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**MEMORANDUM**

To: Chairman Barker  
Members of the House Committee on Federal and State Affairs

From: Jason B. Long, Senior Assistant Revisor

Date: February 15, 2018

Subject: HB 2517 – Lottery ticket and instant bingo gaming.

House Bill No. 2517 (HB 2517) makes several amendments regarding gaming in Kansas. First, HB 2517 authorizes the operation of lottery ticket vending machines by the Kansas Lottery. HB 2517 redefines the term "lottery machine" to exclude lottery ticket vending machines. Currently, such machines, which dispense keno, pull-tab, and instant bingo tickets, are considered lottery machines. The amendment also creates a new definition for "lottery ticket vending machine." HB 2517 distinguishes between those devices that may dispense prizes, lottery machines, and those that may only dispense physical tickets and change from the purchase of such tickets, lottery ticket vending machines. Under the bill, the lottery ticket vending machine cannot dispense any prize or winnings other than a free lottery ticket that is the winning result of a previously purchased lottery ticket. All other prizes must be redeemed through a lottery retailer or the Kansas Lottery office.

For the first five years lottery ticket vending machines are in operation the net profits from sales via such machines are to be distributed as follows: (1) 75% of such profits to the community crisis stabilization centers fund; and (2) 25% of such profits to the clubhouse model program fund. However, the transfers to the funds cannot exceed \$4,000,000 in fiscal year 2019, and \$8,000,000 in fiscal years 2020, 2021, 2022, and 2023. Both funds are administered by the Department for Aging and Disability Services.

HB 2517 also amends K.S.A. 74-8719 such that any lottery ticket purchased by a person under 18 is deemed null and void and cannot be redeemed for a prize.

Second, HB 2517 adds the definition of "instant bingo vending machine" to the Kansas Lottery Act. Instant bingo machines are defined as machines owned or leased by the Kansas

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Lottery in fulfillment of its obligations under an agreement with a nonprofit organization licensed under the Kansas Charitable Gaming Act. Section 8 of the bill authorizes such agreements and provides that no more than two instant bingo machines are to be placed on the premises of any such licensee. All sales through such machines are considered sales by the licensee and all receipts are to be remitted to the licensee. HB 2517 also adds the definition of "instant bingo vending machine" to the Kansas Charitable Gaming Act.

Third, HB 2517 expands the state debt setoff program so that any lottery gaming facility manager, racetrack gaming facility manager, or parimutuel facility licensee is required to check the state debtor files prior to paying any prize that requires completion of an IRS Form W-2G. If the person claiming the prize is listed on the state debtor files, then the facility manager or licensee must withhold the prize money and remit such moneys to the state treasurer. The director of accounts and reports is authorized to enter into agreements with each facility manager or licensee participating in the state debt setoff program. The agreement shall include provisions indemnifying the facility manager or licensee from claims arising from collection of the debt.

Finally, HB 2517 amends K.S.A. 74-8723 to extend the sunset of the Kansas Lottery to 2037.

If enacted the provisions of HB 2517 would be effective on publication in the Kansas Register.