

Nick Jordan, Secretary
Patsy Congrove, Administrator

Sam Brownback, Governor

SENATOR RALPH OSTMEYER, CHAIR PERSON
Testimony for SB262
by
KANSAS DEPARTMENT OF REVENUE
Patsy Congrove, administrator of charitable gaming
March 11, 2015

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 SB262, which is quite similar to a bill that the Department of Revenue proposed on the House side. The development of our bill began after the constitutional amendment legalizing raffles passed, and as a result of consulting with many non-profits across the State of Kansas.

SB262 does the same thing. This 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 proposed in this bill.

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.

SB262 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. This bill that you have before you 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 for regular bingo 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 certain amount 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 a house in Kansas if you pass this legislation.

Nebraska governs licenses that exceed \$5,000 in gross receipts and Colorado taxes licenses at \$5,000 gross receipts.

The other tier is for organizations 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 nonprofit, 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. SB262 sets the threshold at \$25,000. In our opinion, we believe this will exempt nearly 85-90% of raffles conducted in Kansas.

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 are currently researching and reviewing.

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 SB262 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 SB262 out of your committee favorably.

I will stand for questions at the appropriate time.



February 20, 2015

VIA EMAIL to stephen.bainum@house.ks.gov

Representative Steve Brunk
Committee on Federal and State Affairs
Kansas House of Representatives

Re: Kansas 2015 Legislative Session
House Bill 2291

Dear Chairman Brunk,

As the Chief Legal Officer of American Lebanese Syrian Associated Charities, Inc. ("ALSAC") a not-for-profit, section 501(c)(3) corporation, founded by the late entertainer Danny Thomas in 1957 to raise funds and awareness to support St. Jude Children's Research Hospital ("St. Jude"), I am writing in support of House Bill No. 2291 currently being considered before the Kansas House of Representatives.

We write to endorse House Bill No. 2291 which establishes a charitable gaming act for the State of Kansas and would provide qualified non-profit organizations the ability to conduct charitable raffles. As the Bill states: "charitable gaming is an important method of raising funds for legitimate charitable purposes and is in the public interest." We agree and provide information here about our St. Jude **DREAM HOME®** Giveaway program which we would like to hold in Kansas following successful passage of this legislation.

The St. Jude Dream Home Giveaway ("Giveaway") is a charitable raffle that we currently conduct annually in nearly thirty cities across the country. Since the Giveaway was established in 1991, St. Jude has given away more than 365 homes to benefit St. Jude and its mission to advance cures, and means of prevention, for pediatric catastrophic diseases through research and treatment. At St. Jude, no patient or patient family pays St. Jude for anything - housing, food, transportation, medical care or medicine and no child is denied treatment based on race, religion or a family's ability to pay. Numerous Kansas residents are active patients being treated at St. Jude and many more are on follow-up and/or life study protocols. This groundbreaking research and world-class care for our patients without cost to them is possible because of our generous donors, including the citizens of Kansas.

In states where we hold the St. Jude Dream Home Giveaway, between 7,000 and 15,000 raffle tickets are sold, depending on the market size at \$100 per ticket for the chance to win a new, single family home. We work closely with a local builder who donates all or part of his or her services, to coordinate construction of the home as well as help us obtain donated supplies and labor to construct the home, generally between \$350,000 to \$600,000.

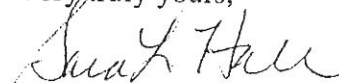
Raffle tickets are available to the public for approximately four months prior to the Giveaway and are available for reservation through direct mail, a toll-free telephone number, on www.dreamhome.org, and by visiting the house. Ticket sales are tracked through a secure database system developed by St. Jude and several controls are in place to ensure compliance with PCI standards and protection of personal information. External auditors verify each ticket prior to inclusion in the drawing and no tickets are issued until funds are verified for each purchase and can be confirmed as paid.

After speaking with the Kansas Department of Charitable Gaming about the proposed act, we offered to lend our formal support to this legislation, as we have in other states. ALSAC has collaborated with and/or is currently working with six states to create or amend legislation or obtain favorable interpretation of statutes in support of raffle programs like the Giveaway.

The St. Jude Dream Home Giveaway truly is a collaboration of local donors, business partners, long-time supporters of St. Jude, and state regulatory officials. We look forward to discussing this legislation and providing assistance during the drafting process or testimony during the session should you feel it would be helpful and appropriate. We support this legislation which would allow St. Jude to hold charitable raffles in your state and we thank Kansas citizens for their support of St. Jude.

If you have any questions or I can provide additional information please let me know.

Very truly yours,



Sara L. Hall

Chief Legal Officer

ALSAC, the fundraising organization that supports
St. Jude Children's Research Hospital