

HOUSE BILL No. 2173

By Committee on Federal and State Affairs

1-26

Proposed Ballroom Amendments  
House Bill No. 2173  
Senate Federal and State Affairs  
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Office of Revisor of Statutes

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;  
2 making and concerning appropriations for the fiscal year ending June  
3 30, 2018, for the Kansas lottery; relating to the state debtor setoff  
4 program; relating to horse and greyhound racing; amending K.S.A. 74-  
5 8836 and K.S.A. 2016 Supp. §§4-8734J 74-8741, 74-8744, 74-8746, 74-  
6 8747, 74-8766, 74-8814 and 75-6204 and repealing the existing  
7 sections.

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

9 ~~Section 1.~~

KANSAS LOTTERY

10  
11  
12 (a) There is appropriated for the above agency from the following  
13 special revenue fund or funds for the fiscal year ending June 30, 2018, all  
14 moneys now or hereafter lawfully credited to and available in such fund or  
15 funds, except that expenditures other than refunds authorized by law and  
16 transfers to other state agencies shall not exceed the following:

17 Privilege fee repayment fund.....No limit  
18 Escrow account repayment fund.....No limit  
19 Litigation cost reimbursement fund.....No limit

20 New Sec. 2. On or before December 1, the official breed registering  
21 agencies for both horse and greyhound breeds, as designated by the  
22 Kansas racing and gaming commission in K.S.A. 74-8830 and 74-8832,  
23 and amendments thereto, shall make recommendations to the Kansas  
24 racing and gaming commission for implementation of programs which will  
25 maximize the benefit to economic development in rural Kansas.]

26 New Sec. 3. (a) Prior to any lottery gaming facility manager,  
27 racetrack gaming facility manager or facility owner licensee paying any  
28 prize requiring the completion of an internal revenue service form W-2G,  
29 the manager or licensee shall cause the person winning the prize to be  
30 matched against the state debtor files maintained by the director of  
31 accounts and reports as prescribed under K.S.A. 75-6201 et seq., and  
32 amendments thereto. If such person is listed in the state debtor files, the  
33 prize shall be withheld by the lottery gaming facility manager, racetrack  
34 gaming facility manager or the facility owner licensee to the extent of such  
35 person's debt as set forth in the state debtor files.

36 (b) The lottery gaming facility manager, racetrack gaming facility

74-8743,

WHEREAS, In light of the historic support for the availability of horse and dog racing in the state, the long history and heritage of the greyhound and horse industry in the state and the support for the availability of electronic gaming machines at race facilities, this act is aimed at resurrecting these well-known and existing facilities; and

WHEREAS, Allowing horse and dog racetracks to be economically viable will improve the Kansas economy, promote tourism and protect the state's reputation in the greyhound and horse industry, which has existed in Kansas long before the advent of casinos and electronic gaming; and

WHEREAS, There are positive economic and agribusiness benefits derived from revitalizing our existing race tracks, which have been idle since the passage of 2007 Senate Bill No. 66 due to the inability to make a sustainable profit, including farms and breeding operations; and

WHEREAS, It has been 10 years since the vote to approve and place electronic gaming machines at Wichita Greyhound Park in Sedgwick County; and

WHEREAS, An economic study has estimated that passage of this act and the resulting capital investments in the racetracks will result in a significant number of new jobs and a significant increase in state and local tax revenue without the need for economic development incentives; and

WHEREAS, That economic study has also estimated that the passage of this act will channel millions of dollars annually to farmers and ranchers who have been struggling in the current farm and ranch economy, and will benefit greyhound and horse breeders and the support services employed by these breeders; and

WHEREAS, The existence of current lottery gaming facility management contracts is hereby acknowledged and it is the intent of the legislature to protect the state from financial exposure in the event lottery gaming facility managers request the repayment of privilege fees paid to the state; and

WHEREAS, The current tax structure for racetracks needs to be aligned with that of the casinos in order to allow the racetracks to open and operate as intended.

Now, therefore:

1 ~~From 120 days after the petition is deemed valid: "Shall the operation of~~  
2 ~~electronic gaming machines at the Wichita Greyhound Park by the Kansas~~  
3 ~~lottery be permitted in Sedgewick county?"~~

4 ~~(c) If a majority of the votes cast and counted at the election is in~~  
5 ~~favor of permitting the operation of such machines, the executive director~~  
6 ~~may enter into a contract with the partnership racetrack facility licensee or~~  
7 ~~the facility owner licensee at the Wichita greyhound park in Sedgewick~~  
8 ~~county to operate such machines at its existing location in the county. If a~~  
9 ~~majority of the votes cast and counted at an election under this section is~~  
10 ~~against permitting the operation of electronic gaming machines at the~~  
11 ~~Wichita greyhound park in Sedgewick county, the Kansas lottery shall not~~  
12 ~~operate such machines in the county, unless a subsequent election results~~  
13 ~~in a favorable vote. The county election officer shall transmit a copy of the~~  
14 ~~certification of the results of the election to the executive director and to~~  
15 ~~the Kansas racing and gaming commission.~~

16 ~~(d) This section shall be a part of and supplemental to the Kansas-~~  
17 ~~expanded lottery act.]~~

18 ~~New Sec. 5. (a) If the Kansas lottery enters into a racetrack gaming~~  
19 ~~facility management contract for the placement of electronic gaming~~  
20 ~~machines at a partnership licensee location in any Kansas gaming zone,~~  
21 ~~the executive director shall give notice thereof to the lottery gaming~~  
22 ~~facility manager in each of the Kansas gaming zones. Such notice shall~~  
23 ~~advise that each lottery gaming facility manager shall have 60 days from~~  
24 ~~the effective date of the racetrack gaming facility management contract to~~  
25 ~~file or become a party to an action seeking to obtain a judgment that such~~  
26 ~~racetrack gaming facility management contract violates the provisions of~~  
27 ~~K.S.A. 2016 Supp. 74-8734(b)(19) or 74-8741(c)(4), and amendments~~  
28 ~~thereto, or that such racetrack gaming facility management contract creates~~  
29 ~~a material breach of the lottery gaming facility manager's gaming facility~~  
30 ~~management contract, thereby entitling the lottery gaming facility manager~~  
31 ~~to recover the privilege fee filed by the lottery gaming facility manager,~~  
32 ~~plus an amount equal to the accrued interest thereon at a rate of 10%~~  
33 ~~compounded annually from the date when the privilege fee was paid to the~~  
34 ~~effective date of such racetrack gaming facility management contract. Any~~  
35 ~~such action shall be commenced in the district court of Shawnee county.]~~

36 ~~(b) (1) If a timely action is commenced as provided in subsection (a),~~  
37 ~~within 60 days following the end of the 60-day period prescribed in~~  
38 ~~subsection (a), the racetrack gaming facility manager that is a party to such~~  
39 ~~racetrack gaming facility management contract shall place into escrow~~  
40 ~~cash or a surety bond in a total amount equal to the privilege fees paid by~~  
41 ~~the lottery gaming facility managers that are parties to the action, plus an~~  
42 ~~amount equal to the accrued interest on each of the privilege fees at the~~  
43 ~~rate of 10% compounded annually from the date the privilege fee was filed~~

(a) The attorney general may file an action in quo warranto in the supreme court within 90 days from the effective date of this act on the question of the authority of a public official to act in accordance with the provisions of K.S.A. 2016 Supp. 74-8743, and amendments thereto. Such action may not be filed by any party except the attorney general, and shall only be filed in the supreme court.

(b) No action for specific performance, anticipatory breach or breach of contract, the basis of which is that a racetrack gaming facility management contract violates the provisions of K.S.A. 2016 Supp. 74-8734(b)(19) or 74-8741(c)(4), and amendments thereto, or that such racetrack gaming facility management contract creates a material breach of the lottery gaming facility manager's gaming facility management contract, shall be deemed to have accrued until such date as the Kansas lottery enters into a racetrack gaming facility management contract for the placement of electronic gaming machines at a partnership licensee location in any Kansas gaming zone, or such date a final order is issued in any action brought by the attorney general pursuant to subsection (a), whichever occurs later. Any such action shall be commenced in the district court of Shawnee county within 60 days from the date the cause of action accrued.

(c) No claim for equitable relief, including injunctive relief may be brought in any action filed pursuant to this subsection except by the attorney general in an action brought under subsection (a). \*

(d) If an action is commenced in accordance with subsection (b), within 60 days following the filing of such action,

those

1 ~~State treasurer. Upon receipt of such remittance, the state treasurer shall~~  
 2 ~~deposit such amount in the state treasury to the credit of the litigation cost~~  
 3 ~~reimbursement fund. The remaining balance of any cash or the proceeds of~~  
 4 ~~any surety bond shall be deposited by the executive director in the~~  
 5 ~~expanded lottery act revenue fund. If there is more than one cash deposit~~  
 6 ~~or surety bond placed in escrow pursuant to subsection (b)(3),~~  
 7 ~~reimbursement of the racetrack gaming facility manager, as provided~~  
 8 ~~above, shall be made on a pro-rata basis.]~~

9 (2) ~~If a timely action is commenced as provided in subsection (a), and]~~  
 10 a court of competent jurisdiction determines in a final, non-appealable  
 11 order, that the racetrack gaming management contract violates the  
 12 provisions of K.S.A. 2016 Supp. 74-8734(b)(19) or 74-8741(c)(4), and  
 13 amendments thereto, or creates a material breach of any lottery gaming  
 14 facility management contract entered into with the Kansas lottery by any  
 15 of the lottery gaming facility managers that are a party to such action, the  
 16 executive director shall ~~release and discharge back to each lottery gaming~~  
 17 ~~facility manager the cash or surety bond held in escrow pursuant to~~  
 18 ~~subsection (b)(3). The executive director also shall direct the escrow agent~~  
 19 ~~holding in escrow cash or a surety bond pursuant to subsection (b)(1)] to~~  
 20 pay such cash to the executive director, and the executive director also  
 21 shall make demand on the surety for any surety bond held in escrow  
 22 pursuant to subsection (b)(1)]. The total amount of cash and proceeds of (d)  
 23 any surety bond shall enable the repayment of any privilege fees and  
 24 accrued interest thereon to any lottery gaming facility manager in whose  
 25 favor final judgment has been rendered in such action. The executive  
 26 director shall remit all such cash and the proceeds of any surety bond to  
 27 the state treasurer. Upon receipt of such remittance, the state treasurer shall  
 28 deposit the entire amount in the state treasury to the credit of the privilege  
 29 fee repayment fund. (f)

30 ~~(f)] In the event any proceeds from the surety bond held in escrow~~  
 31 ~~under subsection (b)(1)] are remitted to the state treasurer for repayment to~~  
 32 ~~a lottery gaming facility manager pursuant to subsection (e)(2)] the Kansas~~  
 33 ~~lottery shall thereafter reimburse an equal amount to the racetrack gaming~~  
 34 ~~facility manager. Such reimbursement payments shall be paid monthly~~  
 35 ~~from the escrow account repayment fund. The amount of each monthly~~  
 36 ~~reimbursement payment shall be a percentage of the funds in the expanded~~  
 37 ~~lottery act revenue fund that were received by the Kansas lottery pursuant~~  
 38 ~~to K.S.A. 2016 Supp. 74-8747(a)(1), and amendments thereto, as~~  
 39 ~~hereinafter provided. Such percentage shall be agreed to by the executive~~  
 40 ~~director and the racetrack gaming facility manager in each racetrack~~  
 41 ~~gaming facility management contract, except that such percentage shall~~  
 42 ~~not be less than 50% of the funds in the expanded lottery act revenue fund~~  
 43 ~~that were received by the Kansas lottery pursuant to K.S.A. 2016 Supp.~~

(d)  
 (d)  
 (e)(2)

~~1 vouchers approved by the executive director]~~  
2 ~~[g]~~ For purposes of this section, the Kansas expanded lottery act and  
3 the Kansas parimutuel racing act, a racetrack gaming facility manager, as  
4 defined in K.S.A. 2016 Supp. 74-8702, and amendments thereto, may also  
5 be a facility owner licensee, as defined in K.S.A. 74-8802, and  
6 amendments thereto.

~~7 [g]~~ The provisions of this section shall be a part of and supplemental  
8 to the Kansas expanded lottery act.

9 New Sec. 6. There is hereby established in the state treasury the  
10 Kansas horse council fund, which shall be administered by the Kansas  
11 racing and gaming commission ~~and which shall be funded by 0.1% of net~~  
12 ~~electronic gaming machine income in the south-central Kansas gaming~~  
13 ~~zone as provided in K.S.A. 2016 Supp. 74-8747, and amendments thereto]~~  
14 All expenditures from this fund shall be made in accordance with  
15 appropriation acts upon warrants of the director of accounts and reports  
16 issued pursuant to vouchers approved by the executive director of the  
17 Kansas racing and gaming commission. The moneys credited to this fund  
18 shall be used for the development, promotion and representation of the  
19 equine industry in Kansas and shall be distributed to the Kansas horse  
20 council by contract with the Kansas racing and gaming commission for  
21 these purposes.

22 ~~Sec. 7. K.S.A. 2016 Supp. 74-8734 is hereby amended to read as~~  
23 ~~follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming~~  
24 ~~facility in each gaming zone.~~

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

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

40 (d) ~~The Kansas lottery commission may approve management~~  
41 ~~contracts with one or more prospective lottery gaming facility managers to~~  
42 ~~manage or construct and manage, on behalf of the state of Kansas and~~  
43 ~~subject to the operational control of the Kansas lottery, a lottery gaming]~~

(h)

(i)

New Sec. 3. On or before December 1, 2017,  
and each December 1 thereafter, the official breed  
registering agencies for both horse and greyhound  
breeds, as designated by the Kansas racing and  
gaming commission in K.S.A. 74-8830 and  
74-8832, and amendments thereto, shall make  
recommendations to the Kansas racing and  
gaming commission for implementation of  
programs that will maximize the benefit to  
economic development in rural Kansas.

~~1 Southeast and southwest Kansas gaming zones. The commission, in  
2 determining whether the minimum investment required by this subsection  
3 is met, shall not include any amounts derived from or financed by state or  
4 local retailers' sales tax revenues.~~

~~5 (h) Any management contract approved by the commission under this  
6 section shall~~

~~7 (1) Have a maximum initial term of 15 years from the date of opening  
8 of the lottery gaming facility. At the end of the initial term, the contract  
9 may be renewed by mutual consent of the state and the lottery gaming  
10 facility manager;~~

~~11 (2) Specify the total amount to be paid to the lottery gaming facility  
12 manager pursuant to the contract;~~

~~13 (3) Establish a mechanism to facilitate payment of lottery gaming  
14 facility expenses, payment of the lottery gaming facility manager's share of  
15 the lottery gaming facility revenues and distribution of the state's share of  
16 the lottery gaming facility revenues;~~

~~17 (4) Include a provision for the lottery gaming facility manager to pay  
18 the costs of oversight and regulation of the lottery gaming facility manager  
19 and the operations of the lottery gaming facility by the Kansas racing and  
20 gaming commission;~~

~~21 (5) Establish the types of lottery facility games to be installed in such  
22 facility;~~

~~23 (6) Provide for the prospective lottery gaming facility manager, upon  
24 approval of the proposed lottery gaming facility management contract, to  
25 pay to the state treasurer a privilege fee of \$25,000,000 for the privilege of  
26 being selected as a lottery gaming facility manager of a lottery gaming  
27 facility in the northeast or south central Kansas gaming zone and  
28 \$5,500,000 for the privilege of being selected as a lottery gaming facility  
29 manager of a lottery gaming facility in the southeast or southwest Kansas  
30 gaming zone. Such fee shall be deposited in the state treasury and credited  
31 to the lottery gaming facility manager fund, which is hereby created in the  
32 state treasury;~~

~~33 (7) Incorporate terms and conditions for the ancillary lottery gaming  
34 facility operations;~~

~~35 (8) Designate as key employees, subject to approval of the executive  
36 director, any employees or contractors providing services or functions  
37 which are related to lottery facility games authorized by a management  
38 contract;~~

~~39 (9) Include financing commitments for construction;~~

~~40 (10) Include a resolution of endorsement from the city governing  
41 body, if the proposed facility is within the corporate limits of a city or  
42 from the county commission, if the proposed facility is located in the  
43 unincorporated area of the county.]~~

1 for the city in which the lottery gaming facility is located, an amount equal  
2 to 1% of such revenues to the county in which such facility is located and  
3 an amount equal to 1% of such revenues to the other county in such zone;

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

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

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

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

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

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

1 ~~planning and zoning requirements of the city or county in which it is to be~~  
2 ~~located.~~

3 ~~(p) Prior to expiration of the term of a lottery gaming facility~~  
4 ~~management contract, the lottery commission may negotiate a new lottery~~  
5 ~~gaming facility management contract with the lottery gaming facility~~  
6 ~~manager if the new contract is substantially the same as the existing~~  
7 ~~contract. Otherwise, the lottery gaming facility review board shall be~~  
8 ~~reconstituted and a new lottery gaming facility management contract shall~~  
9 ~~be negotiated and approved in the manner provided by this act.~~

10 ~~(q) For purposes of this section, the term "similar gaming facilities"~~  
11 ~~does not include any racetrack gaming facility as that term is defined in~~  
12 ~~K.S.A. 74-8702, and amendments thereto, that was authorized on the~~  
13 ~~effective date of this act.~~

14 Sec. 8. K.S.A. 2016 Supp. 74-8741 is hereby amended to read as  
15 follows: 74-8741. (a) The executive director of the Kansas lottery shall  
16 negotiate a racetrack gaming facility management contract to place  
17 electronic gaming machines at one parimutuel licensee location in each  
18 gaming zone except the southwest Kansas gaming zone.

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

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

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

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

31 (1) The term of the contract;

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

40 (3) provisions for the racetrack gaming facility manager to pay the  
41 costs of oversight and regulation of the racetrack gaming facility manager  
42 under this act and such manager's racetrack gaming facility operations by  
43 the *Kansas lottery and the Kansas racing and gaming commission*; and

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

5 ~~(c) For purposes of this section, the term "similar gaming facilities"~~  
6 ~~does not include any racetrack gaming facility, as that term is defined in~~  
7 ~~K.S.A. 74-8702, and amendments thereto, that was authorized on the~~  
8 ~~effective date of this act.~~

9 Sec. 9. K.S.A. 2016 Supp. 74-8744 is hereby amended to read as  
10 follows: 74-8744. (a) In accordance with rules and regulations adopted by  
11 the commission, the executive director shall have general responsibility for  
12 the implementation and administration of the provisions of this act relating  
13 to racetrack gaming facility operations, including the responsibility to:

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

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

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

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

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

27 (D) rules and regulations and procedures for the accounting and  
28 reporting of the payments required from racetrack gaming facility  
29 managers under K.S.A. 2016 Supp. 74-8766, and amendments thereto,  
30 including the calculations required for such payments.

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

36 (1) At least 600 electronic gaming machines shall be allocated to  
37 and placed at each racetrack gaming facility.

38 (2) The total number of electronic gaming machines allocated to and  
39 placed at all racetrack gaming facilities in the state shall not exceed 2,800.  
40 ~~Until lottery gaming facility management contracts for lottery gaming~~  
41 ~~facilities in all gaming zones become binding, the total number of~~  
42 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~  
43 ~~not exceed 2,200. When lottery gaming facility management contracts for~~

Sec. 6. K.S.A. 2016 Supp. 74-8743 is hereby amended to read as follows: 74-8743.

(a) The board of county commissioners of each county where there is a parimutuel  
licensee location by resolution shall may submit to the qualified voters of the county a  
proposition to permit the placement of electronic gaming machines in the county as  
provided in this section, or upon presentation of a valid petition signed by not fewer than  
5,000 qualified voters of the county, shall submit such proposition to the qualified voters  
of the county. The proposition shall be submitted to the voters at a special election called  
by the board of county commissioners for that purpose and held not more than 180 days  
after the effective date of this act.

(b) Upon the adoption of a resolution calling for an election pursuant to this section,  
or the submission of a petition, which the county election officer has determined has been  
signed by a sufficient number of qualified voters of the county, the county election officer  
shall cause the following proposition to be placed on the ballot at the election called for  
that purpose: "Shall the operation of electronic gaming machines by the Kansas Lottery  
be authorized to place electronic gaming machines at Wichita Greyhound Park in  
Sedgwick county?" The proposition shall be submitted to the voters at a  
special election called by the board of county commissioners for that purpose and held no  
later than 120 days after the petition is deemed valid.

(c) If a majority of the votes cast and counted at such election is in favor of approving  
the placement of electronic gaming machines in the county, the Kansas lottery may place  
and operate electronic gaming machines at a parimutuel licensee location in the county,  
subject to the provisions of this act. If a majority of the votes cast and counted at an  
election under this section is against permitting placement of electronic gaming machines  
in the county, the Kansas lottery shall not place or operate electronic gaming machines at  
a parimutuel licensee location in the county. The county election officer shall transmit a  
copy of the certification of the results of the election to the executive director.

(d) The election provided for by this section shall be conducted, and the votes counted  
and canvassed, in the manner provided by law for question submitted elections of the  
county.

(e) The lottery commission may waive the requirement that an election be held  
pursuant to this section if the lottery commission determines that after December 31,  
2004, and before the effective date of this act, the county has held an election of qualified  
voters pursuant to the county's home rule authority: (1) At which the ballot question was  
in substantial compliance with the requirements of this section; (2) which was  
administered by the county election officer in a manner consistent with the requirements  
of state election law; and (3) at which a majority of the votes cast and counted was in  
favor of the proposition.

(f) The question of the placement of electronic gaming machines in a county may be  
submitted at the same election as the question of operation of a lottery gaming facility in  
the county under K.S.A. 2016 Supp. 74-8737, and amendments thereto.



~~1 least the same number of weeks raced during calendar year 2003, with at~~  
~~2 least 13 live races conducted each day for not less than five days per week.~~

3 (3) No electronic gaming machines shall be operated at a parimutuel  
4 licensee location in Crawford county unless, during the first full calendar  
5 year and each year thereafter in which electronic gaming machines are  
6 operated at such location, the parimutuel licensee conducts at such location  
7 at least 85 live greyhound races each calendar week for ~~the number of~~  
8 ~~weeks raced during calendar year 2003 in Sedgewick county at least 25~~  
9 ~~weeks with at least 12 live races conducted each day for not less than five~~  
10 ~~days per week.~~

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

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

33 Sec. 11. K.S.A. 2016 Supp. 74-8747 is hereby amended to read as  
34 follows: 74-8747. (a) *A racetrack gaming facility management contract*  
35 *shall include provisions for net electronic gaming machine income from a*  
36 *racetrack gaming facility shall to be distributed as follows:*

37 (1) ~~For the racetrack gaming facility manager, An amount equal to~~  
38 ~~25% 22% of net electronic gaming machine income shall be credited to~~  
39 ~~the expanded lottery act revenues fund.~~

40 (2) ~~7% an amount equal to 10% of net electronic gaming machine~~  
41 ~~income derived from electronic gaming machines located at racetrack~~  
42 ~~gaming facilities licensed to conduct live horse races during the first and~~  
43 ~~second years of operation, and 14% of net electronic gaming machine~~

1 ~~revenues~~ 1% of net electronic gaming machine income shall be paid to the  
 2 city in which the racetrack gaming facility is located; and an amount equal  
 3 to 1% of ~~such revenues~~ net electronic gaming machine income shall be  
 4 paid to the county in which such facility is located and an amount equal to  
 5 1% of such revenues to the other county in such zone;

6 (6) (A) if the racetrack gaming facility is located in the southeast  
 7 Kansas gaming zone and is not located within a city, 2% of net  
 8 electronic gaming machine income shall be paid to the county in which  
 9 the racetrack gaming facility is located and 1% of net electronic  
 10 gaming machine income shall be paid to the other county in such zone;  
 11 or

12 (B) if the racetrack gaming facility is located in the southeast  
 13 Kansas gaming zone and is located within a city, 1% of the net  
 14 electronic gaming machine income shall be paid to the city in which  
 15 the racetrack gaming facility is located, 1% of net electronic gaming  
 16 machine income shall be paid to the county in which the racetrack  
 17 gaming facility is located and 1% of net electronic gaming machine  
 18 income shall be paid to the other county in such zone;

19 (6) (7) 2% an amount equal to 0.5% of net electronic gaming  
 20 machine income shall be credited to the problem gambling and additions  
 21 grant fund established by K.S.A. 2016 Supp. 79-4805, and amendments  
 22 thereto;

23 (7) (8) (A) an amount equal to 1% of net electronic gaming machine  
 24 income derived from electronic gaming machines located at a racetrack  
 25 gaming facility located in the northeast Kansas gaming zone shall be  
 26 credited to the Kansas horse fair racing benefit fund established by K.S.A.  
 27 74-8838, and amendments thereto; and

28 (B) an amount equal to 0.4% of net electronic gaming machine  
 29 income derived from electronic gaming machines located at racetrack  
 30 gaming facilities located in the southeast Kansas gaming zone or south  
 31 central Kansas gaming zone shall be credited to the Kansas horse fair  
 32 racing benefit fund established by K.S.A. 74-8838, and amendments  
 33 thereto;

34 (8) (9) 40% of net electronic gaming machine income shall be  
 35 credited to the expanded lottery net revenues fund an amount equal to  
 36 0.1% of net electronic gaming machine income derived from electronic  
 37 gaming machines located at a racetrack gaming facility located in the  
 38 south central Kansas gaming zone shall be credited to the Kansas horse  
 39 council fund established by section 6, and amendments thereto; and

40 (9) (10) 15% of electronic gaming machine income shall be used for  
 41 gaming expenses; subject to agreement between the Kansas lottery and the  
 42 remaining balance of net electronic gaming machine income shall be paid  
 43 to the racetrack gaming facility manager.

an amount equal to

1 follows: 74-8814. (a) Subject to the provisions of subsection (b), the  
2 commission shall establish by rules and regulations an application fee not  
3 exceeding \$500 \$50 for any of the following ~~which organizations that~~  
4 ~~applies for an organization license and the a license fee for any of the~~  
5 ~~following granted an organization license shall be \$100 of \$25 for each~~  
6 ~~day of racing approved by the commission for any of the following~~  
7 ~~organizations that are granted an organization license:~~

8 ~~(1)—Any fair association other than the Greenwood county and~~  
9 ~~Anthony fair associations; any horsemen's nonprofit organization, or the~~  
10 ~~national greyhound association of Abilene, Kansas, if: (A) (1) Such~~  
11 ~~association conducts not more than two race meetings each year; (B) (2)~~  
12 ~~such race meets are held within the boundaries of the county where the~~  
13 ~~applicant is located; and (C) (3) such race meetings are held for a total of~~  
14 ~~not more than 40 days per year; or~~

15 ~~(2)—the Greenwood county fair association or a horsemen's nonprofit~~  
16 ~~organization, with respect to race meetings conducted by such association~~  
17 ~~or organization at Dureka Downs, or the Anthony fair association or a~~  
18 ~~horsemen's nonprofit organization, with respect to race meetings~~  
19 ~~conducted by such association or organization at Anthony Downs, for~~  
20 ~~which the number of race meetings and days, and the dates thereof, shall~~  
21 ~~be specified by the commission.~~

22 (b) The commission shall adopt rules and regulations providing for  
23 expedited, simplified and less costly procedures and requirements for fair  
24 associations and horsemen's nonprofit organizations applying for or  
25 holding a license to conduct race meetings.

26 (c) The Kansas racing and gaming commission shall investigate  
27 *perform a criminal history records check and credit history check of:*

28 (1) The president, vice-president, secretary and treasurer of a fair  
29 association, and such other members as the commission considers  
30 necessary, to determine eligibility for an organization license; and

31 (2) each officer and each director of a nonprofit horsemen's  
32 organization, and such other members or shareholders as the commission  
33 considers necessary to determine eligibility for an organization license.

34 (d) Except as otherwise provided by this section, all applicants for  
35 organization licenses for the conduct of race meetings pursuant to the  
36 provisions of this section shall be required to comply with all the  
37 provisions of K.S.A. 74-8813, and amendments thereto.

38 Sec. 14. K.S.A. 74-8836 is hereby amended to read as follows: 74-  
39 8836. (a) Any organization licensee that conducts at least 150 60 days of  
40 live racing during a calendar year, *or is in compliance with the provisions*  
41 *of K.S.A. 2016 Supp. 74-8746, and amendments thereto,* or a fair  
42 association that conducts fewer than 22 40 days of live racing during a  
43 calendar year may apply to the commission for a simulcasting license to

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

6       ~~(5)~~ (4) Notwithstanding the provisions of subsection (b)(1), the  
7 commission may authorize the licensee to display simulcast special racing  
8 events as designated by the commission.

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

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

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

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

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

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

43       (f) A simulcasting licensee may apply to the commission or its

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

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

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

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

39 (i) The commission may approve a request by two or more  
40 simulcasting licensees to combine wagering pools within the state of  
41 Kansas pursuant to rules and regulations adopted by the commission.

42 (j) (1) The commission may authorize any simulcasting licensee to  
43 participate in an interstate combined wagering pool with one or more other

1 owed, the director may setoff such amount and a reasonable collection  
 2 assistance fee determined in accordance with K.S.A. 75-6210, and  
 3 amendments thereto, against any money held for, or any money owed to,  
 4 such debtor by the state—~~er~~, any state agency, *lottery gaming facility*  
 5 *manager, racetrack gaming facility manager or facility owner licensee*.

6 (b) The director may enter into an agreement with a municipality for  
 7 participation in the setoff program for the purpose of assisting in the  
 8 collection of a debt as defined by K.S.A. 75-6202, and amendments  
 9 thereto. The director shall include in any such agreement a provision  
 10 requiring the municipality to certify that the municipality has made at least  
 11 three attempts to collect a debt prior to submitting such debt to setoff  
 12 pursuant to this act.

13 (c) (1) Except as provided in subsection (c)(2), the director shall add  
 14 the cost of collection and the debt for a total amount subject to setoff  
 15 against a debtor.

16 (2) Any debts due and owing to an individual, the state of Kansas or  
 17 an agency of another state that are being enforced by the Kansas  
 18 department for children and families under part D of title IV of the federal  
 19 social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the  
 20 cost of collection added to the debt owed and subject to setoff. Such cost  
 21 of collection shall be paid by the Kansas department for children and  
 22 families.

23 Sec. 16. ~~K.S.A. 74-8836 and 75-6204~~ and K.S.A. 2016 Supp. 74-  
 24 ~~8734~~ 74-8741, 74-8744, 74-8746, 74-8747, 74-8766 ~~and 74-8814~~ are  
 25 ~~hereby repealed.~~

26 Sec. 17. This act shall take effect and be in force from and after its  
 27 publication in the statute book.

74-8743,  
 and 75-6204

And by renumbering sections accordingly