

2021 Kansas Statutes

74-8741. **Racetrack facility management contracts; requirements; contract shall not constitute property.**

(a) The executive director of the Kansas lottery shall negotiate a racetrack gaming facility management contract to place electronic gaming machines at one parimutuel licensee location in each gaming zone except the southwest Kansas gaming zone.

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

- (1) Have sufficient access to financial resources to support the activities required of a racetrack gaming facility manager under the Kansas expanded lottery act; and
- (2) be current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas and any taxing subdivision where such prospective manager is located in the state of Kansas, excluding items under formal appeal pursuant to applicable statutes.

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

- (1) The term of the contract;
- (2) provisions for the Kansas racing and gaming commission to oversee all racetrack gaming facility operations, including, but not limited to: Oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and any required certification or licensing of officers, directors, board members, employees, contractors and agents of the racetrack gaming facility manager; auditing of net electronic gaming machine income and maintenance of the integrity of electronic gaming machine operations;
- (3) provisions for the racetrack gaming facility manager to pay the costs of oversight and regulation of the racetrack gaming facility manager under this act and such manager's racetrack gaming facility operations by the Kansas racing and gaming commission; and
- (4) enforceable provisions: (A) Prohibiting the state, until July 1, 2032, from (i) entering into management contracts for more than three [*] lottery gaming facilities or similar gaming facilities, one to be located in the northeast Kansas gaming zone, one to be located in the south central Kansas gaming zone [*] and one to be located in the southeast Kansas gaming zone, (ii) designating additional areas of the state where operation of lottery gaming facilities or similar gaming facilities would be authorized or (iii) operating an aggregate of more than 2,800 electronic gaming machines at all parimutuel licensee locations; and (B) requiring the state to repay to the racetrack gaming facility manager an amount equal to the privilege fee paid by such racetrack gaming facility manager, plus interest on such amount, compounded annually at the rate of 10%, if the state violates the prohibition provision described in (A).

(d) Racetrack gaming facility management contracts authorized by this section may include provisions relating to:

- (1) Accounting procedures to determine net electronic gaming machine income, unclaimed prizes and credits;
- (2) minimum requirements for a racetrack gaming facility manager to provide qualified oversight, security and supervision of electronic gaming machines including the use of qualified personnel with experience in applicable technology;
- (3) eligibility requirements for employees, contractors or agents of a racetrack gaming facility manager who will have responsibility for or involvement with electronic gaming machines or for the handling of cash or tokens;
- (4) background investigations to be performed by the Kansas racing and gaming commission;

- (5) credentialing or certification requirements of any employee, contractor or agent as provided by the Kansas expanded lottery act or rules and regulations adopted pursuant thereto;
 - (6) provision for termination of the management contract by either party for cause; and
 - (7) any other provision deemed necessary by the parties, including such other terms and restrictions as necessary to conduct racetrack gaming facility operations in a legal and fair manner.
- (e) A person who is the manager of a lottery gaming facility in a gaming zone shall not be eligible to be the manager of the racetrack gaming facility in the same zone.
- (f) A racetrack gaming facility management contract shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, except upon approval by the executive director, nor shall it be subject to being encumbered or hypothecated.

History: L. 2007, ch. 110, § 10; Apr. 19.

* Should be four, including one to be located in the southwest Kansas gaming zone; see subsection (h)(19) of 74-8734.