AN ACT concerning property tax exemption; relating to industrial revenue bond property tax abatement; amending K.S.A. 2012 Supp. 79-201a; gaming; amending K.S.A. 2013 Supp. 74-8734 and repealing the existing section.

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

Section 1. K.S.A. 2012 Supp. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 et seq., and amendments thereto, shall be construed to be a-
governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. The lease by a municipality or political subdivision of the state of any real property, or portion thereof, owned or being acquired pursuant to a lease purchase agreement to any entity for the exclusive use by it for an exempt purpose, including the purpose of displaying or exhibiting personal property by a museum or historical society, if no portion of the lease payments include compensation for return on the investment in such leased property shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than motor vehicles leased for a period of at least one year and property being acquired pursuant to a lease purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and amendments thereto, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and amendments thereto, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments thereto, or any property improved, purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments thereto, or any property improved, re-improved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1962, under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and amendments thereto, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,
inclusive, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any retail enterprise identified under NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision, "NAICS" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A.
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17-5903, and amendments thereto, shall not be exempt from such taxation.

Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation.

Third. All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or township water district, and all works, machinery and fixtures used exclusively by any entity which performed the functions of a rural water district on and after January 1, 1990, and the works, machinery and equipment of which were exempted hereunder on March 13, 1995.

Fourth. All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

Fifth. All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 et seq., and amendments thereto.

Sixth. Property acquired and held by any municipality under the municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto, except that such exemption shall not apply to any portion of the project used by a nondwelling facility for profit making enterprise.

Seventh. All property of a municipality, acquired or held under and for the purposes of the urban renewal law, K.S.A. 17-4742 et seq., and amendments thereto, except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

Eighth. All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

Ninth. All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 et seq., and amendments thereto, K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051 et seq., and amendments thereto, and K.S.A. 68-2070 et seq., and amendments thereto.

Tenth. All property acquired and used for state park purposes by the Kansas department of wildlife, parks and tourism.
Eleventh. The state office building constructed under authority of
K.S.A. 75-2607 et seq., and amendments thereto, and the site upon which
such building is located.

Twelfth. All buildings erected under the authority of K.S.A. 76-6a01 et
seq., and amendments thereto, and all other student union buildings and
student dormitories erected upon the campus of any institution mentioned
in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit
organization.

Thirteenth. All buildings, as the same is defined in subsection (c) of
K.S.A. 76-6a13, and amendments thereto, which are erected, constructed
or acquired under the authority of K.S.A. 76-6a13 et seq., and amendments
thereto, and building sites acquired therefor.

Fourteenth. All that portion of the waterworks plant and system of the
city of Kansas City, Missouri, now or hereafter located within the territory
of the state of Kansas pursuant to the compact and agreement adopted by
K.S.A. 79-205, and amendments thereto.

Fifteenth. All property, real and personal, owned by a groundwater-
management district organized and operating pursuant to K.S.A. 82a-1020,
and amendments thereto.

Sixteenth. All property, real and personal, owned by the joint water-
district organized and operating pursuant to K.S.A. 80-1616 et seq., and
amendments thereto.

Seventeenth. All property, including interests less than fee ownership,
acquired for the state of Kansas by the secretary of transportation or a
predecessor in interest which is used in the administration, construction,
maintenance or operation of the state system of highways, regardless of
how or when acquired.

Eighteenth. Any building used primarily as an industrial training center
for academic or vocational education programs designed for and operated
under contract with private industry, and located upon a site owned, leased,
or being acquired by or for an area vocational school, an area vocational-
technical school, a technical college, or a community college, as defined
by K.S.A. 72-4412, and amendments thereto, and the site upon which any
such building is located.

Nineteenth. For all taxable years commencing after December 31,
1997, all buildings of an area vocational school, an area vocational-
technical school, a technical college or a community college, as defined by
K.S.A. 72-4412, and amendments thereto, which are owned and operated
by any such school or college as a student union or dormitory and the site
upon which any such building is located.

Twentieth. For all taxable years commencing after December 31, 1997,
all personal property which is contained within a dormitory that is exempt
from property taxation and which is necessary for the accommodation of
the students residing therein.

Twenty-First. All real property from and after the date of its transfer by
the city of Olathe, Kansas, to the Kansas state university foundation, all
buildings and improvements thereafter erected and located on such
property, and all tangible personal property, which is held, used or
operated for educational and research purposes at the Kansas state-
university Olathe innovation campus located in the city of Olathe, Kansas.

Twenty-Second. All real property, and all tangible personal property,
owned by postsecondary educational institutions, as that term is defined in
K.S.A. 74-3201b, and amendments thereto, or by the board of regents on
behalf of the postsecondary educational institutions, which is leased by a
for-profit company and is actually and regularly used exclusively for
research and development purposes so long as any rental income received
by such postsecondary educational institution or the board of regents from
such a company is used exclusively for educational or scientific purposes.
Any such lease or occupancy described in this section shall be for a term
of no more than five years.

Twenty-Third. Any and all housing developments and related
improvements located on United States department of defense military
installations in the state of Kansas, which are developed pursuant to the
military housing privatization initiative, 10 U.S.C. § 2871 et seq., or any
successor thereto, and which are provided exclusively or primarily for use
by military personnel of the United States and their families.

Twenty-Fourth. For all taxable years commencing after December 31,
2012, except as hereinafter provided, any property constructed or
purchased in part with the proceeds of revenue bonds issued on or after
July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a, inclusive,
and amendments thereto, shall be exempt from taxation to the extent of the
value of that portion of the property financed by the revenue bonds and:
only for a period of 10 calendar years after the calendar year in which the:
bonds were issued. The exemption of that portion of the property
constructed or purchased with the proceeds of revenue bonds shall:
terminate upon the failure to pay all taxes levied on that portion of the
property which is not exempt and the entire property shall be subject to
sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments:
thereto. Property constructed or purchased in whole or in part with the:
proceeds of revenue bonds issued on or after January 1, 1995, under the:
authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments:
thereto, and used in any retail enterprise identified under NAICS sectors:
44 and 45, except facilities used exclusively to house the headquarters or:
back office operations of such retail enterprises identified thereunder,
shall not be exempt from taxation. For the purposes of the preceding:
 provision "NAICS" means the North American industry classification.
system, as developed under the authority of the office of management and
budget of the office of the president of the United States. "Headquarters or
back-office operations" means a facility from which the enterprise is
provided direction, management, administrative services, or distribution
or warehousing functions in support of transactions made by the
tility. Property purchased, constructed, reconstructed, equipped,
maintained or repaired with the proceeds of industrial revenue bonds
issued under the authority of K.S.A. 12-1740 et seq., and amendments
thereto, which is located in a redevelopment project area established
under the authority of K.S.A. 12-1770 et seq., and amendments thereto,
shall not be exempt from taxation. Property purchased, acquired,
constructed, reconstructed, improved, equipped, furnished, repaired,
ensized or remodeled with any or any part of the proceeds of revenue
bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive,
and amendments thereto, for any poultry confinement facility on
agricultural land which is owned, acquired, obtained or leased by a
ception, as such terms are defined by K.S.A. 17-5903, and
amendments thereto, shall not be exempt from such taxation. Property
purchased, acquired, constructed, reconstructed, improved, equipped,
furnished, repaired, enlarged or remodeled with all or any part of the
proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to
12-1749a, inclusive, and amendments thereto, for a rabbit confinement
facility on agricultural land which is owned, acquired, obtained or leased
by a corporation, as such terms are defined by K.S.A. 17-5903, and
amendments thereto, shall not be exempt from such taxation.

Except as otherwise specifically provided, the provisions of this section
shall apply to all taxable years commencing after December 31, 2010.

Section 1. K.S.A. 2013 Supp. 74-8734 is hereby amended to read as
follows: 74-8734. (a) The Kansas lottery may operate one lottery gaming
facility in each gaming zone.

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

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

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

(e) In determining whether to approve a management contract with a prospective lottery gaming facility manager to manage a lottery gaming facility or lottery gaming enterprise pursuant to this section, the commission shall take into consideration the following factors: The size of the proposed facility; the geographic area in which such facility is to be located; the proposed facility’s location as a tourist and entertainment destination; the estimated number of tourists that would be attracted by the proposed facility; the number and type of lottery facility games to be operated at the proposed facility; and agreements related to ancillary lottery gaming facility operations.

(f) Subject to the requirements of this section, the commission shall approve at least one proposed lottery gaming facility management contract for a lottery gaming facility in each gaming zone.

(g) The commission shall not approve a management contract unless:

(1) (A) The prospective lottery gaming facility manager is a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; and (ii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; or

(B) the prospective lottery gaming facility manager is not a resident Kansas American Indian tribe and, at a minimum: (i) Has sufficient access to financial resources to support the activities required of a lottery gaming facility manager under the Kansas expanded lottery act; (ii) is current in filing all applicable tax returns and in payment of all taxes, interest and penalties owed to the state of Kansas and any taxing subdivision where such prospective manager is located in the state of Kansas, excluding items under formal appeal pursuant to applicable
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statutes; and (iii) has three consecutive years' experience in the management of gaming which would be class III gaming, as defined in K.S.A. 46-2301, and amendments thereto, operated pursuant to state or federal law; and

(2) the commission determines that the proposed development consists of an investment in infrastructure, including ancillary lottery gaming facility operations, of at least $225,000,000 in the northeast-southeast and south central Kansas gaming zones and of at least $50,000,000 in the southeast and southwest Kansas gaming-zone zones. The commission, in determining whether the minimum investment required by this subsection is met, shall not include any amounts derived from or financed by state or local retailers' sales tax revenues.

(h) Any management contract approved by the commission under this section shall:

(1) Have a maximum initial term of 15 years from the date of opening of the lottery gaming facility. At the end of the initial term, the contract may be renewed by mutual consent of the state and the lottery gaming facility manager;

(2) specify the total amount to be paid to the lottery gaming facility manager pursuant to the contract;

(3) establish a mechanism to facilitate payment of lottery gaming facility expenses, payment of the lottery gaming facility manager's share of the lottery gaming facility revenues and distribution of the state's share of the lottery gaming facility revenues;

(4) include a provision for the lottery gaming facility manager to pay the costs of oversight and regulation of the lottery gaming facility manager and the operations of the lottery gaming facility by the Kansas racing and gaming commission;

(5) establish the types of lottery facility games to be installed in such facility;

(6) provide for the prospective lottery gaming facility manager, upon approval of the proposed lottery gaming facility management contract, to pay to the state treasurer a privilege fee of $25,000,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the northeast-southeast or south central Kansas gaming zone and $5,500,000 for the privilege of being selected as a lottery gaming facility manager of a lottery gaming facility in the southeast or southwest Kansas gaming zone. Such fee shall be deposited in the state treasury and credited to the lottery gaming facility manager fund, which is hereby created in the state treasury;

(7) incorporate terms and conditions for the ancillary lottery gaming facility operations;

(8) designate as key employees, subject to approval of the executive
director, any employees or contractors providing services or functions which are related to lottery facility games authorized by a management contract;

(9) include financing commitments for construction;

(10) include a resolution of endorsement from the city governing body, if the proposed facility is within the corporate limits of a city, or from the county commission, if the proposed facility is located in the unincorporated area of the county;

(11) include a requirement that any parimutuel licensee developing a lottery gaming facility pursuant to this act comply with all orders and rules and regulations of the Kansas racing and gaming commission with regard to the conduct of live racing, including the same minimum days of racing as specified in K.S.A.–2012 Supp. 74-8746, and amendments thereto, for operation of electronic gaming machines at racetrack gaming facilities;

(12) include a provision for the state to receive not less than 22% of lottery gaming facility revenues, which shall be paid to the expanded lottery act revenues fund established by K.S.A.–2012 Supp. 74-8768, and amendments thereto;

(13) include a provision for 2% of lottery gaming facility revenues to be paid to the problem gambling and addictions grant fund established by K.S.A.–2012 Supp. 79-4805, and amendments thereto;

(14) if the prospective lottery gaming facility manager is an American Indian tribe, include a provision that such tribe agrees to waive its sovereign immunity with respect to any actions arising from or to enforce either the Kansas expanded lottery act or any provision of the lottery gaming facility management contract; any action brought by an injured patron or by the state of Kansas; any action for purposes of enforcing the workers compensation act or any other employment or labor law; and any action to enforce laws, rules and regulations and codes pertaining to health, safety and consumer protection; and for any other purpose deemed necessary by the executive director to protect patrons or employees and promote fair competition between the tribe and others seeking a lottery gaming facility management contract;

(15) (A) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 3% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located; or (B) if the lottery gaming facility is located in the northeast or southwest Kansas gaming zone and is located within a city, include provision for payment of an amount equal to 1.5% of the lottery gaming facility revenues to the city in which the lottery gaming facility is located.
and an amount equal to 1.5% of such revenues to the county in which such facility is located;

(16) (A) if the lottery gaming facility is located in the southeast or south central Kansas gaming zone and is not located within a city, include a provision for payment of an amount equal to 2% of the lottery gaming facility revenues to the county in which the lottery gaming facility is located and an amount equal to 1% of such revenues to the other county in such zone; or (B) if the lottery gaming facility is located in the southeast or south central Kansas gaming zone and is located within a city, provide for payment of an amount equal to 1% of the lottery gaming facility revenues to the city in which the lottery gaming facility is located, an amount equal to 1% of such revenues to the county in which such facility is located and an amount equal to 1% of such revenues to the other county in such zone;

(17) allow the lottery gaming facility manager to manage the lottery gaming facility in a manner consistent with this act and applicable law, but shall place full, complete and ultimate ownership and operational control of the gaming operation of the lottery gaming facility with the Kansas lottery. The Kansas lottery shall not delegate and shall explicitly retain the power to overrule any action of the lottery gaming facility manager affecting the gaming operation without prior notice. The Kansas lottery shall retain full control over all decisions concerning lottery gaming facility games;

(18) include provisions for the Kansas racing and gaming commission to oversee all lottery gaming facility operations, including, but not limited to: Oversight of internal controls; oversight of security of facilities; performance of background investigations, determination of qualifications and credentialing of employees, contractors and agents of the lottery gaming facility manager and of ancillary lottery gaming facility operations, as determined by the Kansas racing and gaming commission; auditing of lottery gaming facility revenues; enforcement of all state laws and maintenance of the integrity of gaming operations; and

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

(i) The power of eminent domain shall not be used to acquire any interest in real property for use in a lottery gaming enterprise.

(j) Any proposed management contract for which the privilege fee has not been paid to the state treasurer within 30 days after the date of approval of the management contract shall be null and void.

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

(l) Management contracts authorized by this section may include provisions relating to:

(1) Accounting procedures to determine the lottery gaming facility revenues, unclaimed prizes and credits;

(2) minimum requirements for a lottery gaming facility manager to provide qualified oversight, security and supervision of the lottery facility games including the use of qualified personnel with experience in applicable technology;

(3) eligibility requirements for employees, contractors or agents of a lottery gaming facility manager who will have responsibility for or involvement with actual gaming activities or for the handling of cash or tokens;

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

(5) credentialing requirements for any employee, contractor or agent of the lottery gaming facility manager or of any ancillary lottery gaming facility operation as provided by the Kansas expanded lottery act or rules and regulations adopted pursuant thereto;

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

(7) any other provision deemed necessary by the parties, including such other terms and restrictions as necessary to conduct any lottery facility game in a legal and fair manner.

(m) A management contract shall not constitute property, nor shall it be subject to attachment, garnishment or execution, nor shall it be alienable or transferable, except upon approval by the executive director, nor shall it be subject to being encumbered or hypothecated. The trustee of any insolvent or bankrupt lottery gaming facility manager may continue to operate pursuant to the management contract under order of the appropriate court for no longer than one year after the bankruptcy
or insolvency of such manager.

(n) (1) The Kansas lottery shall be the licensee and owner of all
software programs used at a lottery gaming facility for any lottery
facility game.

(2) A lottery gaming facility manager, on behalf of the state, shall
purchase or lease for the Kansas lottery all lottery facility games. All
lottery facility games shall be subject to the ultimate control of the
Kansas lottery in accordance with this act.

(o) A lottery gaming facility shall comply with any planning and
zoning regulations of the city or county in which it is to be located. The
executive director shall not contract with any prospective lottery gaming
facility manager for the operation and management of such lottery
gaming facility unless such manager first receives any necessary
approval under planning and zoning requirements of the city or county
in which it is to be located.

(p) Prior to expiration of the term of a lottery gaming facility
management contract, the lottery commission may negotiate a new
lottery gaming facility management contract with the lottery gaming
facility manager if the new contract is substantially the same as the
existing contract. Otherwise, the lottery gaming facility review board
shall be reconstituted and a new lottery gaming facility management
contract shall be negotiated and approved in the manner provided by
this act.

Sec. 2. K.S.A. 2012 Supp. 79-201a 74-8734 is hereby repealed.
Sec. 3. This act shall take effect and be in force from and after its
publication in the statute book.