

Kansas Administrative Regulations Economic Impact Statement (EIS)

Kansas Racing and Gaming Commission
Agency

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Agency Contact

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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 ("KRGK") to promulgate rules and regulations necessary to carry out the Kansas Expanded Lottery Act ("KELA"). The KRGK 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, KRGK 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.

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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.

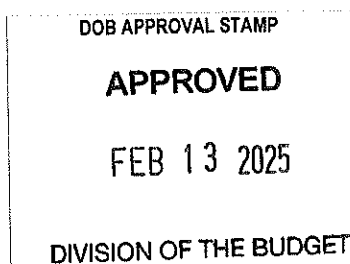
K.A.R. 112-201-22. Sports wagering exclusion list. This regulation establishes required internal controls to protect patrons who request an exclusion from sports wagering.

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.



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 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 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.

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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;

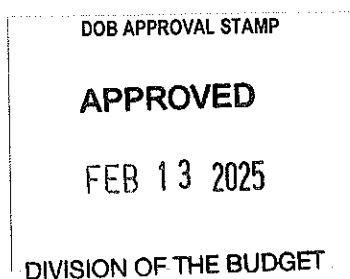
For the first 24 months of legalized sports wagering in Kansas (Sept. 2022-August 2024), the state collected \$9,978,763 in taxes on sports wagering revenue. Revenues to the sports wagering platforms and lottery gaming facilities after taxes were approx. \$90 million.

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 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.
- No
- Not Applicable

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.

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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.

