

Approved February 9, 1983
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Senator Edward F. Reilly, Jr. at
Chairperson

11:00 a.m./p.m. on February 8, 1983 in room 254-E of the Capitol.

All members were present. ~~except~~

Committee staff present: Fred Carman, Assistant Revisor of Statutes
Russell Mills, Legislative Research
Emalene Correll, Legislative Research
June Windscheffel, Secretary to the Committee

Conferees appearing before the committee: Cleo Murphy, Attorney--Tax Specialist, Department of
Revenue
Nancy E. Freund, Attorney

The Chairman called the Committee's attention to the Minutes of the meetings January 20, and January 25, 1983, which had been distributed. Senator Pomeroy moved that the Minutes be approved as corrected. 2d. Senator Roitz. Motion carried.

SB 98, by Senator Francisco, concerning place of conducting bingo games, was first on the agenda for consideration. Cleo Murphy and Nancy E. Freund appeared as proponents of the bill. The proposed bill would ease their administration problems of knowing where the clubs are actually playing. However, they anticipate that club owners will fight the bill because it limits where they may play. For instance, they see a problem if the organization wants to play at the county fair. Ms. Murphy and Ms. Freund feel that SB 99, by Senator Francisco, payment of bingo cash prize by check, would make it easier to see how much money is being distributed for the bingo games, but it would definitely slow the game down. It still would not tell the Department of Revenue how much money the organization took in.

Senator Francisco also appeared as the sponsor of SB 98 and SB 99. He stated that bingo is no longer a game played by little old ladies in church basements, that it is legal commercial gambling, and some people say it is running out of control. A copy of Senator Francisco's remarks is attached (Attachment #1). Sen. Francisco also distributed: Memorandum from Cleo Gillispie Murphy, dated February 7, 1983, re: Bingo (Attachment #2); Memorandum from Nancy E. Gartner, dated March 4, 1982, re: Bingo (Attachment #3); paper showing gross receipts at Sedgwick County bingo parlors for 12 months ending June 30, 1982 (Attachment #4); bingo games reporting highest gross receipts for calendar 1981 (Attachment #5); Minutes of the Senate Committee on Federal and State Affairs, dated March 31, 1982 (Attachment #6); and Minutes of the House Committee on Federal and State Affairs, dated February 16, 1982 (Attachment #7).

The Chairman distributed a prepared statement from The Reverend Richard E. Taylor, Jr., (Attachment #8). The Reverend Taylor had planned to appear as a proponent, but was precluded from doing so, but asked that his remarks be made a part of the record. His statement stated that the issue is not the harmless game of bingo, but of commercial gambling.

The meeting adjourned at 12:00 noon.

Minutes of 2/8/83
Attachment # /

BINGO IS NO LONGER A GAME PLAYED BY LITTLE OLD LADIES IN CHURCH BASEMENTS. IT IS LEGAL COMMERCIAL GAMBLING, NO DIFFERENT IN CONCEPT FROM LAS VEGAS, AND SOME PEOPLE SAY IT IS RUNNING OUT OF CONTROL.

BINGO HAS BECOME BIG BUSINESS SINCE IT WAS LEGALIZED IN 1975, WITH ABOUT 700 ORGANIZATIONS IN THE STATE LICENSED TO SPONSOR GAMES, IN SEDGWICK COUNTY, 94 NON-PROFIT ORGANIZATIONS HAVE BINGO LICENSES AND 14 FULL-TIME BINGO PARLORS ARE OPEN, SOME OF THEM ABLE TO SEAT 300 PEOPLE.

THE NON-PROFIT GROUPS THAT SPONSOR BINGO GAMES RUN THE GAMUT FROM CATHOLIC CHURCHES AND THEIR AFFILIATES TO VETERANS GROUPS, LABOR UNIONS, SORITITIES AND FRATERNITIES, JAYCEES, OPTIMIST CLUBS, SOCCER CLUBS AND GROUPS MOST PEOPLE NEVER HEARD OF, LIKE THE KANSAS CRAFT FOUNDATION OR THE SEVEN AND ONE SOCIAL AND CIVIC CLUB.

STATEWIDE GROSS RECEIPTS FROM BINGO GAMES REPORTED TO THE STATE HAVE RISEN FROM \$13.9 MILLION IN 1976 TO \$18.7 MILLION IN 1979 TO \$24.3 MILLION LAST YEAR.

IN SEDGWICK COUNTY LAST YEAR, BINGO PLAYERS SPENT \$5.6 MILLION ON THE GAME, ACCORDING TO FIGURES REPORTED TO THE STATE, AND SOME PEOPLE THINK THE REPORTED FIGURES ARE SUBSTANTIALLY LESS THAN WHAT WAS ACTUALLY SPENT.

Atch. 1

THE GROUPS USE MONEY RAISED FROM BINGO GAMES FOR ANY LEGAL PURPOSE IN KEEPING WITH THEIR NON-PROFIT CHARACTER, INCLUDING BUYING BUILDINGS OR EQUIPMENT OR MAKING DONATIONS.

THE SEDGWICK COUNTY GROUP THAT REPORTED THE MOST MONEY IN GROSS RECEIPTS FOR 1981 IS C.R.E.S.T., INC., WHICH STANDS FOR CITIZENS RADIO EMERGENCY SERVICE TEAM.

UNDER THE STATE LAW THAT LEGALIZED BINGO GAMBLING, ONLY NON-PROFIT ORGANIZATIONS CAN RUN GAMES. BECAUSE THE LAW LIMITS EACH ORGANIZATION TO PLAYING ON ONLY TWO DAYS A WEEK, FULL-TIME BINGO CASINOS LINE UP SEVERAL NON-PROFIT GROUPS TO SPONSOR GAMES AT THE CASINO, WITH DIFFERENT GROUPS SPONSORING GAMES ON DIFFERENT NIGHTS. THE CASINO OPERATORS CHARGE THE GROUPS \$160 TO \$250 A NIGHT TO RENT THE CASINO AND THE GAMBLING EQUIPMENT.

OTHER RESTRICTIONS LIMIT THE TOTAL AMOUNT OF PRIZE MONEY TO \$1,200 A NIGHT, WITH THE LARGEST JACKPOT LIMITED TO \$500. IN ADDITION, ONLY MEMBERS OF THE SPONSORING NON-PROFIT GROUP ARE TO BE INVOLVED IN RUNNING THE GAMES, AND NO ONE IS TO BE PAID FOR RUNNING A GAME.

THE NON-PROFIT GROUPS ARE SUPPOSED TO PAY 3 PERCENT OF THEIR GROSS REVENUE TO THE STATE IN BINGO TAXES AND 3 PERCENT OF THE REMAINDER IN SALES TAXES. THUS, A GROUP THAT GROSSES \$2,000 A NIGHT BY SELLING

BINGO CARDS TO PLAYERS WOULD PAY \$1,200 IN PRIZE MONEY, \$60 IN BINGO TAX, \$58.20 IN SALES TAX AND ABOUT \$200 TO RENT THE PARLOR, LEAVING A NET PROFIT OF \$481.80 FOR THE SPONSORING GROUP.

IN THE LATE 70'S, BINGO WAS PROFITABLE FOR MANY OF OUR STATE'S CHURCHES AND PARISHES, BUT THEY HAVE WITNESSED THEIR GROSS RECEIPTS FROM BINGO DECLINE TO THE POINT THAT THEY COULD NOT EVEN PAY THEIR UTILITIES. MANY OF THEM HAVE STOPPED PLAYING BINGO.

WHILE CHURCHES AND PARISHES ARE GOING BROKE, GAMES SPONSORED BY OTHER NON-PROFIT ORGANIZATIONS ARE GOING GREAT GUNS.

MANY OF THE CHURCHES AND PARISHES ATTRIBUTE THE FALL OF THEIR GAMES TO THE DECLINE OF PARTICIPANTS AND TO THE COMPETITION FROM SEVEN-DAY-A-WEEK BINGO CASINOS, WHICH LEASE THEIR HALLS AND GAMBLING EQUIPMENT TO A VARIETY OF NON-PROFIT TAX EXEMPT ORGANIZATIONS WITH DIFFERENT ORGANIZATIONS SPONSORING GAMES ON DIFFERENT NIGHTS OF THE WEEK.

I AM CONCERNED ABOUT THE GROWING NUMBER OF 7-DAY-A-WEEK OPERATIONS AND THE PROLIFERATION OF BINGO CASINOS, AND THE LACK OF STATE AUDITING, SINCE ALL TRANSACTIONS ARE IN CASH.

MOST OF THE 7-NIGHT-A-WEEK OPERATIONS OFFER THE LEGAL MAXIMUM OF

\$1,200 A NIGHT, AND MOST CHURCHES AND PARISHES CANNOT COMPETE. WHEN YOU HAVE BETWEEN 50 AND 70 PEOPLE PLAYING, YOU CAN'T PAY OUT THE \$1,200 IN PRIZE MONEY. AND, WHEN YOU CAN'T PAY OUT AND COMPETE, YOU CAN'T KEEP PLAYING.

WE HAVE ONE CHURCH IN WICHITA WHICH MOVED ITS GAME INTO A PROFESSIONAL PARLOR LAST JULY. IT NOW REPORTS GROSS RECEIPTS OF ABOUT \$9,000 A MONTH COMPARED TO THE \$2,200 A MONTH IT WAS REPORTING BEFORE IT MOVED.

BECAUSE OF THE LARGE NUMBER OF BINGO PARLORS OR CASINOS OPENING UP, MANY OF THE CHURCHES AND PARISHES ARE WONDERING JUST HOW LONG THEY WILL BE ABLE TO COMPETE.

BINGO IS BIG BUSINESS. PARLOR OWNERS AND OTHER PEOPLE INVOLVED IN THE BUSINESS DIFFER ON HOW BIG A MARKET THERE IS FOR BINGO. FIVE NEW BINGO PARLORS HAVE OPENED IN RECENT MONTHS IN SEDGWICK COUNTY.



445-10000-2
2/8/83

Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66625

MEMORANDUM

TO: Senator James Francisco
FROM: Cleo Gillispie Murphy
Attorney/Tax Specialist

DATE: February 7, 1983
RE: Bingo

The following information has been gathered in response to your inquiries regarding certain aspects of bingo games.

There are currently 690 bingo licenses that have been issued by the Department. During the year 1982 there were 103 new bingo licenses issued and 124 licenses which were surrendered as the organizations ceased to operate or manage bingo games.

The Department does not have any auditors or investigators (other than investigators assigned to the Alcoholic Beverage Control Division for private clubs) to investigate the operation and conduct of bingo games. At the present time the allocation of auditors to specifically audit bingo licenses would be of no use since the present bingo law provides for no "audit trail." (See attached copy of Memorandum to Senate Federal and State Affairs Committee dated March 4, 1982.)

Since the investigators which are allocated to the ABC Division do very minimal investigations into the operation and conduct of bingo games, the Department is forced to rely on complaints from concerned citizens regarding violations of the bingo tax law. The nature of these complaints further hampers the Department as the vast majority are unsigned letters and anonymous phone calls which cannot be used as a basis for a hearing.

Complaints reported to the Department fall into several categories. A few examples are:

1. Licensee not recording names of persons who win \$100.00 or more;
2. Persons other than members of the organization or a spouse of a member helping in the operation, management or conduct of bingo games;
3. Licensee improperly advertising its bingo games;
4. Licensee awarding more than \$1,200.00 in money and prizes in a single day;
5. Lessor conducting bingo games without valid licensees;

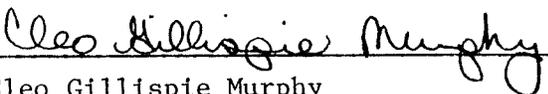
Atch. 2

6. Licensee using bingo proceeds for purposes other than those prescribed in K.S.A. 79-4706(a); and
7. Licensee playing bingo games more than two days per week.

Upon receipt of a signed written complaint, the attorney who handles bingo violations writes a letter informing the licensee that a complaint has been registered with the Department. The primary purpose of the letter is to let the licensee know that it must immediately cease and desist from the alleged violation. The attorney further informs the licensee that should the Department receive another complaint a hearing to revoke or suspend its bingo license will be immediately set up. However, if the attorney believes the alleged violation is sever, he/she may immediately set up the licensee for a hearing to determine if its bingo license should be revoked or suspended. This action will also be taken should the attorney receive a number of complaints regarding the same violation on a particular licensee.

Once a bingo licensee has been docketed for formal hearing there are four dispositions which the hearing officer has the authority to impose. These are: 1) issue a formal cease and desist order; 2) issue an order revoking the bingo license for a specified period of time; 3) issue an order suspending the bingo license; or 4) dismiss the hearing for lack of evidence presented by the Department.

During the calendar year of 1982 a total of eleven organizations were docketed for formal hearing. In addition numerous cease and desist letters and investigative letters were sent to organizations across the state.


Cleo Gillispie Murphy

CGM:jc

Attach.

3
2/8/83

MEMORANDUM

TO: Members of the Senate Federal
and State Affairs Committee

DATE: March 4, 1982

FROM: Nancy E. Gartner
Attorney

RE: Bingo

This memorandum is presented in addition to specific recommendations of the Department of Revenue which are presented in the form of a proposed bill. The purpose of this memorandum is threefold. First, it briefly outlines proposed amendments to the Bingo Law which have been introduced during the 1982 Session. Secondly, it outlines possible enforcement measures which may enable the Department or other enforcement agencies to ascertain with greater certainty, violators of the Bingo Tax Law. Finally, it makes some concluding comments regarding the Bingo Tax Law.

I
Proposed Amendments to the Bingo Law
Introduced in the 1982 Session

There are currently pending before the Legislature two separate amendments regarding the Bingo Tax Law on which this Department has taken no position.

Representative Lowther introduced, as House Bill No. 2815, an amendment to K.S.A. 79-4703(c) which states in pertinent part, as follows:

"...No organization shall be issued a license to operate or conduct games of bingo at any location outside the county within which such organization is located as reported in its application for licensure pursuant to subsection (a), nor shall any licensee operate or conduct games of bingo at any location outside the county within which such licensee is located."

It is the belief of this Department, based upon conversations conducted between Rep. Lowther and personnel in this Department, and upon his testimony as presented to the House State and Federal Affairs Committee when he discussed this Bill with the Committee on February 16, 1982, that the purpose of the above-quoted language was to keep organizations located in one county from playing bingo in different counties.

Att. h. 3

To: Members of the Senate Federal
and State Affairs Committee
March 4, 1982
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The Amendment will serve its purpose for those organizations that have a definite business address. However, many organizations who meet the eligibility requirements to obtain a bingo license do not have a definite location. Instead, these organizations conduct their meetings in various meeting rooms throughout a city or town. Under this scenario, the address of the organization is that of the organization's officer who is in charge of the organization's books and records.

As a result, there is nothing in the law which would prohibit an organization from appointing as its officer in charge of books and records, a person who lives in a different county than where the organization conducts its meetings in order to be granted a license to play bingo in a particular county.

As stated in the heading to the section of this memorandum, this Department has not taken an official posture on this Amendment but does believe that the Legislature should be made aware of possible pitfalls and problems.

The second, and final amendment this Department is aware of being before the Legislature this Session, is an amendment to K.S.A. 79-4706(i) and reads in pertinent part, as follows:

"...The use of paper game program booklets with multiple bingo cards printed on the paper therein will be allowed so long as the charge made for all regular games bingo cards not exceed (\$1);"

The purpose of this amendment is to provide authority for the use of computer bingo cards. This Department has taken the stance that only upon a strained interpretation of the definition of a bingo card, located at K.S.A. 79-4701(a), could it be found that a computer program booklet constituted a bingo card as to all pages in the booklet.

The amendment outlined above attempts to say that computer program booklets come within the purview of a bingo card for purposes of the Law but without a corresponding amendment to K.S.A. 79-4701(a), the argument may be made that the computer program booklets remain outside the definition of a bingo card absent a strained interpretation of the statute.

Once again, this Department has not taken an official posture on this amendment and only seeks to enlighten the Legislature as to the possible problems inherent in the above proposed amendment.

II

Possible Enforcement Provisions Which Could be Implemented by the Legislature

In this section we will attempt to enumerate the possible enforcement procedures which could possibly result in more vigorous enforcement techniques for enforcing the Bingo Tax Law. These techniques must be prefaced, however, with the proviso that it is unknown whether the implementation of these techniques would be cost efficient.

To: Members of the Senate Federal
and State Affairs Committee
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In order to provide an "audit trail" which is completely non-existent under present law, the State could be authorized to issue bingo cards itself to the bingo licensees thereby enabling audit personnel to obtain accurate figures as to the number of cards sold by the particular organization to its patrons and obtain an accurate reflection of tax liability as a result.

Secondly, the Legislature could allocate specific monies for the purpose of hiring enforcement personnel whose duties would be to police the actual operation of the bingo games conducted by licensees. These personnel would most probably discover more potential violations which could then be referred to local authorities for action.

Finally, the Legislature could mandate that all winners of bingo games be paid by check instead of cash. The implementation of this provision would enable the Department to more accurately audit the monies received and disbursed by licensees and would also enable the Department to ascertain whether possible infractions of the Bingo Tax Law is occurring, should there be many checks written to a particular person as being a "winner".

III Conclusion

The Bingo Tax Law, enacted in 1975 by the Kansas Legislature, was enacted for the purpose of allowing non-profit organizations with a means of generating revenues.

At the time the Law was enacted, the Legislature did not allocate any monies for purposes of hiring additional personnel to enforce the Law, nor have they chosen to provide for their hiring during the intervening seven years.

Under K.S.A. 79-4704 there was, and is, established a bingo tax of 3% on gross receipts received by the licensee from charges for participation in such games and in admission fees or charges in connection therewith. This tax is distributed pursuant to K.S.A. 79-4710 which requires that two-thirds of the money collected be returned to the counties and one-third of the money credited to the state general fund. Therefore, out of the bingo tax actually remitted to the Department of Revenue in 1981, \$730,087.47, two-thirds, \$486,724.78, was returned to the counties with the remaining \$243,362.39 being credited to the state general fund.

This Department has received very little contact from local authorities on bingo licensees and corresponding problems, yet they are the very personnel clothed with authority to enforce the bingo laws within their particular jurisdiction.

To: Members of the Senate Federal
and State Affairs Committee
March 4, 1982
Page 4

This Department has received numerous complaints alleging violations of the Bingo Tax Law but we are hard-pressed to base a hearing on these complaints due to the fact that the vast majority are unsigned letters and anonymous phone calls.

LEGAL SERVICES

BY: Nancy E. Spitzer
Attorney

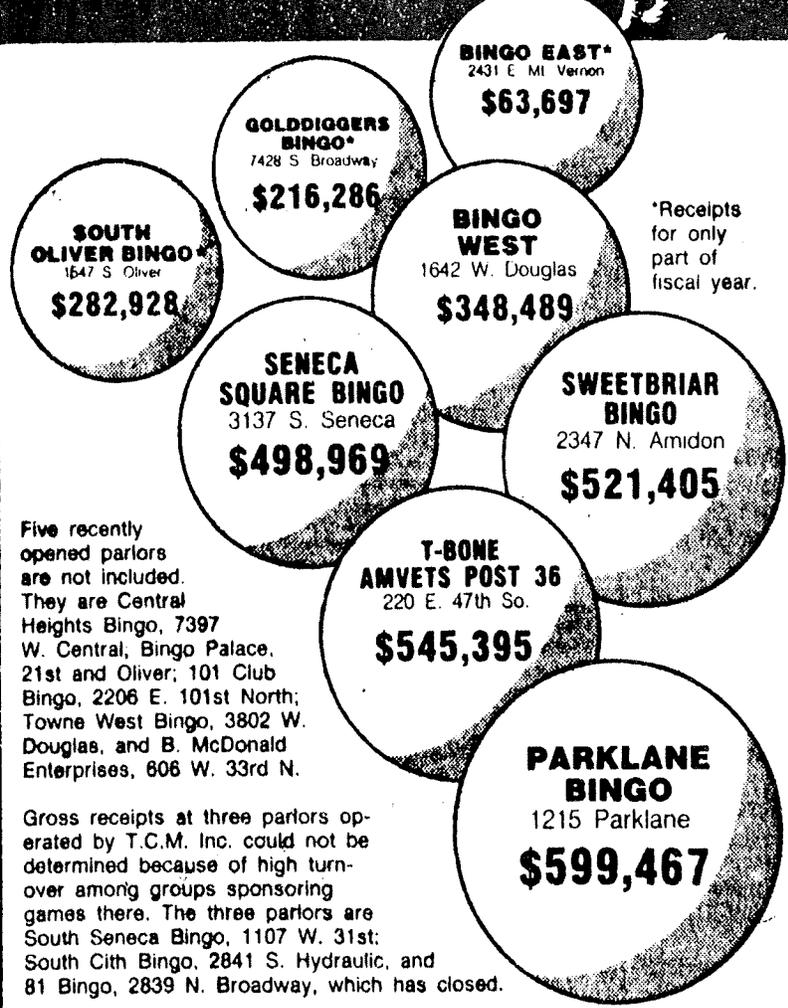
APPROVED: Alan F. Alderson
General Counsel

AFA:NEG:sa

11-7
2/15/83



**GROSS RECEIPTS AT
SEDGWICK COUNTY BINGO PARLORS
FOR 12 MONTH ENDING JUNE 30, 1982**



*Receipts for only part of fiscal year.

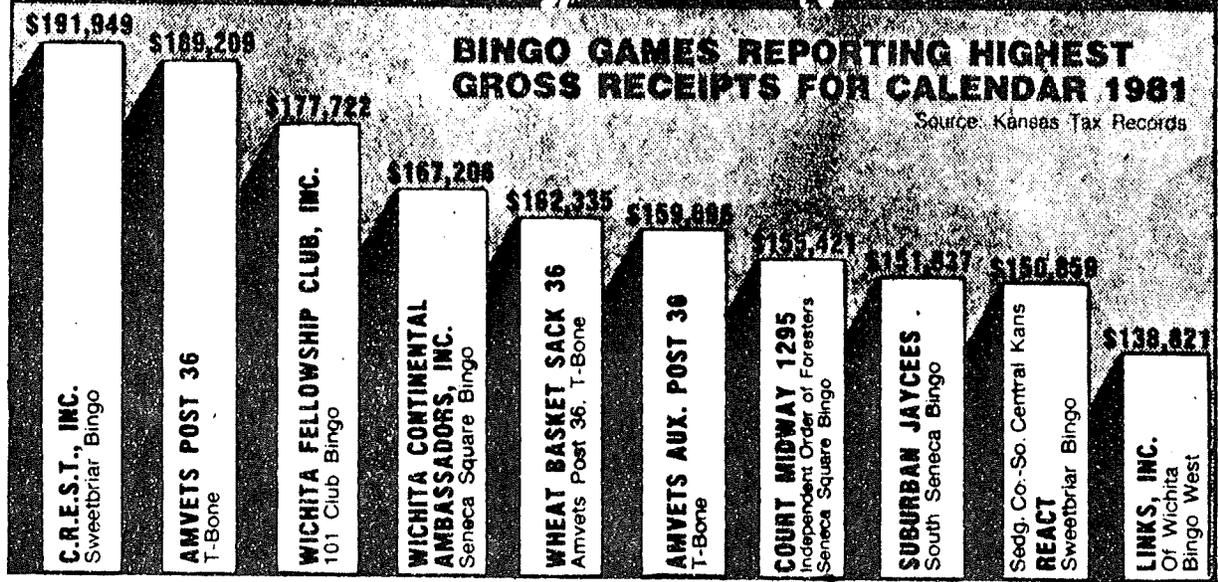
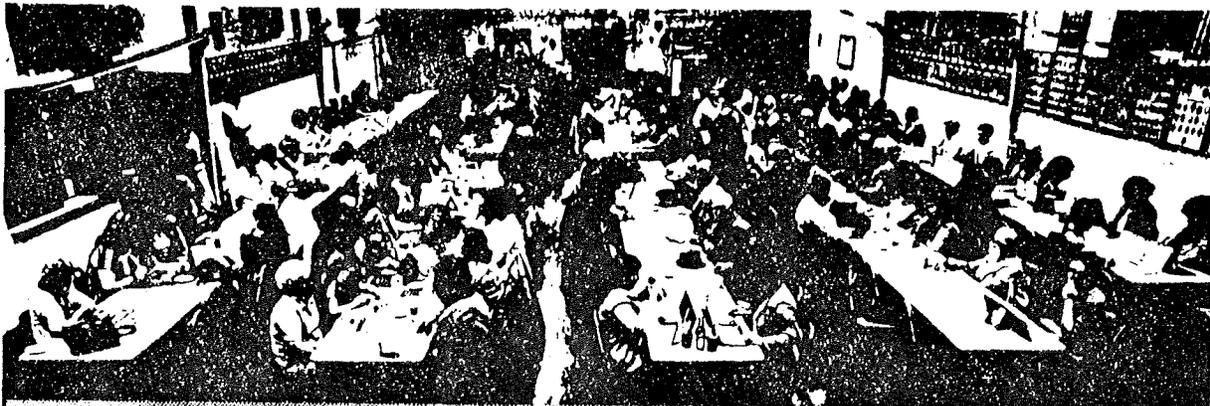
Five recently opened parlors are not included. They are Central Heights Bingo, 7397 W. Central; Bingo Palace, 21st and Oliver; 101 Club Bingo, 2206 E. 101st North; Towne West Bingo, 3802 W. Douglas; and B. McDonald Enterprises, 806 W. 33rd N.

Gross receipts at three parlors operated by T.C.M. Inc. could not be determined because of high turnover among groups sponsoring games there. The three parlors are South Seneca Bingo, 1107 W. 31st; South Cith Bingo, 2841 S. Hydraulic; and 81 Bingo, 2839 N. Broadway, which has closed.

Source: Kansas Tax Records

Alch. 4

5
2/11/73



AK-6.5

46
2/11/82

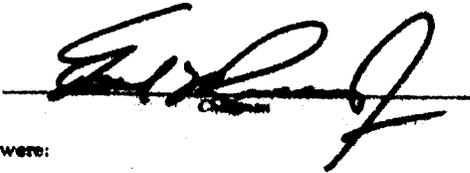
MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

Held in Room 234-K at the Statehouse at 11:00 a. m. on March 31, 1982.

All members were present except Senator Daniels was excused.

The next meeting of the Committee will be held at 11:00 a. m. on April 1, 1982.

These minutes of the meeting held on March 31, 1982 were considered, corrected and approved.



The conferees appearing before the Committee were:

Representative James Lowther
Representative Jim Braden
Rosalya Rieger, Riley County Commissioner, Member Riley County Law Board
Emily Bode, President, League of Women Voters of Manhattan
Wayne W. Henson, Mayor, Ogden
Alan Alderson, Chief Attorney, Department of Revenue
John Ivan, Attorney
Jamie Schwartz, Director, Kansas Department of Economic Development

HB 2815 - Relating to conducting and licensing games of bingo.

Representative Lowther said the bill was introduced as the result of non-profit organizations in his area discontinuing bingo games because of loss of money due to bingo parlors moving into his area. The legislative intent of the bingo law was being abused since it was meant to cover charitable organizations and prevent individuals from receiving a profit from bingo games. Bingo parlors in the Emporia area operate 6 or 7 days a week with operators being licensed outside of Emporia. He mentioned provisions in the bill, on page 3, lines 87-92, would require organizations from outside the area to be licensed within the county. A raise in bingo taxes from 3% to 5% would increase funds by \$305,000 a year and is needed to control the bingo law. He opposed any larger increase in taxes as it would jeopardize small bingo operations. Representative Lowther also supported SB 875 relating to bingo.

HB 2728 - Relating to membership on the Riley County Law Board.

Representative Braden stated the bill would change the membership on the Law Board and was amended by the House to add a representative on the Board from Ogden. Prior to law enforcement consolidation in the county, Ogden had its own police force which was abolished with consolidation. Ogden has no representation on the Board, and Representative Braden felt it should have input on law enforcement matters.

Ms. Rieger gave a statement regarding the bill (Attachment No. 1). The attachment contains suggested amendments that all members of the Riley County Law Board be elected officials. There was discussion on the amendments, and it was noted the House committee rejected them.

Ms. Bode gave a statement in support of the bill (Attachment No. 2). She stated she did not support the amendments.

A letter from the Mayor Pro Tem of Manhattan stating the city commission's position is attached (Attachment No. 3).

Mr. Henson gave a statement supporting the bill (Attachment No. 4). With regard to the suggested amendments, he said Ogden would support either stance as long as it was represented on the Law Board.

Attch. 6

CONTINUATION SHEET

Minutes of the SENATE Committee on FSA, March 31, 1982

SB 875 - Relating to bingo.

Mr. Alderson reviewed the bill and outlined the 5 categories which are addressed. It was noted the bill could be amended into HB 2815. SB 875 makes clear who the lessor is, provides that licenses must be obtained for each premise on which games are played, and requires that a list of everyone involved be registered with the Secretary of State. Injunction powers for the Department of Revenue to deal with violators are provided. Churches would have to be licensed but would not have to register if games are played on the church premises. Additional staff would not be needed to monitor provisions of the legislation, and the fiscal impact would not be great.

Mr. Ivan stated he has a client who operates a bingo parlor in Shawnee which was a family oriented establishment. He explained the computer bingo booklets used there. Booklets are sold for \$1.00 each to non-profit organizations, and the organization gets the exact number of cards it will use in that evening. The system is subject to audit and helps the organization keep track of receipts and prizes. Suggested amendments to utilize this type of operation statewide are attached (Attachment No. 5). Mr. Alderson said these types of cards, if issued by the state, would facilitate auditing.

KDED Proposal (SB 883) - Relating to advertising.

Mr. Schwartz presented a proposal (Attachment No. 6) that would enable the KDED to advertise without having to let bids for each advertisement. Senator Morris made a motion to introduce the proposal as a bill, seconded by Senator Francisco. Motion carried.

The meeting adjourned at 12:00 noon.

CONTINUATION SHEET

Minutes of the Senate Committee on FSA, April 6, 1982

Senator Daniels, an author of SB 612, noted the differences between the two bills. SB 612 was patterned after a California law, and the penalties are stiffer. She had no objections to its being amended into HB 2679. Senator Francisco, another author, noted the lateness of the session and felt HB 2679 probably would be passed if there were no further amendments. He made a motion to report HB 2679 favorable for passage, seconded by Senator Arasmith. Motion carried.

HB 2843 - Relating to law enforcement uniforms.

Mr. Howard gave a statement for Adrian Farver, Kansas Sheriffs Association, in favor of the bill. He also stated the KPOA supports the bill. Senator Francisco made a motion to report the bill favorably, seconded by Senator Gannon. Motion carried.

SB 883 - Relating to the KDWD and advertising.

Senator Francisco made a motion to report the bill favorably, seconded by Senator Daniels. Motion carried.

HB 2997 - Relating to publications and the Department of Administration.

Mr. Griggs stated present law requires copies of state agency publications to be mailed to each member of the legislature. The bill would delete that requirement and would authorize state agencies to levy a charge for distribution.

HB 2720 - Relating to certification and licensing of barbers.

It was pointed out the provision in the bill pertaining to the good moral character of barbers licensed was incongruous with licensing offenders from the Hutchinson Reformatory. It was also noted the House committee was split on this issue. Senator Pomeroy made a motion to recommend the bill favorably, seconded by Senator Gannon. Motion carried.

HB 2982 - Relating to military reservation annexation.

Senator Francisco made a motion to report the bill adversely, seconded by Senator Gannon. Motion carried. Senator Daniels made a motion to reconsider this action, seconded by Senator Arasmith. Motion failed to carry. Senators Daniels, Arasmith, and Roits voted for the motion.

Following the vote, affidavits (Attachment No. 5) concerning the Fort Riley National Bank were distributed to members in an effort to dispel rumors.

SCR 1627 - Relating to voter initiative.

Mr. Enaley, Revisor of Statutes, explained the differences between this resolution and SCR 1629 on the Senate Calendar. He felt it would be impossible for provisions to restrict voters to petition for only constitutional changes and eliminate those relating to statutes. He noted SCR 1627 was the reverse of present law. The opinion was expressed that the matter should be sent to the Senate floor to be either voted up or down. Senator Francisco made a motion that SCR 1627 be adopted, seconded by Senator Gannon. Motion carried.

HB 2815 and SB 875 - Relating to bingo.

Suggested amendments to HB 2815 (Attachment Nos. 6 and 7) were discussed. Attachment No. 6 contains provisions of SB 875. Mr. Alderson stated Attachment No. 7 was recommended by Bob Coldsnow, Legislative Counsel, and does not concern the Department of Revenue. Mr. Coldsnow's concern was that, for law enforcement purposes, the names of individuals owning interests in bingo games be recorded. Senator Francisco made a motion to adopt the amendments in both attachments, seconded by Senator Parrish. Motion carried. Senator Francisco proposed increasing the tax on bingo games, noting the state was only receiving \$1 million from this source. It was the decision of the committee to determine if the provisions in HB 2815 would increase revenues after enactment. Senator Arasmith made a motion to report the bill favorable as amended, seconded by Senator Parrish. Motion carried. Senator Arasmith then moved to report SB 875 adversely, seconded by Senator Gannon. Motion carried.

SB 479 - Relating to White Plume.

Senator Pomeroy made a motion to remove the bill from the table, seconded by Senator Parrish. Motion failed to carry.

77
2/16/82

MINUTES OF THE ~~House~~ COMMITTEE ON ~~Federal & State Affairs~~

Held in Room 526-S at the Statehouse at 1:10 ~~noon~~ p. m.
on February 16, 1982

All members were present except Reps. Burgess, Louis, & Smith, who were excused.

The next meeting of the Committee will be held at 1:30 ~~noon~~ p. m.
on February 22, 1982

These minutes of the meeting held on _____, 19____ were considered, corrected and approved.

Neal D. Whitaker
Chairman

The conferees appearing before the Committee were:

Representative Jim Lowther
Nancy Gartner, Attorney, Department of Revenue
Marvin Jardon, American Legion Post #228, Baldwin City, Kansas

Chairman Whitaker called the meeting to order and announced that HB 2915 was on hearing status.

Rep. Jim Lowther, sponsor of HB 2815, appeared to explain the 2 changes in the bill. He spoke to the new language on Page 3, Line 86, requiring those issued a license to conduct their games within the county lines. He also spoke to the increase of tax from 3% to 5% on Line 114 of Page 3. More revenue should be channeled back to the counties and cities. He stated that the local units of government could use the money to supervise the games as well as for other things.

Nancy Gartner, Attorney, Department of Revenue, spoke to the changes on HB 2815 stating that some organizations do not have a resident place of business and under Department of Revenue regulations who has the books is the place of business. This issue could be addressed otherwise they see no particular problems with the bill.

Marvin E. Jardon, American Legion Post #228, Baldwin City, Kansas, appeared in opposition to HB 2815 stating his post and others were concerned about the change in the tax from 3% to 5% and how it would affect the monies taken in by the post that are used in community work. (See Attachments A and B)

Chairman Whitaker informed the Committee that a statement from Reverend Richard Taylor, Kansans for Life at Its Best, was at their places. (See Attachment C)

Ernie Mosher, Kansas League of Municipalities, appeared in support of HB 2815 stating they like the idea of trying to keep the money locally but also stated they are concerned with the amount of money returned under the formula. The bill as written would be acceptable to them.

HB 2740 which was returned to the Revisor's Office for some further work was discussed by the Committee. Rep. Griffiths moved, Rep. Koe seconding that the amendment to Line 97, Page 3, which shall be fixed in an amount adequate to recover the costs of printing, binding, postage and handling attributable to the preparation and distribution of the Kansas Statutes Annotated, and the inclusion of the same on Line 13 of Page 4, and the printing thereof, be changed to read: "on July 1, 1982."

Atch. 7

February 8, 1983
Senate Bill 98
Senate Federal and State Affairs Committee Hearing

When Kansas Bureau of Investigation Director Thomas Kelly appeared before this Committee in 1981 and opposed parimutuel gambling, the CONCLUSION of his Report gave this quote from an Illinois Investigation Commission Report:

"...when the State participates in an activity which is otherwise criminal in nature, it must scrupulously maintain the highest standards among the other persons and organizations permitted to participate in that activity."

The issue before you is not the harmless game of bingo, the issue is commercial gambling. A business friend from Wichita told of a happy lady who came in his store one day to make payment on an overdue bill of \$500. She excitedly said that last night at bingo she "won" \$200 and wanted to apply it on what she owed. The business man asked how often she played. "Only once a week," she replied, "and I always limit myself to losing \$10 and then quitting." The merchant asked how long she had been doing this. "Over a year," was her response. The merchant said that \$10 a week for over a year would be more than \$500 which would have paid her account in full. He tried to explain she had not "won" \$200 at bingo, instead she was a \$300 loser.

Commercial gambling is a public swindle inflicted mainly on the poor. It is a fraudulent activity criminal in nature. Concerned lawmakers would like to get rid of commercial bingo gambling. If that is not possible, then demand and scrupulously maintain the highest standards.

Respectfully submitted,

Richard Taylor

Rev. Richard E. Taylor, Jr.