

CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2313** submits the following report:

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

On page 2, following line 21, by inserting:

"(h) (1) "Instant bingo vending machine" means a machine or electronic device owned or leased by the Kansas lottery in fulfillment of the Kansas lottery's obligations under an agreement between the Kansas lottery and a licensee entered into pursuant to section 8, and amendments thereto, the sole purpose of which is to:

(A) Dispense a printed physical instant bingo ticket after a purchaser inserts cash or other form of consideration into the machine; and

(B) allow purchasers to manually check the winning status of the instant bingo ticket.

(2) "Instant bingo vending machine" shall not:

(A) Provide a visual or audio representation of a bingo card or an electronic gaming machine;

(B) visually or functionally have the same characteristics of an electronic instant bingo game or an electronic gaming machine;

(C) automatically determine or display the winning status of any dispensed instant bingo ticket;

(D) extend or arrange credit for the purchase of an instant bingo ticket;

(E) dispense any winnings;

- (F) dispense any prize;
- (G) dispense any evidence of a prize other than an instant bingo ticket;
- (H) provide free instant bingo tickets or any other item that can be redeemed for cash; or
- (I) dispense any other form of a prize to a purchaser.";

On page 3, in line 39, by striking "or"; in line 40, after "machine" by inserting "; or

- (G) any instant bingo vending machine";

On page 4, following line 28, by inserting:

"No more than two lottery ticket vending machines may be located at each Kansas lottery retailer selling location.";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

On page 9, in line 5, by striking all after "(k)"; by striking all in line 6; in line 7, by striking all before the period and inserting""Facility owner licensee" shall have the same meaning as the term is defined in K.S.A. 74-8802, and amendments thereto.

(l) "Racetrack gaming facility manager" shall have the same meaning as that term is defined in K.S.A. 74-8702, and amendments thereto.

(m) "Lottery gaming facility manager" shall have the same meaning as that term is defined in K.S.A. 74-8702, and amendments thereto.

(n) "Prize" shall have the same meaning as that term is defined in K.S.A. 74-8702, and amendments thereto, and any winnings from parimutuel wagering as provided by the Kansas parimutuel racing act, K.S.A. 74-8801 et seq., and amendments thereto";

Also on page 9, by striking all in lines 8 through 35; in line 40, by striking all after "director"; in line 41, by striking all before "may";

On page 10, in line 1, by striking all after "or"; in line 2, by striking "vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 10, by striking all after "a"; in line 11, by striking "vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 14, by striking all before "with" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 16, by striking "third party vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 18, after "debts" by inserting "by a lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 29, by striking "third party vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 31, by striking "third party vendor, as agent of the state," and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 35, by striking "third party"; in line 36, by striking "vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 38, by striking "third party vendor is acting strictly as agent for the state and" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 41, by striking "third party vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee"; in line 42, by striking "third party vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee";

On page 11, in line 3, by striking "third party vendor" and inserting "lottery gaming facility manager, racetrack gaming facility manager or facility owner licensee";

On page 12, in line 6, after "(5)" by inserting "transfers to the community crisis stabilization centers fund and clubhouse model program fund of the Kansas department for aging and disability services pursuant to subsection (e);

(6)";

Also on page 12, in line 7, after the stricken material by inserting "and"; in line 8, by striking the semicolon; by striking all in lines 9 through 11; in line 12, by striking all before the period; in line 20, by striking "(c)(4)" and inserting "(c)(5)"; in line 27, by striking all after "(2)"; by striking all in lines 28 through 43;

On page 13, in line 1, by striking all before the period and inserting "during fiscal year 2018 through fiscal year 2022, on or before the 10th day of each month, the director of the lottery shall certify to the director of accounts and reports all net profits from the sale of lottery tickets and shares via lottery ticket vending machines. Of such certified amount, the director of accounts and reports shall transfer 75% from the lottery operating fund to the community crisis stabilization centers fund of the Kansas department for aging and disability services and 25% from the lottery operating fund to the clubhouse model program fund of the Kansas department for aging and disability services";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

Also on page 13, following line 27, by inserting:

"New Sec. 8. (a) The executive director of the Kansas lottery is authorized to enter into agreements with any nonprofit organization licensed under K.S.A. 2016 Supp. 75-5171 et seq., and amendments thereto, for the operation of instant bingo vending machines, as defined in K.S.A. 74-8702, and amendments thereto, to be located on the premises of such nonprofit

organization, provided, that not more than two instant bingo vending machines may be located on the premises of such nonprofit organization. Such agreements shall provide for the remittance of the gross receipts from the sale of instant bingo tickets via any instant bingo vending machine to the nonprofit organization.

(b) All sales of instant bingo tickets via an instant bingo vending machine operated pursuant to an agreement shall be considered sales by the nonprofit organization, and all proceeds from such sales shall be remitted to the nonprofit organization.

Sec. 9. K.S.A. 2016 Supp. 74-8723 is hereby amended to read as follows: 74-8723. (a) The Kansas lottery and the office of executive director of the Kansas lottery, established by K.S.A. 74-8703, and amendments thereto, and the Kansas lottery commission, created by K.S.A. 74-8709, and amendments thereto, shall be and hereby are abolished on July 1, ~~2022~~ 2037.

(b) This section shall be part of and supplemental to the Kansas lottery act.

Sec. 10. K.S.A. 2016 Supp. 75-5173 is hereby amended to read as follows: 75-5173. As used in this act:

(a) "Act" means the Kansas charitable gaming act.

(b) "Administrator" means the administrator of charitable gaming designated by the secretary pursuant to K.S.A. 2016 Supp. 75-5186, and amendments thereto.

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

(d) "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.

(e) "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.

(f) "Charitable gaming" means bingo, including call bingo, and instant bingo and charitable raffles.

(g) "Charitable raffle" means a raffle conducted by a nonprofit religious, charitable, fraternal, educational or veterans' organization.

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

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

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

(k) "Electronic gaming device" means a device that, as a result of the insertion of a coin or other object, operates, either completely automatically or with the aid of some physical act by

the player, in such a manner that, depending upon elements of chance, it may eject something of value.

(l) "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 that~~ is conducted by a licensee under this act; (5) ~~the conduct of which must be in the presence of the players that may be dispensed by an instant bingo vending machine;~~ and (6) ~~which that~~ 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; (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.~~

(m) "Instant bingo vending machine" means the same as that term is defined in K.S.A. 74-8702, and amendments thereto.

~~(m)~~(n) "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.

~~(n)~~(o) "Licensee" means any nonprofit organization holding a license to manage, operate or conduct games of bingo or charitable raffles pursuant to K.S.A. 2016 Supp. 75-5171 through 75-5188, and amendments thereto. A license shall be required for each affiliated organization of any state or national nonprofit religious, charitable, fraternal, educational or veteran's organization.

~~(o)~~(p) "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.

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

~~(q)~~(r) "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.

~~(s)~~ "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;

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

(3) 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.

~~(s)~~ "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.

~~(t)~~(u) "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.

~~(t)~~(v) "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.

~~(v)~~(w) "Person" means any natural person, corporation, partnership, trust or association.

~~(w)~~(x) "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.

~~(x)~~(y) "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.

~~(y)~~(z) "Raffle" means a game of chance in which each participant buys a ticket or tickets from a nonprofit organization with each ticket providing an equal chance to win a prize and the winner being determined by a random drawing.

~~(z)~~(aa) "Reusable bingo 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.

~~(aa)~~(bb) "Secretary" means the secretary of revenue or the secretary's designee.

~~(bb)~~(cc) "Session" means a day on which a licensee conducts games of bingo.";

Also on page 13, in line 28, by striking "and 75-6203"; in line 29, after "74-8723" by inserting "75-5173,";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "the Kansas lottery" and inserting "gaming"; in line 2, by striking all after the semicolon; in line 3, by striking "sunset;" and inserting "dealing

with instant bingo vending machines; concerning certain"; also in line 3, by striking "with third party vendors"; in line 4, by striking "and 75-6203"; also in line 4, following the comma, by inserting "74-8723, 75-5173,"; in line 6, by striking "; also repealing "K.S. A. 2016 Supp. 74-8723"

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

Conferees on part of Senate

Conferees on part of House