

Approved _____

Date

4/1/88

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by SENATOR EDWARD F. REILLY, JR. at
Chairperson

11:15 a.m./~~p.m.~~ on MARCH 31, 1988 in room 254-E of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Brenda Braden, Assistant Deputy Attorney General
Mr. John Smith, Motor Vehicle Division
Mr. John Lamb

The Chairman called the Committee's attention to SB724, pertaining to the Secretary of Corrections authorized to lease land for production of oil, gas and other minerals. Mr. Charles E. Simmons, Chief Legal Counsel, for the Department of Corrections had appeared before the Committee on March 30, concerning this, and his statement was reviewed by the Committee. Senator Arasmith moved that there be an amendment providing that all funds from the leases go to the General Fund. The motion was seconded by Senator Strick. The motion carried.

Senator Anderson moved the bill favorably for passage as amended. The motion was seconded by Senator Arasmith. The motion carried.

Senator Steineger appeared before the Committee concerning SB752, earlier which he requested the Committee introduce, and which amends the Kansas parimutuel racing act relating to organization licensees. The printed bill was not available yet for the Committee, so the Chairman stated that although aware of the content, the Committee would not take action until the bill is before it.

SB751 was next before the Committee. The bill authorizes the Secretary of the State Historical Society to negotiate with representatives of the National Park Service concerning Pawnee Rock Historical State Park. Senator Ehrlich explained the bill to the Committee, and responded the Governor would favor it if it were passed. Senator Martin moved to report the bill favorably. The motion was seconded by Senator Strick. The motion carried.

The Committee then turned to HB2819. Mr. John Smith, of the Motor Vehicle Division, and Mr. John Lamb, former ABC Director, answered questions from the Committee. The Chairman asked Mr. Smith and Mr. Lamb to meet with staff to come up with language for the Committee to pursue possibly during the veto session.

SCR1616, concerning a constitutional amendment and raffles and other lotteries operated by nonprofit organizations was then again referred to by the Committee. Assistant Deputy Attorney General, Brenda Braden, appeared concerning this. Copies of enabling legislation from the State of Arizona were distributed for the Committee, provided by Ms. Braden. Senator Strick moved that the language in the handout (Attachment #1) be drafted into a bill that the Committee could discuss along with SCR1616. Senator Martin seconded the motion. The motion carried.

The meeting was adjourned at noon.

Enabling Legislation for Certain Lotteries

I. Bona fide nonprofit religious, charitable, fraternal, educational and veterans organizations may conduct raffles subject to the following restrictions:

A. The nonprofit organization shall maintain such status and no member, director, officer, employee or agent of the nonprofit organization may receive any direct or indirect pecuniary benefit other than being able to participate in the raffle on a basis equal to all other participants.

B. The nonprofit organization shall have been in existence continuously in this state for a five-year period immediately prior to conducting a raffle.

C. No person except a bona fide local member of the sponsoring organization may participate directly or indirectly in the management, sales, or operation of the raffle.

II. Definitions. As used in this act, each of the following words and phrases shall have the following meaning unless the context requires otherwise.

Senate FSA
3/31/88

Attachment #1

A. "Nonprofit religious organization" means any organization, church, body of communicants, or group, gathered in common membership for mutual support and edification in piety, worship, and religious observances, or a society of individuals united for religious purposes at a definite place and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and which religious organization maintains an established place of worship within this state and has a regular schedule of services or meetings at least on a weekly basis and has been determined by the secretary of revenue to be organized and created as a bona fide religious organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) or section 501(d) of the federal internal revenue code of 1954, as amended, or determined to be organized and operated as a bona fide nonprofit religious organization by the secretary of revenue.

B. "Nonprofit charitable organization" means any organization which is organized and operated for:

(1) The relief of poverty, distress, or other condition of public concern within this state; or

(2) for financially supporting the activities of a charitable organization as defined in paragraph (1); or

(3) for conferring direct benefits on the community at large; and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization and has been determined by the secretary of

revenue to be organized and operated as a bona fide charitable organization and which has been exempted from payment of federal income taxes as provided by section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1954, as amended, or determined to be organized and operated as a bona fide nonprofit charitable organization by the secretary of revenue.

(C) "Nonprofit fraternal organization" means any organization within this state which exists for the common benefit, brotherhood, or other interests of its members and is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a fraternal, civic or service purpose within this state and has been determined by the secretary of revenue to be organized and operated as a bona fide fraternal organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(8) or section 501(c)(10) of the federal internal revenue code of 1954, as amended, or determined to be organized and operated as a bona fide nonprofit fraternal organization by the secretary of revenue.

D. "Nonprofit educational organization" means any public or private elementary or secondary school or institution of higher education which has been determined by the secretary of revenue to be organized and operated as a bona fide educational organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) of the federal internal revenue code of 1954, as

amended, or determined to be organized and operated as a bona fide non profit educational requirements.

(5) "nonprofit veterans organization" means any organization within this state or any branch, lodge, or chapter of a national or state organization within this state. The membership of which consists exclusively of individuals who qualify for membership because they were or are members of the armed services or forces of the United States, or an auxiliary unit or society of such a nonprofit veterans' organization the membership of which consists exclusively of individuals who were or are members of the armed services or forces of the United States, or are cadets, or are spouses, widows or widowers of individuals who were or are members of the armed services or forces of the United States, and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and has been determined by the secretary of revenue to be organized and operated as a bona fide veterans organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(4) or 501(c)(19) of the federal internal revenue code of 1954, as amended, or determined to be organized and operated as a bona fide nonprofit veterans' organization by the secretary of revenue.

Note: the first section is taken from Arizona statutes

¶13-3304. The second section is from the bingo definitions K.S.A. 79-4701. The section numbers of the federal tax code may need changed due to the new tax laws

but I can't find that at this point. We may need to add a punitive section for violations. This may be moot depending in enabling legislation for the state lottery.