

Approved 3/16/83  
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at  
Chairperson

11:00 a.m./p.m. on March 14, 1983 in room 254-E of the Capitol.

All members were present ~~except~~:

Committee staff present: Fred Carman, Assistant Revisor of Statutes  
Russell Mills, Legislative Research  
Emalene Correll, Legislative Research  
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee:

The Chairman called the committee's attention to the Minutes of the meetings of March 4, and March 7, 1983. Senator Daniels moved that the Minutes be approved. 2d by Senator Parrish. Motion carried.

The Chairman recognized Senator Roitz who distributed copies of notes he had received from Larry Mertz, who had testified Friday for Aquinas Boosters at the Federal and State Affairs Committee Meeting. (Attachment #1 and Attachment #2). He said the notes were from memory and he had asked permission to distribute them to the committee.

A copy of a letter from Michael A. Fishman, addressed to Senator Jan Meyers, was distributed to the committee by Senator Meyers. Mr. Fishman represents BFH Investments, Inc., a Kansas corporation operating Fred Broski's Bingo Palace in Olathe, Kansas. The letter concerns SB401, and is made a part of the record. (Attachment #3)

The Chairman then directed the committee's attention to SB98, SB99 and SB401, all concerning bingo. He said that today's discussion would deal particularly with SB401, and it would begin by addressing those matters that were brought up by the different conferees at the meeting of Friday, March 4, 1983.

There was a wide discussion in the provisions of the bill and the discussion centered mainly on that sub-section concerning that no locations be used for the management, operation or conduct of bingo games on more than three days per week. There was discussion which explored ways to impose constraints upon large bingo vendors without restricting lessors to the three days.

Senator Pomeroy moved to amend the SB401 on page 6 by striking lines 226 through 228 and re-lettering the remaining sub-paragraphs. 2d by Senator Gannon. The motion failed.

The meeting adjourned at 12:00 noon.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Meeting of March 14, 1983  
Attachment #1

2/4/82

## CIRCUS PLAZA

RECEIPTS - BASED ON NEW PROGRAM

FEB 3 - 11.63 GAME #2  
11.71 GAME #1

23.34 PER PERSON AVERAGE

RENT	0 TO 200 PERSONS	\$
	0 TO 200 PERSONS	275
	201 TO 225	300
	226 TO 250	325
	251 TO 275	350
	276 TO 300	375
	301 TO 325	450

STORM FUND - EACH LICENSE HOLDER IS ASKED TO PAY \$50.00 INTO A STORM FUND WHICH WOULD BE USED TO PAY THE PRIZES OR OTHER EXPENSE ON A NIGHT WHEN THERE WOULD BE A VERY SMALL CROWD, OR NO BINGO AT ALL.

## PAPER COST

ACTUAL FIGURES

180 PERSONS - \$324.22

225 PERSONS - \$402 (GROSS 2348)

AVERAGE PAPER COST \$1.80

COST OF BUILDING & UTILITIES

\$18,000 PER MONTH. THE COST OF THE PAPER IS USED TO SUPPLEMENT THE RENT.

HALL WILL HOLD 440 ON EACH SIDE  
 COULD POSSIBLY HOLD 500 ON EACH SIDE

PRICE OF PAPER

SPECIALS	.07
	.15
	.28
BOOKS	1.00
	<hr/>

BREAKDOWN ON LEASE

GROSS	
LESS PRIZES	
TAXES	
RENT	
PAPER	
SECURITY	
CALLER & RUNNER	\$40
	\$35

EXAMPLE GROSS	2300	200 AT \$11.50 EA
PRICE	- 1200	
	<hr/>	
	1100	
TAXES	- 161	
	<hr/>	
	939	
RENT	- 275	
	<hr/>	
	664	
PAPER	- 360	
	<hr/>	
	304	
SECURITY	- 35	
	<hr/>	
	269	
CALLER & RUNNER	- 40	
	<hr/>	
	\$229	

BACK RENT  
 ANYTIME THAT THE CROWD IS  
 SMALL AND RECEIPTS AREN'T  
 ENOUGH TO PAY THE RENT EACH  
 LICENSE HOLDER WILL STILL RECEIVE  
 \$50 TO TAKE BACK TO THE ORGANIZATION.  
 ON A NIGHT WHEN THERE IS A  
 LARGER CROWD THE FOLLOWING TABLE  
 WILL BE USED TO DETERMINE  
 REPAYMENT OF BACK RENT.

0 to 200	\$50	TAKE HOME
201 to 225	\$75	BALANCE TO REPAY RENT
226 to 250	\$100	" "
251 to 275	\$125	" "
275 to 300	\$150	" "
301 to 325	\$175	" "
326 to 350	\$200	" "
350 & P	\$250	" "

OCTOBER AVERAGE 180 PERSONS  
 LAST FEW WEEKS (SINCE DOUBLE SESSIONS)  
 AVERAGE 205  
 STILL HAS OPENINGS FOR 2 OR 3  
 ORGANIZATIONS.

WOULD LIKE TO WORK OUT SOME TYPE  
OF ROTATING BASIS SO NO ORGANIZATION  
WOULD GET STUCK WITH A BAD NIGHT.

30 DAYS WOULD BE REQUIRED FOR  
BREAKING THE LEASE EXCEPT IF  
SOME OTHER ORGANIZATION WOULD  
TAKE OVER THE LEASE THEN ONLY  
2 WEEKS.

#### CALLER & RUNNER

CIRCUS PLAZA WOULD REQUIRE  
EACH LICENSE HOLDER TO HAVE A  
CALLER & RUNNER \$20.00 EACH  
PER SESSION SO THAT GAMES WOULD  
BE RUN CONSISTENTLY. LICENSE  
HOLDER WOULD SUPPLY 2 OR 3 PERSONS  
TO SELL SPECIALS.

WHEN ASKED ABOUT LAW REQUIRING ALL  
PERSONS CONNECTED WITH BINGO TO BE  
MEMBERS OF THE ORGANIZATION.

JERRY HODGES SAID HE HADN'T HAD  
ANY TROUBLE SO FAR. AND AS LONG  
AS THE ORGANIZATION IS MAKING  
MONEY AND THE CROWD IS HAPPY  
NO ONE SHOULD COMPLAIN.

JERRY SAID THE REQUIREMENT WOULD BE  
MAINTAINED IF ALL CALLERS ATTENDED A TRAINING

ASSUME 180 PERSONS AT 11.50 EA.

2070	
- 1200	PRIZE
- 1415	TAXES
- 275	RENT
- 324	PAPER 180 x 1.80
- 35	SECURITY
- 40	CALLER & RUNNER
<hr/>	
51	

FEB 4 - 106 PERSONS AT 11.50 EA

1219	
- 1200	PRIZE
- 85	TAXES
- 275	RENT
- 190	PAPER
- 35	SECURITY
- 40	CALLER & RUNNER
<hr/>	
- 606	

Meeting of March 14, 1983

Attachment #2

1/20/82

1 of 5

JAI G & L CORP LEASES THE BLDG FROM SAKENAY

GEORGE GARANT - FATHER  
DAVID GARANT - SON

STAN LA FORET - FATHER  
RINO GHETTI - STEP-SON

OWN 3 BINGO HALLS IN PHOENIX.

9 LICENSES NEW

SHAWNEE JAYCEES } 1<sup>ST</sup> & 3<sup>RD</sup> FRI.  
SHAWNEE JAYCEETS } & EVERY THIRD

REDMAN CLUB 1<sup>ST</sup> SESSION  
EAGLES CLUB 2<sup>ND</sup> SESSION

VFW MONDAY & TUESDAY EARLY

VFW AUXILIARY WEDNESDAY

SHAWNEE FIRE DEPT AUXILIARY 2<sup>ND</sup> FRIDAY

AMERICAN BUSINESS WOMENS ASSOC 4<sup>TH</sup> FRI

C.B Group CHANNEL 18

1<sup>ST</sup> SESSION 7:00 to 8:30  
OPEN 5:30 to 8:30

2<sup>ND</sup> SESSION 8:45 to 10:00  
8:00 to 10:00

2

AVERAGE ATTENDANCE 180 - 200

DEC	28	228
	29	184
	30	281
	31	220

JAN	18	MON.	181
	19	TUE.	149
	20	WED.	132

JAN	7	THUR.	178
	8	FRI.	288
	9	SAT.	243

AVG 208

MONTH OF OCTOBER. AVG 180

MAXIMUM ATTENDANCE 340  
 MINIMUM ATTENDANCE 120

---

AVERAGE SPENT PER PERSON

19 + 19.50 ON A DOUBLE NIGHT

APPROX 11.00 FIRST SESSION

8.50 SECOND SESSION

BOOKS AVERAGE \$6.00 EACH

EXPECT TO REVISE GAME SHEET AND

INCREASE AMOUNT SPENT PER PERSON

TO \$22.00 PER PERSON

IF THIS IS TRUE THE BREAK EVEN

POINT WOULD BE 165 PERSONS



3

LEASE - PER SESSION \$ 275 → \$ 450

- 1 - RENT \$ 275 MINIMUM OR 1/2 NET INCOME UP TO A MAXIMUM OF \$ 450
- 2 - TAXES 7% OF THE GROSS
- 3 - PRIZE MONEY \$ 1200.
- 4 - PAPER COST APPROX. 1.50 PER PERSON FOR 1ST SESSION, .75 PER PERSON FOR 2ND SESSION. PAPER COST TO BE DEDUCTED FROM GROSS INCOME.
- 5 - SECURITY GUARD \$ 28 PER NIGHT EXCEPT IF RENT REACHES \$ 450 SECURITY GUARD IS PAID BY CIRCUS PLAZA.
- 6 - ANY OTHER COST - JERRY HODGES SAID POSSIBLY A PROMOTION CHARGE WOULD BE ADDED.
- 7 - NO RENT ON BAD WEATHER DAYS IF THE HALL IS CLOSED.  
\$ 1600.
- 8 - DEPOSIT WILL BE SHOWN ON THE LEASE BUT JERRY SAID THEY WOULD WAIVE THE DEPOSIT.
- 9 - JERRY SAID NO RENT IS DUE IF THE ORGANIZATION DOES NOT MAKE MONEY - HOWEVER WHEN THE ORGANIZATION MAKES MONEY THEY ARE EXPECTED TO PAY BACK RENT.
- 10 - MAINTENANCE COSTS ARE DIVIDED AMONG ALL THE LICENSE HOLDERS. HOWEVER NO CHARGES HAVE BEEN MADE TO DATE.

EXAMPLE

	2000	GROSS	200 @ \$10.00
	140	TAXES	
	<u>1860</u>		
	1200	PRIZES	
	660		
SEMP & FUTURE →	<u>350</u>	PAPER COST	200 @ 1.75
	310		
	<u>275</u>	RENT	275 MIN OR 1/2 NET UP TO MAX OF 450
	45		
	<u>28</u>	SECURITY GUARD	
	\$ 17		

NEED JAN 20

	1320	GROSS	132 @ 10.00
	92	TAXES	
	<u>1228</u>		
	1200	PRIZES	
	28		
	<u>-198</u>	PAPER COST	132 @ 1.50
	-170		
	<u>275</u>	RENT	
	-445		
	<u>28</u>	SECURITY GUARD	
	-473		

5 of 5

JAN 7 - 8 - 9 SAT AVG 276

1ST SESSION

2360 236 x 10.00  
165

2195  
1200

995  
354

PAPER 276 x 1.50

641  
320

RENT 1/2 NET

321  
14

SECURITY GUARD

\$ 307

2ND SESSION

2360 236 x 10.00  
165

2195  
1200

995  
177

PAPER x .75

818  
409

RENT 1/2 NET

409  
14

SECURITY GUARD

\$ 395

TOTAL \$ 702

Attachment #3  
March 14, 1983

KURANER, SCHWEGLER, HUMPHREY, LOWE & FISHMAN

ATTORNEYS AT LAW  
500 COMMERCE BANK BUILDING  
922 WALNUT STREET

KANSAS CITY, MISSOURI 64106

TELEPHONE (816) 221-3443

GEORGE SCHWEGLER, JR.  
JAMES W. HUMPHREY, JR.  
JAMES B. LOWE  
MICHAEL H. FISHMAN  
JEFFREY S. HENRY  
JEFFREY L. LUCAS  
JAMES R. FISCHER

IRVING KURANER  
ALFRED KURANER  
HARRY D. DINGMAN  
OF COUNSEL

March 11, 1983

HAND DELIVER

Senator Jan Meyers  
Kansas State Capitol Building  
Topeka, Kansas 66612

Re: Senate Bill No. 401

Dear Senator Meyers:

As you know, I represent BFH Investments, Inc., a Kansas corporation operating Fred Broski's Bingo Palace in Olathe, Kansas. Although I was present at the hearing held by the Committee on Federal and State Affairs on March 10, 1983, time limitations prevented me from addressing the Committee. Accordingly, it is the purpose of this letter to convey my serious concern regarding one of the provisions contained in Senate Bill No. 401.

Subparagraph (q) of Section 2 of the Bill provides that no registered premises shall be used for the operation of bingo games on more than three calendar days in any one week. If this provision were to become law, my client's facility would not produce enough revenue to pay its fixed expenses, and would therefore be forced to close its doors. Although closing the Bingo Palace would be a financial disaster for its investors, I believe that there exists an even more fundamental adverse effect.

Six non-profit organizations operate bingo games at the Bingo Palace. They are:

1. AM VETS
2. AM VETS Auxiliary
3. V.F.W.
4. V.F.W. Auxiliary

Senator Meyers  
March 11, 1983  
Page Two

5. American Legion

6. Olathe Girls Softball Association

The Softball Association conducts two bingo sessions per week, and each of the other organizations operate once a week. Of these six organizations, only one, the American Legion, has a facility adequate for conducting bingo games. Therefore, if the Bingo Palace were to close, the ability of five of the six organizations to raise money by playing bingo would be eliminated. Furthermore, the American Legion would be forced to return to its own facility on Saturday nights if they wanted to resume bingo. In that case, the American Legion would be forced to forego the rental income it now receives as a result of renting its facility on Saturday nights.

To my knowledge, all of the organizations who operate bingo games at the Bingo Palace are satisfied with the relationship. All of the organizations are raising substantial sums of money in excess of fund raising available to them before the Bingo Palace was opened. The Softball Association is actively considering the acquisition of a tract of land in Olathe for the purpose of building softball fields. This acquisition is being made in reliance upon a continuing stream of income from the operation of bingo games at the Bingo Palace. All of the other organizations are using funds generated from bingo for valid charitable purposes, and the State is benefiting by its receipt of sales and bingo tax. In other words, in Olathe, the system is working exactly as it was envisioned and intended to work. The organizations, the community, and the State are all benefiting.

I have heard, however, that some facilities operate in violation of the law. I have heard stories of operators who, in effect, "rent" bingo licenses from organizations and operate the games for their own benefit. This, obviously, should be stopped. Prior to the time the Bingo Palace was opened, I made two trips to Topeka for discussions with the Department of Revenue regarding the method of operating within the spirit and the letter of the law. Since opening, we have continually conducted operation of the facility strictly within the perimeters

Senator Meyers  
March 11, 1983  
Page Three

set by law. I believe that the violators and abusers of the law should be identified and dealt with. We invite more regulation and control, and believe that the bingo law should be strictly enforced.

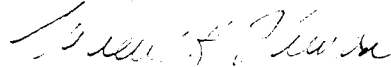
It appears that the Legislature feels that it has lost control of the bingo games in Kansas, and Senate Bill No. 401 is an attempt to regain the control which the State perceives it has lost. Such an attempt is commendable and overdue. However, the three-day limitation is an exercise in over-kill. Landlords who supply facilities to organizations lacking a building of their own provide a valuable and needed service. Limiting such facilities to operating three days a week will put most of them out of business. In such event, many bonafide organizations throughout the State will end up without the means or ability to raise money playing bingo. I believe that it would be unfortunate and unfair to limit the availability of bingo fund raising to only those organizations wealthy enough to have their own building.

In conclusion, I hope that the Committee will recommend legislation imposing tighter controls and providing the means for stricter enforcement. I also hope that the Committee will solve only the problem that is present, and not "throw the baby out with the bath water" by putting the leased bingo facilities out of business.

For your convenience, I am enclosing a number of photocopies of this letter. I would appreciate it if you could distribute the copies to each member of the Committee.

Thank you again for your kind consideration.

Yours very truly,



Michael H. Fishman

MHF:vb  
Enclosures