

STATE OF KANSAS

SENATE CHAMBER

MADAM PRESIDENT:

I move to amend **SB 427**, as amended by Senate Committee, on page 7, in line 27, after "(h)" by inserting ""Interactive sports wagering platform" or "platform" means a person or entity that offers sports wagering on behalf of the Kansas lottery, a lottery gaming facility manager or a racetrack gaming facility manager through the internet, including, but not limited to, websites and mobile device applications.

(i)";

On page 8, in line 18, by striking "(q)" and inserting "(r)"; in line 39, by striking "subsection (d) of"; also in line 39, after "21-4302" by inserting "(d)";

On page 9, in line 1, after "public" by inserting ", or to conduct sports wagering on behalf of the Kansas lottery"; in line 2, by striking "(s)" and inserting "(t)"; in line 17, before "Organization" by inserting ""Official league data" means statistics, results, outcomes and other data relating to a sporting event that has been obtained from the relevant sports governing body, or an entity expressly authorized by the sports governing body to provide such information to sports wagering operators.

(w)";

On page 10, in line 19, before "Ticket" by inserting ""Sports governing body" means the organization that prescribes the final rules and enforces codes of conduct with respect to a sporting event and the participants in such event.

(jj) "Sports wagering" means wagering on sporting events or any portion thereof, or on the individual performance statistics of athletes participating in a sporting event, or combination of sporting events, by any system or method of wagering, including, but not limited to, in-person

communication and electronic communication through internet websites and mobile device applications. The term "sports wagering" includes, but is not limited to, single-game bets, teaser bets, parlays, over-under bets, moneyline, pools, exchange wagerings, in-game wagering, in-play bets, proposition bets and straight bets.

(kk) "Sports wagering operator" means the Kansas lottery, a lottery retailer, a lottery gaming facility or a racetrack gaming facility that offers sports wagering, or an interactive sports wagering platform that offers sports wagering on behalf of such entity.

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

(mm) "Ticket" means any tangible evidence issued by the Kansas lottery to prove participation in a lottery game other than a lottery facility game or sports wager.

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

(oo) "Tier two sports wager" means a sports wager that is not a tier one sports wager.

(pp)";

Also on page 10, following line 35, by inserting:

"(tt) "Wager" or "bet" shall have the same meaning as the term "bet" is defined in K.S.A. 2017 Supp. 21-6403, and amendments thereto.";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

Also on page 10, in line 40, after the first period by inserting "The racetrack management contract may also provide for the racetrack gaming facility manager to conduct, operate and manage sports wagering as provided in subsection (d).";

On page 11, in line 17, after "income" by inserting "and sports wagering revenues";

Also on page 11, in line 40, after "(d)" by inserting "Any management contract approved by the

commission under K.S.A. 2017 Supp. 74-8742, and amendments thereto, may include provisions for conducting, operating and managing sports wagering by the racetrack gaming facility manager in accordance with the Kansas sports wagering act. If a management contract includes such provisions, then such contract shall include a provision for the state to receive not less than 6.75% of the sports wagering revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A. 2017 Supp. 74-8768, and amendments thereto.

(e)";

On page 12, following line 26, by inserting:

"(h) If a racetrack gaming facility manager agrees to offer sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in offering sports wagering, and the racetrack gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for offering sports wagering. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with this act and the Kansas sports wagering act.";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 26, following line 6, by inserting:

"New Sec. 15. (a) Sports wagering shall only be conducted in this state in accordance with the provisions of the Kansas sports wagering act, the Kansas lottery act, and the Kansas expanded lottery act.

(b) The Kansas lottery may offer sports wagering:

- (1) In-person at a facility operated by the Kansas lottery;
- (2) through lottery retailers who have contracted with the Kansas lottery to conduct sports wagering on behalf of the Kansas lottery;
- (3) over the internet, including, but not limited to, through websites and mobile device

applications; or

(4) through an interactive sports wagering platform.

(c) The executive director may enter into contracts with one or more lottery gaming facility managers or racetrack gaming facility managers for conducting, operating and managing sports wagering on behalf of the Kansas lottery in-person at the lottery gaming facility or racetrack gaming facility operated by such manager, or through the interactive sports wagering platform that has contracted with the Kansas lottery to offer sports wagering. Any contract entered into pursuant to this section shall be made in accordance with the provisions of K.S.A. 2017 Supp. 74-8734, 74-8736, 74-8741 and 74-8742 and amendments thereto.

(d) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 16. (a) No person shall be permitted to place a sports wager in Kansas except as provided under this act.

(b) No person under age 21 shall be permitted to place a wager. A sports wagering operator shall verify that any person placing a wager is of the legal minimum age for placing such wagers, including all wagers placed through an interactive sports wagering platform.

(c) Sports wagering operators shall allow a person to restrict such person from placing wagers with the operator, including, wagering limits, and shall take reasonable measures to prevent any such person from placing such wagers. Upon the request of any such person, the operator shall submit the restricted person's name and other pertinent information to the Kansas lottery. The Kansas lottery may enter into a self-exclusion agreement with such person, and disseminate such person's information to all other sports wagering operators.

(d) The Kansas lottery shall adopt rules and regulations regarding the advertisement for sports

wagering. Such rules and regulations shall be adopted on or before January 1, 2019, and shall include, but not be limited to:

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

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

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

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

(e) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 17. (a) Sports wagering operators shall use reasonable methods to:

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

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

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

(4) prohibit any person with access to nonpublic confidential information held by the operator

from placing wagers with the operator;

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

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

(b) A sports governing body may notify the Kansas lottery that it desires to restrict, limit, or exclude wagering on its sporting events by providing notice in the form and manner as the Kansas lottery may require, including, without limitation, restrictions on the sources of data and associated video upon which an operator may rely in offering and paying wagers and the bet types that may be offered. Upon receiving such notice, the Kansas lottery shall review the request in good faith, and promulgate rules and regulations to restrict such sports wagering. The Kansas lottery shall only deny a request if it deems such request arbitrary and capricious. If the Kansas lottery denies a request, the sports governing body shall be afforded notice and the right to be heard and offer proof in opposition to such determination in accordance with the rules and regulations of the Kansas lottery. Offering or taking wagers contrary to the rules and regulations promulgated by the Kansas lottery is a violation of this section. In the event that the request is in relation to an emergency situation, the Kansas lottery may temporarily prohibit the specific wager in question until the Kansas lottery has the opportunity to issue temporary rules and regulations addressing the issue.

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

(d) Sports wagering operators shall immediately report to the Kansas lottery any information

relating to:

- (1) Criminal or disciplinary proceedings commenced against the sports wagering operator in connection with its operations;
- (2) abnormal wagering activity or patterns that may indicate a concern with the integrity of a sporting event or events;
- (3) any potential breach of the relevant sports governing body's internal rules and codes of conduct pertaining to sports wagering;
- (4) any other conduct that corrupts a betting outcome of a sporting event or events for purposes of financial gain, including match fixing; and
- (5) suspicious or illegal wagering activities, including use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, using agents to place wagers and using false identification.

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

(e) Information provided by a sports governing body to a sports wagering operator shall be confidential, and the operator shall not disclose such information or any portion thereof, unless disclosure is required by this act, the Kansas lottery, state or federal law or court order.

(f) Sports wagering operators may use whatever data source such operator deems appropriate for determining the result of tier one sports wagers. For all tier two sports wagers, operators shall use only official league data for determining the result of such sports wagers, unless the operator can demonstrate to the Kansas lottery that the sports governing body or its designee is unable to provide a feed of official league data to the operator on commercially reasonable terms.

(g) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit

states from authorizing and conducting sports wagering.

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

(b) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 19. (a) Sports wagering operators shall maintain records of all bets and wagers placed, including personally identifiable information of the person placing the bet, the amount and type of bet, the time the bet was placed, the location of the bet, including the IP address, if applicable, the outcome of the bet, any records of abnormal betting activity and video camera recordings, in the case of in-person wagers, for at least three years after the sporting event occurs. An operator shall make such data available for inspection upon request by the Kansas lottery or as required by court order.

(b) If a sports governing body has notified the Kansas lottery that real-time information sharing for wagers placed on its sporting events is necessary and desirable, sports wagering operators shall share in real time the information required to be retained pursuant to subsection (a), except video camera recordings, with the sports governing body, or its designee, with respect to wagers on its sporting events. Any information provided pursuant to this subsection shall not contain any personally identifiable information.

(c) The Kansas lottery shall cooperate with a sports governing body and sports wagering

operators to ensure the timely, efficient and accurate sharing of information.

(d) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 20. (a) On July 1, October 1, January 1 and April 1 of each year, or as soon thereafter as sufficient moneys are available, each sports wagering operator shall remit a sport betting right and integrity fee to each sports governing body with authority over a sporting event on which bets were placed through such operator in the immediately preceding calendar quarter. The fee required by this section shall be in an amount equal to 0.25% of the aggregate amount wagered on sporting events conducted under the authority of the sports governing body during the immediately preceding calendar quarter.

(b) For purposes of this section, "aggregate amount wagered" means an amount equal to the total of all wagers placed with a sports wagering operator on sporting events that are not attributable to prohibited sports events.

(c) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 21. (a) There is hereby established in the state treasury the sports wagering receipts fund. Separate accounts shall be maintained in such fund for receipt of moneys from sports wagering conducted by the Kansas lottery and each lottery gaming facility manager and racetrack gaming facility manager. All expenditures from the fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director for the purposes set forth in this act.

(b) All revenues from sports wagering conducted by the Kansas lottery shall be remitted to the

state treasurer and deposited in the lottery operating fund in accordance with K.S.A. 74-8711, and amendments thereto.

(c) (1) All revenues from sports wagering conducted by lottery gaming facility managers and racetrack gaming facility managers shall be paid daily and electronically to the executive director. The executive director shall remit all moneys received therefrom to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. Upon receipt of the remittance, the state treasurer shall deposit the entire amount in the state treasury and credit it to the respective account maintained for the lottery gaming facility manager or racetrack gaming facility manager in the sports wagering receipts fund, established by K.S.A. 2017 Supp. 74-8766, and amendments thereto.

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

(d) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.

New Sec. 22. (a) The provisions of sections 15 through 22, and amendments thereto, shall be known and may be cited as the Kansas sports wagering act.

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

Kansas lottery act.

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

(d) The provisions of this section shall take effect on and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering.";

Also, on page 26, following line 6, by inserting:

"Sec. 23. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 19-101a is hereby amended to read as follows: 19-101a. (a) The board of county commissioners may transact all county business and perform all powers of local legislation and administration it deems appropriate, subject only to the following limitations, restrictions or prohibitions:

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

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

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

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

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

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

(7) Counties shall be subject to the limitations and prohibitions imposed under K.S.A. 12-187 ~~to through~~ 12-195, ~~inclusive,~~ and amendments thereto, prescribing limitations upon the levy of retailers' sales taxes by counties.

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

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

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

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

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

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

thereto.

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

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

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

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

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

(19) Counties may not regulate the production or drilling of any oil or gas well in any manner which would result in the duplication of regulation by the state corporation commission and the Kansas department of health and environment pursuant to chapter 55 and chapter 65 of the Kansas Statutes Annotated, and amendments thereto, and any rules and regulations adopted pursuant thereto. Counties may not require any license or permit for the drilling or production of oil and gas wells. Counties may not impose any fee or charge for the drilling or production of any oil or gas well.

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

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

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

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

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

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

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

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

(28) Counties may not exempt from or effect changes in K.S.A. 2017 Supp. 80-121, and amendments thereto.

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

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

(31) Counties may not exempt from or effect changes in K.S.A. 2017 Supp. 26-601, and amendments thereto.

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

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

act.

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

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

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

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

~~(36)~~(35) Counties may neither exempt from nor effect changes to the eminent domain procedure act.

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

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

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

19-101b, and amendments thereto.

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

Sec. 24. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 21-6403 is hereby amended to read as follows: 21-6403. As used in K.S.A. 2017 Supp. 21-6403 through 21-6409, and amendments thereto:

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

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

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

(3) a lottery as defined in this section;

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

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

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

(7) tribal gaming;

(8) charitable raffles as defined by K.S.A. 2017 Supp. 75-5173, and amendments thereto; ~~or~~

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

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

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

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

(2) tribal gaming;

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

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

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

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

(4) a person to participate in tribal gaming;

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

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

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

(3) no winning outcome is based:

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

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

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

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

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

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

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

designed, manufactured or altered primarily for use in connection with gambling, and:

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

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

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

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

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

(2) "Gambling device" shall not include:

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

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

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

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

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

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

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

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

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

Sec. 25. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 21-6507 is hereby amended to read as follows: 21-6507. (a) Sports bribery is:

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

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

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

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

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

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

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

(2) subsection (a)(3) or (a)(4) is a class A nonperson misdemeanor; and

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

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

~~(e)~~(e) As used in this section and K.S.A. 2017 Supp. 21-6508, and amendments thereto:

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

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

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

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

Sec. 26. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8710 is hereby amended to read as follows: 74-8710. (a) The

commission, upon the recommendation of the executive director, shall adopt rules and regulations governing the establishment and operation of a state lottery, sales of lottery tickets ~~and~~, the operation of lottery gaming facilities and racetrack gaming facilities and the operation of sports wagering as necessary to carry out the purposes of the Kansas lottery act ~~and~~, the Kansas expanded lottery act and the Kansas sports wagering act. Temporary rules and regulations may be adopted by the commission without being subject to the provisions and requirements of K.S.A. 77-415 through 77-438, and amendments thereto, but shall be subject to approval by the attorney general as to legality and shall be filed with the secretary of state and published in the Kansas register. Temporary and permanent rules and regulations may include, but shall not be limited to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) Rules and regulations to implement, administer and enforce the provisions of the Kansas sports wagering act. Such rules and regulations shall include, but not be limited to: (A) Sports wagering conducted by the Kansas lottery, including contracts for sports wagering conducted by lottery retailers; (B) management contracts for sports wagering conducted by lottery gaming facility managers and racetrack gaming facility managers; (C) provisions for the confidentiality of information submitted by an interactive sports wagering platform and sports wagering operators; and (D) provisions ensuring the

integrity of sports wagering conducted in this state.

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

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

Sec. 27. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8711 is hereby amended to read as follows: 74-8711. (a) There is hereby established in the state treasury the lottery operating fund.

(b) Except as provided by K.S.A. 2017 Supp. 74-8724, and amendments thereto, and the Kansas expanded lottery act, ~~and amendments thereto~~, the executive director shall remit all moneys collected from the sale of lottery tickets and shares, revenues from sports wagering conducted by the Kansas lottery and any other moneys received by or on behalf of the Kansas lottery to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the lottery operating fund. Moneys credited to the fund shall be expended or transferred only as provided by this act. Expenditures from such fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director or by a person designated by the executive director.

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

(1) The payment of expenses of the lottery, which shall include all costs incurred in the

operation and administration of the Kansas lottery; all costs resulting from contracts entered into for the purchase or lease of goods and services needed for operation of the lottery, including but not limited to supplies, materials, tickets, independent studies and surveys, data transmission, advertising, printing, promotion, incentives, public relations, communications and distribution of tickets and shares; and reimbursement of costs of facilities and services provided by other state agencies;

(2) the payment of compensation to lottery retailers;

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

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

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

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

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

(1) An amount equal to the moneys in the lottery operating fund in excess of those needed for the purposes described in subsections (c)(1) through (c)(4); or

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

Sec. 28. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports

wagering, K.S.A. 2017 Supp. 74-8716 is hereby amended to read as follows: 74-8716. (a) It is unlawful for the executive director, a member of the commission or any employee of the Kansas lottery, or any person residing in the household thereof to:

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

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

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

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

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

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

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

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

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

(f) It shall be unlawful for the executive director, a member of the commission or an employee of the Kansas lottery to accept any compensation, gift, loan, entertainment, favor or service from any lottery gaming facility manager, subcontractor or agent of a lottery gaming facility manager, manufacturer or vendor of electronic gaming machines or central computer system provider.

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

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

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

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

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

Sec. 29. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8718 is hereby amended to read as follows: 74-8718. (a) It is unlawful:

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

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

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

~~(4) to sell a lottery ticket at retail by electronic mail, the internet or telephone.~~

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

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

Sec. 30. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports

wagering, K.S.A. 2017 Supp. 74-8734 is hereby amended to read as follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming facility in each gaming zone.

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

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

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

(e) In determining whether to approve a management contract with a prospective lottery gaming facility manager to manage a lottery gaming facility or lottery gaming enterprise pursuant to this section, the commission shall take into consideration the following factors: The size of the

proposed facility; the geographic area in which such facility is to be located; the proposed facility's location as a tourist and entertainment destination; the estimated number of tourists that would be attracted by the proposed facility; the number and type of lottery facility games to be operated at the proposed facility; and agreements related to ancillary lottery gaming facility operations.

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

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

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

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

(2) the commission determines that the proposed development consists of an investment in infrastructure, including ancillary lottery gaming facility operations, of at least \$225,000,000 in the northeast and south central Kansas gaming zones and of at least \$50,000,000 in the southeast and

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

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

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

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

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

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

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

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

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

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

(9) include financing commitments for construction;

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

(11) include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A. 2017 Supp. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;

(12) include a provision for the state to receive not less than 22% of lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A. 2017 Supp. 74-8768, and amendments thereto;

(13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A. 2017 Supp. 79-4805, and amendments thereto;

(14) if the prospective lottery gaming facility manager is an American Indian tribe, include a provision that such tribe agrees to waive its sovereign immunity with respect to any actions arising from or to enforce either the Kansas expanded lottery act or any provision of the lottery gaming facility management contract; any action brought by an injured patron or by the state of Kansas; any action for purposes of enforcing the workers compensation act or any other employment or labor law; and any action to enforce laws, rules and regulations and codes pertaining to health, safety and consumer

protection; and for any other purpose deemed necessary by the executive director to protect patrons or employees and promote fair competition between the tribe and others seeking a lottery gaming facility management contract;

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

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

(17) allow the lottery gaming facility manager to manage the lottery gaming facility in a manner consistent with this act and applicable law, but shall place full, complete and ultimate ownership and operational control of the gaming operation, including any sports wagering, of the lottery gaming facility with the Kansas lottery. The Kansas lottery shall not delegate and shall explicitly retain the power to overrule any action of the lottery gaming facility manager affecting the gaming

operation without prior notice. The Kansas lottery shall retain full control over all decisions concerning lottery gaming facility games and sports wagering;

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

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

(i) Any management contract approved by the commission under this section may include provisions for conducting, operating and managing sports wagering by the lottery gaming facility manager in accordance with the Kansas sports wagering act. If a management contract includes such provisions, then such contract shall include a provision for the state to receive not less than 6.75% of the sports wagering revenues, which shall be paid to the expanded lottery act revenues fund established

by K.S.A. 2017 Supp. 74-8768, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) If a lottery gaming facility manager agrees to offer sports wagering, the Kansas lottery shall be the licensee and owner of all software programs used in offering sports wagering, and the lottery gaming facility manager, on behalf of the state, shall purchase or lease for the Kansas lottery any equipment or other property necessary for offering sports wagering. All sports wagering shall be subject to the ultimate control of the Kansas lottery in accordance with this act and the Kansas sports wagering act.

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

~~(p)~~(q) Prior to expiration of the term of a lottery gaming facility management contract, the lottery commission may negotiate a new lottery gaming facility management contract with the lottery

gaming facility manager if the new contract is substantially the same as the existing contract. Otherwise, the lottery gaming facility review board shall be reconstituted and a new lottery gaming facility management contract shall be negotiated and approved in the manner provided by this act.

Sec. 31. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8751 is hereby amended to read as follows: 74-8751. The Kansas racing and gaming commission, through rules and regulations, shall establish:

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

(b) a certification requirement; and enforcement procedure; for those persons, including electronic gaming machine manufacturers, technology providers and computer system providers, who propose to contract with a lottery gaming facility manager, a racetrack gaming facility manager or the state for the provision of goods or services related to a lottery gaming facility or racetrack gaming facility, including management services. Such certification requirements shall include compliance with such security, fitness and background investigations and standards of officers, directors, key gaming

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

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

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

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

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

Sec. 32. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8752 is hereby amended to read as follows: 74-8752. (a) The executive director of the Kansas lottery and the executive director of the Kansas racing and gaming commission, or their designees, may observe and inspect all electronic gaming machines, lottery facility games, sports wagering operations, lottery gaming facilities, racetrack gaming facilities and all related equipment and facilities operated by a lottery gaming facility manager or racetrack gaming facility manager.

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

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

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

(3) request a court to issue subpoenas to compel access to or for the production of any books, papers, records or memoranda in the custody or control of any lottery gaming facility manager or racetrack gaming facility manager related to the management of the lottery gaming facility or racetrack

gaming facility, or to compel the appearance of any lottery gaming facility manager or racetrack gaming facility manager for the purpose of ascertaining compliance with the provisions of the Kansas lottery act ~~and~~, the Kansas expanded lottery act, the Kansas sports wagering act or rules and regulations adopted thereunder;

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

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

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

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

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

Sec. 33. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8760 is hereby amended to read as follows: 74-8760. (a) Except in accordance with rules and regulations of the Kansas racing and gaming commission or by written authority from the executive director of the Kansas racing and gaming commission in performing installation, maintenance, inspection and repair services, it is a class A nonperson misdemeanor for the following to place a wager on or play an electronic gaming machine game ~~or~~ a lottery facility game at a lottery gaming facility or place a sports wager with a lottery gaming facility in this state: The executive director of the Kansas lottery, a member of the Kansas lottery commission or any employee or agent of the Kansas lottery; the executive director, a member or any employee or agent of the Kansas racing and gaming commission; or the lottery gaming facility manager or any employee of the lottery gaming facility manager.

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

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

(1) Use other than a lawful coin or legal tender of the United States of America, or to use coin

not of the same denomination as the coin intended to be used in an electronic gaming machine, except that in the playing of any electronic gaming machine or similar gaming device, it shall be lawful for any person to use gaming billets, tokens or similar objects therein which are approved by the Kansas racing and gaming commission;

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

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

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

Sec. 34. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports

wagering, K.S.A. 2017 Supp. 74-8763 is hereby amended to read as follows: 74-8763. Each person subject to a background check pursuant to the Kansas expanded lottery act or Kansas sports wagering act shall be subject to a state and national criminal history records check which conforms to applicable federal standards for the purpose of verifying the identity of the applicant and whether the person has been convicted of any crime that would disqualify the person from engaging in activities pursuant to this act. The executive director is authorized to use the information obtained from the national criminal history record check to determine the person's eligibility to engage in such activities.

Sec. 35. On and the after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8765 is hereby amended to read as follows: 74-8765. The Kansas lottery, lottery gaming facility managers, racetrack gaming facility managers, lottery gaming facility management contracts and racetrack gaming facility management contracts under the Kansas expanded lottery act and Kansas sports wagering act shall not be subject to the provisions of and restrictions on major procurement contracts, including, but not limited to, the provisions of K.S.A. 74-8705, and amendments thereto.

Sec. 36. On and after the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 74-8769 is hereby amended to read as follows: 74-8769. Each person subject to a background check pursuant to the Kansas expanded lottery act or Kansas sports wagering act shall be subject to a state and national criminal history records check which conforms to applicable federal standards for the purpose of verifying the identity of the applicant and whether the person has been convicted of any crime that would disqualify the person from engaging in activities pursuant to this act. The executive director of the Kansas racing and gaming commission is authorized to use the information obtained from the national criminal history record check to determine the person's

eligibility to engage in such activities.";

Also on page 26, following line 9, by inserting:

"Sec. 38. On and after the effective date of this act and the certification by the executive director of the Kansas racing and gaming commission that federal law does not prohibit states from authorizing and conducting sports wagering, K.S.A. 2017 Supp. 19-101a, 21-6403, 21-6507, 74-8710, 74-8711, 74-8716, 74-8718, 74-8734, 74-8751, 74-8752, 74-8760, 74-8763, 74-8765 and 74-8769 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, after "creating" by inserting "the Kansas sports wagering act; establishing"; in line 3, by striking "and" and inserting a comma; in line 4, by striking "management" and inserting "manager"; also in line 4, after "fund" by inserting "and sports wagering receipts fund"; in line 5, after "Supp." by inserting "19-101a, 21-6403, 21-6507,"; also in line 5, after the first comma by inserting "74-8710, 74-8711, 74-8716, 74-8718, 74-8734,"; in line 6, after the second comma by inserting "74-8751, 74-8752, 74-8760, 74-8763, 74-8765,"; also in line 6, after the third comma by inserting "74-8769,"

Senator _____