

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Clyde Graeber at 1:30 p.m. on March 22, 1993 in Room 526-S of the Capitol.

All members were present except: Representative Phill Kline, Excused

Committee staff present: Mary Galligan, Legislative Research Department
Lynne Holt, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

The Chairperson stated the committee would look at four bills today and determine if they wanted to take any action on them.

The first bill being considered was SB 82, concerning alcoholic beverages.

The Chairperson asked if James Conant, Chief Administrative Officer, Alcoholic Beverage Control Division, had any comment regarding SB 82.

Mr. Conant responded that he would encourage the committee to pass SB 82 out of committee favorably.

Representative Sebelius moved and Representative Cornfield seconded to move SB 82 out of committee as amended. The motion carried.

The Chairperson asked the committee what action they wished to take on SB 111, a bill that would reduce the minimum amount of revenue required to be transferred from the state lottery to the State Gaming Revenue Fund from 30 percent to 25 percent.

Representative Boston moved and Representative Cox seconded that SB 111 be moved out of committee favorably.

Representative Wiard stated he would vote "no". This amount should not be reduced as they will probably come next year and ask for another reduction.

Representative Wilk stated, we own the state lottery so we set the rules. Things are going well and they are doing a great job and concerned about this and would vote in opposition of SB111

Representative Cox stated the state should benefit from this as there would be more revenue and more pay-out.

Representative Sebelius stated last year we could barely get the lottery to live, possibly we could put a one-year sunset and next year the Lottery Commission could give us some hard numbers. If there is not an increase and the state loses money, we can sunset, but if the figures are increased, it would be a good deal. The bill would sunset July 1, 1994.

Representative Sebelius offered a substitute motion and Representative Gilbert seconded that SB 111 be amended to have a provision to sunset July 1, 1994. The motion carried.

Representative Graeber stated the sunset provision was a good idea.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 526-S
Statehouse, at 1:30 p.m. on March 22, 1993.

Representative Cornfield stated she would vote "no" as there are too many things coming this year that affects the lottery.

Representative Sebelius moved and Representative Gilbert seconded that SB 111 be moved out as amended. The motion carried.

The Chairperson asked what action the committee wished to take on SB 181 and stated that the Fiscal Note is in error as it states sales tax is not being collected and will request a corrected Fiscal Note.

James Conant, Chief Administrative Officer, Alcoholic Beverage Control, stated that bingo licenses are currently collecting sales tax.

Mr. Conant offered an amendment to SB 181 adding (c) to Section 2. on Page 4 and adding a paragraph to new Section 8 on Page 11. (See Attachment #1)

Representative Sebelius moved and Representative Plummer seconded to adopt the amendment. The motion carried.

Representative Sebelius moved and Representative Benlon seconded a conceptual amendment to put a one year sunset on Senate Bill 181 (July, 1994) and look at it after one year and see if there is a positive or negative effect on the general fund and look at it next year.

Representative Wilk stated he opposed the one-year sunset.

Representative Plummer asked if the reason for sunseting was to see the affect this would have on sales?

Representative Sebelius replied, yes.

Representative Plummer stated he opposed the amendment as there is no need to sunset.

There was a vote on the motion and the motion carried.

Representative Gilbert moved and Representative Cox seconded to move SB 181 out of committee favorably as amended. The motion carried.

Representative Wiard stated he would vote against SB 181 as he questioned the constitutionality.

Chairperson Graeber stated he would request an updated fiscal note.

Representative Rock stated he supported SB 181 as these charitable organizations need a way to make money.

The Chairperson asked the committee if they wished to take action on SB 322, a bill that would amend the Liquor Control Act to repeal the minimum container size for alcohol liquor.

Staff stated a technical amendment was needed in the title and change the word, "liquors" to "beverages".

Representative Lahti moved and Representative Wiard seconded to amend the title and change the word "liquors" to "beverages".

Representative Wilk moved and Representative Rock seconded to move SB 322 out of committee favorably as amended. The motion carried.

Representative Lane moved and Representative Cornfield seconded the minutes of March 16, 17 and 18 be approved. The motion carried.

The meeting adjourned at 2:30 P.M.

The next meeting is scheduled for March 23, 1993.

Date: 3/22/93

FEDERAL and STATE AFFAIRS COMMITTEE

NAME	ORGANIZATION	ADDRESS
Robert Engler	ABC	Topeka
Jim Conant	ABC	Topeka
Derieth L. Sutton	Kansas Lottery	Topeka, KS
Christi Hukins	Intern for Rep. Groeber	Lawrence, KS.
Tuck Dulan	Kansas	Topeka
Kathy Peterson	Distilled Spirits Council	Topeka
JOE BERGER	SUNFLOWER CLUB ASSOC	TOPEKA
Julie J. Stein	Coalition for Instant Imp	Topeka
Nancy Magnuson	NAFTM	Minneapolis, MN
JOHN C. Bottenberg	Bottenberg & Assoc.	TOPEKA -
Tom Furr	Kans Chamber of Commerce	Topeka -
Neal Whitaker	KBWA	Topeka

in subsection (c) of K.S.A. 79-4703 and amendments thereto, and includes all political subdivisions and other public agencies.

~~(b)~~ (i) "Premises" means any room, hall, building, enclosure or outdoor area used for the management, operation or conduct of a game of bingo.

Sec. 2. K.S.A. 79-4704 is hereby amended to read as follows: 79-4704. For the purpose of providing revenue which may be used by the state, counties and cities and for the privilege of operating or conducting games of bingo under the authority of this act:

(a) There is hereby levied and there shall be collected and paid by each licensee a tax at the rate of ~~three percent (3%)~~ 3% upon the gross receipts received by the licensee from charges for participation in ~~such~~ *call bingo* games and any admission fees or charges in connection therewith. The tax imposed by this section shall be in addition to the license fee imposed under K.S.A. 79-4703 *and amendments thereto*.

(b) *There is hereby levied and there shall be collected and paid by each bingo card distributor a tax at a rate of 1% upon the total of the printed retail sales price of all tickets in each box of instant bingo tickets sold by the distributor to each licensee conducting instant bingo games within the state of Kansas. The bingo card distributor shall include the tax due under this subsection in the sales price of each box paid by the licensee and such tax shall be itemized separately on the invoice provided to the licensee.*

Sec. 3. K.S.A. 79-4705 is hereby amended to read as follows: 79-4705. (a) On dates prescribed by the director of taxation, every ~~organization licensee~~ operating or conducting a game of bingo shall make a return to the director of taxation upon forms prescribed by the director stating the name and address of the organization, the amount of the gross receipts received from charges for admission or participation in such game during the preceding reporting period *the number of each denomination of instant bingo tickets sold during the preceding reporting period*, and such other information as the director may deem necessary. The ~~organization licensee~~ making the return shall, at the time of making such return, pay to the director of taxation the amount of the tax then due under K.S.A. 79-4704 *and amendments thereto*. The director may extend the time for making returns and payment of such taxes for a period not exceeding ~~sixty (60)~~ 60 days under rules and regulations adopted by the secretary of revenue.

(b) *On dates prescribed by the director of taxation, every bingo card distributor shall make a return to the director of taxation upon forms prescribed by the director, listing the number of instant bingo*

(c) Whenever, in the judgment of the secretary of revenue, it is necessary, in order to secure the collection of the tax due under this subsection, the secretary ^{shall} require any bingo card distributor subject to such tax to file a bond with the director of taxation under conditions established by and in such form and amount as prescribed by rules and regulations adopted by the secretary.

(Note: patterned after subsection (e) of 74-41a03)--
Liquor Excise Tax)

F&SA
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Atch #1

1 of any county, all taxes collected therefrom shall be remitted to the
 2 county treasurer of such county and credited to the county general
 3 fund. Moneys distributed to cities and counties under this section
 4 shall be used to assist in the enforcement of the bingo laws of this
 5 state.

6 Sec. 7. K.S.A. 79-4711 is hereby amended to read as follows:
 7 79-4711. There is hereby created the bingo refund fund in the state
 8 treasury. The bingo refund fund shall be a refund clearing fund and
 9 refunds of the fees imposed under K.S.A. 79-4703 and amendments
 10 thereto and of the tax levied under K.S.A. 79-4704 and amendments
 11 thereto shall be made from this fund. The bingo refund fund shall
 12 be maintained by the secretary of revenue from the fees received
 13 under K.S.A. 79-4703 and license and registration fees received
 14 under this act and from the tax collected under K.S.A. 79-4704 and
 15 amendments thereto in an amount sufficient for such refunds of not
 16 to exceed ten thousand dollars (\$10,000) \$10,000.

17 New Sec. 8. (a) In addition to or in lieu of any other civil or
 18 criminal penalty provided by law, the secretary of revenue or the
 19 secretary's designee, upon a finding that a licensee under K.S.A. 79-
 20 4703 and amendments thereto ~~has violated any provision of K.S.A.~~
 21 ~~79-4701 through 79-4705, 79-4705a, 79-4706, 79-4707, 79-4708, 79-~~
 22 ~~4710, 79-4711 or section 5, and amendments thereto, or any provision~~
 23 ~~of any rule and regulation of the secretary of revenue for the reg-~~
 24 ~~istration, licensing, taxing, management, conduct or operation of~~
 25 ~~bingo, may impose on such licensee a civil fine not exceeding \$500~~
 26 ~~for each violation.~~

27 (b) No fine shall be imposed pursuant to this section except upon
 28 the written order of the secretary of revenue or the secretary's
 29 designee to the licensee who committed the violation. Such order
 30 shall state the violation, the fine to be imposed and the right of the
 31 licensee to appeal the order. Such order shall be subject to appeal
 32 and review in the manner provided by the Kansas administrative
 33 procedures act.

34 (c) Any fine collected pursuant to this section shall be paid to
 35 the state treasurer, who shall deposit the entire amount in the state
 36 treasury and credit it to the state bingo regulation fund.

37 New Sec. 8 9. If any provision of this act or the application
 38 thereof to any person or circumstances is held unconstitutional or
 39 otherwise invalid, such unconstitutionality or invalidity shall not af-
 40 fect other provisions or applications of the act which can be given
 41 effect without the unconstitutional or invalid provision or application,
 42 and, to this end, the provisions of this act are severable.

43 Sec. 9 10. K.S.A. 79-4701, 79-4704, 79-4705, 79-4706, 79-4710

, or any lessor or bingo card distributor as defined by K.S.A. 79-4701 and amendments thereto, has violated any provision of this act and amendments thereto, or any rule and regulation adopted by the secretary of revenue pursuant to K.S.A. 79-4708 and amendments thereto

, lessor or bingo card distributor

, lessor or bingo card distributor