

HOUSE BILL No. 2792

By Committee on Federal and State Affairs

3-26

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. Any
34 information provided pursuant to this subsection shall not contain any
35 personally identifiable information.

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

5 (b) For purposes of this section, "aggregate amount wagered" means
6 an amount equal to the total of all wagers placed with a sports wagering
7 operator on sporting events that are not attributable to prohibited sports
8 events.

9 New Sec. 7. (a) There is hereby established in the state treasury the
10 sports wagering receipts fund. Separate accounts shall be maintained in
11 such fund for receipt of moneys from sports wagering conducted by the
12 Kansas lottery and each lottery gaming facility manager and racetrack
13 gaming facility manager. All expenditures from the fund shall be made in
14 accordance with appropriation acts upon warrants of the director of
15 accounts and reports issued pursuant to vouchers approved by the
16 executive director for the purposes set forth in this act.

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

21 (c) (1) All revenues from sports wagering conducted by lottery
22 gaming facility managers and racetrack gaming facility managers shall be
23 paid daily and electronically to the executive director. The executive
24 director shall remit all moneys received therefrom to the state treasurer in
25 accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt
26 of the remittance, the state treasurer shall deposit the entire amount in the
27 state treasury and credit it to the respective account maintained for the
28 lottery gaming facility manager or racetrack gaming facility manager in
29 the expanded lottery receipts fund, established by K.S.A. 2017 Supp. 74-
30 8766, and amendments thereto.

31 (2) The executive director shall certify weekly to the director of
32 accounts and reports the percentages or amounts to be transferred from
33 each account maintained in the expanded lottery receipts fund to the
34 expanded lottery act revenues fund, as provided by the lottery gaming
35 facility management contract or racetrack gaming facility management
36 contract. Upon receipt of the certification, the director of accounts and
37 reports shall transfer amounts from each such account in accordance with
38 the certification of the executive director. Once each month, the executive
39 director shall cause amounts from each such account to be paid to lottery
40 gaming facility managers in accordance with the lottery gaming facility
41 management contract and to racetrack gaming facility managers in
42 accordance with the racetrack gaming facility management contract.

43 New Sec. 8. (a) The provisions of sections 1 through 8, and

1 amendments thereto, shall be known and may be cited as the Kansas sports
2 wagering act.

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

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

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

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

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

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

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

24 (5) Counties may not legislate on social welfare administered under
25 state law enacted pursuant to or in conformity with public law No. 271 –
26 74th congress, or amendments thereof.

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

30 (7) Counties shall be subject to the limitations and prohibitions
31 imposed under K.S.A. 12-187 ~~to~~ through 12-195, ~~inclusive,~~ and
32 amendments thereto, prescribing limitations upon the levy of retailers'
33 sales taxes by counties.

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

37 (9) No county may levy ad valorem taxes under the authority of this
38 section upon real property located within any redevelopment project area
39 established under the authority of K.S.A. 12-1772, and amendments
40 thereto, unless the resolution authorizing the same specifically authorized
41 a portion of the proceeds of such levy to be used to pay the principal of
42 and interest upon bonds issued by a city under the authority of K.S.A. 12-
43 1774, and amendments thereto.

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

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

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

13 (13) Counties may not exempt from or effect changes in K.S.A. 19-
14 430, and amendments thereto.

15 (14) Counties may not exempt from or effect changes in K.S.A. 19-
16 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

17 (15) Counties may not exempt from or effect changes in K.S.A. 19-
18 15,139, 19-15,140 and 19-15,141, and amendments thereto.

19 (16) Counties may not exempt from or effect changes in the
20 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c
21 and 12-1226, and amendments thereto, or the provisions of K.S.A. 12-
22 1260 through 12-1270 and 12-1276, and amendments thereto.

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

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

27 (19) Counties may not regulate the production or drilling of any oil or
28 gas well in any manner which would result in the duplication of regulation
29 by the state corporation commission and the Kansas department of health
30 and environment pursuant to chapter 55 and chapter 65 of the Kansas
31 Statutes Annotated, and amendments thereto, and any rules and regulations
32 adopted pursuant thereto. Counties may not require any license or permit
33 for the drilling or production of oil and gas wells. Counties may not
34 impose any fee or charge for the drilling or production of any oil or gas
35 well.

36 (20) Counties may not exempt from or effect changes in K.S.A. 79-
37 41a04, and amendments thereto.

38 (21) Counties may not exempt from or effect changes in K.S.A. 79-
39 1611, and amendments thereto.

40 (22) Counties may not exempt from or effect changes in K.S.A. 79-
41 1494, and amendments thereto.

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

- 1 (24) Counties may not exempt from or effect changes in subsection
2 ~~(b)~~ of K.S.A. 19-204(b), and amendments thereto.
- 3 (25) Counties may not levy or impose an excise, severance or any
4 other tax in the nature of an excise tax upon the physical severance and
5 production of any mineral or other material from the earth or water.
- 6 (26) Counties may not exempt from or effect changes in K.S.A. 79-
7 2017 or 79-2101, and amendments thereto.
- 8 (27) Counties may not exempt from or effect changes in K.S.A. 2-
9 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-
10 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments
11 thereto.
- 12 (28) Counties may not exempt from or effect changes in K.S.A. 2017
13 Supp. 80-121, and amendments thereto.
- 14 (29) Counties may not exempt from or effect changes in K.S.A. 19-
15 228, and amendments thereto.
- 16 (30) Counties may not exempt from or effect changes in the wireless
17 enhanced 911 act, in the VoIP enhanced 911 act or in the provisions of
18 K.S.A. 12-5301 through 12-5308, and amendments thereto.
- 19 (31) Counties may not exempt from or effect changes in K.S.A. 2017
20 Supp. 26-601, and amendments thereto.
- 21 (32) (A) Counties may not exempt from or effect changes in the
22 Kansas liquor control act except as provided by paragraph (B).
- 23 (B) Counties may adopt resolutions which are not in conflict with the
24 Kansas liquor control act.
- 25 (33) (A) Counties may not exempt from or effect changes in the
26 Kansas cereal malt beverage act except as provided by paragraph (B).
- 27 (B) Counties may adopt resolutions which are not in conflict with the
28 Kansas cereal malt beverage act.
- 29 (34) Counties may not exempt from or effect changes in the Kansas
30 lottery act, *the Kansas expanded lottery act or the Kansas sports wagering*
31 *act*.
- 32 ~~(35) Counties may not exempt from or effect changes in the Kansas~~
33 ~~expanded lottery act.~~
- 34 ~~(36)~~(35) Counties may neither exempt from nor effect changes to the
35 eminent domain procedure act.
- 36 ~~(37)~~(36) Any county granted authority pursuant to the provisions of
37 K.S.A. 19-5001 through 19-5005, and amendments thereto, shall be
38 subject to the limitations and prohibitions imposed under K.S.A. 19-5001
39 through 19-5005, and amendments thereto.
- 40 ~~(38)~~(37) Except as otherwise specifically authorized by K.S.A. 19-
41 5001 through 19-5005, and amendments thereto, counties may not exercise
42 any authority granted pursuant to K.S.A. 19-5001 through 19-5005, and
43 amendments thereto, including the imposition or levy of any retailers' sales

1 tax.

2 (b) Counties shall apply the powers of local legislation granted in
3 subsection (a) by resolution of the board of county commissioners. If no
4 statutory authority exists for such local legislation other than that set forth
5 in subsection (a) and the local legislation proposed under the authority of
6 such subsection is not contrary to any act of the legislature, such local
7 legislation shall become effective upon passage of a resolution of the
8 board and publication in the official county newspaper. If the legislation
9 proposed by the board under authority of subsection (a) is contrary to an
10 act of the legislature which is applicable to the particular county but not
11 uniformly applicable to all counties, such legislation shall become
12 effective by passage of a charter resolution in the manner provided in
13 K.S.A. 19-101b, and amendments thereto.

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

16 Sec. 10. K.S.A. 2017 Supp. 21-6403 is hereby amended to read as
17 follows: 21-6403. As used in K.S.A. 2017 Supp. 21-6403 through 21-
18 6409, and amendments thereto:

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

22 (1) Bona fide business transactions which are valid under the law of
23 contracts including, but not limited to, contracts for the purchase or sale at
24 a future date of securities or other commodities, and agreements to
25 compensation for loss caused by the happening of the chance including,
26 but not limited to, contracts of indemnity or guaranty and life or health and
27 accident insurance;

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

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

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

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

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

40 (7) tribal gaming;

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

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

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

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

6 (1) A lottery operated by the state pursuant to the Kansas lottery act;
7 or

8 (2) tribal gaming;

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

17 (1) Participants in any bingo game managed, operated or conducted
18 in accordance with the laws of the state of Kansas by any bona fide
19 nonprofit religious, charitable, fraternal, educational or veteran
20 organization licensed to manage, operate or conduct bingo games under
21 the laws of the state of Kansas and it shall be conclusively presumed that
22 such sums paid by or for such participants were intended by such
23 participants to be for the benefit of the sponsoring organizations for the use
24 of such sponsoring organizations in furthering the purposes of such
25 sponsoring organizations, as set forth in the appropriate paragraphs of
26 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
27 in K.S.A. 79-4701, and amendments thereto;

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

30 (3) participants in any system of parimutuel wagering managed,
31 operated and conducted in accordance with the Kansas parimutuel racing
32 act; or

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

34 (d) "fantasy sports league" means any fantasy or simulation sports
35 game or contest in which no fantasy or simulation sports team is based on
36 the current membership of an actual team that is a member of an amateur
37 or professional sports organization and that meets the following
38 conditions:

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

43 (2) all winning outcomes reflect the relative knowledge and skill of

1 the participants and are determined predominantly by accumulated
 2 statistical results of the performance of individual athletes in multiple real-
 3 world sporting events; and

4 (3) no winning outcome is based:

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

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

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

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

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

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

17 (B) other machine, mechanical device, electronic device or other
 18 contrivance including, but not limited to, roulette wheels and similar
 19 devices, which are equipped with or designed to accommodate the addition
 20 of a mechanism that enables accumulated credits to be removed, is
 21 equipped with or designed to accommodate a mechanism to record the
 22 number of credits removed or is otherwise designed, manufactured or
 23 altered primarily for use in connection with gambling, 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 (C) subassembly or essential part intended to be used in connection
 29 with any such machine, mechanical device, electronic device or other
 30 contrivance, but which is not attached to any such machine, mechanical
 31 device, electronic device or other contrivance as a constituent part; or

32 (D) any token, chip, paper, receipt or other document which
 33 evidences, purports to evidence or is designed to evidence participation in
 34 a lottery or the making of a bet.

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

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

38 (A) Any machine, mechanical device, electronic device or other
 39 contrivance used or for use by a licensee of the Kansas racing commission
 40 as authorized by law and rules and regulations adopted by the commission
 41 or by the Kansas lottery or Kansas lottery retailers as authorized by law
 42 and rules and regulations adopted by the Kansas lottery commission;

43 (B) any machine, mechanical device, electronic device or other

1 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
2 machine, a so-called pinball machine, or mechanical gun, which is not
3 designed and manufactured primarily for use in connection with gambling,
4 and:

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

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

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

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

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

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

25 (h) "tribal gaming commission" means the same as in K.S.A. 74-
26 9802, and amendments thereto.

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

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

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

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

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

42 (b) *Misuse of nonpublic sports information is placing, or causing to*
43 *be placed, a bet or wager on a sports contest on the basis of material*

1 *nonpublic information relating to such bet or wager.*

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

3 (1) Subsection (a)(1) or (a)(2) is a severity level 9, nonperson felony;

4 ~~and~~

5 (2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;

6 *and*

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

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

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

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

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

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

24 (4) *"on the basis of material nonpublic information" means the*
25 *person placing the bet or wager; or causing such bet or wager to be*
26 *placed, was aware of the material nonpublic information relating to such*
27 *bet or wager when the person placed the bet or wager; or caused such bet*
28 *or wager to be placed.*

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

32 (a) "Ancillary lottery gaming facility operations" means additional
33 non-lottery facility game products and services not owned and operated by
34 the state which may be included in the overall development associated
35 with the lottery gaming facility. Such operations may include, but are not
36 limited to, restaurants, hotels, motels, museums or entertainment facilities.

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

38 (c) "Electronic gaming machine" means any electronic,
39 electromechanical, video or computerized device, contrivance or machine
40 authorized by the Kansas lottery which, upon insertion of cash, tokens,
41 electronic cards or any consideration, is available to play, operate or
42 simulate the play of a game authorized by the Kansas lottery pursuant to
43 the Kansas expanded lottery act, including, but not limited to, bingo,

1 poker, blackjack, keno and slot machines, and which may deliver or entitle
2 the player operating the machine to receive cash, tokens, merchandise or
3 credits that may be redeemed for cash. Electronic gaming machines may
4 use bill validators and may be single-position reel-type, single or multi-
5 game video and single-position multi-game video electronic game,
6 including, but not limited to, poker, blackjack and slot machines.
7 Electronic gaming machines shall be directly linked to a central computer
8 at a location determined by the executive director for purposes of security,
9 monitoring and auditing.

10 (d) "Executive director" means the executive director of the Kansas
11 lottery.

12 (e) "Gaming equipment" means any electric, electronic, computerized
13 or electromechanical machine, mechanism, supply or device or any other
14 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
15 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
16 gaming machine or lottery facility game; and (3) affects the results of an
17 electronic gaming machine or lottery facility game by determining win or
18 loss.

19 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
20 which consists of Wyandotte county; (2) the southeast Kansas gaming
21 zone, which consists of Crawford and Cherokee counties; (3) the south
22 central Kansas gaming zone, which consists of Sedgwick and Sumner
23 counties; and (4) the southwest Kansas gaming zone, which consists of
24 Ford county.

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

31 (h) *"Interactive sports wagering platform" or "platform" means a*
32 *person or entity that offers sports wagering on behalf of the Kansas*
33 *lottery, a lottery gaming facility manager or a racetrack gaming facility*
34 *manager over the internet, including, but not limited to, through websites*
35 *and mobile device applications.*

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

38 ~~(j)~~ (j) "Lottery" or "state lottery" means the lottery or lotteries
39 operated pursuant to this act.

40 ~~(k)~~ (k) "Lottery facility games" means any electronic gaming
41 machines and any other games which, as of January 1, 2007, are
42 authorized to be conducted or operated at a tribal gaming facility, as
43 defined in K.S.A. 74-9802, and amendments thereto, located within the

1 boundaries of this state.

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

8 ~~(h)~~ (m) "Lottery gaming facility" means that portion of a building
9 used for the purposes of operating, managing and maintaining lottery
10 facility games.

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

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

19 ~~(o)~~ (p) "Lottery gaming facility manager" means a corporation,
20 limited liability company, resident Kansas American Indian tribe or other
21 business entity authorized to construct and manage, or manage alone,
22 pursuant to a lottery gaming facility management contract with the Kansas
23 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
24 gaming facility.

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

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

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

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

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

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

43 (A) Any food vending machine defined by K.S.A. 36-501, and

1 amendments thereto;

2 (B) any nonprescription drug machine authorized under K.S.A. 65-
3 650, and amendments thereto;

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

6 (D) any machine excluded from the definition of gambling devices
7 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
8 2017 Supp. 21-6403, and amendments thereto; or

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

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

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

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

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

29 (v) "*Official league data*" means statistics, results, outcomes and
30 other data relating to a sporting event that have been obtained from the
31 relevant sports governing body, or an entity expressly authorized by the
32 sports governing body to provide such information to sports wagering
33 operators.

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

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

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

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

1 liability company, corporation or partnership.

2 ~~(y)~~ (aa) "Prize" means any prize paid directly by the Kansas lottery
3 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
4 any rules and regulations adopted pursuant to either act.

5 ~~(z)~~ (bb) "Progressive electronic game" means a game played on an
6 electronic gaming machine for which the payoff increases uniformly as the
7 game is played and for which the jackpot, determined by application of a
8 formula to the income of independent, local or interlinked electronic
9 gaming machines, may be won.

10 ~~(aa)~~ (cc) "Racetrack gaming facility" means that portion of a
11 parimutuel licensee location where electronic gaming machines are
12 operated, managed and maintained.

13 ~~(bb)~~ (dd) "Racetrack gaming facility management contract" means an
14 agreement between the Kansas lottery and a racetrack gaming facility
15 manager, negotiated and signed by the executive director on behalf of the
16 state, for placement of electronic gaming machines owned and operated by
17 the state at a racetrack gaming facility.

18 ~~(ee)~~ (ee) "Racetrack gaming facility manager" means a parimutuel
19 licensee specifically certified by the Kansas lottery to become a certified
20 racetrack gaming facility manager and offer electronic gaming machines
21 for play at the racetrack gaming facility.

22 ~~(dd)~~ (ff) "Returned ticket" means any ticket which was transferred to
23 a lottery retailer, which was not sold by the lottery retailer and which was
24 returned to the Kansas lottery for refund by issuance of a credit or
25 otherwise.

26 ~~(ee)~~ (gg) "Share" means any intangible manifestation authorized by
27 the Kansas lottery to prove participation in a lottery game, except as
28 provided by the Kansas expanded lottery act.

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

32 (ii) *"Sports wagering" means wagering on sporting events or any*
33 *portion thereof, or on the individual performance statistics of athletes*
34 *participating in a sporting event, or combination of sporting events, by*
35 *any system or method of wagering, including, but not limited to, in-person*
36 *communication and electronic communication through internet websites*
37 *and mobile device applications. The term "sports wagering" shall include,*
38 *but is not limited to, single-game bets, teaser bets, parlays, over-under*
39 *bets, moneyline, pools, exchange wagerings, in-game wagering, in-play*
40 *bets, proposition bets and straight bets.*

41 (jj) *"Sports wagering operator" means the Kansas lottery, a lottery*
42 *retailer, a lottery gaming facility or a racetrack gaming facility that offers*
43 *sports wagering, or an interactive sports wagering platform that offers*

1 *sports wagering on behalf of such entity.*

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

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

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

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

13 ~~(gg)~~ *(oo) "Token" means a representative of value, of metal or other*
14 *material, which is not legal tender, redeemable for cash only by the issuing*
15 *lottery gaming facility manager or racetrack gaming facility manager and*
16 *which is issued and sold by a lottery gaming facility manager or racetrack*
17 *gaming facility manager for the sole purpose of playing an electronic*
18 *gaming machine or lottery facility game.*

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

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

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

29 Sec. 13. K.S.A. 2017 Supp. 74-8710 is hereby amended to read as
30 follows: 74-8710. (a) The commission, upon the recommendation of the
31 executive director, shall adopt rules and regulations governing the
32 establishment and operation of a state lottery, sales of lottery tickets ~~and,~~
33 the operation of lottery gaming facilities and racetrack gaming facilities
34 *and the operation of sports wagering* as necessary to carry out the
35 purposes of the Kansas lottery act ~~and,~~ the Kansas expanded lottery act
36 *and the Kansas sports wagering act.* Temporary rules and regulations may
37 be adopted by the commission without being subject to the provisions and
38 requirements of K.S.A. 77-415 through 77-438, and amendments thereto,
39 but shall be subject to approval by the attorney general as to legality and
40 shall be filed with the secretary of state and published in the Kansas
41 register. Temporary and permanent rules and regulations may include, but
42 shall not be limited to:

43 (1) Subject to the provisions of subsection (c), the types of lottery

1 games to be conducted, including, but not limited to, instant lottery, on-
2 line, traditional games, lottery facility games and electronic gaming
3 machine games but not including games on video lottery machines or
4 lottery machines.

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

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

11 (4) The frequency of the drawings or selections of winning tickets or
12 shares.

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

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

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

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

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

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

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

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

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

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

42 (15) *Rules and regulations to implement, administer and enforce the*
43 *provisions of the Kansas sports wagering act. Such rules and regulations*

1 shall include, but not be limited to: (A) Sports wagering conducted by the
2 Kansas lottery, including contracts for sports wagering conducted by
3 lottery retailers; (B) management contracts for sports wagering conducted
4 by lottery gaming facility managers and racetrack gaming facility
5 managers; (C) provisions for the confidentiality of information submitted
6 by an interactive sports wagering platform and sports wagering
7 operators; and (D) provisions ensuring the integrity of sports wagering
8 conducted in this state.

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

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

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

21 (b) Except as provided by K.S.A. 2017 Supp. 74-8724, and
22 amendments thereto, and the Kansas expanded lottery act, ~~and~~
23 ~~amendments thereto~~, the executive director shall remit all moneys
24 collected from the sale of lottery tickets and shares, *revenues from sports*
25 *wagering conducted by the Kansas lottery* and any other moneys received
26 by or on behalf of the Kansas lottery to the state treasurer in accordance
27 with the provisions of K.S.A. 75-4215, and amendments thereto. Upon
28 receipt of each such remittance, the state treasurer shall deposit the entire
29 amount in the state treasury to the credit of the lottery operating fund.
30 Moneys credited to the fund shall be expended or transferred only as
31 provided by this act. Expenditures from such fund shall be made in
32 accordance with appropriations acts upon warrants of the director of
33 accounts and reports issued pursuant to vouchers approved by the
34 executive director or by a person designated by the executive director.

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

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

1 agencies;

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

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

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

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

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

10 (d) The director of accounts and reports shall transfer moneys in the
11 lottery operating fund to the state gaming revenues fund created by K.S.A.
12 79-4801, and amendments thereto, on or before the 15th day of each month
13 in an amount certified monthly by the executive director and determined as
14 follows, whichever is greater:

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

18 (2) except for pull-tab lottery tickets and shares, an amount equal to
19 not less than 30% of total monthly revenues from the sales of lottery
20 tickets and shares less estimated returned tickets. In the case of pull-tab
21 lottery tickets and shares, an amount equal to not less than 20% of the total
22 monthly revenues from the sales of pull-tab lottery tickets and shares less
23 estimated returned tickets.

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

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

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

39 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
40 or a person who contracts or seeks to contract with the state to supply
41 gaming equipment, materials, tickets or consulting services for use in the
42 lottery to offer, pay, give or make any economic opportunity, gift, loan,
43 gratuity, special discount, favor or service, or hospitality other than food

1 and beverages, having an aggregate value of \$20 or more in any calendar
2 year to a person, knowing such person is the executive director, a member
3 of the commission or an employee of the Kansas lottery, or a person
4 residing in the household thereof.

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

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

13 (2) any licensee pursuant to the Kansas parimutuel racing act, other
14 than the Kansas lottery or a person holding a license on behalf of the
15 Kansas lottery, or any business which sells goods or services to a
16 parimutuel licensee; *or*

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

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

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

27 (f) It shall be unlawful for the executive director, a member of the
28 commission or an employee of the Kansas lottery to accept any
29 compensation, gift, loan, entertainment, favor or service from any lottery
30 gaming facility manager, subcontractor or agent of a lottery gaming
31 facility manager, manufacturer or vendor of electronic gaming machines or
32 central computer system provider.

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

40 (h) *It shall be unlawful for the executive director, a member of the*
41 *commission or an employee of the Kansas lottery to accept any*
42 *compensation, gift, loan, entertainment, favor or service from any*
43 *interactive sports wagering platform, subcontractor or agent of a*

1 *platform.*

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

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

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

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

14 (b) Not more than 30 days after the effective date of this act the
15 lottery commission shall adopt and publish in the Kansas register the
16 procedure for receiving, considering and approving, proposed lottery
17 gaming facility management contracts. Such procedure shall include
18 provisions for review of competitive proposals within a gaming zone and
19 the date by which proposed lottery gaming facility management contracts
20 must be received by the lottery commission if they are to receive
21 consideration.

22 (c) The lottery commission shall adopt standards to promote the
23 integrity of the gaming and finances of lottery gaming facilities, which
24 shall apply to all management contracts, shall meet or exceed industry
25 standards for monitoring and controlling the gaming and finances of
26 gaming facilities and shall give the executive director sufficient authority
27 to monitor and control the gaming operation and to ensure its integrity and
28 security.

29 (d) The Kansas lottery commission may approve management
30 contracts with one or more prospective lottery gaming facility managers to
31 manage, or construct and manage, on behalf of the state of Kansas and
32 subject to the operational control of the Kansas lottery, a lottery gaming
33 facility or lottery gaming enterprise at specified destination locations
34 within the northeast, south central, southwest and southeast Kansas
35 gaming zones where the commission determines the operation of such
36 facility would promote tourism and economic development. The
37 commission shall approve or disapprove a proposed management contract
38 within 90 days after the deadline for receipt of proposals established
39 pursuant to subsection (b).

40 (e) In determining whether to approve a management contract with a
41 prospective lottery gaming facility manager to manage a lottery gaming
42 facility or lottery gaming enterprise pursuant to this section, the
43 commission shall take into consideration the following factors: The size of

1 the proposed facility; the geographic area in which such facility is to be
2 located; the proposed facility's location as a tourist and entertainment
3 destination; the estimated number of tourists that would be attracted by the
4 proposed facility; the number and type of lottery facility games to be
5 operated at the proposed facility; and agreements related to ancillary
6 lottery gaming facility operations.

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

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

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

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

29 (2) the commission determines that the proposed development
30 consists of an investment in infrastructure, including ancillary lottery
31 gaming facility operations, of at least \$225,000,000 in the northeast and
32 south central Kansas gaming zones and of at least \$50,000,000 in the
33 southeast and southwest Kansas gaming zones. The commission, in
34 determining whether the minimum investment required by this subsection
35 is met, shall not include any amounts derived from or financed by state or
36 local retailers' sales tax revenues.

37 (h) Any management contract approved by the commission under this
38 section shall:

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

43 (2) specify the total amount to be paid to the lottery gaming facility

1 manager pursuant to the contract;

2 (3) establish a mechanism to facilitate payment of lottery gaming
3 facility expenses, payment of the lottery gaming facility manager's share of
4 the lottery gaming facility revenues and distribution of the state's share of
5 the lottery gaming facility revenues;

6 (4) include a provision for the lottery gaming facility manager to pay
7 the costs of oversight and regulation of the lottery gaming facility manager
8 and the operations of the lottery gaming facility by the Kansas racing and
9 gaming commission;

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

12 (6) provide for the prospective lottery gaming facility manager, upon
13 approval of the proposed lottery gaming facility management contract, to
14 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
15 being selected as a lottery gaming facility manager of a lottery gaming
16 facility in the northeast or south central Kansas gaming zone and
17 \$5,500,000 for the privilege of being selected as a lottery gaming facility
18 manager of a lottery gaming facility in the southeast or southwest Kansas
19 gaming zone. Such fee shall be deposited in the state treasury and credited
20 to the lottery gaming facility manager fund, which is hereby created in the
21 state treasury;

22 (7) incorporate terms and conditions for the ancillary lottery gaming
23 facility operations;

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

28 (9) include financing commitments for construction;

29 (10) include a resolution of endorsement from the city governing
30 body, if the proposed facility is within the corporate limits of a city, or
31 from the county commission, if the proposed facility is located in the
32 unincorporated area of the county;

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

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

43 (13) include a provision for 2% of lottery gaming facility revenues to

1 be paid to the problem gambling and addictions grant fund established by
2 K.S.A. 2017 Supp. 79-4805, and amendments thereto;

3 (14) if the prospective lottery gaming facility manager is an American
4 Indian tribe, include a provision that such tribe agrees to waive its
5 sovereign immunity with respect to any actions arising from or to enforce
6 either the Kansas expanded lottery act or any provision of the lottery
7 gaming facility management contract; any action brought by an injured
8 patron or by the state of Kansas; any action for purposes of enforcing the
9 workers compensation act or any other employment or labor law; and any
10 action to enforce laws, rules and regulations and codes pertaining to
11 health, safety and consumer protection; and for any other purpose deemed
12 necessary by the executive director to protect patrons or employees and
13 promote fair competition between the tribe and others seeking a lottery
14 gaming facility management contract;

15 (15) (A) if the lottery gaming facility is located in the northeast or
16 southwest Kansas gaming zone and is not located within a city, include a
17 provision for payment of an amount equal to 3% of the lottery gaming
18 facility revenues to the county in which the lottery gaming facility is
19 located; or (B) if the lottery gaming facility is located in the northeast or
20 southwest Kansas gaming zone and is located within a city, include
21 provision for payment of an amount equal to 1.5% of the lottery gaming
22 facility revenues to the city in which the lottery gaming facility is located
23 and an amount equal to 1.5% of such revenues to the county in which such
24 facility is located;

25 (16) (A) if the lottery gaming facility is located in the southeast or
26 south central Kansas gaming zone and is not located within a city, include
27 a provision for payment of an amount equal to 2% of the lottery gaming
28 facility revenues to the county in which the lottery gaming facility is
29 located and an amount equal to 1% of such revenues to the other county in
30 such zone; or (B) if the lottery gaming facility is located in the southeast or
31 south central Kansas gaming zone and is located within a city, provide for
32 payment of an amount equal to 1% of the lottery gaming facility revenues
33 to the city in which the lottery gaming facility is located, an amount equal
34 to 1% of such revenues to the county in which such facility is located and
35 an amount equal to 1% of such revenues to the other county in such zone;

36 (17) allow the lottery gaming facility manager to manage the lottery
37 gaming facility in a manner consistent with this act and applicable law, but
38 shall place full, complete and ultimate ownership and operational control
39 of the gaming operation, *including any sports wagering*, of the lottery
40 gaming facility with the Kansas lottery. The Kansas lottery shall not
41 delegate and shall explicitly retain the power to overrule any action of the
42 lottery gaming facility manager affecting the gaming operation without
43 prior notice. The Kansas lottery shall retain full control over all decisions

1 concerning lottery gaming facility games *and sports wagering*;

2 (18) include provisions for the Kansas racing and gaming
3 commission to oversee all lottery gaming facility operations, including, but
4 not limited to: Oversight of internal controls; oversight of security of
5 facilities; performance of background investigations, determination of
6 qualifications and credentialing of employees, contractors and agents of
7 the lottery gaming facility manager and of ancillary lottery gaming facility
8 operations, as determined by the Kansas racing and gaming commission;
9 auditing of lottery gaming facility revenues *and sports wagering revenues*;
10 enforcement of all state laws and maintenance of the integrity of gaming
11 operations; and

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

26 (i) *Any management contract approved by the commission under this*
27 *section may include provisions for conducting, operating and managing*
28 *sports wagering by the lottery gaming facility manager in accordance with*
29 *the Kansas sports wagering act. If a management contract includes such*
30 *provisions, then such contract shall include a provision for the state to*
31 *receive not less than 6.75% of the sports wagering revenues, which shall*
32 *be paid to the expanded lottery act revenues fund established by K.S.A.*
33 *2017 Supp. 74-8768, and amendments thereto.*

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

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

39 (l) A person who is the manager of the racetrack gaming facility in
40 a gaming zone shall not be eligible to be the manager of the lottery gaming
41 facility in the same zone.

42 (m) Management contracts authorized by this section may include
43 provisions relating to:

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

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

7 (3) eligibility requirements for employees, contractors or agents of a
8 lottery gaming facility manager who will have responsibility for or
9 involvement with actual gaming activities or for the handling of cash or
10 tokens;

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

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

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

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

22 ~~(m)~~ (n) A management contract shall not constitute property, nor shall
23 it be subject to attachment, garnishment or execution, nor shall it be
24 alienable or transferable, except upon approval by the executive director,
25 nor shall it be subject to being encumbered or hypothecated. The trustee of
26 any insolvent or bankrupt lottery gaming facility manager may continue to
27 operate pursuant to the management contract under order of the
28 appropriate court for no longer than one year after the bankruptcy or
29 insolvency of such manager.

30 ~~(n)~~ (o) (1) The Kansas lottery shall be the licensee and owner of all
31 software programs used at a lottery gaming facility for any lottery facility
32 game.

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

37 (3) *If a lottery gaming facility manager agrees to offer sports*
38 *wagering, the Kansas lottery shall be the licensee and owner of all*
39 *software programs used in offering sports wagering, and the lottery*
40 *gaming facility manager, on behalf of the state, shall purchase or lease for*
41 *the Kansas lottery any equipment or other property necessary for offering*
42 *sports wagering. All sports wagering shall be subject to the ultimate*
43 *control of the Kansas lottery in accordance with this act and the Kansas*

1 *sports wagering act.*

2 ~~(p)~~ (p) A lottery gaming facility shall comply with any planning and
3 zoning regulations of the city or county in which it is to be located. The
4 executive director shall not contract with any prospective lottery gaming
5 facility manager for the operation and management of such lottery gaming
6 facility unless such manager first receives any necessary approval under
7 planning and zoning requirements of the city or county in which it is to be
8 located.

9 ~~(q)~~ (q) Prior to expiration of the term of a lottery gaming facility
10 management contract, the lottery commission may negotiate a new lottery
11 gaming facility management contract with the lottery gaming facility
12 manager if the new contract is substantially the same as the existing
13 contract. Otherwise, the lottery gaming facility review board shall be
14 reconstituted and a new lottery gaming facility management contract shall
15 be negotiated and approved in the manner provided by this act.

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

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

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

30 (2) be current in filing all applicable tax returns and in payment of all
31 taxes, interest and penalties owed to the state of Kansas and any taxing
32 subdivision where such prospective manager is located in the state of
33 Kansas, excluding items under formal appeal pursuant to applicable
34 statutes.

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

36 (1) The term of the contract;

37 (2) provisions for the Kansas racing and gaming commission to
38 oversee all racetrack gaming facility operations, including, but not limited to:
39 Oversight of internal controls; oversight of security of facilities;
40 performance of background investigations, determination of qualifications
41 and any required certification or licensing of officers, directors, board
42 members, employees, contractors and agents of the racetrack gaming
43 facility manager; auditing of net electronic gaming machine income *and*

1 *sports wagering revenues* and maintenance of the integrity of electronic
2 gaming machine operations;

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

7 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
8 2032, from (i) entering into management contracts for more than ~~three~~
9 *four* lottery gaming facilities or similar gaming facilities, one to be located
10 in the northeast Kansas gaming zone, one to be located in the south central
11 Kansas gaming zone, *one to be located in the southwest gaming zone* and
12 one to be located in the southeast Kansas gaming zone, (ii) designating
13 additional areas of the state where operation of lottery gaming facilities or
14 similar gaming facilities would be authorized or (iii) operating an
15 aggregate of more than 2,800 electronic gaming machines at all parimutuel
16 licensee locations; and (B) requiring the state to repay to the racetrack
17 gaming facility manager an amount equal to the privilege fee paid by such
18 racetrack gaming facility manager, plus interest on such amount,
19 compounded annually at the rate of 10%, if the state violates the
20 prohibition provision described in (A).

21 *(d) Any management contract approved by the commission under*
22 *K.S.A. 2017 Supp. 74-8742, and amendments thereto, may include*
23 *provisions for conducting, operating and managing sports wagering by*
24 *the racetrack gaming facility manager in accordance with the Kansas*
25 *sports wagering act. If a management contract includes such provisions,*
26 *then such contract shall include a provision for the state to receive not less*
27 *than 6.75% of the sports wagering revenues, which shall be paid to the*
28 *expanded lottery act revenues fund established by K.S.A. 2017 Supp. 74-*
29 *8768, and amendments thereto.*

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

32 (1) Accounting procedures to determine net electronic gaming
33 machine income, unclaimed prizes and credits;

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

38 (3) eligibility requirements for employees, contractors or agents of a
39 racetrack gaming facility manager who will have responsibility for or
40 involvement with electronic gaming machines or for the handling of cash
41 or tokens;

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

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

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

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

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

12 ~~(f)~~ (g) A racetrack gaming facility management contract shall not
13 constitute property, nor shall it be subject to attachment, garnishment or
14 execution, nor shall it be alienable or transferable, except upon approval
15 by the executive director, nor shall it be subject to being encumbered or
16 hypothecated.

17 (h) *If a racetrack gaming facility manager agrees to offer sports*
18 *wagering, the Kansas lottery shall be the licensee and owner of all*
19 *software programs used in offering sports wagering, and the racetrack*
20 *gaming facility manager, on behalf of the state, shall purchase or lease for*
21 *the Kansas lottery any equipment or other property necessary for offering*
22 *sports wagering. All sports wagering shall be subject to the ultimate*
23 *control of the Kansas lottery in accordance with this act and the Kansas*
24 *sports wagering act.*

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

28 (a) A certification requirement; and enforcement procedure; for
29 officers, directors, key employees and persons directly or indirectly
30 owning a 0.5% or more interest in a lottery gaming facility manager or
31 racetrack gaming facility manager. Such certification requirement shall
32 include compliance with such security, fitness and background
33 investigations and standards as the executive director of the Kansas racing
34 and gaming commission deems necessary to determine whether such
35 person's reputation, habits or associations pose a threat to the public
36 interest of the state or to the reputation of or effective regulation and
37 control of the lottery gaming facility or racetrack gaming facility. Any
38 person convicted of any felony, a crime involving gambling or a crime of
39 moral turpitude prior to applying for a certificate hereunder or at any time
40 thereafter shall be deemed unfit. The Kansas racing and gaming
41 commission shall conduct the security, fitness and background checks
42 required pursuant to this subsection. Certification pursuant to this
43 subsection shall not be assignable or transferable;

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

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

32 (d) provisions for suspension, revocation or nonrenewal of a
33 certification required by subsection (a) or (b) upon a finding that the
34 certificate holder, an officer or director thereof or a person directly or
35 indirectly owning a 0.5% or more interest therein: (1) Has failed to notify
36 the Kansas lottery about a material change in ownership of the certificate
37 holder, or any change in the directors or officers thereof; (2) is delinquent
38 in remitting money owed to the Kansas lottery; (3) has violated any
39 provision of any contract between the Kansas lottery and the certificate
40 holder; or (4) has violated any provision of the Kansas expanded lottery
41 act or any rule and regulation adopted hereunder;

42 (e) *a certification requirement and enforcement procedure for: (1)*
43 *Employees of a lottery retailer; a lottery gaming facility manager or*

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

22 (f) provisions for suspension, revocation or nonrenewal of a
23 certification required by subsection (e) upon a finding that the certificate
24 holder: (1) Has knowingly provided false or misleading material
25 information to the Kansas lottery, the Kansas racing and gaming
26 commission or to the employees of either entity; (2) has been convicted of
27 a felony, gambling-related offense or any crime of moral turpitude; (3) has
28 violated any provision of any contract between the Kansas lottery and the
29 certificate holder; or (4) has violated any provision of the Kansas sports
30 wagering act or any rule and regulation adopted hereunder.

31 Sec. 19. K.S.A. 2017 Supp. 74-8752 is hereby amended to read as
32 follows: 74-8752. (a) The executive director of the Kansas lottery and the
33 executive director of the Kansas racing and gaming commission, or their
34 designees, may observe and inspect all electronic gaming machines, lottery
35 facility games, *sports wagering operations*, lottery gaming facilities,
36 racetrack gaming facilities and all related equipment and facilities operated
37 by a lottery gaming facility manager or racetrack gaming facility manager.

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

41 (1) Examine, or cause to be examined by any agent or representative
42 designated by such executive director, any books, papers, records or
43 memoranda of any lottery gaming facility manager or racetrack gaming

1 facility manager, or of any business involved in electronic gaming
2 machines or lottery facility games authorized pursuant to the Kansas
3 expanded lottery act, *or sports wagering operations authorized pursuant*
4 *to the Kansas sports wagering act*, for the purpose of ascertaining
5 compliance with any provision of the Kansas lottery act, the Kansas
6 expanded lottery act, *the Kansas sports wagering act* or any rules and
7 regulations adopted thereunder;

8 (2) investigate alleged violations of the Kansas expanded lottery act
9 *or Kansas sports wagering act* and alleged violations of any rules and
10 regulations, orders and final decisions of the Kansas lottery commission,
11 the executive director of the Kansas lottery, the Kansas racing and gaming
12 commission or the executive director of the Kansas racing and gaming
13 commission;

14 (3) request a court to issue subpoenas to compel access to or for the
15 production of any books, papers, records or memoranda in the custody or
16 control of any lottery gaming facility manager or racetrack gaming facility
17 manager related to the management of the lottery gaming facility or
18 racetrack gaming facility, or to compel the appearance of any lottery
19 gaming facility manager or racetrack gaming facility manager for the
20 purpose of ascertaining compliance with the provisions of the Kansas
21 lottery act ~~and~~, the Kansas expanded lottery act, *the Kansas sports*
22 *wagering act* or rules and regulations adopted thereunder;

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

26 (5) take any other action as may be reasonable or appropriate to
27 enforce the provisions of the Kansas expanded lottery act *and the Kansas*
28 *sports wagering act*, and any rules and regulations, orders and final
29 decisions of the executive director of the Kansas lottery, the Kansas lottery
30 commission, the executive director of the Kansas racing commission or the
31 Kansas racing and gaming commission.

32 (c) Appropriate security measures shall be required in any and all
33 areas where electronic gaming machines and other lottery facility games
34 authorized pursuant to the Kansas expanded lottery act *and sports*
35 *wagering authorized pursuant to the Kansas sports wagering act* are
36 located or operated. The executive director of the Kansas racing and
37 gaming commission shall approve all such security measures.

38 (d) The executive director of the Kansas racing and gaming
39 commission shall require an annual audit of the operations of each lottery
40 gaming facility and ancillary lottery gaming facility operations and each
41 racetrack gaming facility as determined by the commission. Such audit
42 shall be conducted by the Kansas racing and gaming commission or a
43 licensed accounting firm approved by the executive director of the Kansas

1 racing and gaming commission and shall be conducted at the expense of
2 the lottery gaming facility manager or racetrack facility manager.

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

6 Sec. 20. K.S.A. 2017 Supp. 74-8760 is hereby amended to read as
7 follows: 74-8760. (a) Except in accordance with rules and regulations of
8 the Kansas racing and gaming commission or by written authority from the
9 executive director of the Kansas racing and gaming commission in
10 performing installation, maintenance, inspection and repair services, it is a
11 class A nonperson misdemeanor for the following to place a wager on or
12 play an electronic gaming machine game ~~or~~, a lottery facility game at a
13 lottery gaming facility *or place a sports wager with a lottery gaming*
14 *facility* in this state: The executive director of the Kansas lottery, a member
15 of the Kansas lottery commission or any employee or agent of the Kansas
16 lottery; the executive director, a member or any employee or agent of the
17 Kansas racing and gaming commission; or the lottery gaming facility
18 manager or any employee of the lottery gaming facility manager.

19 (b) Except in accordance with rules and regulations of the Kansas
20 racing and gaming commission or by written authority from the executive
21 director of the Kansas racing and gaming commission in performing
22 installation, maintenance, inspection and repair services, it is a class A
23 nonperson misdemeanor for the following to place a wager on or play an
24 electronic gaming machine at a racetrack gaming facility *or place a sports*
25 *wager with a racetrack gaming facility* in this state: The executive director
26 of the Kansas lottery, a member of the Kansas lottery commission or any
27 employee or agent of the Kansas lottery; the executive director, a member
28 or any employee or agent of the Kansas racing and gaming commission; or
29 the racetrack gaming facility manager or any employee of the racetrack
30 gaming facility manager.

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

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

39 (2) possess or use, while on premises where electronic gaming
40 machines are authorized pursuant to the Kansas expanded lottery act, any
41 cheating or thieving device, including, but not limited to, tools, wires,
42 drills, coins attached to strings or wires or electronic or magnetic devices
43 to facilitate removing from any electronic gaming machine any money or

1 contents thereof, except that a duly authorized agent or employee of the
2 Kansas racing and gaming commission, lottery gaming facility manager or
3 racetrack gaming facility manager may possess and use any of the
4 foregoing only in furtherance of the agent's or employee's employment at
5 the lottery gaming facility or racetrack gaming facility; or

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

11 (d) Any duly authorized agent or employee of the Kansas racing and
12 gaming commission, a lottery gaming facility manager or a racetrack
13 gaming facility manager may possess and use any of the devices described
14 in subsections (c)(3) and (c)(4) in furtherance of inspection or testing as
15 provided in the Kansas expanded lottery act or in furtherance of such
16 person's employment at any location where any electronic gaming machine
17 or similar gaming device or drop box is authorized pursuant to the Kansas
18 expanded lottery act.

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

29 Sec. 22. K.S.A. 2017 Supp. 74-8765 is hereby amended to read as
30 follows: 74-8765. The Kansas lottery, lottery gaming facility managers,
31 racetrack gaming facility managers, lottery gaming facility management
32 contracts and racetrack gaming facility management contracts under the
33 Kansas expanded lottery act *and Kansas sports wagering act* shall not be
34 subject to the provisions of and restrictions on major procurement
35 contracts, including, but not limited to, the provisions of K.S.A. 74-8705,
36 and amendments thereto.

37 Sec. 23. K.S.A. 2017 Supp. 74-8769 is hereby amended to read as
38 follows: 74-8769. Each person subject to a background check pursuant to
39 the Kansas expanded lottery act *or Kansas sports wagering act* shall be
40 subject to a state and national criminal history records check which
41 conforms to applicable federal standards for the purpose of verifying the
42 identity of the applicant and whether the person has been convicted of any
43 crime that would disqualify the person from engaging in activities

1 pursuant to this act. The executive director of the Kansas racing and
2 gaming commission is authorized to use the information obtained from the
3 national criminal history record check to determine the person's eligibility
4 to engage in such activities.

5 Sec. 24. K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8702, 74-
6 8710, 74-8711, 74-8716, 74-8734, 74-8741, 74-8751, 74-8752, 74-8760,
7 74-8763, 74-8765 and 74-8769 are hereby repealed.

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