

HOUSE BILL No. 2313

By Committee on Federal and State Affairs

2-8

1 AN ACT concerning the Kansas lottery; dealing with lottery ticket vending
2 machines **{and revenues derived therefrom}**; repealing the lottery
3 sunset; **{debt setoff agreements with third party vendors}**; amending
4 **K.S.A. 74-8719 {and 75-6203} and** K.S.A. 2016 Supp. 74-8702{, 74-
5 **8711}{,75-6202 and 75-6204} and repealing the existing ~~section~~
6 **sections**; also repealing K.S.A. 2016 Supp. 74-8723.
7**

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

9 Section 1. K.S.A. 2016 Supp. 74-8702 is hereby amended to read as
10 follows: 74-8702. As used in the Kansas lottery act, unless the context
11 otherwise requires:

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

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

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

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

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

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

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

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

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

24 (j) "Lottery facility games" means any electronic gaming machines
25 and any other games which, as of January 1, 2007, are authorized to be
26 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
27 9802, and amendments thereto, located within the boundaries of this state.

28 (k) "Lottery gaming enterprise" means an entertainment enterprise
29 which includes a lottery gaming facility authorized pursuant to the Kansas
30 expanded lottery act and ancillary lottery gaming facility operations that
31 have a coordinated business or marketing strategy. A lottery gaming
32 enterprise shall be designed to attract to its lottery gaming facility
33 consumers who reside outside the immediate area of such enterprise.

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

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

40 (n) "Lottery gaming facility management contract" means a contract,
41 subcontract or collateral agreement between the state and a lottery gaming
42 facility manager for the management of a lottery gaming facility, the
43 business of which is owned and operated by the Kansas lottery, negotiated

1 and signed by the executive director on behalf of the state.

2 (o) "Lottery gaming facility manager" means a corporation, limited
3 liability company, resident Kansas American Indian tribe or other business
4 entity authorized to construct and manage, or manage alone, pursuant to a
5 lottery gaming facility management contract with the Kansas lottery, and
6 on behalf of the state, a lottery gaming enterprise and lottery gaming
7 facility.

8 (p) "Lottery gaming facility revenues" means the total revenues from
9 lottery facility games at a lottery gaming facility after all related prizes are
10 paid.

11 (q) (1) "Lottery machine" means any machine or device that allows a
12 ~~player~~ purchaser to insert cash or other form of consideration and may
13 deliver as the result of an element of chance, regardless of the skill
14 required by the ~~player~~ purchaser, a prize or evidence of a prize, including,
15 but not limited to:

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

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

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

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

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

29 (B) any nonprescription drug machine authorized under K.S.A. 65-
30 650, and amendments thereto;

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

33 (D) any machine excluded from the definition of gambling devices
34 under ~~subsection (d) of~~ K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
35 2016 Supp. 21-6403, and amendments thereto; ~~or~~

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

38 (F) *any lottery ticket vending machine.*

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

41 (s) (1) "*Lottery ticket vending machine*" means a machine or similar
42 electronic device owned or leased by the Kansas lottery, the sole purposes
43 of which are to:

1 (A) Dispense a printed physical ticket, such as a lottery ticket, a keno
2 ticket, a pull tab ticket or an instant bingo ticket, or a coupon, the coupon
3 of which must be redeemed through something other than a lottery ticket
4 vending machine, after a purchaser inserts cash or other form of
5 consideration into the machine;

6 (B) allow purchasers to manually check the winning status of a
7 Kansas lottery ticket; and

8 (C) display advertising, promotions and other information pertaining
9 to the Kansas lottery.

10 (2) "Lottery ticket vending machine" shall not:

11 (A) Provide a visual or audio representation of an electronic gaming
12 machine;

13 (B) visually or functionally have the same characteristics of an
14 electronic gaming machine;

15 (C) automatically determine or display the winning status of any
16 dispensed ticket;

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

18 (E) dispense any winnings;

19 (F) dispense any prize;

20 (G) dispense any evidence of a prize other than the lottery ticket,
21 keno ticket, pull tab ticket or instant bingo ticket or any free Kansas
22 lottery ticket received as a result of the purchase of another Kansas lottery
23 ticket;

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

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

27 Lottery ticket vending machines may only dispense the printed physical
28 lottery ticket, keno ticket, pull tab ticket or instant bingo ticket, including
29 any free Kansas lottery ticket received as a result of the purchase of
30 another Kansas lottery ticket, and change from a purchase to the
31 purchaser. Any winnings from a lottery ticket vending machine shall be
32 redeemed only for cash or check by a lottery retailer or by cash, check or
33 other prize from the office of the Kansas lottery.

34 (t) (1) "Major procurement" means any gaming product or service,
35 including, but not limited to, facilities, advertising and promotional
36 services, annuity contracts, prize payment agreements, consulting services,
37 equipment, tickets and other products and services unique to the Kansas
38 lottery, but not including materials, supplies, equipment and services
39 common to the ordinary operations of state agencies.

40 (2) "Major procurement" shall not mean any product, service or other
41 matter covered by or addressed in the Kansas expanded lottery act or a
42 lottery gaming facility management contract or racetrack gaming facility
43 management contract executed pursuant to the Kansas expanded lottery

1 act.

2 ~~(t)~~ (u) "Net electronic gaming machine income" means all cash or
3 other consideration utilized to play an electronic gaming machine operated
4 at a racetrack gaming facility, less all cash or other consideration paid out
5 to winning players as prizes.

6 ~~(u)~~ (v) "Organization licensee" has the meaning provided by K.S.A.
7 74-8802, and amendments thereto.

8 ~~(v)~~ (w) "Parimutuel licensee" means a facility owner licensee or
9 facility manager licensee under the Kansas parimutuel racing act.

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

15 ~~(x)~~ (y) "Person" means any natural person, association, limited
16 liability company, corporation or partnership.

17 ~~(y)~~ (z) "Prize" means any prize paid directly by the Kansas lottery
18 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
19 any rules and regulations adopted pursuant to either act.

20 ~~(z)~~ (aa) "Progressive electronic game" means a game played on an
21 electronic gaming machine for which the payoff increases uniformly as the
22 game is played and for which the jackpot, determined by application of a
23 formula to the income of independent, local or interlinked electronic
24 gaming machines, may be won.

25 ~~(aa)~~ (bb) "Racetrack gaming facility" means that portion of a
26 parimutuel licensee location where electronic gaming machines are
27 operated, managed and maintained.

28 ~~(bb)~~ (cc) "Racetrack gaming facility management contract" means an
29 agreement between the Kansas lottery and a racetrack gaming facility
30 manager, negotiated and signed by the executive director on behalf of the
31 state, for placement of electronic gaming machines owned and operated by
32 the state at a racetrack gaming facility.

33 ~~(cc)~~ (dd) "Racetrack gaming facility manager" means a parimutuel
34 licensee specifically certified by the Kansas lottery to become a certified
35 racetrack gaming facility manager and offer electronic gaming machines
36 for play at the racetrack gaming facility.

37 ~~(dd)~~ (ee) "Returned ticket" means any ticket which was transferred to
38 a lottery retailer, which was not sold by the lottery retailer and which was
39 returned to the Kansas lottery for refund by issuance of a credit or
40 otherwise.

41 ~~(ee)~~ (ff) "Share" means any intangible manifestation authorized by the
42 Kansas lottery to prove participation in a lottery game, except as provided
43 by the Kansas expanded lottery act.

1 ~~(ff)~~ (gg) "Ticket" means any tangible evidence issued by the Kansas
2 lottery to prove participation in a lottery game other than a lottery facility
3 game.

4 ~~(gg)~~ (hh) "Token" means a representative of value, of metal or other
5 material, which is not legal tender, redeemable for cash only by the issuing
6 lottery gaming facility manager or racetrack gaming facility manager and
7 which is issued and sold by a lottery gaming facility manager or racetrack
8 gaming facility manager for the sole purpose of playing an electronic
9 gaming machine or lottery facility game.

10 ~~(hh)~~ (ii) "Vendor" means any person who has entered into a major
11 procurement contract with the Kansas lottery.

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

18 **Sec. 2. K.S.A. 74-8719 is hereby amended to read as follows: 74-**
19 **8719. (a) It is unlawful for any person to purchase a lottery ticket or**
20 **share, or to share in the lottery winnings of a person, knowing that**
21 **such person is:**

22 **(1) The executive director, a member of the commission or an**
23 **employee of the Kansas lottery;**

24 **(2) an officer or employee of a vendor contracting with the**
25 **Kansas lottery to supply gaming equipment or tickets to the Kansas**
26 **lottery for use in the operation of any lottery conducted pursuant to**
27 **this act;**

28 **(3) a spouse, child, stepchild, brother, stepbrother, sister,**
29 **stepsister, parent or stepparent of a person described by subsection (a)**
30 **(1) or (2); or**

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

33 **(b) (1) Violation of subsection (a) is a class A nonperson**
34 **misdemeanor upon conviction for a first offense.**

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

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

1 prize pools of subsequent lottery games.

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

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

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

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

16 {Sec. 3. K.S.A. 2016 Supp. 75-6202 is hereby amended to read as
17 follows: 75-6202. As used in ~~this act~~ article 62 of chapter 75 of the
18 Kansas Statutes Annotated, and amendments thereto:

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

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

22 (2) owes support to an individual, or an agency of another state,
23 who is receiving assistance in collecting that support under K.S.A. 39-
24 756 or K.S.A. 2016 Supp. 20-378, and amendments thereto, or under
25 part D of title IV of the federal social security act, 42 U.S.C. § 651 et
26 seq., as amended; or

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

28 (b) "Debt" means:

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

36 (2) any amount of support due and owing an individual, or an
37 agency of another state, who is receiving assistance in collecting that
38 support under K.S.A. 39-756 or K.S.A. 2016 Supp. 20-378, and
39 amendments thereto, or under part D of title IV of the federal social
40 security act, 42 U.S.C. § 651 et seq., as amended, which amount shall
41 be considered a debt due and owing the district court trustee or the
42 Kansas department for children and families for the purposes of this
43 act; or

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

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

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

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

32 **(f) "Person" means an individual, proprietorship, partnership,**
33 **limited partnership, association, trust, estate, business trust,**
34 **corporation, other entity or a governmental agency, unit or**
35 **subdivision.**

36 **(g) "Director" means the director of accounts and reports of the**
37 **department of administration.**

38 **(h) "Municipality" means any municipality as defined by K.S.A.**
39 **75-1117, and amendments thereto.**

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

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

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

3 (k) *"Third party vendor" means any person that the director enters*
4 *into an agreement with to execute the collection of a debt as required by*
5 *this act.*

6 **Sec. 4. K.S.A. 75-6203 is hereby amended to read as follows: 75-**
7 **6203. (a) The collection remedy under this act is in addition to and not**
8 **in substitution for any other remedy available by law.**

9 (b) Each state agency, foreign state agency and municipality,
10 whenever possible, shall obtain the full name, social security number,
11 address and any other information required by the director of
12 accounts and reports from any person for whom the state agency,
13 foreign state agency or municipality provides any service or with
14 whom the state agency, foreign state agency or municipality transacts
15 any business and who may become a debtor under this act. *The*
16 *director shall provide this information to any third party vendor for the*
17 *purpose of assisting in the collection of a debt.*

18 (c) Except for debts for which a voluntary agreement for payment
19 has been entered into and is being complied with or debts for which
20 garnishment or other judicial proceedings are pending and except as
21 otherwise directed by the secretary of administration, the director
22 may require any state agency to certify all debts owed to the state
23 agency or to certify all such debts in specified categories of debts, for
24 setoff under K.S.A. 75-6204, and amendments thereto. Any state
25 agency required to certify debts under this subsection shall give the
26 director all information relating to such debts as may be requested by
27 the director.

28 (d) The secretary of administration as provided in K.S.A. 75-
29 3706{,} and amendments thereto{,} may adopt rules and regulations
30 necessary to carry out the provisions of this act.

31 (e) The secretary of revenue may adopt rules and regulations
32 defining the term "contribution of income" for the purposes of this
33 act.

34 **Sec. 5. K.S.A. 2016 Supp. 75-6204 is hereby amended to read as**
35 **follows: 75-6204. (a) Subject to the limitations provided in this act, if a**
36 **debtor fails to pay a debt or fails to pay to the state of Kansas or any**
37 **state agency, foreign state agency, municipality or the federal**
38 **department of the treasury an amount owed, the director, or any third**
39 **party vendor, may setoff such amount and a reasonable collection**
40 **assistance fee determined in accordance with K.S.A. 75-6210, and**
41 **amendments thereto, against any money held for, or any money owed**
42 **to, such debtor by the state—~~or~~, any state agency or any third party**
43 **vendor.**

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

8 **(c)** *The director shall enter into an agreement with a third party*
9 *vendor for participation in the setoff program for the purpose of assisting*
10 *in the collection of a debt. The director shall include in any such*
11 *agreement a provision agreeing to defend, indemnify and hold harmless a*
12 *third party vendor with regard to all claims, demands, suits, actions,*
13 *damages, judgments, costs, charges and expenses, including attorney fees,*
14 *that may be brought or asserted against a third party vendor and that*
15 *arise from the third party vendor's performance of an agreement to*
16 *facilitate the collection of debts.*

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

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

27 *New Sec. 6. (a) Prior to any third party vendor paying on behalf of*
28 *the state any moneys requiring the completion of an internal revenue*
29 *service form W-2G, the third party vendor, as agent of the state, shall*
30 *cause the person winning the prize to be matched against the state debtor*
31 *files maintained by the director of accounts and reports as prescribed*
32 *under K.S.A. 75-6201 et seq., and amendments thereto. If such person is*
33 *listed in the state debtor files, the prize shall be withheld by the third party*
34 *vendor to the extent of such person's debt as set forth in the state debtor*
35 *files.*

36 **(b)** *The third party vendor is acting strictly as agent for the state and*
37 *shall not be subject to any civil, criminal or administrative liability for any*
38 *actions taken pursuant to this section, unless such actions are intentional,*
39 *malicious or wanton by such third party vendor or employees or agents*
40 *thereof. The state shall indemnify the third party vendor for any and all*
41 *expenses, losses, damages and attorney fees that arise directly or*
42 *indirectly from the performance of activities related to this section. For the*
43 *purposes of the fair debt collection practices act, and any other federal or*

1 *state law, the third party vendor shall have all of the protections of the*
2 *state under the Kansas tort claims act, K.S.A. 75-6101 et seq., and*
3 *amendments thereto. The sole remedy at law for persons who claim prizes*
4 *were wrongfully withheld pursuant to this section shall be to submit an*
5 *appeal to the department of administration pursuant to K.S.A. 75-6201 et*
6 *seq., and amendments thereto.*

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

12 (d) *Nothing in this section shall apply to Native American tribal*
13 *gaming facilities.*

14 (e) *This section shall be part of and supplemental to the state debt*
15 *setoff program.*

16 {**Sec. 7. K.S.A. 2016 Supp. 74-8711 is hereby amended to read as**
17 **follows: 74-8711. (a) There is hereby established in the state treasury**
18 **the lottery operating fund.**

19 (b) **Except as provided by K.S.A. 2016 Supp. 74-8724 and the**
20 **Kansas expanded lottery act, and amendments thereto, the executive**
21 **director shall remit all moneys collected from the sale of lottery tickets**
22 **and shares and any other moneys received by or on behalf of the**
23 **Kansas lottery to the state treasurer in accordance with the provisions**
24 **of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such**
25 **remittance, the state treasurer shall deposit the entire amount in the**
26 **state treasury to the credit of the lottery operating fund. Moneys**
27 **credited to the fund shall be expended or transferred only as provided**
28 **by this act. Expenditures from such fund shall be made in accordance**
29 **with appropriations acts upon warrants of the director of accounts**
30 **and reports issued pursuant to vouchers approved by the executive**
31 **director or by a person designated by the executive director.**

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

33 (1) **The payment of expenses of the lottery, which shall include all**
34 **costs incurred in the operation and administration of the Kansas**
35 **lottery; all costs resulting from contracts entered into for the purchase**
36 **or lease of goods and services needed for operation of the lottery,**
37 **including but not limited to supplies, materials, tickets, independent**
38 **studies and surveys, data transmission, advertising, printing,**
39 **promotion, incentives, public relations, communications and**
40 **distribution of tickets and shares; and reimbursement of costs of**
41 **facilities and services provided by other state agencies;**

42 (2) **the payment of compensation to lottery retailers;**

43 (3) **transfers of moneys to the lottery prize payment fund**

1 pursuant to K.S.A. 74-8712, and amendments thereto;

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

4 (5) transfers to the state gaming revenues fund pursuant to
5 subsection (d) and as otherwise provided by law; ~~and~~

6 (6) transfers to the county reappraisal fund as prescribed by law;
7 and

8 (7) transfers to the community crisis stabilization centers fund and
9 clubhouse model program fund of the Kansas department for aging and
10 disability services pursuant to subsection (e).

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

16 (1) An amount equal to the moneys in the lottery operating fund
17 in excess of those needed for the purposes described in subsections (c)
18 (1) through (c)(4); or

19 (2) except for pull-tab lottery tickets and shares, an amount equal
20 to not less than 30% of total monthly revenues from the sales of
21 lottery tickets and shares less estimated returned tickets. In the case of
22 pull-tab lottery tickets and shares, an amount equal to not less than
23 20% of the total monthly revenues from the sales of pull-tab lottery
24 tickets and shares less estimated returned tickets.

25 (e) (1) Subject to the limitations set forth in paragraph (2), on July 1,
26 2017, October 1, 2017, January 1, 2018, April 1, 2018, July 1, 2018,
27 October 1, 2018, January 1, 2019, April 1, 2019, July 1, 2019, October 1,
28 2019, January 1, 2020, April 1, 2020, July 1, 2020, October 1, 2020,
29 January 1, 2021, April 1, 2021, July 1, 2021, October 1, 2021, January 1,
30 2022, April 1, 2022, or as soon thereafter such dates as the moneys are
31 available, of the moneys deposited in the lottery operating fund that are in
32 excess of the amounts deposited in such fund during fiscal year 2017, 75%
33 of the moneys deposited in the lottery operating fund from the sale of
34 lottery tickets and shares via lottery ticket vending machines shall be
35 transferred by the director of accounts and reports from the lottery
36 operating fund to the community crisis stabilization centers fund of the
37 Kansas department for aging and disability services and 25% of the
38 moneys deposited in the lottery operating fund from the sale of lottery
39 tickets and shares via lottery ticket vending machines shall be transferred
40 by the director of accounts and reports from the lottery operating fund to
41 the clubhouse model program fund of the Kansas department for aging
42 and disability services.

43 (2) Moneys transferred pursuant to paragraph (1) shall not exceed in

1 *the aggregate \$4,000,000 in fiscal year 2018, and shall not exceed in the*
2 *aggregate \$8,000,000 in each of the fiscal years 2019, 2020, 2021 and*
3 *2022.*

4 **New Sec. 8. (a) The community crisis stabilization centers fund is**
5 **hereby created in the state treasury and shall be administered by the**
6 **Kansas department for aging and disability services. The community**
7 **crisis stabilization centers fund shall consist of those moneys credited**
8 **to the community crisis stabilization centers fund pursuant to K.S.A.**
9 **74-8711(e), and amendments thereto. All expenditures from the**
10 **community crisis stabilization centers fund shall be for community**
11 **crisis stabilization centers operated through community mental health**
12 **centers, and shall be made in accordance with appropriation acts**
13 **upon warrants of the director of accounts and reports issued pursuant**
14 **to vouchers approved by the secretary for aging and disability**
15 **services.**

16 **(b) The clubhouse model program fund is hereby created in the**
17 **state, 75-6202 and 75-6204 treasury and shall be administered by the**
18 **Kansas department for aging and disability services. The clubhouse**
19 **model program fund shall consist of these moneys credited to the**
20 **clubhouse model program fund pursuant to K.S.A. 74-8711(e), and**
21 **amendments thereto. All expenditures from the clubhouse model**
22 **program fund shall be for certified clubhouse model programs, and**
23 **shall be made in accordance with appropriation acts upon warrants of**
24 **the director of accounts and reports issued pursuant to vouchers**
25 **approved by the secretary for aging and disability services.}**

26 ~~Sec. 2-3. {9.} K.S.A. 74-8719 {and 75-6203} and K.S.A. 2016~~
27 ~~Supp. 74-8702{, 74-8711}-and-{,}74-8723{, 75-6202 and 75-6204} are~~
28 ~~hereby repealed.~~

29 ~~Sec. 3-4. {10.} This act shall take effect and be in force from and~~
30 ~~after its publication in the statute book.~~