

STATE OF KANSAS

Kansas Racing and Gaming Commission

Notice of Public Hearing on Proposed Administrative Regulations

The Kansas Racing and Gaming Commission (KRGC) will conduct a public hearing at 9 a.m. Tuesday, March 22, 2016, in the Eisenhower State Office Building, fourth floor, conference room A of the Kansas Racing and Gaming Commission offices, 700 SW Harrison, Suite 500, Topeka, to consider the adoption of revised gaming licensure regulations K.A.R. 112-101-7, 112-102-2, 112-102-9, and 112-103-10. A summary of the proposed regulations and the estimated economic impact follows.

Summary of Regulations:

K.A.R. 112-101-7. Certificate duration. The proposed regulation establishes the duration for a background certificate issued to a gaming manager.

K.A.R. 112-102-2. Gaming supplier and non-gaming supplier defined. The proposed regulation establishes the definition of a gaming supplier and a non-gaming supplier.

K.A.R. 112-102-9. Certificate duration. The proposed regulation establishes the duration for a background certificate issued to gaming and non-gaming suppliers.

K.A.R. 112-103-10. License duration. The proposed regulation establishes the duration for a background license issued to an employee working for a casino supplier.

Economic Impact:

Cost to agency: Under the Expanded Lottery Act, all of the costs of oversight and regulation by the Kansas Racing and Gaming Commission are required to be paid by the gaming and non-gaming suppliers. Therefore, there are no costs anticipated to the agency or other governmental agencies, or to the people of Kansas, as a result of these regulations.

Costs to governmental agencies, private citizens, businesses, and the public: There will be no additional cost burdens placed on governmental agencies, private citizens, businesses, or the public due to the enactment of these regulations.

The time period between the publication of this notice and the scheduled hearing constitutes a 60-day public comment period for the purpose of receiving written public comments on the proposed regulations. All interested parties may submit written comments prior to 5 p.m. on the day of the hearing to Brandi White, Kansas Racing and Gaming Commission, 700 SW Harrison, Suite 500, Topeka, 66603, by e-mail to brandi.white@krgc.ks.gov, or by fax to (785) 296-5800. During the hearing, all interested parties will be given a reasonable opportunity to present their views orally on the proposed regulations as well as an opportunity to submit their written comments. In order to give each individual an opportunity to present their views, it may be necessary for the hearing officer to request that each presenter limit an oral presentation to an appropriate time frame.

Copies of the proposed regulations and the corresponding regulatory impact statement may be obtained by contacting Dane Curtis by e-mail at dane.curtis@krgc.ks.gov, phone (785) 296-3128 or fax (785) 296-5800. Questions pertaining to the proposed regulations should be directed to Brandi White at the contact information above.

Any individual with a disability may request accommodation in order to participate in the public hearing and may request the proposed regulations and the regulatory impact statement in an accessible format. Requests for accommodation to participate in the hearing should be made at least five working days in advance of the hearing by contacting Brandi White.

Don Brownlee

Executive Director of the KRGC

112-101-7. Certificate duration. Each certificate for a gaming manager shall be issued by the commission for no longer than ~~two~~ three years and one month. Each certificate shall expire on the last day of the month of the anniversary date of issue. (Authorized by K.S.A. ~~2007~~ 2015 Supp. 74-8751 and 74-8772; implementing K.S.A. ~~2007~~ 2015 Supp. 74-8751; effective April 17, 2009; amended P- _____.)

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112-102-2. Gaming supplier and non-gaming supplier defined. (a) Each person that performs one or more of the following shall be considered a gaming supplier:

(1) Manufactures, sells, leases, supplies, or distributes devices, machines, equipment, accessories, or items that meet at least one of the following conditions:

- (A) Are designed for use in a gaming facility;
- (B) are needed to carry out a lottery facility game;
- (C) have the capacity to affect the result of the play of a lottery facility game;

or

(D) have the capacity to affect the calculation, storage, collection, or control of the revenues from a gaming facility;

(2) provides maintenance services or repairs gaming equipment, including slot machines;

(3) provides services directly related to the management or administration of a gaming facility;

(4) provides junket services; or

(5) provides items or services that the commission has determined are used in or are incidental to gaming or to an activity of a gaming facility.

(b)(1) Any person that is not a gaming supplier but otherwise meets one or more of the following may be considered a non-gaming supplier:

(A) Acts as a manager of an ancillary lottery gaming facility;

(B) is not a public utility and provides goods or services to a facility manager

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or ancillary lottery gaming facility in an amount of ~~\$100,000~~ \$250,000 or more within a one-year period; or

(C) provides goods or services to a gaming facility and could present a security, integrity, or safety concern to the gaming operations as determined by the executive director.

(2) A person that is any of following shall not be considered a non-gaming supplier:

(A) Regulated insurance company providing insurance to a facility manager, an ancillary lottery gaming facility, or the employees of either;

(B) employee benefit or retirement plan provider, including the administrator;

(C) regulated bank or savings and loan association that provides financing to a facility manager or ancillary lottery gaming facility; or

(D) professional service provider, including an accountant, architect, attorney, and engineer. (Authorized by and implementing K.S.A. ~~2010~~ 2015 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009; amended Dec. 9, 2011; amended P-

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112-102-9. Certificate duration. Each certificate for a gaming supplier or non-gaming supplier shall be issued by the commission for no longer than ~~two~~ three years and one month. Each certificate shall expire on the last day of the month of the anniversary date of issue. (Authorized by and implementing K.S.A. 2007 2015 Supp. 74-8751; effective Aug. 14, 2009; amended P- _____.)

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112-103-10. License duration. Each occupation license shall be issued for a period of no longer than ~~two~~ three years and one month. Each license shall expire on the last day of the month in which the licensee was born. (Authorized by and implementing K.S.A. 2007 2015 Supp. 74-8772; effective April 17, 2009; amended P- _____.)

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ECONOMIC IMPACT STATEMENT

SUMMARY AND ECONOMIC IMPACT STATEMENT CONCERNING THE FOLLOWING PROPOSED ADMINISTRATIVE REGULATIONS OF THE KANSAS RACING AND GAMING COMMISSION, SET FOR PUBLIC HEARING ON MARCH 10, 2016, AT 9:00 A.M., AT THE EISENHOWER STATE OFFICE BUILDING, KANSAS RACING AND GAMING COMMISSION OFFICE, CONFERENCE ROOM A, 700 SW HARRISON, SUITE 500, TOPEKA, KANSAS 66603-3754:

K.A.R. 112-101-7.

1. **Brief description of proposed regulations:** The Commission is generally responsible for creating and adopting “such rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act.” K.S.A. 74-8772. As a part of that duty, the Commission is responsible for adopting regulations, “[P]romoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operations and to ensure its integrity and security.” K.S.A. 74-8772 §(a).

Under that statutory guidance, the Commission has created the following regulations under Article 101:

K.A.R. 112-101-7. Certificate duration. This regulation establishes the duration for a background certificate issued to a gaming manager.

2. **The proposed regulations are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program.**
3. **Description of the cost, the person who will bear the cost and those who will be affected by the proposed regulations.**
 - a. **Cost to the Kansas Racing and Gaming Commission:** Under the Expanded Lottery Act, all of the costs of oversight and regulation by the Kansas Racing and Gaming Commission are required to be paid by the gaming and non-gaming suppliers. Therefore, there are no costs anticipated to the agency or other governmental agencies, or to the people of Kansas, as a result of these regulations.
 - b. **Cost to other governmental agencies or units:** None.
 - c. **Cost to small employers:** None.

- d. **Cost to private citizens:** None.
 - e. **Cost to consumers of the products or services that are the subject of the regulations or their enforcement:** None.
4. **Less costly or less intrusive methods considered by the agency for achieving the stated purpose of the regulations and the reason those methods were rejected in favor of the proposed regulations:** No less costly or less intrusive methods are available.

ECONOMIC IMPACT STATEMENT

SUMMARY AND ECONOMIC IMPACT STATEMENT CONCERNING THE FOLLOWING PROPOSED ADMINISTRATIVE REGULATIONS OF THE KANSAS RACING AND GAMING COMMISSION, SET FOR PUBLIC HEARING ON MARCH 10, 2016, AT 9:00 A.M., AT THE EISENHOWER STATE OFFICE BUILDING, KANSAS RACING AND GAMING COMMISSION OFFICE, CONFERENCE ROOM A, 700 SW HARRISON, SUITE 500, TOPEKA, KANSAS 66603-3754:

K.A.R. 112-102-2; 112-102-9.

- 1. Brief description of proposed regulations:** The Commission is generally responsible for creating and adopting “such rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act.” K.S.A. 74-8772. As a part of that duty, the Commission is responsible for adopting regulations, “[P]romoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operations and to ensure its integrity and security.” K.S.A. 74-8772 §(a).

Under that statutory guidance, the Commission has created the following regulations under Article 102:

K.A.R. 112-102-2. Gaming supplier and non-gaming supplier defined. This regulation establishes the definition of a gaming supplier and a non-gaming supplier.

K.A.R. 112-102-9. Certificate duration. This regulation establishes the duration for a background certificate issued to gaming and non-gaming suppliers.

- 2. The proposed regulations are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program.**
- 3. Description of the cost, the person who will bear the cost and those who will be affected by the proposed regulations.**
 - a. Cost to the Kansas Racing and Gaming Commission:** Under the Expanded Lottery Act, all of the costs of oversight and regulation by the Kansas Racing and Gaming Commission are required to be paid by the gaming and non-gaming suppliers. Therefore, there are no costs anticipated to the agency or other governmental agencies, or to the people of Kansas, as a result of these regulations.

- b. Cost to other governmental agencies or units:** None.
 - c. Cost to small employers:** None.
 - d. Cost to private citizens:** None.
 - e. Cost to consumers of the products or services that are the subject of the regulations or their enforcement:** None.
- 4. Less costly or less intrusive methods considered by the agency for achieving the stated purpose of the regulations and the reason those methods were rejected in favor of the proposed regulations:** No less costly or less intrusive methods are available.

ECONOMIC IMPACT STATEMENT

SUMMARY AND ECONOMIC IMPACT STATEMENT CONCERNING THE FOLLOWING PROPOSED ADMINISTRATIVE REGULATIONS OF THE KANSAS RACING AND GAMING COMMISSION, SET FOR PUBLIC HEARING ON MARCH 10, 2016, AT 9:00 A.M., AT THE EISENHOWER STATE OFFICE BUILDING, KANSAS RACING AND GAMING COMMISSION OFFICE, CONFERENCE ROOM A, 700 SW HARRISON, SUITE 500, TOPEKA, KANSAS 66603-3754:

K.A.R. 112-103-10.

- 1. Brief description of proposed regulations:** The Commission is generally responsible for creating and adopting “such rules and regulations as the commission deems necessary to carry out the duties and functions of the commission pursuant to the Kansas expanded lottery act.” K.S.A. 74-8772. As a part of that duty, the Commission is responsible for adopting regulations, “[P]romoting the integrity of the gaming and finances of lottery gaming facilities and racetrack gaming facilities and shall meet or exceed industry standards for monitoring and controlling the gaming and finances of lottery gaming facility operations and racetrack gaming facility operations and shall give the Kansas racing and gaming commission sufficient authority to monitor and control the gaming operations and to ensure its integrity and security.” K.S.A. 74-8772 §(a).

Under that statutory guidance, the Commission has created the following regulations under Article 103:

K.A.R. 112-103-10. License duration. This regulation establishes the duration for a background license issued to an employee working for a casino supplier.

- 2. The proposed regulations are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program.**
- 3. Description of the cost, the person who will bear the cost and those who will be affected by the proposed regulations.**
 - a. Cost to the Kansas Racing and Gaming Commission:** Under the Expanded Lottery Act, all of the costs of oversight and regulation by the Kansas Racing and Gaming Commission are required to be paid by the gaming and non-gaming suppliers. Therefore, there are no costs anticipated to the agency or other governmental agencies, or to the people of Kansas, as a result of these regulations.
 - b. Cost to other governmental agencies or units:** None.
 - c. Cost to small employers:** None.

- d. **Cost to private citizens:** None.
 - e. **Cost to consumers of the products or services that are the subject of the regulations or their enforcement:** None.
4. **Less costly or less intrusive methods considered by the agency for achieving the stated purpose of the regulations and the reason those methods were rejected in favor of the proposed regulations:** No less costly or less intrusive methods are available.