

Kansas Racing and Gaming Commission

Notice of Hearing on Proposed Administrative Regulations

A public hearing will be conducted at 10:00 a.m. July 17, 2026, at the Eisenhower State Office Building, 700 SW Harrison, Suite 450, Topeka, Kansas, to review and consider the adoption of proposed permanent regulations of the Kansas Racing and Gaming Commission. The public hearing will be conducted in person only.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed regulations. All interested parties may submit written comments prior to the public hearing to James Bain, General Counsel, 700 SW Harrison, Suite 500, Topeka, KS 66612 or by email to krgc@ks.gov. All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed regulations during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the regulations and economic impact statement in an accessible format. Requests for accommodation to participate in the public hearing should be made at least 10 business days in advance of the hearing by contacting James Bain, General Counsel, 700 SW Harrison, Suite 500, Topeka, KS 66612 or by phone at 785-296-5800. Handicapped parking is located at the north entrance to the building across 7th St. Curbs in the parking lot north of the entrance are accessible to individuals with disabilities.

Copies of the regulations and economic impact statement may be viewed at <https://krgc.kansas.gov/legal/regulations/pending-regulations/>.

Summaries of the proposed regulations and their economic impact follow.

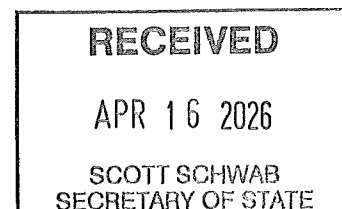
K.A.R. 112-201-1. Definitions. This regulation defines terms used throughout article 201.

K.A.R. 112-201-2. Accounting controls for the sportsbook. This regulation establishes the accounting controls required for a retail sports book.

K.A.R. 112-201-3. Reserve requirements. This regulation requires lottery gaming facility managers or their interactive sports wagering platform providers to maintain a reserve of not less than \$500,000 or the amount necessary to ensure all unclaimed winnings and future liability.

K.A.R. 112-201-4. Issuance and sports wagering ticket control requirements. This regulation establishes requirements for issuing and voiding sports wagering tickets.

K.A.R. 112-201-5. General wagering requirements. This regulation establishes requirements for accepting payment for wagers; providing event information; managing sports wagering accounts; and verifying patrons' identities and ages.



K.A.R. 112-201-6. Multiple wagers. This regulation requires lottery facility managers and interactive sports wagering platform providers to take measures to prevent and document attempts to circumvent federal anti-money laundering law and state regulations.

K.A.R. 112-201-7. Structured wagers. This regulation prohibits lottery gaming facility managers and interactive sports wagering platform providers from encouraging or instructing patrons regarding how to structure wagers to avoid the requirements of federal law.

K.A.R. 112-201-8. Recordkeeping and reporting requirements. This regulation establishes requirements regarding information that lottery gaming facility managers and interactive sports wagering platform providers must retain and how they can use personally identifiable information included in that information.

K.A.R. 112-201-9. Payment of winning wagers. This regulation establishes requirements for when lottery gaming facility managers and interactive sports wagering platforms shall pay patrons their winnings.

K.A.R. 112-201-10. Wager cancellations. This regulation requires internal controls for voiding wagers and requires approval from the executive director to void wagers.

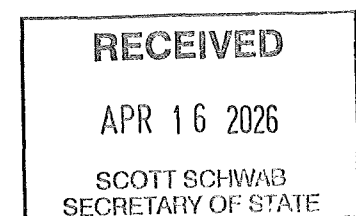
K.A.R. 112-201-11. Reporting of suspicious activity. This regulation requires lottery gaming facility managers to utilize independent integrity suppliers to identify suspicious activity and unusual odds swings. It also requires lottery gaming facility managers or the contracted interactive sports wagering platform to report certain activity directly to Kansas Racing and Gaming Commission agents.

K.A.R. 112-201-12. Wagers, terms and conditions. This regulation establishes requirements for loyalty programs and prohibits practices that would guarantee winning wagers to loyalty program members.

K.A.R. 112-201-13. Wagering communications, establishing patron wagering for sporting events. This regulation requires online and in-person wagering to be conducted within the state of Kansas in compliance with federal and state law. It also establishes affirmations, information gathering, and recordkeeping requirements to effect and support those localization requirements.

K.A.R. 112-201-14. Lottery gaming facility manager or interactive sports wagering platform provider duties. This regulation outlines how and when a wager placed on the interactive platform can be made. It also establishes a process for a patron's withdrawal of funds and a platform's withholding of funds.

K.A.R. 112-201-15. House rules requirements. This regulation establishes requirements for house rules including: (1) submission of house rules to the executive director for approval; (2) coverage of anomalies; and (3) effectiveness of house rules.



K.A.R. 112-201-16. Assign regulatory staff. This regulation establishes that the executive director may require lottery gaming facility managers and interactive sports wagering platform providers to cover the costs of allowing commission staff to be permanently present on the premises of a sports book. Additionally, the regulation requires lottery gaming facility managers and interactive sports wagering platform providers to allow the commission's staff access to all books, records, and emails.

K.A.R. 112-201-17. Records and forms. This regulation requires lottery gaming facility managers or interactive sports wagering platform providers to create and maintain the records and reports required by this article.

K.A.R. 112-201-18. Sports wagering requirements. This regulation establishes requirements for ticket writers and sports wagering kiosks.

K.A.R. 112-201-19. Sports wagering voucher requirements. This regulation establishes the requirements for: (1) issuance of sports wagering vouchers; (2) information included on vouchers; (3) recordkeeping related to vouchers; and (4) verification and notification related to voucher redemption.

K.A.R. 112-201-20. Patron disputes. This regulation requires providing notices and links to patrons for purposes of submitting complaints to the lottery gaming facility manager, interactive sports wagering platform provider, and Kansas Racing and Gaming Commission.

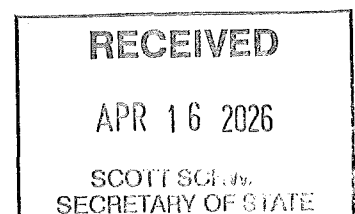
K.A.R. 112-201-21. Sports wagering transactions. This regulation establishes additional requirements for internal controls, floor plans, and locations for conduct of sports wagering transactions.

K.A.R. 112-201-22. Sports wagering exclusion list. This regulation establishes required internal controls to protect patrons who request an exclusion from sports wagering.

K.A.R. 112-201-23. Waiver of requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

K.A.R. 112-202-1. Risk management requirements. This regulation establishes requirements for interactive sports wagering platform providers engaging in risk management. Additionally, this regulation establishes the requirement that each lottery gaming facility manager's or interactive sports wagering platform provider's internal controls must include internal controls to address the requirements of a developed risk management framework.

K.A.R. 112-202-2. Sports wagering registration requirement. This regulation establishes requirements for sports wagering registrants with decision-making ability that directly affects sports wagering operations.



K.A.R. 112-203-1. Communications technology. This regulation establishes that wagering communications technology shall be used only after approval by the executive director.

K.A.R. 112-203-2. Change management requirements. This regulation establishes the process interactive sports wagering platforms must follow when there is a change to the platform technology.

K.A.R. 112-203-3. Interactive sports wagering platform requirements. This regulation establishes requirements for interactive sports wagering platforms including: recordkeeping, confidentiality, encryption, audit logging, and accessibility by the commission. Additionally, the regulation requires all procedures necessary to meet these requirements be submitted in the internal controls.

K.A.R. 112-203-4. Electronic asset disposal. This regulation requires electronic assets to be sanitized before disposal. Additionally, this regulation requires any such disposal to be overseen by the commission's staff.

K.A.R. 112-203-5. Server location and access. This regulation requires sports platform servers to be located in Kansas. Additionally, this regulation establishes narrow exceptions for transactional data duplicates stored elsewhere subject to the executive director's approval.

K.A.R. 112-203-6. Geofence requirement. This regulation requires sports wagering platforms to utilize geofencing to prevent out-of-state wagering.

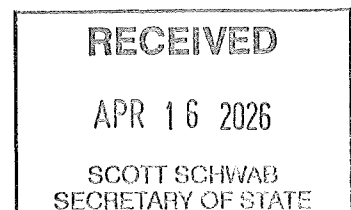
K.A.R. 112-203-7. Certification testing. This regulation requires testing by an independent testing laboratory. Additionally, this regulation sets out the standards and testing types that sports wagering platforms and equipment must undergo.

K.A.R. 112-203-8. Waiver of requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

K.A.R. 112-204-1. Compliance and audit requirements. This regulation establishes requirements for revenue audit procedures and follow-ups. It also requires lottery gaming facility managers and interactive sports wagering platform providers to notify the commission of reports filed with the securities and exchange commission and other securities regulatory agencies.

K.A.R. 112-204-2. Revenue reporting. This regulation establishes extensive reporting requirements for interactive sports wagering platforms.

K.A.R. 112-204-3. Annual integrity and security audit. This regulation establishes three types of audits to which lottery gaming facility managers and interactive sports wagering platform providers shall be subject in relation to sports wagering: (1) independent accounting audits; (2) information technology security audits; and (3) special audits by the commission. The first two varieties of audits shall be conducted annually; the last will be conducted when required by the executive director.



K.A.R. 112-204-4. Pools and promotional activities. This regulation establishes the requirements for submission and approval of sports wagering promotional activities and contests. Additionally, this regulation expressly prohibits the use of “risk free” in advertising and promotional activities.

K.A.R. 112-204-5. Internal audit. This regulation requires semiannual internal audits of sports wagering activities and additional audits as required by the commission.

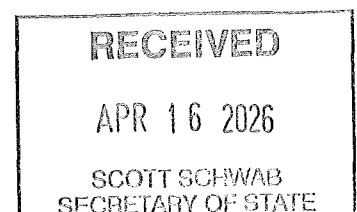
K.A.R. 112-204-6. External audits and other reports. This regulation requires each lottery gaming facility manager or interactive sports wagering platform provider to have its annual financial statements audited by an independent registered certified public accounting firm approved by the executive director. Additionally, it requires that the audit is prepared subject to the requirements of this regulation, and it authorizes the commission to require the auditor to be replaced if the auditor poses a risk to the integrity of gaming in Kansas.

K.A.R. 112-204-7. Waiver of requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

Summary of Economic Impact

Sports wagering launched in Kansas in September 2022. Since that time seven platforms have entered into an agreement with the Kansas Lottery and have been licensed and regulated by the KRGC under temporary regulations. The Department of Budget-approved Economic Impact Statement (EIS) estimates the regulations for sports wagering will cost the lottery gaming facilities and sports wagering platforms a total of \$1,485,000 over the first five years of implementation. The approved EIS estimated no cost being incurred by local governments or individual Kansas residents. The majority of the costs incurred by the sports wagering platforms come from monitoring and reporting of suspicious activity, integrity and security audits, and technology certification and testing.

James Bain
General Counsel
Kansas Racing and Gaming Commission



112-201-1. Definitions. Each of the following words and terms, when used in this article of the Kansas racing and gaming commission’s regulations, shall have the meaning specified in this subsection:

(a) “Affiliate” means an entity that provides goods or services to a Kansas-certified integrated sports wagering platform and required to be registered as specified in K.A.R. 112-202-5, but not to be certified as an interactive sports wagering platform.

(b) “Age and identity verification” means a method, system, or device used by a lottery gaming facility manager or contracted interactive sports wagering platform provider to verify the validity of a patron’s age and the patron’s identity.

(c) “Canceled wager” means a wager that has been canceled by the lottery gaming facility manager or its interactive sports wagering platform provider through the interactive sports wagering platform due to any issue with an event that prevents the wager completion.

(d) “Cash equivalents” means instruments with a value equal to United States currency or coin, including certified checks, cashier’s checks, traveler’s checks, money orders, gaming tickets, winning sports wagering tickets, sports wagering vouchers, and coupons.

(e) “Commission” means the Kansas racing and gaming commission.

(f) “Communications technology” means a process in which components are employed to facilitate the transmission of information including, but not limited to, transmission and reception systems based on wire, cable, radio, microwave, light, optics or computer data networks and the internet.

(g) “Dormant account” means a sports wagering account that has had no login for a period of at least three years.

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(h) "Executive director" means the executive director of the Kansas racing and gaming commission or any employee of the agency the executive director designates to act on behalf of the agency.

(i) "Gaming day" means a period of time not to exceed 24 hours corresponding to the beginning and ending times of gaming activity for the purpose of accounting reports that has previously been approved by the executive director.

(j) "House rules" means comprehensive rules established by a lottery gaming facility manager that outline the general and specific parameters by which sports wagering is conducted.

(k) "Interactive sports wagering platform provider" means a sports wagering supplier that contracts with a lottery gaming facility manager to provide an interactive sports wagering platform. If a lottery gaming facility manager develops its own interactive sports wagering platform, the lottery gaming facility manager is also considered an interactive sports wagering platform provider for the purposes of this article.

(l) "Kansas lottery" means the state agency created by the Kansas lottery act, K.S.A. 74-8701 *et seq.*, to operate a lottery or lotteries pursuant to the act, including sports wagering.

(m) "Layoff wager" means a wager placed by an interactive sports wagering platform provider with another interactive sports wagering platform provider for the purpose of offsetting patron wagers.

(n) "Marketing plan" means a plan that must be submitted to the executive director for the creation of sports wagering accounts.

(o) "Market" means a wager type, such as money line, spread, or over/under on which opportunities are built for wagering on one or more events.

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(p) "Mobile application" means any application on a mobile device through which an individual is able to place a sports wager through an interactive sports wagering platform.

(q) "Payout" means the total payment due on a winning wager whether or not:

(1) The patron collects the total payment due at one time;

(2) all or a portion of the payment due is made in the form of cash, chips or other form of payment; or

(3) all or a portion of the payment due is used by the patron to place another wager.

(r) "Penetration testing" means an authorized simulated cyberattack performed to evaluate the security of a system.

(s) "Personally identifiable information" and "PII" means any information or data used to confirm an individual's identity. Personally identifiable information includes, but is not limited to, name, address, internet protocol (IP) address, phone number, social security number, and driver's license number.

(t) "Prohibited sports wagering participant" means any involuntarily excluded person, any voluntarily-excluded person, and anyone prohibited from sports wagering by Kansas law.

(u) "Satellite cage" means cashiering windows located in an area separated from the main cashiering facility.

(v) "Sports book" means a designated area in a lottery gaming facility offering sports wagering in accordance with established regulations.

(w) "Sports wagering account" means an account established through a lottery gaming facility manager or its interactive sports wagering platform provider for an individual patron to use for sports wagering.

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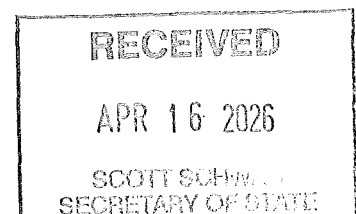
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(x) "Sports wagering count sheet" means a form used to inventory and balance a bank or ticket writer's drawer.

(y) "Sports wagering kiosk" means an automated device that may be used for sports wagering ticket processing and other automated functions as approved by the executive director.

(z) "Sports wagering manager" means a licensed sports book employee who is responsible for operating the interactive sports wagering platform and providing final approval of all odds established on an agreed upon wager.

(aa) "Sports wagering operation" means the Kansas lottery business of accepting wagers pursuant to the Kansas expanded lottery act, K.S.A. 74-8733 through 74-8773, and amendments thereto, and K.S.A. 74-8781 through 74-8794, and amendments thereto, at a lottery gaming facility, through an interactive sports wagering platform or pursuant to a marketing agreement approved by the executive director of the Kansas lottery.

(bb) "Sports wagering promotional credit" means any cashable or non-cashable credit, free play, patron incentives, coupon or voucher redeemable by a patron and issued in accordance with a promotional program or activity approved by the Kansas lottery.

(cc) "Sports wagering registrant" means an individual or entity that is contracted to provide goods or services that the executive director determines affects the conduct of sports wagering but falls outside the scope of an interactive sports wagering platform certification or a vendor's certification.

(dd) "Sports wagering ticket" means a printed record issued or an electronic record maintained by the interactive sports wagering platform that evidences a sports wager.

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(ee) "Sports wagering voucher" means a printed record, or digital representation thereof, issued by an interactive sports wagering platform that may be used to fund a wager or may be redeemable for cash.

(ff) "Strong authentication" means a method that has been demonstrated to the satisfaction of the executive director to effectively provide higher security than a username and password alone.

(gg) "Structured wagers" means the act of parcelling bets or winnings that would otherwise be a large financial sum into smaller transactions.

(hh) "Suspicious transaction" means a transaction which a lottery gaming facility manager or its interactive sports wagering platform provider knows or, has reason to suspect:

(1) The transaction is part of a plan to violate or evade, any federal, state, or local law or regulation;

(2) the wager is placed by, or on behalf of, a coach or participant in a sporting event or other event on such event;

(3) the transaction is a structured wager; or

(4) the transaction has no business or apparent lawful purpose or is not the sort of transaction the patron would normally be expected to perform.

(ii) "Ticket writer" means a cashier that handles sports wagering transactions.

(jj) "Voided wager" means a sports wager voided by an employee of the lottery gaming facility manager or interactive sports wagering platform operator and approved pursuant to the internal controls or house rules.

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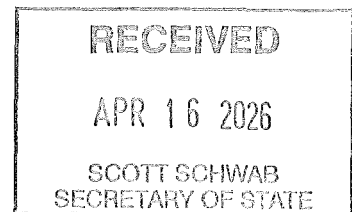
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(kk) "Wagering communication" means the transmission of a wager between a point of origin and a point of reception by aid of a communications technology.

(ll) "Wagering instructions" means the instructions given by a patron on the grounds of a sports book who maintains a sports wagering account to affect a wagering communication to an interactive sports wagering platform. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-2. Accounting controls for the sportsbook. (a) A ticket writer shall begin a shift with an imprest amount of sports wagering funds, consisting of currency and coin. No funds shall be added to or removed from the sports wagering funds during such shift except:

- (1) in collection of sports wagers;
- (2) in order to make change for a patron buying a sports wagering ticket;
- (3) in collection for the issuance of sports wagering vouchers;
- (4) in payment of winning or properly canceled or refunded sports wagering tickets;
- (5) in payment of sports wagering vouchers; or
- (6) in exchanges with the ticket writer's cage, a satellite cage, or the sports book bank

supported by proper documentation, and which documentation shall be sufficient for accounting reconciliation purposes.

(b) A sports wagering count sheet shall be completed and signed by a supervisor, and the following information, at a minimum, shall be recorded on the sports wagering count sheet ~~thereon~~ at the beginning of a shift:

- (1) the date, time, and shift of preparation.
- (2) the denomination of currency and coin in the sports wagering inventory issued to the ticket writer.
- (3) the total amount of each denomination of currency and coin in the sports wagering inventory issued to the ticket writer.
- (4) the sports wagering window number to which the ticket writer is assigned; and
- (5) the signature of the sports wagering shift supervisor.

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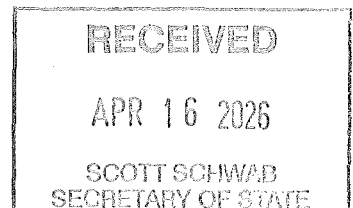
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(c) A ticket writer assigned to a ticket writer window shall count and verify the sports wagering inventory at the sports wagering bank and shall agree with the count to the sports wagering count sheet. The ticket writer shall sign the sports wagering count sheet attesting to the accuracy of the information recorded on the sports wagering count sheet. The sports wagering inventory shall be placed in the ticket writer's drawer and transported directly to the appropriate ticket writer window by the ticket writer.

(d) If the system generated sports wagering window net receipts for the shift do not agree with the sports wagering count sheet total plus the sports wagering inventory, the shift supervisor shall record any overage or shortage. If the count does not agree, the ticket writer and the shift supervisor shall attempt to determine the cause of the discrepancy in the count. Any discrepancy that cannot be resolved by the ticket writer and the shift supervisor shall be reported in writing to the department supervisor in charge at such time. Any discrepancy in excess of \$500 shall be reported to the commission. The report shall include the:

- (1) date on which the discrepancy occurred;
- (2) shift during which the discrepancy occurred;
- (3) name of the ticket writer;
- (4) name of the supervisor;
- (5) window number; and
- (6) amount of the discrepancy.

(e) The sports book shift supervisor shall compare the ticket writer window net (cash incoming minus cash outgoing) for the shift as generated by the ticket writer's computer terminal. If it agrees with the sports wagering count sheet total plus the beginning imprest

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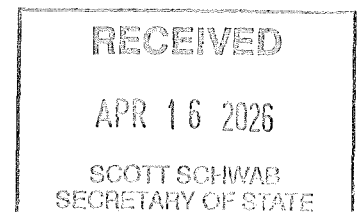
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amount, the sports book supervisor shall sign the sports wagering count sheet attesting to the accuracy. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-

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112-201-3. Reserve requirements. All lottery gaming facility managers or their interactive sports wagering platform providers shall maintain a reserve in the form of cash, cash equivalents, payment processor reserves, payment processor receivables, an irrevocable letter of credit, a bond, or a combination thereof, of not less than the greater of \$500,000 or the amount necessary to ensure the ability to cover all unclaimed winnings and future liability.

(Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-

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112-201-4. Issuance and sports wagering ticket control requirements. (a) Immediately upon accepting a wager, the interactive sports wagering platform shall create a sports wagering ticket on which the terms of the wager are written.

(b) Printed sports wagering tickets must bear the name and address of the sports book.

(c) An interactive sports wagering platform shall be capable of processing lost or destroyed sports wagering tickets.

(d) When a sports wager is voided or canceled, the lottery gaming facility manager or the contracted interactive sports wagering platform provider shall clearly indicate that the sports wager is voided or canceled ensuring it is nonredeemable. The voided or cancelled wager shall be logged into the interactive sports wagering platform indicating the void or cancellation and the identity of the cashier or automated process. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-5. General wagering requirements. (a) Lottery gaming facility managers or the interactive sports wagering platform providers may not accept wagers unless the wagers are made with:

- (1) Cash or cash equivalents;
- (2) electronic bank transfers of money, including transfers through third parties;
- (3) bank and wire transfers of money;
- (4) debit and credit cards;
- (5) online and mobile application payment systems that support online money transfers;
- (6) sports wagering promotional credits provided by a lottery gaming facility manager;

and

- (7) any other payment method approved by the executive director.

(b) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall accept wagers only on its licensed premises, and only at ticket writers or sports wagering kiosks approved by the executive director or through an interactive sports wagering platform that has been approved by the executive director.

(c) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not knowingly accept money or its equivalent purportedly as a wager upon an event whose outcome has already been determined. A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not accept a wager on an event unless the date and time at which the outcome of the event is determined or can be confirmed from reliable sources satisfactory to the executive director.

- (d) All accepted wagers shall be listed in the house rules.

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(e) The lottery gaming facility manager or the contracted interactive sports wagering platform provider shall ensure that any statistics or line data that is made available to the patron pertaining to an event uses a source allowed by the Kansas lottery. The source providing the statistics/line data shall be accurate at the time of the event.

(f) No lottery gaming facility manager, interactive sports wagering platform provider, agent, or employee of lottery gaming facility manager or an interactive sports wagering platform provider may accept a wager from a person who the lottery gaming facility manager, interactive sports wagering platform provider, agent, or employee knows or reasonably should know is a messenger bettor or is placing the wager in violation of state or federal laws.

(g) No lottery gaming facility manager or the contracted interactive sports wagering platform provider may hold a patron's money or its equivalent on the understanding that the lottery gaming facility manager or the contracted interactive sports wagering platform provider will accept the money as a wager only upon the occurrence of a specified, future contingency, unless a sports wagering ticket documenting the wager and contingency is issued immediately when the lottery gaming facility manager or the contracted interactive sports wagering platform provider receives the money or its equivalent.

(h) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall limit each patron to one active and continuously used sports wagering account and username for each interactive sports wagering platform.

(i) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall publish procedures to suspend all but one active account for any sports wagering patron that establishes, or seeks to establish, multiple active accounts in a single interactive

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sports wagering platform, whether directly or by use of another person as a proxy.

(j) In the event a patron has a pending wager and then self-excludes, the wager shall settle, and the funds shall be remitted to the problem gambling grant fund established under K.S.A. 79-4805, and amendments thereto, if the wager settles as a win or push.

(k) A full age and identity verification must be undertaken before a patron is allowed to place a wager on an interactive sports wagering platform as follows:

(1). The lottery gaming facility manager and interactive sports wagering platform provider shall deny the ability to deposit funds or participate in wagering to any person that submits a birth date that indicates the person is not yet 21 years of age.

(2) Age and identity verification must use commercially reasonable standards to confirm that the patron is not a prohibited sports wagering participant.

(3) Details of age and identity verification shall be kept in a secure manner.

(4) Third-party service providers may be used for age and identity verification of patrons.

(5) The lottery gaming facility manager and interactive sports wagering platform provider must have a documented policy for the handling of patrons discovered to be using a sports wagering account in a fraudulent manner, including, but not limited to:

(A) The maintenance of information about any patron's activity, so if fraudulent activity is detected, the commission has all of the necessary information to take appropriate action;

(B) the suspension of any patron account discovered to be providing access to fraudulent patrons; and

(C) The treatment of deposits, wagers, and wins associated with a fraudulent patron's sports wagering account. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772;

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112-201-6. Multiple wagers. (a) A Lottery gaming facility manager or their employees shall not knowingly allow the circumvention of K.A.R. 112-104-6 by allowing multiple cash wagers by an individual patron within a designated gaming day. Each contracted interactive sports wagering platform shall take reasonable steps to prevent multiple cash wagers by an individual patron designed to circumvent K.A.R. 112-104-6. As part of a lottery gaming facility manager's and the contracted interactive sports wagering platform provider's efforts to prevent circumventions of K.A.R. 112-104-6, a lottery gaming facility manager or the contracted interactive sports wagering platform provider shall establish and implement wagering multiple transaction logs.

(b) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider shall record in the wagering multiple transaction log, all cash wagers of \$3,000 or more and properly complete a currency transaction report for all single cash transactions and for a series of multiple cash transactions in excess of \$10,000.

(c) Each log entry in a wagering multiple transaction log shall be made by the employee accepting or approving the cash wager.

(d) When aggregated cash wagers exceed \$10,000, the lottery gaming facility manager and the contracted interactive sports wagering platform provider shall complete the recordkeeping and reporting requirements of K.A.R. 112-104-6. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-7. Structured wagers. (a) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not encourage or instruct the patron to structure or attempt to structure wagers. This subsection does not prohibit a lottery gaming facility manager or the contracted interactive sports wagering platform provider from informing a patron of the regulatory requirements imposed upon the sports book, including the definition of structured wagers.

(b) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not knowingly assist a patron in structuring or attempting to structure wagers.-(Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-
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112-201-8. Recordkeeping and reporting requirements.

(a) The lottery gaming facility manager and the contracted interactive sports wagering platform provider shall maintain records of:

(1) All wagers placed, including personally identifiable information of the person placing the wager;

(2) the amount and type of wager;

(3) the time the wager was placed;

(4) the location of the wager, including the IP address, if applicable;

(5) the outcome of the wager;

(6) any records of abnormal wagering activity; and

(7) video camera recordings, in the case of in-person wagers.

(b) Lottery gaming facility managers shall maintain personally identifiable information of persons placing a sports wager. Use of personally identifiable information shall be limited to purposes that facilitate placing of a sports wager or payment of any prize as well as for compliance with any federal or state law.

(c) Personally identifiable information, including the internet protocol (IP) address from which a sports wager is placed, will be used by sports wagering platforms to allow placement of sports wagers on an approved mobile app. Permissible uses of personally identifiable information include, but are not limited to, age verification; voluntary exclusions; geolocation; detection of location anonymizers such as proxy servers, virtual private networks (VPN), and the onion routing (TOR) exit nodes; re-geolocation; fraud detection and investigation; and Financial Crimes Reporting Network (FinCen) reporting.

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(d) A patron may elect to prohibit collection of personally identifiable information by a sports wagering platform or gaming facility manager if that election does not interfere with the ability of a platform to initiate a sports wager or facilitate payment of a prize.

(e) Sports wagering platforms and lottery gaming facility managers shall not use, for marketing purposes, any person's personally identifiable information (PII) that has elected to not have their PII collected for any purpose other than placing a sports wager or receiving payment of a prize. The person's election to prohibit collection of PII shall be maintained by the interactive sports wagering platform and lottery gaming facility manager until the person affirmatively, through the platform or by other written means, cancels such election. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-9. Payment of winning wagers. (a) Except as otherwise provided in this subsection, lottery gaming facility managers or their interactive sports wagering platform providers shall make a payment on a winning wager to the patron who presents the patron's original sports wagering ticket representing the winning wager. A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not make payment to a patron that the contracted interactive sports wagering platform provider knows or reasonably should know is collecting the payment on behalf of another patron or in violation of law. A lottery gaming facility manager or the contracted interactive sports wagering platform provider may withhold payment of a winning wager if a patron refuses to supply proper identification or any other requested documentation as required by state law.

(b) The lottery gaming facility manager or their contracted interactive sports wagering platform provider shall honor winning sports wagering tickets for 180 days after the event has concluded. The lottery gaming facility manager or their contracted interactive sports wagering platform provider shall print the redemption period on each sports wagering ticket, on the house rules, and on notices conspicuously placed about the licensed premises. Interactive sports wagering platforms shall maintain the information and documentation presented for a period of two years.

(c) Any patron's unclaimed winnings shall meet all requirements of K.A.R. 112-104-32. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-_____.)

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112-201-10. Wager cancellations. Lottery gaming facility managers or the interactive sports wagering platform providers shall establish internal controls and house rules pertaining to wagering transactions that can be voided or cancelled.

(a) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall request approval from the executive director to void or cancel an accepted wagering transaction due to an obvious error. An obvious error must be defined in the lottery gaming facility manager's or the contracted interactive sports wagering platform's internal controls.

(b) Except as otherwise provided in approved internal controls and house rules, a lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not unilaterally void or cancel any wager without the prior approval of the executive director.

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112-201-11. Reporting of suspicious activity. (a) A lottery gaming facility manager or the interactive sports wagering platform shall utilize an independent supplier to identify non-normal irregularities in volume or odds swings that could signal suspicious activity and further investigation.

(1) Internal controls shall state details for how integrity monitoring efforts and notifications to the Commission pertaining to them shall be handled.

(2) In situations requiring immediate attention, such as large odds swings or irregularities in volume, the lottery gaming facility manager or the interactive sports wagering platform shall immediately notify the on-site commission agent in addition to filing a report within one business day.

(b) Internal controls shall include direct reporting from the lottery gaming facility and the contracted interactive sports wagering platform to the commission within 14 days of becoming aware of the following activities:

(1) Attempts to violate or evade any federal, state, or local law or regulations pertaining to interactive sports wagering in any jurisdictions;

(2) violations or attempted violations of federal or state Anti-Money Laundering (AML) laws;

(3) unusual or suspicious behavior or patterns of wagers by a patron. For purposes of this provision “unusual behavior or patterns of wagers” means abnormal wagering activity exhibited by patrons and deemed by an interactive sports wagering platform provider as a potential indicator of suspicious activity. Abnormal wagering activity may include the size of a patron’s wager or increased wagering volume on a particular event or wager type. “Unusual behavior or

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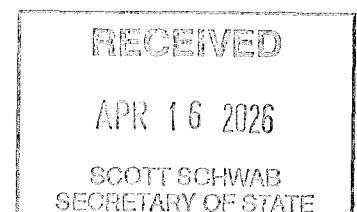
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patterns of wagers” also means unusual betting activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity;

(4) unusual geographical concentration of betting;

(5) wagers that have been placed through a shared mobile device using different accounts;

(6) unusual and abnormal proportion of bets on one side of a betting market;

(7) any potential or actual breach of a sports governing body’s internal rules and codes of conduct pertaining to sports wagering that is known to the lottery gaming facility or the contracted interactive sports wagering platform;

(8) wagering activities or patterns that may indicate a concern with the integrity of a sporting event;

(9) conduct that corrupts, is intended to corrupt, or unduly influences the betting outcome of a sporting event for purposes of financial gain, including match fixing;

(10) an agent or proxy placing a wager on behalf of another patron or the use of false identification;

(11) any suspected criminal activity under K.S.A. 74-8760 (a), (b), and) (c) not previously listed;

(12) any suspicious transaction as defined by K.A.R. 112-201-1(hh); and

(13) any other violations of state or federal law.

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(c) A lottery gaming facility manager, interactive sports wagering platform, director, officer, employee, or agent who reports any activity in K.A.R. 112-201-11(b) shall not notify any person involved in the activity that the activity has been reported.

(d) Nothing in this regulation shall be construed as relieving a lottery gaming facility manager or the contracted interactive sports wagering platform provider from meeting any obligation to prepare or maintain any book, record, or document required by any other federal, state, or local governmental body, authority, or agency.

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112-201-12. Wagers, terms and conditions. (a) An interactive sports wagering platform provider or a lottery gaming facility manager where the sports book is located or an affiliate of one or more of those entities that holds a gaming license may provide room, food, and beverages, that are available to the public from other sources, including spa services, movies, bowling and entertainment admissions, and limousine or other car service transportation to and from the gaming establishment where the sports book is located.

(b) A lottery gaming facility manager or their contracted interactive sports wagering platform provider, including all marketing entities that have contracted with the lottery gaming facility manager or their contracted interactive sports wagering platform provider to provide sports wagering, may award loyalty program points based on wagers placed by a patron; however, such points may only be redeemed in accordance with the rules of the program. The lottery gaming facility manager shall include a description and controls for player loyalty programs related to sports wagering in their internal controls.

(c) A lottery gaming facility manager or their contracted interactive sports wagering platform provider shall not, in an attempt to provide a benefit to the patron in violation of subsection (a), offer a wagering proposition, or set or move its wagering odds, lines, or limits, or do anything that would violate their house rules.

(d) Other than as part of an approved promotional mechanism, an interactive sports wagering platform provider shall not set lines, or odds, or offer wagering propositions designed for the purposes of ensuring that a patron will win a wager or series of wagers. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-13. Wagering communications, establishing patron wagering for sporting events.

(a) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall only accept sports wagering initiated from within the state of Kansas.

(b) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall not accept wagering instructions for sports wagers unless the transmission of the wagering instructions is initiated from within the state of Kansas.

(c) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider that accepts wagering communications shall establish and implement a system of internal controls for such transactions and comply with its system of internal controls.

(d) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider shall prepare a written description of its house rules and procedures for wagering communications and shall make a copy available to all patrons upon request. Before each lottery gaming facility manager or the contracted interactive sports wagering platform provider accepts a wagering communication on any sports wager or any other event wager over the internet, a patron shall register and create a sports wagering account, either remotely or in person.

(1) To create the required sports wagering account remotely, the patron must confirm their identity by providing the following:

- (A) The patron's full legal name;
- (B) the patron's date of birth;
- (C) the patron's permanent residential address, other than P.O. box;

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(D) the patron's social security number, or the last four digits of the social security number, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number; and

(E) any other information collected from the patron used to verify his or her identity and to prove the patron is at least 21 years of age.

(2) A lottery gaming facility manager or the contracted interactive sports wagering platform provider may register and create sports wagering accounts for patrons in-person, by inspecting and confirming a patron's registration information identified in subsection (d).

(A) A lottery gaming facility manager or the contracted interactive sports wagering platform provider must file a request with the executive director requesting approval for its employees to register and create sports wagering accounts for patrons.

(B) The request must include a comprehensive marketing plan including the types of locations and types of potential patrons which a lottery gaming facility manager or the contracted interactive sports wagering platform provider intends to send its employees for the purposes of registering and creating sports wagering accounts for patrons.

(C) A lottery gaming facility manager or the contracted interactive sports wagering platform provider may not act under the marketing plan prior to the executive director approving the request. The executive director may rescind approval of a request of a lottery gaming facility manager or the contracted interactive sports wagering platform provider to have its employees register and create accounts upon written notice to the lottery gaming facility manager or their contracted interactive sports wagering platform provider.

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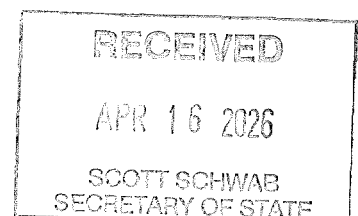
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(f) Prior to creation of the sports wagering account under subsection (e) the patron shall affirm they have been informed and acknowledges they are prohibited by law from placing sports wagers and other event wagers on interactive sports wagering platforms licensed in this state while physically located outside of Kansas and that the interactive sports wagering platform is prohibited from accepting such wagers.

(g) A lottery gaming facility manager or interactive sports wagering platform may place a layoff wager with another sports wagering platform located in the state of Kansas for the purpose of offsetting patron wagers provided that:

(1) the lottery gaming facility manager or interactive sports wagering platform provider placing the layoff wager discloses the identity to the interactive sports wagering platform receiving the layoff wagers;

(2) the receiving sports wagering platform agrees to accept the layoff wager; and

(3) both the platform placing the wager and the platform receiving the wager include in their internal controls processes for placing and accepting layoff wager.

(h) In addition to the posting of the wager in the interactive sports wagering platform, all wagering communications shall be electronically recorded and retained for a period of two years. Such recordings shall be made available no longer than seven days after agent request unless such time is extended by the commission.

(j) All sports wagering account applications for active accounts shall be retained by the lottery gaming facility manager or their contracted interactive sports wagering platform provider. All sports wagering account applications for rejected applications shall be retained by the lottery gaming facility manager or their contracted interactive sports wagering platform provider for no

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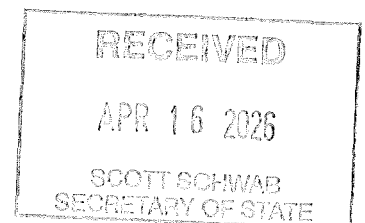
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less than two years following the rejection of the related application. All sports wagering account applications for closed accounts shall be retained by the lottery gaming facility manager or their contracted interactive sports wagering platform provider for no less than two years following the closure of the related sports wagering account. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-14. Lottery gaming facility manager or interactive sports wagering platform

provider duties. (a) A lottery gaming facility manager or the interactive sports wagering platform provider shall report to the commission's security staff, within 24 hours, any facts the facility manager or the contracted interactive sports wagering platform provider has reasonable grounds to believe indicate a violation of law, violation of the facility manager's minimum control standards, or violations of the commission's regulations, including the performance of activities different from those permitted under the person's license or certificate;

(b) A lottery gaming facility manager or the interactive sports wagering platform provider shall provide for the patron's review and confirmation of all wagering information before the wagering communication is accepted by the contracted interactive sports wagering platform. This confirmation of the wager shall be deemed an actual transaction of records, regardless of whether or not that wager was recorded by the contracted interactive sports wagering platform.

(c) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall prohibit wagers from being changed after the patron has reviewed and confirmed the wagering information, and the specific wagering communication transaction has been completed.

(d) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall prohibit the acceptance of wagers after post time.

(e) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall prohibit an interactive sports wagering platform from accepting an account wager, or a series of account wagers, in an amount in excess of the available balance of the wagering account;

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(f) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall post payment on winning account wagers as a credit to the patron's wagering account based on approved house rules approved under this article.

(g) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall maintain complete records of every deposit, withdrawal, wager, winning payoff and other debit or credit for each account;

(h) A lottery gaming facility manager or the interactive sports wagering platform provider shall not permit a patron to transfer funds from a sports wagering account to another sports wagering account.

(i) Lottery gaming facility managers or the contracted interactive sports wagering platform providers shall provide an account statement with account details to a patron on demand, which shall include detailed account activity for at least the last six months. In addition, a lottery gaming facility manager or the contracted interactive sports wagering platform provider shall, upon request, be capable of providing a summary statement of all patron activity during the past two years.

(j) A lottery gaming facility manager and the contracted interactive sports wagering platform provider shall periodically re-verify a patron's identification upon reasonable suspicion that the patron's identification has been compromised.

(k) The utilization of funds to place a wager under this regulation shall be initiated only by a patron using an access control, such as a password. Access controls shall require the use of a unique access code for each patron. The access code shall be selected by and available to only the patron.

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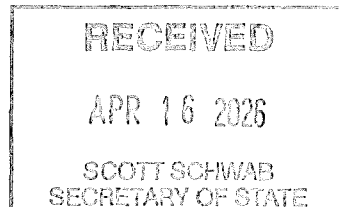
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(l) A patron's sports wagering account may be funded using approved methods which shall produce a sufficient audit trail for verification of the source of the deposits. Approved methods include:

- (1) Cash and cash equivalents;
- (2) electronic bank transfers of money, including transfers through third parties;
- (3) bank and wire transfers of money;
- (4) debit and credit cards;
- (5) online and mobile application payment systems that support online money transfers;
- (6) sports wagering promotional credits provided by a lottery gaming facility manager or an interactive sports wagering platform provider; and

(m) Lottery gaming facility managers or the contracted interactive sports wagering platform providers shall provide a conspicuous and readily accessible method for a patron to close the patron's account through the account management page or through the lottery gaming facility manager's or interactive sports wagering platform provider's customer support team. Any balance remaining in a patron's sports wagering account closed by a patron shall be returned to the patron under the lottery gaming facility manager's or the interactive sports wagering platform provider's internal controls.

(n) A patron must be allowed to withdraw the funds maintained in the patron's open sports wagering account once all patron obligations have been fulfilled.

(o) A lottery gaming facility manager or interactive sports wagering platform provider must honor such patron request to withdraw funds within five calendar days of the request, unless the conditions specified in subsection (p) are met.

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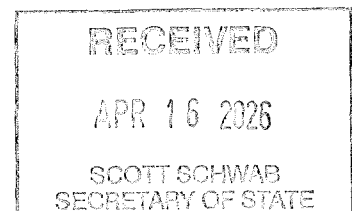
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(p) The lottery gaming facility manager or the contracted interactive sports wagering platform provider may withhold funds pending an investigation only if the lottery gaming facility manager or the contracted interactive sports wagering platform provider has a good faith, reasonable, and documented belief that the patron has engaged in fraudulent conduct, illegal activity, violation of the terms and conditions of the interactive sports wagering platform, or other conduct that would put the lottery gaming facility manager or interactive sports wagering platform provider in violation of the law. When an instance of suspected fraud or illegal activity arises, the lottery gaming facility manager or the contracted interactive sports wagering platform provider shall conduct as expedient an investigation as practicable, providing the patron additional written notice of the status of the investigation at least every 10 calendar days starting from the day of the patron request.

(1) The lottery gaming facility manager or the contracted interactive sports wagering platform shall notify the executive director, or the executive director's designee, within seven days of the patron's request for withdrawal of funds. Monthly, the lottery gaming facility manager or the contracted sports wagering platform shall provide a report to the executive director of all patron funds held pending an investigation, including name of the patron and amount being withheld.

(2) Upon completion of any investigation, the lottery gaming facility manager or the contracted interactive sports wagering platform shall report to the executive director the findings of the investigation and results of the final disbursement of the withheld funds.

(q) For purposes of this provision, a request for withdrawal will be considered honored if it is processed by the lottery gaming facility manager or its interactive sports wagering platform

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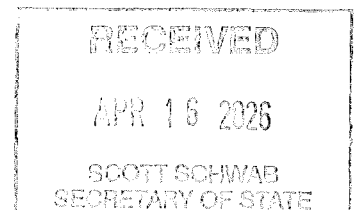
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provider notwithstanding a delay by a payment processor, credit card issuer, or the custodian of a financial account.

(r) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall consider a patron account to be dormant if the patron has not logged into the account for at least three years.

(1) The lottery gaming facility manager or the contracted interactive sports wagering platform provider shall provide notice to the patron prior to closing a dormant account. The notice shall provide options to reactivate or close the account. Funds of patrons that remain in a dormant patron account 30 days after notice was given shall be presumed abandoned.

(2) The lottery gaming facility manager or the contracted interactive sports wagering platform provider shall report and deliver all funds of patrons that are presumed abandoned as required under the Kansas expanded lottery act and applicable regulations. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-15. House rules requirements. (a) The lottery gaming facility manager or the contracted interactive sports wagering platform shall create house rules and submit to the commission executive director for review.

(b) House rules shall establish operational procedures on how to deal with the following anomalies including how parlays are affected:

- (1) Wager adjustments;
- (2) event cancellations;
- (3) schedule changes;
- (4) rain delays or game rainouts;
- (5) rejected wagers;
- (6) canceled wagers;
- (7) overtime/end of regulation;
- (8) injuries; and
- (10) any situation that can potentially affect the terms of the wager.

(c) House rules are not effective until approved by the commission. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-16. Assign regulatory staff. The executive director at any time may require a lottery gaming facility manager or their contracted interactive sports wagering platform provider to allow commission staff to be permanently present on the sport book's premises, and to require the costs and expenses incurred by the assigned commission staff to be borne by the lottery gaming facility manager or their contracted interactive sports wagering platform provider in a manner deemed reasonable by the executive director. Commission staff shall have full and complete access to all books, records, and emails. (Authorized by K.S.A. 2023 Supp. 74-8772 and implementing K.S.A. 2023 Supp. 74-8752 and 74-8772; effective P-_____.)

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112-201-17. Records and forms. Lottery gaming facility managers or the contracted interactive sports wagering platform providers shall create and maintain the records and reports required by the applicable regulation on forms that the executive director approves. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-18. Sports wagering requirements. (a) The lottery gaming facility manager or the contracted interactive sports wagering platform shall utilize ticket writers or sports wagering kiosks for wagering transactions in a location approved by the executive director. Sports wagering kiosks shall be subject to the approval and other requirements of the commission. This does not preclude use of a remote wagering device throughout the lottery gaming facility, or at a professional sports team or auto racetrack facility.

(b) Each lottery gaming facility manager shall file with the commission a schedule setting forth the specific times at which the canisters will be brought to or removed from the sports wagering kiosks. The sports wagering kiosk drop shall be monitored and recorded by surveillance. All changes to the sports wagering kiosk drop schedule and drop route shall be approved by the executive director. All sports wagering kiosk drop procedures shall be incorporated in the internal controls.

(1) The bill validator and bill validator canisters, as defined in K.A.R. 112-104-1, must meet the requirements specified in K.A.R. 112-104-17.

(2) The issuance, receipt, and reconciliation of imprest funds used by sports wagering kiosks shall be completed in accordance with K.A.R 112-201-2.

(c) Whenever a point-of-sale is opened or closed for wagering or turned over to a new ticket writer, the ticket writer shall sign on or off and the interactive sports wagering platform creates a point-of-sale session record indicating the ticket writer's identity, the date and time, the point-of-sale number, and the fact that the point-of-sale was opened or closed. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-19. Sports wagering voucher requirements. (a) Payment by sports wagering voucher as a method of credit redemption is only permissible when the contracted interactive sports wagering platform supports this functionality.

(b) A sports wagering voucher shall contain the following information:

- (1) Voucher serial number;
- (2) sports book name and site identification;
- (3) ticket writer or sports wagering kiosk that issued the voucher;
- (4) date and time the sports wagering voucher was issued;
- (5) numeric value of the sports wagering voucher in dollars and cents;
- (6) voucher number that appears on the leading edge of the sports wagering paper

voucher;

- (7) bar code or any machine readable code representing the validation number;
- (8) indication if the sports wagering voucher is a duplicate;
- (9) responsible gambling information; and
- (10) indication of an expiration date which is 180 days from the date of issue.

(c) The interactive sports wagering platform provider is required to keep and maintain a record of sports wagering vouchers issued by ticket writers or sports wagering kiosks. The sports wagering voucher record on the interactive sports wagering platform shall contain the following sports wagering voucher information:

- (1) Voucher serial number;
- (2) date and time the sports wagering voucher was issued;
- (3) type of transaction or other method of differentiating sports wagering voucher types;

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- (4) numeric value of the sports wagering voucher in dollars and cents;
- (5) status of sports wagering voucher;
- (6) date and time the sports wagering voucher will expire;
- (7) ticket writer or sports wagering kiosk which issued the sports wagering voucher; and
- (8) date and time the sports wagering voucher was redeemed, voided, or expired.

(d) Before redeeming a sports wagering voucher, the complete validation number of the unredeemed sports wagering voucher shall be available to the interactive sports wagering platform provider.

(e) Sports wagering vouchers shall be redeemed at a kiosk, point-of-sale, or ticket writer booths..

(f) Upon presentation of a sports wagering voucher for redemption at a kiosk, point-of-sale, or ticket writer window, the interactive sports wagering platform shall be used to verify the validity of the serial number and value of the voucher, and if valid, the platform shall immediately update the sports wagering voucher status and permit the redemption of the voucher for the value indicated thereon.

(g) The interactive sports wagering platform shall have the ability to identify errors or anomalies and notify the cashier or ticket writer that one of the following occurrences exists:

- (1) Sports wagering voucher serial number cannot be found;
- (2) sports wagering voucher has already been paid; or
- (3) amount of sports wagering voucher for confirmation by a cashier or ticket writer

during the redemption process. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-20. Patron disputes. Lottery gaming facility managers and interactive sports wagering platform provider must include on the interactive sports wagering platform a notice or link to advise patrons of their right to make a complaint against the lottery gaming facility manager or interactive sports wagering platform provider, including information explaining how complaints may be filed, how complaints are resolved, and how the patron may submit a complaint to the commission. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-21. Sports wagering transactions. A lottery gaming facility manager shall submit sports wagering internal controls along with a floor plan and corresponding surveillance floor plan to the commission.

(a) Sports wagering at a lottery gaming facility shall not commence until the floor plan is approved by the executive director.

(b) Sports wagering internal controls at a lottery gaming facility shall not be effective until approved by the commission.

(c) Sports wagering transactions shall be conducted from:

(1) A counter or window located in the sportsbook at the lottery gaming facility or other cage cashier window locations at the lottery gaming facility as approved by the executive director;

(2) sports wagering kiosks in locations as approved by the executive director; or

(3) a device located within the geographical boundaries of Kansas which accesses a mobile application or the internet. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-201-22. Sports wagering exclusion list. The lottery gaming facility manager shall submit for approval by the executive director internal controls for the following:

- (a) Preventing wagering by prohibited sports wagering participants;
- (b) identifying and restricting prohibited sports wagering participants;
- (c) procedures for voluntary or involuntary exclusion of patrons, including the following:

(1) Providing a notification containing the voluntary or involuntary exclusion status and general instructions for resolution or change of status, if applicable;

(2) Confirming that immediately upon executing the voluntary or involuntary exclusion, no new wagers or deposits are accepted from the patron, until such time as the sports wagering exclusion has been revoked; and

(3) Confirming that the patron is not prevented from withdrawing any or all of their account balance, provided that the lottery gaming facility manager or the interactive sports wagering platform provider acknowledges that the funds have cleared, and that the reason(s) for exclusion would not prohibit a withdrawal.

(4) Confirming that the lottery gaming facility manager excludes patrons who applied for and became participants in the VEP program after September 1, 2022 from sports wagering while participating in the VEP program established by article 112 of the commission's regulations. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-
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112-201-23. Waiver of requirements. (a) One or more of the requirements of this article of the commission's regulations applicable to sports wagering may be waived by the commission.

(b) The waiver may be granted upon the commission's determination that the compensating control or procedure, as documented in a lottery gaming facility manager's or the contracted interactive sports wagering platform provider's internal control system, meets the operational integrity requirements of the act and this article.

(c) Any lottery gaming facility manager or interactive sports wagering platform provider may submit a written request to the commission for a waiver for one or more of the requirements in this article of the commission's regulations. The request shall be filed on an amendment waiver and request form provided by the commission and shall include supporting documentation demonstrating how the proposed auditing and internal controls for which the waiver has been requested would meet the operational integrity requirements of the act and this article. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-
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112-202-1. Risk management requirements. (a) An approved interactive sports wagering platform provider engaging in risk management may provide direction, management, consultation, and/or instruction to the lottery gaming facility manager concerning:

- (1) The management of risks associated with sports wagering and other event wagering;
- (2) the determination of where lines, point spreads, odds, or other activity relating to betting or wagering are initially set and the determination of whether to change such lines, point spreads, odds, or other activity relating to betting or wagering;
- (3) The decision of whether to accept or reject bets or wagers; and
- (4) The use, transmittal, and accumulation of information and data for the purpose of providing risk management.

(b) An approved interactive sports wagering platform provider which intends to provide risk management shall enter into a written agreement with the lottery gaming facility manager to provide risk management. A copy of such executed agreement shall be provided to the executive director no later than the date on which the interactive sports wagering platform provider commences risk management.

(c) Each lottery gaming facility manager's or the contracted interactive sports wagering platform provider's internal controls shall contain details on its risk management framework, including but not limited to:

- (1) Automated and manual risk management procedures;
- (2) employee management, including access controls and segregation of duties;
- (3) information regarding identifying and reporting fraud and suspicious conduct;
- (4) controls ensuring regulatory compliance;

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(5) description of anti-money laundering compliance standards including procedures for detecting structuring to avoid reporting requirements;

(6) description of all software applications that comprise the interactive sports wagering platform;

(7) description of all types of wagers available to be offered by the interactive sports wagering platform;

(8) description of the method to prevent past-post wagers from being placed; and

(9) description of all integrated third-party service providers. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-202-2. Sports wagering registration requirement. (a) An individual or entity that is contracted to provide goods or services or sport governing body personnel that the executive director determines affects the conduct of sports wagering but falls outside of the scope of an interactive sports wagering platform certification or a vendor's certification shall be required to register with the commission as a sports wagering registrant.

(b) A lottery gaming facility manager shall conduct due diligence in a commercially reasonable manner of each contracted sports wagering registrant. The due diligence check is for high-level company officers and employees with decision making ability that directly affects sports wagering related operations.

(c) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall have each contracted sports wagering registrant complete a sports wagering registrant form and provide these to the commission.

(d) All information deemed necessary shall be provided to the commission upon request.
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112-203-1. Communications technology. Before the interactive sports wagering platform accepts any wagering communications or accepts any wagering instructions, the lottery gaming facility manager shall obtain written approval from the executive director to accept wagering communications and wagering instructions. Only the communications technology approved for the acceptance of wagering communication or wagering instructions shall be used. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-203-2. Change management requirements. (a) The interactive sports wagering platform shall have a change management program approved by the executive director. The change management program shall ensure that all changes to the interactive sports wagering platform are conducted by an established set of processes These processes shall be:

(1) approved prior to deployment and is subject to an audit at an annual interval;

and

(2) certified by a commission approved independent testing laboratory that the processes are developed in accordance with the most current version of gaming laboratories international's GLI-CMP change management program guide.

(b) The processes are subject to an annual audit by the executive director or the executive director's designee which may be a Kansas racing and gaming commission approved independent testing laboratory. A list of commission approved testing laboratories is available from the commission by request.

(c) The change management program shall ensure transparency in relation to changes in the interactive sports wagering platform and the system process behind those changes.

(d) The change management program shall consist of the following:

(1) Administration of system changes;

(2) definition of responsibilities, to include:

(A) license holder; and

(B) change management system subject matter expert/manager;

(3) categories of requests for change.

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(A) Substantial change includes changes to the security, integrity, recovery and availability of the sports betting system. Change request requires notification and approval of the change by the executive director prior to deployment.

(B) Non-substantial change requires notification to the executive director and if no objection to the change is raised within three business days of receiving the notification, the change shall be deemed approved.

(e) The interactive sports wagering platform shall appoint one or more among their staff to take overall responsibility of system changes.

(i) The responsible manager shall possess sufficient experience and competence in relation to change management and hold a key position within the interactive sports wagering platform in relation to change management.

(ii) The responsible managers need not necessarily handle the system changes personally. The interactive sports wagering platform shall keep a log of the persons who have been involved in the decision process.

(f) Program change control procedures shall be adequate to ensure that only authorized versions of programs are implemented on the production environment. These change controls shall include an appropriate software version control or mechanism for all software components and source code.

(g) Records shall be kept of all new installations and/or modifications to the system, including:

(1) Date of the installation or modification;

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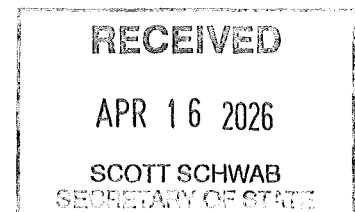
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(2) details of the reason or nature of the installation or change such as new software, server repair, significant configuration modifications;

(3) description of procedures required to bring the new or modified component into service (conversion or input of data, installation procedures, etc.);

(4) identity of the user performing the installation or modification;

(5) strategy for reverting back to the previous implementation if install is unsuccessful, including complete backups of previous versions of software and a test of the rollback plan prior to the implementation to the production environment;

(6) policy addressing emergency change procedures;

(7) procedure for testing and migration of changes;

(8) policy addressing segregation of duties between the developers, quality assurance team, migration team and users; and

(9) procedure to ensure technical and user documentation is updated as a result of a change.

(e) Remote access into the interactive sports wagering platform shall meet the requirements of K.A.R 112-107-31. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-203-3. Interactive sports wagering platform requirements. (a) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall document and maintain any system malfunction of the interactive sports wagering platform for a minimum period of two years.

(b) A lottery gaming facility manager or the contracted interactive sports wagering platform provider shall provide the executive director or the executive director's designee with unlimited access to wagering transactions and related data.

(c) All interactive sports wagering platforms shall be designed to ensure the integrity and confidentiality of all patron communications and ensure the proper identification of the sender and receiver of all communications. If communications are performed across a public or third-party network, the platform shall either encrypt the data packets or utilize a secure communications protocol to ensure the integrity and the confidentiality of the transmission.

(d) The interactive sports wagering platform shall employ a mechanism capable of maintaining a separate copy of all information required to be kept or produced by commission regulation on a separate and independent logging device capable of being administered by an employee with no incompatible function. If the interactive sports wagering platform can be configured such that any logged data is contained in a secure transaction file, a separate logging device is not required.

(e) All interactive sports wagering platform data shall be required to be exported in a format accessible by the commission.

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(f) All procedures used to meet the interactive sports wagering requirements shall be submitted in the internal controls. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-203-4. Electronic asset disposal. (a) Prior to disposal of an electronic asset, any sensitive and confidential data shall be sanitized from the equipment by performing a data wipe or overwrite or physical destruction of the electronic asset overseen by a commission agent.

(b) The lottery gaming facility manager must provide to the executive director at least 14 days prior to the requested disposal date the following:

- (1) a written request to destroy an electronic asset;
- (2) proof of the Kansas Lottery approval of the request to destroy an electronic asset; and
- (3) a description of the electronic asset.

(c) Sanitization may occur by one of the following methods:

- (1) overwriting the media;
- (2) magnetic erasure of the media;
- (3) physical destruction of the media; or
- (4) other method approved by the commission. (Authorized by and implementing K.S.A.

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112-203-5. Server location and access. (a) The lottery gaming facility manager or the contracted interactive sports wagering platform provider shall locate its primary server responsible for the acceptance of sports wagers in the state of Kansas. The location of the primary server shall have approval from the executive director prior to operation. The executive director may approve of the use of internet or cloud-based hosting of duplicate data or data not related to transactional wagering data upon written request of a lottery facility manager.

(b) The locations selected must have adequate security and twenty-four hour surveillance.

(c) The server shall provide a mechanism for the executive director to query and export all sports wagering data. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-203-6. Geofence requirement. (a) In order to prevent unauthorized use of the internet or a mobile device to place a sports wager when a patron is not within the state of Kansas, the lottery gaming facility manager or its interactive sports wagering platform provider shall utilize a geofence system that reasonably detects the physical location of a patron attempting to access the interactive sports wagering platform and place a wager, and to monitor and block unauthorized attempts to place a wager when a patron is not within the state of Kansas.

(b) Before being deployed in this state the geofence system shall be certified by a Kansas racing & gaming commission approved independent testing laboratory, including applicable field testing and evaluation of the following geo-location techniques and methods:

(1) Basic methods that include IP addresses;

(2) advanced methods using trilateration through;

(A) cell towers;

(B) wi-fi; and

(C) global positioning system..

(3) methods utilized in order to prevent unauthorized use of interactive sports wagering platform;

(4) geo-location techniques reasonably possessing the ability to detect the physical location of a patron attempting to access the interactive sports wagering platform and to monitor and block unauthorized attempts;

(5) prior to deployment, the geofence system shall have approval from the executive director.

(c) An interactive sports wagering platform shall check the patron's location prior to the placement of the first wager after the patron logs into their account and after a change of IP address.

(d) Recurring periodic geolocation checks shall be conducted prior to the placement of

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wagers as follows:

(1) for static connections, at least every 30 minutes or 5 minutes if within 1 mile of the border of the authorized geographic boundaries; and

(2) for mobile connections, at intervals to be based on a patron's proximity to the border of the authorized geographic boundaries with an assumed travel velocity of 70 miles per hour or a demonstrated average velocity of a roadway or path. This interval shall not exceed 30 minutes.

(d) Mechanisms shall be in place to detect software, programs, virtualization, and other technology that may obscure or falsify the patron's physical location.

(e) At least every 90 days, the lottery gaming facility manager or its interactive sports wagering platform provider shall review the functionality of the geolocations services to ensure the system detects and mitigates existing and emerging location fraud risks.

(f) Neither the location of the patron nor the location of the patron's device shall be checked or tracked when the patron is not attempting to access an interactive sports wagering platform's website or mobile application.

(g) The lottery gaming facility manager or its interactive sports wagering platform provider shall make real-time or historical data, including any equipment or software necessary to view the data, available to the commission upon request.

(h) a list of commission approved testing laboratories is available upon request. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-203-7. Certification testing. (a) Prior to offering sports wagering, the interactive sports wagering platform and equipment used in conjunction with sports wagering shall be evaluated by a Kansas racing and gaming commission approved independent testing laboratory.

(b) The Kansas racing and gaming commission approved independent testing laboratory shall certify that the interactive sports wagering platform and equipment used in conjunction with the sports wagering operation meets or exceeds version 1.1 of gaming laboratories international's GLI-33, standards for event wagering systems and its appendices, or equivalent standard as approved by the commission, and the standards established by the commission's regulations. The list of commission approved testing laboratories is available by request.

(c) Interactive sports wagering platforms and equipment, shall be subject to the following testing:

- (1) Wagering account controls/authentication;
- (2) geolocation verification;
- (3) base and peripheral web pages (artwork and functionality);
- (4) wagering disclosure and operation;
- (5) settlement determination and display;
- (6) payment of winnings;
- (7) all supporting wager types (straight, fixed odds, etc.);
- (8) cancellation, voiding, suspension or termination of bets or events;
- (9) financial/operational accounting and reporting;
- (10) wagering history;
- (11) shutdown and recovery;

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(13) desktop and mobile compatibility;

(14) technical standards-specific requirements;

(15) source code review; and

(16) software and system version control.; and

(17) submitted documentation review. (Authorized by and implementing K.S.A. 2023

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112-203-8. Waiver of requirements. (a) One or more of the requirements of this article of the commission's regulations applicable to technology and interactive sports wagering platform requirements may be waived by the commission.

(b) The waiver may be granted upon the commission's determination that the compensating control or procedure, as documented in a lottery gaming facility manager's or the contracted interactive sports wagering platform provider's internal control system, meets the operational integrity requirements.

(c) Any lottery gaming facility manager or interactive sports wagering platform provider may submit a written request to the commission for a waiver for one or more of the requirements in this article of the commission's regulations. The request shall be filed on an amendment waiver and request form provided by the commission and shall include supporting documentation demonstrating how the proposed auditing and internal controls for which the waiver has been requested would meet the operational integrity requirements. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-204-1. Compliance and audit requirements. (a) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider must have documented revenue audit procedures. Documentation must be maintained evidencing the performance of all revenue audit procedures, any exceptions noted, and follow-up of all exceptions.

(b) The lottery gaming facility manager or the contracted interactive sports wagering platform provider, mobile management services provider, or management services provider must notify the commission of any report that is filed, or required to be filed, with the Securities and Exchange Commission or other securities regulatory agency. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772: effective P- _____.)

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112-204-2. Revenue reporting. (a) Reports generated from the interactive sports wagering platform shall be made available when requested by the commission. The interactive sports wagering platform shall be capable of issuing reports by wagering day, wagering month, and wagering year. Wagering data shall not be purged until approved by the commission. The interactive sports wagering platform shall provide for a mechanism to export the data for the purposes of data analysis and auditing or verification. The interactive sports wagering platform shall be able to provide, at a minimum, the following sports wagering information:

- (1) The date and time each event started and ended;
- (2) total amount of wagers collected;
- (3) total amount of winnings paid to patrons;
- (4) total amount of wagers canceled, voided, and expired;
- (5) commission or fees collected;
- (6) total value of promotional play or free play used to purchase or execute a sports wager;
- (7) event status;
- (8) total amount held by the operator for the sports wagering accounts;
- (9) total amount of wagers placed on future events; and
- (10) total amount of winnings owed but unpaid by the lottery gaming facility manager or interactive sports wagering platform provider on winning wagers.

(b) For accounting and revenue audit purposes each lottery gaming facility manager or its interactive sports wagering platform provider must have procedures and systems for the preparation, use, and maintenance of complete, accurate, and legible accounting and wagering

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records, which must include all transactions.

(c) All books, forms, records, documents, and data submitted to the commission must have the name of the submitting entity, date of completion, and the title of the book, form, record, document, or stored data.

(d) General accounting records shall be maintained on a basis consistent with generally accepted accounting principles.

(e) Reports shall be provided in a format approved by the commission. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-204-3. Annual integrity and security audit. (a) If an interactive sports wagering platform provider is conducting sports wagering for a lottery gaming facility manager, an audit of the sports wagering operations in Kansas for the interactive sports wagering platform shall be conducted by certified public accountants authorized to practice in the state of Kansas. The audit shall be provided to the commission within 120 days of the provider's fiscal year end and meet the following conditions:

(1) Inclusion of an internal control letter, audited balance sheet, and audited profit-and-loss statement including a breakdown of expenditures and subsidiaries of sports wagering activities;

(2) inclusion of a supplement schedule indicating financial activities on a calendar-year basis if the provider's fiscal year does not correspond to the calendar year;

(3) inclusion of a supplement schedule for all Kansas locations in which the provider operates;

(4) report of any material errors, irregularities that may be discovered during the audit, or notice of any audit adjustments;

(5) availability, upon request, of an engagement letter for the audit between the provider or parent company of the provider and the auditing firm; and

(6) contain the information specified in K.A.R. 112-104-6.

(b) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider shall contract with an independent third party to perform an IT audit. The third party must be approved by the executive director as qualified, independent, and capable of performing the audit. a copy of the audit and resulting report shall be provided to the commission

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within 90 days of commencing initial operations and at least once each calendar year. The audit and corresponding report must assess the following:

(1) The design, controls, maintenance, and security of the contracted interactive sports wagering platform's internet technology (IT) systems, including:

(A) document review;

(i) system architecture review;

(ii) policies and procedures review;

(B) onsite audits;

(i) physical and environmental security;

(ii) verification of procedures;

(C) network security;

(i) internal and external vulnerability assessments;

(ii) network and application layer penetration testing;

(iii) firewall rules review; and

(2) The lottery gaming facility manager's or the contracted interactive sports wagering platform provider's compliance with the IT and interactive sports wagering platform requirements of commission regulations.

(c) The required system validations shall consist for the following:

(1) Laboratory document review;

(A) system architecture review;

(B) policies and procedures review;

(2) onsite audits;

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(A) physical and environmental security; and

(B) verification of procedures.

(d) At any time, the executive director may require a special audit of a lottery gaming facility manager or the contracted interactive sports wagering platform provider by commission personnel or an independent third party. The third party must be approved by the executive director as qualified, independent, and capable of performing the audit. Any data or records necessary for conduct of a special audit shall be made available to the commission or the independent auditor. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P-
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112-204-4. Pools and promotional activities. (a) Pools may be conducted by the lottery gaming facility manager or the contracted interactive sports wagering platform provider providing the pool mechanic has prior approval by the executive director. The pool mechanic is deemed approved if no objection is raised by the executive director within three business days of submission.

(1) Pool mechanics shall be made available to participants for review prior to registering. Pool mechanics shall include, at a minimum: all conditions registered patrons must meet to qualify to enter or advance through the pool, available prizes or awards, fees, and distribution of prizes or awards based on specific outcomes.

(2) Changes to pool mechanics shall not be made after participants have registered, unless approved by the executive director.

(3) Results for pools with an entry fee shall be made available for the registered patrons to review at the same location at which or in the same manner in which patrons registered. Results shall include, at a minimum: name of the event, date of the event, total number of entries, amount of entry fees, total prize pool, and amount paid for each winning category.

(4) Fees collected less any prizes paid will be considered sports wagering revenue.

(5) All emails or digital advertisements promoting pools shall include a link or other easily obtainable source that includes pool mechanics or terms and conditions.

(6) Pools must comply with all federal, state, and local laws including 18 U.S.C. §1084.

(7) Pool mechanics shall be submitted at least 14 days prior to the pool being active for patron registration.

(8) The lottery gaming facility manager or the contracted interactive sports wagering

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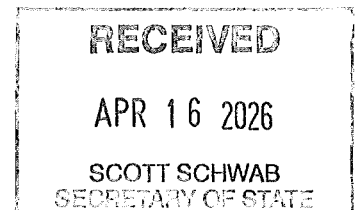
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platform provider shall maintain a digital log of all pools. All digital logs shall be made available to the commission for two years.

(b) A lottery gaming facility or the contracted interactive sports wagering platform are prohibited from using the term "risk free" in advertising and promotional activity. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-204-5. Internal audit. (a) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider shall include an internal control for internal audit standards. The internal controls shall be submitted to and approved by the commission as specified in K.A.R. 112-104-1. Lottery gaming facility managers or the contracted interactive sports wagering platform providers shall maintain a separate internal audit department located on-site that shall be independent of the sports wagering operation and may be the internal audit department of a parent entity of the lottery gaming facility manager or interactive sports wagering platform provider.

(b) The internal audit department shall audit the lottery gaming facility manager's or the contracted interactive sports wagering platform provider's compliance with the regulations adopted by the commission, the internal controls as approved by the commission, and the house rules.

(c) The internal audit department shall follow the standards, conventions, and rules governing audits in accordance with international standards for the professional practice of internal auditing or generally accepted auditing standards.

(d) The audit satisfying the requirements of this rule shall be performed at least semi-annually with the results documented in an audit report that must be provided to the commission within 30 days of the audit being performed.

(e) Documentation shall be maintained to evidence all work performed as it relates to the requirements of this regulation, including all instances of noncompliance for two years.

(f) Follow-up observations and examinations by the internal audit department shall be performed to verify that corrective action has been taken regarding all instances of

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noncompliance cited by internal audit, the independent accountant, and the commission. The verification shall be performed within three months of the issuance of the audit report.

(g) Whenever possible, internal audit observations shall be performed on an unannounced basis.

(h) All deficiencies disclosed during audits shall be investigated and resolved with the results being documented and retained for seven years.

(i) Additional audits may be ordered by the commission to verify corrective action or when noncompliance with the regulations adopted by the commission, the internal controls as approved by the commission, or the house rules are discovered or suspected.

(j) All internal audit findings shall be reported to lottery gaming facility management and shall be required to respond to internal audit findings stating corrective measures to be taken to avoid recurrence of the audit exception. The management responses shall be included in the internal audit reports that are delivered to the lottery gaming facility manager's management, the commission, or other entity designated by the executive director. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-204-6. External audits and other reports. (a) Each lottery gaming facility manager or the contracted interactive sports wagering platform provider shall have annual financial statements for its Kansas operations audited by an independent registered certified public accounting firm approved by the executive director and licensed to practice in Kansas. A list of approved certified public accounting firms will be provided upon request. The audit must be in accordance with generally accepted auditing standards and, when applicable, the standards of the Kansas board of accountancy. The lottery gaming facility manager or interactive sports wagering platform provider must report to the commission the name of the independent registered certified public accounting firm as well as the lead audit partner or other individual taking primary responsibility for the financial statement audit engagement before the start of the engagement.

(b) The lead audit partner or other individual taking primary responsibility for the financial statement audit engagement may serve a maximum of five years in such a position before being required to rotate off of the financial statement external audit required by this regulation.

(c) The annual financial statements audit must be prepared on a comparative basis for the current and prior fiscal years and present financial position and results of operations in conformity with generally accepted accounting principles.

(d) The audit required by paragraph (a) of this regulation shall be filed with the commission in a format acceptable to the commission within 120 days following the end of the State of Kansas fiscal year.

(e) All audits and reports required by this rule are to be prepared at the sole expense of the lottery gaming facility manager or the contracted interactive sports wagering platform provider.

(f) The commission may require the termination of any contract to perform an audit due to

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lack of qualification, independence, or capacity of the auditor or a finding that the contract or conduct performed thereunder poses a material risk to the integrity of sports wagering in Kansas. If a contract to perform an audit is terminated, the lottery gaming facility manager or the contracted interactive sports wagering platform provider shall enter into a new contract to perform an audit to ensure the requirements of this regulation are met. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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112-204-7. Waiver of requirements. (a) One or more of the requirements of this article of the commission regulations applicable to auditing and accounting may be waived by the commission. The waiver may be granted upon the commission's determination that the compensating control or procedure, as documented in a lottery gaming facility manager's or the contracted interactive sports wagering platform provider's internal control system, meets the operational integrity requirements of the act and this article.

(b) Any lottery gaming facility manager or interactive sports wagering platform provider may submit a written request to the commission for a waiver for one or more of the requirements in this article of the commission's regulations. The request shall be filed on an amendment waiver and request form provided by the commission and shall include supporting documentation demonstrating how the proposed auditing and internal controls for which the waiver has been requested would meet the operational integrity requirements of the act and this article of the commission's regulations. (Authorized by and implementing K.S.A. 2023 Supp. 74-8772; effective P- _____.)

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Kansas Administrative Regulations Economic Impact Statement (EIS)

Kansas Racing and Gaming Commission
Agency

James Bain
Agency Contact 112-201-14

785-296-8365
Contact Phone Number

K.A.R. 112-201-1; 112-201-2; 112-201-3; 112-201-4; 112-201-5; 112-201-6; 112-201-7; 112-201-8; 112-201-9; 112-201-10; 112-201-11; 112-201-12; 112-201-13; 112-201-15; 112-201-16; 112-201-17; 112-201-18; 112-201-19; 112-201-20; 112-201-21; 112-201-22; and 112-201-23; 112-202-1 and 112-202-2; 112-203-1; 112-203-2; 112-203-3; 112-203-4; 112-203-5; 112-203-6; 112-203-7; and 112-203-8; 112-204-1; 112-204-2; 112-204-3; 112-204-4; 112-204-5; 112-204-6; and 112-204-7

K.A.R. Number(s)

Permanent Temporary

Is/Are the proposed rule(s) and regulation(s) mandated by the federal government as a requirement for participating in or implementing a federally subsidized or assisted program?

Yes If yes, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. Budget approval is not required; however, the Division of the Budget will require submission of a copy of the EIS at the end of the review process.

No If no, do the total annual implementation and compliance costs for the proposed rule(s) and regulation(s), calculated from the effective date of the rule(s) and regulation(s), exceed \$1.0 million or more in implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governmental units and individuals as a result of the proposed rule and regulation over the initial five-year period following adoption of such rule(s) and regulation(s) (as calculated in Section III, F)?

Yes If "Yes," then the agency shall not adopt the rule(s) and regulation(s) until the rule(s) and regulation(s) has been ratified by the Legislature with a bill, unless the proposed rule(s) and regulation(s) are: 1) mandated by the federal government as a requirement for participating in or implementing a federally subsidized or assisted program, as described in K.S.A. 77-416(b)(1)(B), and amendments thereto; 2) temporary rule(s) and regulation(s) adopted pursuant to K.S.A. 77-722, and amendments thereto; or 3) rules and regulations adopted pursuant to K.S.A. 2-3710 (Kansas Agricultural Remediation Board). Continue to fill out the remaining EIS form to be included with the regulation packet in the review process to the Department of Administration and the Attorney General. The submitted EIS will be independently analyzed by the Division of the Budget for approval.

No If no, continue to fill out the remaining form to be included with the regulation packet submitted in the review process to the Department of Administration and the Attorney General. The submitted EIS will be analyzed by the Division of the Budget for approval.

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Section I

Analysis, brief description, and cost and benefit quantification of the proposed rule(s) and regulation(s). If the approach chosen by the Kansas agency to address the policy issue is different from that utilized by agencies of contiguous states or of the federal government, the economic impact statement shall include an explanation of why the Kansas agency's rule and regulation differs.

K.S.A. 74-8748 requires the Kansas Racing and Gaming Commission ("KRGC") to promulgate rules and regulations necessary to carry out the Kansas Expanded Lottery Act ("KELA"). The KRGC is also charged with monitoring the activities of lottery gaming facility managers and interactive sport wagering platforms to ensure integrity and security under K.S.A. 74-8772

The number of new requirements placed on facility managers or sports wagering platforms because of these regulations is quite small. Federal law and Kansas statutes create requirements for sports wagering platforms to follow. Federal law and Kansas statutes require the following:

- Wager must be placed in Kansas (K.S.A. 74-8782(a))
- The wager cannot be transmitted across state lines (18 U.S.C. §1084)
- Age and identity verification (K.S.A. 74-8757)
- Operation audits (K.S.A. 74-8752)
- Maintenance of the sports wagering exclusion list (K.S.A. 74-8790)
- Licensing of vendors and sports wagering platforms (K.S.A. 74-8751 and K.S.A. 74-8783)
- Maintenance of certain records (K.S.A. 74-8788)
- Monitoring and reporting of suspicious activity (31 U.S.C. §5311)

Pursuant to K.S.A. 74-8748 and 74-8772, KRGC has created the following regulations to interpret and apply the requirements of state and federal sports wagering law:

K.A.R. 112-201-1. Definitions. This regulation defines terms used throughout article 201.

K.A.R. 112-201-2. Accounting controls for the Sports book. This regulation establishes the accounting controls required for a retail sports book.

K.A.R. 112-201-3. Reserve requirements. This regulation requires lottery gaming facility managers or their interactive sports wagering platform providers to maintain a reserve of not less than \$500,000 or the amount necessary to ensure all unclaimed winnings and future liability.

K.A.R. 112-201-4. Issuance and sports wagering ticket control requirements. This regulation establishes requirements for issuing and voiding sports wagering tickets.

K.A.R. 112-201-5. General wagering requirements. This regulation establishes requirements for accepting payment for wagers; providing event information; managing sports wagering accounts; and verifying patrons identities and ages.

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K.A.R. 112-201-6. Multiple wagers. This regulation requires lottery facility managers and interactive sports wagering platform providers to take measures to prevent and document attempts to circumvent federal anti-money laundering law and state regulations.

K.A.R. 112-201-7. Structured wagers. This regulation prohibits lottery gaming facility managers and interactive sports wagering platform providers from encouraging or instructing patrons regarding how to structure wagers to avoid the requirements of federal law.

K.A.R. 112-201-8. Recordkeeping and reporting requirements. This regulation establishes requirements regarding information that lottery gaming facility managers and interactive sports wagering platform providers must retain and how they can use personally identifiable information included in that information.

K.A.R. 112-201-9. Payment of winning wagers. This regulation establishes requirements for when lottery gaming facility managers and interactive sports wagering platforms shall pay patrons their winnings.

K.A.R. 112-201-10. Wager cancellation. This regulation requires internal controls for voiding wagers and requires approval from the executive director to void wagers.

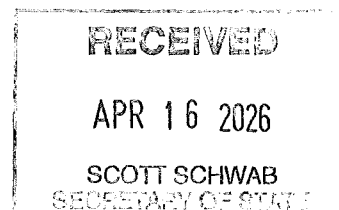
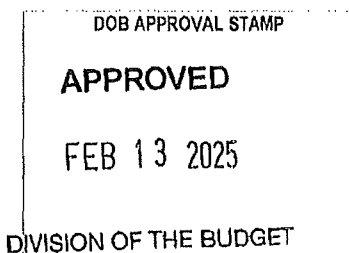
K.A.R. 112-201-11. Reporting of suspicious activity. This regulation requires lottery gaming facility managers to utilize independent integrity suppliers to identify suspicious activity and unusual odds swings. It also requires lottery gaming facility managers or the contracted interactive sports wagering platform to report certain activity directly to Kansas Racing and Gaming Commission agents.

K.A.R. 112-201-12. Wagers, terms and condition. This regulation establishes requirements for loyalty programs and prohibits practices which would guarantee winning wagers to loyalty program members.

K.A.R. 112-201-13. Wagering communications, establishing patron wagering for sports events. This regulation requires online and in-person wagering to be conducted within the state of Kansas in compliance with federal and state law. It also establishes affirmations, information gathering, and record keeping requirements to effect and support those localization requirements.

K.A.R. 112-201-14. Lottery gaming facility manager or interactive sports wagering platform provider duties. This regulation outlines how and when a wager placed on the interactive platform can be made. It also establishes a process for a patron's withdrawal of funds and a platform's withholding of funds.

K.A.R. 112-201-15. House rule requirements. This regulation establishes requirements for house rules including: (1) submission of house rules to the executive director for approval; (2) coverage of anomalies; and (3) effectiveness of house rules.



K.A.R. 112-201-16. Assign regulatory staff. This regulation establishes that the executive director may require lottery gaming facility managers and interactive sports wagering platform providers to cover the costs of allowing commission staff to be permanent present on the premises of a sports book. Additionally, the regulation requires lottery gaming facility managers and interactive sports wagering platform providers to allow the commission's staff to access all books, records, and email.

K.A.R. 112-201-17. Records and forms. This regulation requires lottery gaming facility managers or interactive sports wagering platform providers to create and maintain the records and reports required by this article.

K.A.R. 112-201-18. Sports wagering requirements. This regulation establishes requirements for ticket writers and sports wagering kiosks.

K.A.R. 112-201-19. Sports Wagering voucher requirements. This regulation establishes the requirements for: (1) issuance of sports wagering vouchers; (2) information included on vouchers; (3) record keeping related to vouchers; and (4) verification and notification related to voucher redemption.

K.A.R. 112-201-20. Patron disputes. This regulation requires providing notices and links to patrons for purposes of submitting complaints to the lottery gaming facility manager, interactive sports wagering platform provider, and Kansas Racing and Gaming Commission.

K.A.R. 112-201-21. Sports Wagering Transactions. This regulation establishes additional requirements for internal controls, floor plans, and locations for conduct of sports wagering transactions.

K.A.R. 112-201-22. Sports wagering exclusion list. This regulation establishes required internal controls to protect patrons who request an exclusion from sports wagering.

K.A.R. 112-201-23. Waiver requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

K.A.R. 112-202-1. Risk management requirements. This regulation establishes requirements for interactive sports wagering platform providers engaged to provide risk manager. Additionally, this regulation establishes the requirement that each lottery gaming facility manager or interactive sports wagering platform providers internal controls must include internal controls to address the requirements of a developed risk management framework.

K.A.R. 112-202-2. Sports wagering registration requirement. This regulation establishes requirements for sports wagering registrants with decision making ability that directly affects sports wagering operations.

K.A.R. 112-203-1. Communications technology. This regulation establishes that wagering communications technology shall only be used after approval by the executive director.

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K.A.R. 112-203-2. Change management requirements. This regulation establishes the process interactive sports wagering platforms must follow when there is a change to the platform technology.

K.A.R. 112-203-3. Interactive sports wagering platform requirements. This regulation establishes requirements for interactive sports wagering platforms including: record keeping, confidentiality, encryption, audit logging, and accessibility by the commission. Additionally, the regulation requires all procedures necessary to meet these requirements to be submitted in the internal controls.

K.A.R. 112-203-4. Electronic asset disposal. This regulation requires electronic assets to be sanitized before disposal. Additionally, this regulation requires any such disposal to be overseen by the commission's staff.

K.A.R. 112-203-5. Server location and access. This regulation requires sports platform servers to be located in Kansas. Additionally, this regulation establishes narrow exceptions for transactional data duplicates stored elsewhere subject to the executive director's approval.

K.A.R. 112-203-6. Geofence Requirements. This regulation requires sports wagering platforms to utilized geofencing to prevent out of state wagering.

K.A.R. 112-203-7. Certification testing. This regulation requires testing by an independent testing laboratory. Additionally, this regulation sets out the standards and testing types that sports wagering platforms and equipment must undergo.

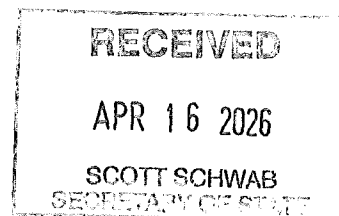
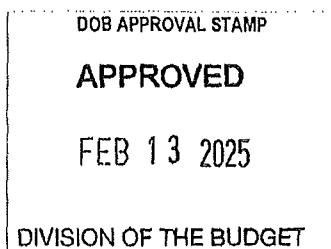
K.A.R. 112-203-8. Waiver requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

K.A.R. 112-204-1. Compliance and audit requirements. This regulation establishes requirements for revenue audit procedures and follow-ups. It also requires lottery gaming facility managers and interactive sports wagering platform providers to notify the commission of reports filed with the Securities and exchange commission and other securities regulatory agencies.

K.A.R. 112-204-2. Revenue reporting. This regulation establishes extensive reporting requirements for interactive sports wagering platforms.

K.A.R. 112-204-3. Annual security and integrity audit. This regulation establishes three types of audits that lottery gaming facility managers and interactive sports wagering platform providers shall be subject to in relation to sports wagering: (1) independent accounting audits; (2) information technology security audits; and (3) special audits by the commission. The first two varieties of audits shall be conducted annually; the last will be conducted when required by the executive director.

K.A.R. 112-204-4. Pools and promotional activities. This regulation establishes the requirements for submission and approval of sports wagering promotional activities and contests. Additionally, this regulation expressly prohibits the use of "risk free" in advertising and promotional activities.



K.A.R. 112-204-5. Internal Audit. This regulation requires semiannual internal audits of sports wagering activities and additional audits as required by the commission.

K.A.R.112-204-6. External audits and other reports. This regulation requires each lottery gaming facility manager or interactive sports wagering platform provider to have its annual financial statements audited by an independent registered certified public accounting firm approved by the executive director. Additionally, it requires that the audit prepared by this audit is prepared subject to the requirements of this regulation, and it authorizes the commission to require the auditor to be replaced if the auditor poses a risk to the integrity of gaming in Kansas.

K.A.R. 112-204-7. Waiver requirements. This regulation establishes the authority of the commission to grant regulatory waivers for this article of its regulations.

As explained in greater detail below, it is anticipated that the benefit of the proposed rule will outweigh the costs to the regulated licensee. These regulations are necessary to protect the integrity of sports wagering in Kansas and carry out the statutory mission of the KRGC. The regulations further codify the requirements of Kansas and federal law and enumerate the licensing required by statute. These regulations will make possible the activity of sports wagering and subsequent collection of taxes and enforcement activity by the commission.

The federal government has not yet authored regulations specific to sports wagering activities; accordingly, it is not presently possible to compare the proposed regulation to a federal approach. However, the regulatory approach taken in this proposed regulation is similar to the regulatory approach taken by other contiguous states in terms of internal controls, audits, house rules, geofencing, and patron verification; there are small variations which are necessary to comply with the legal requirements of the Kansas expanded lottery act with respect to sports wagering activities.

Section II

Explain whether the proposed rule and regulation is mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program and whether the proposed rules and regulations exceed the requirements of applicable federal law.

The proposed rules and regulations are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program. K.S.A. 77-416(b)(1)(B). Generally, the regulation of gambling falls within the police powers of the states. *See, e.g., Stone v. State of Mississippi*, 101 U.S. 814, 818-819 (1879) (lotteries and other forms of gambling are proper subject of state police power); *Murphy v. Nat'l Collegiate Athletics Ass'n*, 584 U.S. 453, 138 S.Ct. 1461 (2018) (found federal law prohibiting sports wagering unconstitutional); 15 U.S.C. 3001 *et seq.* (requires obtaining appropriate consents and approvals for interstate wagers); 28 U.S.C. 3701 *et seq.* (held unconstitutional in *Murphy*, also excepted parimutuel wagering from the ban on sports wagering under 15 U.S.C. 3001 *et seq.*). Under the Kansas expanded lottery act, the Kansas legislature has interpreted sports wagering as an authorized form of gambling when conducted pursuant to the act and subject to the oversight of the Kansas Racing and Gaming Commission. K.S.A. 74-8772, 74-8781, 74-8790, 74-8792.

Sports wagering in Kansas is operated on behalf of the Kansas Lottery by the four licensed lottery gaming facility managers. K.S.A. 74-8781. The lottery gaming facilities are authorized to contract with interactive

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sports wagering platforms to conduct the business and general management of sports wagering. K.S.A. 74-8782. Interactive sports wagering platforms and vendors and suppliers related to sports wagering are required to be licensed by the Kansas Racing and Gaming Commission and follow KRGC rules and regulations. K.S.A. 74-8751, 74-8782, 74-8783. The KRGC is commanded by K.S.A. 74-8772 to promulgate rules and regulations relating to protecting the integrity of gaming, ensuring security of gaming facility operations, requiring financial reporting and auditing of financial information of lottery gaming facility managers, and providing oversight of all gaming facility operations.

Section III

Agency analysis specifically addressing the following:

- A. The extent to which the rule(s) and regulation(s) will enhance or restrict business activities and growth;

The limitations and restrictions on business activity within these regulations mirror Kansas law. These regulations do not further restrict business activity than what is already in Kansas law. These regulation will enhance business growth and development of sports wagering businesses by providing clarity regarding the regulatory requirements for licensing, information technology security, auditing, and reporting.

- B. The economic effect, including a detailed quantification of implementation and compliance costs, on the specific businesses, sectors, public utility ratepayers, individuals, and local governments that will be affected by the proposed rule(s) and regulation(s) and on the state economy as a whole;

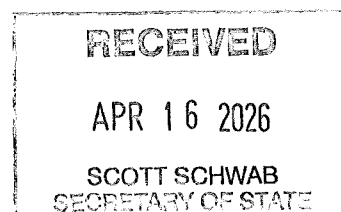
For the first 24 months of legalized sports wagering in Kansas (Sept. 2022-August 2024), the state collected \$9,978,763 in taxes on sports wagering revenue. Revenues to the sports wagering platforms and lottery gaming facilities after taxes were approx. \$90 million.

K.S.A. 74-8734(h)(4) and lottery gaming facility management contracts require each lottery gaming facility manager to pay for the oversight and regulation of gaming in Kansas through costs assessed by the KRGC to the lottery gaming facility managers. Therefore, there are no anticipated costs to the State of Kansas or local governments for the implementation of the regulations.

Based upon the commission’s knowledge, experience, and financial estimations, in FY25 the lottery gaming facilities will be directly billed \$44,306 pursuant to K.S.A. 78-3734(h)(4) for agency costs directly stemming from these regulations.

K.S.A. 74-8783 requires vendors necessary for the determination of odds or the outcome of any sports wager to be licensed by KRGC. The costs of background checks and licensing investigations are passed on to the licensee. Therefore, it is not anticipated that this regulation should have any costs for individuals or public utility rate payers. KRGC does not breakout the cost of background checks into the category of just sports wagering. For the purposes of this economic impact statement, the cost of licensing is not included because licensing is required by statute.

The lottery gaming facilities and interactive wagering platforms have incurred costs to comply with Kansas regulations. Platforms were asked to estimate their yearly costs in implementing regulations specific to sports wagering in Kansas. Based on those estimates, KRGC is estimating a yearly total cost of \$253,000 incurred by the lottery gaming facilities and interactive wagering platforms to implement KRGC regulations.



Based on the estimates and actual costs outlined above, KRGC estimates a final cost of \$297,306 per year ongoing to comply with Kansas sports wagering regulations incurred by facility managers and sports wagering platforms.

C. Businesses that would be directly affected by the proposed rule(s) and regulation(s);

The four lottery gaming facilities and six interactive sports wagering platforms are directly affected by the proposed regulations. K.S.A. 74-8734 allows the Kansas Lottery to enter into management agreements for the operation of four state-owned lottery gaming facilities. The Kansas Lottery has entered into agreements to operate Boot Hill Casino & Resort in Dodge City, Kansas Star Casino in Mulvane, Kansas Crossing Casino in Pittsburg, and Hollywood Casino in Kansas City. K.S.A. 74-8782 allows each lottery gaming facility to contract with three interactive sports wagering platforms to offer sports wagering to consumers in Kansas. The Kansas Lottery must approve each contract between the lottery gaming facility manager and the interactive sports wagering platform. As of October 1, 2024, six interactive sports wagering platforms have entered contracts with lottery gaming facilities to offer sports wagering: BetMGM, DraftKings, FanDuel, Ceasars, Fanatics, and ESPN Bet.

D. Benefits of the proposed rule(s) and regulation(s) compared to the costs;

The proposed rules are necessary to protect the integrity of sports wagering in Kansas and carry out the statutory mission of the KRGC. The regulations also enforce several statutory requirements. The regulations require the lottery gaming facilities and interactive wagering platforms maintain records that could assist KRGC in criminal investigations related to sports wagering. The regulations make possible the activity of sports wagering and subsequent collection of taxes. The profits derived from sports wagering by the lottery gaming facility managers and interactive sports wagering platforms far outweigh the costs related to these regulations. Revenues to the sports wagering platforms and lottery gaming facilities after taxes were approx. \$90 million for the first 24 months of sports wagering in Kansas.

The general public benefits from the added form of entertainment that many Kansans enjoy and responsible gaming initiatives to protect against the harmful effects of gambling. The general public also benefits from KRGC's monitoring and investigation of suspicious behavior. Kansas residents can be assured that sporting contests are conducted with integrity because of the law enforcement oversight.

The legislature reconfirmed its commitment to sports wagering in the 2024 Special Session by allocating some sports wagering tax revenue to pay STAR bonds of a potential future pro sports stadium.

E. Measures taken by the agency to minimize the cost and impact of the proposed rule(s) and regulation(s) on business and economic development within the State of Kansas, local government, and individuals;

The KRGC has communicated with lottery gaming facility managers and interactive sports wagering platforms to receive input on the regulations. The KRGC has also tried to mirror regulations from other states. The consistency and stability of regulations across multiple jurisdictions should aid the lottery gaming facility managers and interactive sports wagering platforms with implementation and compliance with the proposed regulations. The approach taken in the proposed regulation is similar to the regulatory approach taken by other jurisdictions in terms of internal controls, surveillance, security, and technical requirements for wagering terminals and mobile application functionality. There are small variations which are necessary

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to comply with the legal requirements of KELA with respect to the operation and conduct of sports wagering in Kansas.

F. An estimate of the total annual implementation and compliance costs that are reasonably expected to be incurred by or passed along to businesses, local governments, or individuals. *Note: Do not account for any actual or estimated cost savings that may be realized. Implementation and compliance costs determined shall be those additional costs reasonably expected to be incurred and shall be separately identified for the affected businesses, local governmental units, and individuals.*

Costs to Affected Businesses – \$297,306

Costs to Local Governmental Units – \$0

Costs to Individuals – \$0

Total Annual Costs – \$297,306

(sum of above amounts)

Give a detailed statement of the data and methodology used in estimating the above cost estimate.

The sports wagering platforms have incurred costs to comply with Kansas regulations. Platforms were asked to estimate their yearly costs in implementing Kansas specific regulations. Based on those estimates and the KRGC budget, KRGC is estimating a yearly total cost of \$297,306 incurred by the platforms to implement Kansas regulations.

- Yes
 - No
 - Not Applicable
- If the total implementation and compliance costs exceed \$1.0 million or more in implementation and compliance costs over the initial five-year period following adoption of such rule(s) and regulation(s) that are reasonably expected to be incurred by or passed along to businesses, local governmental units and individuals as a result of the proposed rule and regulation, did the agency hold a public hearing to find that the estimated costs have been accurately determined and are necessary for achieving legislative intent? If applicable, document when the public hearing was held, those in attendance, and any pertinent information from the hearing.

Public hearing will be scheduled after regulatory approvals have been obtained.

Provide an estimate to any changes in aggregate state revenues and expenditures for the implementation of the proposed rule(s) and regulation(s), for both the current fiscal year and next fiscal year.

Any revenues generated by sports wagering are new to the State of Kansas. Current estimates show that \$120.0 million in total sports wagering revenue will be generated in both FY 2025 and FY 2026. The State of Kansas receives 10% of this revenue that are transferred to other funds according to statute, while lottery gaming facilities retain 90%. KRGC's costs are covered by the lottery gaming facilities and the White Collar Crime Fund. Any revenue generated by the KRGC through licensing fees is used to cover the costs of background checks and licensing investigations.

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Provide an estimate of any immediate or long-range economic impact of the proposed rule(s) and regulation(s) on any individual(s), small employers, and the general public. If no dollar estimate can be given for any individual(s), small employers, and the general public, give specific reasons why no estimate is possible.

The regulations themselves are not expected to impact economic activity long term. The costs that the lottery gaming facilities or sports wagering platforms incur can be paid for out of their gain in revenues from sports wagering. Sports wagering is a net positive in terms of profit for the gaming facilities and sports wagering platforms as well as new tax collections by the state.

The largest long range economic impact could come if the Kansas City Chiefs or Kansas City Royals relocate to Kansas. 80% of the taxes collected from sports wagering are deposited into the attracting professional sports to Kansas fund which would help pay off STAR bonds used to build a new stadium for either or both franchises. This would result in several million dollars in economic impact to Kansas. K.S.A. 12-17,169, K.S.A. 74-8711(h), K.S.A. 74-8793. Of course, this possibility and tax collection is not part of these regulations.

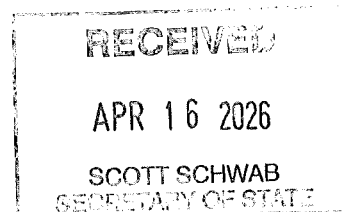
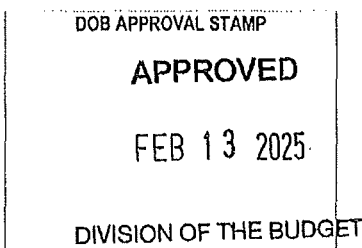
Another long-range impact would likely be evident if the State of Missouri legalizes sports wagering. The issue is up for a vote on November 5, 2024. If sports wagering is legalized in Missouri, the amount of tax revenue collected could be negatively impacted.

G. If the proposed rule(s) and regulation(s) increases or decreases revenues of cities, counties or school districts, or imposes functions or responsibilities on cities, counties or school districts that will increase expenditures or fiscal liability, describe how the state agency consulted with the League of Kansas Municipalities, Kansas Association of Counties, and/or the Kansas Association of School Boards.

The proposed rules and regulations will not increase or decrease revenues for counties or school districts; accordingly, the agency did not contact or consult the League of Kansas Municipalities or the Kansas Association of Counties. It is not anticipated that the regulation will have any direct impacts on school boards; accordingly, the Kansas Association of School Boards was not directly contacted. When the notice of hearing for these regulations is published in the Kansas Register, standard agency procedure will be followed and the three organizations will be contacted for comment electronically with attached copies of the regulation, economic impact statement, and published notice of hearing.

H. Describe how the agency consulted and solicited information from businesses, business associations, local governmental units, state agencies, or institutions and members of the public that may be affected by the proposed rule(s) and regulation(s) or may provide relevant information.

The KRGC has communicated with and sought comment from lottery gaming facility managers and interactive sports wagering platforms to receive input on the regulations. KRGC also held public meetings in July and August of 2022 and May of 2024 where the public was invited to give comment. Business, associations, local governments, other Kansas agencies, institutions, and members of the public will all be invited to provide comments during the public notice and comment period and to participate in the public hearing on these regulations.



Section IV

Does the Economic Impact Statement involve any environmental rule(s) and regulation(s)?

- Yes If yes, complete the remainder of Section IV.
- No If no, skip the remainder of Section IV.

- A. Describe the capital and annual costs of compliance with the proposed rule(s) and regulation(s), and the individuals or entities who would bear the costs.

- B. Describe the initial and annual costs of implementing and enforcing the proposed rule(s) and regulation(s), including the estimated amount of paperwork, and the state agencies, other governmental agencies, or other individuals who will bear the costs.

- C. Describe the costs that would likely accrue if the proposed rule(s) and regulation(s) are not adopted, the individuals or entities who will bear the costs and who will be affected by the failure to adopt the rule(s) and regulation(s).

- D. Provide a detailed statement of the data and methodology used in estimating the costs used.

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