

**SENATE BILL No. 23**

By Committee on Federal and State Affairs

1-17

1 AN ACT concerning gaming, creating the Kansas sports wagering act;  
2 amending K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-  
3 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and  
4 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 and repealing the  
5 existing sections.  
6

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

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

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

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

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

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

17 (4) through an interactive sports wagering platform.

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

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

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

1 information to the Kansas racing and gaming commission. The executive  
2 director of the commission may enter into a self-exclusion agreement with  
3 such person, and disseminate such person's information to all other sports  
4 wagering operators.

5 (c) The executive director of the Kansas racing and gaming  
6 commission shall adopt rules and regulations regarding the advertisement  
7 for sports wagering. Such rules and regulations shall be adopted on or  
8 before January 1, 2020, and shall include, but not be limited to:

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

14 (2) disclosure of the identity of the sports wagering operator in all  
15 such advertisements;

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

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

19 New Sec. 3. (a) Sports wagering operators shall use commercially  
20 reasonable methods to:

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

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

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

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

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

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

1 this act.

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

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

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

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

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

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

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

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

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

43 (e) Information provided by a sports governing body to a sports

1 wagering operator shall be confidential, and the operator shall not disclose  
2 such information or any portion thereof, unless disclosure is required by  
3 this act, the Kansas racing and gaming commission, state or federal law or  
4 court order.

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

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

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

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

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

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

41 New Sec. 6. (a) On July 1, October 1, January 1 and April 1 of each  
42 year, or as soon thereafter as sufficient moneys are available, each sports  
43 wagering operator shall remit a sport betting right and integrity fee to each

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

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

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

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

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

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

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

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

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

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

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

22       Sec. 9. K.S.A. 2018 Supp. 19-101a is hereby amended to read as  
23 follows: 19-101a.(a) The board of county commissioners may transact all  
24 county business and perform all powers of local legislation and  
25 administration it deems appropriate, subject only to the following  
26 limitations, restrictions or prohibitions:

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

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

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

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

37       (5) Counties may not legislate on social welfare administered under  
38 state law enacted pursuant to or in conformity with public law No. 271 –  
39 74<sup>th</sup> congress, or amendments thereof.

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

43       (7) Counties shall be subject to the limitations and prohibitions

1 imposed under K.S.A. 12-187 ~~to~~ through 12-195, ~~inclusive~~, and  
2 amendments thereto, prescribing limitations upon the levy of retailers'  
3 sales taxes by counties.

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

7 (9) No county may levy ad valorem taxes under the authority of this  
8 section upon real property located within any redevelopment project area  
9 established under the authority of K.S.A. 12-1772, and amendments  
10 thereto, unless the resolution authorizing the same specifically authorized  
11 a portion of the proceeds of such levy to be used to pay the principal of  
12 and interest upon bonds issued by a city under the authority of K.S.A. 12-  
13 1774, and amendments thereto.

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

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

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

26 (13) Counties may not exempt from or effect changes in K.S.A. 19-  
27 430, and amendments thereto.

28 (14) Counties may not exempt from or effect changes in K.S.A. 19-  
29 302, 19-502b, 19-503, 19-805 or 19-1202, and amendments thereto.

30 (15) Counties may not exempt from or effect changes in K.S.A. 19-  
31 15,139, 19-15,140 and 19-15,141, and amendments thereto.

32 (16) Counties may not exempt from or effect changes in the  
33 provisions of K.S.A. 12-1223, 12-1225, 12-1225a, 12-1225b, 12-1225c  
34 ~~and, 12-1226, and amendments thereto, or the provisions of K.S.A. 12-~~  
35 ~~1260 through 12-1270 and 12-1276, and amendments thereto.~~

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

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

40 (19) Counties may not regulate the production or drilling of any oil or  
41 gas well in any manner which would result in the duplication of regulation  
42 by the state corporation commission and the Kansas department of health  
43 and environment pursuant to chapter 55 and chapter 65 of the Kansas

1 Statutes Annotated, and amendments thereto, and any rules and regulations  
2 adopted pursuant thereto. Counties may not require any license or permit  
3 for the drilling or production of oil and gas wells. Counties may not  
4 impose any fee or charge for the drilling or production of any oil or gas  
5 well.

6 (20) Counties may not exempt from or effect changes in K.S.A. 79-  
7 41a04, and amendments thereto.

8 (21) Counties may not exempt from or effect changes in K.S.A. 79-  
9 1611, and amendments thereto.

10 (22) Counties may not exempt from or effect changes in K.S.A. 79-  
11 1494, and amendments thereto.

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

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

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

19 (26) Counties may not exempt from or effect changes in K.S.A. 79-  
20 2017 or 79-2101, and amendments thereto.

21 (27) Counties may not exempt from or effect changes in K.S.A. 2-  
22 3302, 2-3305, 2-3307, 2-3318, 17-5904, 17-5908, 47-1219, 65-171d, 65-  
23 1,178 through 65-1,199, 65-3001 through 65-3028, and amendments  
24 thereto.

25 (28) Counties may not exempt from or effect changes in K.S.A. 2018  
26 Supp. 80-121, and amendments thereto.

27 (29) Counties may not exempt from or effect changes in K.S.A. 19-  
28 228, and amendments thereto.

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

32 (31) Counties may not exempt from or effect changes in K.S.A. 2018  
33 Supp. 26-601, and amendments thereto.

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

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

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

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

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



1 *act.*

2 (35) ~~Counties may not exempt from or effect changes in the Kansas~~  
3 ~~expanded lottery act.~~

4 ~~(36)~~—Counties may neither exempt from nor effect changes to the  
5 eminent domain procedure act.

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

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

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

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

29 Sec. 10. K.S.A. 2018 Supp. 21-6403 is hereby amended to read as  
30 follows: 21-6403. As used in K.S.A. 2018 Supp. 21-6403 through 21-  
31 6409, and amendments thereto:

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

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

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

1 such a contest;

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

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

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

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

10 (7) tribal gaming;

11 (8) charitable raffles as defined by K.S.A. 2018 Supp. 75-5173, and  
12 amendments thereto;~~or~~

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

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

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

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

21 (2) tribal gaming;

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

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

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

43 (3) participants in any system of parimutuel wagering managed,

1 operated and conducted in accordance with the Kansas parimutuel racing  
2 act; or

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

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

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

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

17 (3) no winning outcome is based:

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

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

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

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

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

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

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

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

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

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

1 device, electronic device or other contrivance as a constituent part; or

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

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

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

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

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

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

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

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

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

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

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

38 (h) "tribal gaming commission" means the same as in K.S.A. 74-  
39 9802, and amendments thereto.

40 Sec. 11. K.S.A. 2018 Supp. 21-6507 is hereby amended to read as  
41 follows: 21-6507. (a) Sports bribery is:

42 (1) Conferring, or offering or agreeing to confer, any benefit upon a  
43 sports participant with intent to influence such participant not to give such

1 participant's best efforts in a sports contest;

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

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

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

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

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

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

18 (2) Subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor;  
19 *and*

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

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

26 ~~(e)~~(e) As used in this section and K.S.A. 2018 Supp. 21-6508, and  
27 amendments thereto:

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

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

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

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

42 Sec. 12. K.S.A. 74-8702 is hereby amended to read as follows: 74-  
43 8702. As used in the Kansas lottery act, unless the context otherwise

1 requires:

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

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

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

23 (d) "Executive director" means the executive director of the Kansas  
24 lottery.

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

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

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

1 (h) (1) "Instant bingo vending machine" means a machine or  
2 electronic device that is purchased or leased by a licensee, as defined by  
3 K.S.A. 2018 Supp. 75-5173, and amendments thereto, from a distributor  
4 who has been issued a distributor registration certificate pursuant to K.S.A.  
5 2018 Supp. 75-5184, and amendments thereto, or leased from the Kansas  
6 lottery in fulfillment of the Kansas lottery's obligations under an  
7 agreement between the Kansas lottery and a licensee entered into pursuant  
8 to K.S.A. 2018 Supp. 75-5189, and amendments thereto, and the sole  
9 purpose of which is to:

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

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

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

15 (A) Provide a visual or audio representation of a bingo card or an  
16 electronic gaming machine;

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

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

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

23 (E) dispense any winnings;

24 (F) dispense any prize;

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

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

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

30 All physical instant bingo tickets dispensed by an instant bingo vending  
31 machine shall be purchased by a licensee, as defined by K.S.A. 2018 Supp.  
32 75-5173, and amendments thereto, from a registered distributor.

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

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

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

42 (k) "Lottery" or "state lottery" means the lottery or lotteries  
43 operated pursuant to this act.

1       ~~(k)~~(l) "Lottery facility games" means any electronic gaming machines  
 2 and any other games which, as of January 1, 2007, are authorized to be  
 3 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-  
 4 9802, and amendments thereto, located within the boundaries of this state.

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

11       ~~(m)~~(n) "Lottery gaming facility" means that portion of a building  
 12 used for the purposes of operating, managing and maintaining lottery  
 13 facility games.

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

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

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

28       ~~(q)~~(r) "Lottery gaming facility revenues" means the total revenues  
 29 from lottery facility games at a lottery gaming facility after all related  
 30 prizes are paid.

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

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

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

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

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



1 amendments thereto;

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

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

6 (D) any machine excluded from the definition of gambling devices  
7 under K.S.A. 21-4302(d), prior to its repeal, or K.S.A. 2018 Supp. 21-  
8 6403, and amendments thereto;

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

11 (F) any lottery ticket vending machine; or

12 (G) any instant bingo vending machine.

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

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

19 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno  
20 ticket, a pull tab ticket or a coupon, the coupon of which must be  
21 redeemed through something other than a lottery ticket vending machine,  
22 after a purchaser inserts cash or other form of consideration into the  
23 machine;

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

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

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

29 (A) Provide a visual or audio representation of an electronic gaming  
30 machine;

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

33 (C) automatically determine or display the winning status of any  
34 dispensed ticket;

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

36 (E) dispense any winnings;

37 (F) dispense any prize;

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

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

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

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

3 Lottery ticket vending machines may only dispense the printed physical  
4 lottery ticket, keno ticket or pull tab ticket, including any free Kansas  
5 lottery ticket received as a result of the purchase of another Kansas lottery  
6 ticket, and change from a purchase to the purchaser. Any winnings from a  
7 lottery ticket vending machine shall be redeemed only for cash or check by  
8 a lottery retailer or by cash, check or other prize from the office of the  
9 Kansas lottery.

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

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

21 ~~(v)~~(w) "Net electronic gaming machine income" means all cash or  
22 other consideration utilized to play an electronic gaming machine operated  
23 at a racetrack gaming facility, less all cash or other consideration paid out  
24 to winning players as prizes.

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

30 ~~(w)~~(y) "Organization licensee" has the meaning provided by K.S.A.  
31 74-8802, and amendments thereto.

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

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

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

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

1       ~~(bb)~~(dd) "Progressive electronic game" means a game played on a  
2 electronic gaming machine for which the payoff increases uniformly as the  
3 game is played and for which the jackpot, determined by application of a  
4 formula to the income of independent, local or interlinked electronic  
5 gaming machines, may be won.

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

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

14       ~~(ee)~~(gg) "Racetrack gaming facility manager" means a parimutuel  
15 licensee specifically certified by the Kansas lottery to become a certified  
16 racetrack gaming facility manager and offer electronic gaming machines  
17 for play at the racetrack gaming facility.

18       ~~(ff)~~(hh) "Returned ticket" means any ticket which was transferred to a  
19 lottery retailer, which was not sold by the lottery retailer and which was  
20 returned to the Kansas lottery for refund by issuance of a credit or  
21 otherwise.

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

25       (jj) *"Sports governing body" means the organization that prescribes  
26 the final rules and enforces codes of conduct with respect to a sporting  
27 event and the participants in such event.*

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

37       (ll) *"Sports wagering operator" means the Kansas lottery, a lottery  
38 retailer, a lottery gaming facility or a racetrack gaming facility that offers  
39 sports wagering, or an interactive sports wagering platform that offers  
40 sports wagering on behalf of any such entity.*

41       (mm) *"Sports wagering revenue" means the total revenues from  
42 sports wagering conducted at the lottery gaming facility or racetrack  
43 gaming facility after all related prizes are paid.*

1       ~~(hh)~~(nn) "Ticket" means any tangible evidence issued by the Kansas  
 2 lottery to prove participation in a lottery game other than a lottery facility  
 3 game.

4       (oo) "*Tier one sports wager*" means a sports wager that is  
 5 determined solely by the final score or final outcome of the sports event  
 6 and is placed before the sports event has begun.

7       (pp) "*Tier two sports wager*" means a sports wager that is not a tier  
 8 one sports wager.

9       ~~(ii)~~(qq) "Token" means a representative of value, of metal or other  
 10 material, which is not legal tender, redeemable for cash only by the issuing  
 11 lottery gaming facility manager or racetrack gaming facility manager and  
 12 which is issued and sold by a lottery gaming facility manager or racetrack  
 13 gaming facility manager for the sole purpose of playing an electronic  
 14 gaming machine or lottery facility game.

15       ~~(jj)~~(rr) "Vendor" means any person who has entered into a major  
 16 procurement contract with the Kansas lottery.

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

23       (tt) "*Wager*" or "*bet*" shall have the same meaning as the term "*bet*"  
 24 is defined in K.S.A. 2018 Supp. 21-6403, and amendments thereto.

25       Sec. 13. K.S.A. 74-8710 is hereby amended to read as follows: 74-  
 26 8710. (a) The commission, upon the recommendation of the executive  
 27 director, shall adopt rules and regulations governing the establishment and  
 28 operation of a state lottery, sales of lottery tickets~~and~~, the operation of  
 29 lottery gaming facilities and racetrack gaming facilities *and the operation*  
 30 *of sports wagering* as necessary to carry out the purposes of the Kansas  
 31 lottery act~~and~~, the Kansas expanded lottery act *and the Kansas sports*  
 32 *wagering act*. Temporary rules and regulations may be adopted by the  
 33 commission without being subject to the provisions and requirements of  
 34 K.S.A. 77-415 through 77-438, and amendments thereto, but shall be  
 35 subject to approval by the attorney general as to legality and shall be filed  
 36 with the secretary of state and published in the Kansas register. Temporary  
 37 and permanent rules and regulations may include, but shall not be limited to  
 38 to:

39       (1) Subject to the provisions of subsection (c), the types of lottery  
 40 games to be conducted, including, but not limited to, instant lottery, on-  
 41 line, traditional games, lottery facility games and electronic gaming  
 42 machine games but not including games on video lottery machines or  
 43 lottery machines.

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (15) *Rules and regulations to implement, administer and enforce the*  
39 *provisions of the Kansas sports wagering act. Such rules and regulations*  
40 *shall include, but not be limited to: (A) Sports wagering conducted by the*  
41 *Kansas lottery, including contracts for sports wagering conducted by*  
42 *lottery retailers; (B) management contracts for sports wagering conducted*  
43 *by lottery gaming facility managers and racetrack gaming facility*

1 *managers; (C) provisions for the confidentiality of information submitted*  
2 *to interactive sports wagering platforms and sports wagering operators;*  
3 *and (D) provisions ensuring the integrity of sports wagering conducted in*  
4 *this state.*

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

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

14 *(d) The lottery may contract with multiple interactive sports*  
15 *wagering platforms without limitation.*

16 Sec. 14. K.S.A. 74-8711 is hereby amended to read as follows: 74-  
17 8711. (a) There is hereby established in the state treasury the lottery  
18 operating fund.

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

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

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

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

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

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

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

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

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

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

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

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

25 (e) (1) Subject to the limitations set forth in paragraph (2),  
26 commencing in fiscal year 2019, on or before the 10<sup>th</sup> day of each month,  
27 the director of the lottery shall certify to the director of accounts and  
28 reports all net profits from the sale of lottery tickets and shares via lottery  
29 ticket vending machines. Of such certified amount, the director of  
30 accounts and reports shall transfer 75% from the lottery operating fund to  
31 the community crisis stabilization centers fund of the Kansas department  
32 for aging and disability services and 25% from the lottery operating fund  
33 to the clubhouse model program fund of the Kansas department for aging  
34 and disability services.

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

38 Sec. 15. K.S.A. 74-8716 is hereby amended to read as follows: 74-  
39 8716. (a) It is unlawful for the executive director, a member of the  
40 commission or any employee of the Kansas lottery, or any person residing  
41 in the household thereof to:

42 (1) Have, either directly or indirectly, an interest in a business  
43 knowing that such business contracts with the Kansas lottery for a major

1 procurement, whether such interest is as a natural person, partner, member  
2 of an association, stockholder or director or officer of a corporation; or

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

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

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

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

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

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

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

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

41 (f) It shall be unlawful for the executive director, a member of the  
42 commission or an employee of the Kansas lottery to accept any  
43 compensation, gift, loan, entertainment, favor or service from any lottery



1 gaming facility manager, subcontractor or agent of a lottery gaming  
 2 facility manager, manufacturer or vendor of electronic gaming machines or  
 3 central computer system provider.

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

11 *(h) It shall be unlawful for the executive director, a member of the*  
 12 *commission or an employee of the Kansas lottery to accept any*  
 13 *compensation, gift, loan, entertainment, favor or service from any*  
 14 *interactive sports wagering platform, subcontractor or agent of a*  
 15 *platform.*

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

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

22 ~~(h)~~(k) In addition to the provisions of this section, all other provisions  
 23 of law relating to conflicts of interest of state employees shall apply to the  
 24 members of the commission and employees of the Kansas lottery.

25 Sec. 16. K.S.A. 74-8734 is hereby amended to read as follows: 74-  
 26 8734. (a) The Kansas lottery may operate one lottery gaming facility in  
 27 each gaming zone.

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

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

43 (d) The Kansas lottery commission may approve management

1 contracts with one or more prospective lottery gaming facility managers to  
2 manage, or construct and manage, on behalf of the state of Kansas and  
3 subject to the operational control of the Kansas lottery, a lottery gaming  
4 facility or lottery gaming enterprise at specified destination locations  
5 within the northeast, south central, southwest and southeast Kansas  
6 gaming zones where the commission determines the operation of such  
7 facility would promote tourism and economic development. The  
8 commission shall approve or disapprove a proposed management contract  
9 within 90 days after the deadline for receipt of proposals established  
10 pursuant to subsection (b).

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

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

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

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

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

43 (2) the commission determines that the proposed development

1 consists of an investment in infrastructure, including ancillary lottery  
2 gaming facility operations, of at least \$225,000,000 in the northeast and  
3 south central Kansas gaming zones and of at least \$50,000,000 in the  
4 southeast and southwest Kansas gaming zones. The commission, in  
5 determining whether the minimum investment required by this subsection  
6 is met, shall not include any amounts derived from or financed by state or  
7 local retailers' sales tax revenues.

8 (h) Any management contract approved by the commission under this  
9 section shall:

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

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

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

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

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

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

36 (7) incorporate terms and conditions for the ancillary lottery gaming  
37 facility operations;

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

42 (9) include financing commitments for construction;

43 (10) include a resolution of endorsement from the city governing

1 body, if the proposed facility is within the corporate limits of a city, or  
2 from the county commission, if the proposed facility is located in the  
3 unincorporated area of the county;

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

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

14 (13) include a provision for 2% of lottery gaming facility revenues to  
15 be paid to the problem gambling and addictions grant fund established by  
16 K.S.A. 2018 Supp. 79-4805, and amendments thereto;

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

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

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

1 such zone; or (B) if the lottery gaming facility is located in the southeast or  
2 south central Kansas gaming zone and is located within a city, provide for  
3 payment of an amount equal to 1% of the lottery gaming facility revenues  
4 to the city in which the lottery gaming facility is located, an amount equal  
5 to 1% of such revenues to the county in which such facility is located and  
6 an amount equal to 1% of such revenues to the other county in such zone;

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

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

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

39 (i) *Any management contract approved by the commission under this*  
40 *section may include provisions for conducting, operating and managing*  
41 *sports wagering by the lottery gaming facility manager in accordance with*  
42 *the Kansas sports wagering act. If a management contract includes such*  
43 *provisions, then such contract shall include a provision for the state to*

1 *receive not less than 6.75% of the sports wagering revenues, which shall*  
 2 *be paid to the expanded lottery act revenue fund established by K.S.A. 74-*  
 3 *8768, and amendments thereto.*

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

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

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

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

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

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

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

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

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

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

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

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

43 ~~(o)~~ (1) The Kansas lottery shall be the licensee and owner of all

1 software programs used at a lottery gaming facility for any lottery facility  
2 game.

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

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

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

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

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

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

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

43 (2) be current in filing all applicable tax returns and in payment of all

1 taxes, interest and penalties owed to the state of Kansas and any taxing  
2 subdivision where such prospective manager is located in the state of  
3 Kansas, excluding items under formal appeal pursuant to applicable  
4 statutes.

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

6 (1) The term of the contract;

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

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

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

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

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



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

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

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

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

13 (5) credentialing or certification requirements of any employee,  
14 contractor or agent 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 racetrack gaming  
20 facility operations in a legal and fair manner.

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

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

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

38 Sec. 18. K.S.A. 74-8751 is hereby amended to read as follows: 74-  
39 8751. The Kansas racing and gaming commission, through rules and  
40 regulations, shall establish:

41 (a) A certification requirement, and enforcement procedure; for  
42 officers, directors, key employees and persons directly or indirectly  
43 owning a 0.5% or more interest in a lottery gaming facility manager or

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

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

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

1 turpitude; and

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

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

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

1       Sec. 19. K.S.A. 74-8752 is hereby amended to read as follows: 74-  
2 8752. (a) The executive director of the Kansas lottery and the executive  
3 director of the Kansas racing and gaming commission, or their designees,  
4 may observe and inspect all electronic gaming machines, lottery facility  
5 games, *sports wagering operations*, lottery gaming facilities, racetrack  
6 gaming facilities and all related equipment and facilities operated by a  
7 lottery gaming facility manager or racetrack gaming facility manager.

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

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

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

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

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

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

1 Kansas racing and gaming commission.

2 (c) Appropriate security measures shall be required in any and all  
3 areas where electronic gaming machines and other lottery facility games  
4 authorized pursuant to the Kansas expanded lottery act *and sports*  
5 *wagering authorized pursuant to the Kansas sports wagering act* are  
6 located or operated. The executive director of the Kansas racing and  
7 gaming commission shall approve all such security measures.

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

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

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

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

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

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

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

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

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

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

42 Sec. 22. K.S.A. 74-8765 is hereby amended to read as follows: 74-  
43 8765. The Kansas lottery, lottery gaming facility managers, racetrack

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

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

18 Sec. 24. K.S.A. 74-8702, 74-8710, 74-8711, 74-8716, 74-8734, 74-  
19 8741, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 and  
20 K.S.A. 2018 Supp. 19-101a, 21-6403 and 21-6507 are hereby repealed.

21 Sec. 25. This act shall take effect and be in force from and after its  
22 publication in the statute book.