

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES

**Home:**  
1545 E. 119th Street  
Mulvane, KS 67110-8039  
316-613-1899 Cell Phone  
PeteDeGraaf@att.net

**Topeka Office:**  
Kansas State Capitol Building  
Room 459-W  
300 SW 10th Street  
Topeka, KS 66612-1504  
785-296-7693 (During session)



**PETE DEGRAAF**  
82<sup>nd</sup> District

**Committee Assignments:**  
Chairman: General Government Budget  
Financial Institutions  
Member: Appropriations  
Insurance  
Joint Committees:  
Streamlining Committee  
Vice Chair: Children's Issues

**DATE:** Monday, March 25, 2013

**TO:** The Honorable Senator Ralph Ostmeyer, Chairman,  
and other distinguished members of the Fed & State Affairs Committee.

**SUBJECT:** Requesting amendment to SB 215 – Including Lottery and Casinos in Debt Set-Off Program

Thank you for serving and for being willing to hear about my desire to amend SB215 with the language that is currently in HB 2337. Attached to my testimony is a balloon for your consideration.

HB 2337 has been worked over the last few years to give our State owned casinos and lottery the legal protection they need and also the statutory language needed to pull back child support and other Debt-Set-off items from gambling winnings.

Also attached for your use are the names of the various key points of contact used in the creation of the House Bill.

It is a pleasure serving with you.

  
Rep Pete DeGraaf

SENATE BILL No. 215

By Committee on Federal and State Affairs

2-19

Proposed Amendments for SB 215  
Representative DeGraaf  
March 25, 2013  
Prepared by Renae Jefferies  
Office of the Revisor of Statutes

1 AN ACT concerning the Kansas expanded lottery act; relating to racetrack  
2 gaming facilities; relating to parimutuel racing; amending K.S.A. 2012  
3 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-8747 ~~and 74-8751~~ and  
4 repealing the existing sections.  
5

relating to debt setoff,  
, 74-8751 and 75-6204

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

7 Section 1. K.S.A. 2012 Supp. 74-8734 is hereby amended to read as  
8 follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming  
9 facility in each gaming zone.

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

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

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

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

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

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

33 Sec. [B] K.S.A. 2012 Supp. 74-8734, 74-8741, 74-8744, 74-8746, 74-  
 34 8747 and 74-8751 are hereby repealed.

35 Sec. [9] This act shall take effect and be in force from and after its  
 36 publication in the Kansas register.

See Attached Insert

11.

, 74-8751 and 75-6204

12.

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

(b) The state-owned casino, lottery gaming facility managers, racetrack gaming facility managers and facility owner licensees shall not be subject to any civil, criminal or administrative liability for any amount of any prize withheld pursuant to this section that was mistakenly withheld by such state-owned casino, lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee, provided, such mistaken withholding was not due to any intentionally malicious, wanton or negligent act by such state-owned casino, lottery gaming facility manager, racetrack gaming facility manager, facility owner licensee or employees or agents thereof. The sole remedy at law for persons who claim prizes were wrongfully withheld pursuant to this section shall be to submit an appeal to the department of administration pursuant to K.S.A. 75-6201 et seq., and amendments thereto.

(c) Moneys withheld, based on the state debtor's files, shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. The state treasurer shall deposit the entire amount in the state treasury and credit it to the department of administration's setoff clearing fund 9107.

(d) As used in this section:

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

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

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

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

(e) The department of administration is hereby authorized to work with the state-owned casinos to accomplish the purposes of the state debt setoff program.

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

New Sec. 9. Any state-owned casino and any facility owner licensee as defined by K.S.A. 74-8802, and amendments thereto, may utilize the provisions of K.S.A. 75-6201 et seq., and amendments thereto, to insure child support debtors and debtors under the state debt setoff program who win any prize or winning from parimutuel wagering valued at \$600 or more shall be subject to setoff of such child support debt or state debt setoff.

Sec. 10. K.S.A. 2012 Supp. 75-6204 is hereby amended to read as follows: 75-6204. (a) Subject to the limitations provided in this act, if a debtor fails to pay to the state of Kansas or any state agency, foreign state agency, municipality or the federal department of the treasury an amount owed, the director may setoff such amount against any money held for, or any money owed to, such debtor by the state or any state agency, any state-owned casino, lottery gaming facility or racetrack gaming facility.

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