

Approved: 2-3-95
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting of the Joint House/Senate Federal and State Affairs Committee was called to order by Senator Lana Oleen at 12:05 a.m. on January 31, 1995 in Room 313-S of the Capitol. Presiding at the joint meeting were Representative Gary Boston and Senator Lana Oleen.

Members present were: Senator Oleen Representative Boston
Senator Tillotson Representative Cox
Senator Jones Representative Standifer
Senator Gooch Representative Adkins
Senator Papay Representative Ballou
Senator Praeger Representative Donovan
Senator Ramirez Representative Franklin
Senator Walker Representative Lawrence
Representative Lloyd
Representative B. Nichols
Representative Packer
Representative Samuelson
Representative Swenson
Representative Vickrey
Representative Alldritt
Representative Findley
Representative Gilbert
Representative Ruff
Representative Smith
Representative Spangler
Representative Weiland

Committee staff present: Mary Galligan, Legislative Research Department
Lynn Holt, Revisor of Statutes
Kim Perkins, Committee Secretary
June Evans, Committee Secretary

Conferees appearing before the committee: Ron Hein, Attorney for the Instant Bingo Coalition
Charles Yunker, American Legion Department of Kansas
Mike Lenherr, Knights of Columbus
Mary Magnuson, National Association for Funding and Ticketing Manufacturers
Dave Schneider, Kansans for Life at its Best
Frances Wood, Woman's Christian Temperance Union

Others attending:

Sen. Oleen stated that the House of Representatives and the Senate committees were called together to hear testimony on SB 78 and SCR 1602, relating to bingo and instant bingo. Sen. Oleen stated the time would be divided equally between proponents and opponents and will leave time for questions from committee members.

Sen. Oleen introduced Ron Hein to testify as a proponent (Attachment 1). Ron Hein gave an overview of the bill and of the resolution, defining bingo and instant bingo; discussed the revenue collected through taxes, which the bill would generate; and explained the history of the bill, and its legal case status. Ron Hein stated that the intent of the bill was in no way to authorize the charitable groups to do any kind of casino gambling or any type of video lottery.

Charles Yunker, American Legion Department of Kansas; Mike Lenherr, Knights of Columbus; and Mary Magnuson, National Association for Funding and Ticketing Manufacturers also gave testimony as proponents (Attachments 2, 3, & 4). Proponents supplying testimony, but not speaking, were Thomas Frenn, the Kansas Charities Cooperative and Lewis Cooper, Veterans of Foreign Wars of the United States (Attachments 5 & 6).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 313-S
Statehouse, at 12:05 a.m. on January 31, 1995.

Dave Schneider, Kansans For Life At its Best, testified in opposition to SB 78 and SCR 1602 explaining that his organization believes it will open the door to a steady expansion of gambling in Kansas (Attachment 7). Also in opposition, Frances Wood, the Woman's Christian Temperance Union of Kansas testified that she was against bingo as a form of gambling (Attachment 8). Opponent supplying testimony, but not speaking was Glenn Thompson, Stand Up for Kansas (Attachment 9).

Sen. Oleen called for questions from the joint committee and Sen. Gooch asked Mary Magnuson if her company was the exclusive producer of the instant bingo tickets. Magnuson answered that there were another four or five companies which produced the tickets. Rep. Swenson asked how many public and private schools use bingo as a fund raising technique. Magnuson did not know the answer but acknowledged that while most public schools did not allow bingo or instant bingo, a number of parochial and private schools do use bingo and generate much needed funds to keep their doors open.

Sen. Jones asked Ron Hein to address whether the election in April would be a special election for this issue. Ron Hein answered that he had spoken to Secretary of State Ron Thornburgh and was told that February 28, 1995 was the deadline to put the issue on the ballot as it is a state-wide election on April 4, 1995.

Sen. Tillotson addressed an area of vague language in line 24, page 1 of SCR 1602 which state "including but not limited to call bingo and instant bingo". Ron Hein answered that he did not believe that the language was necessary for the bill's intent.

Rep. Lloyd asked who determined the percentage of people who would win on each package on a front sheet called the "flag". Ron Hein announced that there is generally a minimum payout requirement. Mary Magnuson explained that the payout is determined at the factory where the cards are made, therefore each organization cannot change the payout from game to game. Sen. Oleen asked Chuck Yunker how many organizations were licensed in Kansas for bingo and Chuck answered that there were 530-550.

Sen. Gooch asked the opponents to the bill if it were true that the people themselves were voting on this and did the opponents not trust the people to make the best decision. Dave Schneider answered that the committee treat this issue like any other constitutional amendment and determine whether it merits being put on the ballot for voter consideration.

Sen. Ramirez asked both opponents of SB 78 and SCR 1602 if they had an opinion of initiative and referendum and neither Dave Schneider nor Frances Wood had an opinion on this issue.

Sen. Oleen asked if there were any more questions, seeing none, the meeting was adjourned at 1:00 p.m.

The next meeting is scheduled for February 1, 1995.

HEIN, EBERT AND WEIR, CHTD.

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Stacey R. Empson*

**SENATE FEDERAL AND STATE AFFAIRS
and
HOUSE FEDERAL AND STATE AFFAIRS
TESTIMONY RE: SCR 1602 and SB 78
Presented by Ronald R. Hein
on behalf of
COALITION FOR INSTANT BINGO
January 31, 1995**

Madam Chairman,

My name is Ron Hein, and I am legislative counsel for the Coalition for Instant Bingo. The Coalition for Instant Bingo is an organization to promote instant bingo, comprised of the members of the Kansas Charities Cooperative, the American Legion, the VFW, the Elks, the Eagles, the Knights of Columbus, and the Sunflower Club Association.

The Coalition for Instant Bingo strongly supports the adoption of SCR 1602. Many of the members of both the House and the Senate Federal and State Committee are quite familiar with this issue, but since there are many new members of the legislature, a brief history is in order.

Article 15, section 3 of the Kansas Constitution has been interpreted as prohibiting any lotteries, including bingo. Since bingo is a game involving chance, prize, and consideration, it is subject to the lottery prohibition. In 1974, the Kansas voters authorized an amendment to the Kansas Constitution to permit the Legislature to "regulate, license and tax the operation or conduct of games of 'bingo', as defined by law, by bonafide non-profit religious, charitable, fraternal, educational and veterans organizations". Shortly thereafter, the Kansas Legislature passed an act regulating bingo by such non-profit organizations. At that time, the Legislature defined bingo by describing the card on which bingo is played, using the definition of a 5 row by 5 column card with a free in the middle. Other states have defined bingo differently.

In 1992, some of the non-profit organizations that played bingo began exploring the possibility of adding "instant bingo" to the Kansas statute. Thirty one states permit instant bingo to be played by their non-profit organizations. Often times it is called pull tabs, or charity game tickets, but it is an extremely popular game played amongst bingo players.

Sen. Fed. & State

1-31-95

Attachment 1

The group retained legal counsel to explore the possibility of seeking a declaratory judgement action to determine whether or not such legislation would be constitutional. After researching the subject in great depth, it appeared that the Kansas Constitution would permit the Kansas Legislature to define bingo to include games such as instant bingo, since the elements of the game are exactly the same as regular bingo. The group chose to seek a declaratory judgement action because the Attorney General had previously ruled that pull tabs are constitutional.

The Attorney General indicated that he would fight the group's efforts for a declaratory judgement action, because the action was not "ripe", [a legal doctrine which means that the action could not be brought until there was an actual case to consider]. In short, the Attorney General indicated that he would oppose any action to seek a declaratory judgement until the legislature had an actual bill before it for the court to review. Therefore, the group withdrew the effort to seek a declaratory judgement, and instead introduced legislation to amend the bingo act to include instant bingo. That legislation passed in 1993, but the legislature inserted a one year "sunset" clause, during which time the state would have an opportunity to determine if the act was constitutional, and to review the fiscal note. [The Coalition for Instant Bingo had projected that the bill would raise approximately \$500,000 - \$1,000,000 for the state and new tax revenue. The total collection from instant bingo for FY 1994 was \$762,694.]

As anticipated, the Attorney General did file an action to declare the instant bingo act unconstitutional, and further refused to approve the adoption of any rules and regulations with regards to the act. However, the game was permitted to be played, and the litigation occurred concurrently. The District Court, on a Motion for Summary Judgment, ruled that the bingo act was constitutional. The Attorney General then appealed to the Court of Appeals.

In 1994, the Legislature removed the one year sunset clause from the legislation, which had the effect of making the instant bingo act permanent. Fiscal receipts had been as anticipated and there had been no problems in the playing of the game as reported by the Department of Revenue.

After the 1994 session, the Supreme Court pulled the case from the Court of Appeals, and found on a 5-2 vote that the instant bingo legislation was unconstitutional because, in the courts opinion, instant bingo was not bingo. The arguments presented in favor of the constitutionality included the fact that the legislature was given the authority to define bingo by the voters in the constitutional amendment, not the court; that instant bingo is included within the definition of bingo by other states and the Congress of the United States; and that instant bingo is therefore a "game of bingo" as provided for in the Kansas Constitution. [It should also be noted for the record that the Congress of the United States draws a distinction between games such as bingo, instant bingo, pull tabs, raffles, and other games which are games of chance between participants only; and those games which it deems to be "house games" which include casino gaming, roulette, poker, slot machines, and other games where the bet is between the player and the house]. In its brief to the Kansas Supreme Court,

the intervenor Topeka Moose Lodge, on behalf of the Coalition for Instant Bingo, noted that the non-profit organizations do not contend that the definition of bingo by the Kansas Legislature could be expanded into other games such as house games. Amongst the facts alleged by the intervenor in that action was that bingo is a game which involves a bet between participants, and not between the house and the participant.

The instant bingo legislation that was enacted, and which would be revived by SB 78 if the constitutional amendment is adopted by the people, provided for instant bingo games to be played only by bonafide, non-profit organizations as provided by the constitution, to be played only at the time that regular bingo games were being played, and to be played only by those participants at the bingo game. The game is regulated, controlled, and taxed by the Department of Revenue. In addition, the act provided, for the first time, a licensure procedure for the distributors of all games of bingo, instant or otherwise.

The intervenor in the Supreme Court case has filed for a Motion for Rehearing, and as of today, such motion has not been ruled upon by the court. Should the Motion for Rehearing be denied, the ruling by the Supreme Court will be remanded to the District Court, and the ruling of unconstitutionality will become final. The Coalition has discussed appealing this action to the U.S. Supreme Court on the bases that the Kansas Supreme Court has served its constitutional rights and powers by substituting its own judgment as to the definition of bingo when the Kansas Constitution clearly delegates the rights to be defined to the legislature. However, in light of the fact that you can not appeal to the U.S. Supreme Court as a matter of right, and in light of the high cost expected with a U.S. Supreme Court appeal, the Coalition will not exercise that option.

Although the Coalition still believes that the Kansas Supreme Court has made an erroneous opinion, nevertheless, if the non-profit organizations in this state wish to continue playing instant bingo, it appears that the easiest way for them to be able to do so is to amend the constitution. Therefore, the Coalition has asked for the introduction of SCR 1602.

This resolution would submit to the voters of the state at the April 4th election the proposed constitutional amendment to permit the Kansas Legislature to regulate games of instant bingo played only by the constitutionally recognized, non-profit organizations. For profit organizations and individuals would still be prohibited by the Kansas Constitution from playing bingo, instant bingo, or any other gambling.

It is absolutely our legislative intent that the language set out in this constitutional amendment not be interpreted in any way, shape, or form to authorize non-profit organizations to play any house games such as video lottery, or any other casino games such as roulette, poker, black jack, any card game, any game involving dice or any game that is defined as a house game under federal law.

The Coalition for Instant Bingo is stating this expression of our legislative intent with regards to this constitutional amendment for the purposes of insuring that there is no concern raised that this constitutional amendment could permit these non-profit organizations to go beyond the true intent of this amendment, which is to permit the non-profit organizations to play only bingo type games. It has been suggested that we use the term "pull tabs" in the Kansas Constitution, and the Coalition feels that this term might be too restrictive, because at some time in the future such games might be played with scratch offs rather than pull tabs, although the game is exactly the same. However, it is also our intent to make certain that we do not unduly open up this constitutional amendment, because we are aware that other groups are concerned about issues such as casino gaming, video lottery, and other house games which are often times high stakes games. The Coalition has no intent to permit the legislature to authorize non-profit organizations to play such games by this amendment, and we wish the record to be as clear as possible on that point. I would also specifically request that the committee note in its committee minutes if it approves the passage of SCR 1602, that the legislative intent is not to authorize any casino gaming or video lottery games. In this way, the record will be ironclad so that in no way can the Supreme Court or any other court interpret this proposed constitutional amendment so broadly as to permit such games.

If this committee thinks it is necessary, I have prepared an amendment to the explanatory statement of SCR 1602 to further tighten down this language and to make it clear to the voters when they are voting on this issue that SCR 1602 will not authorize any such games.

The coalition urges the passage of SB 78, concurrently with SCR 1602 with the understanding that the effective date of SB 78 is only upon approval by the voters of the resolution set out in SCR 1602. Should that resolution fail, SB 78 would never be enacted, despite passage by the legislature. We urge the legislature to pass SB 78 at the same time so that, should the constitutional amendment be ratified by the voters on April 4, the non-profit organizations can continue playing instant bingo as they have for the last year and a half without any further delay for legislative action, since the legislature will probably not be in session when the election results are certified.

I would remind the committee that the instant bingo bill has been passed overwhelmingly by both houses of the legislature, and was approved by the Governor on two separate occasions. When the bill was enacted in 1993, the Senate vote was 38-2, and the House vote was 83-40. The vote in 1994 was 30-9 in the Senate, and 94-29 in the House.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Senate Concurrent Resolution No. 1602

By Committee on Federal and State Affairs

1-11

9 A PROPOSITION to amend section 3a of article 15 of the constitution
10 of the state of Kansas, relating to bingo and instant bingo
11

12 *Be it resolved by the Legislature of the State of Kansas, two-thirds of the*
13 *members elected (or appointed) and qualified to the Senate and two-*
14 *thirds of the members elected (or appointed) and qualified to the House*
15 *of Representatives concurring therein:*

16 Section 1. The following proposition to amend the constitution of the
17 state of Kansas shall be submitted to the qualified electors of the state
18 for their approval or rejection: Section 3a of article 15 of the constitution
19 of the state of Kansas is hereby amended to read as follows:

20 "§ 3a. Regulation, licensing and taxation of "bingo" games
21 authorized. Notwithstanding the provisions of section 3 of article
22 15 of the constitution of the state of Kansas the legislature may
23 regulate, license and tax the operation or conduct of all games of
24 "bingo," including but not limited to call bingo and instant bingo,
25 as defined by law, by bona fide nonprofit religious, charitable, fra-
26 ternal, educational and veterans organizations."

27 Sec. 2. The following statement shall be printed on the ballot with
28 the amendment as a whole:

29 "Explanatory statement. This amendment would clarify that the
30 Constitution authorizes legislation to be enacted as provided by law
31 to define all games of bingo and make clear that instant ticket games
32 such as instant bingo are within the legislative intent of the consti-
33 tutional provision being amended.

34 "A vote for this proposition would clarify that all games of bingo,
35 including instant bingo, may be permitted by the legislature.

36 "A vote against this proposition would continue the current in-
37 terpretation that the legislature may not permit instant bingo."

38 Sec. 3. This resolution, if approved by two-thirds of the members
39 elected (or appointed) and qualified to the Senate and two-thirds of the
40 members elected (or appointed) and qualified to the House of Repre-
41 sentatives, shall be entered on the journals, together with the yeas and
42 nays. The secretary of state shall cause this resolution to be published as
43 provided by law and shall cause the proposed amendment to be submitted

for non-profit organizations

This amendment would not authorize the non-profit organizations to play video lottery or any other non-bingo type game.

defined and

define and

1-11

TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION 1602
AND SENATE BILL 78 BEFORE A JOINT MEETING OF THE
HOUSE AND SENATE FEDERAL AND STATE AFFAIRS COMMITTEES
BY CHARLES M. YUNKER, ADJUTANT, KANSAS AMERICAN LEGION
JANUARY 31, 1995

Thank you for the opportunity to speak to you today in favor of Senate Concurrent Resolution 1602 and Senate Bill 78. I also wish to thank the leadership and members of both the House and Senate Federal and State Affairs Committees for convening this joint meeting in an effort to expedite consideration of SCR 1602 and SB ⁷⁸1602. Your interest in and concern for this issue is sincerely appreciated.

In 1992 representatives of those who own Bingo Parlors, organizations who conduct charitable games of Bingo in Parlors, and those of us who represent religious, charitable, fraternal, educational and veterans organizations who own our facilities came to the legislature requesting Instant Bingo be included in the Kansas Statutes as provided for under Article 15-3A of the Kansas Constitution. Our purpose was to avoid what seemed to be an annual legislative battle between our groups over the number of days per week Bingo could be played in a given location and/or the total amount of prizes which could be awarded during a given Bingo Session; and to provide an additional source of revenue for our organizations to fund our civic and charitable programs such as in the case of The American Legion; American Legion Baseball, Cadet Law Enforcement Academy, Boys' State, Girls' State, our High School Oratorical Contest, Scholarships, assistance to disabled and needy veterans, children's parties and so on.

In 1993 the Legislature exercised its authority to define games of Bingo to include Instant Bingo and wisely included a one year

repealer provision just in case Instant Bingo failed to be what those of us who sought its passage had projected in our testimony. Those projections included avoidance of the annual battle between our groups as I've previously indicated; increased revenue for our organizations while providing greater entertainment and more payouts to Bingo players; and a minimum of between five hundred thousand to one million dollars in additional annual revenue to the State of Kansas.

Testimony given during the 1994 Legislative Session resulted in removal of the repealer provision because each of our projections were correct, and at very little cost to the state in terms of enforcement and administration. If memory serves me correctly, only one minor infraction which had already been quickly corrected was cited during testimony in 1994.

During FY 94 the State of Kansas collected \$633,424 in new sales tax revenues for the general fund as a result of Instant Bingo. Coupled with \$129,270 in additional Enforcement Taxes collected, for a total of \$762,694 Instant Bingo proved to be a winner for the State. Well within our projections without even considering local and county sales taxes which were collected.

By projecting the figures for the first four months of FY 95, Kansas was on track to receive \$671,496 in sales taxes and \$137,040 in Enforcement Taxes for a total of \$808,536. However those figures are misleading. That is; since the Kansas Supreme Court has ruled, "The definition of instant bingo in KSA 1993 supp. 79-4701(c) exceeds the power granted the legislature to define games of bingo...", most of our organizations have slowed, or in some cases have stopped,

purchasing Instant Bingo tickets because they fear being stuck with 'unsalable tickets once the final order to cease sales is rendered. If in fact it is rendered. Further, due to the legal challenge of the Legislature's authority to include Instant Bingo in the Kansas statutes, many Bingo licensees have never offered Instant Bingo to their patrons for the same reasons others have slowed or stopped purchasing new supplies.

In our opinion Instant Bingo has been a winner. Our organization's revenues are up, call Bingo sales are up in some areas or at a minimum have been unaffected, the State of Kansas has gained a new source of revenue for the General Fund and received additional Enforcement Taxes, cities and counties with sales taxes have gained, and most importantly the game has been extremely popular with Bingo players.

We believe if allowed to vote on this issue the majority of Kansas voters will support amending the state constitution to include Instant Bingo. And that is all we are asking for; the opportunity to vote on this issue.

Please do not be dissuaded by those who would have you believe passage of SCR 1602 and SB 78 will open a Pandora's box of other gaming opportunities. Lines 20 through 26 of SCR 1602 and lines 3 through 11 on page 2 of SB 78 only address Bingo and Instant Bingo. SCR 1602 does not include normal playing cards, dice, slot machines, video lottery, casinos; it only mentions call Bingo and Instant Bingo. SB 78 specifically prohibits dice, normal playing cards and slot machines (page 2, line 11).

On behalf of the more than ninety thousand members of The Kansas American Legion, American Legion Auxiliary and Sons of The American Legion, I urge your support and expedient passage of SCR 1602 so the voters of Kansas may decide this issue during the April, 1995 elections. I also ask for your support of SB 78 in order to implement Instant Bingo as quickly as possible after it is approved by the voters.

Knights of Columbus Statement on
Senate Concurrent Resolution No. 1602
By Paul L. Lenherr
Public Relations Chairman

On behalf of more than 30,000 members of the Kansas State Council of the Knights of Columbus, I thank you for allowing me this opportunity to address you today and to urge your support of Senate Concurrent Resolution No. 1602 and its companion, Senate Bill #78.

Since the admission of Kansas into the Union in 1861, Article 15, Subsection 3, of the Kansas Constitution prohibited lotteries and the sale of lottery tickets. In 1971, the State legislature attempted to circumvent the anti-lottery provision and passed legislation that authorized the operation of any bingo game conducted by certain organizations. As you know, this action was challenged, tried in court and ruled as unconstitutional.

However, the issue did not stop there. Eventually an amendment approved by the legislature and adopted by the people in the 1974 general election, permitted games of bingo to be conducted by certain bona fide nonprofit organizations. In 1975 the legislature enacted legislation, commonly known as the Bingo Act which provided for the licensure, regulation and taxation of games of bingo.

In 1993 the legislature amended the Bingo Act to include a new game called "instant bingo" and established guidelines to govern its play. At that time, I gave testimony on behalf of the Knights of Columbus in favor of then Senate Bill #181. I was very pleased when the bill passed both houses and ended up on the governor's desk for her signature. For those of you who supported that piece of legislation, I again want to thank you for all of your efforts. Like myself, I am sure that you were equally disappointed when the Kansas Supreme Court ruled that it was unconstitutional.

But, we are not the only ones who share this disappointment. Many other Kansans have enjoyed the inclusion of "instant bingo" at their regular bingo game. Many others will support our position once the grass roots effort is put into motion. We live in a democracy where the supreme power is vested in the people and exercised by them directly or indirectly through a system of representatives elected by the majority. This same democracy is made up of both a legislative branch as well as a judicial branch. Each has its specific function. When the two don't concur on an issue, where does one turn in a democracy if not to the people whom they represent?

Sen. Fed & State
1-31-95
Attachment 3

Some among you may feel that such action will only open the door for additional forms of gambling within our State. This is an area where you, our representatives, have complete control. I question whether any other form of gambling could operate successfully within the parameters that have been established regulating bingo and "instant bingo".

In 1974, the legislature turned to the people and the result was passage of the Bingo Act. Now, some twenty years later, I stand before you simply asking that you give democracy the opportunity to work for us once again. Let the people of Kansas, your constituents, amend Section 3a of Article 15 of the Constitution of the State of Kansas, relating to bingo and "instant bingo".

In closing, I remind you of the words spoken on November 19, 1863, by Abraham Lincoln at Gettysburg,

"It is rather for us to be here dedicated to the great task before us - that from these honored dead we take increased devotion to that cause for which they here gave the last full measure of devotion - that we here highly resolve that these dead shall not have died in vain; that this nation shall have a new birth of freedom; and that this government of the people, by the people, for the people shall not perish from the earth."

Again, I thank you for this opportunity and ask your utmost consideration in the passing of Senate Concurrent Resolution No. 1602 and Senate Bill #78.



Paul L. Lenherr
Public Relations Chairman
Kansas State Council
Knights of Columbus

TESTIMONY OF
MARY B. MAGNUSON
BEFORE THE JOINT HOUSE SENATE
FEDERAL AND STATE AFFAIRS COMMITTEES

January 31, 1995

I represent the National Association of Fundraising Ticket Manufacturers, a non-profit trade association comprised of six companies that produce the supplies used in charitable bingo. I am here today to urge your support of SCR 1602 and Senate Bill 78.

Instant bingo is a legal form of charitable fundraising in 34 states and in 9 out of 10 Canadian provinces. It is also an effective form of charitable fundraising, generating nearly two hundred million dollars in 1993 for charitable, community and other non-profit purposes. In fact, in 1993, instant bingo sales made up 50.54% of the total charitable gaming gross receipts nationally. In Kansas, instant bingo sales contributed nearly one million dollars in tax revenues to the state during the period of November 1993 to October 1994 and approximately two million dollars to the non-profit organizations sponsoring the games.

Instant bingo is not casino gambling; it is not high stakes gambling. It is a social activity designed to add variety and excitement to a call bingo game. The cost per play is minimal and the available prizes are small.

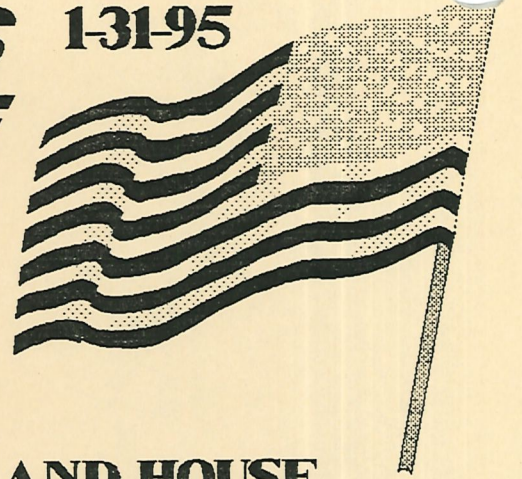
Instant bingo is also easily regulated. Each game contains an identified number of tickets to be sold at a set price. The prizes are pre-determined, although undisclosed, making the profit on each game subject to easy determination. Each game bears a unique serial number to assure that all games sold in Kansas can be accounted for.

Passage of SCR 1602 and Senate Bill 78 poses no threat of gambling escalation in Kansas. The intent of the measures is to make instant bingo constitutionally permissible; to permit non-profit organizations to once again offer a popular, small stakes game to bingo players to supplement legal fundraising activities. I urge your support of SCR 1602 and Senate Bill 78.

Sen. Fed & State
1-31-95
Attachment 4

KANSAS CHARITIES COOPERATIVE

**1250 MEDFORD
TOPEKA, KS 66604
913-233-0889**



MEMBERS OF THE SENATE AND HOUSE FEDERAL & STATE AFFAIRS COMMITTEE

Our association members include sixty-eight non-profit fraternal organizations. All of our groups use bingo and instant bingo for their fund raising. Two years ago we all worked very hard in cooperation with the American Legion of Kansas, the Kansas Sunflower Club Association, and the VFW to get instant bingo passed. To loose this now would hurt our organizations around 30%. We urge you all to vote for SB 1602.

Sincerely,

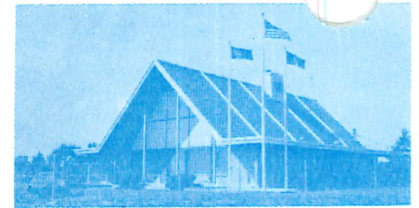
A handwritten signature in cursive script that reads "Thomas Frenn". The signature is written in black ink and is positioned above the printed name.

Thomas Frenn

Sen. Fed. & State
1-31-95
Attachment 5



VETERANS OF FOREIGN WARS OF THE UNITED STATES



DEPARTMENT OF KANSAS

TESTIMONY IN SUPPORT OF SCR1602 - CONCURRENT RESOLUTION BY FEDERAL & STATE AFFAIRS

THERE ARE MANY REASONS THE VETERANS OF FOREIGN WARS OF KANSAS SUPPORT OF THE PASSAGE OF THE CONSTITUTIONAL AMENDMENT TO AUTHORIZE "INSTANT BINGO". THE FOLLOWING ARE BUT TWO:

1. REVENUE FOR OUR VFW POSTS: The majority of our over 200 VFW Posts in Kansas are small Posts in small communities and the current economic crunch has had a devastating affect on their mere existence. Bingo and Instant Bingo have been the basis for the continuance of the operation of many of them. When Instant Bingo was introduced, it produced additional revenue for these Posts within the perimeters of their existing Bingo License. Most are not in a position where they can afford to lose that income. Current Bingo laws require veterans organizations to use Bingo proceeds for "the lawful purpose of the organization". That means Community Service. The revenues we raise goes back into local Communities for such projects as Youth Safety Programs, Youth Baseball, Scouting, Anti-Drug Programs, Americanism Programs, Educational Scholarships, and other VFW sponsored Community Activities.

2. ENTERTAINMENT FOR OUR CITIZENS: Many of our citizens rely on Bingo as their "night-out" and is their main source of entertainment outside their homes, especially in our small western Kansas communities. If you ever attended Bingo in one of these small VFW Posts, you will see that is quite a weekly social event and if one of the regulars do not attend, their absence is noticed. Passage of this Resolution would allow the people of Kansas to decide if they want to keep Instant Bingo on their entertainment program.

I realize that this Committee must consider much broader aspects for the ultimate legalization of "INSTANT BINGO" than the entertainment value or the survival of our smaller VFWs', and; I am confident that you will hear testimony on the fiscal and legal impact of this Resolution. I just wanted to invite your attention to the potential personal benefits of instant bingo for our rank-and-file citizens and the communities in which they reside. Your favorable consideration of SCR1602 will be greatly appreciated by the over 75,000 members of the Veterans of Foreign Wars of Kansas and it's Ladies Auxiliary, and their friends that play the game.

Respectfully submitted,

Lewie Cooper

Lewie Cooper, State Commander

LEWIE COOPER
State Commander
113 E. Locust, Lot 20
El Dorado, Kansas 67042

ROY WILLIAMS
State Sr. Vice Commander
1419 Hale Drive
Junction City, Kansas 66441



GERALD MANGOLD
State Jr. Vice Commander
R.R. 1
Tribune, Kansas 67879

DARRELL BENCKEN
State Adjutant Quartermaster
P.O. Box 1008
Topeka, Kansas 66601

1-31-95
Sen. Fed & State
Attachment 6

Testimony To The Joint House-Senate Federal and State Affairs Committees on SCR 1602

January 31, 1995

Dave Schneider
President, Kansans For
Life At Its Best

Chairman Oleen, Chairman Boston, Members of the Committees:

We are opposed to SCR 1602 because we think it will open the door to a steady expansion of gambling in Kansas. Although the implementing legislation (SB78) asks only for the addition of pull-tabs ("instant" bingo), SCR 1602 creates a constitutional umbrella for additional games so that in succeeding legislative sessions there will be calls for the legislature to steadily add a game here, a game there.

It also seems that it would be more appropriate to frame this proposed amendment as a constitutional change instead of a mere clarification. The Kansas Supreme Court has ruled that pull-tabs are unconstitutional under Art. 15, § 3a of the Kansas Constitution. Therefore, a constitutional amendment allowing pull-tabs constitutes a change, not a clarification. And if all the proponents of this amendment really want is the addition of pull-tabs, why not simply offer a new constitutional amendment which would read something like this:

"Regulation, licensing and taxation of "pull-tab" games authorized. Notwithstanding the provisions of section 3 of article 15 of the constitution of the state of Kansas the legislature may regulate, license and tax the operation or conduct of paper or cardboard "pull-tab" games by bona fide nonprofit religious, charitable, fraternal, educational and veterans organizations."

We would still be in opposition to the passage of such an amendment, but at least the voters would have a clear idea of what they are really voting on. As it is written now, we think the door will be opened for a situation down the road similar to the following:

IGT president John "Bud" Russell on the subject of the joint venture "bingo parlor" to be opened within the next couple of months in Zhengzhou, China: "It came about with a Canadian company coming to us about a year ago with a request from a city in China to put in some form of entertainment center. The most important rule to keep in mind is that the games must be called bingo.

"But, there is no real definition of bingo. The games will be recognizable as bingo and variations of video poker, keno and blackjack. They will be slant-top machines that look like any of our other unites elsewhere, with a place to sit down. They will have printers instead of hoppers and take tokens instead of coins."

(Phil Hevener, "Zhengzhou may soon get IGT 'bingo', International Gaming and Wagering Business, September 5, 1994, p.10.)

SCR 1602 is a Pandora's box.

Sen. Fed & State
1-31-95

Attachment 7

Madam Chairman, Members of the Joint Federal and State Affairs Com.

My name is Frances Wood, a registered volunteer lobbyist for the Woman's Christian Temperance Union of Kansas.

To tell the truth, I don't even know what instant bingo is, I only know I'm "agin" it. I do know that it is a form of gambling and that it will do nothing to improve our quality of life. I emphasize I am a volunteer and have nothing to be gained monetarily by appearing before you as opposed to most of the proponents who are paid to appear or have some money to be gained. They say nothing about improving our way of life - morality, if you will. But I dare say, there is nothing wrong about being for morality --- We need a good deal more.

Innocent as bingo might seem to some, let me remind you that this is how gambling got its first start in Kansas. Our opponents remind us that bingo got its start in church basements and look what its grown into!

Very seldom does the Kansas media focus on gambling losers, instead, you usually see the smiling faces of ones being presented a big check from the lottery . However, last night on the CBS evening news, Connie Chung had a story that isn't "just between you and me" it is for the whole Kansas legislature. It was about Erick Kimbrough of Mississippi, who became addicted to riverboat casino gambling. After he spent his last \$40.00 he committed suicide. Later, it was revealed many, large checks had been written to the casino and some had bounced. Mrs. Kimbrough's last words on the interview were, "I hope and pray that no one will have to go through what I went through".

A vote for SCR 1602 should also mean a vote for addictive gambling treatment centers in the future and we will spend mega "bucks" on those. Why not stop this gambling measure in this committee and spare the expense of time and money on an election.

Sen. Fed. & State
1-31-95
Attachment 8

STAND UP FOR KANSAS



Citizens for Stable Economic Growth and Quality of Life in Kansas

P.O. Box 780127 ♦ Wichita, KS 67278 ♦ (316) 634-2674

**TESTIMONY TO
SENATE AND HOUSE FEDERAL AND STATE AFFAIRS COMMITTEES**

regarding

"SENATE CONCURRENT RESOLUTION NO. 1602"

A PROPOSITION to amend Article 3a of article 15 of the constitution of the state of Kansas,
relating to bingo and instant bingo

by
Glenn O. Thompson
Chairman, Stand Up For Kansas

January 31, 1995

Good afternoon Chairman Oleen, Chairman Boston and members of the committees. I am Glenn Thompson, Chairman of Stand Up For Kansas. Thank you for this opportunity to speak on Senate Concurrent Resolution 1602.

Stand Up For Kansas is a state-wide coalition of thousands of grassroots citizens who have a deep conviction that legalizing casinos and/or video lottery terminals in Kansas would have a severe adverse impact on the economic, social and moral quality of life of our communities.

WE URGE YOU TO VOTE NO ON RESOLUTION 1602 FOR THREE REASONS:

FIRST, WORDING OF THE PROPOSED AMENDMENT IS VAGUE, DECEPTIVE AND CONTRADICTS A RECENT KANSAS SUPREME COURT RULING.

The proposed amendment states:

"...the legislature may regulate, license and tax the operation or conduct of *all* games of "bingo," *including but not limited to call bingo and instant bingo*, by bona fide nonprofit religious, charitable, fraternal, educational and veterans organizations."

*Sen. Fed & State
1-31-95
Attachment 9*

The added wording implies that "instant bingo" is a form of bingo even though both the Kansas Attorney General and the Kansas Supreme Court ruled that a pull tab game (referred to as instant bingo in the resolution) is not a bingo game. In their December 1994 decision, the Supreme Court said:

"...we are of the opinion that in defining games of bingo such definition must bear a reasonable and recognizable similarity to the many definitions of bingo and other bingo-type game furnished by counsel and to the common understanding of the term by the people of Kansas. We conclude that the attempt to define pull-tab games as games of bingo fails the necessary test and that the legislature has overstepped its bounds with the enactment of the instant bingo amendments. The definition of instant bingo in K.S.A 1993 Supp. 79-4701(c) exceeds the power granted the legislature to define games of bingo in Art. 15, para. 3a and is unconstitutional."

So, why then have the proponents of this amendment used the term "instant bingo" rather than the commonly used term "pull-tab"? Why are they continuing to propose pull-tab as a subset game of bingo, in direct conflict to the Supreme Court ruling? Using the words "instant bingo" for a non-bingo game in a proposed constitutional amendment referendum will not only be confusing to voters but deceiving.

If the proponents indeed want to simply legalize pull-tab games at charitable organizations, then let's reword the amendment to state that intention. Toward that end, we would suggest the committees consider the following wording:

"...the legislature may regulate, license and tax the operation or conduct of games of "bingo" and "pull-tab", as defined by law, but not including games on video lottery machines, by bona fide nonprofit religious, charitable, fraternal, educational and veterans organizations."

The phrase "but not including games on video lottery machines" emphasizes that video lottery games are clearly prohibited under this amendment. This is the same phrase that was inserted by the legislature in 1992 in Kansas Statute 74-8710 to assure that video lottery games are specifically prohibited in Kansas.

SECONDLY, LEGALIZATION OF PULL-TAB GAMES WILL INCREASE THE NUMBER OF PATHOLOGICAL GAMBLERS IN KANSAS

Numerous studies indicate that pathological gambling is caused by three primary factors: acceptability, accessibility and time from bet to prize. Each time the legislature legalizes another form of gambling, it sends the message to the public "This form of gambling is OK."

It is acceptable." Then, as state sanctioned gambling becomes more accessible, gambling becomes harder to avoid.

"Experts agree that increased opportunities for gaming lead to increased numbers of problem and compulsive gamblers. When gambling opportunities are few, gamblers can isolate themselves from temptation, as in the case of casino gaming where a special trip must be made to one of a few sites. As opportunities proliferate, gambling becomes more convenient and harder to avoid." ¹

"Instant" games, such as pull-tab, video lottery and slot machines, are particularly addictive since the time from bet to prize is near zero. Robert Goodman says "(Instant) electronic gambling machines are a quantum step towards increasing the social and economic costs of dealing with problem gambling. For most people, traditional lottery games involve going to a store, buying tickets and then stopping, at least until the next day. By contrast, keno and VLT's are constant quick action games with a calculated amount of payback to encourage more play. It is not unusual to find people sitting in bars, liquor in hand, playing for hours at a time." ²

A Minnesota Planning report states "Casino gambling is the most frequently mentioned problem by callers to state hotlines; **pull-tabs also continue to rank high.**" ³

The Kansas Supreme Court recognized the similarity of "instant" games when they stated in their December 1994 decision:

"The basic elements or characteristics of games of bingo, as generally understood and as defined by knowledgeable authorities, are totally lacking in instant bingo. In fact, instant bingo has characteristics far more similar to slot machines, punchboards, and other forms of gaming rather than to bingo-type games."

FINALLY, WE ARE OPPOSED TO RESOLUTION 1602 SIMPLY BECAUSE IT WOULD EXPAND THE OPPORTUNITIES FOR GAMBLING IN KANSAS AND THUS MOVE US ONE STEP CLOSER TO STATE-WIDE CASINOS AND/OR VIDEO LOTTERY TERMINALS, EVEN IN HOMES!

When are we going to say "Enough is enough?" When are we going to draw the line on expanding gambling in Kansas?

In 1975 the citizens approved a constitutional amendment permitting bona fide nonprofit organizations to conduct games of bingo. Now those organizations are lobbying for instant lottery games.

In 1986 citizens approved a constitutional amendment for parimutuel wagering at dog and horse races. Now racetrack owners are saying "That's not enough...we want casinos and video lottery games at racetrack facilities."

In the same year citizens approved another constitutional amendment for a state owned and operated lottery. But shortly thereafter, citizens learned that the lottery included Keno, a highly addictive video lottery game. Now, state employees and visitors can play Keno in the basement of the Topeka State Office Building.

The vision of the gambling industry is to have an interactive video lottery terminal in the home of every American. The technology is here now... it simply consist of a computer (or television) with a slot for your credit card and a communication modem.

For example, "In September 1991, the state of Minnesota attempted to cross a threshold in decentralizing gambling when it announced a joint plan with the Nintendo Company and the Control Data Company of Minneapolis to test market lottery betting access in (10,000) people's homes through the use of new and retrofitted Nintendo machines. Massachusetts also tried a one year experiment in a telephone lottery system. Although the Minnesota project was canceled as the result of public protest, and the Massachusetts one ended with disappointing revenues, the future prospect of widespread at-home gambling could have profound social and economic impacts. If present trends in government sponsored gambling continue, states will eventually find revenues from today's expansion of riverboats, VLT's and Keno declining, and they are likely to turn to at-home interactive gambling on the much touted information superhighway to boost sagging revenues. A number of major communications firms are already contemplating this next venue." ²

**WHEN ARE WE GOING TO DRAW THE LINE AND SAY ENOUGH IS ENOUGH?
LET'S START WITH THIS PROPOSED AMENDMENT!**

REFERENCES

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3. "Minnesota Gambling 1993" Minnesota Planning Team, May 1993