

As Amended by House Committee

Session of 2018

HOUSE BILL No. 2517

By Committee on Appropriations

1-22

1 AN ACT concerning gaming; dealing with lottery ticket vending machines
2 and revenues derived therefrom; dealing with instant bingo vending
3 machines; concerning certain debt setoff agreements; amending K.S.A.
4 74-8719 and K.S.A. 2017 Supp. 74-8702, 74-8711, 74-8723, 75-5173,
5 75-6202 and 75-6204 and repealing the existing section.
6

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

8 Section 1. K.S.A. 2017 Supp. 74-8702 is hereby amended to read as
9 follows: 74-8702. As used in the Kansas lottery act, unless the context
10 otherwise requires:

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

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

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

32 (d) "Executive director" means the executive director of the Kansas
33 lottery.

34 (e) "Gaming equipment" means any electric, electronic, computerized
35 or electromechanical machine, mechanism, supply or device or any other
36 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to

1 the Kansas lottery act; and (2) integral to the operation of an electronic
2 gaming machine or lottery facility game; and (3) affects the results of an
3 electronic gaming machine or lottery facility game by determining win or
4 loss.

5 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
6 which consists of Wyandotte county; (2) the southeast Kansas gaming
7 zone, which consists of Crawford and Cherokee counties; (3) the south
8 central Kansas gaming zone, which consists of Sedgwick and Sumner
9 counties; and (4) the southwest Kansas gaming zone, which consists of
10 Ford county.

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

17 (h) (1) *"Instant bingo vending machine" means a machine or*
18 *electronic device owned or leased by the Kansas lottery in fulfillment of*
19 *the Kansas lottery's obligations under an agreement between the Kansas*
20 *lottery and a licensee entered into pursuant to section 8, and amendments*
21 *thereto, the sole purpose of which is to:*

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

24 (B) *allow purchasers to manually check the winning status of the*
25 *instant bingo ticket.*

26 (2) *"Instant bingo vending machine" shall not:*

27 (A) *Provide a visual or audio representation of a bingo card or an*
28 *electronic gaming machine;*

29 (B) *visually or functionally have the same characteristics of an*
30 *electronic instant bingo game or an electronic gaming machine;*

31 (C) *automatically determine or display the winning status of any*
32 *dispensed instant bingo ticket;*

33 (D) *extend or arrange credit for the purchase of an instant bingo*
34 *ticket;*

35 (E) *dispense any winnings;*

36 (F) *dispense any prize;*

37 (G) *dispense any evidence of a prize other than an instant bingo*
38 *ticket;*

39 (H) *provide free instant bingo tickets or any other item that can be*
40 *redeemed for cash; or*

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

42 (h)(i) "Kansas lottery" means the state agency created by this act to
43 operate a lottery or lotteries pursuant to this act.

1 ~~(j)~~(j) "Lottery" or "state lottery" means the lottery or lotteries
2 operated pursuant to this act.

3 ~~(k)~~(k) "Lottery facility games" means any electronic gaming machines
4 and any other games which, as of January 1, 2007, are authorized to be
5 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
6 9802, and amendments thereto, located within the boundaries of this state.

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

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

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

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

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

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

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

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

43 (B) any machine or device in which the prize or evidence of a prize is

1 determined only by chance, including, but not limited to, any slot machine
2 or bingo machine; ~~or~~

3 ~~(C) any lottery ticket vending machine, such as a keno ticket vending~~
4 ~~machine, pull-tab vending machine or an instant bingo vending machine.~~

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

6 (A) Any food vending machine defined by K.S.A. 36-501, and
7 amendments thereto;

8 (B) any nonprescription drug machine authorized under K.S.A. 65-
9 650, and amendments thereto;

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

12 (D) any machine excluded from the definition of gambling devices
13 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
14 2017 Supp. 21-6403, and amendments thereto; ~~or~~

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

17 (F) *any lottery ticket vending machine; or*

18 (G) *any instant bingo vending machine.*

19 ~~(s)~~(s) "Lottery retailer" means any person with whom the Kansas
20 lottery has contracted to sell lottery tickets or shares, or both, to the public.

21 ~~(t)~~(t) (1) *"Lottery ticket vending machine" means a machine or*
22 *similar electronic device owned or leased by the Kansas lottery, the sole*
23 *purposes of which are to:*

24 (A) *Dispense a printed physical ticket, such as a lottery ticket, a keno*
25 *ticket, a pull tab ticket or an instant bingo ticket, or a coupon, the coupon*
26 *of which must be redeemed through something other than a lottery ticket*
27 *vending machine, after a purchaser inserts cash or other form of*
28 *consideration into the machine;*

29 (B) *allow purchasers to manually check the winning status of a*
30 *Kansas lottery ticket; and*

31 (C) *display advertising, promotions and other information pertaining*
32 *to the Kansas lottery.*

33 (2) *"Lottery ticket vending machine" shall not:*

34 (A) *Provide a visual or audio representation of an electronic gaming*
35 *machine;*

36 (B) *visually or functionally have the same characteristics of an*
37 *electronic gaming machine;*

38 (C) *automatically determine or display the winning status of any*
39 *dispensed ticket;*

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

41 (E) *dispense any winnings;*

42 (F) *dispense any prize;*

43 (G) *dispense any evidence of a prize other than the lottery ticket,*

1 keno ticket, pull tab ticket or instant bingo ticket or any free Kansas
2 lottery ticket received as a result of the purchase of another Kansas lottery
3 ticket;

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

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

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

9 Lottery ticket vending machines may only dispense the printed physical
10 lottery ticket, keno ticket, pull tab ticket or instant bingo ticket, including
11 any free Kansas lottery ticket received as a result of the purchase of
12 another Kansas lottery ticket, and change from a purchase to the
13 purchaser. Any winnings from a lottery ticket vending machine shall be
14 redeemed only for cash or check by a lottery retailer or by cash, check or
15 other prize from the office of the Kansas lottery.

16 (u) (1) "Major procurement" means any gaming product or service,
17 including, but not limited to, facilities, advertising and promotional
18 services, annuity contracts, prize payment agreements, consulting services,
19 equipment, tickets and other products and services unique to the Kansas
20 lottery, but not including materials, supplies, equipment and services
21 common to the ordinary operations of state agencies.

22 (2) "Major procurement" shall not mean any product, service or other
23 matter covered by or addressed in the Kansas expanded lottery act or a
24 lottery gaming facility management contract or racetrack gaming facility
25 management contract executed pursuant to the Kansas expanded lottery
26 act.

27 ~~(t)~~(v) "Net electronic gaming machine income" means all cash or
28 other consideration utilized to play an electronic gaming machine operated
29 at a racetrack gaming facility, less all cash or other consideration paid out
30 to winning players as prizes.

31 ~~(u)~~(w) "Organization licensee" has the meaning provided by K.S.A.
32 74-8802, and amendments thereto.

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

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

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

42 ~~(y)~~(aa) "Prize" means any prize paid directly by the Kansas lottery
43 pursuant to the Kansas lottery act or the Kansas expanded lottery act or

1 any rules and regulations adopted pursuant to either act.

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

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

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

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

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

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

26 ~~(ff)~~(hh) "Ticket" means any tangible evidence issued by the Kansas
27 lottery to prove participation in a lottery game other than a lottery facility
28 game.

29 ~~(gg)~~(ii) "Token" means a representative of value, of metal or other
30 material, which is not legal tender, redeemable for cash only by the issuing
31 lottery gaming facility manager or racetrack gaming facility manager and
32 which is issued and sold by a lottery gaming facility manager or racetrack
33 gaming facility manager for the sole purpose of playing an electronic
34 gaming machine or lottery facility game.

35 ~~(hh)~~(jj) "Vendor" means any person who has entered into a major
36 procurement contract with the Kansas lottery.

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

43 Sec. 2. K.S.A. 2017 Supp. 74-8711 is hereby amended to read as

1 follows: 74-8711. (a) There is hereby established in the state treasury the
2 lottery operating fund.

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

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

17 (1) The payment of expenses of the lottery, which shall include all
18 costs incurred in the operation and administration of the Kansas lottery; all
19 costs resulting from contracts entered into for the purchase or lease of
20 goods and services needed for operation of the lottery, including but not
21 limited to supplies, materials, tickets, independent studies and surveys,
22 data transmission, advertising, printing, promotion, incentives, public
23 relations, communications and distribution of tickets and shares; and
24 reimbursement of costs of facilities and services provided by other state
25 agencies;

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

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

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

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

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

36 ~~(6)~~(7) transfers to the county reappraisal fund as prescribed by law.

37 (d) The director of accounts and reports shall transfer moneys in the
38 lottery operating fund to the state gaming revenues fund created by K.S.A.
39 79-4801, and amendments thereto, on or before the 15th day of each month
40 in an amount certified monthly by the executive director and determined as
41 follows, whichever is greater:

42 (1) An amount equal to the moneys in the lottery operating fund in
43 excess of those needed for the purposes described in subsections (c)(1)

1 through ~~(e)(4)~~ (c)(5); or

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

8 (e) (1) *Subject to the limitations set forth in paragraph (2) ~~during,~~*
9 **commencing in** *fiscal year 2019 ~~through fiscal year 2023,~~ on or before*
10 *the 10th day of each month, the director of the lottery shall certify to the*
11 *director of accounts and reports all net profits from the sale of lottery*
12 *tickets and shares via lottery ticket vending machines. Of such certified*
13 *amount, the director of accounts and reports shall transfer 75% from the*
14 *lottery operating fund to the community crisis stabilization centers fund of*
15 *the Kansas department for aging and disability services and 25% from the*
16 *lottery operating fund to the clubhouse model program fund of the Kansas*
17 *department for aging and disability services.*

18 (2) *Moneys transferred pursuant to paragraph (1) shall not exceed in*
19 *the aggregate \$4,000,000 in fiscal year 2019, and shall not exceed in the*
20 *aggregate \$8,000,000 in ~~each of the fiscal years~~ **year 2020, 2021, 2022-***
21 ***and 2023 and each fiscal year thereafter.***

22 Sec. 3. K.S.A. 74-8719 is hereby amended to read as follows: 74-
23 8719. (a) It is unlawful for any person to purchase a lottery ticket or share,
24 or to share in the lottery winnings of a person, knowing that such person
25 is:

26 (1) The executive director, a member of the commission or an
27 employee of the Kansas lottery;

28 (2) an officer or employee of a vendor contracting with the Kansas
29 lottery to supply gaming equipment or tickets to the Kansas lottery for use
30 in the operation of any lottery conducted pursuant to this act;

31 (3) a spouse, child, stepchild, brother, stepbrother, sister, stepsister,
32 parent or stepparent of a person described by subsection (a)(1) or (2); or

33 (4) a person who resides in the same household as any person
34 described by subsection (a)(1) or (2).

35 (b) (1) Violation of subsection (a) is a class A nonperson
36 misdemeanor upon conviction for a first offense.

37 (2) Violation of subsection (a) is a severity level 9, nonperson felony
38 upon conviction for a second or subsequent offense.

39 (c) Notwithstanding subsection (a), the executive director may
40 authorize in writing any employee of the Kansas lottery and any employee
41 of a lottery vendor to purchase a lottery ticket for the purposes of verifying
42 the proper operation of the state lottery with respect to security, systems
43 operation and lottery retailer contract compliance. Any prize awarded as a

1 result of such ticket purchase shall become the property of the Kansas
2 lottery and be added to the prize pools of subsequent lottery games.

3 (d) Certain classes of persons who, because of the unique nature of
4 the supplies or services they provide for use directly in the operation of a
5 lottery pursuant to this act, may be prohibited, in accordance with rules
6 and regulations adopted by the commission, from participating in any
7 lottery in which such supplies or services are used.

8 (e) Nothing in this section shall prohibit lottery retailers or their
9 employees from purchasing lottery tickets and shares or from being paid a
10 prize of a winning ticket or share.

11 (f) Each person who purchases a lottery ticket or share thereby agrees
12 to be bound by rules and regulations adopted by the commission and by
13 the provisions of this act.

14 (g) *Any lottery ticket or share purchased by a person under 18 years*
15 *of age shall be null and void and may not be claimed for a prize.*

16 Sec. 4. K.S.A. 2017 Supp. 75-6202 is hereby amended to read as
17 follows: 75-6202. As used in ~~this act~~ *article 62 of chapter 75 of the*
18 *Kansas Statutes Annotated, and amendments thereto:*

19 (a) "Debtor" means any person who:

20 (1) Owes a debt to the state of Kansas or any state agency or any
21 municipality;

22 (2) owes support to an individual, or an agency of another state, who
23 is receiving assistance in collecting that support under K.S.A. 39-756 or
24 K.S.A. 2017 Supp. 20-378, and amendments thereto, or under part D of
25 title IV of the federal social security act, 42 U.S.C. § 651 et seq., as
26 amended; or

27 (3) owes a debt to a foreign state agency.

28 (b) "Debt" means:

29 (1) Any liquidated sum due and owing to the state of Kansas, or any
30 state agency, municipality or foreign state agency which has accrued
31 through contract, subrogation, tort, operation of law, or any other legal
32 theory regardless of whether there is an outstanding judgment for that sum.
33 A debt shall not include special assessments except when the owner of the
34 property assessed petitioned for the improvement and any successor in
35 interest of such owner of property;

36 (2) any amount of support due and owing an individual, or an agency
37 of another state, who is receiving assistance in collecting that support
38 under K.S.A. 39-756 or K.S.A. 2017 Supp. 20-378, and amendments
39 thereto, or under part D of title IV of the federal social security act, 42
40 U.S.C. § 651 et seq., as amended, which amount shall be considered a debt
41 due and owing the district court trustee or the Kansas department for
42 children and families for the purposes of this act; or

43 (3) any assessment of court costs, fines, fees, moneys expended by

1 the state in providing counsel and other defense services to indigent
2 defendants or other charges which a district court judgment has ordered to
3 be paid to the court and which remain unpaid in whole or in part, and
4 includes any interest or penalties on such unpaid amounts as provided for
5 in the judgment or by law. Such amount also includes the cost of collection
6 when the collection services of a contracting agent are utilized.

7 (c) "Refund" means any amount of income tax refund due to any
8 person as a result of an overpayment of tax, and for this purpose, a refund
9 due to a husband and wife resulting from a joint return shall be considered
10 to be separately owned by each individual in the proportion of each such
11 spouse's contribution to income, as the term "contribution to income" is
12 defined by rules and regulations of the secretary of revenue.

13 (d) "Net proceeds collected" means gross proceeds collected through
14 final setoff against a debtor's earnings, refund or other payment due from
15 the state or any state agency minus any collection assistance fee charged
16 by the director of accounts and reports of the department of administration.

17 (e) "State agency" means any state office, officer, department, board,
18 commission, institution, bureau, agency or authority or any division or unit
19 thereof and any judicial district of this state or the clerk or clerks thereof.
20 "State agency" also shall include any: (1) District court utilizing collection
21 services pursuant to K.S.A. 75-719, and amendments thereto, to collect
22 debts owed to such court; and (2) contracting agent, as defined in K.S.A.
23 75-719, and amendments thereto, with which a district court contracts to
24 collect debts owed to such court. Such contracting agent may directly
25 establish a debt setoff account with the director for the sole purpose of
26 collecting debts owed to courts.

27 (f) "Person" means an individual, proprietorship, partnership, limited
28 partnership, association, trust, estate, business trust, corporation, other
29 entity or a governmental agency, unit or subdivision.

30 (g) "Director" means the director of accounts and reports of the
31 department of administration.

32 (h) "Municipality" means any municipality as defined by K.S.A. 75-
33 1117, and amendments thereto, **or any community mental health center**
34 **organized pursuant to the provisions of K.S.A. 19-4001 et seq., and**
35 **amendments thereto, and licensed pursuant to K.S.A. 2017 Supp. 39-**
36 **2001 et seq., and amendments thereto, or any mental health clinic**
37 **organized pursuant to the provisions of K.S.A. 65-211 et seq., and**
38 **amendments thereto, and licensed pursuant to K.S.A. 2017 Supp. 39-**
39 **2001 et seq., and amendments thereto.**

40 (i) "Payor agency" means any state agency which holds money for, or
41 owes money to, a debtor.

42 (j) "Foreign state or foreign state agency" means the states of
43 Colorado, Missouri, Nebraska or Oklahoma or any agency of such states

1 which has entered into a reciprocal agreement pursuant to K.S.A. 75-6215,
2 and amendments thereto.

3 ~~(k) "Facility owner licensee" shall have the same meaning as the~~
4 ~~term is defined in K.S.A. 74-8802, and amendments thereto.~~

5 ~~(l) "Racetrack gaming facility manager" shall have the same~~
6 ~~meaning as that term is defined in K.S.A. 74-8702, and amendments~~
7 ~~thereto.~~

8 ~~(m) "Lottery gaming facility manager" shall have the same meaning~~
9 ~~as that term is defined in K.S.A. 74-8702, and amendments thereto.~~

10 ~~(n) "Prize" shall have the same meaning as that term is defined in~~
11 ~~K.S.A. 74-8702, and amendments thereto, and any winnings from~~
12 ~~parimutuel wagering as provided by the Kansas parimutuel racing act,~~
13 ~~K.S.A. 74-8801 et seq., and amendments thereto.~~

14 Sec. 5. K.S.A. 2017 Supp. 75-6204 is hereby amended to read as
15 follows: 75-6204. (a) Subject to the limitations provided in this act, if a
16 debtor fails to pay *a debt or fails to pay* to the state of Kansas or any state
17 agency, foreign state agency, municipality or the federal department of the
18 treasury an amount owed, the director may setoff such amount and a
19 reasonable collection assistance fee determined in accordance with K.S.A.
20 75-6210, and amendments thereto, against any money held for, or any
21 money owed to, such debtor by the state ~~or~~, any state agency *or lottery*
22 *gaming facility manager, racetrack gaming facility manager or facility*
23 *owner licensee.*

24 (b) The director may enter into an agreement with a municipality for
25 participation in the setoff program for the purpose of assisting in the
26 collection of a debt ~~as defined by K.S.A. 75-6202, and amendments~~
27 ~~thereto.~~ The director shall include in any such agreement a provision
28 requiring the municipality to certify that the municipality has made at least
29 three attempts to collect a debt prior to submitting such debt to setoff
30 pursuant to this act.

31 ~~(c) The director shall enter into an agreement with a lottery gaming~~
32 ~~facility manager, racetrack gaming facility manager or facility owner~~
33 ~~licensee for participation in the setoff program for the purpose of assisting~~
34 ~~in the collection of a debt. The director shall include in any such~~
35 ~~agreement a provision agreeing to defend, indemnify and hold harmless a~~
36 ~~lottery gaming facility manager, racetrack gaming facility manager or~~
37 ~~facility owner licensee with regard to all claims, demands, suits, actions,~~
38 ~~damages, judgments, costs, charges and expenses, including attorney fees,~~
39 ~~that may be brought or asserted against a lottery gaming facility manager,~~
40 ~~racetrack gaming facility manager or facility owner licensee and that~~
41 ~~arise from the third party vendor's performance of an agreement to~~
42 ~~facilitate the collection of debts by a lottery gaming facility manager,~~
43 ~~racetrack gaming facility manager or facility owner licensee.~~

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

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

11 New Sec. 6. (a) Prior to any lottery gaming facility manager,
12 racetrack gaming facility manager or facility owner licensee paying on
13 behalf of the state any moneys requiring the completion of an internal
14 revenue service form W-2G, the lottery gaming facility manager, racetrack
15 gaming facility manager or facility owner licensee shall cause the person
16 winning the prize to be matched against the state debtor files maintained
17 by the director of accounts and reports as prescribed under K.S.A. 75-6201
18 et seq., and amendments thereto. If such person is listed in the state debtor
19 files, the prize shall be withheld by the lottery gaming facility manager,
20 racetrack gaming facility manager or facility owner licensee to the extent
21 of such person's debt as set forth in the state debtor files.

22 (b) The lottery gaming facility manager, racetrack gaming facility
23 manager or facility owner licensee shall not be subject to any civil,
24 criminal or administrative liability for any actions taken pursuant to this
25 section, unless such actions are intentional, malicious or wanton by such
26 lottery gaming facility manager, racetrack gaming facility manager or
27 facility owner licensee or employees or agents thereof. ~~The state shall~~
28 ~~indemnify the lottery gaming facility manager, racetrack gaming facility~~
29 ~~manager or facility owner licensee for any and all expenses, losses,~~
30 ~~damages and attorney fees that arise directly or indirectly from the~~
31 ~~performance of activities related to this section. For the purposes of the~~
32 ~~fair debt collection practices act, and any other federal or state law, the~~
33 ~~lottery gaming facility manager, racetrack gaming facility manager or~~
34 ~~facility owner licensee shall have all of the protections of the state under~~
35 ~~the Kansas tort claims act, K.S.A. 75-6101 et seq., and amendments~~
36 ~~thereto. The sole remedy at law for persons who claim prizes were~~
37 ~~wrongfully withheld pursuant to this section shall be to submit an appeal~~
38 ~~to the department of administration pursuant to K.S.A. 75-6201 et seq.,~~
39 ~~and amendments thereto.~~

40 (c) Moneys withheld, based on the state debtor files, shall be remitted
41 to the state treasurer in accordance with K.S.A. 75-4215, and amendments
42 thereto. The state treasurer shall deposit the entire amount in the state
43 treasury and credit it to the department of administration's setoff clearing

1 fund.

2 (d) Nothing in this section shall apply to Native American tribal
3 gaming facilities.

4 (e) **As used in this section:**

5 (1) **"Facility owner licensee" shall have the same meaning as that**
6 **term is defined in K.S.A. 74-8802, and amendments thereto.**

7 (2) **"Racetrack gaming facility manager" shall have the same**
8 **meaning as that term is defined in K.S.A. 74-8702, and amendments**
9 **thereto.**

10 (3) **"Lottery gaming facility manager" shall have the same**
11 **meaning as that term is defined in K.S.A. 74-8702, and amendments**
12 **thereto.**

13 (4) **"Prize" shall have the same meaning as that term is defined in**
14 **K.S.A. 74-8702, and amendments thereto, and any winnings from**
15 **parimutuel wagering as provided by the Kansas parimutuel racing act**
16 **in K.S.A. 74-8801 et seq., and amendments thereto.**

17 (f) This section shall be part of and supplemental to the state debt
18 setoff program.

19 New Sec. 7. (a) The community crisis stabilization centers fund is
20 hereby created in the state treasury and shall be administered by the
21 Kansas department for aging and disability services. The community crisis
22 stabilization centers fund shall consist of those moneys credited to the
23 community crisis stabilization centers fund pursuant to K.S.A. 74-8711(e),
24 and amendments thereto. All expenditures from the community crisis
25 stabilization centers fund shall be for community crisis stabilization
26 centers operated through community mental health centers, and shall be
27 made in accordance with appropriation acts upon warrants of the director
28 of accounts and reports issued pursuant to vouchers approved by the
29 secretary for aging and disability services.

30 (b) The clubhouse model program fund is hereby created in the state
31 treasury and shall be administered by the Kansas department for aging and
32 disability services. The clubhouse model program fund shall consist of
33 those moneys credited to the clubhouse model program fund pursuant to
34 K.S.A. 74-8711(e), and amendments thereto. All expenditures from the
35 clubhouse model program fund shall be for certified clubhouse model
36 programs, and shall be made in accordance with appropriation acts upon
37 warrants of the director of accounts and reports issued pursuant to
38 vouchers approved by the secretary for aging and disability services.

39 New Sec. 8. (a) The executive director of the Kansas lottery is
40 authorized to enter into agreements with any nonprofit organization
41 licensed under K.S.A. 2017 Supp. 75-5171 et seq., and amendments
42 thereto, for the operation of instant bingo vending machines, as defined in
43 K.S.A. 74-8702, and amendments thereto, to be located on the premises of

1 such nonprofit organization, provided, that not more than two instant bingo
2 vending machines may be located on the premises of such nonprofit
3 organization. Such agreements shall provide for the remittance of the gross
4 receipts from the sale of instant bingo tickets via any instant bingo vending
5 machine to the nonprofit organization.

6 (b) All sales of instant bingo tickets via an instant bingo vending
7 machine operated pursuant to an agreement shall be considered sales by
8 the nonprofit organization, and all proceeds from such sales shall be
9 remitted to the nonprofit organization.

10 Sec. 9. K.S.A. 2017 Supp. 74-8723 is hereby amended to read as
11 follows: 74-8723. (a) The Kansas lottery and the office of executive
12 director of the Kansas lottery, established by K.S.A. 74-8703, and
13 amendments thereto, and the Kansas lottery commission, created by
14 K.S.A. 74-8709, and amendments thereto, shall be and hereby are
15 abolished on July 1, ~~2022~~ 2037.

16 (b) This section shall be part of and supplemental to the Kansas
17 lottery act.

18 Sec. 10. K.S.A. 2017 Supp. 75-5173 is hereby amended to read as
19 follows: 75-5173. As used in this act:

20 (a) "Act" means the Kansas charitable gaming act.

21 (b) "Administrator" means the administrator of charitable gaming
22 designated by the secretary pursuant to K.S.A. 2017 Supp. 75-5186, and
23 amendments thereto.

24 (c) "Bingo" or "games of bingo" means the games of call bingo and
25 instant bingo.

26 (d) "Bingo face" or "face" means a piece of paper which is marked
27 off into 25 squares arranged in five horizontal rows of five squares each
28 and five vertical rows of five squares each, with each square being
29 designated by a number, letter or combination of numbers and letters. Only
30 the center square shall be designated with the word "free." No two bingo
31 faces in the same game shall be identical. Faces shall be disposable and
32 shall not be reused after the game in which a player has used such face.

33 (e) "Call bingo" means a game in which: (1) Each player pays a
34 charge; (2) a prize or prizes are awarded to the winner or winners; (3) each
35 player receives one or more cards or faces; and (4) each player covers the
36 squares on each card or face as the operator of such game announces a
37 number, letter or combination of numbers and letters appearing on an
38 object selected by chance, either manually or mechanically from a
39 receptacle in which have been placed objects bearing numbers, letters or
40 combinations of numbers and letters corresponding to the system used for
41 designating the squares. The winner of each game is the player or players
42 first covering properly a predetermined and announced pattern of squares
43 upon the card or face being used by such player or players.

1 "Call bingo" shall include any regular, special, mini and progressive
2 game of bingo.

3 (f) "Charitable gaming" means bingo, including call bingo, and
4 instant bingo and charitable raffles.

5 (g) "Charitable raffle" means a raffle conducted by a nonprofit
6 religious, charitable, fraternal, educational or veterans' organization.

7 (h) "Department" means the department of revenue.

8 (i) "Director" means the director of taxation.

9 (j) "Distributor" means any person or entity that sells or distributes
10 instant bingo tickets, bingo cards or bingo faces.

11 (k) "Electronic gaming device" means a device that, as a result of the
12 insertion of a coin or other object, operates, either completely
13 automatically or with the aid of some physical act by the player, in such a
14 manner that, depending upon elements of chance, it may eject something
15 of value.

16 (l) "Instant bingo" means a game: (1) In which each player pays a
17 charge; (2) in which a prize or prizes are awarded to the winner or
18 winners; (3) in which each player receives one or more disposable pull-tab
19 or break-open tickets which accord a player an opportunity to win
20 something of value by opening or detaching the paper covering from the
21 back of the ticket to reveal a set of numbers, letters, symbols or
22 configurations, or any combination thereof; (4) ~~which that~~ is conducted by
23 a licensee under this act; (5) ~~the conduct of which must be in the presence~~
24 ~~of the players that may be dispensed by an instant bingo vending machine;~~
25 and (6) ~~which that~~ does not utilize any dice, normal playing cards, instant
26 ticket with a removable latex covering or slot machines.

27 Winners of instant bingo shall be determined either: (1) By a
28 combination of letters, numbers or symbols determined and posted prior to
29 the sale of instant bingo tickets; (2) by matching a letter, number or
30 symbol under a tab of an instant bingo ticket with the winning letter,
31 number or symbol in a designated call game of bingo during the same
32 session; or (3) by matching a letter, number or symbol under a tab of an
33 instant bingo ticket with one or more letters, numbers or symbols
34 announced in, or as a continuation of, a designated call game of bingo
35 during the same session.

36 ~~"Instant bingo" shall not include any game utilizing electronically~~
37 ~~generated or computer-generated tickets.~~

38 (m) "Instant bingo vending machine" means the same as that term is
39 defined in K.S.A. 74-8702, and amendments thereto.

40 ~~(n)~~(n) "Lessor" means the owner, co-owner, lessor or sublessor of
41 premises upon which a licensee is permitted to manage, operate or conduct
42 games of bingo.

43 ~~(o)~~(o) "Licensee" means any nonprofit organization holding a license

1 to manage, operate or conduct games of bingo or charitable raffles
2 pursuant to K.S.A. 2017 Supp. 75-5171 through 75-5188, and amendments
3 thereto. A license shall be required for each affiliated organization of any
4 state or national nonprofit religious, charitable, fraternal, educational or
5 veteran's organization.

6 (⊖)(p) "Mini bingo" means a game of call bingo in which the prizes
7 awarded are not less than 50% of the gross receipts derived from the sale
8 of cards or faces for participation in the game.

9 (⊖)(q) "Net proceeds" means the gross receipts received by the
10 licensee from charges imposed on players for participation in games of
11 bingo or raffles and any admission fees or charges less amounts actually
12 paid as prizes in games of bingo or raffles and any tax payable by the
13 licensee.

14 (⊖)(r) "Nonprofit religious organization" means any organization,
15 church, body of communicants, or group, gathered in common
16 membership for mutual support and edification in piety, worship, and
17 religious observances, or a society of individuals united for religious
18 purposes at a definite place and of which no part of the net earnings inures
19 to the benefit of any private shareholder or individual member of such
20 organization, and which religious organization maintains an established
21 place of worship within this state and has a regular schedule of services or
22 meetings at least on a weekly basis and has been determined by the
23 administrator to be organized and created as a bona fide religious
24 organization and which has been exempted from the payment of federal
25 income taxes as provided by section 501(c)(3) or section 501(d) of the
26 federal internal revenue code of 1986, as amended, or determined to be
27 organized and operated as a bona fide nonprofit religious organization by
28 the administrator.

29 (⊖)(s) "Nonprofit charitable organization" means any organization
30 which is organized and operated for:

31 (1) The relief of poverty, distress, or other condition of public
32 concern within this state;

33 (2) financially supporting the activities of a charitable organization as
34 defined in paragraph (1); or

35 (3) conferring direct benefits on the community at large; and of which
36 no part of the net earnings inures to the benefit of any private shareholder
37 or individual member of such organization and has been determined by the
38 administrator to be organized and operated as a bona fide charitable
39 organization and which has been exempted from the payment of federal
40 income taxes as provided by sections 501(c)(3), 501(c)(4), 501(c)(5),
41 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1986, as
42 amended, or determined to be organized and operated as a bona fide
43 nonprofit charitable organization by the administrator.

1 ~~(s)~~(t) "Nonprofit fraternal organization" means any organization
2 within this state which exists for the common benefit, brotherhood, or
3 other interests of its members and is authorized by its written constitution,
4 charter, articles of incorporation or bylaws to engage in a fraternal, civic or
5 service purpose within this state and has been determined by the
6 administrator to be organized and operated as a bona fide fraternal
7 organization and which has been exempted from the payment of federal
8 income taxes as provided by section 501(c)(8) or section 501(c)(10) of the
9 federal internal revenue code of 1986, as amended, or determined to be
10 organized and operated as a bona fide nonprofit fraternal organization by
11 the administrator.

12 ~~(t)~~(u) "Nonprofit educational organization" means any public or
13 private elementary or secondary school or institution of higher education
14 which has been determined by the administrator to be organized and
15 operated as a bona fide educational organization and which has been
16 exempted from the payment of federal income taxes as provided by section
17 501(c)(3) of the federal internal revenue code of 1986, as amended, or
18 determined to be organized and operated as a bona fide nonprofit
19 educational organization by the administrator.

20 ~~(u)~~(v) "Nonprofit veterans' organization" means any organization
21 within this state or any branch, lodge or chapter of a national or state
22 organization within this state, the membership of which consists
23 exclusively of individuals who qualify for membership because they were
24 or are members of the armed services or forces of the United States, or an
25 auxiliary unit or society of such a nonprofit veterans' organization, the
26 membership of which consists exclusively of individuals who were or are
27 members of the armed services or forces of the United States, or are
28 cadets, or are spouses, widows or widowers of individuals who were or are
29 members of the armed services or forces of the United States, and of
30 which no part of the net earnings inures to the benefit of any private
31 shareholder or individual member of such organization, and has been
32 determined by the administrator to be organized and operated as a bona
33 fide veterans' organization and which has been exempted from the
34 payment of federal income taxes as provided by section 501(c)(4) or
35 501(c)(19) of the federal internal revenue code of 1986, as amended, or
36 determined to be organized and operated as a bona fide nonprofit veterans'
37 organization by the administrator.

38 ~~(v)~~(w) "Person" means any natural person, corporation, partnership,
39 trust or association.

40 ~~(w)~~(x) "Premises" means any room, hall, building, enclosure or
41 outdoor area used for the management, operation or conduct of a game of
42 bingo by a licensee.

43 ~~(x)~~(y) "Progressive bingo" means a game of call bingo in which either

1 the established prize amount or number of bingo balls or objects called, or
2 both, may be increased from one session to the next scheduled session if
3 no player completes the required pattern within the specified number of
4 bingo balls or objects drawn. The player's opportunity to win shall increase
5 as the prize amount increases.

6 ~~(y)~~(z) "Raffle" means a game of chance in which each participant
7 buys a ticket or tickets from a nonprofit organization with each ticket
8 providing an equal chance to win a prize and the winner being determined
9 by a random drawing.

10 ~~(z)~~(aa) "Reusable bingo card" means a reusable card which is marked
11 off into 25 squares arranged in five horizontal rows of five squares each
12 and five vertical rows of five squares each, with each square being
13 designated by a number, letter or combination of numbers and letters. Only
14 the center square shall be designated with the word "free." No two cards in
15 the same game shall be identical.

16 ~~(aa)~~(bb) "Secretary" means the secretary of revenue or the secretary's
17 designee.

18 ~~(bb)~~(cc) "Session" means a day on which a licensee conducts games
19 of bingo.

20 **New Sec. 11. (a) Any person listed in subsections (b)(1) or (b)(2)**
21 **may engage or direct a person under 18 years of age to violate the**
22 **provisions of the Kansas lottery act in order to develop a program or**
23 **system that determines and encourages compliance with the**
24 **provisions of such act prohibiting sales of lottery tickets to persons**
25 **under the age of 18 via lottery ticket vending machines.**

26 **(b) No person shall engage or direct a person under 18 years of**
27 **age to violate any provision of the Kansas lottery act for purposes of**
28 **determining compliance with the provisions of such act unless such**
29 **person is:**

30 **(1) An officer having authority to enforce the provisions of the**
31 **Kansas lottery act;**

32 **(2) an authorized representative of the attorney general, a county**
33 **attorney or district attorney; or**

34 **(3) a lottery retailer, or such retailer's designee, pursuant to a**
35 **self-compliance program designed to increase compliance with the**
36 **provisions of the Kansas lottery act and approved by the executive**
37 **director.**

38 **(c) The provisions of this section shall be part of and**
39 **supplemental to the Kansas lottery act.**

40 ~~Sec. 11~~ 12. K.S.A. 74-8719 and K.S.A. 2017 Supp. 74-8702, 74-
41 8711, 74-8723, 75-5173, 75-6202 and 75-6204 are hereby repealed.

42 ~~Sec. 12~~ 13. This act shall take effect and be in force from and after its
43 publication in the Kansas register.