

Senate Substitute for HOUSE BILL No. 2074

By Committee on Federal and State Affairs

5-13

1 AN ACT concerning gaming; *{relating to debt setoff from gaming*
2 *winnings;}* amending K.S.A. 74-8836 and K.S.A. 2014 Supp. 74-8744,
3 74-8746, 74-8747 ~~and~~ *{,}* 74-8751 *{, 74-8814 and 75-6204}* and repealing
4 the existing sections.
5

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

7 Section 1. K.S.A. 2014 Supp. 74-8744 is hereby amended to read as
8 follows: 74-8744. (a) In accordance with rules and regulations adopted by
9 the commission, the executive director shall have general responsibility for
10 the implementation and administration of the provisions of this act relating
11 to racetrack gaming facility operations, including the responsibility to:

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

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

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

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

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

25 (D) rules and regulations and procedures for the accounting and
26 reporting of the payments required from racetrack gaming facility
27 managers under K.S.A. 2014 Supp. 74-8766, and amendments thereto,
28 including the calculations required for such payments.

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

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

36 (2) The total number of electronic gaming machines allocated to and

1 placed at all racetrack gaming facilities in the state shall not exceed 2,800.
2 ~~Until lottery gaming facility management contracts for lottery gaming~~
3 ~~facilities in all gaming zones become binding, the total number of~~
4 ~~electronic gaming machines placed at all racetrack gaming facilities shall~~
5 ~~not exceed 2,200. When lottery gaming facility management contracts for~~
6 ~~lottery gaming facilities in all gaming zones have become binding, the~~
7 ~~lottery commission shall take privilege fee bids from the lottery gaming~~
8 ~~facility manager and racetrack gaming facility manager in each gaming~~
9 ~~zone for the remaining electronic gaming machines allocated to but not yet~~
10 ~~placed at the racetrack gaming facility in such zone. The minimum bid~~
11 ~~shall be a privilege fee of \$2,500 per electronic gaming machine. If the~~
12 ~~racetrack gaming facility manager submits the highest bid, the lottery~~
13 ~~commission shall place the remaining electronic gaming machines at the~~
14 ~~racetrack gaming facility. If the lottery gaming facility manager submits~~
15 ~~the highest bid, the commission shall not place any additional electronic~~
16 ~~gaming machines at the racetrack gaming facility.~~

17 ~~(3) In addition to any privilege fee paid pursuant to paragraph (2),~~
18 Each racetrack gaming facility manager shall pay a privilege fee of \$2,500
19 for each electronic gaming machine placed at the racetrack gaming facility
20 for which a privilege fee is not paid pursuant to paragraph (2).

21 (4) The racetrack gaming facility manager shall pay the privilege fees
22 provided by this subsection to the executive director, who shall remit the
23 entire amount to the state treasurer in accordance with K.S.A. 75-4215,
24 and amendments thereto. Upon receipt of the remittance, the state treasurer
25 shall deposit the entire amount in the state treasury and credit it to the
26 expanded lottery act revenues fund.

27 Sec. 2. K.S.A. 2014 Supp. 74-8746 is hereby amended to read as
28 follows: 74-8746. (a) Except as provided in subsection (b):

29 (1) No electronic gaming machines shall be operated at a parimutuel
30 licensee location in Sedgwick county unless, during the first full calendar
31 year and each year thereafter in which electronic gaming machines are
32 operated at such location, the parimutuel licensee conducts at such location
33 at least 100 live greyhound races each calendar week for the number of
34 weeks raced during calendar year 2003 with at least 13 live races
35 conducted each day for not less than five days per week.

36 (2) No electronic gaming machines shall be operated at a parimutuel
37 licensee location in Wyandotte county unless, during the first full calendar
38 year and each year thereafter in which electronic gaming machines are
39 operated at such location, the parimutuel licensee conducts live horse
40 racing programs for at least 60 days, with at least 10 live races conducted
41 each program, and must offer and make a reasonable effort to conduct a
42 minimum number of three live races restricted for quarter horses each day
43 and seven live thoroughbred races each day, of which not less than two

1 races each day shall be limited to registered Kansas-bred horses
2 apportioned in the same ratio that live races are offered, except that the
3 licensee shall not be required to conduct the second live race restricted to
4 Kansas-bred horses unless there are at least seven qualified entries for such
5 race, ~~and with at least 100 live greyhound races each calendar week for at~~
6 ~~least the same number of weeks raced during calendar year 2003, with at~~
7 ~~least 13 live races conducted each day for not less than five days per week.~~

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

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

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

37 Sec. 3. K.S.A. 2014 Supp. 74-8747 is hereby amended to read as
38 follows: 74-8747. (a) *Except as provided in section 4, and amendments*
39 *thereto*, net electronic gaming machine income from a racetrack gaming
40 facility shall be distributed as follows:

41 (1) To the racetrack gaming facility manager, an amount equal to 25%
42 of net electronic gaming machine income;

43 (2) 7% of net electronic gaming machine income shall be credited to

1 the live horse racing purse supplement fund established by K.S.A. 2014
2 Supp. 74-8767, and amendments thereto, ~~except that the amount of net~~
3 ~~electronic gaming machine income credited to the fund during any fiscal~~
4 ~~year from electronic gaming machines at a racetrack gaming facility shall~~
5 ~~not exceed an amount equal to the average of \$3,750 per electronic gaming~~
6 ~~machine at each location and any moneys in excess of such amount shall~~
7 ~~be distributed between the state and the racetrack gaming facility manager~~
8 ~~in accordance with the racetrack gaming facility management contract;~~

9 (3) 7% of net electronic gaming machine income shall be credited to
10 the live greyhound racing purse supplement fund established by K.S.A.
11 2014 Supp. 74-8767, and amendments thereto, except that the amount of
12 net electronic gaming machine income credited to the fund during any
13 fiscal year from electronic gaming machines at a racetrack gaming facility
14 shall not exceed an amount equal to the average of \$3,750 per electronic
15 gaming machine at each location and any moneys in excess of such
16 amount shall be distributed between the state and the racetrack gaming
17 facility manager in accordance with the racetrack gaming facility
18 management contract;

19 (4) (A) ~~if the racetrack gaming facility is located in the northeast~~
20 ~~Kansas gaming zone and is not located within a city, include a provision~~
21 ~~for payment of an amount equal to 3% of the racetrack gaming facility~~
22 ~~revenues to the county in which the racetrack gaming facility is located; or~~
23 ~~(B) if the racetrack gaming facility is located in the northeast Kansas~~
24 ~~gaming zone and is located within a city, include provision for payment of~~
25 ~~an amount equal to 1.5% of the racetrack gaming facility revenues to the~~
26 ~~city in which the racetrack gaming facility is located and an amount equal~~
27 ~~to 1.5% of such revenues to the county in which such facility is located;~~

28 (5) (A) ~~if the racetrack gaming facility is located in the southeast or~~
29 ~~south central Kansas gaming zone and is not located within a city, include~~
30 ~~a provision for payment of an amount equal to 2% of the racetrack gaming~~
31 ~~facility revenues net gaming machine income to the county in which the~~
32 ~~racetrack gaming facility is located and an amount equal to 1% of such~~
33 ~~revenues to the other county in such zone; or (B) if the racetrack gaming~~
34 ~~facility is located in the southeast or south central Kansas gaming zone and~~
35 ~~is located within a city, provide for payment of an amount equal to 1% of~~
36 ~~the racetrack gaming facility revenues net gaming machine income to the~~
37 ~~city in which the racetrack gaming facility is located, an amount equal to~~
38 ~~1% of such revenues to the county in which such facility is located and an~~
39 ~~amount equal to 1% of such revenues to the other county in such zone;~~

40 (6)(5) 2% of net electronic gaming machine income shall be credited
41 to the problem gambling and addictions grant fund established by K.S.A.
42 2014 Supp. 79-4805, and amendments thereto;

43 (7)(6) 1% of net electronic gaming machine income shall be credited

1 to the Kansas horse fair racing benefit fund established by K.S.A. 74-8838,
2 and amendments thereto;

3 ~~(8)~~(7) 40% of net electronic gaming machine income shall be credited
4 to the expanded lottery act revenues fund; and

5 ~~(9)~~(8) 15% of electronic gaming machine income shall be used for
6 gaming expenses, subject to agreement between the Kansas lottery and the
7 racetrack gaming facility manager.

8 (b) A racetrack gaming facility management contract may include
9 provisions for a parimutuel licensee or any other entity to pay the
10 parimutuel licensee's expenses related to electronic gaming machines, as
11 the executive director deems appropriate, subject to the requirements of
12 subsection (a)~~(9)~~(8).

13 New Sec. 4. (a) Net electronic gaming machine income from a
14 racetrack gaming facility located in the northeast Kansas gaming zone
15 shall be distributed as follows:

16 (1) To the racetrack gaming facility manager, an amount equal to
17 64.5% of the net electronic gaming machine income during the first and
18 second full years the racetrack gaming facility is in operation and 60.5%
19 during the third full year and all subsequent years the racetrack gaming
20 facility is in operation;

21 (2) 10% of the net electronic gaming machine income shall be
22 credited to the live horse racing purse supplement fund established by
23 K.S.A. 2014 Supp. 74-8767, and amendments thereto, during the first and
24 second full years the racetrack gaming facility is in operation and 14%
25 during the third and subsequent years the racetrack gaming facility is in
26 operation;

27 (3) 2% of the net electronic gaming machine income shall be credited
28 to the county in which the racetrack gaming facility is located;

29 (4) 0.5% of the net electronic gaming machine income shall be
30 credited to the problem gambling and addictions grant fund established by
31 K.S.A. 2014 Supp. 79-4805, and amendments thereto;

32 (5) 1% of the net electronic gaming machine income shall be credited
33 to the Kansas horse fair racing benefit fund established by K.S.A. 74-8838,
34 and amendments thereto; and

35 (6) 22% of the net electronic gaming machine income shall be
36 credited to the expanded lottery act revenues fund.

37 (b) A racetrack gaming facility management contract may include
38 provisions for a parimutuel licensee or any other entity to pay the
39 parimutuel licensee's expenses related to electronic gaming machines, as
40 the executive director deems appropriate.

41 Sec. 5. K.S.A. 2014 Supp. 74-8751 is hereby amended to read as
42 follows: 74-8751. The Kansas racing and gaming commission, through
43 rules and regulations, shall establish:

1 (a) A certification requirement, and enforcement procedure, for
2 officers, directors, key employees and persons directly or indirectly
3 owning a ~~0.5%~~ 5% or more interest in a lottery gaming facility manager or
4 racetrack gaming facility manager. Such certification requirement shall
5 include compliance with such security, fitness and background
6 investigations and standards as the executive director of the Kansas racing
7 and gaming commission deems necessary to determine whether such
8 person's reputation, habits or associations pose a threat to the public
9 interest of the state or to the reputation of or effective regulation and
10 control of the lottery gaming facility or racetrack gaming facility. *In the*
11 *case of a publicly traded company subject to the jurisdiction of the United*
12 *States securities and exchange commission, such certification*
13 *requirements shall include such security, fitness and background*
14 *investigations and standards for officers, directors, key gaming employees*
15 *and persons directly or indirectly owning a 5% or more interest in such*
16 *entity, and shall specify that such publicly traded company annually*
17 *provide a list of all identifiable shareholders. In the case of institutional*
18 *investors in a publicly traded company, the certification requirement shall*
19 *provide a procedure for issuance of waivers of the background*
20 *investigation requirement by the executive director of the Kansas racing*
21 *and gaming commission. Any person convicted of any felony, a crime*
22 *involving gambling or a crime of moral turpitude prior to applying for a*
23 *certificate hereunder or at any time thereafter shall be deemed unfit. The*
24 *Kansas racing and gaming commission shall conduct the security, fitness*
25 *and background checks required pursuant to this subsection. Certification*
26 *pursuant to this subsection shall not be assignable or transferable;*

27 (b) a certification requirement, and enforcement procedure, for those
28 persons, including electronic gaming machine manufacturers, technology
29 providers and computer system providers, who propose to contract with a
30 lottery gaming facility manager, a racetrack gaming facility manager or the
31 state for the provision of goods or services related to a lottery gaming
32 facility or racetrack gaming facility, including management services. Such
33 certification requirements shall include compliance with such security,
34 fitness and background investigations and standards of officers, directors,
35 key gaming employees and persons directly or indirectly owning a ~~0.5%~~
36 5% or more interest in such entity as the executive director of the Kansas
37 racing and gaming commission deems necessary to determine whether
38 such person's reputation, habits and associations pose a threat to the public
39 interest of the state or to the reputation of or effective regulation and
40 control of the lottery gaming facility or racetrack gaming facility. *In the*
41 *case of a publicly traded company subject to the jurisdiction of the United*
42 *States securities and exchange commission, or equivalent foreign*
43 *securities law, such certification requirements include such security,*

1 *fitness and background investigations and standards for officers, directors,*
2 *key gaming employees and persons directly or indirectly owning a 5% or*
3 *more interest in such entity, and shall specify that such publicly traded*
4 *company annually provide a list of all identifiable shareholders. In the*
5 *case of institutional investors in a publicly traded company, the*
6 *certification requirement shall provide a procedure for issuance of waivers*
7 *of the background investigation requirement by the executive director of*
8 *the Kansas racing and gaming commission. Any person convicted of any*
9 *felony, a crime involving gambling or a crime of moral turpitude prior to*
10 *applying for a certificate hereunder or at any time thereafter shall be*
11 *deemed unfit. If the executive director of the racing and gaming*
12 *commission determines the certification standards of another state are*
13 *comprehensive, thorough and provide similar adequate safeguards, the*
14 *executive director may certify an applicant already certified in such state*
15 *without the necessity of a full application and background check. The*
16 *Kansas racing and gaming commission shall conduct the security, fitness*
17 *and background checks required pursuant to this subsection. Certification*
18 *pursuant to this subsection shall not be assignable or transferable;*

19 (c) provisions for revocation of a certification required by subsection
20 (a) or (b) upon a finding that the certificate holder, an officer or director
21 thereof or a person directly or indirectly owning a ~~0.5%~~ 5% or more
22 interest therein: (1) Has knowingly provided false or misleading material
23 information to the Kansas lottery or its employees; or (2) has been
24 convicted of a felony, gambling related offense or any crime of moral
25 turpitude; and

26 (d) provisions for suspension, revocation or nonrenewal of a
27 certification required by subsection (a) or (b) upon a finding that the
28 certificate holder, an officer or director thereof or a person directly or
29 indirectly owning a ~~0.5%~~ 5% or more interest therein: (1) Has failed to
30 notify the Kansas lottery about a material change in ownership of the
31 certificate holder, or any change in the directors or officers thereof; (2) is
32 delinquent in remitting money owed to the Kansas lottery; (3) has violated
33 any provision of any contract between the Kansas lottery and the
34 certificate holder; or (4) has violated any provision of the Kansas
35 expanded lottery act or any rule and regulation adopted hereunder.

36 Sec. 6. K.S.A. 74-8836 is hereby amended to read as follows: 74-
37 8836. (a) Any organization licensee that conducts at least ~~150~~ 60 days of
38 live racing during a calendar year *or is in compliance with provisions of*
39 *K.S.A. 2014 Supp. 74-8746, and amendments thereto*, or a fair association
40 that conducts fewer than ~~22~~ 40 days of live racing during a calendar year
41 may apply to the commission for a simulcasting license to display
42 simulcast horse or greyhound races and to conduct intertrack parimutuel
43 wagering thereon. If the organization licensee conducts races at a racetrack

1 facility that is owned by a facility owner licensee, both licensees shall join
2 in the application. ~~A simuleasting license granted to a fair association that~~
3 ~~conducts fewer than 22 days of live racing shall restrict the fair~~
4 ~~association's display of simulcast races to a number of days, including~~
5 ~~days on which it conducts live races, equal to not more than twice the~~
6 ~~number of days on which it conducts live races.~~

7 (b) (1) A simulcasting license granted to an organization licensee
8 other than a fair association shall authorize the display of simulcast races
9 at the racetrack facility where the live races are conducted so long as the
10 licensee: (A) Conducts at least eight live races per day and an average of
11 10 live races per day per week; or (B) *the licensee is in compliance with*
12 *provisions of K.S.A. 2014 Supp. 74-8746, and amendments thereto.* If a
13 simulcasting licensee conducts live horse races on a day when simulcast
14 races are displayed by the licensee and the licensee conducts fewer than an
15 average of 10 live horse races per day per week, not less than 80% of the
16 races on which wagers are taken by the licensee during such week shall be
17 live races conducted by the licensee unless approved by the recognized
18 horsemen's group or upon a finding by the commission that the
19 organization licensee was unable to do so for reasonable cause. If a
20 simulcast licensee conducts live greyhound races on a day when simulcast
21 races are displayed by the licensee and the licensee schedules fewer than
22 13 live greyhound races during a performance on such day, not less than
23 80% of the races on which wagers are taken by the licensee during such
24 performance shall be live races conducted by the licensee.

25 (2) A simulcasting license granted to a fair association shall authorize
26 the display of simulcast races at the racetrack facility where the races are
27 conducted ~~only if live races are scheduled for two or more days of the~~
28 ~~same calendar week, except that the licensee may conduct simulcast races~~
29 ~~in the week immediately before and immediately after a live meeting if the~~
30 ~~total number of days on which simulcast races are displayed does not~~
31 ~~exceed the total authorized in subsection (a). In no case shall the live meet~~
32 ~~or simulcast races allowed under this subsection exceed 10 consecutive~~
33 ~~weeks. For purposes of this subsection, a calendar week shall be measured~~
34 ~~from Monday through the following Sunday.~~

35 (3) ~~Notwithstanding the provisions of subsection (a), (b)(1) or (b)(2),~~
36 ~~a fair association may apply to the commission for not more than five~~
37 ~~additional days of simuleasting of special events. In addition, the~~
38 ~~commission may authorize a fair association to display additional~~
39 ~~simulcast races but, if such fair association is less than 100 miles from an~~
40 ~~organization licensee that is not a fair association, it also shall secure~~
41 ~~written consent from that organization licensee.~~

42 (4)(3) Notwithstanding the provisions of subsection (b)(1), if an
43 emergency causes the cancellation of all or any live races scheduled for a

1 day or performance by a simulcasting licensee, the commission or the
2 commission's designee may authorize the licensee to display any simulcast
3 races previously scheduled for such day or performance.

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

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

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

12 (1) Comply with the interstate horse racing act of 1978 (15 U.S.C. §
13 3001 et seq.) as in effect December 31, 1991;

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

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

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

40 (f) A simulcasting licensee may apply to the commission or its
41 designee for changes in the licensee's approved simulcasting schedule if
42 such changes are approved by the respective recognized greyhound
43 owners' group or recognized horsemen's group needed throughout the term

1 of the license. Application shall be made upon forms furnished by the
2 commission and shall contain such information as the commission
3 prescribes.

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

13 (1) For greyhound races conducted by the licensee, if the simulcast
14 race is a greyhound race and the licensee conducts only live greyhound
15 races;

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

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

22 (4) for horse races and greyhound races, as determined by both the
23 recognized horsemen's group and the recognized greyhound owners'
24 group, if the simulcast is a horse race and the licensee does not conduct or
25 is not currently conducting live horse races. That portion of simulcast
26 purse money determined to be used for horse purses shall be apportioned
27 by the commission to the various horse race meetings held in any calendar
28 year based upon the number of live horse race dates comprising such horse
29 race meetings in the preceding calendar year.

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

31 (1) If a simulcasting licensee has a license to conduct live horse races
32 and the licensee displays a simulcast horse race: (A) All breakage proceeds
33 shall be remitted by the licensee to the commission not later than the 15th
34 day of the month following the race from which the breakage is derived
35 and the commission shall remit any such proceeds received to the state
36 treasurer in accordance with the provisions of K.S.A. 75-4215, and
37 amendments thereto. Upon receipt of each such remittance, the state
38 treasurer shall deposit the entire amount in the state treasury to the credit
39 of the Kansas horse breeding development fund created by K.S.A. 74-
40 8829, and amendments thereto; and (B) all unclaimed ticket proceeds shall
41 be remitted by the licensee to the commission on the 61st day after the end
42 of the calendar year and the commission shall remit any such proceeds
43 received to the state treasurer in accordance with the provisions of K.S.A.

1 75-4215, and amendments thereto. Upon receipt of each such remittance,
2 the state treasurer shall deposit the entire amount in the state treasury to
3 the credit of the Kansas horse breeding development fund created by
4 K.S.A. 74-8829, and amendments thereto.

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

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

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

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

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

41 (2) If a licensee participates in an interstate pool, the licensee may
42 adopt the takeout of the host jurisdiction or facility. The amount and
43 manner of paying purses from the takeout in an interstate pool shall be as

1 provided by subsection (g).

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

7 (4) Breakage for interstate combined wagering pools shall be
8 calculated in accordance with the statutes and rules and regulations of the
9 host jurisdiction and shall be allocated among the participating
10 jurisdictions in a manner agreed to among the jurisdictions. Breakage
11 allocated to this jurisdiction shall be distributed as provided by subsection
12 (h).

13 (5) Upon approval of the respective recognized greyhound owners'
14 group or recognized horsemen's group, the commission may permit an
15 organization licensee to simulcast to other racetrack facilities or off-track
16 wagering or intertrack wagering facilities in other jurisdictions one or
17 more races conducted by such licensee, use one or more races conducted
18 by such licensee for an intrastate combined wagering pool or use one or
19 more races conducted by such licensee for an interstate combined
20 wagering pool at off-track wagering or intertrack wagering locations
21 outside the commission's jurisdiction and may allow parimutuel pools in
22 other jurisdictions to be combined with parimutuel pools in the
23 commission's jurisdiction for the purpose of establishing an interstate
24 combined wagering pool.

25 (6) The participation by a simulcasting licensee in a combined
26 interstate wagering pool does not cause that licensee to be considered to be
27 doing business in any jurisdiction other than the jurisdiction in which the
28 licensee is physically located.

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

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

36 *{Sec. 7. K.S.A. 2014 Supp. 74-8814 is hereby amended to read as*
37 *follows: 74-8814. (a) (1) Subject to the provisions of subsection (b), the*
38 *commission shall establish by rules and regulations an application fee*
39 *not exceeding ~~\$500~~ \$50 for any of the following organization listed in*
40 *paragraph (2) which applies for an organization license and the license*
41 *fee for any of the following granted an organization license shall be*
42 *~~\$100~~ \$25 for each day of racing approved by the commission:*

43 *(1) ~~Any fair association other than the Greenwood county and~~*

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

7 ~~(2) the Greenwood county fair association or a horsemen's nonprofit~~
8 ~~organization, with respect to race meetings conducted by such association~~
9 ~~or organization at Eureka Downs, or the Anthony fair association or a~~
10 ~~horsemen's nonprofit organization, with respect to race meetings~~
11 ~~conducted by such association or organization at Anthony Downs, for~~
12 ~~which the number of race meetings and days, and the dates thereof, shall~~
13 ~~be specified by the commission.~~

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

18 *(c) The Kansas racing and gaming commission shall investigate the*
19 *criminal background and credit history of:*

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

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

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

31 *New Sec. 8. (a) Prior to any lottery gaming facility manager,*
32 *racetrack gaming facility manager or facility owner licensee paying any*
33 *prize requiring the completion of an internal revenue service form W-*
34 *2G, the manager or licensee shall cause the person winning the prize to*
35 *be matched against the state debtor files maintained by the director of*
36 *accounts and reports as prescribed under K.S.A. 75-6201 et seq., and*
37 *amendments thereto. If such person is listed in the state debtor files, the*
38 *prize shall be withheld by the lottery gaming facility manager, racetrack*
39 *gaming facility manager or the facility owner licensee to the extent of*
40 *such person's debt as set forth in the state debtor files.*

41 *(b) The lottery gaming facility manager, racetrack gaming facility*
42 *manager and facility owner licensee shall not be subject to any civil,*
43 *criminal or administrative liability for any actions taken pursuant to this*

1 *section, unless such actions are intentional, malicious or wanton by*
2 *such lottery gaming facility manager, racetrack gaming facility*
3 *manager, facility owner licensee or employees or agents thereof. The*
4 *sole remedy at law for persons who claim prizes were wrongfully*
5 *withheld pursuant to this section shall be to submit an appeal to the*
6 *department of administration pursuant to K.S.A. 75-6201 et seq., and*
7 *amendments thereto.*

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

13 *(d) As used in this section:*

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

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

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

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

26 *(e) Nothing in this section shall apply to Native American tribal*
27 *gaming facilities.*

28 *(f) This section shall be part of and supplemental to the state debt*
29 *setoff program.*

30 *Sec. 9. K.S.A. 2014 Supp. 75-6204 is hereby amended to read as*
31 *follows: 75-6204. (a) Subject to the limitations provided in this act, if a*
32 *debtor fails to pay to the state of Kansas or any state agency, foreign*
33 *state agency, municipality or the federal department of the treasury an*
34 *amount owed, the director may setoff such amount against any money*
35 *held for, or any money owed to, such debtor by the state ~~or~~, any state*
36 *agency, lottery gaming facility manager, racetrack gaming facility*
37 *manager or facility owner licensee.*

38 *(b) The director may enter into an agreement with a municipality*
39 *for participation in the setoff program for the purpose of assisting in the*
40 *collection of a debt as defined by K.S.A. 75-6202, and amendments*
41 *thereto. The director shall include in any such agreement a provision*
42 *requiring the municipality to certify that the municipality has made at*
43 *least three attempts to collect a debt prior to submitting such debt to*

1 *setoff pursuant to this act.*

2 Sec. ~~7.~~ *{10.}* K.S.A. 74-8836 and K.S.A. 2014 Supp. 74-8744, 74-
3 8746, 74-8747 ~~and~~ *{,}* 74-8751 *{, 74-8814 and 75-6204}* are hereby repealed.

4 Sec. ~~8.~~ *{11.}* This act shall take effect and be in force from and after
5 its publication in the statute book.