

Senate Substitute for HOUSE BILL No. 2155

By Committee on Federal and State Affairs

3-23

1 AN ACT concerning gaming; dealing with charitable gaming; establishing
2 the Kansas charitable gaming act; dealing with the Kansas lottery;
3 amending K.S.A. 74-8704 and 74-8718 and K.S.A. 2014 Supp. 21-
4 6403, 74-8702 and 79-3603 and repealing the existing sections; also
5 repealing K.S.A. 79-4702 and 79-4715 and K.S.A. 2014 Supp. 79-
6 4701, 79-4701a, 79-4703, 79-4704, 79-4705, 79-4705a, 79-4706, 79-
7 4707, 79-4708, 79-4710, 79-4711, 79-4712a, 79-4713, 79-4716, 79-
8 4717, 79-4718 and 79-4719.

9
10 *Be it enacted by the Legislature of the State of Kansas:*

11 New Section 1. Sections 1 through 18, and amendments thereto, shall
12 be known and may be cited as the Kansas charitable gaming act.

13 New Sec. 2. (a) The legislature hereby declares that charitable
14 gaming conducted by charitable organizations is an important method of
15 raising funds for legitimate charitable purposes and is in the public
16 interest. The purpose of this act is to establish an effective and efficient
17 mechanism for regulating charitable gaming which includes:

18 (1) Defining the scope of charitable gaming activities;

19 (2) setting standards for the conduct of charitable gaming which
20 insure honesty and integrity;

21 (3) providing for means of accounting for all moneys generated
22 through the conduct of charitable gaming; and

23 (4) providing suitable penalties for violations of applicable laws and
24 administrative rules and regulations.

25 (b) The intent of this act is to:

26 (1) Prevent the commercialization of charitable gaming;

27 (2) prevent participation in charitable gaming by criminal and other
28 undesirable elements; and

29 (3) prevent the diversion of funds from legitimate charitable
30 purposes.

31 (c) In order to carry out the purpose and intent, the provisions of this
32 act and any administrative rules and regulations promulgated in
33 accordance with this act shall be construed in the public interest and
34 strictly enforced.

35 New Sec. 3. As used in this act:

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

1 (b) "Administrator" means the administrator of charitable gaming
2 designated by the secretary pursuant to section 16, and amendments
3 thereto.

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

6 (d) "Bingo face" or "face" means a piece of paper which is marked
7 off into 25 squares arranged in five horizontal rows of five squares each
8 and five vertical rows of five squares each, with each square being
9 designated by a number, letter or combination of numbers and letters. Only
10 the center square shall be designated with the word "free." No two bingo
11 faces in the same game shall be identical. Faces shall be disposable and
12 shall not be reused after the game in which a player has used such face.

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

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

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

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

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

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

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

34 (k) "Electronic gaming device" means a device that, as a result of the
35 insertion of a coin or other object, operates, either completely
36 automatically or with the aid of some physical act by the player, in such a
37 manner that, depending upon elements of chance, it may eject something
38 of value.

39 (l) "Instant bingo" means a game: (1) In which each player pays a
40 charge; (2) in which a prize or prizes are awarded to the winner or
41 winners; (3) in which each player receives one or more disposable pull-tab
42 or break-open tickets which accord a player an opportunity to win
43 something of value by opening or detaching the paper covering from the

1 back of the ticket to reveal a set of numbers, letters, symbols or
2 configurations, or any combination thereof; (4) which is conducted by a
3 licensee under this act; (5) the conduct of which must be in the presence of
4 the players; and (6) which does not utilize any dice, normal playing cards,
5 instant ticket with a removable latex covering or slot machines.

6 Winners of instant bingo shall be determined either: (1) By a
7 combination of letters, numbers or symbols determined and posted prior to
8 the sale of instant bingo tickets; (2) by matching a letter, number or
9 symbol under a tab of an instant bingo ticket with the winning letter,
10 number or symbol in a designated call game of bingo during the same
11 session; or (3) by matching a letter, number or symbol under a tab of an
12 instant bingo ticket with one or more letters, numbers or symbols
13 announced in, or as a continuation of, a designated call game of bingo
14 during the same session.

15 "Instant bingo" shall not include any game utilizing electronically
16 generated or computer-generated tickets.

17 (m) "Lessor" means the owner, co-owner, lessor or sublessor of
18 premises upon which a licensee is permitted to manage, operate or conduct
19 games of bingo.

20 (n) "Licensee" means any nonprofit organization holding a license to
21 manage, operate or conduct games of bingo or charitable raffles pursuant
22 to sections 1 through 18, and amendments thereto. A license shall be
23 required for each affiliated organization of any state or national nonprofit
24 religious, charitable, fraternal, educational or veteran's organization.

25 (o) "Mini bingo" means a game of call bingo in which the prizes
26 awarded are not less than 50% of the gross receipts derived from the sale
27 of cards or faces for participation in the game.

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

32 (q) "Nonprofit religious organization" means any organization,
33 church, body of communicants, or group, gathered in common
34 membership for mutual support and edification in piety, worship, and
35 religious observances, or a society of individuals united for religious
36 purposes at a definite place and of which no part of the net earnings inures
37 to the benefit of any private shareholder or individual member of such
38 organization, and which religious organization maintains an established
39 place of worship within this state and has a regular schedule of services or
40 meetings at least on a weekly basis and has been determined by the
41 administrator to be organized and created as a bona fide religious
42 organization and which has been exempted from the payment of federal
43 income taxes as provided by section 501(c)(3) or section 501(d) of the

1 federal internal revenue code of 1986, as amended, or determined to be
2 organized and operated as a bona fide nonprofit religious organization by
3 the administrator.

4 (r) "Nonprofit charitable organization" means any organization which
5 is organized and operated for:

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

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

10 (3) conferring direct benefits on the community at large; and of which
11 no part of the net earnings inures to the benefit of any private shareholder
12 or individual member of such organization and has been determined by the
13 administrator to be organized and operated as a bona fide charitable
14 organization and which has been exempted from the payment of federal
15 income taxes as provided by sections 501(c)(3), 501(c)(4), 501(c)(5),
16 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1986, as
17 amended, or determined to be organized and operated as a bona fide
18 nonprofit charitable organization by the administrator.

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

30 (t) "Nonprofit educational organization" means any public or private
31 elementary or secondary school or institution of higher education which
32 has been determined by the administrator to be organized and operated as a
33 bona fide educational organization and which has been exempted from the
34 payment of federal income taxes as provided by section 501(c)(3) of the
35 federal internal revenue code of 1986, as amended, or determined to be
36 organized and operated as a bona fide nonprofit educational organization
37 by the administrator.

38 (u) "Nonprofit veterans' organization" means any organization within
39 this state or any branch, lodge or chapter of a national or state organization
40 within this state, the membership of which consists exclusively of
41 individuals who qualify for membership because they were or are
42 members of the armed services or forces of the United States, or an
43 auxiliary unit or society of such a nonprofit veterans' organization, the

1 membership of which consists exclusively of individuals who were or are
2 members of the armed services or forces of the United States, or are
3 cadets, or are spouses, widows or widowers of individuals who were or are
4 members of the armed services or forces of the United States, and of
5 which no part of the net earnings inures to the benefit of any private
6 shareholder or individual member of such organization, and has been
7 determined by the administrator to be organized and operated as a bona
8 fide veterans' organization and which has been exempted from the
9 payment of federal income taxes as provided by section 501(c)(4) or
10 501(c)(19) of the federal internal revenue code of 1986, as amended, or
11 determined to be organized and operated as a bona fide nonprofit veterans'
12 organization by the administrator.

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

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

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

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

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

34 (aa) "Secretary" means the secretary of revenue or the secretary's
35 designee.

36 (bb) "Session" means a day on which a licensee conducts games of
37 bingo.

38 New Sec. 4. (a) The power to regulate, license and tax the
39 management, operation and conduct of and participation in games of bingo
40 and raffles is hereby vested exclusively in the state.

41 (b) The raffle of a motor vehicle shall be deemed an isolated or
42 occasional sale of such motor vehicle to the raffle winner and subject to
43 retailer's sales tax pursuant to K.S.A. 79-3603(o), and amendments thereto.

1 New Sec. 5. (a) Any bona fide nonprofit religious, charitable,
2 fraternal, educational or veterans' organization desiring to manage, operate
3 or conduct games of bingo or raffles within the state of Kansas may make
4 application for a license therefor in the manner provided under this
5 section. Application for licenses required under the provisions of this act
6 shall be made to the administrator upon forms prescribed by the
7 administrator. The application shall contain:

8 (1) The name and address of the organization;

9 (2) the particular place or location or multiple locations or premises
10 for which a license is desired;

11 (3) a sworn statement verifying that such organization is a bona fide
12 nonprofit religious, charitable, fraternal, educational or veterans'
13 organization authorized to operate within the state of Kansas signed by the
14 presiding officer and secretary of the organization; and

15 (4) such other information as may be required by the administrator.

16 (b) An application for a bingo license required under the provisions
17 of this act shall be accompanied by a fee of \$25.

18 (c) (1) No license shall be required for any nonprofit religious,
19 charitable, fraternal, educational or veterans' organization which conducts
20 raffles the annual gross receipts which do not exceed \$25,000.

21 (2) Any such nonprofit organization which has annual gross receipts
22 exceeding \$25,000 from raffles shall pay an annual fee according to the
23 following schedule:

24 (A) Nonprofit organizations where annual gross receipts are more
25 than \$25,000 but do not exceed \$50,000 shall pay a license fee of \$25.

26 (B) Nonprofit organizations where annual gross receipts which
27 exceed \$50,000 but do not exceed \$75,000 shall pay a license fee of \$50.

28 (C) Nonprofit organizations where annual gross receipts exceed
29 \$75,000 but do not exceed \$100,000 shall pay a license fee of \$75.

30 (D) Nonprofit organizations where annual gross receipts exceed
31 \$100,000 shall pay a fee of \$100.

32 (3) Upon recommendations of the administrator, the secretary shall
33 adopt rules and regulations to implement the license requirements for
34 nonprofit organizations conducting raffles.

35 (d) No charitable gaming licensee shall use an electronic gaming
36 device to sell raffle tickets or to conduct raffles. No raffle licensee shall
37 contract with a professional raffle or lottery vendor to manage, operate or
38 conduct any raffle.

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

41 (f) No bingo license or raffle license shall be issued to any bona fide
42 nonprofit religious, charitable, fraternal, educational or veterans'
43 organization if any of its officers, directors or officials or persons

1 employed on the premises:

2 (1) Have been convicted of, have pleaded guilty to or pleaded nolo
3 contendere to a violation of gambling laws of any state or the gambling
4 laws of the United States, or shall have forfeited bond to appear in court to
5 answer charges for any such violation, or have been convicted or pleaded
6 guilty or pleaded nolo contendere to the violation of any law of this or any
7 other state which is classified as a felony under the laws of such state; or

8 (2) at the time of application for renewal of a bingo license or raffle
9 license issued hereunder would not be eligible for such license upon a first
10 application.

11 (g) Each bingo license, raffle license and bingo certificate issued shall
12 expire at midnight on June 30 following its date of issuance.

13 (h) A bingo licensee may hold only one license. Any licensee may
14 operate or conduct games of bingo at locations that are specified in the
15 license. However, any licensee may operate or conduct games of bingo at
16 locations other than that specified in the license upon approval of the
17 administrator. If any licensee does operate or conduct games of bingo
18 under this provision at a location other than that specified in the license,
19 such licensee shall submit a written notification to the administrator, three
20 days prior to operating or conducting bingo at such other location. No
21 organization shall be issued a license to operate or conduct games of bingo
22 at any location outside the county or an adjoining county within which
23 such organization is located as reported in its application for licensure
24 pursuant to subsection (a). Licenses issued under the provisions of this act
25 shall not be transferred or assignable. If any organization licensed to play
26 bingo changes any of its officers, directors or officials during the term of
27 its bingo license, such organization shall report the names and addresses of
28 such individuals to the administrator immediately with the sworn
29 statement of each such individual as required by this section on forms
30 prescribed by the administrator. No organization which denies its
31 membership to persons for the reason of their race, color or physical
32 handicap, shall be granted or allowed to retain a license issued under the
33 authority of this act. Except for nonprofit adult care homes licensed under
34 the laws of the state of Kansas, no license shall be issued to any
35 organization under the provisions of this act which has not been in
36 existence continuously within the state of Kansas for a period of 18
37 months immediately preceding the date of making application for a
38 license. The licensee shall display the license in a prominent place in the
39 vicinity of the area where it is to conduct bingo.

40 (i) No lessor of premises used for the management, operation or
41 conduct of any games of bingo shall permit the management, operation or
42 conduct of bingo games on such premises unless such lessor has been
43 issued a registration certificate by the administrator. Application for

1 registration shall be accompanied by a fee of \$100. Such application shall
2 be made upon forms prescribed by the administrator and shall be
3 submitted to the administrator. The application shall contain:

4 (1) The name or names of the lessor of the premises which will be
5 used for the management, operation or conduct of any games of bingo
6 including, in the case of a corporation, partnership, association, trust or
7 other entity, the names of all individuals having more than a 10%
8 ownership interest, either directly or indirectly in such entity;

9 (2) the address of such premises;

10 (3) the name or names of any and all organizations which will
11 manage, operate or conduct any games of bingo on such premises during
12 the period for which the registration certificate is valid; and

13 (4) such other information as may be required by the administrator.

14 (j) Each registration certificate, or renewal thereof, issued under the
15 provisions of subsection (g) shall expire at midnight on June 30 following
16 its date of issuance. The certificate of registration shall be valid for only
17 one premises and shall be displayed in a prominent place in the registered
18 premises.

19 (k) No registration certificate issued under provisions of subsection
20 (g) shall be issued for any premises if any individual who is connected in
21 any way, directly or indirectly, with the owner or lessor of the premises,
22 within five years prior to registration, has been convicted of or pleaded
23 guilty or nolo contendere to any felony or illegal gambling activity or
24 purchased a tax stamp for wagering or gambling activity.

25 (l) Any bona fide nonprofit religious, charitable, fraternal, educational
26 or veterans' organization that conducts charitable raffles for which the
27 aggregate gross receipts from such raffles in the calendar year does not
28 exceed \$25,000 shall be exempt from the provisions of this section, except
29 that such organization shall be subject to the provisions of subsection (d)
30 regarding how such raffles are managed, operated and conducted.

31 New Sec. 6. For the purpose of providing revenue which may be used
32 by the state and for the privilege of operating or conducting games of
33 bingo under the authority of this act:

34 (a) There is hereby levied and there shall be collected and paid by
35 each licensee a tax at the rate of 3% upon the gross receipts received by
36 the licensee from charges for participation in call bingo games using
37 reusable bingo cards and any admission fees or charges. The tax imposed
38 by this section shall be in addition to the license fee imposed under K.S.A.
39 79-4703, and amendments thereto.

40 (b) There is hereby levied and there shall be collected and paid by
41 each distributor a tax at a rate of \$0.002 upon each bingo face sold or
42 distributed by the distributor to each licensee conducting call bingo games
43 within the state of Kansas. The distributor shall include the tax due under

1 this subsection in the sales price of each bingo face paid by the licensee
2 and such tax shall be itemized separately on the invoice provided to the
3 licensee.

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

12 (d) If a distributor does not receive payment in full from a licensed
13 organization within 60 days of the delivery of call bingo and instant bingo
14 supplies, the supplier shall notify the department of charitable gaming in
15 writing of the delinquency. Upon receipt of the notice of delinquency, the
16 department of charitable gaming may revoke or suspend the license.

17 (e) Whenever, in the judgment of the administrator, it is necessary, in
18 order to secure the collection of the tax due under subsection (b), the
19 administrator shall require any distributor subject to such tax to file a bond
20 with the director under conditions established by and in such form and
21 amount as prescribed by rules and regulations adopted by the secretary.

22 New Sec. 7. (a) On dates prescribed by the administrator, every
23 licensee conducting bingo shall make a return to the administrator upon
24 forms prescribed by the administrator. Such form shall contain:

25 (1) The name and address of the licensee;

26 (2) the amount of the gross receipts received from charges for
27 participation in games using bingo cards during the preceding reporting
28 period;

29 (3) the number of bingo faces and the name of the distributor from
30 whom such faces were purchased or otherwise obtained during the
31 preceding reporting period;

32 (4) the amount of the gross receipts received from charges for
33 admission to the premises for participation in games of bingo during the
34 preceding reporting period;

35 (5) the number of each denomination of instant bingo tickets sold
36 during the preceding reporting period; and

37 (6) such other information as the administrator may deem necessary.

38 (b) On dates prescribed by the administrator, every licensee
39 conducting raffles for which a license fee is required pursuant to section 5,
40 and amendments thereto, shall make a return to the administrator upon
41 forms prescribed by the administrator. Such form shall contain:

42 (1) The name and address of the licensee;

43 (2) the amount of gross receipts received from raffles conducted by

1 the licensee; and

2 (3) any other information deemed necessary by the administrator.

3 (c) On dates prescribed by the administrator, every distributor shall
4 make a return to the administrator upon forms prescribed by the
5 administrator. Such form shall state:

6 (1) The number of instant bingo tickets sold or distributed to each
7 licensee;

8 (2) the amount of the retail sales price of such tickets;

9 (3) the number of bingo cards sold or distributed to each licensee;

10 (4) the number of bingo faces sold or distributed to each licensee; and

11 (5) such other information as the administrator may deem necessary.

12 At the time of making such return, the distributor shall remit to the
13 administrator an amount equal to 98% of the tax due under section 6(b),
14 and amendments thereto.

15 (d) If any licensee or distributor fails to make a return or remit any
16 tax, when required to do so by the provisions of this act, except in the case
17 of an extension of time granted by the administrator, there shall be added
18 to the tax determined to be due a penalty of 25% of the amount of such
19 tax, together with interest at the rate per month prescribed by K.S.A. 79-
20 2968(a), and amendments thereto, from the date the tax was due until paid.

21 (e) If any tax determined and assessed by the administrator is not
22 remitted due to fraud with intent to evade the tax imposed by this act, there
23 shall be added thereto a penalty of 50% of the amount of such tax, together
24 with interest at the rate per month prescribed by K.S.A. 79-2968(a), and
25 amendments thereto, from the date the tax was due until paid.

26 (f) Whenever, in the judgment of the administrator, the failure of any
27 licensee or distributor to comply with the provisions of subsection (a), (b),
28 (c) or (d) was due to reasonable cause, the administrator, in the
29 administrator's discretion, may waive or reduce any of the penalties or
30 interest imposed by this section, upon making a record of the reason
31 therefor.

32 (g) The penalties imposed under this section shall be in addition to all
33 other penalties imposed by law.

34 New Sec. 8. (a) For the purpose of ascertaining the correctness of any
35 return or for the purpose of determining the receipts and remittances of
36 any licensee or distributor, the administrator may examine any books,
37 papers, records or memoranda, bearing upon the matters required to be
38 included in the records of the licensee or distributor. The administrator
39 may require the attendance of the licensee or distributor in the county
40 where the licensee or distributor resides, or where the location of the
41 registered premises for bingo games or raffles are located, or of any person
42 having knowledge relating to such records, and may take testimony and
43 require proof of such person or persons.

1 (b) The administrator may issue subpoenas to compel access to or for
2 the production of such books, papers, records or memoranda in the custody
3 of or to which the licensee or distributor has access, or to compel the
4 appearance of such persons. The administrator may issue interrogatories to
5 any such person to the same extent and subject to the same limitations as
6 would apply if the subpoena or interrogatories were issued or served in aid
7 of a civil action in the district court. The administrator may administer
8 oaths and take depositions to the same extent and subject to the same
9 limitations as would apply if the deposition was in aid of a civil action in
10 the district court. In case of the refusal of any person to comply with any
11 subpoena or interrogatory or to testify to any matter regarding which such
12 person lawfully may be questioned, the district court of any county, upon
13 application of the administrator, may order such person to comply with
14 such subpoena or interrogatory or to testify. Failure to obey the court's
15 order may be punished by the court as contempt. Subpoenas or
16 interrogatories issued under the provisions of this section may be served
17 upon individuals and corporations in the manner provided in K.S.A. 60-
18 304, and amendments thereto, for the service of process by any officer
19 authorized to serve subpoenas in civil actions or by the administrator.

20 New Sec. 9. Games of bingo shall be managed, operated and
21 conducted in accordance with the Kansas charitable gaming act and rules
22 and regulations adopted pursuant thereto and the following restrictions:

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

28 (b) Games of bingo shall be managed, conducted or operated by a
29 bona fide member or spouse of a bona fide member of the licensee or
30 parent organization, an auxiliary unit or society or a beneficiary
31 organization of such licensee or of the beneficiary organization. During
32 each session of bingo there must be at least one member of the licensee
33 organization on duty and assisting with the game. Such member must be
34 listed with the office of charitable gaming.

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

40 (d) No person may receive any remuneration or profit for
41 participating in the management, conduct or operation of any game of
42 bingo or any raffle managed, conducted or operated by a licensee unless
43 such remuneration or profit goes to the benefit of another nonprofit group.

1 Any employee of the licensee, however, may assist in the conduct of any
2 charitable gaming event.

3 (e) (1) The aggregate value of all prizes including the retail value of
4 all merchandise awarded or offered by a licensee in a single session to
5 winners of games of call bingo shall not exceed \$1,200. The administrator
6 shall increase the call bingo cap on July 1 of each year to reflect changes
7 in the consumer price index for all urban consumers as published by the
8 United States department of labor for the preceding calendar year. The
9 value of a prize awarded in a progressive or mini bingo game shall not be
10 included when determining the limit imposed by this subsection. Any
11 monetary prize of \$1,199 or more awarded in games of bingo shall be paid
12 by a check drawn on the bingo trust bank account of the licensee. Any
13 monetary prize awarded in games of bingo shall be paid by a check on the
14 bingo trust bank account of the licensee upon the request of the winner of
15 such award.

16 (2) Charitable raffle licensees shall report to the department the name
17 and address of all raffle winners of any prize the retail value of which is
18 \$1,199 or more.

19 (f) The retail value of any merchandise received by a winner of a
20 bingo game shall be considered as the cash value for the purposes of
21 determining the value of the prize.

22 (g) Each licensee shall keep a record of all games of bingo and
23 charitable raffles managed, operated or conducted by it for a period of
24 three years following the date the game is managed, operated or
25 conducted.

26 (h) No person under the age of 18 years shall participate in the
27 management, operation or conduct of any game of bingo managed,
28 operated or conducted by a licensee under the provisions of this act and no
29 licensee shall sell any instant bingo ticket to a person under the age of 18
30 years.

31 (i) No licensee shall manage, operate or conduct bingo on any leased
32 premises or with leased equipment unless all of the terms and conditions
33 of rental or use, including the rental of chairs, bingo equipment, tables,
34 security guards, janitor service or any other services, are set forth in a lease
35 submitted, approved and on file with the administrator.

36 (j) Every licensee who has gross receipts of \$1,000 or more received
37 from participation in games, admission fees or charges and from any other
38 source directly related to the operation or conduct of any games of bingo
39 in any calendar month shall maintain a bingo trust bank account into
40 which all such receipts are deposited daily and from which all payments
41 are made relating to the management, operation or conduct of any games
42 of bingo. Having once established such bingo trust bank account, the
43 licensee shall continue to make deposits of all receipts therein. Every

1 licensee shall notify the administrator of the name of the bank in which the
2 bingo trust bank account is maintained, together with the number and
3 name of the account. Every licensee who maintains a bingo trust bank
4 account shall maintain a complete record of all deposits and withdrawals
5 from such bank account and the same shall be available to the
6 administrator to audit at any reasonable time.

7 The records required under this subsection are in addition to all other
8 records required to be kept by the licensee. The records required by this
9 subsection shall be maintained in the same place as all other records
10 required to be kept by the licensee.

11 (k) No licensee shall purchase or obtain bingo faces or instant bingo
12 tickets from any person or entity other than a distributor registered
13 pursuant to section 14, and amendments thereto.

14 (l) All instant bingo tickets sold or distributed to licensees shall bear
15 on the face thereof a unique serial number which shall not be repeated on
16 the same manufacturer's form number less than every three years. All
17 instant bingo tickets shall be sold or distributed in boxes. Each box shall
18 be sealed by the manufacturer with a seal which includes a warning to the
19 purchaser that the box may have been tampered with if the box was
20 received by the purchaser with the seal broken. Each box of instant bingo
21 tickets shall contain tickets printed in such a manner as to insure that at
22 least 60% of the gross revenues generated by the ultimate sale of all tickets
23 from such box shall be returned to the final purchasers of such tickets. No
24 box of instant bingo tickets may be opened by a licensee unless all tickets
25 contained in a previously opened box with the same form number have
26 been sold.

27 (m) Each box of instant bingo tickets sold or distributed to licensees
28 shall be accompanied by a flare which contains the following information:
29 (1) The name of the game; (2) the manufacturer's name or logo; (3) the
30 game form number; (4) the ticket count in the game; (5) the prize structure
31 for the game, which includes the number of winning tickets by
32 denomination and their respective winning symbol or number
33 combinations; (6) the cost per ticket; (7) the game serial number; and (8)
34 the winning numbers or symbols for the top three winning tiers set out in
35 such a manner that each prize may be marked off as the prize is won and
36 awarded.

37 (n) (1) Progressive bingo games may be conducted in conjunction
38 with a session of bingo.

39 (2) A licensee shall not cease bingo operations unless all progressive
40 bingo games are completed and prizes are awarded, unless prior approval
41 has been received from the secretary.

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

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

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

10 (6) No progressive bingo game may exceed 20 consecutive sessions
11 conducted by a licensee prior to awarding the established prize.

12 (7) If the progressive bingo game prize is not awarded at a bingo
13 session, the progressive bingo game shall be continued at a future occasion
14 until such time a winner is determined. The winning prize shall be the full
15 amount. If there is no winner of a progressive bingo game at a session, a
16 stated consolation prize in an amount not to exceed \$1,000 may be
17 awarded. Any consolation prize shall be less than the value of the
18 progressive bingo game prize amount.

19 (o) Any bona fide nonprofit religious, charitable, fraternal,
20 educational or veterans' organization that conducts charitable raffles for
21 which the aggregate gross receipts from such raffles in the calendar year
22 does not exceed \$25,000 shall be exempt from the provisions of this
23 section.

24 New Sec. 10. (a) The administrator, after a hearing in accordance
25 with the provisions of the Kansas administrative procedure act, may
26 revoke or suspend any license or registration certificate issued under the
27 provisions of this act for any of the following reasons:

28 (1) The licensee or registrant has obtained the license or registration
29 certificate by giving false information in the application therefor;

30 (2) the licensee or registrant has violated any of the laws of the state
31 of Kansas or provisions of this act or any rules and regulations adopted
32 pursuant thereto for the registration, licensing, taxing, management,
33 conduct or operation of games of bingo or raffles; or

34 (3) the licensee or registrant has become ineligible to obtain a license
35 under this act.

36 (b) Any action of the administrator pursuant to subsection (a) is
37 subject to review in accordance with the Kansas judicial review act. In
38 case of the revocation of the license of any licensee or the registration of
39 any registrant, no new license or registration shall be issued to such lessor,
40 sublessor or organization, or any person acting for or on its behalf, for a
41 period of six months thereafter. No revocation or suspension of a license or
42 registration certificate shall be for a period in excess of one year if the
43 applicant otherwise is qualified on the date the applicant makes a new

1 application therefor.

2 (c) The administrator is hereby authorized to enjoin any person from
3 managing, operating or conducting any raffle or any games of bingo, or
4 from leasing any premises for such purposes, if such person does not
5 possess a valid license or registration certificate issued pursuant to the
6 provisions of the Kansas charitable gaming act. The administrator shall be
7 entitled to have an order restraining such person from managing, operating
8 or conducting any raffle or any games of bingo or for any other purpose
9 contrary to the provisions of the Kansas charitable gaming act or from
10 leasing premises for any of such purposes. No bond shall be required for
11 any such restraining order, nor for any temporary or permanent injunction
12 issued in such proceedings.

13 New Sec. 11. (a) The administration and enforcement of the Kansas
14 charitable gaming act and any rules and regulations adopted pursuant
15 thereto shall be vested in the administrator.

16 (b) Upon recommendation of the administrator, the secretary shall
17 adopt all rules and regulations necessary for the administration and
18 enforcement of the Kansas charitable gaming act by the administrator.

19 New Sec. 12. (a) All amounts received by or for the administrator
20 from license and registration fees pursuant to this act shall be remitted to
21 the state treasurer in accordance with the provisions of K.S.A. 75-4215,
22 and amendments thereto. Upon receipt of each such remittance, the state
23 treasurer shall deposit the entire amount in the state treasury to the credit
24 of the state charitable gaming regulation fund, except as provided by
25 section 13, and amendments thereto.

26 (b) All amounts received by or for the administrator from the tax
27 levied pursuant to section 6, and amendments thereto, shall be remitted to
28 the state treasurer in accordance with the provisions of K.S.A. 75-4215,
29 and amendments thereto. Upon receipt of each such remittance, the state
30 treasurer shall deposit the entire amount in the state treasury.

31 (c) There is hereby created, in the state treasury, the state charitable
32 gaming regulation fund. Except as provided by section 13, and
33 amendments thereto, each deposit remitted to the state treasurer pursuant
34 to subsection (b) shall be credited to the state charitable gaming regulation
35 fund. Except as provided by subsections (d) and (e), all moneys in the state
36 charitable gaming regulation fund shall be expended for the administration
37 and enforcement of the Kansas charitable gaming act, and rules and
38 regulations adopted pursuant thereto. Such expenditures shall be made
39 upon vouchers approved by the administrator.

40 (d) Except as otherwise provided by this act, all operating expenses
41 of the administrator related to the administration and enforcement of the
42 Kansas charitable gaming act appropriated by the legislature shall be paid
43 from the state charitable gaming regulation fund. At the end of each fiscal

1 year, the director of accounts and reports shall transfer to the state general
2 fund any moneys in the state charitable gaming regulation fund on each
3 such date in excess of the amount required to pay all operating expenses of
4 the administrator related to the administration and enforcement of the
5 Kansas charitable gaming act.

6 New Sec. 13. There is hereby created the charitable gaming refund
7 fund in the state treasury. The Kansas charitable gaming refund fund shall
8 be a refund clearing fund and refunds of the fees imposed under section 5,
9 and amendments thereto, and of the tax levied under section 6, and
10 amendments thereto, shall be made from such fund. The charitable gaming
11 refund fund shall be maintained by the administrator from the license and
12 registration fees received and taxes collected under the Kansas charitable
13 gaming act in an amount sufficient for such refunds not to exceed \$10,000.

14 New Sec. 14. (a) No person or entity shall sell or distribute any bingo
15 faces, bingo cards or instant bingo tickets to any licensee unless such
16 person or entity has been issued a distributor registration certificate by the
17 administrator. Application for registration shall be submitted to the
18 administrator and shall be accompanied by a fee of \$500 and shall be made
19 upon forms prescribed by the administrator.

20 (b) Each distributor registration certificate shall expire at midnight on
21 June 30 following its date of issuance. Application for renewal of a
22 registration certificate shall be submitted to the administrator and shall be
23 accompanied by a fee of \$500 and shall be made upon forms prescribed by
24 the administrator.

25 (c) The administrator shall establish, by rules and regulations adopted
26 under the Kansas charitable gaming act, reasonable criteria for approval of
27 applications for registration. The administrator shall refuse to register a
28 distributor if any owner, manager or employee thereof, within five years
29 prior to registration, has been convicted of or pleaded guilty or nolo
30 contendere to any felony or illegal gambling violation in this or any other
31 jurisdiction.

32 (d) All distributors shall maintain for a period of not less than three
33 years full and complete records of all bingo cards, bingo faces and instant
34 bingo tickets sold or distributed to licensees. Such records shall be made
35 available for inspection by any authorized representative of the
36 administrator.

37 New Sec. 15. (a) In addition to or in lieu of any other civil or criminal
38 penalty provided by law, the administrator, upon a finding that a licensee,
39 lessor or distributor has violated any provision of the Kansas charitable
40 gaming act or any rule and regulation adopted pursuant thereto, shall
41 impose on such licensee, lessor or distributor a civil fine not exceeding
42 \$500 for each violation.

43 (b) No fine shall be imposed pursuant to this section except upon the

1 written order of the administrator to the licensee, lessor or distributor who
2 committed the violation. Such order shall state the violation, the fine to be
3 imposed and the right of the licensee, lessor or distributor to appeal the
4 order. Such order shall be subject to appeal and review in the manner
5 provided by the Kansas administrative procedure act.

6 (c) Any fine collected pursuant to this section shall be remitted to the
7 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
8 amendments thereto. Upon receipt of each such remittance, the state
9 treasurer shall deposit the entire amount in the state treasury to the credit
10 of the state charitable gaming regulation fund.

11 New Sec. 16. (a) The secretary of revenue shall designate an
12 administrator of charitable gaming. The administrator of charitable gaming
13 shall be in the unclassified service and shall receive an annual salary fixed
14 by the secretary of revenue and approved by the governor.

15 (b) Under the supervision of the secretary, the administrator of
16 charitable gaming shall administer and enforce the provisions of the
17 Kansas charitable gaming act and any rules and regulations adopted
18 pursuant thereto. The administrator's exclusive duties shall be the
19 administration and enforcement of the Kansas charitable gaming act and
20 any rules and regulations adopted pursuant thereto. The administrator shall
21 be solely accountable to and report to the secretary of revenue.

22 New Sec. 17. If any provision of the Kansas charitable gaming act or
23 the application thereof to any person or circumstances is held
24 unconstitutional or otherwise invalid, such unconstitutionality or invalidity
25 shall not affect other provisions or applications of the act which can be
26 given effect without the unconstitutional or invalid provision or
27 application, and, to this end, the provisions of this act are severable.

28 New Sec. 18. The department of revenue shall adopt rules and
29 regulations governing the conduct of raffles by nonprofit religious,
30 charitable, fraternal, educational and veterans' organizations. The rules and
31 regulations may include, but not be limited to, standards for the
32 preparation, sale and accountability of tickets, the conduct of drawings and
33 the awarding of prizes.

34 Sec. 19. K.S.A. 2014 Supp. 21-6403 is hereby amended to read as
35 follows: 21-6403. As used in K.S.A. 2014 Supp. 21-6403 through 21-
36 6409, and amendments thereto:

37 (a) "Bet" means a bargain in which the parties agree that, dependent
38 upon chance, one stands to win or lose something of value specified in the
39 agreement. A bet does not include:

40 (1) Bona fide business transactions which are valid under the law of
41 contracts including, but not limited to, contracts for the purchase or sale at
42 a future date of securities or other commodities, and agreements to
43 compensation for loss caused by the happening of the chance including,

1 but not limited to, contracts of indemnity or guaranty and life or health and
2 accident insurance;

3 (2) offers of purses, prizes or premiums to the actual contestants in
4 any bona fide contest for the determination of skill, speed, strength or
5 endurance or to the bona fide owners of animals or vehicles entered in
6 such a contest;

7 (3) a lottery as defined in this section;

8 (4) any bingo game by or for participants managed, operated or
9 conducted in accordance with the laws of the state of Kansas by an
10 organization licensed by the state of Kansas to manage, operate or conduct
11 games of bingo;

12 (5) a lottery operated by the state pursuant to the Kansas lottery act;

13 (6) any system of parimutuel wagering managed, operated and
14 conducted in accordance with the Kansas parimutuel racing act; ~~or~~

15 (7) tribal gaming; *or*

16 (8) *charitable raffles as defined by section 3, and amendments*
17 *thereto;*

18 (b) "lottery" means an enterprise wherein for a consideration the
19 participants are given an opportunity to win a prize, the award of which is
20 determined by chance. A lottery does not include:

21 (1) A lottery operated by the state pursuant to the Kansas lottery act;
22 *or*

23 (2) tribal gaming;

24 (c) "consideration" means anything which is a commercial or
25 financial advantage to the promoter or a disadvantage to any participant.
26 Mere registration without purchase of goods or services; personal
27 attendance at places or events, without payment of an admission price or
28 fee; listening to or watching radio and television programs; answering the
29 telephone or making a telephone call and acts of like nature are not
30 consideration. "Consideration" shall not include sums of money paid by or
31 for:

32 (1) Participants in any bingo game managed, operated or conducted
33 in accordance with the laws of the state of Kansas by any bona fide
34 nonprofit religious, charitable, fraternal, educational or veteran
35 organization licensed to manage, operate or conduct bingo games under
36 the laws of the state of Kansas and it shall be conclusively presumed that
37 such sums paid by or for such participants were intended by such
38 participants to be for the benefit of the sponsoring organizations for the use
39 of such sponsoring organizations in furthering the purposes of such
40 sponsoring organizations, as set forth in the appropriate paragraphs of
41 ~~subsection (c) or (d) of section 501(c) or (d) of the internal revenue code~~
42 of 1986 and as set forth in K.S.A. 79-4701, and amendments thereto;

43 (2) participants in any lottery operated by the state pursuant to the

1 Kansas lottery act;

2 (3) participants in any system of parimutuel wagering managed,
3 operated and conducted in accordance with the Kansas parimutuel racing
4 act; or

5 (4) a person to participate in tribal gaming;

6 (d) (1) "gambling device" means any:

7 (A) So-called "slot machine" or any other machine, mechanical
8 device, electronic device or other contrivance an essential part of which is
9 a drum or reel with insignia thereon, and:

10 (i) Which when operated may deliver, as the result of chance, any
11 money or property; or

12 (ii) by the operation of which a person may become entitled to
13 receive, as the result of chance, any money or property;

14 (B) other machine, mechanical device, electronic device or other
15 contrivance including, but not limited to, roulette wheels and similar
16 devices, which are equipped with or designed to accommodate the addition
17 of a mechanism that enables accumulated credits to be removed, is
18 equipped with or designed to accommodate a mechanism to record the
19 number of credits removed or is otherwise designed, manufactured or
20 altered primarily for use in connection with gambling, and:

21 (i) Which when operated may deliver, as the result of chance, any
22 money or property; or

23 (ii) by the operation of which a person may become entitled to
24 receive, as the result of chance, any money or property;

25 (C) subassembly or essential part intended to be used in connection
26 with any such machine, mechanical device, electronic device or other
27 contrivance, but which is not attached to any such machine, mechanical
28 device, electronic device or other contrivance as a constituent part; or

29 (D) any token, chip, paper, receipt or other document which
30 evidences, purports to evidence or is designed to evidence participation in
31 a lottery or the making of a bet.

32 The fact that the prize is not automatically paid by the device does not
33 affect its character as a gambling device.

34 (2) "Gambling device" shall not include:

35 (A) Any machine, mechanical device, electronic device or other
36 contrivance used or for use by a licensee of the Kansas racing commission
37 as authorized by law and rules and regulations adopted by the commission
38 or by the Kansas lottery or Kansas lottery retailers as authorized by law
39 and rules and regulations adopted by the Kansas lottery commission;

40 (B) any machine, mechanical device, electronic device or other
41 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
42 machine, a so-called pinball machine, or mechanical gun, which is not
43 designed and manufactured primarily for use in connection with gambling,

1 and:

2 (i) Which when operated does not deliver, as a result of chance, any
3 money; or

4 (ii) by the operation of which a person may not become entitled to
5 receive, as the result of the application of an element of chance, any
6 money;

7 (C) any so-called claw, crane or digger machine and similar devices
8 which are designed and manufactured primarily for use at carnivals or
9 county or state fairs; or

10 (D) any machine, mechanical device, electronic device or other
11 contrivance used in tribal gaming;

12 (e) "gambling place" means any place, room, building, vehicle, tent
13 or location which is used for any of the following: Making and settling
14 bets; receiving, holding, recording or forwarding bets or offers to bet;
15 conducting lotteries; or playing gambling devices. Evidence that the place
16 has a general reputation as a gambling place or that, at or about the time in
17 question, it was frequently visited by persons known to be commercial
18 gamblers or known as frequenters of gambling places is admissible on the
19 issue of whether it is a gambling place;

20 (f) "tribal gaming" means the same as in K.S.A. 74-9802, and
21 amendments thereto; and

22 (g) "tribal gaming commission" means the same as in K.S.A. 74-
23 9802, and amendments thereto.

24 Sec. 20. K.S.A. 2014 Supp. 79-3603 is hereby amended to read as
25 follows: 79-3603. For the privilege of engaging in the business of selling
26 tangible personal property at retail in this state or rendering or furnishing
27 any of the services taxable under this act, there is hereby levied and there
28 shall be collected and paid a tax at the rate of 6.15%. Within a
29 redevelopment district established pursuant to K.S.A. 74-8921, and
30 amendments thereto, there is hereby levied and there shall be collected and
31 paid an additional tax at the rate of 2% until the earlier of the date the
32 bonds issued to finance or refinance the redevelopment project have been
33 paid in full or the final scheduled maturity of the first series of bonds
34 issued to finance any part of the project upon:

35 (a) The gross receipts received from the sale of tangible personal
36 property at retail within this state;

37 (b) the gross receipts from intrastate, interstate or international
38 telecommunications services and any ancillary services sourced to this
39 state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments
40 thereto, except that telecommunications service does not include: (1) Any
41 interstate or international 800 or 900 service; (2) any interstate or
42 international private communications service as defined in K.S.A. 2014
43 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice

1 data service; (4) any telecommunication service to a provider of
2 telecommunication services which will be used to render
3 telecommunications services, including carrier access services; or (5) any
4 service or transaction defined in this section among entities classified as
5 members of an affiliated group as provided by section 1504 of the federal
6 internal revenue code of 1986, as in effect on January 1, 2001;

7 (c) the gross receipts from the sale or furnishing of gas, water,
8 electricity and heat, which sale is not otherwise exempt from taxation
9 under the provisions of this act, and whether furnished by municipally or
10 privately owned utilities, except that, on and after January 1, 2006, for
11 sales of gas, electricity and heat delivered through mains, lines or pipes to
12 residential premises for noncommercial use by the occupant of such
13 premises, and for agricultural use and also, for such use, all sales of
14 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
15 gas, coal, wood and other fuel sources for the production of heat or
16 lighting for noncommercial use of an occupant of residential premises, the
17 state rate shall be 0%, but such tax shall not be levied and collected upon
18 the gross receipts from: (1) The sale of a rural water district benefit unit;
19 (2) a water system impact fee, system enhancement fee or similar fee
20 collected by a water supplier as a condition for establishing service; or (3)
21 connection or reconnection fees collected by a water supplier;

22 (d) the gross receipts from the sale of meals or drinks furnished at any
23 private club, drinking establishment, catered event, restaurant, eating
24 house, dining car, hotel, drugstore or other place where meals or drinks are
25 regularly sold to the public;

26 (e) the gross receipts from the sale of admissions to any place
27 providing amusement, entertainment or recreation services including
28 admissions to state, county, district and local fairs, but such tax shall not
29 be levied and collected upon the gross receipts received from sales of
30 admissions to any cultural and historical event which occurs triennially;

31 (f) the gross receipts from the operation of any coin-operated device
32 dispensing or providing tangible personal property, amusement or other
33 services except laundry services, whether automatic or manually operated;

34 (g) the gross receipts from the service of renting of rooms by hotels,
35 as defined by K.S.A. 36-501, and amendments thereto, or by
36 accommodation brokers, as defined by K.S.A. 12-1692, and amendments
37 thereto, but such tax shall not be levied and collected upon the gross
38 receipts received from sales of such service to the federal government and
39 any agency, officer or employee thereof in association with the
40 performance of official government duties;

41 (h) the gross receipts from the service of renting or leasing of tangible
42 personal property except such tax shall not apply to the renting or leasing
43 of machinery, equipment or other personal property owned by a city and

1 purchased from the proceeds of industrial revenue bonds issued prior to
2 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
3 12-1749, and amendments thereto, and any city or lessee renting or leasing
4 such machinery, equipment or other personal property purchased with the
5 proceeds of such bonds who shall have paid a tax under the provisions of
6 this section upon sales made prior to July 1, 1973, shall be entitled to a
7 refund from the sales tax refund fund of all taxes paid thereon;

8 (i) the gross receipts from the rendering of dry cleaning, pressing,
9 dyeing and laundry services except laundry services rendered through a
10 coin-operated device whether automatic or manually operated;

11 (j) the gross receipts from the rendering of the services of washing
12 and washing and waxing of vehicles;

13 (k) the gross receipts from cable, community antennae and other
14 subscriber radio and television services;

15 (l) (1) except as otherwise provided by paragraph (2), the gross
16 receipts received from the sales of tangible personal property to all
17 contractors, subcontractors or repairmen for use by them in erecting
18 structures, or building on, or otherwise improving, altering, or repairing
19 real or personal property.

20 (2) Any such contractor, subcontractor or repairman who maintains
21 an inventory of such property both for sale at retail and for use by them for
22 the purposes described by paragraph (1) shall be deemed a retailer with
23 respect to purchases for and sales from such inventory, except that the
24 gross receipts received from any such sale, other than a sale at retail, shall
25 be equal to the total purchase price paid for such property and the tax
26 imposed thereon shall be paid by the deemed retailer;

27 (m) the gross receipts received from fees and charges by public and
28 private clubs, drinking establishments, organizations and businesses for
29 participation in sports, games and other recreational activities, but such tax
30 shall not be levied and collected upon the gross receipts received from: (1)
31 Fees and charges by any political subdivision, by any organization exempt
32 from property taxation pursuant to ~~paragraph Ninth~~ of K.S.A. 79-201
33 *Ninth*, and amendments thereto, or by any youth recreation organization
34 exclusively providing services to persons 18 years of age or younger
35 which is exempt from federal income taxation pursuant to section 501(c)
36 (3) of the federal internal revenue code of 1986, for participation in sports,
37 games and other recreational activities; and (2) entry fees and charges for
38 participation in a special event or tournament sanctioned by a national
39 sporting association to which spectators are charged an admission which is
40 taxable pursuant to subsection (e);

41 (n) the gross receipts received from dues charged by public and
42 private clubs, drinking establishments, organizations and businesses,
43 payment of which entitles a member to the use of facilities for recreation

1 or entertainment, but such tax shall not be levied and collected upon the
2 gross receipts received from: (1) Dues charged by any organization exempt
3 from property taxation pursuant to ~~paragraphs Eighth and Ninth~~ of K.S.A.
4 79-201 *Eighth and Ninth*, and amendments thereto; and (2) sales of
5 memberships in a nonprofit organization which is exempt from federal
6 income taxation pursuant to section 501(c)(3) of the federal internal
7 revenue code of 1986, and whose purpose is to support the operation of a
8 nonprofit zoo;

9 (o) the gross receipts received from the isolated or occasional sale of
10 motor vehicles or trailers but not including: (1) The transfer of motor
11 vehicles or trailers by a person to a corporation or limited liability
12 company solely in exchange for stock securities or membership interest in
13 such corporation or limited liability company; ~~or~~ (2) the transfer of motor
14 vehicles or trailers by one corporation or limited liability company to
15 another when all of the assets of such corporation or limited liability
16 company are transferred to such other corporation or limited liability
17 company; or (3) the sale of motor vehicles or trailers which are subject to
18 taxation pursuant to the provisions of K.S.A. 79-5101 et seq., and
19 amendments thereto, by an immediate family member to another
20 immediate family member. For the purposes of ~~clause paragraph~~ (3),
21 immediate family member means lineal ascendants or descendants, and
22 their spouses. Any amount of sales tax paid pursuant to the Kansas
23 retailers sales tax act on the isolated or occasional sale of motor vehicles or
24 trailers on and after July 1, 2004, which the base for computing the tax
25 was the value pursuant to ~~subsections (a), (b)(1) and (b)(2)~~ of K.S.A. 79-
26 5105(a), (b)(1) and (b)(2), and amendments thereto, when such amount
27 was higher than the amount of sales tax which would have been paid under
28 the law as it existed on June 30, 2004, shall be refunded to the taxpayer
29 pursuant to the procedure prescribed by this section. Such refund shall be
30 in an amount equal to the difference between the amount of sales tax paid
31 by the taxpayer and the amount of sales tax which would have been paid
32 by the taxpayer under the law as it existed on June 30, 2004. Each claim
33 for a sales tax refund shall be verified and submitted not later than six
34 months from the effective date of this act to the director of taxation upon
35 forms furnished by the director and shall be accompanied by any
36 additional documentation required by the director. The director shall
37 review each claim and shall refund that amount of tax paid as provided by
38 this act. All such refunds shall be paid from the sales tax refund fund, upon
39 warrants of the director of accounts and reports pursuant to vouchers
40 approved by the director of taxation or the director's designee. No refund
41 for an amount less than \$10 shall be paid pursuant to this act. In
42 determining the base for computing the tax on such isolated or occasional
43 sale, the fair market value of any motor vehicle or trailer traded in by the

1 purchaser to the seller may be deducted from the selling price;

2 (p) the gross receipts received for the service of installing or applying
3 tangible personal property which when installed or applied is not being
4 held for sale in the regular course of business, and whether or not such
5 tangible personal property when installed or applied remains tangible
6 personal property or becomes a part of real estate, except that no tax shall
7 be imposed upon the service of installing or applying tangible personal
8 property in connection with the original construction of a building or
9 facility, the original construction, reconstruction, restoration, remodeling,
10 renovation, repair or replacement of a residence or the construction,
11 reconstruction, restoration, replacement or repair of a bridge or highway.

12 For the purposes of this subsection:

13 (1) "Original construction" shall mean the first or initial construction
14 of a new building or facility. The term "original construction" shall include
15 the addition of an entire room or floor to any existing building or facility,
16 the completion of any unfinished portion of any existing building or
17 facility and the restoration, reconstruction or replacement of a building,
18 facility or utility structure damaged or destroyed by fire, flood, tornado,
19 lightning, explosion, windstorm, ice loading and attendant winds,
20 terrorism or earthquake, but such term, except with regard to a residence,
21 shall not include replacement, remodeling, restoration, renovation or
22 reconstruction under any other circumstances;

23 (2) "building" shall mean only those enclosures within which
24 individuals customarily are employed, or which are customarily used to
25 house machinery, equipment or other property, and including the land
26 improvements immediately surrounding such building;

27 (3) "facility" shall mean a mill, plant, refinery, oil or gas well, water
28 well, feedlot or any conveyance, transmission or distribution line of any
29 cooperative, nonprofit, membership corporation organized under or subject
30 to the provisions of K.S.A. 17-4601 et seq., and amendments thereto, or
31 municipal or quasi-municipal corporation, including the land
32 improvements immediately surrounding such facility;

33 (4) "residence" shall mean only those enclosures within which
34 individuals customarily live;

35 (5) "utility structure" shall mean transmission and distribution lines
36 owned by an independent transmission company or cooperative, the
37 Kansas electric transmission authority or natural gas or electric public
38 utility; and

39 (6) "windstorm" shall mean straight line winds of at least 80 miles per
40 hour as determined by a recognized meteorological reporting agency or
41 organization;

42 (q) the gross receipts received for the service of repairing, servicing,
43 altering or maintaining tangible personal property which when such

1 services are rendered is not being held for sale in the regular course of
2 business, and whether or not any tangible personal property is transferred
3 in connection therewith. The tax imposed by this subsection shall be
4 applicable to the services of repairing, servicing, altering or maintaining an
5 item of tangible personal property which has been and is fastened to,
6 connected with or built into real property;

7 (r) the gross receipts from fees or charges made under service or
8 maintenance agreement contracts for services, charges for the providing of
9 which are taxable under the provisions of subsection (p) or (q);

10 (s) on and after January 1, 2005, the gross receipts received from the
11 sale of prewritten computer software and the sale of the services of
12 modifying, altering, updating or maintaining prewritten computer
13 software, whether the prewritten computer software is installed or
14 delivered electronically by tangible storage media physically transferred to
15 the purchaser or by load and leave;

16 (t) the gross receipts received for telephone answering services;

17 (u) the gross receipts received from the sale of prepaid calling service
18 and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-
19 3673, and amendments thereto; and

20 (v) ~~the gross receipts received from the sales of bingo cards, bingo~~
21 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~
22 ~~and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,~~
23 ~~2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before~~
24 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~
25 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 section~~
26 ~~1 et seq., and amendments thereto, shall be exempt from taxes imposed~~
27 ~~pursuant to this section; and~~

28 (w) *all sales of charitable raffle tickets in accordance with section 1*
29 *et seq., and amendments thereto, shall be exempt from taxes imposed*
30 *pursuant to this section.*

31 Sec. 21. K.S.A. 2014 Supp. 74-8702 is hereby amended to read as
32 follows: 74-8702. As used in the Kansas lottery act, unless the context
33 otherwise requires:

34 (a) "Ancillary lottery gaming facility operations" means additional
35 non-lottery facility game products and services not owned and operated by
36 the state which may be included in the overall development associated
37 with the lottery gaming facility. Such operations may include, but are not
38 limited to, restaurants, hotels, motels, museums or entertainment facilities.

39 (b) "Commission" means the Kansas lottery commission.

40 (c) "Electronic gaming machine" means any electronic,
41 electromechanical, video or computerized device, contrivance or machine
42 authorized by the Kansas lottery which, upon insertion of cash, tokens,
43 electronic cards or any consideration, is available to play, operate or

1 simulate the play of a game authorized by the Kansas lottery pursuant to
2 the Kansas expanded lottery act, including, but not limited to, bingo,
3 poker, blackjack, keno and slot machines, and which may deliver or entitle
4 the player operating the machine to receive cash, tokens, merchandise or
5 credits that may be redeemed for cash. Electronic gaming machines may
6 use bill validators and may be single-position reel-type, single or multi-
7 game video and single-position multi-game video electronic game,
8 including, but not limited to, poker, blackjack and slot machines.
9 Electronic gaming machines shall be directly linked to a central computer
10 at a location determined by the executive director for purposes of security,
11 monitoring and auditing.

12 (d) "Executive director" means the executive director of the Kansas
13 lottery.

14 (e) "Gaming equipment" means any electric, electronic, computerized
15 or electromechanical machine, mechanism, supply or device or any other
16 equipment, which is: (1) Unique to the Kansas lottery and used pursuant to
17 the Kansas lottery act; ~~and~~ (2) integral to the operation of an electronic
18 gaming machine or lottery facility game; and (3) affects the results of an
19 electronic gaming machine or lottery facility game by determining win or
20 loss.

21 (f) "Gaming zone" means: (1) The northeast Kansas gaming zone,
22 which consists of Wyandotte county; (2) the southeast Kansas gaming
23 zone, which consists of Crawford and Cherokee counties; (3) the south
24 central Kansas gaming zone, which consists of Sedgwick and Sumner
25 counties; and (4) the southwest Kansas gaming zone, which consists of
26 Ford county.

27 (g) "Gray machine" means any mechanical, electro-mechanical or
28 electronic device, capable of being used for gambling, that is: (1) Not
29 authorized by the Kansas lottery; (2) not linked to a lottery central
30 computer system; (3) available to the public for play; or (4) capable of
31 simulating a game played on an electronic gaming machine or any similar
32 gambling game authorized pursuant to the Kansas expanded lottery act.

33 (h) "Kansas lottery" means the state agency created by this act to
34 operate a lottery or lotteries pursuant to this act.

35 (i) "Lottery" or "state lottery" means the lottery or lotteries operated
36 pursuant to this act.

37 (j) "Lottery facility games" means any electronic gaming machines
38 and any other games which, as of January 1, 2007, are authorized to be
39 conducted or operated at a tribal gaming facility, as defined in K.S.A. 74-
40 9802, and amendments thereto, located within the boundaries of this state.

41 (k) "Lottery gaming enterprise" means an entertainment enterprise
42 which includes a lottery gaming facility authorized pursuant to the Kansas
43 expanded lottery act and ancillary lottery gaming facility operations that

1 have a coordinated business or marketing strategy. A lottery gaming
2 enterprise shall be designed to attract to its lottery gaming facility
3 consumers who reside outside the immediate area of such enterprise.

4 (l) "Lottery gaming facility" means that portion of a building used for
5 the purposes of operating, managing and maintaining lottery facility
6 games.

7 (m) "Lottery gaming facility expenses" means normal business
8 expenses, as defined in the lottery gaming facility management contract,
9 associated with the ownership and operation of a lottery gaming facility.

10 (n) "Lottery gaming facility management contract" means a contract,
11 subcontract or collateral agreement between the state and a lottery gaming
12 facility manager for the management of a lottery gaming facility, the
13 business of which is owned and operated by the Kansas lottery, negotiated
14 and signed by the executive director on behalf of the state.

15 (o) "Lottery gaming facility manager" means a corporation, limited
16 liability company, resident Kansas American Indian tribe or other business
17 entity authorized to construct and manage, or manage alone, pursuant to a
18 lottery gaming facility management contract with the Kansas lottery, and
19 on behalf of the state, a lottery gaming enterprise and lottery gaming
20 facility.

21 (p) "Lottery gaming facility revenues" means the total revenues from
22 lottery facility games at a lottery gaming facility after all related prizes are
23 paid.

24 (q) (1) "Lottery machine" means any machine or device that allows a
25 player to insert cash or other form of consideration and may deliver as the
26 result of an element of chance, regardless of the skill required by the
27 player, a prize or evidence of a prize, including, but not limited to:

28 (A) Any machine or device in which the prize or evidence of a prize
29 is determined by both chance and the player's or players' skill, including,
30 but not limited to, any machine or device on which a lottery game or
31 lottery games, such as poker or blackjack, are played;

32 (B) any machine or device in which the prize or evidence of a prize is
33 determined only by chance, including, but not limited to, any slot machine
34 or bingo machine; or

35 (C) any lottery ticket vending machine, such as a keno ticket vending
36 machine, pull-tab vending machine or an instant-bingo vending machine.

37 (2) "Lottery machine" shall not mean:

38 (A) Any food vending machine defined by K.S.A. 36-501, and
39 amendments thereto;

40 (B) any nonprescription drug machine authorized under K.S.A. 65-
41 650, and amendments thereto;

42 (C) any machine which dispenses only bottled or canned soft drinks,
43 chewing gum, nuts or candies;

1 (D) any machine excluded from the definition of gambling devices
2 under ~~subsection (d)~~ of K.S.A. 21-4302(d), prior to its repeal, or K.S.A.
3 2014 Supp. 21-6403, and amendments thereto; ~~or~~

4 (E) any electronic gaming machine or lottery facility game operated
5 in accordance with the provisions of the Kansas expanded lottery act.

6 (r) "Lottery retailer" means any person with whom the Kansas lottery
7 has contracted to sell lottery tickets or shares, or both, to the public.

8 (s) (1) "Major procurement" means any gaming product or service,
9 including, but not limited to, facilities, advertising and promotional
10 services, annuity contracts, prize payment agreements, consulting services,
11 equipment, tickets and other products and services unique to the Kansas
12 lottery, but not including materials, supplies, equipment and services
13 common to the ordinary operations of state agencies.

14 (2) "Major procurement" shall not mean any product, service or other
15 matter covered by or addressed in the Kansas expanded lottery act or a
16 lottery gaming facility management contract or racetrack gaming facility
17 management contract executed pursuant to the Kansas expanded lottery
18 act.

19 (t) "Net electronic gaming machine income" means all cash or other
20 consideration utilized to play an electronic gaming machine operated at a
21 racetrack gaming facility, less all cash or other consideration paid out to
22 winning players as prizes.

23 (u) "Organization licensee" has the meaning provided by K.S.A. 74-
24 8802, and amendments thereto.

25 (v) "Parimutuel licensee" means a facility owner licensee or facility
26 manager licensee under the Kansas parimutuel racing act.

27 (w) "Parimutuel licensee location" means a racetrack facility, as
28 defined in K.S.A. 74-8802, and amendments thereto, owned or managed
29 by the parimutuel licensee. A parimutuel licensee location may include any
30 existing structure at such racetrack facility or any structure that may be
31 constructed on real estate where such racetrack facility is located.

32 (x) "Person" means any natural person, association, limited liability
33 company, corporation or partnership.

34 (y) "Prize" means any prize paid directly by the Kansas lottery
35 pursuant to the Kansas lottery act or the Kansas expanded lottery act or
36 any rules and regulations adopted pursuant to either act. *No person under*
37 *18 years of age is eligible to claim a prize under the Kansas lottery act.*

38 (z) "Progressive electronic game" means a game played on an
39 electronic gaming machine for which the payoff increases uniformly as the
40 game is played and for which the jackpot, determined by application of a
41 formula to the income of independent, local or interlinked electronic
42 gaming machines, may be won.

43 (aa) "Racetrack gaming facility" means that portion of a parimutuel

1 licensee location where electronic gaming machines are operated,
2 managed and maintained.

3 (bb) "Racetrack gaming facility management contract" means an
4 agreement between the Kansas lottery and a racetrack gaming facility
5 manager, negotiated and signed by the executive director on behalf of the
6 state, for placement of electronic gaming machines owned and operated by
7 the state at a racetrack gaming facility.

8 (cc) "Racetrack gaming facility manager" means a parimutuel
9 licensee specifically certified by the Kansas lottery to become a certified
10 racetrack gaming facility manager and offer electronic gaming machines
11 for play at the racetrack gaming facility.

12 (dd) "Returned ticket" means any ticket which was transferred to a
13 lottery retailer, which was not sold by the lottery retailer and which was
14 returned to the Kansas lottery for refund by issuance of a credit or
15 otherwise.

16 (ee) "Share" means any intangible manifestation authorized by the
17 Kansas lottery to prove participation in a lottery game, except as provided
18 by the Kansas expanded lottery act.

19 (ff) "Ticket" means any tangible evidence issued by the Kansas
20 lottery to prove participation in a lottery game other than a lottery facility
21 game.

22 (gg) "Token" means a representative of value, of metal or other
23 material, which is not legal tender, redeemable for cash only by the issuing
24 lottery gaming facility manager or racetrack gaming facility manager and
25 which is issued and sold by a lottery gaming facility manager or racetrack
26 gaming facility manager for the sole purpose of playing an electronic
27 gaming machine or lottery facility game.

28 (hh) "Vendor" means any person who has entered into a major
29 procurement contract with the Kansas lottery.

30 (ii) "Video lottery machine" means any electronic video game
31 machine that, upon insertion of cash, is available to play or simulate the
32 play of a video game authorized by the commission, including, but not
33 limited to, bingo, poker, black jack and keno, and which uses a video
34 display and microprocessors and in which, by chance, the player may
35 receive free games or credits that can be redeemed for cash.

36 Sec. 22. K.S.A. 74-8704 is hereby amended to read as follows: 74-
37 8704. (a) The executive director shall have the power to:

38 (1) Supervise and administer the operation of the state lottery in
39 accordance with the provisions of this act and such rules and regulations as
40 adopted hereunder.

41 (2) Appoint, subject to the Kansas civil service act and within the
42 limitations of appropriations therefor, all other employees of the Kansas
43 lottery, which employees shall be in the classified service unless otherwise

1 specifically provided by this act.

2 (3) Enter into contracts for advertising and promotional services,
3 subject to the provisions of subsection (b); annuities or other methods
4 deemed appropriate for the payment of prizes; data processing and other
5 technical products, equipment and services; and facilities as needed to
6 operate the Kansas lottery, including, but not limited to, gaming
7 equipment, tickets and other services involved in major procurement
8 contracts, in accordance with K.S.A. 74-8705, and amendments thereto.

9 (4) Enter into contracts with persons for the sale of lottery tickets or
10 shares to the public, as provided by this act and rules and regulations
11 adopted pursuant to this act, which contracts shall not be subject to the
12 provisions of K.S.A. 75-3738 through 75-3744, and amendments thereto.

13 (5) Require lottery retailers to furnish proof of financial stability or
14 furnish surety in an amount based upon the expected volume of sales of
15 lottery tickets or shares.

16 (6) Examine, or cause to be examined by any agent or representative
17 designated by the executive director, any books, papers, records or
18 memoranda of any lottery retailer for the purpose of ascertaining
19 compliance with the provisions of this act or rules and regulations adopted
20 hereunder.

21 (7) Issue subpoenas to compel access to or for the production of any
22 books, papers, records or memoranda in the custody or control of any
23 lottery retailer, or to compel the appearance of any lottery retailer or
24 employee of any lottery retailer, for the purpose of ascertaining
25 compliance with the provisions of this act or rules and regulations adopted
26 hereunder. Subpoenas issued under the provisions of this subsection may
27 be served upon natural persons and corporations in the manner provided in
28 K.S.A. 60-304, and amendments thereto, for the service of process by any
29 officer authorized to serve subpoenas in civil actions or by the executive
30 director or an agent or representative designated by the executive director.
31 In the case of the refusal of any person to comply with any such subpoena,
32 the executive director may make application to the district court of any
33 county where such books, papers, records, memoranda or person is located
34 for an order to comply.

35 (8) Administer oaths and take depositions to the same extent and
36 subject to the same limitations as would apply if the deposition were in aid
37 of a civil action in the district court.

38 (9) Require fingerprinting of employees and such other persons who
39 work in sensitive areas within the lottery as deemed appropriate by the
40 director. The director may submit such fingerprints to the Kansas bureau of
41 investigation and to the federal bureau of investigation for the purposes of
42 verifying the identity of such employees and persons and obtaining records
43 of their criminal arrests and convictions.

1 (b) The Kansas lottery shall not engage in on-site display advertising
2 or promotion of the lottery at any amateur athletic or sporting event
3 ~~including, but not limited to, amateur athletic sporting events at~~
4 ~~institutions under the jurisdiction and control of the state board of regents~~
5 *where the majority of participating athletes are under the age of 18,*
6 *including, but not limited to, events under the jurisdiction and control of*
7 *the Kansas state high school activities association.*

8 Sec. 23. K.S.A. 74-8718 is hereby amended to read as follows: 74-
9 8718. (a) It is unlawful:

10 (1) To sell a lottery ticket or share at a price other than that fixed by
11 rules and regulations adopted pursuant to this act;

12 (2) for any person other than *the Kansas lottery* or a lottery retailer
13 authorized by the Kansas lottery to sell or resell any lottery ticket or share;

14 (3) to sell a lottery ticket or share to any person, knowing such person
15 to be under 18 years of age; or

16 (4) to sell a lottery ticket at retail by electronic mail, the internet or
17 telephone.

18 (b) (1) Violation of this section is a class A nonperson misdemeanor
19 upon conviction for a first offense; and

20 (2) violation of this section is a severity level 9, nonperson felony
21 upon conviction for a second or subsequent offense.

22 Sec. 24. K.S.A. 74-8704, 79-4702, 74-8718 and 79-4715 and K.S.A.
23 2014 Supp. 21-6403, 74-8702, 79-3603, 79-4701, 79-4701a, 79-4703, 79-
24 4704, 79-4705, 79-4705a, 79-4706, 79-4707, 79-4708, 79-4710, 79-4711,
25 79-4712a, 79-4713, 79-4716, 79-4717, 79-4718 and 79-4719 are hereby
26 repealed.

27 Sec. 25. This act shall take effect and be in force from and after its
28 publication in the statute book.