *2017 Supp. 74-8768, and amendments thereto.*

2 ~~(j)~~(j) The power of eminent domain shall not be used to acquire any
3 interest in real property for use in a lottery gaming enterprise.

4 ~~(k)~~(k) Any proposed management contract for which the privilege fee
5 has not been paid to the state treasurer within 30 days after the date of
6 approval of the management contract shall be null and void.

7 ~~(l)~~(l) A person who is the manager of the racetrack gaming facility in
8 a gaming zone shall not be eligible to be the manager of the lottery gaming
9 facility in the same zone.

10 ~~(m)~~(m) Management contracts authorized by this section may include
11 provisions relating to:

12 (1) Accounting procedures to determine the lottery gaming facility
13 revenues, unclaimed prizes and credits;

14 (2) minimum requirements for a lottery gaming facility manager to
15 provide qualified oversight, security and supervision of the lottery facility
16 games including the use of qualified personnel with experience in
17 applicable technology;

18 (3) eligibility requirements for employees, contractors or agents of a
19 lottery gaming facility manager who will have responsibility for or
20 involvement with actual gaming activities or for the handling of cash or
21 tokens;

22 (4) background investigations to be performed by the Kansas racing
23 and gaming commission;

24 (5) credentialing requirements for any employee, contractor or agent
25 of the lottery gaming facility manager or of any ancillary lottery gaming
26 facility operation as provided by the Kansas expanded lottery act or rules
27 and regulations adopted pursuant thereto;

28 (6) provision for termination of the management contract by either
29 party for cause; and

30 (7) any other provision deemed necessary by the parties, including
31 such other terms and restrictions as necessary to conduct any lottery
32 facility game in a legal and fair manner.

33 ~~(n)~~(n) A management contract shall not constitute property, nor shall
34 it be subject to attachment, garnishment or execution, nor shall it be
35 alienable or transferable, except upon approval by the executive director,
36 nor shall it be subject to being encumbered or hypothecated. The trustee of
37 any insolvent or bankrupt lottery gaming facility manager may continue to
38 operate pursuant to the management contract under order of the
39 appropriate court for no longer than one year after the bankruptcy or
40 insolvency of such manager.

41 ~~(o)~~(o) (1) The Kansas lottery shall be the licensee and owner of all
42 software programs used at a lottery gaming facility for any lottery facility
43 game.

1 (2) A lottery gaming facility manager, on behalf of the state, shall
2 purchase or lease for the Kansas lottery all lottery facility games. All
3 lottery facility games shall be subject to the ultimate control of the Kansas
4 lottery in accordance with this act.

5 (3) *If a lottery gaming facility manager agrees to offer sports*
6 *wagering, the Kansas lottery shall be the licensee and owner of all*
7 *software programs used in offering sports wagering, and the lottery*
8 *gaming facility manager, on behalf of the state, shall purchase or lease for*
9 *the Kansas lottery any equipment or other property necessary for offering*
10 *sports wagering. All sports wagering shall be subject to the ultimate*
11 *control of the Kansas lottery in accordance with this act and the Kansas*
12 *sports wagering act.*

13 ~~(p)~~ (p) A lottery gaming facility shall comply with any planning and
14 zoning regulations of the city or county in which it is to be located. The
15 executive director shall not contract with any prospective lottery gaming
16 facility manager for the operation and management of such lottery gaming
17 facility unless such manager first receives any necessary approval under
18 planning and zoning requirements of the city or county in which it is to be
19 located.

20 ~~(q)~~ (q) Prior to expiration of the term of a lottery gaming facility
21 management contract, the lottery commission may negotiate a new lottery
22 gaming facility management contract with the lottery gaming facility
23 manager if the new contract is substantially the same as the existing
24 contract. Otherwise, the lottery gaming facility review board shall be
25 reconstituted and a new lottery gaming facility management contract shall
26 be negotiated and approved in the manner provided by this act.

27 Sec. 17. K.S.A. 2017 Supp. 74-8741 is hereby amended to read as
28 follows: 74-8741. (a) The executive director of the Kansas lottery shall
29 negotiate a racetrack gaming facility management contract to place
30 electronic gaming machines at one parimutuel licensee location in each
31 gaming zone except the southwest Kansas gaming zone. *The racetrack*
32 *management contract may also provide for the racetrack gaming facility*
33 *manager to conduct, operate and manage sports wagering as provided in*
34 *subsection (d).*

35 (b) To be eligible to enter into a racetrack gaming facility
36 management contract the prospective racetrack gaming facility manager
37 shall, at a minimum:

38 (1) Have sufficient access to financial resources to support the
39 activities required of a racetrack gaming facility manager under the Kansas
40 expanded lottery act; and

41 (2) be current in filing all applicable tax returns and in payment of all
42 taxes, interest and penalties owed to the state of Kansas and any taxing
43 subdivision where such prospective manager is located in the state of

1 Kansas, excluding items under formal appeal pursuant to applicable
2 statutes.

3 (c) A racetrack gaming facility management contract shall include:

4 (1) The term of the contract;

5 (2) provisions for the Kansas racing and gaming commission to
6 oversee all racetrack gaming facility operations, including, but not limited to:
7 Oversight of internal controls; oversight of security of facilities;
8 performance of background investigations, determination of qualifications
9 and any required certification or licensing of officers, directors, board
10 members, employees, contractors and agents of the racetrack gaming
11 facility manager; auditing of net electronic gaming machine income *and*
12 *sports wagering revenues* and maintenance of the integrity of electronic
13 gaming machine operations;

14 (3) provisions for the racetrack gaming facility manager to pay the
15 costs of oversight and regulation of the racetrack gaming facility manager
16 under this act and such manager's racetrack gaming facility operations by
17 the Kansas racing and gaming commission; and

18 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
19 2032, from (i) entering into management contracts for more than ~~three~~
20 *four* lottery gaming facilities or similar gaming facilities, one to be located
21 in the northeast Kansas gaming zone, one to be located in the south central
22 Kansas gaming zone, *one to be located in the southwest gaming zone* and
23 one to be located in the southeast Kansas gaming zone, (ii) designating
24 additional areas of the state where operation of lottery gaming facilities or
25 similar gaming facilities would be authorized or (iii) operating an
26 aggregate of more than 2,800 electronic gaming machines at all parimutuel
27 licensee locations; and (B) requiring the state to repay to the racetrack
28 gaming facility manager an amount equal to the privilege fee paid by such
29 racetrack gaming facility manager, plus interest on such amount,
30 compounded annually at the rate of 10%, if the state violates the
31 prohibition provision described in (A).

32 (d) *Any management contract approved by the commission under*
33 *K.S.A. 2017 Supp. 74-8742, and amendments thereto, may include*
34 *provisions for conducting, operating and managing sports wagering by*
35 *the racetrack gaming facility manager in accordance with the Kansas*
36 *sports wagering act. If a management contract includes such provisions,*
37 *then such contract shall include a provision for the state to receive not less*
38 *than 6.75% of the sports wagering revenues, which shall be paid to the*
39 *expanded lottery act revenues fund established by K.S.A. 2017 Supp. 74-*
40 *8768, and amendments thereto.*

41 (⊕) (e) Racetrack gaming facility management contracts authorized by
42 this section may include provisions relating to:

43 (1) Accounting procedures to determine net electronic gaming

1 machine income, unclaimed prizes and credits;

2 (2) minimum requirements for a racetrack gaming facility manager to
3 provide qualified oversight, security and supervision of electronic gaming
4 machines including the use of qualified personnel with experience in
5 applicable technology;

6 (3) eligibility requirements for employees, contractors or agents of a
7 racetrack gaming facility manager who will have responsibility for or
8 involvement with electronic gaming machines or for the handling of cash
9 or tokens;

10 (4) background investigations to be performed by the Kansas racing
11 and gaming commission;

12 (5) credentialing or certification requirements of any employee,
13 contractor or agent as provided by the Kansas expanded lottery act or rules
14 and regulations adopted pursuant thereto;

15 (6) provision for termination of the management contract by either
16 party for cause; and

17 (7) any other provision deemed necessary by the parties, including
18 such other terms and restrictions as necessary to conduct racetrack gaming
19 facility operations in a legal and fair manner.

20 ~~(e)~~ (f) A person who is the manager of a lottery gaming facility in a
21 gaming zone shall not be eligible to be the manager of the racetrack
22 gaming facility in the same zone.

23 ~~(f)~~ (g) A racetrack gaming facility management contract shall not
24 constitute property, nor shall it be subject to attachment, garnishment or
25 execution, nor shall it be alienable or transferable, except upon approval
26 by the executive director, nor shall it be subject to being encumbered or
27 hypothecated.

28 *(h) If a racetrack gaming facility manager agrees to offer sports*
29 *wagering, the Kansas lottery shall be the licensee and owner of all*
30 *software programs used in offering sports wagering, and the racetrack*
31 *gaming facility manager, on behalf of the state, shall purchase or lease for*
32 *the Kansas lottery any equipment or other property necessary for offering*
33 *sports wagering. All sports wagering shall be subject to the ultimate*
34 *control of the Kansas lottery in accordance with this act and the Kansas*
35 *sports wagering act.*

36 Sec. 18. K.S.A. 2017 Supp. 74-8751 is hereby amended to read as
37 follows: 74-8751. The Kansas racing and gaming commission, through
38 rules and regulations, shall establish:

39 (a) A certification requirement; and enforcement procedure; for
40 officers, directors, key employees and persons directly or indirectly
41 owning a 0.5% or more interest in a lottery gaming facility manager or
42 racetrack gaming facility manager. Such certification requirement shall
43 include compliance with such security, fitness and background

1 investigations and standards as the executive director of the Kansas racing
2 and gaming commission deems necessary to determine whether such
3 person's reputation, habits or associations pose a threat to the public
4 interest of the state or to the reputation of or effective regulation and
5 control of the lottery gaming facility or racetrack gaming facility. Any
6 person convicted of any felony, a crime involving gambling or a crime of
7 moral turpitude prior to applying for a certificate hereunder or at any time
8 thereafter shall be deemed unfit. The Kansas racing and gaming
9 commission shall conduct the security, fitness and background checks
10 required pursuant to this subsection. Certification pursuant to this
11 subsection shall not be assignable or transferable;

12 (b) a certification requirement; and enforcement procedure; for those
13 persons, including electronic gaming machine manufacturers, technology
14 providers and computer system providers, who propose to contract with a
15 lottery gaming facility manager, a racetrack gaming facility manager or the
16 state for the provision of goods or services related to a lottery gaming
17 facility or racetrack gaming facility, including management services. Such
18 certification requirements shall include compliance with such security,
19 fitness and background investigations and standards of officers, directors,
20 key gaming employees and persons directly or indirectly owning a 0.5% or
21 more interest in such entity as the executive director of the Kansas racing
22 and gaming commission deems necessary to determine whether such
23 person's reputation, habits and associations pose a threat to the public
24 interest of the state or to the reputation of or effective regulation and
25 control of the lottery gaming facility or racetrack gaming facility. Any
26 person convicted of any felony, a crime involving gambling or a crime of
27 moral turpitude prior to applying for a certificate hereunder or at any time
28 thereafter shall be deemed unfit. If the executive director of the racing and
29 gaming commission determines the certification standards of another state
30 are comprehensive, thorough and provide similar adequate safeguards, the
31 executive director may certify an applicant already certified in such state
32 without the necessity of a full application and background check. The
33 Kansas racing and gaming commission shall conduct the security, fitness
34 and background checks required pursuant to this subsection. Certification
35 pursuant to this subsection shall not be assignable or transferable;

36 (c) provisions for revocation of a certification required by subsection
37 (a) or (b) upon a finding that the certificate holder, an officer or director
38 thereof or a person directly or indirectly owning a 0.5% or more interest
39 therein: (1) Has knowingly provided false or misleading material
40 information to the Kansas lottery or its employees; or (2) has been
41 convicted of a felony, gambling related offense or any crime of moral
42 turpitude; ~~and~~

43 (d) provisions for suspension, revocation or nonrenewal of a

1 certification required by subsection (a) or (b) upon a finding that the
2 certificate holder, an officer or director thereof or a person directly or
3 indirectly owning a 0.5% or more interest therein: (1) Has failed to notify
4 the Kansas lottery about a material change in ownership of the certificate
5 holder, or any change in the directors or officers thereof; (2) is delinquent
6 in remitting money owed to the Kansas lottery; (3) has violated any
7 provision of any contract between the Kansas lottery and the certificate
8 holder; or (4) has violated any provision of the Kansas expanded lottery
9 act or any rule and regulation adopted hereunder;

10 *(e) a certification requirement and enforcement procedure for: (1)*
11 *Employees of a lottery retailer, a lottery gaming facility manager or*
12 *racetrack gaming facility manager who are directly involved in the*
13 *conduct, operation or management of sports wagering offered by such*
14 *retailer or manager; and (2) those persons, including interactive sports*
15 *wagering platforms and other technology and computer system providers,*
16 *who propose to contract with a lottery gaming facility manager, a*
17 *racetrack gaming facility manager or the state for the provision of goods*
18 *or services related to sports wagering, including management services.*
19 *Such certification requirement shall include compliance with such*
20 *security, fitness and background investigations and standards as the*
21 *executive director of the Kansas racing and gaming commission deems*
22 *necessary to determine whether such person's reputation, habits or*
23 *associations pose a threat to the public interest of the state or to the*
24 *reputation of or effective regulation and control of sports wagering offered*
25 *by the lottery gaming facility, racetrack gaming facility or the Kansas*
26 *lottery. Any person convicted of any felony, a crime involving gambling or*
27 *a crime of moral turpitude prior to applying for a certificate hereunder or*
28 *at any time thereafter shall be deemed unfit. Such certification shall be*
29 *valid for one year from the date of issuance. The Kansas racing and*
30 *gaming commission shall conduct the security, fitness and background*
31 *checks required pursuant to this subsection. Certification pursuant to this*
32 *subsection shall not be assignable or transferable; and*

33 *(f) provisions for suspension, revocation or nonrenewal of a*
34 *certification required by subsection (e) upon a finding that the certificate*
35 *holder: (1) Has knowingly provided false or misleading material*
36 *information to the Kansas lottery, the Kansas racing and gaming*
37 *commission or to the employees of either entity; (2) has been convicted of*
38 *a felony, gambling-related offense or any crime of moral turpitude; (3) has*
39 *violated any provision of any contract between the Kansas lottery and the*
40 *certificate holder; or (4) has violated any provision of the Kansas sports*
41 *wagering act or any rule and regulation adopted hereunder.*

42 Sec. 19. K.S.A. 2017 Supp. 74-8752 is hereby amended to read as
43 follows: 74-8752. (a) The executive director of the Kansas lottery and the

1 executive director of the Kansas racing and gaming commission, or their
2 designees, may observe and inspect all electronic gaming machines, lottery
3 facility games, *sports wagering operations*, lottery gaming facilities,
4 racetrack gaming facilities and all related equipment and facilities operated
5 by a lottery gaming facility manager or racetrack gaming facility manager.

6 (b) In addition to any other powers granted pursuant to this act, the
7 executive director of the racing and gaming commission shall have the
8 power to:

9 (1) Examine, or cause to be examined by any agent or representative
10 designated by such executive director, any books, papers, records or
11 memoranda of any lottery gaming facility manager or racetrack gaming
12 facility manager, or of any business involved in electronic gaming
13 machines or lottery facility games authorized pursuant to the Kansas
14 expanded lottery act, *or sports wagering operations authorized pursuant*
15 *to the Kansas sports wagering act*, for the purpose of ascertaining
16 compliance with any provision of the Kansas lottery act, the Kansas
17 expanded lottery act, *the Kansas sports wagering act* or any rules and
18 regulations adopted thereunder;

19 (2) investigate alleged violations of the Kansas expanded lottery act
20 *or Kansas sports wagering act* and alleged violations of any rules and
21 regulations, orders and final decisions of the Kansas lottery commission,
22 the executive director of the Kansas lottery, the Kansas racing and gaming
23 commission or the executive director of the Kansas racing and gaming
24 commission;

25 (3) request a court to issue subpoenas to compel access to or for the
26 production of any books, papers, records or memoranda in the custody or
27 control of any lottery gaming facility manager or racetrack gaming facility
28 manager related to the management of the lottery gaming facility or
29 racetrack gaming facility, or to compel the appearance of any lottery
30 gaming facility manager or racetrack gaming facility manager for the
31 purpose of ascertaining compliance with the provisions of the Kansas
32 lottery act ~~and~~, the Kansas expanded lottery act, *the Kansas sports*
33 *wagering act* or rules and regulations adopted thereunder;

34 (4) inspect and approve, prior to publication or distribution, all
35 advertising by a lottery gaming facility manager or racetrack gaming
36 facility manager which includes any reference to the Kansas lottery; and

37 (5) take any other action as may be reasonable or appropriate to
38 enforce the provisions of the Kansas expanded lottery act *and the Kansas*
39 *sports wagering act*, and any rules and regulations, orders and final
40 decisions of the executive director of the Kansas lottery, the Kansas lottery
41 commission, the executive director of the Kansas racing commission or the
42 Kansas racing and gaming commission.

43 (c) Appropriate security measures shall be required in any and all

1 areas where electronic gaming machines and other lottery facility games
2 authorized pursuant to the Kansas expanded lottery act *and sports*
3 *wagering authorized pursuant to the Kansas sports wagering act* are
4 located or operated. The executive director of the Kansas racing and
5 gaming commission shall approve all such security measures.

6 (d) The executive director of the Kansas racing and gaming
7 commission shall require an annual audit of the operations of each lottery
8 gaming facility and ancillary lottery gaming facility operations and each
9 racetrack gaming facility as determined by the commission. Such audit
10 shall be conducted by the Kansas racing and gaming commission or a
11 licensed accounting firm approved by the executive director of the Kansas
12 racing and gaming commission and shall be conducted at the expense of
13 the lottery gaming facility manager or racetrack facility manager.

14 (e) None of the information disclosed pursuant to subsection (b) or
15 (d) shall be subject to disclosure under the Kansas open records act,
16 K.S.A. 45-216 et seq., and amendments thereto.

17 Sec. 20. K.S.A. 2017 Supp. 74-8760 is hereby amended to read as
18 follows: 74-8760. (a) Except in accordance with rules and regulations of
19 the Kansas racing and gaming commission or by written authority from the
20 executive director of the Kansas racing and gaming commission in
21 performing installation, maintenance, inspection and repair services, it is a
22 class A nonperson misdemeanor for the following to place a wager on or
23 play an electronic gaming machine game ~~or~~, a lottery facility game at a
24 lottery gaming facility *or place a sports wager with a lottery gaming*
25 *facility* in this state: The executive director of the Kansas lottery, a member
26 of the Kansas lottery commission or any employee or agent of the Kansas
27 lottery; the executive director, a member or any employee or agent of the
28 Kansas racing and gaming commission; or the lottery gaming facility
29 manager or any employee of the lottery gaming facility manager.

30 (b) Except in accordance with rules and regulations of the Kansas
31 racing and gaming commission or by written authority from the executive
32 director of the Kansas racing and gaming commission in performing
33 installation, maintenance, inspection and repair services, it is a class A
34 nonperson misdemeanor for the following to place a wager on or play an
35 electronic gaming machine at a racetrack gaming facility *or place a sports*
36 *wager with a racetrack gaming facility* in this state: The executive director
37 of the Kansas lottery, a member of the Kansas lottery commission or any
38 employee or agent of the Kansas lottery; the executive director, a member
39 or any employee or agent of the Kansas racing and gaming commission; or
40 the racetrack gaming facility manager or any employee of the racetrack
41 gaming facility manager.

42 (c) It is a severity level 8, nonperson felony for any person playing or
43 using any electronic gaming machine in Kansas knowingly to:

1 (1) Use other than a lawful coin or legal tender of the United States of
2 America, or to use coin not of the same denomination as the coin intended
3 to be used in an electronic gaming machine, except that in the playing of
4 any electronic gaming machine or similar gaming device, it shall be lawful
5 for any person to use gaming billets, tokens or similar objects therein
6 which are approved by the Kansas racing and gaming commission;

7 (2) possess or use, while on premises where electronic gaming
8 machines are authorized pursuant to the Kansas expanded lottery act, any
9 cheating or thieving device, including, but not limited to, tools, wires,
10 drills, coins attached to strings or wires or electronic or magnetic devices
11 to facilitate removing from any electronic gaming machine any money or
12 contents thereof, except that a duly authorized agent or employee of the
13 Kansas racing and gaming commission, lottery gaming facility manager or
14 racetrack gaming facility manager may possess and use any of the
15 foregoing only in furtherance of the agent's or employee's employment at
16 the lottery gaming facility or racetrack gaming facility; or

17 (3) possess or use while on the premises of a lottery gaming facility
18 or racetrack gaming facility, or any location where electronic gaming
19 machines are authorized pursuant to this act, any key or device designed
20 for the purpose of or suitable for opening or entering any electronic
21 gaming machine or similar gaming device or drop box.

22 (d) Any duly authorized agent or employee of the Kansas racing and
23 gaming commission, a lottery gaming facility manager or a racetrack
24 gaming facility manager may possess and use any of the devices described
25 in subsections (c)(3) and (c)(4) in furtherance of inspection or testing as
26 provided in the Kansas expanded lottery act or in furtherance of such
27 person's employment at any location where any electronic gaming machine
28 or similar gaming device or drop box is authorized pursuant to the Kansas
29 expanded lottery act.

30 Sec. 21. K.S.A. 2017 Supp. 74-8763 is hereby amended to read as
31 follows: 74-8763. Each person subject to a background check pursuant to
32 the Kansas expanded lottery act *or Kansas sports wagering act* shall be
33 subject to a state and national criminal history records check which
34 conforms to applicable federal standards for the purpose of verifying the
35 identity of the applicant and whether the person has been convicted of any
36 crime that would disqualify the person from engaging in activities
37 pursuant to this act. The executive director is authorized to use the
38 information obtained from the national criminal history record check to
39 determine the person's eligibility to engage in such activities.

40 Sec. 22. K.S.A. 2017 Supp. 74-8765 is hereby amended to read as
41 follows: 74-8765. The Kansas lottery, lottery gaming facility managers,
42 racetrack gaming facility managers, lottery gaming facility management
43 contracts and racetrack gaming facility management contracts under the

1 Kansas expanded lottery act *and Kansas sports wagering act* shall not be
2 subject to the provisions of and restrictions on major procurement
3 contracts, including, but not limited to, the provisions of K.S.A. 74-8705,
4 and amendments thereto.

5 Sec. 23. K.S.A. 2017 Supp. 74-8769 is hereby amended to read as
6 follows: 74-8769. Each person subject to a background check pursuant to
7 the Kansas expanded lottery act *or Kansas sports wagering act* shall be
8 subject to a state and national criminal history records check which
9 conforms to applicable federal standards for the purpose of verifying the
10 identity of the applicant and whether the person has been convicted of any
11 crime that would disqualify the person from engaging in activities
12 pursuant to this act. The executive director of the Kansas racing and
13 gaming commission is authorized to use the information obtained from the
14 national criminal history record check to determine the person's eligibility
15 to engage in such activities.

16 Sec. 24. K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8702, 74-
17 8710, 74-8711, 74-8716, 74-8734, 74-8741, 74-8751, 74-8752, 74-8760,
18 74-8763, 74-8765 and 74-8769 are hereby repealed.

19 Sec. 25. This act shall take effect and be in force from and after its
20 publication in the statute book and the date of publication in the Kansas
21 register of the certification by the executive director of the Kansas racing
22 and gaming commission that federal law does not prohibit states from
23 authorizing and conducting sports wagering.