

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Representative Kathleen Sebelius at _____
Chairperson

1:30 ~~am~~/p.m. on Thursday, April 30, 1992 in room 526-S of the Capitol.

All members were present except:

Committee staff present:

Lynne Holt, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Mary Torrence, Office of the Revisor of Statutes
Connie Craig, Secretary to the Committee

Conferees appearing before the committee:

SB 780

Jonathan P. Small, Colonel, JAGC, KSARNG, Judge Advocate General, State of Kansas

Chair Sebelius called the meeting to order, and opened the public hearing on SB 780.

Colonel Jonathan Small appeared before the Committee to urge the favorable passage of SB 780, Attachment #1.

In response to a question from a Committee member, Colonel Small stated that this does not give us extra jurisdiction beyond the United States.

One Committee member asked whether the President of the United States or the Governor of Kansas is the Commander In Chief? Colonel Small answered the Governor is the Commander In Chief of our state military forces, and for the military forces that are on active duty, the President is the Commander In Chief.

Other questions from Committee members:

- Currently, persons who are in the Guard can be called to duties either for actions overseas or reasons of peace and public disaster? Are there other reasons for calling up the National Guard?
- What kind of operations would reserve members be engaged in?
- Without this bill, our guardsmen are not covered under the Kansas Torts Claim Act?
- Outside of the National Guard, what other military units are there in the state that this bill applies to?
- What is the "militia"?
- Who gives the National Guard the authority to engage in drug interdiction, flying helicopters, and other things?

One Committee member stated that what is really being requested here is a type of governmental immunity for acts that are done by people who are ordered out by the proper authority, for any kind of negligent conduct? Colonel Small replied that in part that is true, we already have the governmental immunity that is listed in the statute. He added that we are changing that a little bit to narrow its scope. We only want to make sure

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

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS
room 526-S, Statehouse, at 1:30 p.m. on Thursday, April 30, 1992.

that the immunity applies for our acts that are willful misconduct beyond the scope.

- Has support and drug interdiction operations by the National Guard been going on illegally for the past five years?
- This legislation is so the Governor can call out the National Guard for drug interdiction activities, and that has not been going on in the past?
- Is the local sheriff's office considered under the state law enforcement agency area?
- So a local sheriff could make the request also?

Chair Sebelius closed the hearings on SB 780 as there were no other conferees.

Representative Baker made the motion to report SB 780 favorable for passage. Representative Empson made a second to the motion, which passed on a voice vote.

SB 513

Chair Sebelius explained that would allow lottery prizes to be assigned and dealt with a particular situation that Senator Moran had. The only change in the language is on lines 33 to 35 which allows in a will or some other authority to assign prizes.

Representative Lane made a motion to report SB 513 favorable for passage. Representative Ramirez made a second to the motion.

Committee members discussed who brought the bill forward and who the prize would be assignable to.

Representative Roy made a substitute motion to amend SB 513 by limiting the assignability to areas involving heirs or other beneficiaries of the estate. Representative Long made a second to the motion, which failed on a voice vote.

Staff explained that current law does provide, if you look at lines 23 through 26 that the prize can be paid to a deceased persons estate. She added that as she remembered discussion from the Senate, the winner had not died but wanted to create a trust for his heirs and not have to pay inheritance tax.

Representative Charlton made a substitute motion to amend SB 513 by putting a period after assignable on line 33, and strike the remaining of line 33, 34 and 35. Representative Gilbert made a second to the motion.

One Committee member stated that unlimited assignability really creates administrative headaches for the Lottery, and you're going to have to have some kind of restrictions on this. Some Committee members expressed

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS
room 526-S, Statehouse, at 1:30 p.m. on Thursday, April 30, 1992.

dislike for the substitute motion.

Representative Krehbiel made a substitute motion to table SB 513. Representative Smith made a second to the motion, which failed on a voice vote.

Chair Sebelius brought the Committee's attention back to Representative Charlton's substitute motion. Staff stated that instead of making assignable, you will want to say is assignable. Representative Charlton agreed.

Upon a voice vote, the substitute motion failed.

Chair Sebelius announced that the Committee is back on the original motion to pass SB 513 favorable.

Upon a voice vote, the motion to pass SB 513 favorable passed.

Chair Sebelius asked for a motion to approve minutes for Monday, January 27; Wednesday, January 29; Thursday, January 30; and Monday February 3, 1992.

Representative Long pointed out that he was present on the day "Tuck Duncan" talked.

MINUTES

Representative Long made a motion to approve minutes for 1/27/92, 1/29/92, 1/30/92 and 2/3/92 and showing that he was present January 29, 1992. Representative Krehbiel made a second to the motion, which passed on a voice vote.

HB 3114

Chair Sebelius handed out to the Committee two sets of fiscal notes, one is dated March 16, 1992 with an additional memo, Attachment #2, and a fiscal note dated April 30, 1992, Attachment #3. She reminded the Committee that HB 3114 was reported favorable by this Committee after discussion and hearings. It was on general orders and on the 9th of April, Gloria Timmer, Director of the Budget came to me and showed me the memo, Attachment #2, dated April 10th. This memo was addressed to me, it's not on letterhead, it has a signature line for Ms. Timmer, but not signed. Ms. Timmer asked me if I had seen this document before, which I had not, and neither had she and didn't know where it had come from. Upon investigating, Ron Heim had prepared this document out of his office, had faxed it to the Revenue department who removed the cover sheets and sent it on to Gloria Timmer's office. It was Ron Heim's revised numbers on what the new fiscal note could look like given the potential of the number of licensees who were out there and could buy pull-tab bingo cards. Representative Sebelius pointed to the second page of the revised

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS
room 526-S, Statehouse, at 1:30 p.m. on Thursday, April 30, 1992.

estimate, rather than the net loss projected in the March 16 fiscal note, there is an increase of \$845,200 which Ron Heim estimated the State would gain. With all of this, Representative Sebelius asked that HB 3114 be rereferred to our Committee to get the numbers straight and ascertain how these numbers had appeared. Representative Sebelius stated that she is now personally satisfied that there was no intent to defraud the Committee or the process. Representative Sebelius handed out to Committee members an explanation from Mr. Heim, Attachment #4.

Committee members asked Mr. Heim to explain the situation. Committee members discussed the difference in numbers on the fiscal notes.

Representative Lane made a motion to report HB 3114 favorable for passage. Representative Ramirez made a second to the motion. Division is requested after a voice vote. Motion carries by a show of hands.

SB 639

Representative Empson made a motion amend SB 639 to reconcile the language with the racing bills that are already out there and to report SB 639 favorable for passage. Representative Long made a second to the motion, which passed on a voice vote.

Chair Sebelius adjourned the meeting.

GUEST LIST

DATE April 30, 1992

(PLEASE PRINT)

NAME

ADDRESS

WHO YOU REPRESENT

NAME	ADDRESS	WHO YOU REPRESENT
Jim & Sonia Yocum	- Topeka	K-Q-R-A-
Bill Henry	- Topeka	Philip Morris
JOHN C. BOTTENBERG	TOPEKA	BOTTENBERG & ASSN VLC
Carol McDonald	Topeka	Kansas City
Charles Bredahl	Topeka	Adi Gen's Post
Ron Herz	"	Coalition for Tobacco Control
Jude Hein	"	Coalition for Tobacco Control
Blair & Malone	"	Sunflower Club
Tom Fanning	"	Kansas Quilters Association
Robert Babrah	alex VA	VLC
Nick Rosen	Topeka	IGT
WATT DARLING	TOPEKA	Ks Division of Budget



REPLY TO
ATTENTION OF

DEPARTMENTS OF THE ARMY AND AIR FORCE
NATIONAL GUARD OF KANSAS
ADJUTANT GENERAL OF KANSAS
P.O. BOX C-300
TOPEKA, KANSAS 66601-0300



April 29, 1992

Members of the House Federal and State Affairs Committee:

The Kansas Adjutant General, Major General James Rueger, supports Senate Bill 780.

The Kansas National Guard along with National Guard units in nearly all of the 50 states has been actively engaged in assisting local, federal and civilian law enforcement agencies with counter drug and drug interdiction operations as part of the national war on drugs. This program has been highly successful.

The proposed amendments to K.S.A. 48-241 as provided in Senate Bill 780 will specifically delineate the authority of the commander in chief to order into active service members of Kansas National Guard units for the express purpose of assisting civilian law enforcement agencies with counter drug and drug interdiction activities.

This amendment is needed to: (1) eliminate a potential successful challenge to the lawful use of Kansas military assets for such law enforcement activities; (2) specifically cloaks men and women of the Kansas National Guard with qualified immunity from civil prosecution as is presently provided National Guard personnel engaged in the lawful activities permitted under K.S.A. 48-241 (a critical protection which is needed in this volatile legal arena of criminal drug activity); and (3) assist with defining the state's authority to participate with other states in undertaking joint operations with law enforcement agencies through a mutual assistance compact with other jurisdictions.

Your favorable consideration of this amendment is respectfully requested.

JONATHAN P. SMALL
COLONEL, JAGC, KSARNG
Judge Advocate General
State of Kansas

KS0403T1

House Federal & State Affairs
April 30, 1992
Attachment #1

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

(913) 296-2436
FAX (913) 296-0231

JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

March 16, 1992

The Honorable Kathleen Sebelius, Chairperson
Committee on Federal and State Affairs
House of Representatives
Third Floor, Statehouse

Dear Representative Sebelius:

SUBJECT: Fiscal Note for HB 3114 by Committee on Federal
and State Affairs

In accordance with KSA 75-3715a, the following fiscal note
concerning HB 3114 is respectfully submitted to your committee.

HB 3114 would authorize the use of "instant" bingo games by
licensees authorized to conduct bingo games under current law.
Instant games refer to the sale of disposable cards which have
a removable cover, which when removed, reveals a set of
numbers, letters, symbols, or configurations for the purpose of
winning prizes. The bill limits the cost of a single instant
bingo card to one dollar.

This bill creates a tax of \$15 per box of instant bingo
cards and limits the number of cards in any one box to 3,800.
Revenues generated by the tax on instant bingo cards would be
deposited in the state treasury with one-third of the amount
being credited to each the State General Fund, the County and
City Bingo Tax Fund, and the Bingo Regulation Fund.

The bill would take effect and be in force from and after
its publication in the statute book.

Reduced revenues to the State Gaming Revenues Fund and
increased revenues to the State General Fund, the State Bingo
Regulation Fund and the County and City Bingo Tax Fund would be
anticipated upon passage of this bill. The actual amounts by
which revenues to these funds would increase or decrease would
depend upon the number of bingo cards sold as a result of this
bill and the number of bingo cards and instant cards which
would not be sold by the Kansas Lottery.

*House Federal, State Affairs
April 30, 1992
Attachment #2*

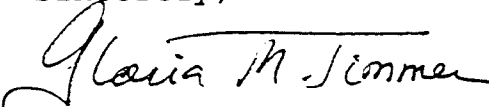
The Honorable Kathleen Sebelius
March 16, 1992
Page Two

Sales by the Kansas Lottery of bingo cards and instant game cards by lottery retailers which are also bingo licensees totaled \$768,000 in calendar year 1991. Of this amount, 30 percent or approximately \$230,000 was transferred to the State Gaming Revenues Fund and from it to the Economic Development Initiatives Fund (EDIF) and the Correctional Institutions Building Fund (CIBF) to be expended by the state in accord with appropriation acts. The 1991 sales of the Kansas Lottery equate to the sale of 1,360,000 tickets.

The Kansas Lottery assumes a total loss of its sales by bingo licensees, as this bill authorizes prize percentages for privately distributed games at levels higher than the 60 percent limitation in current law for Kansas Lottery games. If it is assumed that an equal number of tickets would be sold by private distributors as was sold by the Lottery in 1991, the 1,360,000 tickets would equal sales of no fewer than 357 boxes of tickets. Under this bill, taxes of \$15 per box would generate additional revenues of \$5,355. The revenues from this tax would then be divided equally between the Bingo Regulation Fund, the County and City Bingo Tax Fund, and the State General Fund.

The net change in annual revenues to the State of Kansas would be anticipated as the difference between the increased revenues of \$5,355 and the reduced revenues of \$230,000, or a net reduction of \$224,645. Any revenue changes which would result upon passage of this bill are not included in the *FY 1993 Governor's Budget Report*.

Sincerely,


Gloria M. Timmer
Director of the Budget

cc: Ray Rhoads, Revenue
Gary Saville, Lottery

879

HF 35A
4/30/92
2-2

April 10, 1992

The Honorable Kathleen Sebelius, Chairperson
Committee on Federal and State Affairs
House of Representatives
Third Floor, Statehouse

Dear Representative Sebelius:

SUBJECT: Fiscal Note for HB 3114 by Committee on Federal
and State Affairs

In accordance with KSA 75-3715a, the following fiscal note
concerning HB 3114 is respectfully submitted to your committee.

HB 3114 would authorize the use of "instant" bingo games by
licensees authorized to conduct bingo games under current law.
Instant games refer to the sale of disposable cards which have a
removable cover, which when removed, reveals a set of numbers,
letters, symbols, or configurations for the purpose of winning
prizes. The bill limits the costs of a single instant bingo card
to one dollar.

This bill as amended creates a tax of 1% of retail sales of
instant bingo cards and limits the number of cards in any one box
to 3,800. Revenues generated by the tax on instant bingo cards
would be deposited in the state treasury with one-third of the
amount being credited to each of the State General Fund, the
County and City Bingo Tax Fund, and the Bingo Regulation Fund.
In addition, the sales would be subject to the state sales tax.

The bill would take effect and be in force from and after
its publication in the statute book.

Reduced revenues to the State Gaming Revenues Fund and
increased revenues to the State General Fund, the State Bingo
Regulation Fund and the County and City Bingo Tax Fund would be
anticipated upon passage of this bill. The actual amounts by
which revenues to these funds would increase or decrease would
depend upon the number of bingo cards sold as a result of this
bill and the number of bingo cards and instant cards which would
not be sold by the Kansas Lottery.

Sales by the Kansas Lottery of bingo cards and instant game
cards by lottery retailers which are also bingo licensees totaled
\$768,000 in calendar year 1991. Of this amount, 30 percent or
approximately \$230,000 was transferred to the State Gaming
Revenues Fund and from it to the Economic Development Initiatives
Fund (EDIF) and the Correctional Institutions Building Fund
(CIBF) to be expended by the state in accord with appropriation
acts. The 1991 sales of the Kansas Lottery equate to the sale of
1,360,000 tickets.

HF 3114
4-30-92
2-3

The Honorable Kathleen Sebelius
April 10, 1992
Page Two

The Kansas Lottery assumes a total loss of its sales by bingo licensees, as this bill authorizes prize percentages for privately distributed games at levels higher than the 60 percent limitation in current law for Kansas Lottery games. If it is assumed that an equal number of tickets would be sold by private distributors as was sold by the Lottery in 1991, the 1,360,000 tickets would generate revenues of \$71,400 (\$1,360,000 times the 4.25% sales tax and the 1% enforcement tax.) The revenues from this tax would then be divided equally between the Bingo Regulation Fund, the County and City Bingo Tax Fund, and the State General Fund.

Approximately 15 bingo licensees currently hold lottery licenses. Assuming same sales of instant bingo tickets as lottery pull-tabs, revenue results would be as follows, based upon number of bingo licensees utilizing instant bingo.

LICENSEES	SALES	ENFORCEMENT TAX	SALES TAX	TOTAL TAX
15	768,000	7,680	32,640	40,320
200	10,240,000	102,400	435,200	537,600
400	20,480,000	204,800	870,400	1,075,200
500	25,600,000	256,000	1,088,000	1,344,000

Assuming 400 organizations participate, the net change in annual revenues to the State of Kansas would be anticipated as the difference between the increased revenues of \$1,075,200 and the reduced revenues of \$230,000, or a net increase of \$845,200. Any revenue changes which would result upon passage of this bill are not included in the FY 1993 Governor's Budget Report.

Sincerely,

Gloria M. Timmer
Director of the Budget

cc: Ray Rhoads, Revenue
Gary Saville, Lottery

HF 5A
4-30-92
2-4

STATE OF KANSAS



DIVISION OF THE BUDGET

Room 152-E
State Capitol Building
Topeka, Kansas 66612-1578

JOAN FINNEY, GOVERNOR
GLORIA M. TIMMER, Director

(913) 296-2436
FAX (913) 296-0231

April 30, 1992

REVISED

The Honorable Kathleen Sebelius, Chairperson
Committee on Federal and State Affairs
House of Representatives
Third Floor, Statehouse

Dear Representative Sebelius:

SUBJECT: Fiscal Note for HB 3114 by Committee on Federal
and State Affairs

In accordance with KSA 75-3715a, the following revised
fiscal note concerning HB 3114 is respectfully submitted to
your committee.

HB 3114 would authorize the use of "instant" bingo games by
licensees authorized to conduct bingo games under current law.
Instant games refer to the sale of disposable cards which have
a removable cover, which when removed, reveals a set of
numbers, letters, symbols, or configurations for the purpose of
winning prizes. The bill limits the cost of a single instant
bingo card to one dollar.

This bill creates a tax of \$15 per box of instant bingo
cards and limits the number of cards in any one box to 3,800.
Revenues generated by the tax on instant bingo cards would be
deposited in the state treasury with one-third of the amount
being credited each to the State General Fund, the County and
City Bingo Tax Fund, and the Bingo Regulation Fund. The bill
would take effect and be in force from and after its
publication in the statute book.

As amended by the House Committee on Federal and State
Affairs, the following changes would:

1. Include any political party committee in the
definition of a nonprofit fraternal organization;
2. Add a one percent tax on the retail value of all
tickets in a box of instant bingo tickets and provide
a penalty for failure to file the tax;

House Federal, State Affairs
April 30, 1992
Attachment # 3

3. Delete the provision for a \$15 per box tax on instant bingo cards;
4. Provide for the registration of bingo card distributors by the Secretary of Revenue after the payment of a \$500 registration fee;
5. Provide that revenues from registration fees be remitted to the Bingo Regulation Fund rather than the State General Fund; and
6. Include a provision which stipulates that if any portion of the act is found to be unconstitutional, the remaining portion of the act shall not be affected.

Reduced revenues to the State Gaming Revenues Fund and increased revenues to the State General Fund, the State Bingo Regulation Fund and the County and City Bingo Tax Fund would be anticipated upon passage of this bill. The actual amounts by which revenues to these funds would increase or decrease would depend upon the number of bingo cards sold as a result of this bill and the number of bingo cards and instant cards which would not be sold by the Kansas Lottery.

Sales by the Kansas Lottery of pull tab cards and instant game tickets by lottery retailers which are also bingo licensees totaled \$768,000 in calendar year 1991. Of this amount, 30 percent or approximately \$230,000 was transferred to the State Gaming Revenues Fund and from it to the Economic Development Initiatives Fund (EDIF) and the Correctional Institutions Building Fund (CIBF) to be expended by the state in accord with appropriation acts. The 1991 sales of the Kansas Lottery equate to the sale of 1,333,000 tickets.

The Kansas Lottery assumes a total loss of its sales by bingo licensees, as this bill authorizes prize percentages for privately distributed games at levels higher than the 60 percent limitation in current law for Kansas Lottery games. If it is assumed that an equal number of tickets would be sold by private distributors as was sold by the Lottery in 1991, the 1,333,000 tickets would equal sales of no fewer than 350 boxes of tickets. Under this bill, taxes of \$15 per box would generate additional revenues of \$5,250. The revenues from this tax would then be divided equally between the Bingo Regulation Fund, the County and City Bingo Tax Fund, and the State General Fund.

The net change in annual revenues to the State of Kansas would be anticipated as the difference between the increased revenues of \$5,250 and the reduced revenues of \$230,000, or a net reduction of \$224,750. Any revenue changes which would result upon passage of this bill are not included in the *FY 1993 Governor's Budget Report*.

As amended by the House Committee on Federal and State Affairs, the fiscal impact is modified. The amended version

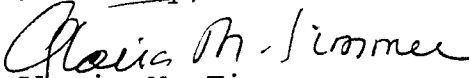
HF 5A
4-30-92
3-2

provides for a one percent tax on the retail value of all tickets in a box instead of the \$15 per box tax as provided in the introduced version. On the basis of 350 boxes (equating to the 1991 Lottery sales level) and assuming tickets at a retail price of \$.50 each with 3,800 tickets per box, the revenue to the Bingo Regulation Fund would total \$19 per box or \$6,650 annually. The amended version thus provides \$4 per box more income to the state than the introduced version.

The Kansas Lottery has testified before legislative committees that a relationship exists between the percentage of the ticket sales price returned to players as prizes and the level of ticket sales in total. Thus, as the percentage of revenues from sales returned as prizes increases, the number of tickets sold also increases. This bill, in its introduced and its amended forms, provides authority for organizations to sell bingo tickets which return a higher percentage of revenues to the players as prizes than the level currently authorized for the Kansas Lottery. If the organizations preferred a higher prize payout, and if the bingo ticket distributors offered tickets with such a higher prize payout, ticket sales could be increased over the 1991 actual experience of the Lottery. Any increase in sales would result in additional revenues from the one percent rate set in the amended form. However, no information exists which would suggest that such a change in prize payout would be offered. Therefore, the introduced and amended fiscal notes on the bill assume the 60 percent prize structure.

As amended, revenues to the State General Fund would be reduced and revenues to the Bingo Regulation Fund would be increased approximately \$18,000 as the amended form provides that revenues from bingo license fees would be credited to the Bingo Regulation Fund and current law deposits such funds to the State General Fund. Also, additional revenues to the Bingo Regulation Fund would be anticipated from registration fees of \$500 per distributor. Although the number of registrations cannot be estimated, few distributors are expected to request registration and anticipated revenues would be minimal. The net change in annual revenues to the State of Kansas would be anticipated as the difference between the increased revenues of \$6,650 and the reduced revenues of \$230,000, or a net reduction of \$223,350. Any revenue changes which would result upon passage of this bill are not included in the *FY 1993 Governor's Budget Report*.

Sincerely,


Gloria M. Timmer
Director of the Budget

cc: Ray Rhoads, Revenue
Gary Saville, Lottery

HEIN, EBERT AND ROSEN, CHTD.
ATTORNEYS AT LAW
5845 SW 29th Street, Topeka, Kansas 66614
Telefax: (913) 273-9243
(913) 273-1441

Ronald R. Hein
William F. Ebert
Eric S. Rosen

HOUSE FEDERAL AND STATE AFFAIRS COMMITTEE
HEARING RE: INSTANT BINGO HB 3114
Presented by Ronald R. Hein
on behalf of the Coalition for Instant Bingo
April 30, 1992

Madame Chairman, members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Coalition for Instant Bingo.

HB 3114 was rereferred to the House Federal and State Affairs Committee because of a situation involving an alleged erroneous fiscal note. I called Mark Beshears because the original fiscal note was flagrantly in error. (It failed to include sales tax from instant bingo tickets, assumed only bingo licensees currently holding lottery retailer licenses would play instant bingo, and assumed all sales of lottery pull tabs by bingo licensees would cease. Also the Committee amended the bill to provide for a 1% enforcement tax rather than a \$15 per box enforcement tax.

The Coalition had testified about a \$0.5-1.0 million increase in revenues for the state of Kansas and it is important to the Coalition that the information presented to the Legislature be accurate.

I inquired whether the industry was permitted to submit data to the Department, and was advised that this was permissible, and that this was done quite frequently. I had never submitted industry data to the Department prior to this occasion. I informed Mark that I would be making my changes on the original fiscal note, and would send that to him, and would have it retyped so that he could read it.

I did just that, making my changes directly on a copy of the original fiscal note. The result was extremely difficult to read, given all the arrows, insertions, etc. I gave it to my secretary, asked her to retype it and send Mark a copy of my original changes to the fiscal note (so he could see what changes I had made), my retyped version (for readability), and a cover sheet showing that it had come from our office. My secretary did all that without my being involved from then on.

Mark said he would give it to somebody in his office to check the Coalition's projections, and I specifically indicated that he needed to check one specific number with regard to the current number of bingo licensees who hold lottery retailer licenses.

House Federal & State Affairs
April 30, 1992
Attachment #4

Apparently, Mark handed this document to somebody else, who mistakenly thought that the retyped version had been approved by Mark, who then removed the retyped version from the original five page packet, and faxed it to Gloria Timmer, who then brought it to Kathleen Sebelius on the floor.

Apparently, at least one member of this Committee then thought that the industry or myself had distributed this fiscal note on the floor, but that was not the case. It was sent only to Mark Beshears, and only after his assurance that Revenue would take the industry's input, and would prepare the fiscal note to be submitted to Division of Budget.

The Coalition for Instant Bingo stands by the original numbers that we presented to this legislative committee. We have run checks on the projections in several ways. Each approach is analyzed on attachments to this testimony.

Since I do not have this information of my own accord, and only have at my hands the information which is available from other sources such as the Department of Revenue and the industry itself, I have brought industry representatives with me today in case there are specific questions that would challenge any of the industry's assumptions.

Thank you very much for permitting me to comment on this matter. The Coalition for Instant Bingo urges the Committee to report HB 3114 favorably, again, and would urge the House to act expeditiously on this measure.

HF 3 SA
4/30/92
42

METHODOLOGY 1: The Coalition contacted persons in the industry, both within and outside the Coalition, and were advised that the sale of instant bingo tickets should not adversely impact the existing bingo sales, but should produce up to 50% additional revenue for the State. Based upon the fact that the current bingo taxes collected are approximately \$1.8 million, this would result in a projection of approximately \$900,000.00 of additional revenue.

RESULT: Approximately \$900,000.00

METHODOLOGY 2: Utilizing the data provided by Division of Budget with regards to their projections, the Coalition changed the assumption that only a handful of bingo licensees would play the game. (It was this methodology that was utilized in the projections sent to Mark Beshears.)

The assumption of the original fiscal note that only 15-25 bingo licensees who already hold lottery retailer licenses would play instant bingo is, according to the members of the Coalition, ridiculously low.

There are approximately 700 bingo licensees in the State, and the estimates of the number that will play instant bingo range from 400 to all of them.

Utilizing the same projections based upon existing lottery pull tab sales by bingo licensees, one can extrapolate out an approximate projection of sales assuming different numbers of licensees playing instant bingo.

The chart following sets out the sales based upon various numbers, utilizing the same numbers as in the original fiscal note, and assuming that the spread of the size of the existing bingo retailers with lottery retailer licenses are approximately the same as the licensees who would play instant bingo:

LICENSEES	SALES	ENFORCEMENT TAX	SALES TAX	TOTAL TAX
15	768,000	7,680	32,640	40,320
200	10,240,000	102,400	435,200	537,600
400	20,480,000	204,800	870,400	1,075,200
500	25,600,000	256,000	1,088,000	1,344,000

Assuming 400 licensees play instant bingo, a conservative figure, the net impact to the State would be an increase of \$1,075,200.00 in revenue. If there are 25 current licensees, the figures extrapolated out would result in a total tax of \$645,120.00.

RESULT: \$645,120.00-1,075,200.00.

HF 35A
4/30/92
4-3

METHODOLOGY 3: Using the data from the State of Missouri (attached to this testimony), the Coalition was able to arrive at the gross sales of both bingo and pull tabs for the State of Missouri. The gross sales for bingo would be \$106,821,314.40, and for pull tabs would be \$58,936,084.40.

Then taking the population of Kansas vs the population of Missouri (utilizing 1989 Rand McNally atlas which utilized 12-31-86 estimates) Kansas' population was .5522% of Missouri's. Applying that percentage to the gross bingo sales and gross pull tab sales, and then applying the Kansas sales and enforcement tax rates upon those numbers, results in bingo tax receipts of \$4,276,537.91, and instant bingo tax receipts of \$1,708,586.55.

As you can see, the bingo figure is approximately twice the size of actual bingo receipts in Kansas. This would appear to indicate that, per capita, Missourians are generating twice the revenues of Kansas. Applying that same assumption to the instant bingo receipts, you would then have to cut the instant bingo receipts in half, which would result in a fiscal impact of a positive \$854,293.23.

RESULT: \$854,293.23.

METHODOLOGY 4: The total number of bingo games played in Kansas is 29,000 games. Assuming that for each of these games there is sold \$500 worth of pull tabs (which represents 1/4 of a 2,000 card box at \$1), the net tax receipts derived from those sales would equal \$761,250.00

RESULT: \$761,250.00

As the committee can see, it is extremely difficult to attempt to project what will happen prospectively in time. But the industry has taken great steps to research this issue, and based upon the various methodologies used, it is clear that the numbers presented fall in the one-half million to one million dollar range that the industry has testified to.

The Division of Budget's original estimate of a loss of \$225,000 is grossly in error. As you can see, there was no reference to sales tax receipts even in the fiscal note itself. But even beyond that, assuming that only a handful of bingo licensees who already hold bingo retailers licenses will play the game is simply unbelievable. The projection that only 537 boxes of instant ticket cards would be sold, if true, would mean that the Coalition would not even bother to lobby on behalf of this bill. That number would mean that the average licensee in the State would not even sell a box a year.

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ADMINISTRATION BUREAU
BINGO TAX SECTION
PO BOX 3001
JEFFERSON CITY MO 65105-3001

STATE OF MISSOURI
Department of Revenue



MR THOMAS FRENN
KANSAS CHARITIES COOPERATIVE
5265 S W 28th CT
TOPEKA KS 66614

April 27, 1992

Dear Mr. Frenn:

In response to your inquiry of April 22, 1992, during FY 91, the State of Missouri collected \$2,670,352.86 from bingo and \$1,473,402.11 from pull tab cards. The amount collected represents 2 1/2 % of the gross spent. In addition \$561,080.00 was collected from the \$10 pull tab tax stamp.

For your convenience the monies collected by the State of Missouri during previous years are as follows:

FY 90	Bingo	\$2,484,922.84
	Pull Tabs	\$1,243,581.32
	Pull Tab Tax Stamp	\$ 488,002.00
FY 89	Bingo	\$2,499,625.42
	Pull Tabs	\$ 896,784.03
	Pull Tab Tax Stamp	\$ 434,000.00
FY 88	Bingo	\$2,219,351.13
	Pull Tabs	\$ 767,255.24
	Pull Tab Tax Stamp	\$ 369,000.00
FY 87	Bingo	\$2,016,047.16
	Pull Tabs	\$ 579,661.33
	Pull Tab Tax Stamp	\$ 313,001.00
FY 86	Bingo & Pull Tabs	\$2,108,195.15
	Pull Tab Tax Stamp	\$ 265,000.00
FY 85	Bingo & Pull Tabs	\$1,618,884.37
	Pull Tab Tax Stamp	\$ 235,000.00

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MR THOMAS FRENN
APRIL 27, 1992
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If we may be of further service, please feel free to contact us at
(314) 751-2326 or by writing Bingo Tax Section, P.O. Box 3001,
Jefferson City, MO 65105-3001.

Sincerely,

Jane M. Bax
Jane M. Bax
Supervisor
Bingo Tax Section

JMB:WJM:js

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