

Senate Substitute for HOUSE BILL No. 2386

By Committee on Federal and State Affairs

5-8

1 AN ACT concerning gaming; relating to the Kansas expanded lottery act;
2 making and concerning appropriations for the fiscal year ending June
3 30, 2018, for the Kansas lottery; relating to the state debtor setoff
4 program; relating to horse and greyhound racing; amending K.S.A. 74-
5 8836 and K.S.A. 2016 Supp. 74-8741, 74-8743, 74-8744, 74-8746, 74-
6 8747, 74-8766, 74-8814 and 75-6204 and repealing the existing
7 sections.

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

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

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

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

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

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

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

1 the state; and

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

5 Now, therefore:

6

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

8 New Section 1. (a) Prior to any lottery gaming facility manager,
9 racetrack gaming facility manager or facility owner licensee paying any
10 prize requiring the completion of an internal revenue service form W-2G,
11 the manager or licensee shall cause the person winning the prize to be
12 matched against the state debtor files maintained by the director of
13 accounts and reports as prescribed under K.S.A. 75-6201 et seq., and
14 amendments thereto. If such person is listed in the state debtor files, the
15 prize shall be withheld by the lottery gaming facility manager, racetrack
16 gaming facility manager or the facility owner licensee to the extent of such
17 person's debt as set forth in the state debtor files.

18 (b) The lottery gaming facility manager, racetrack gaming facility
19 manager and facility owner licensee shall not be subject to any civil,
20 criminal or administrative liability for any actions taken pursuant to this
21 section, unless such actions are intentional, malicious or wanton by such
22 lottery gaming facility manager, racetrack gaming facility manager, facility
23 owner licensee or employees or agents thereof. The sole remedy at law for
24 any person who claims that a prize was wrongfully withheld pursuant to
25 this section shall be to submit an appeal to the department of
26 administration pursuant to K.S.A. 75-6201 et seq., and amendments
27 thereto.

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

33 (d) As used in this section:

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

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

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

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

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

3 (f) This section shall be a part of and supplemental to the state debtor
4 setoff program.

5 New Sec. 2. (a) The attorney general may file an action in quo
6 warranto in the supreme court within 90 days from the effective date of
7 this act on the question of the authority of a public official to act in
8 accordance with the provisions of K.S.A. 2016 Supp. 74-8743, and
9 amendments thereto. Such action may not be filed by any party except the
10 attorney general, and shall only be filed in the supreme court.

11 (b) No action for specific performance, anticipatory breach or breach
12 of contract, the basis of which is that a racetrack gaming facility
13 management contract violates the provisions of K.S.A. 2016 Supp. 74-
14 8734(h)(19) or 74-8741(c)(4), and amendments thereto, or that such
15 racetrack gaming facility management contract creates a material breach of
16 the lottery gaming facility manager's gaming facility management contract,
17 shall be deemed to have accrued until such date as the Kansas lottery
18 enters into a racetrack gaming facility management contract for the
19 placement of electronic gaming machines at a parimutuel licensee location
20 in any Kansas gaming zone, or such date a final order is issued in any
21 action brought by the attorney general pursuant to subsection (a),
22 whichever occurs later. Any such action shall be commenced in the district
23 court of Shawnee county within 60 days from the date the cause of action
24 accrued.

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

28 (d) If an action is commenced in accordance with subsection (b),
29 within 60 days following the filing of such action, the racetrack gaming
30 facility manager that is a party to such racetrack gaming facility
31 management contract shall place into escrow cash or a surety bond in a
32 total amount equal to those privilege fees paid by the lottery gaming
33 facility managers that are parties to the action, plus an amount equal to the
34 accrued interest on each of the privilege fees at the rate of 10%
35 compounded annually from the date the privilege fee was filed to the
36 effective date of such racetrack gaming facility management contract.
37 Every six months following the effective date of such racetrack gaming
38 facility management contract, the racetrack gaming facility manager also
39 shall place into escrow cash or a surety bond in an additional amount equal
40 to the interest continuing to accrue on the privilege fees paid by the lottery
41 gaming facility managers that are parties to the action, as determined by
42 the executive director. This requirement shall be included in each racetrack
43 gaming facility management contract, so that the failure of the racetrack

1 gaming facility manager to place cash or a surety bond in escrow in a
2 timely manner shall constitute a material breach of the racetrack gaming
3 facility management contract and shall be cause for termination of such
4 contract. The total amount of the cash or surety bond placed in escrow
5 shall be verified by the executive director. If a surety bond is placed in
6 escrow, the surety bond shall be executed by the surety in favor of the
7 Kansas lottery, and the cash or surety bond shall be held by the escrow
8 agent designated by the Kansas lottery pursuant to an escrow agreement
9 executed by the executive director.

10 (e) (1) If a court of competent jurisdiction, in any action commenced
11 in accordance with subsection (b), determines pursuant to a final, non-
12 appealable order that the racetrack gaming facility management contract
13 does not violate the provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or
14 74-8741(c)(4), and amendments thereto, or create a material breach of any
15 lottery gaming facility management contract entered into with the Kansas
16 lottery by any of the lottery gaming facility managers who are a party to
17 such action, the executive director shall release and discharge back to the
18 racetrack gaming facility manager the cash or surety bond held in escrow
19 pursuant to subsection (d).

20 (2) If a court of competent jurisdiction, in any action commenced in
21 accordance with subsection (b), determines in a final, non-appealable
22 order, that the racetrack gaming management contract violates the
23 provisions of K.S.A. 2016 Supp. 74-8734(h)(19) or 74-8741(c)(4), and
24 amendments thereto, or creates a material breach of any lottery gaming
25 facility management contract entered into with the Kansas lottery by any
26 of the lottery gaming facility managers that are a party to such action, the
27 executive director shall direct the escrow agent holding in escrow cash or a
28 surety bond pursuant to subsection (d) to pay such cash to the executive
29 director, and the executive director also shall make demand on the surety
30 for any surety bond held in escrow pursuant to subsection (d). The total
31 amount of cash and proceeds of any surety bond shall enable the
32 repayment of any privilege fees and accrued interest thereon to any lottery
33 gaming facility manager in whose favor final judgment has been rendered
34 in such action. The executive director shall remit all such cash and the
35 proceeds of any surety bond to the state treasurer. Upon receipt of such
36 remittance, the state treasurer shall deposit the entire amount in the state
37 treasury to the credit of the privilege fee repayment fund.

38 (f) In the event any proceeds from the surety bond held in escrow
39 under subsection (d) are remitted to the state treasurer for repayment to a
40 lottery gaming facility manager pursuant to subsection (e)(2), the Kansas
41 lottery shall thereafter reimburse an equal amount to the racetrack gaming
42 facility manager. Such reimbursement payments shall be paid monthly
43 from the escrow account repayment fund. The amount of each monthly

1 reimbursement payment shall be a percentage of the funds in the expanded
2 lottery act revenue fund that were received by the Kansas lottery pursuant
3 to K.S.A. 2016 Supp. 74-8747(a)(1), and amendments thereto, as
4 hereinafter provided. Such percentage shall be agreed to by the executive
5 director and the racetrack gaming facility manager in each racetrack
6 gaming facility management contract, except that such percentage shall
7 not be less than 50% of the funds in the expanded lottery act revenue fund
8 that were received by the Kansas lottery pursuant to K.S.A. 2016 Supp.
9 74-8747(a)(1), and amendments thereto. The executive director shall
10 certify the amount to be paid under this subsection to the director of
11 accounts and reports. Upon receipt of such certification, the director of
12 accounts and reports shall transfer such certified amount from the
13 expanded lottery act revenue fund to the escrow account repayment fund.
14 Transfers from the expanded lottery act revenue fund under this subsection
15 shall only be made from those funds held in the expanded lottery act
16 revenue fund that were received by the Kansas lottery pursuant to K.S.A.
17 2016 Supp. 74-8747(a)(1), and amendments thereto, as net electronic
18 gaming machine income from the racetrack gaming facility to which the
19 racetrack gaming facility management contract applies. All funds
20 transferred to the escrow account repayment fund pursuant to this
21 subsection shall be expended by the Kansas lottery for the purposes of this
22 subsection.

23 (g) (1) The privilege fee repayment fund is hereby created in the state
24 treasury and shall be administered by the Kansas lottery. The privilege fee
25 repayment fund shall consist of those moneys credited to the privilege fee
26 repayment fund pursuant to subsection (e)(2). All expenditures from the
27 privilege fee repayment fund shall be for the repayment of privilege fees,
28 including accrued interest thereon, pursuant to subsection (e)(2), and shall
29 be made in accordance with appropriation acts upon warrants of the
30 director of accounts and reports issued pursuant to vouchers approved by
31 the executive director.

32 (2) The escrow account repayment fund is hereby created in the state
33 treasury and shall be administered by the Kansas lottery. The escrow
34 account repayment fund shall consist of those moneys credited to the
35 escrow account repayment fund pursuant to subsection (f). All
36 expenditures from the escrow account repayment fund shall be for
37 reimbursement to the racetrack gaming facility manager of the proceeds
38 from the cash or surety bond held in escrow under subsection (d) that are
39 remitted to the state treasurer for payment to a lottery gaming facility
40 manager pursuant to subsection (e)(2), and shall be made in accordance
41 with appropriation acts upon warrants of the director of accounts and
42 reports issued pursuant to vouchers approved by the executive director.

43 (h) For purposes of this section, the Kansas expanded lottery act and

1 the Kansas parimutuel racing act, a racetrack gaming facility manager, as
2 defined in K.S.A. 2016 Supp. 74-8702, and amendments thereto, may also
3 be a facility owner licensee, as defined in K.S.A. 74-8802, and
4 amendments thereto.

5 (i) The provisions of this section shall be a part of and supplemental
6 to the Kansas expanded lottery act.

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

14 New Sec. 4. There is hereby established in the state treasury the
15 Kansas horse council fund, which shall be administered by the Kansas
16 racing and gaming commission. All expenditures from this fund shall be
17 made in accordance with appropriation acts upon warrants of the director
18 of accounts and reports issued pursuant to vouchers approved by the
19 executive director of the Kansas racing and gaming commission. The
20 moneys credited to this fund shall be used for the development, promotion
21 and representation of the equine industry in Kansas and shall be distributed
22 to the Kansas horse council by contract with the Kansas racing and gaming
23 commission for these purposes.

24 Sec. 5. K.S.A. 2016 Supp. 74-8741 is hereby amended to read as
25 follows: 74-8741. (a) The executive director of the Kansas lottery shall
26 negotiate a racetrack gaming facility management contract to place
27 electronic gaming machines at one parimutuel licensee location in each
28 gaming zone except the southwest Kansas gaming zone.

29 (b) To be eligible to enter into a racetrack gaming facility
30 management contract the prospective racetrack gaming facility manager
31 shall, at a minimum:

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

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

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

41 (1) The term of the contract;

42 (2) provisions for the Kansas racing and gaming commission to
43 oversee all racetrack gaming facility operations, including, but not limited

1 to: Oversight of internal controls; oversight of security of facilities;
2 performance of background investigations, determination of qualifications
3 and any required certification or licensing of officers, directors, board
4 members, employees, contractors and agents of the racetrack gaming
5 facility manager; auditing of net electronic gaming machine income and
6 maintenance of the integrity of electronic gaming machine operations;

7 (3) provisions for the racetrack gaming facility manager to pay the
8 costs of oversight and regulation of the racetrack gaming facility manager
9 under this act and such manager's racetrack gaming facility operations by
10 the *Kansas lottery and the Kansas racing and gaming commission*; ~~and~~

11 (4) enforceable provisions: (A) Prohibiting the state, until July 1,
12 2032, from (i) entering into management contracts for more than ~~three~~
13 *four* lottery gaming facilities or similar gaming facilities, one to be located
14 in the northeast Kansas gaming zone, one to be located in the south central
15 Kansas gaming zone ~~and~~, one to be located in the southeast Kansas
16 gaming zone; *and one to be located in the southwest Kansas gaming zone*;
17 (ii) designating additional areas of the state where operation of lottery
18 gaming facilities or similar gaming facilities would be authorized or (iii)
19 operating an aggregate of more than 2,800 electronic gaming machines at
20 all parimutuel licensee locations; and (B) requiring the state to repay to the
21 racetrack gaming facility manager an amount equal to the privilege fee
22 paid by such racetrack gaming facility manager, plus interest on such
23 amount, compounded annually at the rate of 10%, if the state violates the
24 prohibition provision described in (A); *and*

25 (5) *provisions for the distribution of the net electronic gaming*
26 *machine income from the racetrack gaming facility, which shall be in*
27 *accordance with K.S.A. 2016 Supp. 74-8747, and amendments thereto.*

28 (d) Racetrack gaming facility management contracts authorized by
29 this section may include provisions relating to:

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

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

36 (3) eligibility requirements for employees, contractors or agents of a
37 racetrack gaming facility manager who will have responsibility for or
38 involvement with electronic gaming machines or for the handling of cash
39 or tokens;

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

42 (5) credentialing or certification requirements of any employee,
43 contractor or agent as provided by the Kansas expanded lottery act or rules

1 and regulations adopted pursuant thereto;

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

4 (7) any other provision deemed necessary by the parties, including
5 such other terms and restrictions as necessary to conduct racetrack gaming
6 facility operations in a legal and fair manner.

7 (e) A person who is the manager of a lottery gaming facility in a
8 gaming zone shall not be eligible to be the manager of the racetrack
9 gaming facility in the same zone.

10 (f) A racetrack gaming facility management contract shall not
11 constitute property, nor shall it be subject to attachment, garnishment or
12 execution, nor shall it be alienable or transferable, except upon approval
13 by the executive director, nor shall it be subject to being encumbered or
14 hypothecated.

15 Sec. 6. K.S.A. 2016 Supp. 74-8743 is hereby amended to read as
16 follows: 74-8743. (a) The board of county commissioners of each county
17 where there is a parimutuel licensee location by resolution ~~shall~~ *may*
18 submit to the qualified voters of the county a proposition to permit the
19 placement of electronic gaming machines in the county as provided in this
20 section. ~~The proposition shall be submitted to the voters at a special~~
21 ~~election called by the board of county commissioners for that purpose and~~
22 ~~held not more than 180 days after the effective date of this act, or, upon~~
23 ~~presentation of a valid petition signed by not fewer than 5,000 qualified~~
24 ~~voters of the county, shall submit such proposition to the qualified voters~~
25 ~~of the county.~~

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

37 (c) If a majority of the votes cast and counted at such election is in
38 favor of approving the placement of electronic gaming machines in the
39 county, the Kansas lottery may place and operate electronic gaming
40 machines at a parimutuel licensee location in the county, subject to the
41 provisions of this act. If a majority of the votes cast and counted at an
42 election under this section is against permitting placement of electronic
43 gaming machines in the county, the Kansas lottery shall not place or

1 operate electronic gaming machines at a parimutuel licensee location in
2 the county. The county election officer shall transmit a copy of the
3 certification of the results of the election to the executive director.

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

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

16 ~~(f)~~—The question of the placement of electronic gaming machines in a
17 county may be submitted at the same election as the question of operation
18 of a lottery gaming facility in the county under K.S.A. 2016 Supp. 74-
19 8737, and amendments thereto.

20 Sec. 7. K.S.A. 2016 Supp. 74-8744 is hereby amended to read as
21 follows: 74-8744. (a) In accordance with rules and regulations adopted by
22 the commission, the executive director shall have general responsibility for
23 the implementation and administration of the provisions of this act relating
24 to racetrack gaming facility operations, including the responsibility to:

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

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

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

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

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

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

42 (b) Rules and regulations establishing the minimum and maximum
43 number of electronic gaming machines allocated for placement at each

1 racetrack gaming facility shall be adopted and published not later than 120
2 days after the effective date of this act. Such rules and regulations shall be
3 subject to the following:

4 (1) At least ~~600~~ 400 electronic gaming machines shall be allocated to
5 and placed at each racetrack gaming facility.

6 (2) The total number of electronic gaming machines allocated to and
7 placed at all racetrack gaming facilities in the state shall not exceed 2,800.

8 ~~Until lottery gaming facility management contracts for lottery gaming~~
9 ~~facilities in all gaming zones become binding, the total number of~~

10 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~
11 ~~not exceed 2,200. When lottery gaming facility management contracts for~~

12 ~~lottery gaming facilities in all gaming zones have become binding, the~~
13 ~~lottery commission shall take privilege fee bids from the lottery gaming~~

14 ~~facility manager and racetrack gaming facility manager in each gaming~~
15 ~~zone for the remaining electronic gaming machines allocated to but not yet~~

16 ~~placed at the racetrack gaming facility in such zone. The minimum bid~~
17 ~~shall be a privilege fee of \$2,500 per electronic gaming machine. If the~~

18 ~~racetrack gaming facility manager submits the highest bid, the lottery~~
19 ~~commission shall place the remaining electronic gaming machines at the~~

20 ~~racetrack gaming facility. If the lottery gaming facility manager submits~~
21 ~~the highest bid, the commission shall not place any additional electronic~~

22 ~~gaming machines at the racetrack gaming facility.~~
23 (3) ~~In addition to any privilege fee paid pursuant to paragraph (2),~~

24 ~~Each racetrack gaming facility manager shall pay a privilege fee of \$2,500~~
25 ~~for each electronic gaming machine placed at the racetrack gaming facility~~

26 ~~for which a privilege fee is not paid pursuant to paragraph (2).~~
27 (4) The racetrack gaming facility manager shall pay the privilege fees

28 provided by this subsection to the executive director, who shall remit the

29 entire amount to the state treasurer in accordance with K.S.A. 75-4215,

30 and amendments thereto. Upon receipt of the remittance, the state treasurer

31 shall deposit the entire amount in the state treasury and credit it to the

32 expanded lottery act revenues fund.
33 Sec. 8. K.S.A. 2016 Supp. 74-8746 is hereby amended to read as

34 follows: 74-8746. (a) Except as provided in subsection (b):
35 (1) No electronic gaming machines shall be operated at a parimutuel

36 licensee location in Sedgwick county unless, during the first full calendar
37 year and each year thereafter in which electronic gaming machines are

38 operated at such location, the parimutuel licensee conducts at such location
39 at least 100 live greyhound races each calendar week for ~~the number of~~
40 ~~weeks raced during calendar year 2003~~ at least 50 weeks with at least 13
41 live races conducted each day for not less than five days per week.

42 (2) No electronic gaming machines shall be operated at a parimutuel
43 licensee location in Wyandotte county unless, during the first full calendar

1 year and each year thereafter in which electronic gaming machines are
2 operated at such location, the parimutuel licensee conducts live horse
3 racing programs for at least 60 days, with at least 10 live races conducted
4 each program, and must offer and make a reasonable effort to conduct a
5 minimum number of three live races restricted for quarter horses each day
6 and seven live thoroughbred races each day, of which not less than two
7 races each day shall be limited to registered Kansas-bred horses
8 apportioned in the same ratio that live races are offered, except that the
9 licensee shall not be required to conduct the second live race restricted to
10 Kansas-bred horses unless there are at least seven qualified entries for such
11 race, ~~and with at least 100 live greyhound races each calendar week for at~~
12 ~~least the same number of weeks raced during calendar year 2003, with at~~
13 ~~least 13 live races conducted each day for not less than five days per week.~~

14 (3) No electronic gaming machines shall be operated at a parimutuel
15 licensee location in Crawford county unless, during the first full calendar
16 year and each year thereafter in which electronic gaming machines are
17 operated at such location, the parimutuel licensee conducts at such location
18 at least 85 live greyhound races each calendar week ~~for the number of~~
19 ~~weeks raced during calendar year 2003 in Sedgwick county, at least 25~~
20 ~~weeks~~ with at least 12 live races conducted each day for not less than five
21 days per week.

22 (4) If a parimutuel licensee has not held live races pursuant to a
23 schedule approved by the Kansas racing and gaming commission in the
24 preceding 12 months, the Kansas racing and gaming commission shall
25 hold a hearing to determine the number of days of live racing required for
26 the remaining days of the first calendar year of operation to qualify for
27 operation of electronic gaming machines. At such hearing, the commission
28 shall receive testimony and evidence from affected breed groups, the
29 licensee and others, as the Kansas racing and gaming commission deems
30 appropriate concerning the schedule of live race days. ~~The operation of~~
31 ~~electronic gaming machines shall not commence more than 90 days prior~~
32 ~~to the start of live racing at such facility.~~

33 (b) The Kansas racing and gaming commission may not grant
34 exceptions to the requirements of subsection (a) for a parimutuel licensee
35 conducting live racing unless such exception is in the form of an
36 agreement which: (1) Is between the parimutuel licensee and the affected
37 recognized greyhound or recognized horsemen's group, as defined in
38 K.S.A. 74-8802, and amendments thereto; (2) has been approved by the
39 appropriate official breed registering agencies; and (3) has been submitted
40 to and approved by the commission. In the case of emergencies, weather
41 related issues or immediate circumstances beyond the control of the
42 licensee, the Kansas racing and gaming commission may grant an
43 exception.

1 Sec. 9. K.S.A. 2016 Supp. 74-8747 is hereby amended to read as
2 follows: 74-8747. (a) *A racetrack gaming facility management contract*
3 *shall include provisions for net electronic gaming machine income from a*
4 *racetrack gaming facility shall to be distributed as follows:*

5 (1) ~~To the racetrack gaming facility manager.~~ An amount equal to
6 ~~25%~~ 22% of net electronic gaming machine income *shall be credited to*
7 *the expanded lottery act revenues fund;*

8 (2) ~~7%~~ *an amount equal to 10%* of net electronic gaming machine
9 *income derived from electronic gaming machines located at racetrack*
10 *gaming facilities licensed to conduct live horse races during the first and*
11 *second years of operation, and 14% of net electronic gaming machine*
12 *income derived from electronic gaming machines located at such*
13 *racetrack gaming facilities during the thirs and subsequent years of*
14 *operation shall be credited to the live horse racing purse supplement fund*
15 *established by K.S.A. 2016 Supp. 74-8767, and amendments thereto,*
16 ~~except that the amount of net electronic gaming machine income credited~~
17 ~~to the fund during any fiscal year from electronic gaming machines at a~~
18 ~~racetrack gaming facility shall not exceed an amount equal to the average~~
19 ~~of \$3,750 per electronic gaming machine at each location and any moneys~~
20 ~~in excess of such amount shall be distributed between the state and the~~
21 ~~racetrack gaming facility manager in accordance with the racetrack~~
22 ~~gaming facility management contract;~~

23 (3) *an amount equal to 7%* of net electronic gaming machine income
24 *derived from electronic gaming machines located at racetrack gaming*
25 *facilities licensed to conduct greyhound races shall be credited to the live*
26 *greyhound racing purse supplement fund established by K.S.A. 2016*
27 *Supp. 74-8767, and amendments thereto,* ~~except that the amount of net~~
28 ~~electronic gaming machine income credited to the fund during any fiscal~~
29 ~~year from electronic gaming machines at a racetrack gaming facility shall~~
30 ~~not exceed an amount equal to the average of \$3,750 per electronic gaming~~
31 ~~machine at each location and any moneys in excess of such amount shall~~
32 ~~be distributed between the state and the racetrack gaming facility manager~~
33 ~~in accordance with the racetrack gaming facility management contract;~~

34 (4) (A) if the racetrack gaming facility is located in the northeast
35 Kansas gaming zone and is not located within a city, ~~include a provision~~
36 ~~for payment of an amount equal to 3% of the racetrack gaming facility~~
37 ~~revenues an amount equal to 2% of net electronic gaming machine income~~
38 *shall be paid* to the county in which the racetrack gaming facility is
39 located; or (B) if the racetrack gaming facility is located in the northeast
40 Kansas gaming zone and is located within a city, ~~include provision for~~
41 ~~payment of an amount equal to 1.5% of the racetrack gaming facility~~
42 ~~revenues an amount equal to 1% of net electronic gaming machine income~~
43 *shall be paid* to the city in which the racetrack gaming facility is located

1 and an amount equal to ~~1.5% of such revenues~~ *1% of net electronic*
2 *gaming machine income shall be paid* to the county in which such facility
3 is located;

4 (5) (A) if the racetrack gaming facility is located in the ~~southeast or~~
5 south central Kansas gaming zone and is not located within a city, ~~include~~
6 ~~a provision for payment of an amount equal to 2% of the racetrack gaming~~
7 ~~facility revenues~~ *an amount equal to 2% of net electronic gaming machine*
8 *income shall be paid* to the county in which the racetrack gaming facility
9 is located ~~and an amount equal to 1% of such revenues to the other county~~
10 ~~in such zone~~; or (B) if the racetrack gaming facility is located in the
11 ~~southeast or~~ south central Kansas gaming zone and is located within a city,
12 ~~provide for payment of an amount equal to 1% of the racetrack gaming~~
13 ~~facility revenues~~ *an amount equal to 1% of net electronic gaming machine*
14 *income shall be paid* to the city in which the racetrack gaming facility is
15 located; ~~and an amount equal to 1% of such revenues~~ *net electronic*
16 *gaming machine income shall be paid* to the county in which such facility
17 is located ~~and an amount equal to 1% of such revenues to the other county~~
18 ~~in such zone~~;

19 (6) (A) *if the racetrack gaming facility is located in the southeast*
20 *Kansas gaming zone and is not located within a city, an amount equal to*
21 *2% of net electronic gaming machine income shall be paid to the county in*
22 *which the racetrack gaming facility is located and an amount equal to 1%*
23 *of net electronic gaming machine income shall be paid to the other county*
24 *in such zone*; or

25 (B) *if the racetrack gaming facility is located in the southeast Kansas*
26 *gaming zone and is located within a city, an amount equal to 1% of net*
27 *electronic gaming machine income shall be paid to the county in which the*
28 *racetrack gaming facility is located and an amount equal to 1% of net*
29 *electronic gaming machine income shall be paid to the other county in*
30 *such zone*;

31 ~~(6) (7)~~ *2% an amount equal to 0.5% of net electronic gaming machine*
32 *income shall be credited to the problem gambling and addictions grant*
33 *fund established by K.S.A. 2016 Supp. 79-4805, and amendments thereto*;

34 ~~(7) (8) (A)~~ *an amount equal to 1% of net electronic gaming machine*
35 *income derived from electronic gaming machines located at a racetrack*
36 *gaming facility located in the northeast Kansas gaming zone shall be*
37 *credited to the Kansas horse fair racing benefit fund established by K.S.A.*
38 *74-8838, and amendments thereto*; and

39 (B) *an amount equal to 0.4% of net electronic gaming machine*
40 *income derived from electronic gaming machines located at racetrack*
41 *gaming facilities located in the southeast Kansas gaming zone or south*
42 *central Kansas gaming zone shall be credited to the Kansas horse fair*
43 *racing benefit fund established by K.S.A. 74-8838, and amendments*

1 *thereto;*

2 ~~(8) 40% of net electronic gaming machine income shall be credited to~~
3 ~~the expanded lottery act revenues fund~~

4 *(9) an amount equal to 0.1% of net electronic gaming machine*
5 *income derived from electronic gaming machines located at a racetrack*
6 *gaming facility located in the south central Kansas gaming zone shall be*
7 *credited to the Kansas horse council fund established by section 4, and*
8 *amendments thereto; and*

9 ~~(9) (10) 15% of electronic gaming machine income shall be used for~~
10 ~~gaming expenses, subject to agreement between the Kansas lottery and the~~
11 ~~remaining balance of net electronic gaming machine income shall be paid~~
12 ~~to the racetrack gaming facility manager.~~

13 (b) A racetrack gaming facility management contract may include
14 provisions for a parimutuel licensee or any other entity to pay the
15 parimutuel licensee's expenses related to electronic gaming machines, as
16 the executive director deems appropriate, ~~subject to the requirements of~~
17 ~~subsection (a)(9).~~

18 Sec. 10. K.S.A. 2016 Supp. 74-8766 is hereby amended to read as
19 follows: 74-8766. (a) There is hereby established in the state treasury the
20 expanded lottery receipts fund. Separate accounts shall be maintained in
21 such fund for receipt of moneys from each lottery gaming facility manager
22 and racetrack gaming facility manager. All expenditures from the fund
23 shall be made in accordance with appropriation acts upon warrants of the
24 director of accounts and reports issued pursuant to vouchers approved by
25 the executive director for the purposes set forth in this act.

26 (b) All lottery gaming facility revenues from lottery gaming facilities
27 and all net electronic gaming machine income from racetrack gaming
28 facilities shall be paid daily and electronically to the executive director.
29 The executive director shall remit all moneys received therefrom to the
30 state treasurer in accordance with K.S.A. 75-4215, and amendments
31 thereto. Upon receipt of the remittance, the state treasurer shall deposit the
32 entire amount in the state treasury and credit it to the respective account
33 maintained for the lottery gaming facility manager or racetrack gaming
34 facility manager in the expanded lottery receipts fund.

35 (c) The executive director shall certify weekly to the director of
36 accounts and reports the percentages or amounts to be transferred from
37 each account maintained in the expanded lottery receipts fund to the
38 expanded lottery act revenues fund, the live horse racing supplement fund,
39 the live greyhound racing purse supplement fund and the problem
40 gambling and addictions grant fund, as provided by the lottery gaming
41 facility management contract or K.S.A. 2016 Supp. 74-8747, and
42 amendments thereto. Upon receipt of the certification, the director of
43 accounts and reports shall transfer amounts from each such account in

1 accordance with the certification of the executive director. Once each
 2 month, the executive director shall cause amounts from each such account
 3 to be paid to cities, counties and lottery gaming facility managers in
 4 accordance with the lottery gaming facility management contract and to
 5 racetrack gaming facility managers in accordance with K.S.A. 2016 Supp.
 6 74-8747, and amendments thereto.

7 (d) Amounts remaining in an account in the expanded lottery receipts
 8 fund after transfers and payments pursuant to subsection (c) *and section 2,*
 9 *and amendments thereto,* shall be distributed in accordance with the
 10 related lottery gaming facility management contract or racetrack gaming
 11 facility management contract.

12 Sec. 11. K.S.A. 2016 Supp. 74-8814 is hereby amended to read as
 13 follows: 74-8814. (a) Subject to the provisions of subsection (b), the
 14 commission shall establish by rules and regulations an application fee not
 15 exceeding ~~\$500~~ \$50 for any of the following ~~which organizations that~~
 16 applies for an organization license and ~~the a license fee for any of the~~
 17 ~~following granted an organization license shall be \$100~~ of \$25 for each
 18 day of racing approved by the commission *for any of the following*
 19 *organizations that are granted an organization license:*

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

27 ~~(2) the Greenwood county fair association or a horsemen's nonprofit~~
 28 ~~organization, with respect to race meetings conducted by such association~~
 29 ~~or organization at Eureka Downs, or the Anthony fair association or a~~
 30 ~~horsemen's nonprofit organization, with respect to race meetings~~
 31 ~~conducted by such association or organization at Anthony Downs, for~~
 32 ~~which the number of race meetings and days, and the dates thereof, shall~~
 33 ~~be specified by the commission.~~

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

38 (c) The Kansas racing and gaming commission shall ~~investigate~~
 39 ~~perform a criminal history records check and credit history check of:~~

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

43 (2) each officer and each director of a nonprofit horsemen's

1 organization, and such other members or shareholders as the commission
2 considers necessary to determine eligibility for an organization license.

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

7 Sec. 12. K.S.A. 74-8836 is hereby amended to read as follows: 74-
8 8836. (a) Any organization licensee that conducts at least ~~150~~ 60 days of
9 live racing during a calendar year, *or is in compliance with the provisions*
10 *of K.S.A. 2016 Supp. 74-8746, and amendments thereto*, or a fair
11 association that conducts fewer than ~~22~~ 40 days of live racing during a
12 calendar year may apply to the commission for a simulcasting license to
13 display simulcast horse or greyhound races and to conduct intertrack
14 parimutuel wagering thereon. If the organization licensee conducts races at
15 a racetrack facility that is owned by a facility owner licensee, both
16 licensees shall join in the application. ~~A simulcasting license granted to a~~
17 ~~fair association that conducts fewer than 22 days of live racing shall~~
18 ~~restrict the fair association's display of simulcast races to a number of~~
19 ~~days, including days on which it conducts live races, equal to not more~~
20 ~~than twice the number of days on which it conducts live races.~~

21 (b) (1) A simulcasting license granted to an organization licensee
22 other than a fair association shall authorize the display of simulcast races
23 at the racetrack facility where the live races are conducted so long as the
24 licensee conducts at least eight live races per day and an average of 10 live
25 races per day per week *is in compliance with the provisions of K.S.A. 2016*
26 *Supp. 74-8746, and amendments thereto*. If a simulcasting licensee
27 conducts live horse races on a day when simulcast races are displayed by
28 the licensee and the licensee conducts fewer than an average of 10 live
29 horse races per day per week, not less than 80% of the races on which
30 wagers are taken by the licensee during such week shall be live races
31 conducted by the licensee unless approved by the recognized horsemen's
32 group or upon a finding by the commission that the organization licensee
33 was unable to do so for reasonable cause. If a simulcast licensee conducts
34 live greyhound races on a day when simulcast races are displayed by the
35 licensee and the licensee schedules fewer than 13 live greyhound races
36 during a performance on such day, not less than 80% of the races on which
37 wagers are taken by the licensee during such performance shall be live
38 races conducted by the licensee.

39 (2) A simulcasting license granted to a fair association shall authorize
40 the display of simulcast races at the racetrack facility where the races are
41 conducted ~~only if live races are scheduled for two or more days of the~~
42 ~~same calendar week, except that the licensee may conduct simulcast races~~
43 ~~in the week immediately before and immediately after a live meeting if the~~

1 total number of days on which simulcast races are displayed does not
2 exceed the total authorized in subsection (a). In no case shall the live meet
3 or simulcast races allowed under this subsection exceed 10 consecutive
4 weeks. For purposes of this subsection, a calendar week shall be measured
5 from Monday through the following Sunday.

6 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~
7 ~~a fair association may apply to the commission for not more than five~~
8 ~~additional days of simulcasting of special events. In addition, the~~
9 ~~commission may authorize a fair association to display additional~~
10 ~~simulcast races but, if such fair association is less than 100 miles from an~~
11 ~~organization licensee that is not a fair association, it also shall secure~~
12 ~~written consent from that organization licensee.~~

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

18 (5) (4) ~~Notwithstanding the provisions of subsection (b)(1), the~~
19 ~~commission may authorize the licensee to display simulcast special racing~~
20 ~~events as designated by the commission.~~

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

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

26 (1) Comply with the interstate horse racing act of 1978-~~1~~, 15 U.S.C. §
27 3001 et seq.), as in effect December 31, 1991;

28 (2) submit with the application a written approval of the proposed
29 simulcasting schedule signed by: (A) The recognized horsemen's group for
30 the track, if the applicant is licensed to conduct only horse races, *and*
31 *horse races or greyhound races, or both, are to be simulcast*; (B) the
32 recognized greyhound owners' group, if the applicant is licensed to
33 conduct only greyhound races and only greyhound races are to be
34 simulcast; (C) both the recognized greyhound owners' group and a
35 recognized horsemen's group, if the applicant is licensed to conduct only
36 greyhound races and horse races are to be simulcast; (D) the recognized
37 greyhound owners' group, if the applicant is licensed to conduct both
38 greyhound and horse races, only greyhound races are to be simulcast and
39 races are to be simulcast only while the applicant is conducting live
40 greyhound races; (E) the recognized horsemen's group for the track, if the
41 applicant is licensed to conduct both greyhound and horse races, only
42 horse races are to be simulcast and races are to be simulcast only while the
43 applicant is conducting live horse races; or (F) both the recognized

1 greyhound owners' group and the recognized horsemen's group for the
2 track, if the applicant is licensed to conduct both greyhound races and
3 horse races and horse races are to be simulcast while the applicant is
4 conducting live greyhound races or greyhound races are to be simulcast
5 while the applicant is conducting live horse races; and

6 (3) submit, in accordance with rules and regulations of the
7 commission and before the simulcasting of a race, a written copy of each
8 contract or agreement which the applicant proposes to enter into with
9 regard to such race, and any proposed modification of any such contract or
10 agreement.

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

12 (f) A simulcasting licensee may apply to the commission or its
13 designee for changes in the licensee's approved simulcasting schedule if
14 such changes are approved by the respective recognized greyhound
15 owners' group or recognized horsemen's group needed throughout the term
16 of the license. Application shall be made upon forms furnished by the
17 commission and shall contain such information as the commission
18 prescribes.

19 (g) Except as provided by subsection (j), the takeout for simulcast
20 horse and greyhound races shall be the same as it is for the live horse and
21 greyhound races conducted during the current or next live race meeting at
22 the racetrack facility where the simulcast races are displayed. For
23 simulcast races the tax imposed on amounts wagered shall be as provided
24 by K.S.A. 74-8823, and amendments thereto. Of the balance of the takeout
25 remaining after deduction of taxes, an amount equal to a percentage, to be
26 determined by the commission, of the gross sum wagered on simulcast
27 races shall be used for purses, as follows:

28 (1) For greyhound races conducted by the licensee, if the simulcast
29 race is a greyhound race and the licensee conducts only live greyhound
30 races;

31 (2) for horse races conducted by the licensee, if the simulcast race is a
32 horse race and the licensee conducts only live horse races;

33 (3) for horse races and greyhound races, as determined by both the
34 recognized horsemen's group and the recognized greyhound owners'
35 group, if the simulcast race is a greyhound race and the licensee does not
36 conduct or is not currently conducting live greyhound races; or

37 (4) for horse races and greyhound races, as determined by both the
38 recognized horsemen's group and the recognized greyhound owners'
39 group, if the simulcast is a horse race and the licensee does not conduct or
40 is not currently conducting live horse races. That portion of simulcast
41 purse money determined to be used for horse purses shall be apportioned
42 by the commission to the various horse race meetings held in any calendar
43 year based upon the number of live horse race dates comprising such horse

1 race meetings in the preceding calendar year.

2 (h) Except as provided by subsection (j):

3 (1) If a simulcasting licensee has a license to conduct live horse races
4 and the *simulcasting* licensee displays a simulcast horse race: (A) All
5 breakage proceeds shall be remitted by the licensee to the commission not
6 later than the 15th day of the month following the race from which the
7 breakage is derived and the commission shall remit any such proceeds
8 received to the state treasurer in accordance with the provisions of K.S.A.
9 75-4215, and amendments thereto. Upon receipt of each such remittance,
10 the state treasurer shall deposit the entire amount in the state treasury to
11 the credit of the Kansas horse breeding development fund created by
12 K.S.A. 74-8829, and amendments thereto; and (B) all unclaimed ticket
13 proceeds shall be remitted by the licensee to the commission on the 61st
14 day after the end of the calendar year and the commission shall remit any
15 such proceeds received to the state treasurer in accordance with the
16 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
17 each such remittance, the state treasurer shall deposit the entire amount in
18 the state treasury to the credit of the Kansas horse breeding development
19 fund created by K.S.A. 74-8829, and amendments thereto.

20 (2) If a simulcasting licensee has a license to conduct live greyhound
21 races and the *simulcasting* licensee displays a simulcast greyhound race,
22 breakage and unclaimed winning ticket proceeds shall be distributed in the
23 manner provided by K.S.A. 74-8821 and 74-8822, and amendments
24 thereto, for breakage and unclaimed winning ticket proceeds from live
25 greyhound races.

26 (3) If a simulcasting licensee has a license to conduct live racing of
27 only horses and the *simulcasting* licensee displays a simulcast greyhound
28 race, unclaimed winning ticket proceeds shall be distributed in the manner
29 provided by K.S.A. 74-8822, and amendments thereto, for unclaimed
30 winning ticket proceeds from live greyhound races. Breakage for such
31 races shall be distributed for use to benefit greyhound racing as determined
32 by the commission.

33 (4) If a simulcasting licensee has a license to conduct live racing of
34 only greyhounds and the *simulcasting* licensee displays a simulcast horse
35 race: (A) All breakage proceeds shall be remitted by the licensee to the
36 commission not later than the 15th day of the month following the race
37 from which the breakage is derived and the commission shall remit any
38 such proceeds received to the state treasurer in accordance with the
39 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of
40 each such remittance, the state treasurer shall deposit the entire amount in
41 the state treasury to the credit of the Kansas horse breeding development
42 fund created by K.S.A. 74-8829, and amendments thereto; and (B) all
43 unclaimed ticket proceeds shall be remitted by the licensee to the

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

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

11 (j) (1) The commission may authorize any simulcasting licensee to
12 participate in an interstate combined wagering pool with one or more other
13 racing jurisdictions.

14 (2) If a licensee participates in an interstate pool, the licensee may
15 adopt the takeout of the host jurisdiction or facility. The amount and
16 manner of paying purses from the takeout in an interstate pool shall be as
17 provided by subsection (g).

18 (3) The tax imposed on amounts wagered in an interstate pool shall
19 be as provided by K.S.A. 74-8823, and amendments thereto. Parimutuel
20 taxes may not be imposed on any amounts wagered in an interstate
21 combined wagering pool other than amounts wagered within this
22 jurisdiction.

23 (4) Breakage for interstate combined wagering pools shall be
24 calculated in accordance with the statutes and rules and regulations of the
25 host jurisdiction and shall be allocated among the participating
26 jurisdictions in a manner agreed to among the jurisdictions. Breakage
27 allocated to this jurisdiction shall be distributed as provided by subsection
28 (h).

29 (5) Upon approval of the respective recognized greyhound owners'
30 group or recognized horsemen's group, the commission may permit an
31 organization licensee to simulcast to other racetrack facilities or off-track
32 wagering or intertrack wagering facilities in other jurisdictions one or
33 more races conducted by such licensee, use one or more races conducted
34 by such licensee for an intrastate combined wagering pool or use one or
35 more races conducted by such licensee for an interstate combined
36 wagering pool at off-track wagering or intertrack wagering locations
37 outside the commission's jurisdiction and may allow parimutuel pools in
38 other jurisdictions to be combined with parimutuel pools in the
39 commission's jurisdiction for the purpose of establishing an interstate
40 combined wagering pool.

41 (6) The participation by a simulcasting licensee in a combined
42 interstate wagering pool does not cause that licensee to be considered to be
43 doing business in any jurisdiction other than the jurisdiction in which the

1 licensee is physically located.

2 (k) If the organization licensee, facility owner licensee if any and the
3 recognized horsemen's group or recognized greyhound owners' group are
4 unable to agree concerning a simulcasting application, the matter may be
5 submitted to the commission for determination at the written request of
6 any party in accordance with rules and regulations of the commission.

7 (l) This section shall be part of and supplemental to the Kansas
8 parimutuel racing act.

9 Sec. 13. K.S.A. 2016 Supp. 75-6204 is hereby amended to read as
10 follows: 75-6204. (a) Subject to the limitations provided in this act, if a
11 debtor fails to pay to the state of Kansas or any state agency, foreign state
12 agency, municipality or the federal department of the treasury an amount
13 owed, the director may setoff such amount and a reasonable collection
14 assistance fee determined in accordance with K.S.A. 75-6210, and
15 amendments thereto, against any money held for, or any money owed to,
16 such debtor by the state~~or~~, any state agency, *lottery gaming facility*
17 *manager; racetrack gaming facility manager or facility owner licensee.*

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

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

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

35 Sec. 14. K.S.A. 74-8836 and K.S.A. 2016 Supp. 74-8741, 74-8743,
36 74-8744, 74-8746, 74-8747, 74-8766, 74-8814 and 75-6204 are hereby
37 repealed.

38 Sec. 15. This act shall take effect and be in force from and after its
39 publication in the statute book.