

SENATE BILL No. 262

By Committee on Federal and State Affairs

2-23

Proposed Amendments to SB 262
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Office of Revisor of Statutes
March 19, 2015

1 AN ACT concerning charitable gaming; establishing the charitable gaming
2 act; amending K.S.A. 2014 Supp. 21-6403 and 79-3603 and repealing
3 the existing sections; also repealing K.S.A. 79-4702 and 79-4715 and
4 K.S.A. 2014 Supp. 79-4701, 79-4701a, 79-4703, 79-4704, 79-4705, 79-
5 4705a, 79-4706, 79-4707, 79-4708, 79-4710, 79-4711, 79-4712a, 79-
6 4713, 79-4716, 79-4717, 79-4718 and 79-4719.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 New Section 1. Sections 1 through 18, and amendments thereto, shall
10 be known and may be cited as the Kansas charitable gaming act.

11 New Sec. 2. (a) The legislature hereby declares that charitable
12 gaming conducted by charitable organizations is an important method of
13 raising funds for legitimate charitable purposes and is in the public
14 interest. The purpose of this act is to establish an effective and efficient
15 mechanism for regulating charitable gaming which includes:

16 (1) Defining the scope of charitable gaming activities;

17 (2) setting standards for the conduct of charitable gaming which
18 insure honesty and integrity;

19 (3) providing for means of accounting for all moneys generated
20 through the conduct of charitable gaming; and

21 (4) providing suitable penalties for violations of applicable laws and
22 administrative rules and regulations.

23 (b) The intent of this act is to:

24 (1) Prevent the commercialization of charitable gaming;

25 (2) prevent participation in charitable gaming by criminal and other
26 undesirable elements; and

27 (3) prevent the diversion of funds from legitimate charitable
28 purposes.

29 (c) In order to carry out the purpose and intent, the provisions of this
30 act and any administrative rules and regulations promulgated in
31 accordance with this act shall be construed in the public interest and
32 strictly enforced.

33 New Sec. 3. As used in this act:

34 (a) "Act" means the Kansas charitable gaming act.

35 (b) "Administrator" means the administrator of charitable gaming
36 designated by the secretary pursuant to section 16, and amendments

licensee under this act; (5) the conduct of which must be in the presence of the players; and (6) which does not utilize any dice, normal playing cards, instant ticket with a removable latex covering or slot machines.

Winners of instant bingo shall be determined either: (1) By a combination of letters, numbers or symbols determined and posted prior to the sale of instant bingo tickets; (2) by matching a letter, number or symbol under a tab of an instant bingo ticket with the winning letter, number or symbol in a designated call game of bingo during the same session; or (3) by matching a letter, number or symbol under a tab of an instant bingo ticket with one or more letters, numbers or symbols announced in, or as a continuation of, a designated call game of bingo during the same session.

"Instant bingo" shall not include any game utilizing electronically generated or computer-generated tickets.

(m) "Lessor" means the owner, co-owner, lessor or sublessor of premises upon which a licensee is permitted to manage, operate or conduct games of bingo.

(n) "Licensee" means any nonprofit organization holding a license to manage, operate or conduct games of bingo or charitable raffles pursuant to sections 1 through 17, and amendments thereto.

(o) "Mini bingo" means a game of call bingo in which the prizes awarded are not less than 50% of the gross receipts derived from the sale of cards or faces for participation in the game.

(p) "Net proceeds" means the gross receipts received by the licensee from charges imposed on players for participation in games of bingo or raffles and any admission fees or charges less amounts actually paid as prizes in games of bingo or raffles and any tax payable by the licensee.

(q) "Nonprofit religious organization" means any organization, church, body of communicants, or group, gathered in common membership for mutual support and edification in piety, worship, and religious observances, or a society of individuals united for religious purposes at a definite place and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and which religious organization maintains an established place of worship within this state and has a regular schedule of services or meetings at least on a weekly basis and has been determined by the administrator to be organized and created as a bona fide religious organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) or section 501(d) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit religious organization by the administrator.

(r) "Nonprofit charitable organization" means any organization which

A license shall be required for each affiliated organization of any state or national nonprofit religious, charitable, fraternal, educational, or veterans' organization.

1 which no part of the net earnings inures to the benefit of any private
2 shareholder or individual member of such organization, and has been
3 determined by the administrator to be organized and operated as a bona
4 fide veterans' organization and which has been exempted from the
5 payment of federal income taxes as provided by section 501(c)(4) or
6 501(c)(19) of the federal internal revenue code of 1986, as amended, or
7 determined to be organized and operated as a bona fide nonprofit veterans'
8 organization by the administrator.

9 (v) "Person" means any natural person, corporation, partnership, trust
10 or association.

11 (w) "Premises" means any room, hall, building, enclosure or outdoor
12 area used for the management, operation or conduct of a game of bingo by
13 a licensee.

14 (x) "Progressive bingo" means a game of call bingo in which either
15 the established prize amount or number of bingo balls or objects called, or
16 both, may be increased from one session to the next scheduled session if
17 no player completes the required pattern within the specified number of
18 bingo balls or objects drawn. The player's opportunity to win shall increase
19 as the prize amount increases.

20 (y) "Raffle" means a game of chance in which each participant buys a
21 ticket or tickets from a nonprofit organization with each ticket providing
22 an equal chance to win a prize and the winner being determined by a
23 random drawing.

24 (z) "Reusable bingo card" means a reusable card which is marked off
25 into 25 squares arranged in five horizontal rows of five squares each and
26 five vertical rows of five squares each, with each square being designated
27 by a number, letter or combination of numbers and letters. Only the center
28 square shall be designated with the word "free." No two cards in the same
29 game shall be identical.

30 (aa) "Secretary" means the secretary of revenue or the secretary's
31 designee.

32 (bb) "Session" means a day on which a licensee conducts games of
33 bingo.

34 New Sec. 4. (a) The power to regulate, license and tax the
35 management, operation and conduct of and participation in games of bingo
36 and raffles is hereby vested exclusively in the state.

37 (b) ~~[(The winner of any raffle shall be verified by a person who is not a~~
38 ~~member of or employed by the nonprofit religious, charitable, fraternal,~~
39 ~~educational or veterans' organization.)]~~

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40 ~~(c) [The raffle of a motor vehicle shall be deemed an isolated or~~
41 ~~occasional sale of such motor vehicle to the raffle winner and subject to~~
42 ~~retailer's sales tax pursuant to K.S.A. 79-3603(o), and amendments thereto.~~
43 New Sec. 5. (a) Any bona fide nonprofit religious, charitable,

1 limitations as would apply if the deposition was in aid of a civil action in
2 the district court. In case of the refusal of any person to comply with any
3 subpoena or interrogatory or to testify to any matter regarding which such
4 person lawfully may be questioned, the district court of any county, upon
5 application of the administrator, may order such person to comply with
6 such subpoena or interrogatory or to testify. Failure to obey the court's
7 order may be punished by the court as contempt. Subpoenas or
8 interrogatories issued under the provisions of this section may be served
9 upon individuals and corporations in the manner provided in K.S.A. 60-
10 304, and amendments thereto, for the service of process by any officer
11 authorized to serve subpoenas in civil actions or by the administrator.

12 New Sec. 9. Games of bingo shall be managed, operated and
13 conducted in accordance with the Kansas charitable gaming act and rules
14 and regulations adopted pursuant thereto and the following restrictions:

15 (a) The entire gross receipts received by any licensee from the
16 operation or conduct of games of bingo, except that portion utilized for the
17 payment of the cost of prizes and license fees and taxes on games of bingo
18 imposed under the provisions of this act, shall be used exclusively for the
19 lawful purposes of the licensee permitted to conduct that game.

20 (b) Games of bingo shall be managed, conducted or operated by a
21 bona fide member or spouse of a bona fide member of the licensee or
22 parent organization, an auxiliary unit or society or a beneficiary
23 organization of such licensee or of the beneficiary organization. During
24 each session of bingo there must be at least one member of the licensee
25 organization on duty and assisting with the game. Such member must be
26 listed with the office of charitable gaming.

27 (c) No person may participate in the management, conduct or
28 operation of bingo games or raffles by a licensee if such person, within
29 five years prior to such participation, has been convicted of or pleaded
30 guilty or nolo contendere to any felony or illegal gambling activity or
31 purchased a tax stamp for wagering or gambling activity.

32 (d) No person may receive any remuneration or profit for
33 participating in the management, conduct or operation of any game of
34 bingo or any raffle managed, conducted or operated by a licensee. Any
35 employee of the licensee, however, may assist in the conduct of any
36 charitable gaming event.

37 (e) (1) The aggregate value of all prizes including the retail value of
38 all merchandise awarded or offered by a licensee in a single session to
39 winners of games of call bingo shall not exceed \$1,200. The administrator
40 shall increase the call bingo cap on July 1 of each year to reflect changes
41 in the consumer price index for all urban consumers as published by the
42 United States department of labor for the preceding calendar year. The
43 value of a prize awarded in a progressive or mini bingo game shall not be

unless such remuneration or profit goes to the benefit of
another nonprofit group

included when determining the limit imposed by this subsection. Any monetary prize of \$1,199 or more awarded in games of bingo shall be paid by a check drawn on the bingo trust bank account of the licensee. Any monetary prize awarded in games of bingo shall be paid by a check on the bingo trust bank account of the licensee upon the request of the winner of such award.

(2) Charitable raffle licensees shall report to the department the name and address of all raffle winners of any prize the value of which is \$1,199 or more.

(f) The retail value of any merchandise received by a winner of a bingo game shall be considered as the cash value for the purposes of determining the value of the prize.

(g) Each licensee shall keep a record of all games of bingo and charitable raffles managed, operated or conducted by it for a period of three years following the date the game is managed, operated or conducted.

(h) No person under the age of 18 years shall participate in the management, operation or conduct of any game of bingo managed, operated or conducted by a licensee under the provisions of this act and no licensee shall sell any instant bingo ticket to a person under the age of 18 years.

(i) No licensee shall manage, operate or conduct bingo on any leased premises or with leased equipment unless all of the terms and conditions of rental or use, including the rental of chairs, bingo equipment, tables, security guards, janitor service or any other services, are set forth in a lease submitted, approved and on file with the administrator.

(j) Every licensee who has gross receipts of \$1,000 or more received from participation in games, admission fees or charges and from any other source directly related to the operation or conduct of any games of bingo in any calendar month shall maintain a bingo trust bank account into which all such receipts are deposited daily and from which all payments are made relating to the management, operation or conduct of any games of bingo. Having once established such bingo trust bank account, the licensee shall continue to make deposits of all receipts therein. Every licensee shall notify the administrator of the name of the bank in which the bingo trust bank account is maintained, together with the number and name of the account. Every licensee who maintains a bingo trust bank account shall maintain a complete record of all deposits and withdrawals from such bank account and the same shall be available to the administrator to audit at any reasonable time.

The records required under this subsection are in addition to all other records required to be kept by the licensee. The records required by this subsection shall be maintained in the same place as all other records

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