

Kansas



Regulatory Oversight

COMMERCIAL GAMING

Governing Body: The Kansas Racing and Gaming Commission (KRG) is the agency empowered by the [Kansas Expanded Lottery Act \(KELA\)](#) to regulate casino-style gaming and pari-mutuel wagering in Kansas. The KRG enforces [regulations](#) on the state-owned casinos, or lottery gaming facilities. The KRG is made up of a board of five commissioners that meet monthly to conduct regulatory business for gaming in Kansas. Each commissioner is appointed by the governor and confirmed by the state legislature to serve a four-year term with the possibility of reappointment.

The KELA also created the Lottery Gaming Facility Review Board (LGFRB) to review applications and determine the “best possible contract” in the four gaming zones. The LGFRB is a subdivision of the Kansas Racing and Gaming Commission. The LGFRB consists of seven members: three appointed by the governor, two appointed by the president of the Kansas Senate, and two appointed by the speaker of the Kansas House of Representatives. The governor chooses which member becomes chairman of the board. Not more than four members of the board shall be members of the same political party. The LGFRB was disbanded in 2011 but was reconstituted in 2014 to review applications for the southeast gaming zone, the last open gaming zone, which was awarded in 2015.

Kansas also allows for racetrack casinos in the state, however, none are currently in operation and none are expected to be opened in the immediate future. The statute caps the number of electronic gaming machines at all racetracks at 2,800.

TRIBAL GAMING

Governing Body: Tribal gaming commissions, created by the operating tribe, are responsible for licensing and regulating Class III gaming pursuant to tribal-state compacts and tribal law. Currently, four tribes in Kansas operate Class III gaming under compacts with the state:

- Iowa Tribe of Kansas and Nebraska;
- Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas;
- Prairie Band of Potawatomi Nation, Kansas; and
- Sac and Fox Nation of Missouri in Kansas Nebraska.

The Kansas State Gaming Agency (KSGA) is the state gaming agency responsible for oversight of Class III gaming conducted in Kansas. Among other things, the KSGA may:

- Examine and inspect tribal gaming facilities;
- If allowed under the compact, review any licensing and disciplinary action taken by tribal gaming commissions; and
- Perform all functions and duties required to comply with and ensure tribal compliance with compacts

The compacts require the KSGA and tribal gaming commissions to meet on a quarterly basis to review past practices and evaluate the best way to regulate the casinos moving forward. Tribes may enter into management

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contracts for the operation and management of Class III gaming activities as authorized under IGRA. The compacts will remain in effect in perpetuity unless deemed invalid, terminated by the mutual consent of the tribes and the state, or a tribe adopts a resolution revoking its authority to conduct Class III gaming. Under the Compacts, tribes can conduct Class III gaming on their reservations, but may not conduct pari-mutuel wagering, off-track betting, sports betting, club keno, or state-wide lottery gaming.



Licensing

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Operator: Kansas law allows the lottery to own and operate one destination casino-resort in each of four designated gaming zones: northeast, southeast, south central, and southwest. These destination casino-resorts, statutorily referred to as lottery gaming facilities, may be managed by outside parties. The governing statute requires a privilege fee of \$25m for the northeast and south-central gaming zones, and \$5.5m for the southeast and southwest gaming zones. All gaming zones have been awarded.

Supplier License: The KRGC's regulations distinguish gaming suppliers and non-gaming suppliers, both of which must be licensed by the KRGC. A gaming supplier is an entity that manufactures, sells, supplies, distributes, repairs, administers, or otherwise services devices, machines, equipment, accessories, or items that are used to carry out gambling activities. A nongaming supplier is an entity that manages a lottery gaming facility or provides \$100,000 or more worth of goods and services (other than public utilities) to a lottery gaming facility within a one-year period. The KRGC may also require any employee of a gaming or non-gaming supplier to be separately investigated or licensed.

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Operator: Operators must pay the state for costs incurred by the state associated with the state's role under the Compact.

Management Contractors: Management contractors, and every primary management official thereof, must be licensed so long as the contract is for more than \$10,000. Management contractors (and primary management officials) must provide an investigation deposit of \$3,000 to the KSGA. The KSGA must provide a written report on the investigation process of each investigated employee within 90 days of receipt of such request.

Manufacturer/Distributor: Defined as:

[A]ny individual, sole proprietorship, partnership or corporation which assembles, produces, makes, prints or supplies Class III gaming equipment or supplies for sale, lease, use, or distribution to the Tribe or a licensed gaming operator for Class III gaming activity. . .

Manufacturers/distributors must provide an investigation deposit of \$3,000 to the KSGA. The KSGA must provide a written report on the investigation process of each investigated employee within 90 days of receipt of such request.

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Taxation & Tribal Revenue Sharing

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Gaming Tax Rate: [Section 74-8734 of the Kansas Statutes Annotated](#) lays out the taxation rates for casino operators:

Kansas' commercial casinos are required by statute to pay a minimum tax rate of 27 percent on gaming revenue, which includes a minimum 22 percent payment to the state

- The problem gambling and addictions grant fund receives 2 percent of lottery gaming facility revenues.
- If the lottery gaming facility is located in the northeast or southwest gaming zone and is not located in a city, a payment equal to 2 percent of the lottery gaming facility revenues must be paid to the county in which the lottery gaming facility is located. If in the northeast or southwest gaming zone and is located within a city, a payment equal to 1.5 percent of the lottery gaming facility revenues must be paid to the city in which the facility is located and an amount equal to 1.5 percent of such revenues must be paid to the county in which such facility is located.
- If the lottery gaming facility is located in the southeast or south-central gaming zone and is not located in a city, a payment equal to 2 percent of the lottery gaming facility revenues must be paid to the county in which the lottery gaming facility is located, and 1 percent paid to the county where the facility is not located. If in the southeast or south central gaming zone and is located within a city, a payment equal to 1 percent of the lottery gaming facility revenues must be paid to the city in which the facility is located, an amount equal to 1 percent of such revenues must be paid to the county in which such facility is located and an amount equal to 1 percent must be paid to the county in which the facility is not located.

Tax Allocation: Gaming taxes in the state are allocated to fund state debt reduction, infrastructure improvements and property tax relief.

Promotional Credits: Promotional credits are tax free.

Withholding tax on Gambling Winnings: The state withholds 5% of the proceeds paid (amount won less amount bet).

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Revenue Share: The tribes do not share any revenue with the state. However, all operating expenses for the KSGA must be paid by tribes from a fund created in the state treasury called the Tribal Gaming Fund.

State Use of Revenue: The tribes do not share any revenue with the state.

Tribal Use of Revenue: Under the compacts, tribes must use their revenues for:

- Funding tribal government operations or programs;
- Providing for the general welfare of tribes and its members;
- Promoting tribal economic development;
- Donating to charitable organizations;

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- Helping fun operation of local government agencies; or
- Any other purposes permitted under IGRA.

Kansas tribes may, upon consultation and agreement between the tribe and state and local governments, agree to fund certain costs associated with tribal gaming, limited to increase police patrol and necessary road improvements.

Withholding on Winnings: Tribes must withhold 4.5 percent of gambling winnings when federal withholding is required. However, federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click [here](#).



Responsible Gaming

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Statutory Funding Requirement: The problem gambling and addictions grant fund receives 2 percent of lottery gaming facility revenues.

Self-exclusion: The Kansas Racing and Gaming Commission (KRGC) administers the statewide Voluntary Exclusion Program (VEP) for problem gamblers. The VEP offers problem gamblers two options for exclusion: a lifetime ban or a two-year ban. After the two years expire, the individual can apply to come off of the list if they complete a problem gambling assessment and a series of courses about healthy lifestyle choices.

Alcohol Use: Lottery gaming facilities do not offer complimentary drinks.

Advertising Restrictions: Advertisements shall be based on fact and shall not be false, deceptive or misleading. Any advertisement found to reflect negatively on the state of Kansas or upon the integrity of gaming could subject the facility manager to sanctions.

On-Premise Display Requirement: Any lottery gaming or racetrack gaming facility shall post one or more signs at the location that operates electronic gaming machines or lottery facility games to inform patrons of the toll-free number available to provide information and referral services regarding compulsive or problem gambling. The executive director of the KRGC shall determine the text.

Restrictions on Minors on the Gambling Premises: Under the KELA, no person under the age of 21 is permitted in an area where EGMs or table games are being conducted.

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Statutory Funding Requirement: The compacts do not require tribes to contribute to state programs to limit and aid problem gamblers.

Self-exclusion: The compacts do not require operators to offer a self-exclusion program for gaming patrons.

Complimentary Alcoholic Drinks: Operators are prohibited from selling alcohol from 2am to 9am daily. Free alcohol may not be awarded to patrons.



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Advertising Restrictions: The compacts do not set advertising restrictions.

On-Premise Display Requirement: The compacts do not set on-premise display requirements. Prevention of Underage Gambling: A person must be at least 21 years old to gamble in a tribal casino.

Operation on Holidays: Tribes may operate gaming facilities on holidays.



Other Regulations

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Testing Requirements: The KRGC must approve and test each gaming machine in the state.

AML Requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism financing.

Shipping Requirements: A persons causing a VLT to be moved into or out of the state must notify the KRGC at least 15 days before the VLT is to be moved. An agent of the KRGC must be there to witness the opening/inventorying of gaming equipment.

Credit offered to Patrons: Credit is not offered to patrons at the lottery gaming facilities.

Political Contributions: There are no restrictions on political contributions from parties with gaming interests.

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Testing Requirements: All electronic gaming devices must be tested by a gaming test laboratory. As per the tribal gaming technical standards, “a laboratory operated by or under contract with the states of New Jersey, South Dakota or Colorado constitutes a designated gaming test laboratory.”

AML requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

Shipping Requirements: Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.



Sports Betting

Kansas does not currently offer legal sports betting.