

KANSAS LOTTERY

Budget Committee Report

KLRD Analyst: Pratt
KLRD Summary: Vol. I, Pg. 256

DOB Analyst: Tomb
GBR Analysis: Vol. II, Pg. 106

Executive Summary

Summary of Total Expenditures, FY 2023 – FY 2027					
	SGF	All Other Funds	Total	FTE Positions	
FY 2023 Actual	\$ -	\$ 428,207,099	\$ 428,207,099	95.0	
FY 2024 Actual	-	499,447,675	499,447,675	95.0	
FY 2025 Actual	-	548,959,866	548,959,866	91.0	
FY 2026					
Approved, with Reappropriations	\$ -	\$ 541,352,148	\$ 541,352,148	91.0	
Agency Revised Estimate	-	541,352,148	541,352,148	91.0	
Special Committee on the State Budget	-	541,352,148	541,352,148	91.0	
House Committee of the Whole	-	541,352,148	541,352,148	86.0	
Senate Committee of the Whole	-	541,352,148	541,352,148	91.0	
Legislative Approved	-	541,352,148	541,352,148	86.0	
Governor's Recommendation	-	541,352,148	541,352,148	91.0	
FY 2027					
FY 2026 Approved, without Reappropriations	\$ -	\$ 542,976,373	\$ 542,976,373	91.0	
Agency Request	-	542,976,373	542,976,373	91.0	
Special Committee on the State Budget	-	542,976,373	542,976,373	91.0	
House Committee of the Whole	-	542,976,373	542,976,373	86.0	
Senate Committee of the Whole	-	542,976,373	542,976,373	91.0	
Legislative Approved	-	543,043,440	543,043,440	86.0	
Governor's Recommendation	-	542,976,373	542,976,373	91.0	

In 1986, Kansans voted to amend the Kansas Constitution by authorizing a state lottery. One year later, the Kansas Lottery was established to provide for the operation of a State-owned lottery system and to responsibly distribute gaming revenues in accordance with state law.

The Kansas Lottery Act allows the establishment of certain types of games that may be conducted, including traditional scratcher tickets, jackpot/draw games, and sports wagering. In 2018, the Kansas Lottery began selling tickets through vending machines at authorized retailer locations pursuant to [HB 2194](#). Four years later, pursuant to [SB 84](#), the Kansas Lottery provided for sports wagering to be conducted in-person at one of the four State-owned casinos, or online through licensed interactive sports wagering platforms. In February 2025, the Kansas Lottery began offering the online sale of e-instant traditional games (iLottery) through the agency's PlayOn platform.

The Kansas Expanded Lottery Act (KELA) authorizes the Kansas Lottery to own and operate electronic gaming machines within the following casinos: Boot Hill, Hollywood, Kansas Crossing, and Kansas Star. Although the four casinos are owned by the State and regulated by the Kansas Racing and Gaming Commission, the facilities are managed by third-party entities ("lottery facility managers") who receive more than half of the expanded gaming revenue. Similarly, the lottery facility managers retain 90.0 percent of sports wagering revenue because the same entities offer sports wagering on behalf of the State of Kansas through the Kansas Lottery.

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FY 2026

Summary of Legislative Recommendations, FY 2026					
	SGF	All Other Funds	Total	FTE Positions	
Approved, with Reappropriations	\$	- \$ 541,352,148	\$ 541,352,148	91.0	
Agency Revised Estimate		- 541,352,148	541,352,148	91.0	
Special Committee on the State Budget (SBC)					
Change from Agency Revised Estimate	\$	- \$	-	-	
TOTAL – Special Committee	\$	- \$ 541,352,148	\$ 541,352,148	91.0	
House Committees					
General Government Budget	\$	- \$	-	(5.0)	
Appropriations		-	-	-	
Committee of the Whole		-	-	-	
Subtotal – House Change from SBC	\$	- \$	-	(5.0)	
TOTAL – Current House Position	\$	- \$ 541,352,148	\$ 541,352,148	86.0	
Senate Committees					
Federal and State Affairs	\$	- \$	-	-	
Ways and Means		-	-	-	
Committee of the Whole		-	-	-	
Subtotal – Senate Change from SBC	\$	- \$	-	-	
TOTAL – Current Senate Position	\$	- \$ 541,352,148	\$ 541,352,148	91.0	
Legislative Approved					
Conference Committee	\$	- \$	-	(5.0)	
Governor's Vetoes		-	-	-	
Veto Overrides		-	-	-	
Certifications		-	-	-	
Subtotal – Approved Change from SBC	\$	- \$	-	(5.0)	
GRAND TOTAL – Final Approved	\$	- \$ 541,352,148	\$ 541,352,148	86.0	

Agency

The **agency** requests a revised estimate of \$541.4 million, all from special revenue funds, and 91.0 FTE positions in FY 2026. This is an increase of \$45.0 million, or 9.1 percent, above the amount previously approved by the 2025 Legislature. The increase is due entirely to the Fall 2025 Consensus Revenue Estimating Group increasing the revenue estimate for both expanded casino gaming and sports wagering above the previous fall estimate in FY 2026.

Specifically, the revenue estimate for expanded casino gaming increased by \$17.9 million, for a total of \$425.4 million in revenue from the State-owned casinos in FY 2026. Since the amount of money retained by the lottery gaming facility managers, as well as the amount of money distributed to cities and counties, hinges on the total amount of revenue generated from casino gaming, the agency modified the expenditure estimate for facility managers and local governments to be in line with the revised revenue estimate. As such, the amount of revenue retained by the lottery gaming facility

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managers is expected to increase by \$13.1 million, all from the Expanded Lottery Receipts Fund, in FY 2026. Likewise, the amount of money transferred to cities and counties is expected to increase by \$537,000, all from the Expanded Lottery Receipts Fund, in FY 2026.

Similarly, the revenue estimate for sports wagering increased by \$35.0 million, for a total of \$155.0 million in revenue from sports wagering in FY 2026. Since the amount of money retained by the lottery gaming facility managers hinges on the total amount of revenue generated from sports wagering, the agency modified the expenditure estimate for facility managers to align with the revised estimate. As such, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$31.5 million, all from the Sports Wagering Receipts Fund, in FY 2026.

Special Committee on the State Budget

The **Special Committee** concurs with the agency's revised estimate in FY 2026, with the following adjustment:

1. Adopt the Fall 2025 Consensus Revenue Estimate for Expanded Casino Gaming and Sports Wagering in FY 2026. (Note: The Fall 2025 Consensus Revenue Estimate is included as part of the agency's request in FY 2026.)

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation in FY 2026, with the following adjustment:

1. Delete 5.0 FTE positions that have been vacant for over one year in FY 2026.

House Committee on Appropriations

The **House Committee on Appropriations** concurs with the House Budget Committee's recommendation in FY 2026.

House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation in FY 2026.

Senate Committees

Senate Committee on Federal and State Affairs

The **Senate Committee on Federal and State Affairs** concurs with the Special Committee's recommendation in FY 2026.

Senate Committee on Ways and Means

The **Senate Committee on Ways and Means** concurs with the Senate Committee's recommendation in FY 2026.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Senate Committee's recommendation in FY 2026.

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Conference Committee

The **Conference Committee** concurs with the Special Committee's recommendation in FY 2026, with the following adjustment:

1. Delete 5.0 FTE positions that have been vacant for over one year in FY 2026.

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FY 2027

Summary of Legislative Recommendations, FY 2027				
	SGF	All Other Funds	Total	FTE Positions
FY 2026 Approved, without Reappropriations	\$ -	\$ 542,976,373	\$ 542,976,373	91.0
Agency Request	-	542,976,373	542,976,373	91.0
Special Committee on the State Budget (SBC)				
<i>Change from Agency Request</i>	\$ -	\$ -	\$ -	-
TOTAL – Special Committee	\$ -	\$ 542,976,373	\$ 542,976,373	91.0
House Committees				
General Government Budget	\$ -	\$ -	\$ -	(5.0)
Appropriations	-	-	-	-
Committee of the Whole	-	-	-	-
<i>Subtotal – House Change from SBC</i>	\$ -	\$ -	\$ -	(5.0)
TOTAL – Current House Position	\$ -	\$ 542,976,373	\$ 542,976,373	86.0
Senate Committees				
Federal and State Affairs	\$ -	\$ -	\$ -	-
Ways and Means	-	-	-	-
Committee of the Whole	-	-	-	-
<i>Subtotal – Senate Change from SBC</i>	\$ -	\$ -	\$ -	-
TOTAL – Current Senate Position	\$ -	\$ 542,976,373	\$ 542,976,373	91.0
Legislative Approved				
Conference Committee	\$ -	\$ -	\$ -	(5.0)
Governor's Vetoes	-	-	-	-
Veto Overrides	-	-	-	-
Certifications	-	67,067	67,067	-
<i>Subtotal – Approved Change from SBC</i>	\$ -	\$ 67,067	\$ 67,067	(5.0)
GRAND TOTAL – Final Approved	\$ -	\$ 543,043,440	\$ 543,043,440	86.0

Agency

The **agency** requests \$543.0 million, all from special revenue funds, in expenditures and 91.0 FTE positions for FY 2027. This is an increase of \$46.6 million, or 9.4 percent, above the amount previously approved by the 2025 Legislature in FY 2026. The increase is due almost entirely to the Fall 2025 Consensus Revenue Estimating Group increasing the revenue estimate for both expanded casino gaming and sports wagering above the previous fall estimate for FY 2027. However, the agency is expecting an increase in contractual services expenditures for both marketing (\$951,000) and cost of sales (\$605,000) due to the volume of partnerships and sponsorships in which the agency participates, as well as the number of tickets sold.

Regarding the consensus revenue estimate, the revenue estimate for expanded casino gaming increased by \$17.1 million, for a total of \$424.6 million in revenue from the State-owned casinos in FY 2026. As such, the amount of revenue retained by the lottery gaming facility managers is expected to

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increase by \$12.5 million, all from the Expanded Lottery Receipts Fund, for FY 2027. Likewise, the amount of money transferred to cities and counties is expected to increase by \$513,000, all from the Expanded Lottery Receipts Fund, for FY 2027.

Similarly, the revenue estimate for sports wagering increased by \$35.0 million, for a total of \$155.0 million in revenue from sports wagering for FY 2027. As such, the amount of revenue retained by the lottery gaming facility managers is expected to increase by \$31.5 million, all from the Sports Wagering Receipts Fund, for FY 2027.

Special Committee on the State Budget

The **Special Committee** concurs with the agency request for FY 2027, with the following adjustment:

1. Adopt the Fall 2025 Consensus Revenue Estimate for Expanded Casino Gaming and Sports Wagering for FY 2027. (Note: The Fall 2025 Consensus Revenue Estimate is included as part of the agency's request for FY 2027.)

House Committees

House Committee on General Government Budget

The **House Budget Committee** concurs with the Special Committee's recommendation for FY 2027, with the following adjustment:

1. Delete 5.0 FTE positions that have been vacant for over one year for FY 2027.

House Committee on Appropriations

The **House Committee on Appropriations** concurs with the House Budget Committee's recommendation for FY 2027.

House Committee of the Whole

The **House Committee of the Whole** concurs with the House Committee's recommendation for FY 2027.

Senate Committees

Senate Committee on Federal and State Affairs

The **Senate Committee on Federal and State Affairs** concurs with the Special Committee's recommendation for FY 2027, with the following adjustments:

1. Add language providing that the Kansas Lottery shall not expend moneys to negotiate or enter into any contract or extension of an existing contract or renewal of an existing contract for the management of sports wagering with any lottery gaming facility manager for FY 2027. (Note: This would be a continuation of the proviso language in 2025 SB 125 that was effective for FY 2025 and is still effective in FY 2026. The current sports wagering contracts between the Kansas Lottery and the lottery gaming facility managers expire in August 2027.)
2. Add language to increase the statutory Lottery Vending Machine (LVM) transfer from the Lottery Operating Fund to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund of the Kansas Department for Aging and Disability Services from \$8.0 million to

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\$16.0 million for FY 2027. (*Staff Note: 2025 SB 125 increases the statutory LVM transfer from \$8.0 million to \$10.0 million in FY 2026.*)

3. Add language to suspend the transfer from the State Gaming Revenues Fund to the Economic Development Initiatives Fund (EDIF) for FY 2028. This would include transferring any remaining EDIF Funds to the State General Fund, and routing any future EDIF transfer to the State General Fund for FY 2028.

Senate Committee on Ways and Means

The **Senate Committee on Ways and Means** concurs with the Senate Committee's recommendation for FY 2027, with the following adjustments:

1. Delete language providing that the Kansas Lottery shall not expend moneys to negotiate or enter into any contract or extension of an existing contract or renewal of an existing contract for the management of sports wagering with any lottery gaming facility manager for FY 2027.
2. Delete language to increase the statutory Lottery Vending Machine (LVM) transfer to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund of the Kansas Department for Aging and Disability Services from \$8.0 million to \$16.0 million for FY 2027.
3. Add language to transfer the net profit from iLottery gross sales that exceed \$80.0 million from the Lottery Operating Fund to the Home and Community Based Services Fund of the State Finance Council for FY 2027, provided that the first \$8.0 million be transferred to the Community Crisis Stabilization Centers Fund (\$6.0 million) and the Clubhouse Model Program Fund (\$2.0 million) within the Kansas Department for Aging and Disability Services (KDADS) for FY 2027.
4. Add language to transfer \$4.2 million from the Expanded Lottery Act Revenues Fund to the State General Fund for FY 2027.

Senate Committee of the Whole

The **Senate Committee of the Whole** concurs with the Senate Committee's recommendation for FY 2027.

Conference Committee

The **Conference Committee** concurs with the Special Committee's recommendation for FY 2027, with the following adjustments:

1. Delete 5.0 FTE positions that have been vacant for over one year for FY 2027.
2. Add language to increase the statutory Lottery Vending Machine (LVM) transfer to the Community Crisis Stabilization Centers Fund and the Clubhouse Model Program Fund of the Kansas Department for Aging and Disability Services from \$8.0 million to \$10.0 million for FY 2027.
3. Add language to transfer 25.0 percent of the balance in the Attracting Professional Sports to Kansas Fund of the Department of Commerce to the Home and Community Based Services Fund of the State Finance Council for FY 2027, provided that 75.0 percent of the transferred amount will be further transferred to the Community Crisis Stabilization Centers Fund within the KDADS, and the remaining 25.0 percent of the transferred amount will be further transferred to the Clubhouse Model Program Fund within the KDADS.

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Legislative Approved

HB 2513 authorized the following statewide adjustments which were certified following the conclusion of the 2026 Session:

1. Add \$67,067, all from special revenue funds, to implement the Executive Branch pay plan approved by the 2026 Legislature and certified by the State Finance Council for FY 2027.