

Approved

2/29/88
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 February 23, 1988 in room 254-E of the Capitol.

All members were present ~~except~~

Committee staff present:

Mary Galligan, Legislative Research
Emalene Correll, Legislative Research
Mary Torrence, Assistant Revisor of Statutes
June Windscheffel, Committee Secretary

Conferees appearing before the committee:

Senator August Bogina
Mr. Phil Wilkes, Department of Revenue

The first item on the agenda was the appearance of Senator August "Gus" Bogina, the sponsor of SB614, concerning licensure of polygraphists. Senator Bogina requested that the bill be asked to be submitted for interim study. Senator Bond moved that SB614 be passed out favorably. The motion was seconded by Senator Strick. The motion carried. There was discussion concerning rules and regulations that might have been adopted concerning this matter. Senator Bond withdrew his motion, and Senator Strick withdrew his second. Staff will check into the matter of the rules and regulations before the Committee will take any action on this bill.

The Chairman stated that staff had been asked to look at the Kansas bingo laws. A Memorandum concerning Bingo laws, dated February 22, 1988, and addressed to the Chairman, was before the Committee. (Attachment #1) The Chairman asked Mary Galligan to present it to the Committee. She said that she had spoken with Mr. Phil Wilkes, as requested by the Chairman concerning the Kansas bingo law. This dealt particularly with those aspects of the law that could affect competition between bingo games conducted in Kansas and those held in Missouri. She said that the major issue that might affect competition is that of prizes. Mr. Wilkes, who has had a vast amount of experience with the Kansas bingo law, was present to assist with the presentation.

A member asked what the State of Kansas realizes from bingo. Staff said there is a \$25 license fee per licensee to conduct games. There is also a tax on the gross receipts which is distributed to the state, county funds and to the bingo fund. The Chairman thanked staff and Mr. Wilkes for their fine assistance.

The Chairman passed out some proposed suggested amendments concerning the bingo games. These had been provided to him by persons who play bingo and who felt they would enhance the bingo operation in Kansas. (Attachment #2)

Also, the Fiscal Note for SB559, which deals with alcoholic liquors; gallonage tax, food sales requirements, temporary permits, and caterers; was distributed to the Committee. (Attachment #3)

The Chairman shared the proposed agenda for the rest of the week. Staff will have material for the Committee to review for the appearance of the Livestock Commissioner on SB563, concerning licensure and regulation of sellers of dogs and cats.

The Minutes of the Meeting of February 18, 1988, were before the Committee. Senator Arasmith moved they be approved. The motion was seconded by Senator Strick. The motion carried.

The meeting was adjourned.

MEMORANDUM

February 22, 1988

TO: Senator Edward Reilly

FROM: Mary K. Galligan, Kansas Legislative Research Department

RE: Bingo Laws

As you requested I spoke with Mr. Wilkes of the Department of Revenue regarding the Kansas bingo law, particularly those aspects of the law that could affect competition between bingo games conducted in Kansas and those held in Missouri. It appears to me that the major issue that might affect competition is that of prizes.

Kansas law limits the total prize amount to \$1,200 (cash and merchandise) per day. The maximum prize awarded in any one regular game cannot exceed \$50. The maximum prize for a special game cannot exceed \$500. A maximum of five special games can be conducted per day. Obviously, the daily cap is the controlling element in regard to prizes. If the maximum allowable prize were offered for each of the 25 games permitted per day (including the five special games), the prize total for the day would be \$3,500.

In Missouri the maximum value of prizes that can be awarded in one day is \$3,600 and the maximum prize per game is \$500. The Missouri law does not make a distinction between special and regular games in regard to the maximum prize. However, the Missouri law only permits one \$500 prize per day. All other prizes must be \$499 or less.

As you know, S.B. 605, which is in the Senate Committee on Federal and State Affairs, would amend the current statutory prize limitations. The maximums proposed in that bill are included in the following table for comparison.

	<u>Kansas</u>	<u>Missouri</u>	<u>S.B. 605</u>
Maximum prize per day	\$1,200	\$ 3,600	\$ 2,400
Maximum prize per game			
Regular	\$ 50	\$ 500**	\$ 100
Special	\$ 500*	N/A	\$ 1,000

- * A maximum of five special games can be held per day.
- ** Only one \$500 prize can be awarded per day.

There may be other portions of the bingo law that, if amended, would allow more bingo games to be held (Kansas allows 25 per day. Missouri allows 62 per day.) or would allow games to be held in one location with greater frequency (Kansas law prohibits games within 44 hours of one another on the same or nearby premises). However, the potential impact of such changes on competition would depend upon how Missouri games operate within those legal parameters.

*Senate FSA
2/23/88
Attachment #1*

There is no way to assure that changing the bingo law would make Kansas games more competitive with Missouri games. It may be that changes that would increase competitiveness between Kansas and Missouri games would also increase competitiveness between games within Kansas. A potential result could be that smaller organizations' games, where large prizes could not be offered, would close as patrons are drawn to the potentially more lucrative games. You may wish to consider the policy implications of such a change given that bingo games are held as fund raising activities for nonprofit organizations.

If you hold hearings on S.B. 605, or on bingo issues in general, you may wish to invite Mr. Wilkes to testify regarding the mechanics of the bingo "industry" and how it might be impacted by various changes in current law.

I hope this information is useful to you. If you have any questions, please feel free to call.

DELETE

INSERT

2/23/88

Suggestions for Senate Bill No. 605 concerning bingo

- 1 Line 58 DELETE JACKPOT OR
- 2 Line 69 DELETE JACKPOT OR
- 3 Line 70 INSERT PLUS JACKPOT GAME between the words GAMES CONDUCTED
- 4 Line 71 INSERT PRICE OF CARDS WILL REMAIN THE SAME PRICE THROUGHOUT EACH SESSION OF BINGO between the words DAY;THE
- 5 Line 72 DELETE JACKPOT OR
- 6 Line 77 DELETE JACKPOT OR
- Line 78 INSERT A VALID BINGO SHALL BE ON THE LAST NUMBER CALLED at end of line
- Line 80 DELETE TWO ; (or seven)
- INSERT FOUR
- Line 87 INSERT BE ALLOWED ON PREMISES OR between the words SHALL PARTICIPATE
- Line 106 INSERT , TELEVISION SCREEN at the end of the line
- Line 109 through Line 111 DELETE
- Line 117 DELETE IF AT ANY TIME DURING THE IMMEDIATELY
- Line 118 DELETE PRECEDING 44 HOURS THE PREMISES

Senate FSA
 2/23/88
 Attachment #2

55 E

The Honorable Ed Reilly, Chairperson
Committee on Federal and State Affairs
Senate Chamber
Third Floor, Statehouse

Dear Senator Reilly:

SUBJECT: Fiscal Note for Senate Bill No. 559 by Committee on Federal and State Affairs

In accordance with K.S.A. 75-3715a, the following fiscal note concerning Senate Bill No. 559 is respectfully submitted to your committee.


Senate Bill No. 559 would impact the Liquor Control Act in the following ways:

- A gallonage tax refund is provided to a distributor who sells liquor to a military installation.
- The food sales requirement for a "restaurant" is changed to 30 percent of gross receipts from the sale of food and beverages for on-premise consumption. The previous requirements was 50 percent of the gross receipts from all sales. The defined time period for establishing the required percentage is shortened from "a calendar year" to "any 90-day period."
- The definition of "restaurant" is made consistent with the food sales requirement for a drinking establishment.
- A caterer would be required to notify the Director of the Alcoholic Beverage Control Division prior to catering any event where alcoholic beverages may be served.
- Applicants for temporary permits would be required to apply not less than 14 days in advance of a proposed event instead of the current seven days. Temporary permit holders would be required to collect and remit to the state the ten percent liquor excise tax on sales of alcoholic beverages that is currently required of all other on-premise licensees.
- The effective date of Senate Bill No. 559 would be July 1, 1988.

The Department of Revenue indicates that passage of this bill would have an effect on state revenues. The effect is a combination of a decrease of taxes paid by distributors on sales of alcoholic liquor to the military and increases that may take place due to additional liquor sales by those same distributors who may be able to offer more competitive pricing with out-of-state distributors, and the application of the liquor excise tax to alcoholic liquor sales made by temporary permit holders.

Senate FSA
2/23/88
Attachment #3

Any changes in state revenues due to the passage of this bill would not be included in the FY 1989 Governor's Report on the Budget.


Michael F. O'Keefe
Director of the Budget

MFO:JS:dlf
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