MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Chairperson Senator Lana Oleen at 12:05 p.m. on March 26, 1999 in Room 254-E of the Capitol.

All members were present except: Senator Vratil, Excused

Committee staff present:

Mary Galligan, Legislative Research Department

Russell Mills, Legislative Research Department

Theresa Kiernan, Revisors of Statutes Judy Glasgow, Committee Secretary

Conferees appearing before the committee: Chuck Yunkers, American Legion, State Headquarters

Tom Frenn, Kansas Charities Corporation Ralph Snyder, Sunflower Club Association Carl Nelson, American Legion Holton

Ray Hamlin, Wetmore, Kansas

Others attending:

See attached sheet

Chairman Oleen opened the hearing on Substitute HB 2013 - Bingo; regulation and taxation: progressive bingo games

Chairman Oleen recognized Chuck Yunkers, American Legion, State Headquarters. Mr. Yunkers spoke as a proponent to Substitute HB 2013. (Attachment 1). He stated that The American Legion Department of Kansas, voted unanimously to endorse the concept of HB 2013, but ask that several amendments to the bill be offered. He stated that many bingo games have become a community service for bingo players rather than a charitable fund raising source to be used to benefit a wide variety of community services. He asked to report Substitute HB 2013 favorably.

Chairman Oleen called on Tom Frenn, Kansas Charities Cooperative. Mr. Frenn stated that Kansas Charities Cooperative is an association of non profit fraternal organizations and bingo halls in Kansas the use bingo for their fund raising efforts. (Attachment 2). Mr. Frenn asked the committee to support Substitute HB 2013 to safeguard the success of bingo for non-profit organizations in Kansas.

Mr. Ralph Snyder, Kansas Sunflower Club Association was recognized by Chairman Oleen. Mr. Snyder stated that **Substitute for HB 2013** lowers taxes on bingo and provides the means to slow the competition faced from Indian Casinos and river boats by the addition of two progressive jackpots (Attachment 3). Mr. Snyder stated that those in Kansas who sponsor bingo games are true, non-profit charitable groups who rely on their volunteer members to conduct bingo and all of these profits stay in the communities to fund local programs.

Chairman Oleen recognized Mr. Carl Nelson, The American Legion, Holton, Kansas. Mr. Nelson stated that **Substitute HB 2013** as passed by the house is satisfactory to his organization. (Attachment 4) It will allow the Holton post to retain more of the current revenue from bingo proceeds and make it desirable to continue the weekly games. Mr. Nelson stated that Holton American Legion does not oppose to the phase out of the hard-cards; but does understand that the loss could have serious impact on some small sponsors of bingo and suggested some plan could be devised to allow them to continue in some fashion.

Chairman Oleen called on Mr. Ray Hamlin, The American Legion, Wetmore, Kansas. Mr. Hamlin provided receipts that showed that over \$3300 was paid by the American Legion in Wetmore in taxes. (Attachment 5). Mr. Hamlin stated that if less taxes were paid there would be more assets to support local activities.

Chairman Oleen announced that hearings on **Substitute HB 2013** will continue on Monday, March 29, 1999 beginning with opponents to the bill..

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 254-E Statehouse, at 12:05 a.m. on March 26, 1999.

Chairman Oleen announced that <u>SB 278 - tobacco</u>, sampling notice prior to distribution would be read in on the Senate floor when session reconvened today.

Chairman Oleen announced that Mr. Fadale has been working with interested parties on SB 304 and that at their request this bill will remain in the committee. Mr. Fadale stated that after meeting with interested parties on SB 313, it was decided that there were other ways of achieving the requested results and that this bill be reported unfavorably so that a new approach can come forward on this subject. Senator Harrington moved to report SB 313 unfavorably by the committee. The motion was seconded by Senator Biggs. The motion carried.

Chairman Oleen announced that new language is being developed by staff on <u>SB 322</u> and <u>SB 317</u> and that possible action will take place sometime next week.

Chairman Oleen asked Senator Becker to give the committee an update on <u>HCR 5021</u>. Senator Becker stated that new language had been added to <u>HCR 5021</u> to strengthen the language and directed more to Kansas. (<u>Attachment 6</u>). The new language will be added on at the end of <u>HCR 5021</u>. Senator Becker also requested that media be notified when the resolution is presented on the Senate floor. Chairman Oleen noted that a news release could be done and requested that staff prepare one. <u>Senator Harrington moved to report HCR 5021</u> favorably as amended to the full Senate. <u>Senator Biggs seconded the motion</u>. The motion carried by a <u>unanimous vote of the committee</u>.

Chairman Oleen noted that written testimony had been received from Jay Jones, Celebrations, as an opponent to **HB 2040** (Attachment 7).

The meeting adjourned at 12:30 p.m. The next meeting of the committee will be March 29, 1999.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE: MARCH 26, 1999

NAME	REPRESENTING
Ray Hamlin	282 Legion Wetmore
Carl Nelson	Am, Legion, 44, Holton
Clanence L. Ash	Post 282 Wetmove
Mella ask	Fost 282 (aug) Netmore
Evely Sether	Post # 282 (kup) Wetwork
Mehn Osterhans	282 Legion Welmore Ks
Hoyd Shuh Ragel	POST # 163 Mayswell &
Day L. flutin	Amer. Legion Dept. of Ks
Home D Hosp	Post 225 OLAWKIE KS
Jim Conant	ABC/KDIR
Ohil Wilker	KDOR
milton Thieme	Wetmore How Post 282
Skrald Worthington	Post #1 Topeha
Dave Schneider	Kansans For Life At Its Best
Bud Vaugh	Post #1 topoke
Milton Richardson	Post # 1 Topeka
Yailo Janahlis	Post#1 Topeka, KS
James & Bartman	CAPITOL ROST / TOPEKA
Genn THONGSON	SUFK
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SENATE FEDERAL AND STATE AFFAIRS COMMITTEE GUEST LIST

DATE: March 26-1999

NAME	REPRESENTING
Tom Frenn	Kanses Chautee Coopersterie
JOHN PHOY	POST (3)
BILL GARDNER	AMERICAN Legion
Jim Lowther	Post \$15 Am Legius Emporia
Charles Yunker	KS AMERICAN LEGION
RAlph Snyder	Ks American Legion Ks. Sunflower Clab
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TESTIMONY IN SUPPORT OF
SUBSTITUTE FOR HOUSE BILL 2013
PRESENTED TO
SENATE FEDERAL AND STATE AFFAIRS
BY CHARLES M. YUNKER, DEPT. ADJUTANT
KANSAS AMERICAN LEGION

Thank you for allowing me this opportunity to present testimony on Substitute for House Bill 2013. My name is Charles Yunker and I represent the American Legion Department of Kansas as its State Adjutant.

On Friday, February 5, 1999 the Executive Committee of The American Legion Department of Kansas, which serves as our governing body between Conventions, voted unanimously to endorse the concept of HB 2013, but directed me to seek several amendments to the original bill.

Those amendments included:

- I. Allow for the use of "hard" or reusable cards beyond the year 2001 in special cases as determined by the Department of Revenue. These special cases could include but not be limited to braille cards, normal hard cards for the physically or sight impaired who have difficulty using paper face cards, and those non-profit organizations who only conduct Bingo games once or twice a year for special events such as church bazaars, school PTA's and PTO's, etc.
- II. Retention of Bingo enforcement under the Department of Revenue.

 By collecting taxes when paper faces are purchased by licensees

Sen. Federal & State Affairs Comm. Date: 3-26-99 Attachment: # /-/ we feel there is no merit to being placed under the Racing and Gaming Commission which the original bill called for. Bingo is small stakes gaming and more often looked upon as entertainment, not gambling. Further, many Bingo licensees' premises also contain a Private Club, (not accessible to Bingo players) therefore it is more economical for the state to only send one inspector to a given location, and more convenient to the licensees to undergo a liquor and Bingo inspection at the same time.

- III. Lowering the originally proposed .003% tax per paper Bingo face to .002% which is comparable to what we are paying today. We also feel Kansas should not have a tax rate higher than Missouri's .002%.
- IV. Adding a provision allowing two additional special or jackpot progressive games whose prizes would be over and above the \$1200 maximum payout per session currently allowed. We asked that a beginning prize for such games not exceed \$250.00, and not increase more than \$100.00 per Bingo Session before the prizes are awarded.
 - --A few years ago we asked the Legislature to approve Instant
 Bingo as a means to offset competition from high stakes gaming.
 We appreciate your approval of Instant Bingo; it helped stem the erosion of our charitable fund raising and has provided additional tax revenue for Kansas just as we said it would.

However as indicated earlier, many Bingo games have become a community service for Bingo players rather than a charitable fund raising source to be used to benefit a wide variety of community services. We believe the authorization of two progressive jackpots will help restore and maintain our community service programs, slow the competition of high stakes gaming at Indian casinos and Missouri river boats, and provide even more tax revenue to the state. We would not be here today if it were not for the competition from high stakes gaming at casinos and river boats.

In closing with perhaps one or two exceptions I believe all of us, Parlors and those who own our buildings, are in agreement today with the provisions of Substitute for House Bill 2013 and we ask that you support it in its present form without further amendments.

KANSAS CHARITIES COOPERATIVE

5265 SW 28th Ct, Topeka, KS 66614 785-273-8304



MEMBERS OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

SUBJECT: HB 2013

Kansas Charities Cooperative is an association of non profit fraternal organizations and bingo halls in Kansas that use bingo for their fundraising efforts.

We have been involved in bingo for almost eight years and during that time there has never been anything as devastating as the casino's to Kansas bingo games. In some cities like Olatha, Ks where bingo had been used as fundraising for decades there are now **no more bingo games by any non profit organizations.** The American Legion and Knights of Columbus had bingo there for years before the riverboats came to Kansas City.

Please support HB 2013 because it brings bingo taxes down to a favorable rate compared to the national average of 2.5% instead of the present 9.15% in Kansas.

We also support the state American Legion with their suggestion of adding two progressive bingo games and along with the reduction of taxes you can help safeguard the success of bingo for non-profit organizations in Kansas. We ask for your vote in favor of HR 2013.

Yours truly

Thomas Frenn

Sen. Federal & State Affairs Comm. Date: 3-26-99

Attachment: # 2-/

#3

TESTIMONY IN SUPPORT OF SUBSTITUTE FOR HOUSE BILL 2013 PRESENTED TO SENATE FEDERAL AND STATE AFFAIRS

My name is Ralph Snyder and I represent the Kansas Sunflower Club Association. Our Association was formed almost thirty years ago to lobby for the legalization of Bingo in the State of Kansas. After accomplishing that goal the Association elected to remain in existence to monitor Bingo and liquor laws as they effect our member organizations.

Our members include American Legion and VFW Posts and Auxiliaries, Knights of Columbus Councils, Eagles, Elks and Moose Lodges, the Shrine and a variety of other religious and civic groups including a Chamber of Commerce, Arthritis Water Exercise Clubs, Baseball Associations, Mentally Handicapped Assistance Groups, etc. located throughout the state of Kansas. Some of the cities represented by those organizations include Agra, Arkansas City, Atchison, Chanute, Clyde, Clay Center, Coffeyville, Concordia, Derby, Dodge City, Douglas, Elkhart, El Dorado, Emporia, Fredonia, Frontenac, Galena, Garden City, Grainfield, Great Bend, Hays, Hiawatha, Holton, Hutchinson, Iola, Junction City, Kansas City, Larned, Lawrence, Leavenworth, Liberal, Manhattan, Marysville, McPherson, Newton, Olpe, Osage City, Osawatomie, Overland Park, Parsons, Pittsburg, Pratt, Prairie Village, Russell, Salina, St. George, Shawnee, Topeka, WaKeeney, Wetmore, and Wichita.

We are seeking your approval of Substitute for House Bill 2013 as our local non profit organizations need your help. Help which you can provide through your support so they may continue and hopefully increase their local programs which benefit thousands of Kansas citizens.

Substitute for House Bill 2013 lowers taxes on Bingo and provides the means to slow the

Sen. Federal & State Affairs Comm

Date: 3-26-99 Attachment: # 3-1 competition we face from Indian Casinos and River boats by the addition of two progressive jackpots.

My testimony today is based on some of the letters and cards we've received from our member organizations. Jane Schumacher of the Hays Baseball Association which sponsors three teams wrote "God Bless You. We really appreciate what you are doing -- The kids deserve it! Again Thanks!"

Glen A. Miller, the Adjutant-Quartermaster of Great Bend VFW Post 3111 said, "Let's do our very best to eliminate all the taxes on Bingo."

Donalem Conway of VFW Auxiliary 56 in Leavenworth perhaps says it best. "We work hard to raise money to do things for veterans at the VA and their families. But last year we went in the hole after paying \$6,831.45 in taxes for Bingo. We could have done a lot more for them. We had to cash in our savings bonds to do Christmas for them last year." "We are so close to Missouri and the boats that it has really hurt us. I don't know if we should cut our prices or hope things will get better." "There has been four Bingo places close in Leavenworth this past year. We have got to have some place for the older people without going on buses all over to spend their money to have fun."

To summarize my testimony we ask that you pass Substitute for House Bill 2013 without any amendments and that you support its passage in the Kansas Senate as quickly as possible. Bingo operators need your help. Please remember those in Kansas who sponsor Bingo games are true, non-profit charitable groups who rely on their volunteer members to conduct Bingo. We are not casinos or race tracks with high paid professional employees or owners and all of our profits stay in our communities to fund local programs.

MARY L. BAIR POST NO. 44 THE AMERICAN LEGION Holton, Kansas 66436

Testimony before the Kansas Senate committee on Federal and State Affairs, 26 March 1999, 1100 hours.

My name is Carl Nelson. I am the commander of the American Legion post in Holton, Kansas. In addition I serve as vice-chair of the Jackson County Tourism Council.

The tourism council advertises Holton as the center of "Casino Country". And that is a fact. Three very large, glittering and colorful casinos grace our corner of Kansas within about twenty miles of Holton.

Holton's small American Legion post conducts weekly bingo games as does the local post of the VFW. This has been traditionally a fun type event for the attendees, has been very well conducted and provides some fundraising for each of our small posts. Players for the American Legion bingo nights usually numbered fifty-five to sixty. Recently we have seen that number decrease to thirty to thirty-five.

We attribute that loss to competition from the casinos. We still offer the same fun, good refreshments and snacks, but attendance is down.

The Bingo bill as passed by the house is entirely satisfactory to us. It will allow our post to retain more of the current revenue from our bingo proceeds and make it again desireable to continue our weekly games.

We use the paper bingo sheets so we have no adverse reaction to the phase out of the hard-cards. But we do understand that the loss of the hard-cards could seriously and adversely impact some small sponsors of bingo such as churches, school PTOs and even some veterans organizatione who still rely on these. Perhaps some plan could be devised to allow these to continue.

Carl F. Nelson, Commander

Sen. Federal & State Affairs Comm Date: 3-26-99 Attachment: # 4-1

The Ame Levick-	erican Legion -Barrett Post #282		C	GENERAL EX 1998						į	Sen. Federal & Sta Date: 3-26-99 Attachment: # 5-
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The American Legion Levick-Barrett Post #282

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The American Legion Levick-Barrett Post #282

Paper Pull-Tabs Daubers

	Gross Receipts	Pull-Tab Receipts	Dauber Receipts	Sales Tax	Bingo Tax	Paid-Out Cash	Other Expense	XFer To General	Net	After Taxes
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WHEREAS, Kansas has thousands of deployable troops at facilities such as Fort Riley, Fort Leavenworth, McConnell Air Base, as well as reservists and members of our Kansas National Guard.

WHEREAS, the results of the Kansas Persians Gulf War Veterans Health Initiative are very troubling, we must do all we can to prevent a repeat of "Gulf War illness" in any future conflict that affects our Kansas military men and women.

Be it further resolved: That we urge our Kansas Congressional delegation to coordinate acquisition of Federal Grants from the National Institute of Health (N.I.H.) or other federal sources to seek causes and cures for Gulf War illness.

Be it further resolved: That we urge our Kansas Congressional delegation to build coalitions with other states to call on Congress and the administration for action in investigating and finding answers to Gulf War illness.

Be it further resolved: That we encourage our Kansas Congressional delegation to meet with members of the Kansas Persian Gulf War Veterans Initiative to coordinate efforts on the federal level.

Sen. Federal & State Affairs Comm. Date: 3-26-99

Attachment: # 6-1

Written Testimony from Jay Jones, owner of Celebrations! Fun Equipment Rental of Wichita, Kansas regarding Senate Bill 2040 on March 23, 1999.

Celebrations! is an amusement rental business employing over 100 part time employees, depending on te time of year. We supply all types of equipment from inflatable events such as moonwalks, mazes, obstacle courses and such to hard rides like trackless trains. We also provide games, team sports, even gaming equipment and game shows.

In five years we have been lucky enough have grown from one moon bounce with a \$4,000 investment to an inventory of over 50 different events with an investment of well over \$250,000. We are members of the Amusement Rental division of O.A.B.A., the Outdoor Amusement Business Association. Their primary representative, Bob Johnson is also in attendance here today.

I am listed as a proponent of the Bill 2040, however after reading the proposed changes and additions to the bill, I am now a opponent. Please understand that I am proponent of inspection, provided they are fair, logical and affordable. My business, is currently excluded from the bill, however inflatable rides should be subject to inspection. My primary opposition lies in the section regarding charities and state owned equipment being not subject to this bill.

I became a non paid, volunteer director for Kansas Special Olympics over an area called Olympic Village. It is the recreation area set aside for the 2000 athletes to spend time in while between Summer Games events each June in Wichita. I held the position for over 7 years. Since starting Celebrations! we have worked with countless charities, schools, churches and fund raising groups. This gives me an insight to the inside workings of volunteered driven organizations such as those covered in the bill

The outright purchase of rides currently covered in Bill 2040 is doubtful. Donations of no longer needed amusement rides for tax deductions is very likely, however. The condition of the donated rides would be suspect. Executives in these organizations have tunnel vision to raising money. They might assume the rides are in working order and begin use. While the person donating the rides would likely include initial training, they would not be required to do so for incoming volunteers. Turnover in management positions of these types of organizations is only exceeded by the turnover in the volunteer base!

Excluding them from the requirements of this bill would have serious ramifications.

Well meaning, albeit non educated volunteers could very easily put children riders in harms way. Parents would let it happen, assuming the rides were being run by fully trained employees. Volunteers would never intentionally hurt riders, but might never understand a danger to these riders.

Attracting and acquiring volunteers is a fulltime paid position for most of the national and regional charitable organizations. Once an accident happens, involving a volunteer operator and personal liability becomes an issue, the volunteer base would be even further eroded.

I support the bill, without the these listed provisions. Without an inspection law in Kansas, we are likely to become a dumping ground for dangerous rides. Nebraska, Missouri, Colorado and Oklahoma, in all 45 states have these laws. Where will the rides go that can't or don't want to pass inspections?

(The following was not presented at the hearing but might be considered.)

A ride owner at the hearing Tuesday stated that his three rides were brought when small towns could not support a full carnival. His was the last line of entertainment for these towns. (Celebrations! supplied inflatables at 2 of the 3 towns he mentioned.) He claimed Nebraska inspects his rides for free. If another state requires an annual inspection, could Kansas accept that states inspection on a piece of equipment?

The gentleman was correct in that small towns are no longer attracting full carnivals. They are contracting with companies like mine to provide inflatable rides instead of Ferris Wheels and such. It's just a matter of time before you must regard inflatables as real rides.

Inflatables should be inspected and owner operators should be required to have insurance to operate in Kansas. There are well over 100 individuals renting moonwalks a.k.a moon bounces out of their homes, in Kansas. They doubtfully pay taxes, have insurance or even require operators. Moon bounces are the single most dangerous event we put kids in today. Operators, even if they are present, are depending on kids to not do the one thing they do exceedingly well, which is the unexpected. It takes just seconds to hit heads together. Bloody noses and split lips are most common but broken legs and concussions also happen.

The bill should be amended to include these very common rides.

I would appreciate being updated or if I can be of any further assistance in this matter, I can be contacted at Celebrations! 1401 S Washington, Wichita, KS 67211 (316) 264-2637