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FEDERAL AND STATE COMMITTEE
REPRESENTATIVE BRUNK, CHAIR PERSON
Testimony for HB2291

by

KANSAS DEPARTMENT OF REVENUE
Patsy Congrove, administrator of charitable gaming
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My name is Patsy Congrove. I am the administrator of Charitable Gaming for the State of Kansas. I am testifying today as a proponent for H.B. 2291, a bill that the Department of Revenue proposed after the constitutional amendment legalizing raffles passed, and as a result of consulting with many non-profits across the State of Kansas. The bill enacts legislation for charitable raffles and modernizes unreasonable restrictions that exist in current law regarding charitable bingo. Many states combine charitable bingo and charitable raffle laws into one statute. That is what we propose to do here.

The Kansas constitution originally banned all forms of lotteries. In 1974, the Kansas legislature put before the people of Kansas the question of allowing charitable bingo games and it was approved. In 1975, the legislature authorized bingo. Every time changes are made in charitable gaming laws, which now include raffles, bills must come before the legislature for approval.

H.B. 2291 would reduce the burdensome laws on charitable bingo and allow non-profit organizations to have flexibility in operating their sessions. Right now, licensees are restricted on the number of times they can operate a game in a week, what they can charge, when they can sell bingo faces and pull-tabs, how many games in a session they can play and the dollar amount of their prizes. Premises are restricted as to where they can locate. Kansas law even prohibits a premise from opening their doors more than three times a week!

We took a long look at the statutes. We have presented a bill to you that allows non-profits to make their own day by day decisions without over-regulation from the state.

The state still collects its' enforcement tax. Statutes are still in place to protect the organizations, and the public is still assured of an honest game with winnings.

It does not make sense to restrict bingo games to three days a week with 44 hours in between each game when the State has approved 24 hour casino games at state owned facilities and 24 hour lottery sales. Understanding that bingo is a small stakes class II game used for fundraising, we have kept the payout in this bill to \$1,200. per session. This hasn't changed since 1986.

The number of bingo licensees has dwindled nearly 50% in the past 10 years. We believe that by amending these restrictions, some of the old bingo licensee's may return to the fold, and those organizations who call and ask how to get a bingo license but never apply due to the restrictions and a complicated application process, will start bingo games in their communities.

I hope this explanation helps you understand the need for change in our current charitable gaming statutes regulating bingo.

With regards to raffles, our findings this fall quickly resulted in the concept of a two tiered strategy. One strategy was created for raffles with gross receipts over a \$2,500 a year in sales. This includes non-profits wanting to operate very large raffles, giving away prizes such as a car, a house or a vacation. You have a letter of endorsement for H.B. 2291 from St. Jude's Hospital. They intend to raffle in Kansas if you pass this legislation.

The other tier is for under the threshold. That includes the many small dollar raffles for things such as a quilt, or dinner, or a recreational event. These organizations will be free to operate their own fundraisers without statutes restricting them in the conduct of their raffle as long as they are operating as a non profit, do not use electronic gaming devices to conduct their raffle and do not contract with a professional company to assist in the conduct, operation or sales of a raffle.

We hope we have addressed your concerns for the small raffles we believe will take place in your community. We have exempted all raffle proceeds under the \$2,500 threshold from licensure and the enforcement tax-which I will talk about later. If you think regulations of raffles should take place at a different level of gross receipts, we welcome your amendments to the bill.

In all cases, the public must be protected. They must be assured after purchasing a ticket for a raffle the prize will be given away, and they will have an equal chance at winning the prize as any other individual who purchased a ticket. For this reason the bill includes a 1% enforcement tax. The purpose of the enforcement tax, an amount similar to our current bingo enforcement tax, is simply to have the ability to regulate the games. We also recommend you exempt raffles from sales tax, as bingo is currently exempted, which is why the sales tax statutes are added to this bill proposal.

Many of the details of raffles will revolve around rules and regulations we expect to develop.

We appreciate the opportunity to work with each legislator on developing a plan on how we can best serve the non-profit community and allow them flexibility with their fundraising projects.

We ask that you support H.B. 2291 as a comprehensive approach that levels the playing field for all Kansas non-profits and for all charitable fund raising events. The department appreciates your consideration and asks that you pass H.B. 2291 out of your committee favorably.

I will stand for questions at the appropriate time.