

SENATE BILL No. 98

By Committee on Federal and State Affairs

2-5

1 AN ACT concerning the Kansas expanded lottery act; relating to racetrack
2 gaming facilities; relating to parimutuel racing of horses; amending
3 K.S.A. 74-8741, 74-8744, 74-8746, 74-8747 and 74-8836 and repealing
4 the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 74-8741 is hereby amended to read as follows: 74-
8 8741. (a) The executive director of the Kansas lottery shall negotiate a
9 racetrack gaming facility management contract to place electronic gaming
10 machines at one parimutuel licensee location in each gaming zone except
11 the southwest Kansas gaming zone.

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

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

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

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

24 (1) The term of the contract;

25 (2) provisions for the Kansas racing and gaming commission to
26 oversee all racetrack gaming facility operations, including, but not limited to:
27 Oversight of internal controls; oversight of security of facilities;
28 performance of background investigations, determination of qualifications
29 and any required certification or licensing of officers, directors, board
30 members, employees, contractors and agents of the racetrack gaming
31 facility manager; auditing of net electronic gaming machine income and
32 maintenance of the integrity of electronic gaming machine operations;

33 (3) provisions for the racetrack gaming facility manager to pay the
34 costs of oversight and regulation of the racetrack gaming facility manager
35 under this act and such manager's racetrack gaming facility operations by
36 the Kansas racing and gaming commission; ~~and~~

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

15 (5) *provisions for the distribution of the net electronic gaming*
16 *machine income from the racetrack gaming facility, which shall be in*
17 *accordance with K.S.A. 74-8747, and amendments thereto.*

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

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

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

26 (3) eligibility requirements for employees, contractors or agents of a
27 racetrack gaming facility manager who will have responsibility for or
28 involvement with electronic gaming machines or for the handling of cash
29 or tokens;

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

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

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

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

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

43 (f) A racetrack gaming facility management contract shall not

1 constitute property, nor shall it be subject to attachment, garnishment or
2 execution, nor shall it be alienable or transferable, except upon approval
3 by the executive director, nor shall it be subject to being encumbered or
4 hypothecated.

5 Sec. 2. K.S.A. 74-8744 is hereby amended to read as follows: 74-
6 8744. (a) In accordance with rules and regulations adopted by the
7 commission, the executive director shall have general responsibility for the
8 implementation and administration of the provisions of this act relating to
9 racetrack gaming facility operations, including the responsibility to:

10 (1) Certify net electronic gaming machine income by inspecting
11 records, conducting audits, having agents of the Kansas lottery on site or
12 by any other reasonable means; and

13 (2) assist the commission in the promulgation of rules and regulations
14 concerning the operation of racetrack gaming facilities, which rules and
15 regulations shall include, without limitation, the following:

16 (A) The number of electronic gaming machines allocated for
17 placement at each racetrack gaming facility, subject to the provisions of
18 subsection (b);

19 (B) standards for advertising, marketing and promotional materials
20 used by racetrack gaming facility managers;

21 (C) the kind, type, number and location of electronic gaming
22 machines at any racetrack gaming facility; and

23 (D) rules and regulations and procedures for the accounting and
24 reporting of the payments required from racetrack gaming facility
25 managers under K.S.A. 74-8766, and amendments thereto, including the
26 calculations required for such payments.

27 (b) Rules and regulations establishing the minimum and maximum
28 number of electronic gaming machines allocated for placement at each
29 racetrack gaming facility shall be adopted and published not later than 120
30 days after the effective date of this act. Such rules and regulations shall be
31 subject to the following:

32 (1) At least ~~600~~ 400, *but not more than 1,200*, electronic gaming
33 machines shall be allocated to and placed at each racetrack gaming facility.

34 (2) The total number of electronic gaming machines allocated to and
35 placed at all racetrack gaming facilities in the state shall not exceed 2,800.

36 ~~Until lottery gaming facility management contracts for lottery gaming~~
37 ~~facilities in all gaming zones become binding, the total number of~~
38 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~
39 ~~not exceed 2,200. When lottery gaming facility management contracts for~~
40 ~~lottery gaming facilities in all gaming zones have become binding, the~~
41 ~~lottery commission shall take privilege fee bids from the lottery gaming~~
42 ~~facility manager and racetrack gaming facility manager in each gaming~~
43 ~~zone for the remaining electronic gaming machines allocated to but not yet~~

1 placed at the racetrack gaming facility in such zone. The minimum bid
2 shall be a privilege fee of \$2,500 per electronic gaming machine. If the
3 racetrack gaming facility manager submits the highest bid, the lottery
4 commission shall place the remaining electronic gaming machines at the
5 racetrack gaming facility. If the lottery gaming facility manager submits
6 the highest bid, the commission shall not place any additional electronic
7 gaming machines at the racetrack gaming facility.

8 (3) ~~In addition to any privilege fee paid pursuant to paragraph (2),~~
9 Each racetrack gaming facility manager shall pay a privilege fee of \$2,500
10 for each electronic gaming machine placed at the racetrack gaming facility
11 for which a privilege fee is not paid pursuant to paragraph (2).

12 (4) The racetrack gaming facility manager shall pay the privilege fees
13 provided by this subsection to the executive director, who shall remit the
14 entire amount to the state treasurer in accordance with K.S.A. 75-4215,
15 and amendments thereto. Upon receipt of the remittance, the state treasurer
16 shall deposit the entire amount in the state treasury and credit it to the
17 expanded lottery act revenues fund.

18 Sec. 3. K.S.A. 74-8746 is hereby amended to read as follows: 74-
19 8746. (a) Except as provided in subsection (b):

20 (1) No electronic gaming machines shall be operated at a parimutuel
21 licensee location in Sedgwick county unless, during the first full calendar
22 year and each year thereafter in which electronic gaming machines are
23 operated at such location, the parimutuel licensee conducts at such location
24 at least 100 live greyhound races each calendar week for the number of
25 weeks raced during calendar year 2003 with at least 13 live races
26 conducted each day for not less than five days per week.

27 (2) No electronic gaming machines shall be operated at a parimutuel
28 licensee location in Wyandotte county unless, during the first full calendar
29 year and each year thereafter in which electronic gaming machines are
30 operated at such location, the parimutuel licensee conducts live horse
31 racing programs for at least 60 days, with at least 10 live races conducted
32 each program, and must offer and make a reasonable effort to conduct a
33 minimum number of three live races restricted for quarter horses each day
34 and seven live thoroughbred races each day, of which not less than two
35 races each day shall be limited to registered Kansas-bred horses
36 apportioned in the same ratio that live races are offered, except that the
37 licensee shall not be required to conduct the second live race restricted to
38 Kansas-bred horses unless there are at least seven qualified entries for such
39 race, ~~and with at least 100 live greyhound races each calendar week for at~~
40 ~~least the same number of weeks raced during calendar year 2003, with at~~
41 ~~least 13 live races conducted each day for not less than five days per week.~~

42 (3) No electronic gaming machines shall be operated at a parimutuel
43 licensee location in Crawford county unless, during the first full calendar

1 year and each year thereafter in which electronic gaming machines are
2 operated at such location, the parimutuel licensee conducts at such location
3 at least 85 live greyhound races each calendar week for the number of
4 weeks raced during calendar year 2003 in Sedgwick county, with at least
5 12 live races conducted each day for not less than five days per week.

6 (4) If a parimutuel licensee has not held live races pursuant to a
7 schedule approved by the Kansas racing and gaming commission in the
8 preceding 12 months, the Kansas racing and gaming commission shall
9 hold a hearing to determine the number of days of live racing required for
10 the remaining days of the first calendar year of operation to qualify for
11 operation of electronic gaming machines. At such hearing, the commission
12 shall receive testimony and evidence from affected breed groups, the
13 licensee and others, as the Kansas racing and gaming commission deems
14 appropriate concerning the schedule of live race days. The operation of
15 electronic gaming machines shall not commence more than 90 days prior
16 to the start of live racing at such facility.

17 (b) The Kansas racing and gaming commission may not grant
18 exceptions to the requirements of subsection (a) for a parimutuel licensee
19 conducting live racing unless such exception is in the form of an
20 agreement which: (1) Is between the parimutuel licensee and the affected
21 recognized greyhound or recognized horsemen's group, as defined in
22 K.S.A. 74-8802, and amendments thereto; (2) has been approved by the
23 appropriate official breed registering agencies; and (3) has been submitted
24 to and approved by the commission. In the case of emergencies, weather
25 related issues or immediate circumstances beyond the control of the
26 licensee, the Kansas racing and gaming commission may grant an
27 exception.

28 Sec. 4. K.S.A. 74-8747 is hereby amended to read as follows: 74-
29 8747. (a) *Except as provided in section 5, and amendments thereto, a*
30 *racetrack gaming facility management contract shall include provisions*
31 *for net electronic gaming machine income from a racetrack gaming facility*
32 ~~shall~~ *to be distributed as follows:*

33 (1) To the racetrack gaming facility manager, an amount equal to 25%
34 of net electronic gaming machine income;

35 (2) 7% of net electronic gaming machine income shall be credited to
36 the live horse racing purse supplement fund established by K.S.A. 74-
37 8767, and amendments thereto, except that the amount of net electronic
38 gaming machine income credited to the fund during any fiscal year from
39 electronic gaming machines at a racetrack gaming facility shall not exceed
40 an amount equal to the average of \$3,750 per electronic gaming machine
41 at each location and any moneys in excess of such amount shall be
42 distributed between the state and the racetrack gaming facility manager in
43 accordance with the racetrack gaming facility management contract;

1 (3) 7% of net electronic gaming machine income shall be credited to
2 the live greyhound racing purse supplement fund established by K.S.A.
3 74-8767, and amendments thereto, except that the amount of net electronic
4 gaming machine income credited to the fund during any fiscal year from
5 electronic gaming machines at a racetrack gaming facility shall not exceed
6 an amount equal to the average of \$3,750 per electronic gaming machine
7 at each location and any moneys in excess of such amount shall be
8 distributed between the state and the racetrack gaming facility manager in
9 accordance with the racetrack gaming facility management contract;

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

19 (5) (A) if the racetrack 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 ~~racetrack gaming~~
22 ~~facility revenues~~ *net electronic gaming machine income* to the county in
23 which the racetrack gaming facility is located and an amount equal to 1%
24 of such ~~revenues~~ *income* to the other county in such zone; or (B) if the
25 racetrack gaming facility is located in the southeast or south central
26 Kansas gaming zone and is located within a city, provide for payment of
27 an amount equal to 1% of the ~~racetrack gaming facility revenues~~ *net*
28 *electronic gaming machine income* to the city in which the racetrack
29 gaming facility is located, an amount equal to 1% of such ~~revenues~~ *income*
30 to the county in which such facility is located and an amount equal to 1%
31 of such ~~revenues~~ *income* to the other county in such zone;

32 ~~(6)(5)~~ 2% of net electronic gaming machine income shall be credited
33 to the problem gambling and addictions grant fund established by K.S.A.
34 2018 Supp. 79-4805, and amendments thereto;

35 ~~(7)(6)~~ 1% of net electronic gaming machine income shall be credited
36 to the Kansas horse fair racing benefit fund established by K.S.A. 74-8838,
37 and amendments thereto;

38 ~~(8)(7)~~ 40% of net electronic gaming machine income shall be credited
39 to the expanded lottery act revenues fund; and

40 ~~(9)(8)~~ 15% of electronic gaming machine income shall be used for
41 gaming expenses, subject to agreement between the Kansas lottery and the
42 racetrack gaming facility manager.

43 (b) A racetrack gaming facility management contract may include

1 provisions for a parimutuel licensee or any other entity to pay the
2 parimutuel licensee's expenses related to electronic gaming machines, as
3 the executive director deems appropriate, subject to the requirements of
4 subsection (a)(9) (8).

5 New Sec. 5. (a) A racetrack gaming facility management contract for
6 the northeast Kansas gaming zone shall include provisions for net
7 electronic gaming machine income from a racetrack gaming facility to be
8 distributed as follows:

9 (1) An amount equal to 22% of net electronic gaming machine
10 income shall be credited to the expanded lottery act revenues fund;

11 (2) 10% of net electronic gaming machine income derived from
12 electronic gaming machines located at racetrack gaming facilities licensed
13 to conduct horse races during the first and second years of operation, 12%
14 of the net electronic gaming machine income during the third year of
15 operation and 14% of the net electronic gaming machine income the fourth
16 and subsequent years of operation shall be credited to the live horse racing
17 purse supplement fund established by K.S.A. 74-8767, and amendments
18 thereto;

19 (3) (A) if the racetrack gaming facility is not located within a city,
20 include a provision for payment of an amount equal to 3% of the net
21 electronic gaming machine income to the county in which the racetrack
22 gaming facility is located; or (B) if the racetrack gaming facility is located
23 within a city, include provision for payment of an amount equal to 1% of
24 the net electronic gaming machine income to the city in which the
25 racetrack gaming facility is located and an amount equal to 1% of such
26 income to the county in which such facility is located;

27 (4) an amount equal to 2% of net electronic gaming machine income
28 shall be credited to the problem gambling and addictions grant fund
29 established by K.S.A. 2018 Supp. 79-4805, and amendments thereto;

30 (5) an amount equal to 1% of net electronic gaming machine income
31 shall be credited to the Kansas horse fair racing benefit fund established by
32 K.S.A. 74-8838, and amendments thereto;

33 (6) an amount equal to 0.50% of net electronic gaming machine
34 revenue income shall be credited to the Kansas horse council fund created
35 by section 7, and amendments thereto; and

36 (7) the remaining balance of net electronic gaming machine income
37 shall be paid to the racetrack gaming facility manager.

38 (b) A racetrack gaming facility management contract may include
39 provisions for a parimutuel licensee or any other entity to pay the
40 parimutuel licensee's expenses related to electronic gaming machines, as
41 the executive director deems appropriate.

42 Sec. 6. K.S.A. 74-8836 is hereby amended to read as follows: 74-
43 8836. (a) Any organization licensee that conducts at least ~~150~~ 60 days of

1 live racing during a calendar year *or is in compliance with the provisions*
2 *of K.S.A. 74-8746, and amendments thereto*, or a fair association that
3 conducts ~~fewer~~ less than 22 days of live racing during a calendar year may
4 apply to the commission for a simulcasting license to display simulcast
5 horse or greyhound races and to conduct intertrack parimutuel wagering
6 thereon. If the organization licensee conducts races at a racetrack facility
7 that is owned by a facility owner licensee, both licensees shall join in the
8 application. ~~A simulcasting license granted to a fair association that~~
9 ~~conducts fewer than 22 days of live racing shall restrict the fair~~
10 ~~association's display of simulcast races to a number of days, including~~
11 ~~days on which it conducts live races, equal to not more than twice the~~
12 ~~number of days on which it conducts live races.~~

13 (b) (1) A simulcasting license granted to an organization licensee
14 other than a fair association shall authorize the display of simulcast races
15 at the racetrack facility where the live races are conducted so long as the
16 licensee ~~conducts at least eight live races per day and an average of 10 live~~
17 ~~races per day per week~~ *is in compliance with the provisions of K.S.A. 74-*
18 *8746, and amendments thereto*. If a simulcasting licensee conducts live
19 horse races on a day when simulcast races are displayed by the licensee
20 and the licensee conducts fewer than an average of 10 live horse races per
21 day per week, not less than 80% of the races on which wagers are taken by
22 the licensee during such week shall be live races conducted by the licensee
23 unless approved by the recognized horsemen's group or upon a finding by
24 the commission that the organization licensee was unable to do so for
25 reasonable cause. If a simulcast licensee conducts live greyhound races on
26 a day when simulcast races are displayed by the licensee and the licensee
27 schedules fewer than 13 live greyhound races during a performance on
28 such day, not less than 80% of the races on which wagers are taken by the
29 licensee during such performance shall be live races conducted by the
30 licensee.

31 (2) A simulcasting license granted to a fair association shall authorize
32 the display of simulcast races at the racetrack facility where the races are
33 conducted ~~only if live races are scheduled for two or more days of the~~
34 ~~same calendar week, except that the licensee may conduct simulcast races~~
35 ~~in the week immediately before and immediately after a live meeting if the~~
36 ~~total number of days on which simulcast races are displayed does not~~
37 ~~exceed the total authorized in subsection (a). In no case shall the live meet~~
38 ~~or simulcast races allowed under this subsection exceed 10 consecutive~~
39 ~~weeks. For purposes of this subsection, a calendar week shall be measured~~
40 ~~from Monday through the following Sunday.~~

41 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~
42 ~~a fair association may apply to the commission for not more than five~~
43 ~~additional days of simulcasting of special events. In addition, the~~

1 ~~commission may authorize a fair association to display additional~~
2 ~~simulcast races but, if such fair association is less than 100 miles from an~~
3 ~~organization licensee that is not a fair association, it also shall secure~~
4 ~~written consent from that organization licensee.~~

5 (4) Notwithstanding the provisions of subsection (b)(1), if an
6 emergency causes the cancellation of all or any live races scheduled for a
7 day or performance by a simulcasting licensee, the commission or the
8 commission's designee may authorize the licensee to display any simulcast
9 races previously scheduled for such day or performance.

10 (5)(4) Notwithstanding the provisions of subsection (b)(1), the
11 commission may authorize the licensee to display simulcast special racing
12 events as designated by the commission.

13 (c) The application for a simulcasting license shall be filed with the
14 commission at a time and place prescribed by rules and regulations of the
15 commission. The application shall be in a form and include such
16 information as the commission prescribes.

17 (d) To qualify for a simulcasting license the applicant shall:

18 (1) Comply with the interstate horse racing act of 1978 (15 U.S.C.
19 3001 et seq.) as in effect December 31, 1991;

20 (2) submit with the application a written approval of the proposed
21 simulcasting schedule signed by: (A) The recognized horsemen's group for
22 the track, if the applicant is licensed to conduct only horse races; (B) the
23 recognized greyhound owners' group, if the applicant is licensed to
24 conduct only greyhound races and only greyhound races are to be
25 simulcast; (C) both the recognized greyhound owners' group and a
26 recognized horsemen's group, if the applicant is licensed to conduct only
27 greyhound races and horse races are to be simulcast; (D) the recognized
28 greyhound owners' group, if the applicant is licensed to conduct both
29 greyhound and horse races, only greyhound races are to be simulcast and
30 races are to be simulcast only while the applicant is conducting live
31 greyhound races; (E) the recognized horsemen's group for the track, if the
32 applicant is licensed to conduct both greyhound and horse races, only
33 horse races are to be simulcast and races are to be simulcast only while the
34 applicant is conducting live horse races; or (F) both the recognized
35 greyhound owners' group and the recognized horsemen's group for the
36 track, if the applicant is licensed to conduct both greyhound races and
37 horse races and horse races are to be simulcast while the applicant is
38 conducting live greyhound races or greyhound races are to be simulcast
39 while the applicant is conducting live horse races; and

40 (3) submit, in accordance with rules and regulations of the
41 commission and before the simulcasting of a race, a written copy of each
42 contract or agreement which the applicant proposes to enter into with
43 regard to such race, and any proposed modification of any such contract or

1 agreement.

2 (e) The term of a simulcasting license shall be one year.

3 (f) A simulcasting licensee may apply to the commission or its
4 designee for changes in the licensee's approved simulcasting schedule if
5 such changes are approved by the respective recognized greyhound
6 owners' group or recognized horsemen's group needed throughout the term
7 of the license. Application shall be made upon forms furnished by the
8 commission and shall contain such information as the commission
9 prescribes.

10 (g) Except as provided by subsection (j), the takeout for simulcast
11 horse and greyhound races shall be the same as it is for the live horse and
12 greyhound races conducted during the current or next live race meeting at
13 the racetrack facility where the simulcast races are displayed. For
14 simulcast races the tax imposed on amounts wagered shall be as provided
15 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout
16 remaining after deduction of taxes, an amount equal to a percentage, to be
17 determined by the commission, of the gross sum wagered on simulcast
18 races shall be used for purses, as follows:

19 (1) For greyhound races conducted by the licensee, if the simulcast
20 race is a greyhound race and the licensee conducts only live greyhound
21 races;

22 (2) for horse races conducted by the licensee, if the simulcast race is a
23 horse race and the licensee conducts only live horse races;

24 (3) for horse races and greyhound races, as determined by both the
25 recognized horsemen's group and the recognized greyhound owners'
26 group, if the simulcast race is a greyhound race and the licensee does not
27 conduct or is not currently conducting live greyhound races; or

28 (4) for horse races and greyhound races, as determined by both the
29 recognized horsemen's group and the recognized greyhound owners'
30 group, if the simulcast is a horse race and the licensee does not conduct or
31 is not currently conducting live horse races. That portion of simulcast
32 purse money determined to be used for horse purses shall be apportioned
33 by the commission to the various horse race meetings held in any calendar
34 year based upon the number of live horse race dates comprising such horse
35 race meetings in the preceding calendar year.

36 (h) Except as provided by subsection (j):

37 (1) If a simulcasting licensee has a license to conduct live horse races
38 and the *simulcasting* licensee displays a simulcast horse race: (A) All
39 breakage proceeds shall be remitted by the licensee to the commission not
40 later than the 15th day of the month following the race from which the
41 breakage is derived and the commission shall remit any such proceeds
42 received to the state treasurer in accordance with the provisions of K.S.A.
43 75-4215, and amendments thereto. Upon receipt of each such remittance,

1 the state treasurer shall deposit the entire amount in the state treasury to
2 the credit of the Kansas horse breeding development fund created by
3 K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket
4 proceeds shall be remitted by the licensee to the commission on the 61st
5 day after the end of the calendar year and the commission shall remit any
6 such proceeds received to the state treasurer in accordance with the
7 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
8 each such remittance, the state treasurer shall deposit the entire amount in
9 the state treasury to the credit of the Kansas horse breeding development
10 fund created by K.S.A. 74-8829, and amendments thereto.

11 (2) If a simulcasting licensee has a license to conduct live greyhound
12 races and the licensee displays a simulcast greyhound race, breakage and
13 unclaimed winning ticket proceeds shall be distributed in the manner
14 provided by K.S.A. 74-8821 and 74-8822, and amendments thereto, for
15 breakage and unclaimed winning ticket proceeds from live greyhound
16 races.

17 (3) If a simulcasting licensee has a license to conduct live racing of
18 only horses and the *simulcasting* licensee displays a simulcast greyhound
19 race, unclaimed winning ticket proceeds shall be distributed in the manner
20 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed
21 winning ticket proceeds from live greyhound races. Breakage for such
22 races shall be distributed for use to benefit greyhound racing as determined
23 by the commission.

24 (4) If a simulcasting licensee has a license to conduct live racing of
25 only greyhounds and the *simulcasting* licensee displays a simulcast horse
26 race: (A) All breakage proceeds shall be remitted by the licensee to the
27 commission not later than the 15th day of the month following the race
28 from which the breakage is derived and the commission shall remit any
29 such proceeds received to the state treasurer in accordance with the
30 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
31 each such remittance, the state treasurer shall deposit the entire amount in
32 the state treasury to the credit of the Kansas horse breeding development
33 fund created by K.S.A. 74-8829, and amendments thereto; and (B) all
34 unclaimed ticket proceeds shall be remitted by the licensee to the
35 commission on the 61st day after the end of the calendar year and the
36 commission shall remit any such proceeds received to the state treasurer in
37 accordance with the provisions of K.S.A. 75-4215, and amendments
38 thereto. Upon receipt of each such remittance, the state treasurer shall
39 deposit the entire amount in the state treasury to the credit of the Kansas
40 horse breeding development fund created by K.S.A. 74-8829, and
41 amendments thereto.

42 (i) The commission may approve a request by two or more
43 simulcasting licensees to combine wagering pools within the state of

1 Kansas pursuant to rules and regulations adopted by the commission.

2 (j) (1) The commission may authorize any simulcasting licensee to
3 participate in an interstate combined wagering pool with one or more other
4 racing jurisdictions.

5 (2) If a licensee participates in an interstate pool, the licensee may
6 adopt the takeout of the host jurisdiction or facility. The amount and
7 manner of paying purses from the takeout in an interstate pool shall be as
8 provided by subsection (g).

9 (3) The tax imposed on amounts wagered in an interstate pool shall
10 be as provided by K.S.A. 74-8823, and amendments thereto. Parimutuel
11 taxes may not be imposed on any amounts wagered in an interstate
12 combined wagering pool other than amounts wagered within this
13 jurisdiction.

14 (4) Breakage for interstate combined wagering pools shall be
15 calculated in accordance with the statutes and rules and regulations of the
16 host jurisdiction and shall be allocated among the participating
17 jurisdictions in a manner agreed to among the jurisdictions. Breakage
18 allocated to this jurisdiction shall be distributed as provided by subsection
19 (h).

20 (5) Upon approval of the respective recognized greyhound owners'
21 group or recognized horsemen's group, the commission may permit an
22 organization licensee to simulcast to other racetrack facilities or off-track
23 wagering or intertrack wagering facilities in other jurisdictions one or
24 more races conducted by such licensee, use one or more races conducted
25 by such licensee for an intrastate combined wagering pool or use one or
26 more races conducted by such licensee for an interstate combined
27 wagering pool at off-track wagering or intertrack wagering locations
28 outside the commission's jurisdiction and may allow parimutuel pools in
29 other jurisdictions to be combined with parimutuel pools in the
30 commission's jurisdiction for the purpose of establishing an interstate
31 combined wagering pool.

32 (6) The participation by a simulcasting licensee in a combined
33 interstate wagering pool does not cause that licensee to be considered to be
34 doing business in any jurisdiction other than the jurisdiction in which the
35 licensee is physically located.

36 (k) If the organization licensee, facility owner licensee if any and the
37 recognized horsemen's group or recognized greyhound owners' group are
38 unable to agree concerning a simulcasting application, the matter may be
39 submitted to the commission for determination at the written request of
40 any party in accordance with rules and regulations of the commission.

41 (l) This section shall be part of and supplemental to the Kansas
42 parimutuel racing act.

43 New Sec. 7. There is hereby established in the state treasury the

1 Kansas horse council fund which shall be administered by the Kansas
2 racing and gaming commission and which shall be funded by 0.1% of net
3 electronic gaming machine income as provided in section 5, and
4 amendments thereto. All expenditures from this fund shall be made in
5 accordance with appropriation acts upon warrants of the director of
6 accounts and reports issued pursuant to vouchers approved by the
7 executive director of the Kansas racing and gaming commission. The
8 moneys credited to this fund shall be used for the development, promotion
9 and representation of the equine industry in Kansas and shall be distributed
10 to the Kansas horse council by contract with the Kansas racing and gaming
11 commission for these purposes.

12 Sec. 8. K.S.A. 74-8741, 74-8744, 74-8746, 74-8747 and 74-8836 are
13 hereby repealed.

14 Sec. 9. This act shall take effect and be in force from and after its
15 publication in the statute book.