

GAMING REVENUES

The Kansas Lottery historically has generated revenue for the state through the sale of pull tabs, instant tickets, and online games. The first \$50.0 million in net profit from these sales is deposited in the State Gaming Revenues Fund. Revenue in excess of \$50.0 million is then transferred to the State General Fund. With the passage of 2007 SB 66, the Kansas Lottery began transferring new revenue to the Expanded Lottery Act Revenues Fund that is in addition to the traditional lottery revenue. New lottery revenue is generated by fees and gaming at race track and casino facilities authorized by 2007 SB 66.

Expanded Lottery Act Revenues Fund (ELARF) Overview

KSA 74-8768 provides that the ELARF funding shall be used for "...reduction of state debt, state infrastructure improvements, the university engineering initiative act, reduction of local ad valorem tax, and reduction of the unfunded actuarial liability of the system attributable to the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, by the Kansas public employees retirement system." Revenue to the fund is derived from the distribution of receipts from race track gaming facilities and lottery gaming facilities, and from one-time gaming machine privilege fees and one-time lottery gaming facility privilege fees.

Kansas law requires that the first \$10.5 million credited to the ELARF fund each year be transferred to the engineering funds of the University of Kansas, Wichita State University and Kansas State University in equal amounts of \$3.5 million. The Act was further amended to require that 50.0 percent of revenue credited to the ELARF shall be transferred to the KPERS Trust Fund, commencing quarterly transfers in FY 2014, after other obligations totaling \$10.5 million have been met.

Revenue Distribution Agreement in the Expanded Lottery Act

Casinos	Racinos
73.0 % to Lottery Gaming Facility Manager 22.0 % to Expanded Lottery Act Revenue Fund 2.0 % to Problem Gambling & Addictions Fund 3.0 % to Cities and Counties (at facility locations)	25.0 % to Racetrack Gaming Facility Manager 40.0 % to Expanded Lottery Act Revenue Fund 2.0 % to Problem Gambling & Addictions Fund 3.0 % to the Cities and Counties 15.0 % to Gaming Facility Manager for Gaming Expenses 1.0 % to the Horse Fair Benefit Fund 7.0 % to Live Greyhound Racing Purse Supplement Fund (amounts above \$3,750 per machine in one fiscal year split between the state and the gaming facility manager) 7.0 % to Live Horse Racing Supplement Fund (amounts above \$3,750 per machine in one fiscal year split between the state and the gaming facility manager)

Privilege Fees Revenue (One-Time Payment)

\$25.0 million per site, except Dodge City and the southeast gaming zone which have a \$5.5 million privilege fee	\$2,500 per electronic gaming machine with a minimum of 600 machines at each track
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