

SENATE BILL No. 283

By Committee on Federal and State Affairs

1-21

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 Kansas lottery and Kansas racing and gaming commission, rules and
3 regulations; authorizing sports wagering; creating the sports wagering
4 receipts fund, executive director of the Kansas lottery; white collar
5 crime fund, governor; **combating white collar crimes and information**
6 **technology scholarship fund, state board of regents**; amending K.S.A.
7 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-8718, 74-8733, 74-
8 8734, 74-8751, 74-8752, 74-8757, 74-8758, 74-8760, 74-8772 and 79-
9 4806 and K.S.A. 2019 Supp. 21-6403, 21-6507 and 21-6508 and
10 repealing the existing sections.
11

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

13 New Section 1. (a) Sports wagering shall only be conducted in this
14 state in accordance with the provisions of the Kansas lottery act and the
15 Kansas expanded lottery act.

16 (b) The Kansas lottery may offer sports wagering through:

17 (1) Lottery gaming facility managers who have contracted with the
18 Kansas lottery in accordance with the Kansas expanded lottery act to
19 manage sports wagering on behalf of the Kansas lottery, including, but not
20 limited to, sports wagering over the internet through websites and mobile
21 device applications approved by the Kansas lottery; or

22 (2) an interactive sports wagering platform if, within two years of the
23 effective date of this act, no more than one manager has continuously
24 offered sports wagering on an interactive sports wagering platform.

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

29 (b) Sports wagering managers shall allow a person to restrict themself
30 from placing wagers with the operator, including wagering limits, and
31 shall take reasonable measures to prevent any such person from placing
32 such wagers. Upon the request of any such person, the operator shall
33 submit the restricted person's name and other pertinent information to the
34 Kansas racing and gaming commission. The executive director of the
35 commission may enter into a self-exclusion agreement with such person,
36 and disseminate such person's information to all other sports wagering

1 operators.

2 New Sec. 3. (a) Each lottery gaming facility manager shall be limited
3 to two interactive sports wagering platforms that shall be approved by the
4 executive director. Any interactive sports wagering platform approved by
5 the executive director shall be able to serve the public convenience and
6 promote sports wagering in accordance with marketing plans developed by
7 the Kansas lottery offer sports wagers and may be made available to any
8 lottery gaming facility manager that has entered into a management
9 contract for the management of sports wagering under the Kansas
10 expanded lottery act.

11 (b) An interactive sports wagering platform shall only accept wagers
12 from individuals who are physically located within the state of Kansas at
13 the time of submitting the wager. Sports wagering conducted through such
14 interactive sports wagering platform shall be offered only as approved by
15 the Kansas lottery and in accordance with the provisions of the Kansas
16 expanded lottery act.

17 (c) Requests for approval of an interactive sports wagering platform
18 submitted to the Kansas lottery shall be in such form and manner as
19 prescribed by the executive director. The lottery gaming facility manager
20 requesting approval shall provide such information regarding the
21 interactive sports wagering platform and the manager's intended use of
22 such platform as the executive director deems necessary. All background
23 investigation requirements required by the Kansas racing and gaming
24 commission pursuant to the Kansas expanded lottery act shall be
25 completed before the executive director shall consider approval and usage
26 of any interactive sports wagering platform. The executive director shall
27 not unreasonably withhold approval of an interactive sports wagering
28 platform that a lottery gaming facility manager requests to be approved for
29 conducting sports wagering. The lottery gaming facility managers shall not
30 be required to use the same interactive sports wagering platforms.

31 (d) A sporting facility may enter into a contract with a lottery gaming
32 facility manager for the purpose of allowing the sporting facility to offer a
33 location within the sporting facility that is designated as an area where
34 patrons may engage in sports wagering as authorized by the Kansas
35 expanded lottery act. Such sports wagering activity in the designated area
36 of the sporting facility shall be limited to the use of interactive sports
37 wagering platforms.

38 (e) As used in this section, "sporting facility" means an auto race
39 track facility or major multi-sport athletic complex as those terms are
40 defined in K.S.A. 2019 Supp. 12-17,162, and amendments thereto, that is
41 located in Wyandotte county with a minimum investment of \$50,000,000
42 and is in operation on the effective date of this act.

43 New Sec. 4. (a) The Kansas racing and gaming commission shall

1 adopt rules and regulations regarding the advertisement of sports
2 wagering. Such rules and regulations shall be adopted on or before
3 October 31, 2020, and shall include, but not be limited to:

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

8 (2) disclosure of the identity of the sports wagering manager in all
9 such advertisements;

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

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

13 (b) The Kansas racing and gaming commission rules and regulations
14 related to voluntarily excluded persons shall apply to sports wagering.

15 New Sec. 5. The Kansas lottery may restrict, limit or exclude
16 wagering on one or more sporting events by providing notice to all sports
17 wagering managers in such form and manner as prescribed by the
18 executive director. Offering or taking wagers that are contrary to any such
19 notice or any rules and regulations promulgated by either the Kansas
20 lottery or the Kansas racing and gaming commission on a sporting event is
21 a violation of the Kansas expanded lottery act.

22 New Sec. 6. (a) Sports wagering managers and their interactive sports
23 wagering platforms shall use reasonable methods to:

24 (1) Prohibit the manager, any director, officer, owner and employee
25 of the manager and any relative living in the same household as such
26 persons from placing any wager with the manager at the manager's
27 location or through the manager's interactive sports wagering platform;

28 (2) prohibit the interactive sports wagering platform, any director,
29 officer, owner and employee of the platform and any relative living in the
30 same household as such persons from placing any wager at the manager's
31 location or through the manager's interactive sports wagering platform;

32 (3) prohibit any person with access to nonpublic confidential
33 information held by the manager from placing any wager with the
34 manager;

35 (4) *prohibit any owner, officer, athlete, coach or other employee of*
36 *a team and any director, officer or employee of a player or referee union*
37 *from placing wagers on any sporting event overseen by such sports*
38 *governing body. In determining which persons are excluded from*
39 *placing wagers under this paragraph, sports wagering managers shall*
40 *use publicly available information and any list of such persons that the*
41 *sports governing body may provide to the Kansas lottery and the Kansas*
42 *racing and gaming commission;*

43 (5) prohibit persons from placing any wager as agents or proxies for

1 other persons;

2 ~~(5)~~(6) prohibit any person known by the manager to have been
3 convicted of any felony or misdemeanor offense involving sports
4 wagering, including, but not limited to, the use of funds derived from
5 illegal activity to make any wager, placing any wager to conceal money
6 derived from illegal activity, the use of other individuals to place any
7 wager as part of any wagering scheme to circumvent any provision of
8 federal or state law and the use of false identification to facilitate the
9 placement of any wager or the collection of any prize in violation of
10 federal or state law, from placing wagers;

11 ~~(6)~~(7) maintain the security of wagering data, customer data and other
12 confidential information from unauthorized access and dissemination,
13 except that nothing in this act shall preclude the use of internet or cloud-
14 based hosting of such data and information or disclosure as required by
15 court order, state or federal law or as otherwise required by this act; and

16 ~~(7)~~(8) subject to Kansas lottery approval, establish sports wagering
17 rules that specify the amounts to be paid on winning sports wagers and the
18 effect of changes in the scheduling of an authorized sporting event subject
19 to sports wagering.

20 (b) Sports wagering managers shall cooperate with any investigations
21 conducted by the Kansas lottery, the Kansas racing and gaming
22 commission or law enforcement agencies.

23 (c) Sports wagering managers shall immediately report to the Kansas
24 lottery and the Kansas racing and gaming commission any information
25 relating to:

26 (1) Criminal or disciplinary proceedings commenced against the
27 sports wagering manager in connection with such manager's operations in
28 any jurisdiction in which such sports wagering manager operates;

29 (2) abnormal wagering activity or patterns that may indicate a
30 concern with the integrity of a sporting event in any jurisdiction in which
31 such sports wagering manager operates;

32 (3) any other conduct that knowingly corrupts a betting outcome of a
33 sporting event, including match-fixing; and

34 (4) suspicious or illegal wagering activities, including, but not limited
35 to, the use of: Funds derived from illegal activity, wagers to conceal or
36 launder funds derived from illegal activity, agents to place wagers and
37 false identification when placing wagers.

38 ~~New Sec. 7.—(a) For all persons making wagers in an aggregate~~
39 ~~amount of \$10,000 or more within any 24-hour period of time, sports~~
40 ~~wagering managers, if available by reasonable efforts, shall maintain~~
41 ~~records of:~~

42 ~~(1) The name of the person placing the bet;~~

43 ~~(2) the amount and type of the bet;~~

- 1 ~~(3) the time the bet was placed;~~
2 ~~(4) the location of the bet, including the IP address if applicable;~~
3 ~~(5) the outcome of the bet; and~~
4 ~~(6) any records of abnormal betting activity.~~

5 ~~(b) Records required by subsection (a) shall be maintained for at least~~
6 ~~30 days after the sporting event occurs, unless the Kansas racing and~~
7 ~~gaming commission or the Kansas lottery contacts the sports wagering~~
8 ~~manager and has reason to believe irregularities may have occurred in~~
9 ~~regard to one or more particular wagering events, then such records shall~~
10 ~~be maintained for at least three years after the event occurs.~~

11 ~~(c) A sports wagering manager shall make such records available for~~
12 ~~inspection upon request of the Kansas lottery, the Kansas racing and~~
13 ~~gaming commission or as required by court order.~~

14 ~~New Sec. 8.~~ The state shall have a cause of action, and may seek
15 damages or other equitable relief, against any person who knowingly
16 engages in, facilitates or conceals conduct that intends to improperly
17 influence a wagering outcome of a sporting event for purposes of financial
18 gain in connection with wagering on a sporting event. The provisions of
19 this section shall not be construed as a limitation on or bar against any
20 other claims the state may bring against such person, or any other claim
21 the state may bring for injuries or damages arising out of the operation of
22 sports wagering.

23 ~~New Sec. 9.~~ **8.** (a) There is hereby established in the state treasury the
24 sports wagering receipts fund. Separate accounts shall be maintained in
25 such fund for receipt of moneys from sports wagering conducted by the
26 Kansas lottery through each lottery gaming facility manager. All
27 expenditures from the fund shall be made in accordance with appropriation
28 acts upon warrants of the director of accounts and reports issued pursuant
29 to vouchers approved by the executive director, or the executive director's
30 designee, for the purposes set forth in this act.

31 (b) All revenues from sports wagering conducted by the Kansas
32 lottery through lottery gaming facility managers shall be paid
33 electronically to the executive director. Such revenues shall be paid
34 weekly, or as soon as reasonably possible based on the sporting event and
35 the wager placed, but in no event prior to the completion and settling of all
36 bets for the sporting events for which wagers were placed. The executive
37 director shall remit all moneys received therefrom to the state treasurer in
38 accordance with of K.S.A. 75-4215, and amendments thereto. Upon
39 receipt of each such remittance, the state treasurer shall deposit the entire
40 amount in the state treasury and credit such remittance to the respective
41 account in the sports wagering receipts fund maintained for the lottery
42 gaming facility manager.

43 (c) The executive director shall allow lottery gaming facility

1 managers to carry over negative sports wagering revenues and apply such
2 amounts to returns filed for subsequent weeks. Sports wagering revenues
3 for a week will be considered negative if the winnings paid to patrons
4 wagering on such manager's sports wagering exceeds the manager's total
5 bets accepted from sports wagering by patrons. The negative amount of
6 sports wagering revenues may not be applied back to an earlier week and
7 moneys previously received by the lottery will not be refunded unless the
8 manager ceases to operate sports wagering and the last return reported
9 negative sports wagering revenues.

10 (d) The executive director shall certify weekly to the director of
11 accounts and reports the percentages or amounts to be transferred from
12 each account maintained in the sports wagering receipts fund to the lottery
13 operating fund in accordance with K.S.A. 74-8711, and amendments
14 thereto, as provided in the lottery gaming facility management contract.
15 Upon receipt of the certification, the director of accounts and reports shall
16 transfer amounts from each such account in accordance with the
17 certification of the executive director. Once each month, the executive
18 director shall cause amounts from each such account to be paid to the
19 lottery gaming facility managers in accordance with each respective
20 contract.

21 ~~New Sec. 10. 9.~~ (a) There is hereby established in the state treasury
22 the white collar crime fund, which shall be administered by the governor.
23 All moneys credited to the white collar crime fund shall be expended only
24 for the purpose of investigating and prosecuting:

25 (1) Criminal offenses involving or facilitated by:

26 (A) The use of funds derived from illegal activity to make wagers;

27 (B) placing wagers to conceal money derived from illegal activity;

28 (C) the use of other individuals to place wagers as part of any
29 wagering scheme to circumvent any provision of federal or state law;

30 (D) the use of false identification to facilitate the placement of any
31 wager or the collection of any prize in violation of federal or state law;

32 (E) any other unlawful activity involving or facilitated by the placing
33 of wagers; or

34 (F) any other violation of the Kansas expanded lottery act; or

35 (2) any financial or economic crime involving any unauthorized
36 gambling.

37 (b) All expenditures from the fund shall be made in accordance with
38 appropriation acts upon warrants of the director of accounts and reports
39 issued pursuant to vouchers approved by the governor, or the governor's
40 designee, for the purposes set forth in this act.

41 ~~(c) The attorney general and the executive director of the Kansas~~
42 ~~racetrack and gaming commission annually, on or before August 1, shall~~
43 ~~submit requests to the governor for the amount of such sums that they~~

1 consider necessary to carry out the purposes of the white collar crime fund.
2 The governor may certify to the director of accounts and reports amounts
3 to be transferred from the white collar crime fund to any special revenue
4 fund or funds of the attorney general and the Kansas racing and gaming
5 commission as deemed appropriate by the governor. Upon receipt of any
6 such certification, the director of accounts and reports shall transfer
7 amounts from the white collar crime fund to the special revenue fund or
8 funds of the attorney general and the Kansas racing and gaming
9 commission in accordance with such certification.

10 *(1) On July 1 of each year, or as soon thereafter as unencumbered*
11 *funds are available, the director of accounts and reports shall transfer*
12 *from the white collar crime fund to:*

13 *(A) The fraud and abuse criminal prosecution fund established by*
14 *K.S.A. 75-765, and amendments thereto, an amount equal to \$300,000;*
15 *and*

16 *(B) any special revenue fund or funds of the Kansas racing and*
17 *gaming commission, an amount equal to \$450,000.*

18 *(2) Upon making any such transfer pursuant to paragraph (1), the*
19 *director of accounts and reports shall give notice thereof to the attorney*
20 *general and the executive director of the Kansas racing and gaming*
21 *commission, who shall make the proper entries on the records of their*
22 *respective offices to show such transfers.*

23 *New Sec. 10. (a) There is hereby established the combating white*
24 *collar crimes and information technology scholarship fund to be*
25 *administered by the state board of regents. Within the limits of moneys*
26 *in the fund, a scholarship may be awarded to any qualified student. The*
27 *amount of each scholarship shall be established annually by the state*
28 *board of regents.*

29 *(b) Applications for scholarships from the fund shall be in a form*
30 *and manner as determined by the state board of regents. The*
31 *determination of the individuals qualified for scholarships shall be made*
32 *by the state board of regents and shall be awarded on a priority basis to*
33 *qualified applicants that are attending a college or university that is*
34 *located within Kansas. Any scholarship awarded by the state board of*
35 *regents shall be subject to the applicant entering into an agreement with*
36 *the state board of regents and subject to repayment for failure to*
37 *complete the requirements of such agreement.*

38 *(c) Upon the failure of any person to satisfy the obligation under*
39 *any agreement entered into pursuant to this section, such person shall*
40 *pay to the state board of regents an amount equal to the total amount of*
41 *money received by such person pursuant to such agreement plus*
42 *accrued interest at a rate that is equivalent to the interest rate applicable*
43 *to loans made under the federal PLUS program at the time such person*

1 *first entered into an agreement plus five percentage points. Installment*
2 *payments of such amounts may be made in accordance with rules and*
3 *regulations of the state board of regents, except that such installment*
4 *payments shall commence six months after the date of the action or*
5 *circumstances that cause the failure of the person to satisfy the*
6 *obligations of such agreements, as determined by the state board of*
7 *regents based upon the circumstances of each individual case. Amounts*
8 *paid to the state board of regents shall be deposited in the combating*
9 *white collar crimes and information technology scholarship fund.*

10 *(d) The state board of regents may adopt any rules and regulations*
11 *necessary to effectuate the provisions of this section.*

12 *(e) As used in this section, "qualified student" means any Kansas*
13 *resident enrolled in or admitted to an educational and training program*
14 *for combating white collar crimes or information technology that*
15 *addresses electronic security.*

16 New Sec. 11. (a) Misuse of nonpublic sports information is placing,
17 or causing to be placed, a bet or wager on a sports contest on the basis of
18 material nonpublic information relating to such bet or wager.

19 (b) Misuse of nonpublic sports information is a severity level 5,
20 nonperson felony.

21 (c) As used in this section:

22 (1) "On the basis of material nonpublic information" means the
23 person placing the bet or wager, or causing such bet or wager to be placed,
24 was aware of the material nonpublic information relating to such bet or
25 wager when the person placed the bet or wager, or caused such bet or
26 wager to be placed.

27 (2) "Sports contest" means the same as that term is defined in K.S.A.
28 2019 Supp. 21-6507, and amendments thereto.

29 (d) The provisions of this section shall be a part of and supplemental
30 to the Kansas criminal code.

31 New Sec. 12. If any federally recognized Indian tribe described in
32 K.S.A. 74-9802(f), and amendments thereto, submits a request for
33 negotiation of a gaming compact regarding sports wagering in accordance
34 with K.S.A. 46-2302, and amendments thereto, the governor or the
35 governor's designated representatives shall negotiate in good faith with
36 such Indian tribe to enter into such a gaming compact.

37 Sec. 13. K.S.A. 2019 Supp. 21-6403 is hereby amended to read as
38 follows: 21-6403. As used in K.S.A. 2019 Supp. 21-6403 through 21-
39 6409, and amendments thereto:

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

43 (1) Bona fide business transactions ~~which~~ *that* are valid under the law

1 of contracts including, but not limited to, contracts for the purchase or sale
2 at a future date of securities or other commodities, and agreements to
3 compensation for loss caused by the happening of the chance including,
4 but not limited to, contracts of indemnity or guaranty and life or health and
5 accident insurance;

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

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

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

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

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

18 (7) tribal gaming;

19 (8) charitable raffles as defined by K.S.A. 75-5173, and amendments
20 thereto; ~~or~~

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

22 (10) *sports wagering on sporting events, as both terms are defined by*
23 *K.S.A. 74-8702, and amendments thereto, pursuant to the Kansas*
24 *expanded lottery act;*

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

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

30 (2) tribal gaming;

31 (c) "consideration" means anything ~~which~~ *that* is a commercial or
32 financial advantage to the promoter or a disadvantage to any participant.
33 Mere registration without purchase of goods or services; personal
34 attendance at places or events, without payment of an admission price or
35 fee; listening to or watching radio and television programs; answering the
36 telephone or making a telephone call and acts of like nature are not
37 consideration. "Consideration" shall not include sums of money paid by or
38 for:

39 (1) Participants in any bingo game managed, operated or conducted
40 in accordance with the laws of the state of Kansas by any bona fide
41 nonprofit religious, charitable, fraternal, educational or veteran
42 organization licensed to manage, operate or conduct bingo games under
43 the laws of the state of Kansas and it shall be conclusively presumed that

1 such sums paid by or for such participants were intended by such
2 participants to be for the benefit of the sponsoring organizations for the use
3 of such sponsoring organizations in furthering the purposes of such
4 sponsoring organizations, as set forth in the appropriate paragraphs of
5 section 501(c) or (d) of the internal revenue code of 1986 and as set forth
6 in K.S.A. 79-4701, and amendments thereto;

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

9 (3) participants in any system of parimutuel wagering managed,
10 operated and conducted in accordance with the Kansas parimutuel racing
11 act; or

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

13 (d) "fantasy sports league" means any fantasy or simulation sports
14 game or contest in which no fantasy or simulation sports team is based on
15 the current membership of an actual team that is a member of an amateur
16 or professional sports organization and that meets the following
17 conditions:

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

22 (2) all winning outcomes reflect the relative knowledge and skill of
23 the participants and are determined predominantly by accumulated
24 statistical results of the performance of individual athletes in ~~multiple~~
25 world sporting events; and

26 (3) no winning outcome is based:

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

29 (B) solely on any single performance of an individual athlete in any
30 single real-world sporting event-;

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

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

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

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

39 (B) other machine, mechanical device, electronic device or other
40 contrivance including, but not limited to, roulette wheels and similar
41 devices, which are equipped with or designed to accommodate the addition
42 of a mechanism that enables accumulated credits to be removed, is
43 equipped with or designed to accommodate a mechanism to record the

1 number of credits removed or is otherwise designed, manufactured or
2 altered primarily for use in connection with gambling, and:

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

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

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

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

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

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

17 (A) Any machine, mechanical device, electronic device or other
18 contrivance used or for use by a licensee of the Kansas racing *and gaming*
19 commission, as authorized by law and rules and regulations adopted by the
20 *Kansas racing and gaming* commission, or by the Kansas lottery or
21 Kansas lottery retailers, as authorized by law and rules and regulations
22 adopted by the Kansas lottery commission;

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

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

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

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

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

38 (f) "gambling place" means any place, room, building, vehicle, tent or
39 location which is used, *except in accordance with the Kansas expanded*
40 *lottery act*, for any of the following: Making and settling bets; receiving,
41 holding, recording or forwarding bets or offers to bet; conducting lotteries;
42 or playing gambling devices. Evidence that the place has a general
43 reputation as a gambling place or that, at or about the time in question, it

1 was frequently visited by persons known to be commercial gamblers or
2 known as frequenters of gambling places is admissible on the issue of
3 whether it is a gambling place;

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

6 (h) "tribal gaming commission" means the same as in K.S.A. 74-
7 9802, and amendments thereto.

8 Sec. 14. K.S.A. 2019 Supp. 21-6507 is hereby amended to read as
9 follows: 21-6507. (a) Sports bribery is:

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

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

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

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

23 (b) Sports bribery as defined in:

24 (1) Subsection (a)(1) or (a)(2) is a severity level 98, nonperson
25 felony; and

26 (2) Subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor.

27 (c) As used in this section and K.S.A. 2019 Supp. 21-6508, and
28 amendments thereto:

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

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

35 (3) "sports official" means any person who acts or expects to act in a
36 sports contest as an umpire, referee, judge or otherwise to officiate at a
37 sports contest.

38 Sec. 15. K.S.A. 2019 Supp. 21-6508 is hereby amended to read as
39 follows: 21-6508. (a) Tampering with a sports contest is seeking to
40 influence a sports participant or sports official, or tampering with any
41 animal or equipment or other thing involved in the conduct or operation of
42 a sports contest, in a manner known to be contrary to the rules and usages
43 governing such contest and with intent to influence the outcome of such

1 contest.

2 (b) Tampering with a sports contest is a severity level 98, nonperson
3 felony.

4 Sec. 16. K.S.A. 46-2301 is hereby amended to read as follows: 46-
5 2301. As used in ~~this act~~ *K.S.A. 46-2301 through 46-2304, and*
6 *amendments thereto, and section 12, and amendments thereto:*

7 (a) "Class III gaming" has the meaning provided by the Indian
8 gaming regulatory act (25 U.S.C. 2701 et seq.).

9 (b) "Gaming compact" means a tribal-state compact regarding class
10 III gaming as provided by section 11 of the Indian gaming regulatory act
11 (25 U.S.C. 2710).

12 (c) "Committee" or "joint committee" means the joint committee on
13 state-tribal relations.

14 Sec. 17. K.S.A. 74-8702 is hereby amended to read as follows: 74-
15 8702. As used in the Kansas lottery act, unless the context otherwise
16 requires:

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

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

23 (c) "Electronic gaming machine" means any electronic,
24 electromechanical, video or computerized device, contrivance or machine
25 authorized by the Kansas lottery which, upon insertion of cash, tokens,
26 electronic cards or any consideration, is available to play, operate or
27 simulate the play of a game authorized by the Kansas lottery pursuant to
28 the Kansas expanded lottery act, including, but not limited to, bingo,
29 poker, blackjack, keno and slot machines, and which may deliver or entitle
30 the player operating the machine to receive cash, tokens, merchandise or
31 credits that may be redeemed for cash. Electronic gaming machines may
32 use bill validators and may be single-position reel-type, single or multi-
33 game video and single-position multi-game video electronic game,
34 including, but not limited to, poker, blackjack and slot machines.
35 Electronic gaming machines shall be directly linked to a central computer
36 at a location determined by the executive director for purposes of security,
37 monitoring and auditing.

38 (d) "Executive director" means the executive director of the Kansas
39 lottery.

40 (e) "Gaming equipment" means any electric, electronic, computerized
41 or electromechanical machine, mechanism, supply or device or any other
42 equipment, ~~which~~ *that is:*

43 (1) Unique to the Kansas lottery and used pursuant to the Kansas

1 lottery act; ~~and~~

2 (2) integral to the operation of an electronic gaming machine or
3 lottery facility game; and

4 (3) affects the results of an electronic gaming machine or lottery
5 facility game by determining win or loss.

6 (f) "Gaming zone" means:

7 (1) The northeast Kansas gaming zone, which consists of Wyandotte
8 county;

9 (2) the southeast Kansas gaming zone, which consists of Crawford
10 and Cherokee counties;

11 (3) the south central Kansas gaming zone, which consists of
12 Sedgwick and Sumner counties; and

13 (4) the southwest Kansas gaming zone, which consists of Ford
14 county.

15 (g) "Gray machine" means any mechanical, electro-mechanical or
16 electronic device, capable of being used for gambling; that is:

17 (1) Not authorized by the Kansas lottery;

18 (2) not linked to a lottery central computer system;

19 (3) available to the public for play; or

20 (4) capable of simulating a game played on an electronic gaming
21 machine or any similar gambling game authorized pursuant to the Kansas
22 expanded lottery act.

23 (h) *"Interactive sports wagering platform" means sports wagering*
24 *made available to persons physically located within the state of Kansas at*
25 *the time of submitting the wager through a lottery gaming facility over the*
26 *internet or wireless services as defined in K.S.A. 66-2019, and*
27 *amendments thereto, including, but not limited to, through websites and*
28 *mobile device applications.*

29 (i) (1) "Instant bingo vending machine" means a machine or
30 electronic device that is purchased or leased by a licensee, as defined by
31 K.S.A. 2019 Supp. 75-5173, and amendments thereto, from a distributor
32 who has been issued a distributor registration certificate pursuant to K.S.A.
33 2019 Supp. 75-5184, and amendments thereto, or leased from the Kansas
34 lottery in fulfillment of the Kansas lottery's obligations under an
35 agreement between the Kansas lottery and a licensee entered into pursuant
36 to K.S.A. 2019 Supp. 75-5189, and amendments thereto, and the sole
37 purpose of which is to:

38 (A) Dispense a printed physical instant bingo ticket after a purchaser
39 inserts cash or other form of consideration into the machine; and

40 (B) allow purchasers to manually check the winning status of the
41 instant bingo ticket.

42 (2) "Instant bingo vending machine" shall not:

43 (A) Provide a visual or audio representation of a bingo card or an

1 electronic gaming machine;

2 (B) visually or functionally have the same characteristics of an
3 electronic instant bingo game or an electronic gaming machine;

4 (C) automatically determine or display the winning status of any
5 dispensed instant bingo ticket;

6 (D) extend or arrange credit for the purchase of an instant bingo
7 ticket;

8 (E) dispense any winnings;

9 (F) dispense any prize;

10 (G) dispense any evidence of a prize other than an instant bingo
11 ticket;

12 (H) provide free instant bingo tickets or any other item that can be
13 redeemed for cash; or

14 (I) dispense any other form of a prize to a purchaser.

15 All physical instant bingo tickets dispensed by an instant bingo vending
16 machine shall be purchased by a licensee, as defined by K.S.A. 2019 Supp.
17 75-5173, and amendments thereto, from a registered distributor.

18 No more than two instant bingo vending machines may be located on
19 the premises of each licensee location.

20 ~~(j)~~(j) "Kansas lottery" means the state agency created by this act to
21 operate a lottery or lotteries pursuant to this act.

22 ~~(k)~~(k) "Lottery" or "state lottery" means the lottery or lotteries
23 operated pursuant to this act.

24 ~~(l)~~(l) "Lottery facility games" means any electronic gaming machines
25 and any other games ~~which, as of January 1, 2007, that~~ are authorized to
26 be conducted or operated at a tribal gaming facility, as defined in K.S.A.
27 74-9802, and amendments thereto, located within the boundaries of this
28 state *any licensed gaming facility in the United States, except that the state*
29 *may also operate sports wagering as authorized by this act.*

30 ~~(m)~~(m) "Lottery gaming enterprise" means an entertainment enterprise
31 which includes a lottery gaming facility authorized pursuant to the Kansas
32 expanded lottery act and ancillary lottery gaming facility operations that
33 have a coordinated business or marketing strategy. A lottery gaming
34 enterprise shall be designed to attract to its lottery gaming facility
35 consumers who reside outside the immediate area of such enterprise.

36 ~~(n)~~(n) "Lottery gaming facility" means that portion of a building
37 used for the purposes of operating, managing and maintaining lottery
38 facility games.

39 ~~(o)~~(o) "Lottery gaming facility expenses" means normal business
40 expenses, as defined in the lottery gaming facility management contract,
41 associated with the ownership and operation of a lottery gaming facility.

42 ~~(p)~~(p) "Lottery gaming facility management contract" means a
43 contract, subcontract or collateral agreement between the state and a

1 lottery gaming facility manager for the management of a lottery gaming
2 facility, the business of which is owned and operated by the Kansas lottery,
3 negotiated and signed by the executive director on behalf of the state.

4 ~~(p)~~(q) "Lottery gaming facility manager" means a corporation,
5 limited liability company, resident Kansas American Indian tribe or other
6 business entity authorized to construct and manage, or manage alone,
7 pursuant to a lottery gaming facility management contract with the Kansas
8 lottery, and on behalf of the state, a lottery gaming enterprise and lottery
9 gaming facility.

10 ~~(q)~~(r) "Lottery gaming facility revenues" means the total revenues
11 from lottery facility games at a lottery gaming facility after all related
12 prizes are paid. *"Lottery gaming facility revenues" do not include any*
13 *sports wagering revenues.*

14 ~~(r)~~(s) (1) "Lottery machine" means any machine or device that allows
15 a purchaser to insert cash or other form of consideration and may deliver
16 as the result of an element of chance, regardless of the skill required by the
17 purchaser, a prize or evidence of a prize, including, but not limited to:

18 (A) Any machine or device in which the prize or evidence of a prize
19 is determined by both chance and the purchaser's or purchasers' skill,
20 including, but not limited to, any machine or device on which a lottery
21 game or lottery games, such as poker or blackjack, are played; or

22 (B) any machine or device in which the prize or evidence of a prize is
23 determined only by chance, including, but not limited to, any slot machine
24 or bingo machine.

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

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

28 (B) any nonprescription drug machine authorized under K.S.A. 65-
29 650, and amendments thereto;

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

32 (D) any machine excluded from the definition of gambling devices
33 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2019 Supp. 21-
34 6403, and amendments thereto;

35 (E) any electronic gaming machine or lottery facility game operated
36 in accordance with the provisions of the Kansas expanded lottery act;

37 (F) any lottery ticket vending machine; or

38 (G) any instant bingo vending machine.

39 ~~(s)~~(t) "Lottery retailer" means any person with whom the Kansas
40 lottery has contracted to sell lottery tickets or shares, or both, to the public.

41 ~~(t)~~(u) (1) "Lottery ticket vending machine" means a machine or
42 similar electronic device owned or leased by the Kansas lottery, the sole
43 purposes of which are to:

1 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
2 ticket, a pull tab ticket or a coupon, the coupon of which must be
3 redeemed through something other than a lottery ticket vending machine,
4 after a purchaser inserts cash or other form of consideration into the
5 machine;

6 (B) allow purchasers to manually check the winning status of a
7 Kansas lottery ticket; and

8 (C) display advertising, promotions and other information pertaining
9 to the Kansas lottery.

10 (2) "Lottery ticket vending machine" shall not:

11 (A) Provide a visual or audio representation of an electronic gaming
12 machine;

13 (B) visually or functionally have the same characteristics of an
14 electronic gaming machine;

15 (C) automatically determine or display the winning status of any
16 dispensed ticket;

17 (D) extend or arrange credit for the purchase of a ticket;

18 (E) dispense any winnings;

19 (F) dispense any prize;

20 (G) dispense any evidence of a prize other than the lottery ticket,
21 keno ticket, pull tab ticket or any free Kansas lottery ticket received as a
22 result of the purchase of another Kansas lottery ticket;

23 (H) provide free games or any other item that can be redeemed for
24 cash; or

25 (I) dispense any other form of a prize to a purchaser.

26 No more than two lottery ticket vending machines may be located at
27 each Kansas lottery retailer selling location.

28 Lottery ticket vending machines may only dispense the printed physical
29 lottery ticket, keno ticket or pull tab ticket, including any free Kansas
30 lottery ticket received as a result of the purchase of another Kansas lottery
31 ticket, and change from a purchase to the purchaser. Any winnings from a
32 lottery ticket vending machine shall be redeemed only for cash or check by
33 a lottery retailer or by cash, check or other prize from the office of the
34 Kansas lottery.

35 ~~(t)~~(v) (1) "Major procurement" means any gaming product or service,
36 including, but not limited to, facilities, advertising and promotional
37 services, annuity contracts, prize payment agreements, consulting services,
38 equipment, tickets and other products and services unique to the Kansas
39 lottery, but not including materials, supplies, equipment and services
40 common to the ordinary operations of state agencies.

41 (2) "Major procurement" shall not mean any product, service or other
42 matter covered by or addressed in the Kansas expanded lottery act or a
43 lottery gaming facility management contract or racetrack gaming facility

1 management contract executed pursuant to the Kansas expanded lottery
2 act.

3 ~~(v)~~(w) "*Match-fixing*" means to arrange or determine any action that
4 occurs during a sporting event, including, but not limited to, any action
5 resulting in the final outcome of such sporting event, for financial gain.

6 (x) "Net electronic gaming machine income" means all cash or other
7 consideration utilized to play an electronic gaming machine operated at a
8 racetrack gaming facility, less all cash or other consideration paid out to
9 winning players as prizes.

10 ~~(w)~~(y) "Organization licensee" has the meaning provided by K.S.A.
11 74-8802, and amendments thereto.

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

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

19 ~~(z)~~(bb) "Person" means any natural person, association, limited
20 liability company, corporation or partnership.

21 ~~(aa)~~(cc) "Prize" means any prize paid directly by the Kansas lottery
22 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
23 any rules and regulations adopted pursuant to either act.

24 ~~(bb)~~(dd) "Progressive electronic game" means a game played on an
25 electronic gaming machine for which the payoff increases uniformly as the
26 game is played and for which the jackpot, determined by application of a
27 formula to the income of independent, local or interlinked electronic
28 gaming machines, may be won.

29 ~~(ee)~~(ee) "Racetrack gaming facility" means that portion of a
30 parimutuel licensee location where electronic gaming machines are
31 operated, managed and maintained.

32 ~~(dd)~~(ff) "Racetrack gaming facility management contract" means an
33 agreement between the Kansas lottery and a racetrack gaming facility
34 manager, negotiated and signed by the executive director on behalf of the
35 state, for placement of electronic gaming machines owned and operated by
36 the state at a racetrack gaming facility.

37 ~~(ee)~~(gg) "Racetrack gaming facility manager" means a parimutuel
38 licensee specifically certified by the Kansas lottery to become a certified
39 racetrack gaming facility manager and offer electronic gaming machines
40 for play at the racetrack gaming facility.

41 ~~(ff)~~(hh) "Returned ticket" means any ticket which was transferred to a
42 lottery retailer, which was not sold by the lottery retailer and which was
43 returned to the Kansas lottery for refund by issuance of a credit or

1 otherwise.

2 ~~(gg)~~(ii) "Share" means any intangible manifestation authorized by the
3 Kansas lottery to prove participation in a lottery game, except as provided
4 by the Kansas expanded lottery act.

5 ~~(hh)~~(jj) (1) *"Sporting event" means any professional or collegiate*
6 *sport or athletic event, motor race event, horse race or any other special*
7 *event authorized by the executive director that has not been completed at*
8 *the time any wager is placed on such event.*

9 (2) *"Sporting event" does not include any greyhound race*~~that is~~
10 ~~subject to the provisions of K.S.A. 74-8801 et seq., and amendments~~
11 ~~thereto, or any sporting or athletic event played by individuals that are at~~
12 ~~the high school level or below unless the majority of the participants in the~~
13 ~~sporting or athletic event are 18 years of age or older.~~

14 *(kk) "Sports governing body" means the organization that*
15 *prescribes the final rules and enforces codes of conduct with respect to a*
16 *sporting event and the participants in such event.*

17 **(ll)** (1) "Sports wagering" means placing a wager on one or more
18 sporting events, or any portion thereof, or on the individual performance
19 statistics of athletes participating in a sporting event, or combination of
20 sporting events, with the betting made at or through a lottery gaming
21 facility, including the interactive sports wagering platform of a lottery
22 gaming facility manager. "Sports wagering" includes, but is not limited to,
23 single-game wagers, teaser wagers, parlays, over-under wagers, moneyline
24 wagers, pools, exchange wagers, in-play wagers, in-game wagers,
25 proposition wagers and straight wagers.

26 (2) *"Sports wagering" does not include parimutuel wagering as*
27 *defined in K.S.A. 74-8802, and amendments thereto, or fantasy sports*
28 *leagues as defined in K.S.A. 2019 Supp. 21-6403, and amendments*
29 *thereto.*

30 ~~(h)~~**(mm)** *"Sports wagering manager" means any lottery gaming*
31 *facility manager that has an approved management contract that provides*
32 *for management of sports wagering.*

33 ~~(mm)~~**(nn)** *"Sports wagering revenues" means the amount of revenue*
34 *generated from sports wagering equal to the total amount of all wagers,*
35 *less any voided wagers, federal excise taxes, any free play approved by the*
36 *Kansas lottery and any amounts paid as prizes. "Sports wagering*
37 *revenues" shall not be considered lottery gaming facility revenues.*

38 ~~(nn)~~**(oo)** "Ticket" means any tangible evidence issued by the Kansas
39 lottery to prove participation in a lottery game other than a lottery facility
40 game.

41 ~~(ii)~~~~(oo)~~**(pp)** "Token" means a representative of value, of metal or
42 other material, which is not legal tender, redeemable for cash only by the
43 issuing lottery gaming facility manager or racetrack gaming facility

1 manager and which is issued and sold by a lottery gaming facility manager
 2 or racetrack gaming facility manager for the sole purpose of playing an
 3 electronic gaming machine or lottery facility game.

4 ~~(jj)(pp)(qq)~~ "Vendor" means any person who has entered into a major
 5 procurement contract with the Kansas lottery.

6 ~~(kk)(qq)(rr)~~ "Video lottery machine" means any electronic video
 7 game machine that, upon insertion of cash, is available to play or simulate
 8 the play of a video game authorized by the commission, including, but not
 9 limited to, bingo, poker, black jack and keno, and which uses a video
 10 display and microprocessors and in which, by chance, the player may
 11 receive free games or credits that can be redeemed for cash.

12 ~~(rr)(ss)~~ "Wager" means a bargain in which the parties agree that,
 13 dependent upon chance, one stands to win or lose something of value
 14 specified in the agreement.

15 Sec. 18. K.S.A. 74-8710 is hereby amended to read as follows: 74-
 16 8710. (a) The commission, upon the recommendation of the executive
 17 director, shall adopt rules and regulations governing the establishment and
 18 operation of a state lottery, sales of lottery tickets, *sports wagering* and the
 19 operation of lottery gaming facilities and racetrack gaming facilities as
 20 necessary to carry out the purposes of the Kansas lottery act and the
 21 Kansas expanded lottery act. Temporary rules and regulations may be
 22 adopted by the commission without being subject to the provisions and
 23 requirements of K.S.A. 77-415 through 77-438, and amendments thereto,
 24 but shall be subject to approval by the attorney general as to legality and
 25 shall be filed with the secretary of state and published in the Kansas
 26 register. Temporary and permanent rules and regulations may include, but
 27 shall not be limited to:

28 (1) Subject to the provisions of subsection (c), the types of lottery
 29 games to be conducted, including, but not limited to, instant lottery, on-
 30 line, traditional games, lottery facility games and electronic gaming
 31 machine games but not including games on video lottery machines or
 32 lottery machines. *No online lottery games shall:*

33 (A) *Provide or be accompanied by any music or audio sound effects,*
 34 *animated visual display or any audio or visual effects that portray,*
 35 *simulate, emulate or resemble an electronic gaming machine;*

36 (B) *visually or functionally operate or appear to operate as an*
 37 *electronic gaming machine or a facsimile thereof;*

38 (C) *extend or arrange credit for the purchase of a ticket;*

39 (D) *allow for the redemption of a lottery ticket other than at a lottery*
 40 *retail location or a Kansas lottery office; or*

41 (E) *determine the winner of any game in less than four minutes from*
 42 *the time the lottery ticket is purchased or acquired.*

43 (2) The manner of selecting the winning tickets or shares, except that,

1 if a lottery game utilizes a drawing of winning numbers, a drawing among
2 entries or a drawing among finalists, such drawings shall always be open
3 to the public and shall be recorded on both video and audio tape.

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

6 (4) The frequency of the drawings or selections of winning tickets or
7 shares.

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

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

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

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

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

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

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

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

24 (13) Rules and regulations to implement, administer and enforce the
25 provisions of the Kansas expanded lottery act. Such rules and regulations
26 shall include, but not be limited to, rules and regulations which govern
27 management contracts and which are designed to:

28 (A) Ensure the integrity of electronic gaming machines ~~and~~, *sports*
29 *wagering*, other lottery facility games and the finances of lottery gaming
30 facilities and racetrack gaming facilities; and

31 (B) *promote responsible gaming and* alleviate problem gambling,
32 including a requirement that each lottery gaming facility and each
33 racetrack gaming facility maintain a self-exclusion list by which
34 individuals may exclude themselves from access to electronic gaming
35 machines ~~and~~, *sports wagering and* other lottery facility games.

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

39 (15) *Rules and regulations to implement, administer and enforce*
40 *sports wagering. Such rules and regulations shall include, but not be*
41 *limited to:*

42 (A) *Management contracts for sports wagering conducted by lottery*
43 *gaming facility managers;*

1 (B) *provisions ensuring the integrity of sports wagering conducted in*
2 *the state;*

3 (C) *provisions requiring sports wagering managers, if available by*
4 *reasonable efforts, to maintain records of at least all persons making*
5 *sports wagers in an aggregate amount of \$1,200 or more within any 24-*
6 *hour period of time for a minimum of 60 days and to make such records*
7 *available for inspection upon request of the Kansas lottery, the Kansas*
8 *racing and gaming commission or as required by court order;*

9 (D) *permitting each lottery gaming facility manager, or such*
10 *manager's contracted parties, to have employees located outside the state of*
11 *Kansas so that all job functions will conform with 18 U.S.C. § 1081 et*
12 *seq.;*

13 ~~(D)~~(E) *permitting preestablished online accounts from other states to*
14 *be accessed within the borders of Kansas so that revenue is recorded*
15 *correctly and all other Kansas online rules are followed; and*

16 ~~(E)~~(F) *allowing lottery gaming facility managers to carry over*
17 *negative amounts to returns filed for subsequent weeks when sports*
18 *wagering revenues for a week are a negative number because the*
19 *winnings paid to patrons wagering on the manager's sports wagering*
20 *exceeds the manager's total bets accepted from sports wagering by*
21 *patrons. The negative amounts of sports wagering revenues may not be*
22 *carried back to an earlier week and moneys previously received by the*
23 *lottery will not be refunded, except if the manager ceases to operate sports*
24 *wagering and the last return reported negative adjusted gross receipts.*

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

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

34 Sec. 19. K.S.A. 74-8711 is hereby amended to read as follows: 74-
35 8711. (a) There is hereby established in the state treasury the lottery
36 operating fund.

37 (b) Except as provided by K.S.A. 74-8724, *and amendments thereto,*
38 *and the Kansas expanded lottery act, ~~and amendments thereto,~~* the
39 executive director shall remit all moneys collected from the sale of lottery
40 tickets and shares and any other moneys received by or on behalf of the
41 Kansas lottery to the state treasurer in accordance with the provisions of
42 K.S.A. 75-4215, and amendments thereto. Upon receipt of each such
43 remittance, the state treasurer shall deposit the entire amount in the state

1 treasury to the credit of the lottery operating fund. Moneys credited to the
2 fund shall be expended or transferred only as provided by this act.
3 Expenditures from such fund shall be made in accordance with
4 appropriations acts upon warrants of the director of accounts and reports
5 issued pursuant to vouchers approved by the executive director or by a
6 person designated by the executive director.

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

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

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

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

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

22 (5) transfers to the community crisis stabilization centers fund and
23 clubhouse model program fund of the Kansas department for aging and
24 disability services pursuant to subsection (e);

25 (6) transfers to the state gaming revenues fund pursuant to subsection
26 (d) and as otherwise provided by law; and

27 (7) transfers to the county reappraisal fund as prescribed by law.

28 (d) The director of accounts and reports shall transfer moneys in the
29 lottery operating fund to the state gaming revenues fund created by K.S.A.
30 79-4801, and amendments thereto, on or before the 15th day of each month
31 in an amount certified monthly by the executive director and determined as
32 follows, whichever is greater:

33 (1) An amount equal to the moneys in the lottery operating fund in
34 excess of those needed for the purposes described in subsections (c)(1)
35 through (c)(5); or

36 (2) except for pull-tab lottery tickets and shares, an amount equal to
37 not less than 30% of total monthly revenues from the sales of lottery
38 tickets and shares less estimated returned tickets. In the case of pull-tab
39 lottery tickets and shares, an amount equal to not less than 20% of the total
40 monthly revenues from the sales of pull-tab lottery tickets and shares less
41 estimated returned tickets.

42 (e) (1) Subject to the limitations set forth in paragraph (2),
43 commencing in fiscal year 2019, on or before the 10th day of each month,

1 the director of the lottery shall certify to the director of accounts and
2 reports all net profits from the sale of lottery tickets and shares via lottery
3 ticket vending machines. Of such certified amount, the director of
4 accounts and reports shall transfer 75% from the lottery operating fund to
5 the community crisis stabilization centers fund of the Kansas department
6 for aging and disability services and 25% from the lottery operating fund
7 to the clubhouse model program fund of the Kansas department for aging
8 and disability services.

9 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in
10 the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the
11 aggregate \$8,000,000 in fiscal year 2020 and each fiscal year thereafter.

12 (f) *On July 1, 2021, and each July 1 thereafter, or as soon as moneys*
13 *are available;:*

14 (1) *Of the first ~~\$750,000~~ \$1,550,000 credited to the lottery operating*
15 *fund from sports wagering revenues deposited in the lottery operating*
16 *fund, \$750,000 shall be transferred by the director of accounts and reports*
17 *from the lottery operating fund to the white collar crime fund established*
18 *in section ~~9~~ 9, and amendments thereto, and up to \$800,000 shall be*
19 *transferred to the horse fair racing benefit fund established in K.S.A. 74-*
20 *8838, and amendments thereto, until the unobligated principal balance*
21 *of the horse fair racing benefit fund equals \$1,000,000; and*

22 (2) *of the remaining moneys, 33% shall be transferred by the*
23 *director of accounts and reports from the lottery operating fund to the*
24 *combating white collar crimes and information technology scholarship*
25 *fund established in section 10, and amendments thereto.*

26 Sec. 20. K.S.A. 74-8716 is hereby amended to read as follows: 74-
27 8716. (a) It is unlawful for the executive director, a member of the
28 commission or any employee of the Kansas lottery, or any person residing
29 in the household thereof to:

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

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

41 (b) It is unlawful for a lottery retailer, an applicant for lottery retailer
42 or a person who contracts or seeks to contract with the state to supply
43 gaming equipment, materials, tickets or consulting services for use in the

1 lottery to offer, pay, give or make any economic opportunity, gift, loan,
2 gratuity, special discount, favor or service, or hospitality other than food
3 and beverages, having an aggregate value of \$20 or more in any calendar
4 year to a person, knowing such person is the executive director, a member
5 of the commission or an employee of the Kansas lottery, or a person
6 residing in the household thereof.

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

11 (1) Any lottery gaming facility manager, subcontractor or agent of a
12 lottery gaming facility manager, manufacturer or vendor of electronic
13 gaming machines, *an interactive sports wagering platform* or central
14 computer system provider, or any business ~~which~~ *that* sells goods or
15 services to a lottery gaming facility manager; or

16 (2) any licensee pursuant to the Kansas parimutuel racing act, other
17 than the Kansas lottery or a person holding a license on behalf of the
18 Kansas lottery, or any business which sells goods or services to a
19 parimutuel licensee.

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

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

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

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

42 (h) Violation of this section is a class A misdemeanor.

43 (i) If the executive director, a member of the commission or an

1 employee of the Kansas lottery, or any person residing in the household
2 thereof, is convicted of an act described by this section, such executive
3 director, member or employee shall be removed from office or
4 employment with the Kansas lottery.

5 (j) In addition to the provisions of this section, all other provisions of
6 law relating to conflicts of interest of state employees shall apply to the
7 members of the commission and employees of the Kansas lottery.

8 Sec. 21. K.S.A. 74-8718 is hereby amended to read as follows: 74-
9 8718. (a) It is unlawful:

10 (1) To sell a lottery ticket or share at a price other than that fixed by
11 rules and regulations adopted pursuant to this act;

12 (2) for any person other than the Kansas lottery or a lottery retailer
13 authorized by the Kansas lottery to sell or resell any lottery ticket or share;

14 (3) to sell a lottery ticket or share to any person, knowing such person
15 to be under 18 years of age; or

16 (4) to sell a lottery ticket at retail by electronic mail, the internet or
17 telephone *if the lottery ticket or any related online game:*

18 (A) *Provides or is accompanied by any music or audio sound effects,*
19 *animated visual display or any audio or visual effects that portray,*
20 *simulate, emulate or resemble an electronic gaming machine;*

21 (B) *visually or functionally operates or appears to operate as an*
22 *electronic gaming machine or facsimile thereof;*

23 (C) *extends or arranges credit for the purchase of a ticket;*

24 (D) *allows for the redemption of a lottery ticket other than at a*
25 *lottery retail location or a Kansas lottery office;*

26 (E) *determines the winner of any game in less than four minutes from*
27 *the time the lottery ticket is purchased or acquired; or*

28 (F) *allows a player to play more than one game at a time for any one*
29 *device or any one player.*

30 (b) (1) Violation of this section is a class A nonperson misdemeanor
31 upon conviction for a first offense; and

32 (2) violation of this section is a severity level 9, nonperson felony
33 upon conviction for a second or subsequent offense.

34 Sec. 22. K.S.A. 74-8733 is hereby amended to read as follows: 74-
35 8733. (a) K.S.A. 74-8733 through 74-8773, *and amendments thereto, and*
36 *sections 1 through 10,* and amendments thereto, shall be known and may
37 be cited as the Kansas expanded lottery act. The Kansas expanded lottery
38 act shall be part of and supplemental to the Kansas lottery act.

39 (b) If any provision of this act or the application thereof to any person
40 or circumstance is held invalid, the invalidity shall not affect any other
41 provision or application of the act which can be given effect without the
42 invalid provision or application.

43 (c) Any action challenging the constitutionality of or arising out of

1 any provision of this act, any lottery gaming facility management contract
2 or any racetrack gaming facility management contract entered into
3 pursuant to this act shall be brought in the district court of Shawnee
4 county.

5 Sec. 23. K.S.A. 74-8734 is hereby amended to read as follows: 74-
6 8734. (a) The Kansas lottery may operate one lottery gaming facility in
7 each gaming zone.

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

16 (c) The lottery commission shall adopt standards to promote the
17 integrity of the gaming and finances of lottery gaming facilities, which
18 shall apply to all management contracts, shall meet or exceed industry
19 standards for monitoring and controlling the gaming and finances of
20 gaming facilities and shall give the executive director sufficient authority
21 to monitor and control the gaming operation and to ensure its integrity and
22 security.

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

34 (e) In determining whether to approve a management contract with a
35 prospective lottery gaming facility manager to manage a lottery gaming
36 facility or lottery gaming enterprise pursuant to this section, the
37 commission shall take into consideration the following factors: The size of
38 the proposed facility; the geographic area in which such facility is to be
39 located; the proposed facility's location as a tourist and entertainment
40 destination; the estimated number of tourists that would be attracted by the
41 proposed facility; the number and type of lottery facility games to be
42 operated at the proposed facility; and agreements related to ancillary
43 lottery gaming facility operations.

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

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

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

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

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

31 (h) Any management contract approved by the commission under this
32 section shall:

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

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

39 (3) establish a mechanism to facilitate payment of lottery gaming
40 facility expenses, payment of the lottery gaming facility manager's share of
41 the lottery gaming facility revenues and distribution of the state's share of
42 the lottery gaming facility revenues;

43 (4) include a provision for the lottery gaming facility manager to pay

1 the costs of oversight and regulation of the lottery gaming facility manager
2 and the operations of the lottery gaming facility by the Kansas racing and
3 gaming commission;

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

6 (6) provide for the prospective lottery gaming facility manager, upon
7 approval of the proposed lottery gaming facility management contract, to
8 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of
9 being selected as a lottery gaming facility manager of a lottery gaming
10 facility in the northeast or south central Kansas gaming zone and
11 \$5,500,000 for the privilege of being selected as a lottery gaming facility
12 manager of a lottery gaming facility in the southeast or southwest Kansas
13 gaming zone. Such fee shall be deposited in the state treasury and credited
14 to the lottery gaming facility manager fund, which is hereby created in the
15 state treasury;

16 (7) incorporate terms and conditions for the ancillary lottery gaming
17 facility operations;

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

22 (9) include financing commitments for construction;

23 (10) include a resolution of endorsement from the city governing
24 body, if the proposed facility is within the corporate limits of a city, or
25 from the county commission, if the proposed facility is located in the
26 unincorporated area of the county;

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

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

37 (13) include a provision for 2% of lottery gaming facility revenues to
38 be paid to the problem gambling and addictions grant fund established by
39 K.S.A. ~~2019 Supp.~~ 79-4805, and amendments thereto;

40 (14) if the prospective lottery gaming facility manager is an American
41 Indian tribe, include a provision that such tribe agrees to waive its
42 sovereign immunity with respect to any actions arising from or to enforce
43 either the Kansas expanded lottery act or any provision of the lottery

1 gaming facility management contract; any action brought by an injured
2 patron or by the state of Kansas; any action for purposes of enforcing the
3 workers compensation act or any other employment or labor law; and any
4 action to enforce laws, rules and regulations and codes pertaining to
5 health, safety and consumer protection; and for any other purpose deemed
6 necessary by the executive director to protect patrons or employees and
7 promote fair competition between the tribe and others seeking a lottery
8 gaming facility management contract;

9 (15) (A) if the lottery gaming facility is located in the northeast or
10 southwest Kansas gaming zone and is not located within a city, include a
11 provision for payment of an amount equal to 3% of the lottery gaming
12 facility revenues to the county in which the lottery gaming facility is
13 located; or (B) if the lottery gaming facility is located in the northeast or
14 southwest Kansas gaming zone and is located within a city, include
15 provision for payment of an amount equal to 1.5% of the lottery gaming
16 facility revenues to the city in which the lottery gaming facility is located
17 and an amount equal to 1.5% of such revenues to the county in which such
18 facility is located;

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

30 (17) allow the lottery gaming facility manager to manage the lottery
31 gaming facility in a manner consistent with this act and applicable law, but
32 shall place full, complete and ultimate ownership and operational control
33 of the gaming operation of the lottery gaming facility with the Kansas
34 lottery. The Kansas lottery shall not delegate and shall explicitly retain the
35 power to overrule any action of the lottery gaming facility manager
36 affecting the gaming operation without prior notice. The Kansas lottery
37 shall retain full control over all decisions concerning lottery gaming
38 facility games *and sports wagering*;

39 (18) include provisions for the Kansas racing and gaming
40 commission to oversee all lottery gaming facility operations, including, but
41 not limited to: Oversight of internal controls; oversight of security of
42 facilities; performance of background investigations, determination of
43 qualifications and credentialing of employees, contractors and agents of

1 the lottery gaming facility manager and of ancillary lottery gaming facility
 2 operations, as determined by the Kansas racing and gaming commission;
 3 auditing of lottery gaming facility revenues *and sports wagering revenues*;
 4 enforcement of all state laws and maintenance of the integrity of gaming
 5 operations; and

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

20 (i) (1) *Any management contract approved by the commission under*
 21 *this section may include provisions for operating and managing sports*
 22 *wagering by the lottery gaming facility manager in person at the lottery*
 23 *wagering facility and via the lottery gaming facility through no more than*
 24 *two interactive sports wagering platforms using the odds and wagers*
 25 *authorized by the Kansas lottery.*

26 (2) *If a management contract includes provisions for sports*
 27 *wagering, then such contract shall provide that the state shall retain 7.5%*
 28 *of all sports wagering revenues received from wagers placed in person at*
 29 *each lottery gaming facility and 10% of all sports wagering revenues*
 30 *received by each lottery gaming facility manager from wagers placed on*
 31 *the interactive sports betting platform selected by the lottery gaming*
 32 *facility manager and approved by the executive director.*

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

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

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

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

43 (1) Accounting procedures to determine the lottery gaming facility

1 revenues, unclaimed prizes and credits;

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

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

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

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

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

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

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

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

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

36 (3) *If a lottery gaming facility manager agrees to manage sports*
37 *wagering, the Kansas lottery shall be the licensee or owner of all software*
38 *programs used in conducting sports wagering and the lottery gaming*
39 *facility manager, on behalf of the state, shall purchase or lease for the*
40 *Kansas lottery in the name of the Kansas lottery any equipment or other*
41 *property deemed necessary for the lottery gaming facility manager for*
42 *managing sports wagering at the lottery gaming facility. All sports*
43 *wagering shall be subject to the control of the Kansas lottery in*

1 *accordance with the Kansas expanded lottery 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. 24. K.S.A. 74-8751 is hereby amended to read as follows: 74-
17 8751. (a) The Kansas racing and gaming commission, through *temporary*
18 *and permanent* rules and regulations, shall establish:

19 ~~(a)(1)~~(a)(1) A certification requirement, and enforcement procedure, for
20 officers, directors, key employees and persons directly or indirectly
21 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or
22 racetrack gaming facility manager. Such certification requirement shall
23 include compliance with such security, fitness and background
24 investigations and standards as the executive director of the Kansas racing
25 and gaming commission deems necessary to determine whether such
26 person's reputation, habits or associations pose a threat to the public
27 interest of the state or to the reputation of or effective regulation and
28 control of the lottery gaming facility or racetrack gaming facility. ~~Any~~
29 ~~person convicted of any felony, a crime involving gambling or a crime of~~
30 ~~moral turpitude prior to applying for a certificate hereunder or at any time~~
31 ~~thereafter shall be deemed unfit. The Kansas racing and gaming~~
32 ~~commission shall conduct the security, fitness and background checks~~
33 ~~required pursuant to this subsection. Certification pursuant to this~~
34 ~~subsection shall not be assignable or transferable;~~

35 ~~(b)(2)~~(b)(2) a certification requirement, and enforcement procedure, for
36 those persons, including electronic gaming machine manufacturers,
37 technology providers and computer system providers, who propose to
38 contract with a lottery gaming facility manager, a racetrack gaming facility
39 manager or the state for the provision of goods or services related to a
40 lottery gaming facility or racetrack gaming facility, including management
41 services. Such certification requirements shall include compliance with
42 such security, fitness and background investigations and standards of
43 officers, directors, key gaming employees and persons directly or

1 indirectly owning a ~~0.5%~~ 5% or more interest in such entity as the
 2 executive director of the Kansas racing and gaming commission deems
 3 necessary to determine whether such person's reputation, habits and
 4 associations pose a threat to the public interest of the state or to the
 5 reputation of or effective regulation and control of the lottery gaming
 6 facility or racetrack gaming facility. ~~Any person convicted of any felony, a~~
 7 ~~crime involving gambling or a crime of moral turpitude prior to applying~~
 8 ~~for a certificate hereunder or at any time thereafter shall be deemed unfit.~~
 9 If the executive director of the racing and gaming commission determines
 10 the certification standards of another state are comprehensive, thorough
 11 and provide similar adequate safeguards, the executive director may
 12 certify an applicant already certified in such state without the necessity of
 13 a full application and background check. ~~The Kansas racing and gaming~~
 14 ~~commission shall conduct the security, fitness and background checks~~
 15 ~~required pursuant to this subsection. Certification pursuant to this~~
 16 ~~subsection shall not be assignable or transferable;~~

17 ~~(e)~~ (3) (A) a certification requirement and enforcement procedure for:

18 (i) *Employees of a lottery gaming facility manager or another entity*
 19 *owned by the lottery gaming facility manager's parent company that are*
 20 *directly involved in the operation or management of sports wagering*
 21 *managed by such manager; and*

22 (ii) *those persons who propose to contract with a lottery gaming*
 23 *facility manager in an amount that exceeds \$250,000 per year for the*
 24 *provision of goods or services related to sports wagering, including any*
 25 *interactive sports wagering platform requested by a lottery gaming facility*
 26 *manager under section 3, and amendments thereto; and*

27 (B) *such certification requirement shall include compliance with such*
 28 *security, fitness and background investigations and standards as the*
 29 *executive director deems necessary to determine whether such person's*
 30 *reputation, habits or associations pose a threat to the public interest of the*
 31 *state or to the reputation of, or effective regulation and control of, sports*
 32 *wagering conducted by the lottery gaming facility. Such certification shall*
 33 *be valid for one year from the date of issuance;*

34 (4) provisions for revocation of a certification required by subsection
 35 (a) ~~or (b)~~(1) or (2) upon a finding that the certificate holder, an officer or
 36 director thereof or a person directly or indirectly owning a ~~0.5%~~ 5% or
 37 more interest therein:

38 ~~(1)~~(A) Has knowingly provided false or misleading material
 39 information to the Kansas lottery or its employees; or

40 ~~(2)~~(B) has been convicted of a felony, gambling related offense or
 41 any crime of moral turpitude; ~~and~~

42 ~~(4)~~(5) provisions for suspension, revocation or nonrenewal of a
 43 certification required by subsection (a) ~~or (b)~~(1) or (2) upon a finding that

1 the certificate holder, an officer or director thereof or a person directly or
2 indirectly owning a ~~0.5%~~ 5% or more interest therein:

3 ~~(1)-(A)~~ Has failed to notify the Kansas lottery about a material change
4 in ownership of the certificate holder, or any change in the directors or
5 officers thereof;

6 ~~(2)-(B)~~ is delinquent in remitting money owed to the Kansas lottery;

7 ~~(3)-(C)~~ has violated any provision of any contract between the Kansas
8 lottery and the certificate holder; or

9 ~~(4)-(D)~~ has violated any provision of the Kansas expanded lottery act
10 or any rule and regulation adopted hereunder; *and*

11 *(6) provisions for suspension, revocation or nonrenewal of a*
12 *certification required by subsection (a)(3) upon a finding that the*
13 *certificate holder has:*

14 *(A) Knowingly provided false or misleading material information to*
15 *the Kansas lottery, the Kansas racing and gaming commission or to the*
16 *employees of either;*

17 *(B) been convicted of a felony, gambling-related offense or any crime*
18 *of moral turpitude;*

19 *(C) intentionally violated any provision of any contract between the*
20 *Kansas lottery and the certificate holder; or*

21 *(D) intentionally violated any provision of the Kansas expanded*
22 *lottery act or any rule and regulation adopted pursuant to such act.*

23 *(b) A certification issued pursuant to this section shall not be*
24 *assignable or transferable.*

25 Sec. 25. K.S.A. 74-8752 is hereby amended to read as follows: 74-
26 8752. (a) The executive director of the Kansas lottery and the executive
27 director of the Kansas racing and gaming commission, or their designees,
28 may observe and inspect all electronic gaming machines, lottery facility
29 games, *sports wagering operations*, lottery gaming facilities, racetrack
30 gaming facilities and all related equipment and facilities operated by a
31 lottery gaming facility manager or racetrack gaming facility manager.

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

35 (1) Examine, or cause to be examined by any agent or representative
36 designated by such executive director, any books, papers, records or
37 memoranda of any lottery gaming facility manager or racetrack gaming
38 facility manager, or of any business involved in electronic gaming
39 machines ~~or~~, lottery facility games *or sports wagering operations*
40 authorized pursuant to the Kansas expanded lottery act, for the purpose of
41 ascertaining compliance with any provision of the Kansas lottery act, the
42 Kansas expanded lottery act, or any rules and regulations adopted
43 thereunder;

1 (2) investigate alleged violations of the Kansas expanded lottery act
2 and alleged violations of any rules and regulations, orders and final
3 decisions of the Kansas lottery commission, the executive director of the
4 Kansas lottery, the Kansas racing and gaming commission or the executive
5 director of the Kansas racing and gaming commission;

6 (3) request a court to issue subpoenas to compel access to or for the
7 production of any books, papers, records or memoranda in the custody or
8 control of any lottery gaming facility manager or racetrack gaming facility
9 manager related to the management of the lottery gaming facility or
10 racetrack gaming facility, or to compel the appearance of any lottery
11 gaming facility manager or racetrack gaming facility manager for the
12 purpose of ascertaining compliance with the provisions of the Kansas
13 lottery act and the Kansas expanded lottery act or rules and regulations
14 adopted thereunder;

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

18 (5) take any other action as may be reasonable or appropriate to
19 enforce the provisions of the Kansas expanded lottery act and any rules
20 and regulations, orders and final decisions of the executive director of the
21 Kansas lottery, the Kansas lottery commission, the executive director of
22 the Kansas racing commission or the Kansas racing and gaming
23 commission.

24 (c) Appropriate security measures shall be required in any and all
25 areas where electronic gaming machines, *sports wagering* and other lottery
26 facility games authorized pursuant to the Kansas expanded lottery act are
27 located or operated. The executive director of the Kansas racing and
28 gaming commission shall approve all such security measures.

29 (d) The executive director of the Kansas racing and gaming
30 commission shall require an annual audit of the operations of each lottery
31 gaming facility and ancillary lottery gaming facility operations and each
32 racetrack gaming facility as determined by the commission. Such audit
33 shall be conducted by the Kansas racing and gaming commission or a
34 licensed accounting firm approved by the executive director of the Kansas
35 racing and gaming commission and shall be conducted at the expense of
36 the lottery gaming facility manager or racetrack facility manager.

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

40 Sec. 26. K.S.A. 74-8757 is hereby amended to read as follows: 74-
41 8757. (a) A person less than 21 years of age shall not be permitted in an
42 area where electronic gaming machines or lottery facility games are being
43 conducted, except for a person at least 18 years of age who is an employee

1 of the lottery gaming facility manager or the racetrack gaming facility
2 manager. No employee under age 21 shall perform any function involved
3 in gaming by the patrons.

4 (b) No person under age 21 shall:

5 (1) Play or make a wager on an electronic gaming machine game or a
6 lottery facility game; *or*

7 (2) *be authorized to directly or indirectly make a wager on any*
8 *sporting event or otherwise be permitted to engage in sports wagering.*

9 Sec. 27. K.S.A. 74-8758 is hereby amended to read as follows: 74-
10 8758. (a) Except as authorized in subsection (c), it is unlawful for any
11 racetrack gaming facility manager, or any employee or agent thereof, to
12 allow any person to play an electronic gaming machine game at a
13 racetrack gaming facility, or share in winnings of such person, knowing
14 such person to be:

15 (1) Less than 21 years of age;

16 (2) the executive director of the Kansas lottery, a member of the
17 Kansas lottery commission or an employee of the Kansas lottery;

18 (3) the executive director, a member or an employee of the Kansas
19 racing and gaming commission;

20 (4) an officer or employee of a vendor contracting with the Kansas
21 lottery to supply gaming equipment or tickets to the Kansas lottery for use
22 in the operation of any lottery conducted pursuant to the Kansas expanded
23 lottery act;

24 (5) an employee or agent of the racetrack gaming facility manager;

25 (6) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
26 parent or stepparent of a person described by subsection (a)(2); *or* (a)(3);
27 ~~(a)(4) or (a)(5);~~ *or*

28 (7) a person who resides in the same household as any person
29 described by subsection (a)(2); *or* (a)(3); ~~(a)(4) or (a)(5).~~

30 Violation of this subsection is a class A nonperson misdemeanor upon
31 conviction for a first offense. Violation of this subsection is a severity level
32 9, nonperson felony upon conviction for the second or a subsequent
33 offense.

34 (b) Except as authorized in subsection (c), it is unlawful for any
35 lottery gaming facility manager, or its employees or agents, to allow any
36 person to play electronic gaming machines or lottery facility games at a
37 lottery gaming facility or share in winnings of such person knowing such
38 person to be:

39 (1) Under 21 years of age;

40 (2) the executive director of the Kansas lottery, a member of the
41 Kansas lottery commission or an employee of the Kansas lottery;

42 (3) the executive director, a member or an employee of the Kansas
43 racing and gaming commission;

1 (4) an employee or agent of the lottery gaming facility manager;

2 (5) an officer or employee of a vendor contracting with the Kansas
3 lottery to supply gaming equipment to the Kansas lottery for use in the
4 operation of any electronic gaming machine or lottery facility game
5 conducted pursuant to the Kansas expanded lottery act;

6 (6) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
7 parent or stepparent of a person described in subsection (b)(2); *or* (b)(3);
8 ~~(b)(4) or (b)(5)~~; *or*

9 (7) a person who resides in the same household as any person
10 described by subsection (b)(2); *or* (b)(3); ~~(b)(4) or (b)(5)~~.

11 Violation of this subsection is a class A nonperson misdemeanor upon
12 conviction for a first offense. Violation of this subsection is a severity level
13 9, nonperson felony upon conviction for a second or subsequent offense.

14 (c) The executive director of the Kansas racing and gaming
15 commission may authorize in writing any employee of the Kansas racing
16 and gaming commission and any employee of a lottery vendor to play an
17 electronic gaming machine game or a lottery facility game to verify the
18 proper operation thereof with respect to security and contract compliance.
19 Any prize awarded as a result of such ticket purchase shall become the
20 property of the Kansas lottery and be added to the prize pools of
21 subsequent electronic gaming machine games or lottery facility games. No
22 money or merchandise shall be awarded to any employee playing an
23 electronic gaming machine game or a lottery facility game pursuant to this
24 subsection.

25 Sec. 28. K.S.A. 74-8760 is hereby amended to read as follows: 74-
26 8760. (a) Except in accordance with rules and regulations of the Kansas
27 racing and gaming commission or by written authority from the executive
28 director of the Kansas racing and gaming commission in performing
29 installation, maintenance, inspection and repair services, it is a class A
30 nonperson misdemeanor for the following to place a wager on or play an
31 electronic gaming machine game or a lottery facility game at a lottery
32 gaming facility in this state: The executive director of the Kansas lottery, a
33 member of the Kansas lottery commission or any employee or agent of the
34 Kansas lottery; the executive director, a member or any employee or agent
35 of the Kansas racing and gaming commission; or the lottery gaming
36 facility manager or any employee of the lottery gaming facility manager.

37 (b) Except in accordance with rules and regulations of the Kansas
38 racing and gaming commission or by written authority from the executive
39 director of the Kansas racing and gaming commission in performing
40 installation, maintenance, inspection and repair services, it is a class A
41 nonperson misdemeanor for the following to place a ~~wager on or play an~~
42 ~~electronic gaming machine at a racetrack gaming facility in this state~~
43 *sports wager in the state*:

1 (1) The executive director of the Kansas lottery, a member of the
2 Kansas lottery commission or any employee or agent of the Kansas lottery;

3 (2) the executive director, a member or any employee or agent of the
4 Kansas racing and gaming commission; ~~or the racetrack gaming facility
5 manager or any employee of the racetrack gaming facility manager~~

6 (3) *a sports wagering manager, any director, officer, owner or
7 employee of such sports wagering manager or any relative living in the
8 same household as such persons who places any wager with the manager
9 at the manager's location or through the manager's interactive sports
10 wagering platform;*

11 (4) *an interactive sports wagering platform, any director, officer,
12 owner or employee of such platform or any relative living in the same
13 household as such persons who places any wager with the manager at the
14 manager's location or through the manager's interactive sports wagering
15 platform;*

16 (5) *any owner, officer, athlete, coach or other employee of a team; or*

17 (6) *any director, officer or employee of a player or referee union.*

18 (c) *It is a severity level 8, nonperson felony for any person knowingly
19 to place a sports wager:*

20 (1) *As an agent or proxy for other persons;*

21 (2) *using funds derived from illegal activity;*

22 (3) *to conceal money derived from illegal activity;*

23 (4) *through the use of other individuals to place wagers as part of
24 any wagering scheme to circumvent any provision of federal or state law;
25 or*

26 (5) *using false identification to facilitate the placement of the wager
27 or the collection of any prize in violation of federal or state law.*

28 (d) *It is a severity level 8, nonperson felony for any person playing or
29 using any electronic gaming machine in Kansas knowingly to:*

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

36 (2) *possess or use, while on premises where electronic gaming
37 machines are authorized pursuant to the Kansas expanded lottery act, any
38 cheating or thieving device, including, but not limited to, tools, wires,
39 drills, coins attached to strings or wires or electronic or magnetic devices
40 to facilitate removing from any electronic gaming machine any money or
41 contents thereof, except that a duly authorized agent or employee of the
42 Kansas racing and gaming commission, lottery gaming facility manager or
43 racetrack gaming facility manager may possess and use any of the*

1 foregoing only in furtherance of the agent's or employee's employment at
2 the lottery gaming facility or racetrack gaming facility; or

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

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

16 Sec. 29. K.S.A. 74-8772 is hereby amended to read as follows: 74-
17 8772. The Kansas racing and gaming commission shall adopt such rules
18 and regulations as the commission deems necessary to carry out the duties
19 and functions of the commission pursuant to the Kansas expanded lottery
20 act. ~~Such~~ *Temporary rules and regulations may be adopted by the*
21 *commission without being subject to the provisions and requirements of*
22 *K.S.A. 77-415 through 77-438, and amendments thereto, but shall be*
23 *subject to approval by the attorney general as to legality and shall be filed*
24 *with the secretary of state and published in the Kansas register. Temporary*
25 *and permanent rules and regulations shall include, but not be limited to,*
26 *rules and regulations:*

27 (a) Promoting the integrity of the gaming and finances of lottery
28 gaming facilities and racetrack gaming facilities and shall meet or exceed
29 industry standards for monitoring and controlling the gaming and finances
30 of lottery gaming facility operations and racetrack gaming facility
31 operations and shall give the Kansas racing and gaming commission
32 sufficient authority to monitor and control the gaming operation and to
33 ensure its integrity and security;

34 (b) prescribing the on-site security arrangements for lottery gaming
35 facilities and racetrack gaming facilities;

36 (c) requiring reporting of information about any lottery gaming
37 facility manager or racetrack gaming facility manager, and its employees,
38 vendors and finances, necessary or desirable to ensure the security of
39 lottery gaming facility and racetrack gaming facility operations. None of
40 the information disclosed pursuant to this subsection shall be subject to
41 disclosure under the Kansas open records act;

42 (d) requiring reporting and auditing of financial information of lottery
43 gaming facility managers and racetrack gaming facility managers,

1 including, but not limited to, the reporting of profits or losses incurred by
2 lottery gaming facility managers and racetrack gaming facility managers
3 and the reporting of such other information as the Kansas racing and
4 gaming commission requires to determine compliance with the Kansas
5 expanded lottery act and rules and regulations adopted hereunder. None of
6 the information disclosed pursuant to this subsection shall be subject to
7 disclosure under the Kansas open records act; and

8 (e) provisions for oversight of all lottery gaming facility operations
9 and racetrack gaming facility operations, including, but not limited to,
10 oversight of internal controls; oversight of security of facilities;
11 performance of background investigations, determination of qualifications
12 and credentialing of employees, contractors and agents of lottery gaming
13 facility managers, ancillary lottery gaming facility operations and
14 racetrack gaming facilities; auditing of lottery gaming facility revenues
15 and net electronic gaming machine income of racetrack gaming facilities;
16 enforcement of all state laws; and maintenance of the integrity of lottery
17 gaming facility and racetrack gaming facility operations.

18 Sec. 30. K.S.A. 79-4806 is hereby amended to read as follows: 79-
19 4806. On July 1 of each year or as soon thereafter as sufficient moneys are
20 available, ~~\$80,000~~ \$100,000 credited to the state gaming revenues fund
21 shall be transferred and credited to the problem gambling *and addictions*
22 grant fund established by K.S.A. 79-4805, and amendments thereto.

23 Sec. 31. K.S.A. 46-2301, 74-8702, 74-8710, 74-8711, 74-8716, 74-
24 8718, 74-8733, 74-8734, 74-8751, 74-8752, 74-8757, 74-8758, 74-8760,
25 74-8772 and 79-4806 and K.S.A. 2019 Supp. 21-6403, 21-6507 and 21-
26 6508 are hereby repealed.

27 Sec. 32. This act shall take effect and be in force from and after its
28 publication in the statute book.