

CONFERENCE COMMITTEE REPORT

MR. PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 76** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 1, by striking all in lines 7 through 33;

By striking all on pages 2 through 5 and inserting:

~~"Section 1. K.S.A. 2010 Supp. 79-4701 is hereby amended to read as follows: 79-4701. As used in this act:~~

(a) "Act" means the bingo act.

(b) "Administrator" means the administrator of charitable gaming designated by the secretary pursuant to K.S.A. 2010 Supp. 79-4717, and amendments thereto.

(c) "Bingo" or "games of bingo" means the games of call bingo and instant bingo.

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

(e) "Bingo face" or "face" means a piece of paper which is marked off into 25 squares arranged in five horizontal rows of five squares each and five vertical rows of five squares each, with each square being designated by a number, letter or combination

of numbers and letters. Only the center square shall be designated with the word "free." No two bingo faces in the same game shall be identical. Faces shall be disposable and shall not be reused after the game in which a player has used such face.

(f) "Call bingo" means a game in which: (1) Each player pays a charge; (2) a prize or prizes are awarded to the winner or winners; (3) each player receives one or more cards or faces; and (4) each player covers the squares on each card or face as the operator of such game announces a number, letter or combination of numbers and letters appearing on an object selected by chance, either manually or mechanically from a receptacle in which have been placed objects bearing numbers, letters or combinations of numbers and letters corresponding to the system used for designating the squares. The winner of each game is the player or players first covering properly a predetermined and announced pattern of squares upon the card or face being used by such player or players.

"Call bingo" shall include any regular, special, mini and progressive game of bingo.

"Call bingo" shall not include any game utilizing an electronic or computerized card system.

(g) "Department" means the department of revenue.

(h) "Director" means the director of taxation.

(i) "Distributor" means any person or entity that sells or distributes instant bingo tickets, bingo cards or bingo faces.

(j) "Instant bingo" means a game: (1) In which each player pays a charge; (2) in which a prize or prizes are awarded to the winner or winners; (3) in which each player receives one or more disposable pull-tab or break-open tickets which accord a player an

opportunity to win something of value by opening or detaching the paper covering from the back of the ticket to reveal a set of numbers, letters, symbols or configurations, or any combination thereof; (4) which is conducted by a 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 or (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.

(k) "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, whether or not a written lease has been entered into and submitted to the administrator as required in subsection (c) of K.S.A. 79-4703, and amendments thereto, and includes all political subdivisions and other public agencies.

(l) "Licensee" means any nonprofit organization holding a license to manage, operate or conduct games of bingo pursuant to K.S.A. 79-4701 et seq., and amendments thereto.

(m) "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, but not more than \$50.

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

(o) "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.

(p) "Nonprofit charitable organization" means any organization which is organized and operated for:

(1) The relief of poverty, distress, or other condition of public concern within this

state; or

(2) for financially supporting the activities of a charitable organization as defined in paragraph (1); or

(3) for conferring direct benefits on the community at large; and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization and has been determined by the administrator to be organized and operated as a bona fide charitable organization and which has been exempted from the payment of federal income taxes as provided by sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit charitable organization by the administrator.

(q) "Nonprofit fraternal organization" means any organization within this state which exists for the common benefit, brotherhood, or other interests of its members and is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a fraternal, civic or service purpose within this state and has been determined by the administrator to be organized and operated as a bona fide fraternal organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(8) or section 501(c)(10) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit fraternal organization by the administrator.

(r) "Nonprofit educational organization" means any public or private elementary or secondary school or institution of higher education which has been determined by the

administrator to be organized and operated as a bona fide educational organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit educational organization by the administrator.

(s) "Nonprofit veterans' organization" means any organization within this state or any branch, lodge, or chapter of a national or state organization within this state, the membership of which consists exclusively of individuals who qualify for membership because they were or are members of the armed services or forces of the United States, or an auxiliary unit or society of such a nonprofit veterans' organization the membership of which consists exclusively of individuals who were or are members of the armed services or forces of the United States, or are cadets, or are spouses, widows or widowers of individuals who were or are members of the armed services or forces of the United States, and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and has been determined by the administrator to be organized and operated as a bona fide veterans' organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(4) or 501(c)(19) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit veterans' organization by the administrator.

(t) "Person" means any natural person, corporation, partnership, trust or association.

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

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

(w) "Regular game of bingo" means any game of bingo which is subject to the 25 game limit; and \$50 prize limit ~~and the \$1 charge limit imposed under subsections (g), (h) and (j) of~~ by K.S.A. 79-4706, and amendments thereto.

(x) "Secretary" means the secretary of revenue or the secretary's designee.

(y) "Session" means a day on which a licensee conducts games of bingo.

Sec. 2. K.S.A. 2010 Supp. 79-4706 is hereby amended to read as follows: 79-4706. Games of bingo shall be managed, operated and conducted in accordance with the bingo act and rules and regulations adopted pursuant thereto and the following restrictions:

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

(b) Games of bingo managed, conducted or operated by a licensee, shall be

managed, conducted or operated only by a bona fide member or spouse of a bona fide member of the licensee or parent organization or an auxiliary unit or society of such licensee or of the beneficiary organization. During each session of bingo there must be at least one member of the licensee organization on duty and assisting with the game. Such member must be listed with the office of charitable gaming.

(c) No lessor, employee of such lessor or employee, officer or shareholder of a for profit corporation which is the lessor shall play any game of bingo or participate in any drawing on premises leased by any such lessor nor shall such person be responsible for or assist in the management, operation or conduct of any game of bingo or drawing on such premises.

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

(e) No person may receive any remuneration or profit for participating in the management, conduct or operation of any game of bingo managed, conducted or operated by a licensee. Food offered in the course of a volunteer duty shift and consumed on the premises shall not be considered remuneration, provided the retail value of such food offered does not exceed \$10 per volunteer.

(f) The aggregate value of all prizes including the retail value of all merchandise awarded or offered by a licensee in a single session to winners of games of regular and special call bingo shall not exceed \$1,200. The value of a prize awarded in a progressive

or mini bingo game shall not be included when determining the limit imposed by this subsection. Any monetary prize of \$500 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.

(g) The total number of regular, special and progressive call bingo games managed, operated or conducted by any licensee in any session shall not exceed 25 and not more than five of such games shall be special games. Not more than one licensee may conduct bingo games at a given location or registered premises in any one session.

(h) The prize awarded by a licensee in any one regular call bingo game shall not exceed \$50. The prize in any one special call bingo game shall not exceed \$500.

(i) 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.

~~(j) The charge made by a licensee for a bingo card or equivalent number of bingo faces to play in regular bingo games in any one session shall not exceed \$1. Such bingo card or equivalent number of bingo faces shall be valid for all such regular bingo games conducted or operated by the licensee in any one session. The charge made by a licensee for a single bingo card or bingo face to play in any single, mini or progressive special game shall not exceed \$1.~~ The charge made by a licensee for a single instant bingo ticket shall not exceed \$1 \$2.

(k) Games of bingo shall not be managed, operated or conducted by any licensee on more than two calendar days in any one week.

(l) All licenses issued under the provisions of this act shall be issued in the name of the organization licensed.

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

(n) 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.

(o) A lessor of premises used for the management, operation or conduct of games of bingo or a licensee may not advertise games of bingo except to the extent and in the manner prescribed by the rules and regulations adopted pursuant to the bingo act. Any advertisement of any game of bingo by or on behalf of such lessor or licensee shall specify the organization which is managing, operating or conducting such game. The announcement of the cancellation of a game of bingo shall not be considered to be an advertisement.

(p) (1) Except as provided by paragraph (2) of this subsection, no game of chance or contest where a prize is awarded, other than games of bingo, shall be conducted on any premises where licensees are conducting games of bingo, where the intent of such game of chance or contest is to induce participation in such games of bingo.

(2) One drawing during a session may be conducted by the licensee or the lessor of the premises. Only a nonmonetary prize having a value not exceeding \$25 shall be

awarded to the winner of such drawing. There shall be no charge for participation in such drawing. There shall be no requirement to purchase anything of value in order to participate in such drawing. No more than four of such drawings shall be conducted by each licensee or lessor during any calendar year.

(q) 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.

(r) No premises shall be used for the management, operation or conduct of games of bingo by licensees on more than three calendar days in any one week.

(s) No premises shall be subdivided to provide multiple premises where games of bingo are managed, operated or conducted by licensees, whether or not the multiple premises have different addresses.

(t) No game of bingo shall be managed, operated or conducted by licensees on leased premises if at any time during the immediately preceding 44 hours the premises, or any leased premises within 1,000 feet of them, have been used for the management, operation or conduct of a game of bingo.

(u) 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, except payment of prizes of less than \$200. 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 required to be kept by the licensee.

(v) No instant bingo ticket shall be sold by a licensee more than ~~one hour~~ two hours prior to the start of the first regular or special game of call bingo of a session or one hour after the termination of the last game of call bingo operated or conducted by the licensee for such session.

(w) No licensee shall purchase or obtain bingo faces or instant bingo tickets from any person or entity other than a distributor registered pursuant to K.S.A. 79-4712a, and amendments thereto.

(x) All instant bingo tickets sold or distributed to licensees shall bear on the face thereof a unique serial number which shall not be repeated on the same manufacturer's form number less than every three years. All instant bingo tickets shall be sold or distributed in boxes. Each box shall be sealed by the manufacturer with a seal which includes a warning to the purchaser that the box may have been tampered with if the box

was received by the purchaser with the seal broken. Each box of instant bingo tickets shall contain tickets printed in such a manner as to insure that at least 60% of the gross revenues generated by the ultimate sale of all tickets from such box shall be returned to the final purchasers of such tickets. No box of instant bingo tickets may be opened by a licensee unless all tickets contained in a previously opened box with the same form number have been sold.

(y) Each box of instant bingo tickets sold or distributed to licensees shall be accompanied by a flare which contains the following information: (1) The name of the game; (2) the manufacturer's name or logo; (3) the game form number; (4) the ticket count in the game; (5) the prize structure for the game, which includes the number of winning tickets by denomination and their respective winning symbol or number combinations; (6) the cost per ticket; (7) the game serial number; (8) the winning numbers or symbols for the top three winning tiers set out in such a manner that each prize may be marked off as the prize is won and awarded; (9) the business name of the distributor; and (10) if sold or distributed to a licensee under the bingo act, the Kansas bingo license number of the licensee to which the game is sold.

(z) (1) No progressive game may exceed 20 consecutive sessions conducted by a licensee prior to the awarding of the established prize.

(2) No more than two progressive bingo games may be conducted in any one session.

(3) A prize for a progressive game may start at an amount not to exceed ~~\$250 and may be increased by no more than \$100 for each session during which the progressive~~

~~game is continued. The prize awarded at the end of any progressive game shall not exceed \$1,000~~ \$400.

(4) If the progressive bingo game prize is not awarded at a bingo session, the progressive bingo game shall be continued at a future occasion until such time a winner is determined. The winning prize shall be the full amount. If there is no winner of a progressive bingo game at a session, a stated consolation prize in an amount not to exceed ~~\$250~~ \$400 may be awarded. Any consolation prize shall be less than the value of the progressive bingo game prize amount.

(5) All progressive bingo games and rules for such games shall be described fully and posted in the house rules prior to the start of the session. Such games shall comply with requirements imposed under the bingo act and any rules and regulations adopted pursuant thereto.

(6) When a person achieves the first preannounced winning combination, the game shall be completed and the next progressive bingo game and winning combination shall be commenced with a new bingo card or face and all objects or balls in the receptacle.

(7) The rules for a progressive bingo game shall remain in effect until the game ends and the winner is determined.

(8) Progressive bingo games may not be conducted in conjunction with a session of bingo conducted at a location other than that specified in the license as authorized by subsection (c) of 79-4703, and amendments thereto.

(9) A licensee shall not cease bingo operations unless all progressive bingo games are completed and prizes are awarded, unless prior approval has been received from the

secretary.

(aa) Except as specifically provided by rules and regulations adopted pursuant to the bingo act, the distribution, sale or use of bingo cards is prohibited from and after July 1, 2003, and thereafter, only bingo faces shall be distributed, sold or used in call bingo games operated and conducted by licensees.

(bb) ~~Only three games of~~ There shall be no limit on the number of games of instant bingo, in which the winner or winners of such game is determined 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 ~~shall be,~~ which may be played in any one session. There shall be no limit on the number of instant bingo tickets which may be sold for participation in any such game of instant bingo.

(cc) The total number of mini games of bingo managed, operated or conducted by a licensee during a session shall not exceed ~~20~~ 30 games. No mini bingo game shall be conducted by a licensee more than ~~one hour~~ two hours prior to the first regular or special game of call bingo operated or conducted by the licensee for such session, or one hour after the ~~commencement~~ termination of, the ~~first~~ last regular or special game of call bingo operated or conducted by the licensee for such session.

Sec. 3. K.S.A. 2010 Supp. 79-4701 and 79-4706 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.";

Also on page 1, in the title, in line 1, by striking all after "ACT"; by striking all in lines 2 through 4, and inserting "concerning bingo games; relating to the operation

thereof and prizes awarded; amending K.S.A. 2010 Supp. 79-4701 and 79-4706 and repealing the existing sections.";

And your committee on conference recommends the adoption of this report.

Conferees on part of House

Conferees on part of Senate