

HOUSE BILL No. 2180

By Committee on Veterans, Military and Homeland Security

1-31

1 AN ACT concerning certain veterans service organizations; dealing with
2 electronic gaming machines; amending K.S.A. 2012 Supp. 74-8702 and
3 repealing the existing section.
4

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

6 New Section 1. (a) Any veterans service organization which is
7 qualified as a nonprofit tax exempt organization under § 501(c)(3) of the
8 federal internal revenue code may operate on behalf of the state of Kansas
9 one electronic gaming machine per 50 members rounded up to the nearest
10 50 members.

11 (b) All net electronic gaming machine income shall be utilized by the
12 veterans service organization for veterans service programs.

13 (c) The Kansas lottery is authorized to charge the veterans service
14 organization a service fee to offset any costs incurred in the periodic
15 inspections of the electronic gaming machines and the use of the proceeds
16 from the machine.

17 (d) The Kansas lottery shall adopt rules and regulations to implement
18 this act.

19 (e) This act shall be a part of and supplemental to the Kansas lottery
20 act.

21 Sec. 2. K.S.A. 2012 Supp. 74-8702 is hereby amended to read as
22 follows: 74-8702. As used in the Kansas lottery act, unless the context
23 otherwise requires:

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

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

30 (c) "Electronic gaming machine" means any electronic,
31 electromechanical, video or computerized device, contrivance or machine
32 authorized by the Kansas lottery which, upon insertion of cash, tokens,
33 electronic cards or any consideration, is available to play, operate or
34 simulate the play of a game authorized by the Kansas lottery pursuant to
35 the Kansas expanded lottery act, including, but not limited to, bingo,
36 poker, blackjack, keno and slot machines, and which may deliver or entitle

1 the player operating the machine to receive cash, tokens, merchandise or
2 credits that may be redeemed for cash. Electronic gaming machines may
3 use bill validators and may be single-position reel-type, single or multi-
4 game video and single-position multi-game video electronic game,
5 including, but not limited to, poker, blackjack and slot machines.
6 Electronic gaming machines shall be directly linked to a central computer
7 at a location determined by the executive director for purposes of security,
8 monitoring and auditing.

9 (d) "Executive director" means the executive director of the Kansas
10 lottery.

11 (e) "Gaming equipment" means any electric, electronic, computerized
12 or electromechanical machine, mechanism, supply or device or any other
13 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
14 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
15 gaming machine or lottery facility game; and (3) affects the results of an
16 electronic gaming machine or lottery facility game by determining win or
17 loss.

18 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
19 which consists of Wyandotte county; (2) the southeast Kansas gaming
20 zone, which consists of Crawford and Cherokee counties; (3) the south
21 central Kansas gaming zone, which consists of Sedgwick and Sumner
22 counties; and (4) the southwest Kansas gaming zone, which consists of
23 Ford county.

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

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

32 (i) "Lottery" or "state lottery" means the lottery or lotteries operated
33 pursuant to this act.

34 (j) "Lottery facility games" means any electronic gaming machines
35 and any other games which, as of January 1, 2007, are authorized to be
36 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
37 9802, and amendments thereto, located within the boundaries of this state.

38 (k) "Lottery gaming enterprise" means an entertainment enterprise
39 which includes a lottery gaming facility authorized pursuant to the Kansas
40 expanded lottery act and ancillary lottery gaming facility operations that
41 have a coordinated business or marketing strategy. A lottery gaming
42 enterprise shall be designed to attract to its lottery gaming facility
43 consumers who reside outside the immediate area of such enterprise.

1 (l) "Lottery gaming facility" means that portion of a building used for
2 the purposes of operating, managing and maintaining lottery facility
3 games.

4 (m) "Lottery gaming facility expenses" means normal business
5 expenses, as defined in the lottery gaming facility management contract,
6 associated with the ownership and operation of a lottery gaming facility.

7 (n) "Lottery gaming facility management contract" means a contract,
8 subcontract or collateral agreement between the state and a lottery gaming
9 facility manager for the management of a lottery gaming facility, the
10 business of which is owned and operated by the Kansas lottery, negotiated
11 and signed by the executive director on behalf of the state.

12 (o) "Lottery gaming facility manager" means a corporation, limited
13 liability company, resident Kansas American Indian tribe or other business
14 entity authorized to construct and manage, or manage alone, pursuant to a
15 lottery gaming facility management contract with the Kansas lottery, and
16 on behalf of the state, a lottery gaming enterprise and lottery gaming
17 facility.

18 (p) "Lottery gaming facility revenues" means the total revenues from
19 lottery facility games at a lottery gaming facility after all related prizes are
20 paid.

21 (q) (1) "Lottery machine" means any machine or device that allows a
22 player to insert cash or other form of consideration and may deliver as the
23 result of an element of chance, regardless of the skill required by the
24 player, a prize or evidence of a prize, including, but not limited to:

25 (A) Any machine or device in which the prize or evidence of a prize
26 is determined by both chance and the player's or players' skill, including,
27 but not limited to, any machine or device on which a lottery game or
28 lottery games, such as poker or blackjack, are played;

29 (B) any machine or device in which the prize or evidence of a prize is
30 determined only by chance, including, but not limited to, any slot machine
31 or bingo machine; or

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

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

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

37 (B) any nonprescription drug machine authorized under K.S.A. 65-
38 650, and amendments thereto;

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

41 (D) any machine excluded from the definition of gambling devices
42 under subsection (d) of K.S.A. 21-4302, prior to its repeal, or K.S.A. 2012
43 Supp. 21-6403, and amendments thereto; or

1 (E) any electronic gaming machine or lottery facility game operated
2 in accordance with the provisions of the Kansas expanded lottery act.

3 (f) "Lottery retailer" means any person with whom the Kansas lottery
4 has contracted to sell lottery tickets or shares, or both, to the public.

5 (s) (1) "Major procurement" means any gaming product or service,
6 including, but not limited to, facilities, advertising and promotional
7 services, annuity contracts, prize payment agreements, consulting services,
8 equipment, tickets and other products and services unique to the Kansas
9 lottery, but not including materials, supplies, equipment and services
10 common to the ordinary operations of state agencies.

11 (2) "Major procurement" shall not mean any product, service or other
12 matter covered by or addressed in the Kansas expanded lottery act or a
13 lottery gaming facility management contract or racetrack gaming facility
14 management contract executed pursuant to the Kansas expanded lottery
15 act.

16 (t) "Net electronic gaming machine income" means all cash or other
17 consideration utilized to play an electronic gaming machine operated at a
18 racetrack gaming facility, less all cash or other consideration paid out to
19 winning players as prizes.

20 (u) "Organization licensee" has the meaning provided by K.S.A. 74-
21 8802, and amendments thereto.

22 (v) "Parimutuel licensee" means a facility owner licensee or facility
23 manager licensee under the Kansas parimutuel racing act.

24 (w) "Parimutuel licensee location" means a racetrack facility, as
25 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
26 by the parimutuel licensee. A parimutuel licensee location may include any
27 existing structure at such racetrack facility or any structure that may be
28 constructed on real estate where such racetrack facility is located.

29 (x) "Person" means any natural person, association, limited liability
30 company, corporation or partnership.

31 (y) "Prize" means any prize paid directly by the Kansas lottery
32 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
33 any rules and regulations adopted pursuant to either act.

34 (z) "Progressive electronic game" means a game played on an
35 electronic gaming machine for which the payoff increases uniformly as the
36 game is played and for which the jackpot, determined by application of a
37 formula to the income of independent, local or interlinked electronic
38 gaming machines, may be won.

39 (aa) "Racetrack gaming facility" means that portion of a parimutuel
40 licensee location where electronic gaming machines are operated,
41 managed and maintained.

42 (bb) "Racetrack gaming facility management contract" means an
43 agreement between the Kansas lottery and a racetrack gaming facility

1 manager, negotiated and signed by the executive director on behalf of the
2 state, for placement of electronic gaming machines owned and operated by
3 the state at a racetrack gaming facility.

4 (cc) "Racetrack gaming facility manager" means a parimutuel
5 licensee specifically certified by the Kansas lottery to become a certified
6 racetrack gaming facility manager and offer electronic gaming machines
7 for play at the racetrack gaming facility.

8 (dd) "Returned ticket" means any ticket which was transferred to a
9 lottery retailer, which was not sold by the lottery retailer and which was
10 returned to the Kansas lottery for refund by issuance of a credit or
11 otherwise.

12 (ee) "Share" means any intangible manifestation authorized by the
13 Kansas lottery to prove participation in a lottery game, except as provided
14 by the Kansas expanded lottery act.

15 (ff) "Ticket" means any tangible evidence issued by the Kansas
16 lottery to prove participation in a lottery game other than a lottery facility
17 game.

18 (gg) "Token" means a representative of value, of metal or other
19 material, which is not legal tender, redeemable for cash only by the issuing
20 lottery gaming facility manager or racetrack gaming facility manager and
21 which is issued and sold by a lottery gaming facility manager or racetrack
22 gaming facility manager for the sole purpose of playing an electronic
23 gaming machine or lottery facility game.

24 (hh) "Vendor" means any person who has entered into a major
25 procurement contract with the Kansas lottery.

26 (ii) *"Veterans service organization" means any organization which is*
27 *qualified as a nonprofit tax exempt organization under § 501(c)(3) of the*
28 *federal internal revenue code which is devoted to providing services to*
29 *military veterans.*

30 (ii) (jj) "Video lottery machine" means any electronic video game
31 machine that, upon insertion of cash, is available to play or simulate the
32 play of a video game authorized by the commission, including, but not
33 limited to, bingo, poker, black jack and keno, and which uses a video
34 display and microprocessors and in which, by chance, the player may
35 receive free games or credits that can be redeemed for cash.

36 Sec. 3. K.S.A. 2012 Supp. 74-8702 is hereby repealed.

37 Sec. 4. This act shall take effect and be in force from and after its
38 publication in the statute book.