

SENATE BILL No. 262

By Committee on Federal and State Affairs

2-23

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

7
8 *Be it enacted by the Legislature of the State of Kansas:*

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

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

- 16 (1) Defining the scope of charitable gaming activities;
17 (2) setting standards for the conduct of charitable gaming which
18 insure honesty and integrity;
19 (3) providing for means of accounting for all moneys generated
20 through the conduct of charitable gaming; and
21 (4) providing suitable penalties for violations of applicable laws and
22 administrative rules and regulations.

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

- 24 (1) Prevent the commercialization of charitable gaming;
25 (2) prevent participation in charitable gaming by criminal and other
26 undesirable elements; and
27 (3) prevent the diversion of funds from legitimate charitable
28 purposes.

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

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

- 34 (a) "Act" means the Kansas charitable gaming act.
35 (b) "Administrator" means the administrator of charitable gaming
36 designated by the secretary pursuant to section 16, and amendments

1 thereto.

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

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

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

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

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

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

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

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

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

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

37 (l) "Instant bingo" means a game: (1) In which each player pays a
38 charge; (2) in which a prize or prizes are awarded to the winner or
39 winners; (3) in which each player receives one or more disposable pull-tab
40 or break-open tickets which accord a player an opportunity to win
41 something of value by opening or detaching the paper covering from the
42 back of the ticket to reveal a set of numbers, letters, symbols or
43 configurations, or any combination thereof; (4) which is conducted by a

1 licensee under this act; (5) the conduct of which must be in the presence of
2 the players; and (6) which does not utilize any dice, normal playing cards,
3 instant ticket with a removable latex covering or slot machines.

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

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

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

18 (n) "Licensee" means any nonprofit organization holding a license to
19 manage, operate or conduct games of bingo or charitable raffles pursuant
20 to sections 1 through 17, and amendments thereto.

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

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

28 (q) "Nonprofit religious organization" means any organization,
29 church, body of communicants, or group, gathered in common
30 membership for mutual support and edification in piety, worship, and
31 religious observances, or a society of individuals united for religious
32 purposes at a definite place and of which no part of the net earnings inures
33 to the benefit of any private shareholder or individual member of such
34 organization, and which religious organization maintains an established
35 place of worship within this state and has a regular schedule of services or
36 meetings at least on a weekly basis and has been determined by the
37 administrator to be organized and created as a bona fide religious
38 organization and which has been exempted from the payment of federal
39 income taxes as provided by section 501(c)(3) or section 501(d) of the
40 federal internal revenue code of 1986, as amended, or determined to be
41 organized and operated as a bona fide nonprofit religious organization by
42 the administrator.

43 (r) "Nonprofit charitable organization" means any organization which

1 is organized and operated for:

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

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

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

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

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

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

1 which no part of the net earnings inures to the benefit of any private
2 shareholder or individual member of such organization, and has been
3 determined by the administrator to be organized and operated as a bona
4 fide veterans' organization and which has been exempted from the
5 payment of federal income taxes as provided by section 501(c)(4) or
6 501(c)(19) of the federal internal revenue code of 1986, as amended, or
7 determined to be organized and operated as a bona fide nonprofit veterans'
8 organization by the administrator.

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

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

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

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

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

30 (aa) "Secretary" means the secretary of revenue or the secretary's
31 designee.

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

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

37 (b) The winner of any raffle shall be verified by a person who is not a
38 member of or employed by the nonprofit religious, charitable, fraternal,
39 educational or veterans' organization.

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

43 New Sec. 5. (a) Any bona fide nonprofit religious, charitable,

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

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

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

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

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

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

17 (c) No charitable gaming licensee shall use an electronic gaming
18 device to sell raffle tickets or to conduct raffles. No raffle licensee shall
19 contract with a professional raffle or lottery vendor to manage, operate or
20 conduct any raffle.

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

23 (e) No bingo license or raffle license shall be issued to any bona fide
24 nonprofit religious, charitable, fraternal, educational or veterans'
25 organization if any of its officers, directors or officials or persons
26 employed on the premises:

27 (1) Have been convicted of, have pleaded guilty to or pleaded nolo
28 contendere to a violation of gambling laws of any state or the gambling
29 laws of the United States, or shall have forfeited bond to appear in court to
30 answer charges for any such violation, or have been convicted or pleaded
31 guilty or pleaded nolo contendere to the violation of any law of this or any
32 other state which is classified as a felony under the laws of such state; or

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

36 (f) Each bingo license, raffle license and bingo certificate issued shall
37 expire at midnight on June 30 following its date of issuance.

38 (g) A bingo licensee may hold only one license. Any licensee may
39 operate or conduct games of bingo at locations that are specified in the
40 license. However, any licensee may operate or conduct games of bingo at
41 locations other than that specified in the license upon approval of the
42 administrator. If any licensee does operate or conduct games of bingo
43 under this provision at a location other than that specified in the license,

1 such licensee shall submit a written notification to the administrator, three
2 days prior to operating or conducting bingo at such other location. No
3 organization shall be issued a license to operate or conduct games of bingo
4 at any location outside the county or an adjoining county within which
5 such organization is located as reported in its application for licensure
6 pursuant to subsection (a). Licenses issued under the provisions of this act
7 shall not be transferred or assignable. If any organization licensed to play
8 bingo changes any of its officers, directors or officials during the term of
9 its bingo license, such organization shall report the names and addresses of
10 such individuals to the administrator immediately with the sworn
11 statement of each such individual as required by this section on forms
12 prescribed by the administrator. No organization which denies its
13 membership to persons for the reason of their race, color or physical
14 handicap, shall be granted or allowed to retain a license issued under the
15 authority of this act. Except for nonprofit adult care homes licensed under
16 the laws of the state of Kansas, no license shall be issued to any
17 organization under the provisions of this act which has not been in
18 existence continuously within the state of Kansas for a period of 18
19 months immediately preceding the date of making application for a
20 license. The licensee shall display the license in a prominent place in the
21 vicinity of the area where it is to conduct bingo.

22 (h) No lessor of premises used for the management, operation or
23 conduct of any games of bingo shall permit the management, operation or
24 conduct of bingo games on such premises unless such lessor has been
25 issued a registration certificate by the administrator. Application for
26 registration shall be accompanied by a fee of \$100. Such application shall
27 be made upon forms prescribed by the administrator and shall be
28 submitted to the administrator. The application shall contain:

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

34 (2) the address of such premises;

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

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

39 (i) Each registration certificate, or renewal thereof, issued under the
40 provisions of subsection (f) shall expire at midnight on June 30 following
41 its date of issuance. The certificate of registration shall be valid for only
42 one premises and shall be displayed in a prominent place in the registered
43 premises.

1 (j) No registration certificate issued under provisions of subsection (f)
2 shall be issued for any premises if any individual who is connected in any
3 way, directly or indirectly, with the owner or lessor of the premises, within
4 five years prior to registration, has been convicted of or pleaded guilty or
5 nolo contendere to any felony or illegal gambling activity or purchased a
6 tax stamp for wagering or gambling activity.

7 (k) Any bona fide nonprofit religious, charitable, fraternal, educational
8 or veterans' organization that conducts charitable raffles for which the
9 aggregate gross receipts from such raffles in the calendar year does not
10 exceed \$25,000 shall be exempt from the provisions of this section, except
11 that such organization shall be subject to the provisions of subsection (c)
12 regarding how such raffles are managed, operated and conducted.

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

16 (a) There is hereby levied and there shall be collected and paid by
17 each licensee a tax at the rate of 3% upon the gross receipts received by
18 the licensee from charges for participation in call bingo games using
19 reusable bingo cards and any admission fees or charges. The tax imposed
20 by this section shall be in addition to the license fee imposed under K.S.A.
21 79-4703, and amendments thereto.

22 (b) There is hereby levied and there shall be collected and paid by
23 each distributor a tax at a rate of \$0.002 upon each bingo face sold or
24 distributed by the distributor to each licensee conducting call bingo games
25 within the state of Kansas. The distributor shall include the tax due under
26 this subsection in the sales price of each bingo face paid by the licensee
27 and such tax shall be itemized separately on the invoice provided to the
28 licensee.

29 (c) There is hereby levied and there shall be collected and paid by
30 each distributor a tax at a rate of 1% upon the total of the printed retail
31 sales price of all tickets in each box of instant bingo tickets sold or
32 distributed by the distributor to each licensee conducting instant bingo
33 games within the state of Kansas. The distributor shall include the tax due
34 under this subsection in the sales price of each box paid by the licensee
35 and such tax shall be itemized separately on the invoice provided to the
36 licensee.

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

42 (e) There is hereby levied and there shall be collected and paid by
43 each licensee an enforcement tax at the rate of 1% upon the gross receipts

1 exceeding \$25,000 in any calendar year received by the licensee for
2 raffles.

3 (f) Whenever, in the judgment of the administrator, it is necessary, in
4 order to secure the collection of the tax due under subsection (b), the
5 administrator shall require any distributor subject to such tax to file a bond
6 with the director under conditions established by and in such form and
7 amount as prescribed by rules and regulations adopted by the secretary.

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

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

12 (2) the amount of the gross receipts received from charges for
13 participation in games using bingo cards during the preceding reporting
14 period;

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

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

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

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

24 (b) On dates prescribed by the administrator, every licensee
25 conducting raffles for which an enforcement tax is levied and collected
26 pursuant to section 6, and amendments thereto, shall make a return to the
27 administrator upon forms prescribed by the administrator. Such form shall
28 contain:

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

30 (2) the amount of gross receipts received from raffles conducted by
31 the licensee; and

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

33 (c) At the time of making such return, licensees conducting raffles
34 shall remit to the administrator the amount of the tax due under section 6,
35 and amendments thereto. The administrator may extend the time for the
36 payment of such taxes for a period of not exceeding 60 days under rules
37 and regulations adopted pursuant to this act.

38 (d) On dates prescribed by the administrator, every distributor shall
39 make a return to the administrator upon forms prescribed by the
40 administrator. Such form shall state:

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

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

- 1 (3) the number of bingo cards sold or distributed to each licensee;
- 2 (4) the number of bingo faces sold or distributed to each licensee; and
- 3 (5) such other information as the administrator may deem necessary.

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

7 (e) If any licensee or distributor fails to make a return or remit any
8 tax, when required to do so by the provisions of this act, except in the case
9 of an extension of time granted by the administrator, there shall be added
10 to the tax determined to be due a penalty of 25% of the amount of such
11 tax, together with interest at the rate per month prescribed by K.S.A. 79-
12 2968(a), and amendments thereto, from the date the tax was due until paid.

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

18 (g) Whenever, in the judgment of the administrator, the failure of any
19 licensee or distributor to comply with the provisions of subsection (a), (b),
20 (c), (d) or (e) was due to reasonable cause, the administrator, in the
21 administrator's discretion, may waive or reduce any of the penalties or
22 interest imposed by this section, upon making a record of the reason
23 therefor.

24 (h) The penalties imposed under this section shall be in addition to all
25 other penalties imposed by law.

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

36 (b) The administrator may issue subpoenas to compel access to or for
37 the production of such books, papers, records or memoranda in the custody
38 of or to which the licensee or distributor has access, or to compel the
39 appearance of such persons. The administrator may issue interrogatories to
40 any such person to the same extent and subject to the same limitations as
41 would apply if the subpoena or interrogatories were issued or served in aid
42 of a civil action in the district court. The administrator may administer
43 oaths and take depositions to the same extent and subject to the same

1 limitations as would apply if the deposition was in aid of a civil action in
2 the district court. In case of the refusal of any person to comply with any
3 subpoena or interrogatory or to testify to any matter regarding which such
4 person lawfully may be questioned, the district court of any county, upon
5 application of the administrator, may order such person to comply with
6 such subpoena or interrogatory or to testify. Failure to obey the court's
7 order may be punished by the court as contempt. Subpoenas or
8 interrogatories issued under the provisions of this section may be served
9 upon individuals and corporations in the manner provided in K.S.A. 60-
10 304, and amendments thereto, for the service of process by any officer
11 authorized to serve subpoenas in civil actions or by the administrator.

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

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

20 (b) Games of bingo shall be managed, conducted or operated by a
21 bona fide member or spouse of a bona fide member of the licensee or
22 parent organization, an auxiliary unit or society or a beneficiary
23 organization of such licensee or of the beneficiary organization. During
24 each session of bingo there must be at least one member of the licensee
25 organization on duty and assisting with the game. Such member must be
26 listed with the office of charitable gaming.

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

32 (d) No person may receive any remuneration or profit for
33 participating in the management, conduct or operation of any game of
34 bingo or any raffle managed, conducted or operated by a licensee. Any
35 employee of the licensee, however, may assist in the conduct of any
36 charitable gaming event.

37 (e) (1) The aggregate value of all prizes including the retail value of
38 all merchandise awarded or offered by a licensee in a single session to
39 winners of games of call bingo shall not exceed \$1,200. The administrator
40 shall increase the call bingo cap on July 1 of each year to reflect changes
41 in the consumer price index for all urban consumers as published by the
42 United States department of labor for the preceding calendar year. The
43 value of a prize awarded in a progressive or mini bingo game shall not be

1 included when determining the limit imposed by this subsection. Any
2 monetary prize of \$1,199 or more awarded in games of bingo shall be paid
3 by a check drawn on the bingo trust bank account of the licensee. Any
4 monetary prize awarded in games of bingo shall be paid by a check on the
5 bingo trust bank account of the licensee upon the request of the winner of
6 such award.

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

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

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

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

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

27 (j) Every licensee who has gross receipts of \$1,000 or more received
28 from participation in games, admission fees or charges and from any other
29 source directly related to the operation or conduct of any games of bingo
30 in any calendar month shall maintain a bingo trust bank account into
31 which all such receipts are deposited daily and from which all payments
32 are made relating to the management, operation or conduct of any games
33 of bingo. Having once established such bingo trust bank account, the
34 licensee shall continue to make deposits of all receipts therein. Every
35 licensee shall notify the administrator of the name of the bank in which the
36 bingo trust bank account is maintained, together with the number and
37 name of the account. Every licensee who maintains a bingo trust bank
38 account shall maintain a complete record of all deposits and withdrawals
39 from such bank account and the same shall be available to the
40 administrator to audit at any reasonable time.

41 The records required under this subsection are in addition to all other
42 records required to be kept by the licensee. The records required by this
43 subsection shall be maintained in the same place as all other records

1 required to be kept by the licensee.

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

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

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

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

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

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

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

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

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

3 (7) If the progressive bingo game prize is not awarded at a bingo
4 session, the progressive bingo game shall be continued at a future occasion
5 until such time a winner is determined. The winning prize shall be the full
6 amount. If there is no winner of a progressive bingo game at a session, a
7 stated consolation prize in an amount not to exceed \$1,000 may be
8 awarded. Any consolation prize shall be less than the value of the
9 progressive bingo game prize amount.

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

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

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

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

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

27 (b) Any action of the administrator pursuant to subsection (a) is
28 subject to review in accordance with the Kansas judicial review act. In
29 case of the revocation of the license of any licensee or the registration of
30 any registrant, no new license or registration shall be issued to such lessor,
31 sublessor or organization, or any person acting for or on its behalf, for a
32 period of six months thereafter. No revocation or suspension of a license or
33 registration certificate shall be for a period in excess of one year if the
34 applicant otherwise is qualified on the date the applicant makes a new
35 application therefor.

36 (c) The administrator is hereby authorized to enjoin any person from
37 managing, operating or conducting any raffle or any games of bingo, or
38 from leasing any premises for such purposes, if such person does not
39 possess a valid license or registration certificate issued pursuant to the
40 provisions of the Kansas charitable gaming act. The administrator shall be
41 entitled to have an order restraining such person from managing, operating
42 or conducting any raffle or any games of bingo or for any other purpose
43 contrary to the provisions of the Kansas charitable gaming act or from

1 leasing premises for any of such purposes. No bond shall be required for
2 any such restraining order, nor for any temporary or permanent injunction
3 issued in such proceedings.

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

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

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

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

22 (c) There is hereby created, in the state treasury, the state charitable
23 gaming regulation fund. Except as provided by section 13, and
24 amendments thereto, each deposit remitted to the state treasurer pursuant
25 to subsection (b) shall be credited to the state charitable gaming regulation
26 fund. Except as provided by subsections (d) and (e), all moneys in the state
27 charitable gaming regulation fund shall be expended for the administration
28 and enforcement of the Kansas charitable gaming act, and rules and
29 regulations adopted pursuant thereto. Such expenditures shall be made
30 upon vouchers approved by the administrator.

31 (d) Except as otherwise provided by this act, all operating expenses
32 of the administrator related to the administration and enforcement of the
33 Kansas charitable gaming act appropriated by the legislature shall be paid
34 from the state charitable gaming regulation fund. At the end of each fiscal
35 year, the director of accounts and reports shall transfer to the state general
36 fund any moneys in the state charitable gaming regulation fund on each
37 such date in excess of the amount required to pay all operating expenses of
38 the administrator related to the administration and enforcement of the
39 Kansas charitable gaming act.

40 New Sec. 13. There is hereby created the charitable gaming refund
41 fund in the state treasury. The Kansas charitable gaming refund fund shall
42 be a refund clearing fund and refunds of the fees imposed under section 5,
43 and amendments thereto, and of the tax levied under section 6, and

1 amendments thereto, shall be made from such fund. The charitable gaming
2 refund fund shall be maintained by the administrator from the license and
3 registration fees received and taxes collected under the Kansas charitable
4 gaming act in an amount sufficient for such refunds not to exceed \$10,000.

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

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

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

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

28 New Sec. 15. (a) In addition to or in lieu of any other civil or criminal
29 penalty provided by law, the administrator, upon a finding that a licensee,
30 lessor or distributor has violated any provision of the Kansas charitable
31 gaming act or any rule and regulation adopted pursuant thereto, shall
32 impose on such licensee, lessor or distributor a civil fine not exceeding
33 \$500 for each violation.

34 (b) No fine shall be imposed pursuant to this section except upon the
35 written order of the administrator to the licensee, lessor or distributor who
36 committed the violation. Such order shall state the violation, the fine to be
37 imposed and the right of the licensee, lessor or distributor to appeal the
38 order. Such order shall be subject to appeal and review in the manner
39 provided by the Kansas administrative procedure act.

40 (c) Any fine collected pursuant to this section shall be remitted to the
41 state treasurer in accordance with the provisions of K.S.A. 75-4215, and
42 amendments thereto. Upon receipt of each such remittance, the state
43 treasurer shall deposit the entire amount in the state treasury to the credit

1 of the state charitable gaming regulation fund.

2 New Sec. 16. (a) The secretary of revenue shall designate an
3 administrator of charitable gaming. The administrator of charitable gaming
4 shall be in the unclassified service and shall receive an annual salary fixed
5 by the secretary of revenue and approved by the governor.

6 (b) Under the supervision of the secretary, the administrator of
7 charitable gaming shall administer and enforce the provisions of the
8 Kansas charitable gaming act and any rules and regulations adopted
9 pursuant thereto. The administrator's exclusive duties shall be the
10 administration and enforcement of the Kansas charitable gaming act and
11 any rules and regulations adopted pursuant thereto. The administrator shall
12 be solely accountable to and report to the secretary of revenue.

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

19 New Sec. 18. The department of revenue shall adopt rules and
20 regulations governing the conduct of raffles by nonprofit religious,
21 charitable, fraternal, educational and veterans' organizations. The rules and
22 regulations may include, but not be limited to, standards for the
23 preparation, sale and accountability of tickets, the conduct of drawings and
24 the awarding of prizes.

25 Sec. 19. K.S.A. 2014 Supp. 21-6403 is hereby amended to read as
26 follows: 21-6403. As used in K.S.A. 2014 Supp. 21-6403 through 21-
27 6409, and amendments thereto:

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

31 (1) Bona fide business transactions which are valid under the law of
32 contracts including, but not limited to, contracts for the purchase or sale at
33 a future date of securities or other commodities, and agreements to
34 compensation for loss caused by the happening of the chance including,
35 but not limited to, contracts of indemnity or guaranty and life or health and
36 accident insurance;

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

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

42 (4) any bingo game by or for participants managed, operated or
43 conducted in accordance with the laws of the state of Kansas by an

- 1 organization licensed by the state of Kansas to manage, operate or conduct
2 games of bingo;
- 3 (5) a lottery operated by the state pursuant to the Kansas lottery act;
- 4 (6) any system of parimutuel wagering managed, operated and
5 conducted in accordance with the Kansas parimutuel racing act; ~~or~~
- 6 (7) tribal gaming; *or*
- 7 (8) *charitable raffles as defined by section 3, and amendments*
8 *thereto;*
- 9 (b) "lottery" means an enterprise wherein for a consideration the
10 participants are given an opportunity to win a prize, the award of which is
11 determined by chance. A lottery does not include:
- 12 (1) A lottery operated by the state pursuant to the Kansas lottery act;
13 or
- 14 (2) tribal gaming;
- 15 (c) "consideration" means anything which is a commercial or
16 financial advantage to the promoter or a disadvantage to any participant.
17 Mere registration without purchase of goods or services; personal
18 attendance at places or events, without payment of an admission price or
19 fee; listening to or watching radio and television programs; answering the
20 telephone or making a telephone call and acts of like nature are not
21 consideration. "Consideration" shall not include sums of money paid by or
22 for:
- 23 (1) Participants in any bingo game managed, operated or conducted
24 in accordance with the laws of the state of Kansas by any bona fide
25 nonprofit religious, charitable, fraternal, educational or veteran
26 organization licensed to manage, operate or conduct bingo games under
27 the laws of the state of Kansas and it shall be conclusively presumed that
28 such sums paid by or for such participants were intended by such
29 participants to be for the benefit of the sponsoring organizations for the use
30 of such sponsoring organizations in furthering the purposes of such
31 sponsoring organizations, as set forth in the appropriate paragraphs of
32 ~~subsection (e) or (d) of~~ section 501(c) *or* (d) of the internal revenue code
33 of 1986 and as set forth in K.S.A. 79-4701, and amendments thereto;
- 34 (2) participants in any lottery operated by the state pursuant to the
35 Kansas lottery act;
- 36 (3) participants in any system of parimutuel wagering managed,
37 operated and conducted in accordance with the Kansas parimutuel racing
38 act; or
- 39 (4) a person to participate in tribal gaming;
- 40 (d) (1) "gambling device" means any:
- 41 (A) So-called "slot machine" or any other machine, mechanical
42 device, electronic device or other contrivance an essential part of which is
43 a drum or reel with insignia thereon, and:

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

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

5 (B) other machine, mechanical device, electronic device or other
6 contrivance including, but not limited to, roulette wheels and similar
7 devices, which are equipped with or designed to accommodate the addition
8 of a mechanism that enables accumulated credits to be removed, is
9 equipped with or designed to accommodate a mechanism to record the
10 number of credits removed or is otherwise designed, manufactured or
11 altered primarily for use in connection with gambling, and:

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

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

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

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

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

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

26 (A) Any machine, mechanical device, electronic device or other
27 contrivance used or for use by a licensee of the Kansas racing commission
28 as authorized by law and rules and regulations adopted by the commission
29 or by the Kansas lottery or Kansas lottery retailers as authorized by law
30 and rules and regulations adopted by the Kansas lottery commission;

31 (B) any machine, mechanical device, electronic device or other
32 contrivance, such as a coin-operated bowling alley, shuffleboard, marble
33 machine, a so-called pinball machine, or mechanical gun, which is not
34 designed and manufactured primarily for use in connection with gambling,
35 and:

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

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

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

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

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

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

13 (g) "tribal gaming commission" means the same as in K.S.A. 74-
14 9802, and amendments thereto.

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

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

28 (b) the gross receipts from intrastate, interstate or international
29 telecommunications services and any ancillary services sourced to this
30 state in accordance with K.S.A. 2014 Supp. 79-3673, and amendments
31 thereto, except that telecommunications service does not include: (1) Any
32 interstate or international 800 or 900 service; (2) any interstate or
33 international private communications service as defined in K.S.A. 2014
34 Supp. 79-3673, and amendments thereto; (3) any value-added nonvoice
35 data service; (4) any telecommunication service to a provider of
36 telecommunication services which will be used to render
37 telecommunications services, including carrier access services; or (5) any
38 service or transaction defined in this section among entities classified as
39 members of an affiliated group as provided by section 1504 of the federal
40 internal revenue code of 1986, as in effect on January 1, 2001;

41 (c) the gross receipts from the sale or furnishing of gas, water,
42 electricity and heat, which sale is not otherwise exempt from taxation
43 under the provisions of this act, and whether furnished by municipally or

1 privately owned utilities, except that, on and after January 1, 2006, for
2 sales of gas, electricity and heat delivered through mains, lines or pipes to
3 residential premises for noncommercial use by the occupant of such
4 premises, and for agricultural use and also, for such use, all sales of
5 propane gas, the state rate shall be 0%; and for all sales of propane gas, LP
6 gas, coal, wood and other fuel sources for the production of heat or
7 lighting for noncommercial use of an occupant of residential premises, the
8 state rate shall be 0%, but such tax shall not be levied and collected upon
9 the gross receipts from: (1) The sale of a rural water district benefit unit;
10 (2) a water system impact fee, system enhancement fee or similar fee
11 collected by a water supplier as a condition for establishing service; or (3)
12 connection or reconnection fees collected by a water supplier;

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

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

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

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

32 (h) the gross receipts from the service of renting or leasing of tangible
33 personal property except such tax shall not apply to the renting or leasing
34 of machinery, equipment or other personal property owned by a city and
35 purchased from the proceeds of industrial revenue bonds issued prior to
36 July 1, 1973, in accordance with the provisions of K.S.A. 12-1740 through
37 12-1749, and amendments thereto, and any city or lessee renting or leasing
38 such machinery, equipment or other personal property purchased with the
39 proceeds of such bonds who shall have paid a tax under the provisions of
40 this section upon sales made prior to July 1, 1973, shall be entitled to a
41 refund from the sales tax refund fund of all taxes paid thereon;

42 (i) the gross receipts from the rendering of dry cleaning, pressing,
43 dyeing and laundry services except laundry services rendered through a

1 coin-operated device whether automatic or manually operated;

2 (j) the gross receipts from the rendering of the services of washing
3 and washing and waxing of vehicles;

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

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

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

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

32 (n) the gross receipts received from dues charged by public and
33 private clubs, drinking establishments, organizations and businesses,
34 payment of which entitles a member to the use of facilities for recreation
35 or entertainment, but such tax shall not be levied and collected upon the
36 gross receipts received from: (1) Dues charged by any organization exempt
37 from property taxation pursuant to ~~paragraphs Eighth and Ninth~~ of K.S.A.
38 79-201 *Eighth and Ninth*, and amendments thereto; and (2) sales of
39 memberships in a nonprofit organization which is exempt from federal
40 income taxation pursuant to section 501(c)(3) of the federal internal
41 revenue code of 1986, and whose purpose is to support the operation of a
42 nonprofit zoo;

43 (o) the gross receipts received from the isolated or occasional sale of

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

36 (p) the gross receipts received for the service of installing or applying
37 tangible personal property which when installed or applied is not being
38 held for sale in the regular course of business, and whether or not such
39 tangible personal property when installed or applied remains tangible
40 personal property or becomes a part of real estate, except that no tax shall
41 be imposed upon the service of installing or applying tangible personal
42 property in connection with the original construction of a building or
43 facility, the original construction, reconstruction, restoration, remodeling,

1 renovation, repair or replacement of a residence or the construction,
2 reconstruction, restoration, replacement or repair of a bridge or highway.

3 For the purposes of this subsection:

4 (1) "Original construction" shall mean the first or initial construction
5 of a new building or facility. The term "original construction" shall include
6 the addition of an entire room or floor to any existing building or facility,
7 the completion of any unfinished portion of any existing building or
8 facility and the restoration, reconstruction or replacement of a building,
9 facility or utility structure damaged or destroyed by fire, flood, tornado,
10 lightning, explosion, windstorm, ice loading and attendant winds,
11 terrorism or earthquake, but such term, except with regard to a residence,
12 shall not include replacement, remodeling, restoration, renovation or
13 reconstruction under any other circumstances;

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

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

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

26 (5) "utility structure" shall mean transmission and distribution lines
27 owned by an independent transmission company or cooperative, the
28 Kansas electric transmission authority or natural gas or electric public
29 utility; and

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

33 (q) the gross receipts received for the service of repairing, servicing,
34 altering or maintaining tangible personal property which when such
35 services are rendered is not being held for sale in the regular course of
36 business, and whether or not any tangible personal property is transferred
37 in connection therewith. The tax imposed by this subsection shall be
38 applicable to the services of repairing, servicing, altering or maintaining an
39 item of tangible personal property which has been and is fastened to,
40 connected with or built into real property;

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

1 (s) on and after January 1, 2005, the gross receipts received from the
2 sale of prewritten computer software and the sale of the services of
3 modifying, altering, updating or maintaining prewritten computer
4 software, whether the prewritten computer software is installed or
5 delivered electronically by tangible storage media physically transferred to
6 the purchaser or by load and leave;

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

8 (u) the gross receipts received from the sale of prepaid calling service
9 and prepaid wireless calling service as defined in K.S.A. 2014 Supp. 79-
10 3673, and amendments thereto; ~~and~~

11 ~~(v) the gross receipts received from the sales of bingo cards, bingo~~
12 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701 et seq.,~~
13 ~~and amendments thereto, shall be taxed at a rate of: (1) 4.9% on July 1,~~
14 ~~2000, and before July 1, 2001; and (2) 2.5% on July 1, 2001, and before~~
15 ~~July 1, 2002. From and after July 1, 2002, all sales of bingo cards, bingo~~
16 ~~faces and instant bingo tickets by licensees under K.S.A. 79-4701~~ *section*
17 *1* ~~et seq., and amendments thereto, shall be exempt from taxes imposed~~
18 ~~pursuant to this section.; and~~

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

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

26 Sec. 22. This act shall take effect and be in force from and after its
27 publication in the statute book.