

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on March 2, 2011, in Room 144-S of the Capitol.

All members were present except:

Senator Steve Morris  
Senator Tim Owens

Committee staff present:

Jason Long, Office of the Revisor of Statutes  
Doug Taylor, Office of the Revisor of Statutes  
Dennis Hodgins, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Jim Story, All American Bingo  
Gary Walker, Hayden High School  
Dave Thomas, American Legion  
Charles Yunker, American Legion Headquarters  
Jim Cochran, Mid American Consulting

Others attending:

See attached list.

The Committee Minutes for January 25, 26, 27, February 3, 8, 9, and 10 that were distributed on February 22, 2011, with no changes stand approved.

**SB 201 - Bingo games; prize limits, time, location and conduct of games**

Chairman Brungardt opened the hearings on **SB 201**.

Staff provided an overview of the bill.

Jim Story, President, All American Bingo, appeared in support of the bill. (Attachment 1) The bill would allow an event ticket game to be played in conjunction with a regular game of call bingo and would allow more than three (3) games of event tickets to be played during a single call bingo session.

Gary Walker, Hayden High School, spoke in favor of the bill. (Attachment 2) The bill will allow more flexibility in what can be charged for playing papers and the monies paid in prizes. Some of the highlights are:

- A change in how individual games end allowing pull tab games to finish after regular bingos
- The addition of a game such as Downline Derby
- Minimum and maximum charges for papers and pull tabs
- Loosen restrictions on the playing of early bird games
- Changes in how progressive pots are increased each session

Mr. Walker requested amended language on page 14, Section C on the forth line changing the word "first" to "last", and delete all of Section 4.

Dave Thomas, Finance Officer for American Legion Post 23, Leavenworth, Kansas, testified in favor of the bill. (Attachment 3) The bill will modernize the regulations and the benefits of allowing new games, and pull tabs, such as Donwline Derby. American Legions need these games to subsidize their income, and not lose patrons to Missouri, and Oklahoma, which have much more lenient bingo regulations, and offer larger payout prizes.

Charles Yunker, The American Legion Department of Kansas, spoke in favor of the bill. (Attachment 4) The bill is the result of compromises between their organization and others who support updating the games of Bingo in Kansas. These compromises are long overdue in order to allow both large and small Bingo operations to remain somewhat competitive in the face of increased gaming opportunities in

## CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on March 2, 2011, in Room 144-S of the Capitol.

Kansas.

Jim Cockran, Mid American Consulting, appeared in support of the bill. (Attachment 5) The bill is about giving non-profit organizations who play bingo as a fund-raiser more flexibility in the running of their bingo games. Bingo revenues are down to both the groups and the State, mostly from the encroachment of Indian Casinos and now state owned casinos.

Susan Riley, Chair, Kansas Charitable Gaming Association, provided written testimony in support of the bill. (Attachment 6) Ms. Riley stated in her testimony that almost without exception the organizations all depend on the revenue from bingo in order to keep their doors open. Many of the bingo organizations serve our veterans, senior citizens, and the youth of their community, and provide funding where the counties and state cannot.

Patsy Congrove, Kansas Department of Revenue – Charitable Gaming, provided highlights of the bill. The bill would amend existing statutes concerning bingo games and would add a new instant bingo game. The bill would make the following amendments:

- Remove the \$1 charge limit for regular games of bingo
- Raise the charge for a single instant bingo ticket from \$1 to \$2
- Increase the number of hours instant bingo tickets can be sold prior to the start of a regular session from one to two hours
- Remove the \$1,000 prize limit for progressive games
- Increase the starting prize for progressive games from \$250 to \$400
- Remove the three game limit of instant bingo
- Increase the number of mini games allowed per session from 20 to 30
- Allow mini games to begin two hours prior to, or continue one hour after, the regular session
- Exclude food offered to volunteer duty staff that is less than \$10 in value from being considered remuneration
- Allow games to be operated by a licensee, including a “beneficiary organization”
- Require at least one member of the licensee organization to be on duty, assist with the game, and be listed with the Office of Charitable Gaming

Chairman Brungardt closed the hearings on **SB 201**.

The next meeting is scheduled for March 3, 2011. The meeting was adjourned at 11:23 a.m.

## GUEST LIST

DATE \_\_\_\_\_

[illegible]

(1)

Testimony

Kansas Senate Bill No. 201  
By Committee of Federal and State Affairs  
March 2, 2011

My name is James Story, General Manager of All American Bingo, Inc., located in Sunset Hills, Missouri. We are a licensed Distributor of Charitable Gaming Supplies in Kansas, Missouri, Colorado, Illinois, Iowa, and Wisconsin. We have been selling instant win tickets in Kansas since they became legal.

I am here today in support of Senate Bill No. 201, which would allow an event ticket game to be played in conjunction with a regular game of call bingo and would allow more than 3 games of event tickets to be played during a single call bingo session.

Event ticket games are instant bingo games and are currently legal; this bill makes only a minor modification in the way the games are played. There is no need for the Department of Revenue to adopt rules and there is no additional regulatory cost to the state.

Currently, event ticket games are played with a seal card during the session, but not during an actual call bingo game. This bill would allow the games to be played during a call bingo game as the balls are called. The game consists of about 400 instant bingo tickets with some of the tickets designated as "hold" or "horse" tickets. The "hold" tickets have letters and numbers on them that correspond to the numbers and letter on some of the bingo balls. The "horse" tickets correspond to the numbers on the top row of a typical flashboard. The winner is the player whose "hold" ticket or "horse" ticket matches a sequence of balls called during the call bingo game.

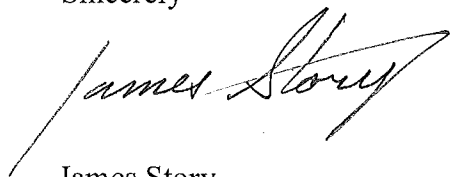
Event tickets played in this manner have had a dramatic and positive impact in the many states where they are legal. We have seen charitable proceeds increase as a result of event ticket games in several states: California, Texas, Louisiana, and Missouri, to name a few.

I have presented this style of play to a number of non-profit organizations in Kansas, both large and small, and they are uniformly supportive and excited about the opportunity event ticket games offer.

In 2009, event tickets were introduced in Missouri and as a direct result, **pull tab tax revenue** increased by almost 21%. Players enjoy an increased level of entertainment and excitement when playing event tickets in conjunction with a regular bingo game.

Thank you for an opportunity to testify in support of Senate Bill No. 201.

Sincerely



James Story



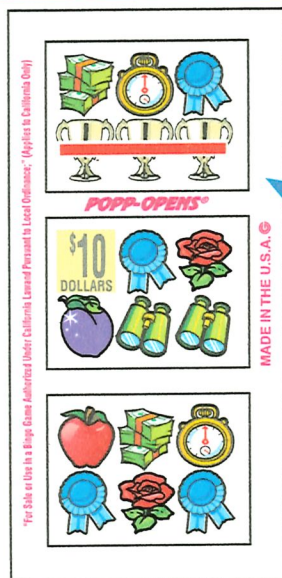
# DO YOU DERBY?

## Easy Step by Step Play Instructions!

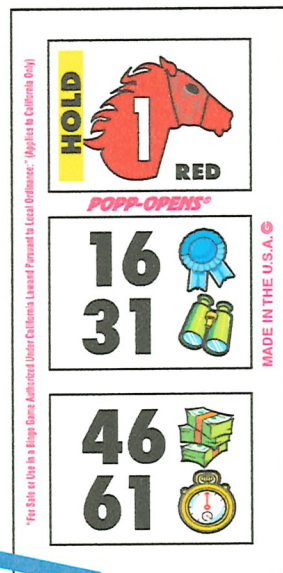
- 1 Sell all tickets in box. Hold horses numbered 1-15 and hold bingo balls numbered 1-75.



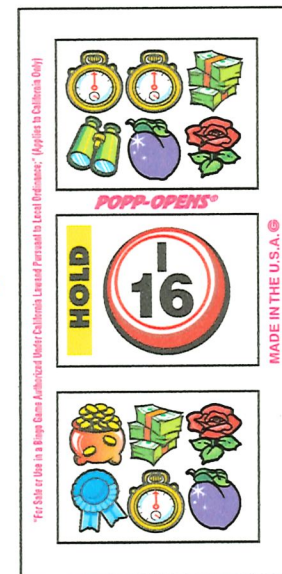
- 2 Instant winners are redeemed immediately. Winning amount is printed inside the ticket.



- 3 Horse winner is determined during designated bingo game by first horse to complete a vertical downline!



- 4 5-ball winners are determined by the horse number that wins the horserace or downline.



- 5 Once all tickets have been sold, the caller will announce the play of Derby on the next called game. The first horse to complete all 5 numbers in its downline wins the derby race. Each event hold ticket within that completed downline wins a prize (5 winners).

	B	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	I	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
	N	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
	G	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
	O	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75

Hello, my name is Gary Walker. I am the Bingo Manager at Hayden High School here in Topeka. The money we raise from Bingo goes directly into the operating budget of our school and helps to lower tuition costs for our families. I thank you for allowing me to testify today on behalf of Senate Bill #201 that you are considering. Several of the Bingo Managers and Parlor Owners have worked on this bill to update some of the rules governing bingo in Kansas.

These rules have been changed very little since they were originally written thirty years ago. Many things have changed during that time. All the states around us are allowed to pay more prize money than we are. We are competing with Indian Casinos, Indian Bingo Halls, and Ft. Riley Bingo. And now many of our non-profit organizations will have the added competition of State-run Casinos. We will lose some of the smaller organizations that just can't compete, and without some changes many of the others will be in trouble. Bingo is one of the most regulated activities in the State.

One of the most important changes that we are asking for is adjustment on how we can sell and play games involving pull tabs. Downline Derby is a pull tab game that has saved many bingo halls in Missouri, but it is illegal in Kansas. We want to change that. You will hear more about Downline Derby in future testimony.

We also are asking for a little more flexibility in what we can charge for playing papers and the monies we can pay in prizes.

Highlights of these changes are:

- \* A change in how individual games end allowing pull tab games to finish after regular bingos.
- \* The addition of a game such as Downline Derby.
- \* Minimum and maximum charges for papers and pull tabs.
- \* Loosen restrictions on the playing of early bird games
- \* Changes in how progressive pots are increased each session.

We would also like to amend the original Bill as follows: On page 14 in Section CC on the fourth line we would like to change the word "first" to "last". Also we want to delete all of Section 4.

You already have a Director of Charitable Gaming whose job is to collect taxes on bingo, and to assist organizations in properly running their games. It has been my experience that she has done a good job in both cases and has been helpful and fair in working with our organization and I believe across the State. With the changes we are suggesting many of us will continue to survive with the competition we are facing. Additionally income that we would make is a necessity for us.

I stand ready to answer questions you might have.

Gary Walker



Good morning Ladies and Gentlemen....my name is Dave Thomas, I am the current Finance officer for American Legion Post 23, Leavenworth, Kansas, and immediate Past Department Commander for the Department of Kansas, American Legion. I might add these are volunteer positions and I am speaking to you today as a volunteer.

I would like to share with you the impact the casinos have on our Bingo at the Post in Leavenworth, and across the State of Kansas. As Department Commander, I traveled to the different Posts during the past year, and heard the negative impact that **outdated** Bingo laws, and Casinos that allow gambling are having on the different fraternal and Veterans Clubs across the state.

Kansas needs to modernize the regulations and the benefits of allowing new games, and pull tabs, such as Downline derby into the mix. We need these games to subsidize our income, and not lose our patrons to Missouri, and Oklahoma, which have much more lenient bingo regulations, and offer larger payout prizes.

Twenty percent of the American Legion organizations in Kansas depend on bingo as their major source of revenue. What happens or doesn't happen in bingo has a big impact on what we are able to do in our communities. Our Legions sponsor youth programs, \_Girls State, Boys State, Cadet Law, and Baseball. When our revenues are down these programs suffer or will cease to exist.

We will die out for lack of income as Bingo is or was a great source for us. Several years ago we would have as high as 130-160 people attend our Bingo, each night....but with the Casino's just across the state line, and now the possibility of one in Wyandotte County, we just cannot compete with them.

I ask you to please, pass this bill SB201, it is of the utmost importance to the welfare of our Organizations.

(4)

## Senate Committee on Federal and State Affairs

Testimony on Senate Bill 201

By

Charles M. Yunker, Adjutant

The American Legion Department of Kansas

Wednesday, March 2, 2011 Room 144S

Thank you Chairman Brungardt and members of the Committee, on behalf of The American Legion Department of Kansas I wish to express our organization's sincere appreciation for granting me the opportunity to address you regarding Senate Bill 201, an Act concerning bingo games in the State of Kansas relating to the operation thereof and prizes awarded. The American Legion has a number of concerns regarding HB 2210.

The American Legion is pleased to support Senate Bill 201 which is the result of compromises between our organization and others who support updating the games of Bingo in Kansas. The compromises contained in Senate Bill 201 are long overdue in order to allow both large and small Bingo operations to remain somewhat competitive in the face of increased gaming opportunities in Kansas.

We believe for instance the increases in maximum prizes and extended hour's mini bingo games may be offered will provide the flexibility needed by all Bingo operators in order to remain viable, thus providing the State a more stable source of revenue. The only suggested amendment we would offer would be the addition of the words "**retail value**" in Section (e) line 39 on page 5 of the bill. The American Legion feels the addition of those two words would serve to keep everyone on the same level and leave no doubt as to the intent of the bill.

Again I wish to thank the Chairman and the Committee for providing this opportunity to testify in favor of Senate Bill 201. We urge your vote and support of this measure during this legislative session.

  
Charles M. Yunker



SENATE BILL NO. 201

In favor of passage

My name is Jim Cochran from Wichita, Sedgwick County..This bill is about giving non-profit organizations who play bingo as a fund-raiser more flexably in the running of their bingo games. Bingo revenues are down to both the groups and the State, mostly from the encroachment of Indian Casinos and now state owned casinos. Within one hour to the south are five large Indian casinos, and now fifteen minutes south will be a state owned casino.

I was involved with working with the many of the Wichita groups to see what is needed to be changed to help increase our revenues for the nonprofit groups. All of the changes in Senate Bill 201 are minior changes to Kansas Bingo Laws (79-4701 & 79-4706).

I ask for the passage of this bill.

Jim Cochran     Wichita

**Kansas Charitable Gaming Association  
Susan Riley Chair  
Testimony Senate Bill 201**

Dear Sirs and Madams;

First let me apologize for not being able to be here in person. I will be out of state and unable to return in time to testify.

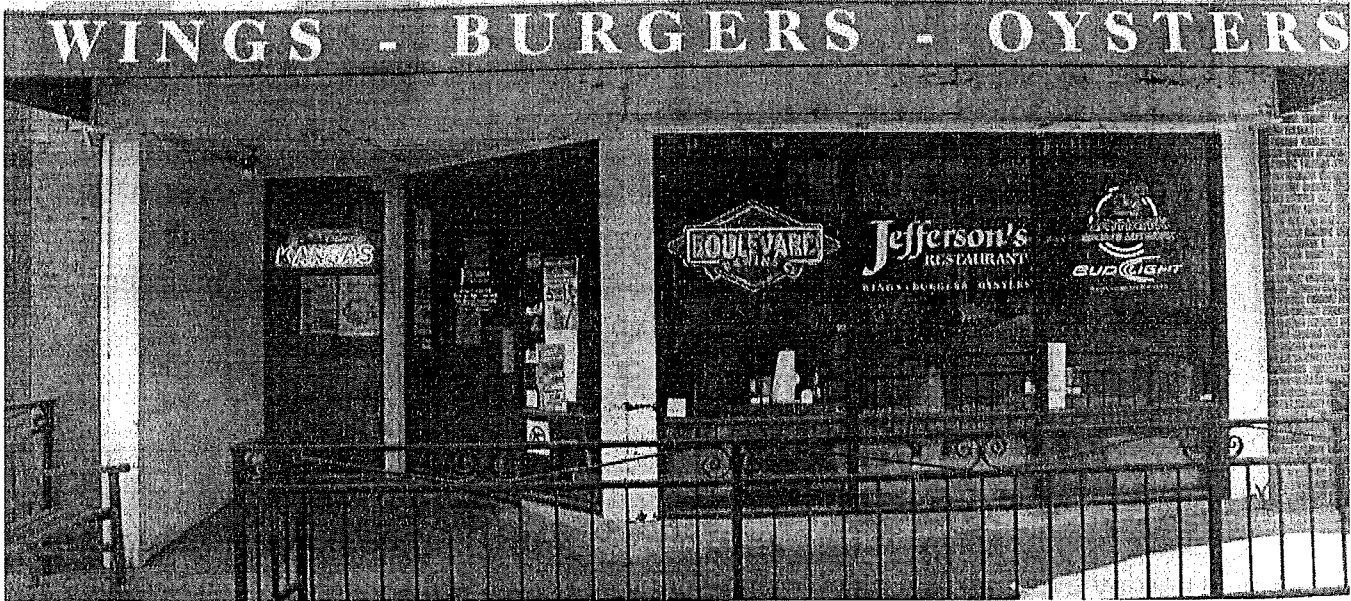
As Chairwoman for the Kansas Charitable Gaming Association, I represent a large percentage of Bingo Licensees throughout the state. Almost without exception these organizations all depend on the revenue from bingo in order to keep their doors open. Many of our bingo organizations serve our veterans, senior citizens, and the youth of their community. They provide funding where the counties and state cannot.

Emporia Senior Center has been in operation for just over twenty-five years. I have been the director for ten and one half years. We hold bingo on each Tuesday evening. We receive only \$35,000 from Lyon County. We own our building and have one full time employee and one half time employee. We utilize an army of volunteers. We operate five days a week and have additional activities on weekends. Our annual budget is \$115,000 per year. We must raise \$80,000 per year to keep our doors open, if nothing breaks!, nobody gets a raise, and we do not incur additional expenses due to weather, the economy, and all the other variables that go into operating a non-profit. Bingo provides more then 50% of the revenue needed for us to continue to operate.

As I travel around the state and talk to bingo organizations, I can't describe to you the fear on their faces when we talk about their organization's revenue. The closing of their organizations is a very real possibility if we do not act swiftly in changing the current bingo regulations. Bingo regulations have not been revised in many years; they have not kept up with inflation. We must give these organizations the flexibility to meet the demands of their patrons. With the growth of casinos, many organizations find themselves with their backs against the wall. Although we understand we will never be able to compete with casinos we are simply asking for some flexibility in the bingo regulations.

# Kansas Department of Revenue locks door on Jefferson's Restaurant in downtown Lawrence

If \$46,848 in taxes isn't paid, dollars on walls could be used



Richard Gwin

Jefferson's, 743 Mass., was seized by the state Tuesday, Feb. 8, 2011 for failure to pay nearly \$47,000 in taxes. Enlarge photo

February 8, 2011, 2:47 p.m. Updated: 8 February 2011, 5:15 p.m.

For years, patrons have posted decorated dollar bills to the walls of Jefferson's Restaurant. Those bills soon could go toward paying off the restaurant's back taxes.

On Tuesday morning, the Kansas Department of Revenue and Alcohol Beverage Control shut down the downtown restaurant for failing to pay \$46,848 in taxes.

The state agency seized all bank accounts, on-site cash, business inventory and personal property belonging to the restaurant's owner, Jason Franklin, and the parent company, FatLab Inc.

If the back taxes aren't paid, the restaurant's assets will be sold at auction to pay the taxes owed to the state. If it gets to that point, the state will take the dollar bills off the wall and apply them to the owner's debt, department of revenue spokeswoman Jeannine Koranda said.

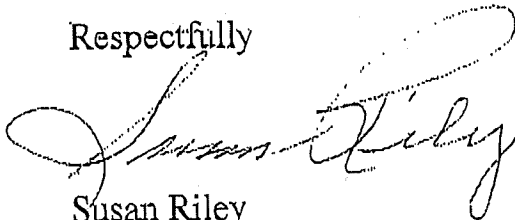
The owner hopes to work things out first.

On Tuesday afternoon, Franklin said the closure involved a misunderstanding with the tax filing and the restaurant is expected to reopen Thursday afternoon or Friday morning. The owner would not comment on what that misunderstanding was.

The changing of our current bingo regulations benefits not only the nonprofits, but it will benefit the state as well. Taxes are collected on all bingo paper, instant win ticket, and daubers sold by the organizations. Changing the current regulations does not add additional collection costs.

Your support of this bill will tell everyone that you support Veterans, Senior Citizens, and the Youth of our state.

Respectfully

A handwritten signature in cursive script, appearing to read "Susan Riley", written in dark ink.

Susan Riley  
Director, Emporia Senior Center  
Chairwoman, Kansas Charitable Gaming

## Popular Lawrence Restaurant Seized, Closed

POSTED: 5:43 pm CST February 8, 2011

UPDATED: 6:54 pm CST February 8, 2011

**LAWRENCE, Kan.** -- A Massachusetts Street restaurant popular on game day closed and is in the possession of the Kansas Department of Revenue.

The DOR closed Jefferson's Restaurant at 11 a.m. Tuesday as a result of \$46,847.75 in back taxes, DOR officials said.

The restaurant is known for its wings and the dollar bills of customers stuck to the walls and ceiling. DOR spokeswoman Jeannine Koranda said those dollars are included in the "on-site cash" seized along with business inventory and bank accounts. The cash, however, was still there as of Tuesday night, seized but not yet removed, DOR officials said.

Koranda said businesses can come up with a payment and reopen.

"As long as a business is willing with the state to come up with a payment plan, they can stay open," she said.

She said a seizure is an extreme step that follows a warrant, which in itself is an extreme measure taken only after several other efforts to collect payment.

When reached Tuesday evening, owner Jason Franklin offered no details or comment except to say that the restaurant will be back open on Friday at 11 a.m.

As of 5:30 p.m. Tuesday, the business had not yet made any payment that would allow it to reopen.

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