

February 20, 2015

The Honorable Steve Brunk, Chairperson  
House Committee on Federal and State Affairs  
Statehouse, Room 285-N  
Topeka, Kansas 66612

Dear Representative Brunk:

**SUBJECT:** Fiscal Note for HB 2291 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2291 is respectfully submitted to your committee.

HB 2291 would enact the Kansas Charitable Gaming Act to regulate, license and tax the management, operation and conduct of and participation in games of bingo and raffles by nonprofit and charitable organizations. The Bingo Act would be repealed and replaced with this bill. Existing statutes impose a 3.0 percent tax on gross receipts from admission charges for bingo games, and a 1.0 percent tax on the total of the printed retail sales price of all instant bingo tickets. Under HB 2291, the State Bingo Regulation Fund would be replaced by the State Charitable Gaming Regulation Fund in the Department of Revenue to receipt all fees, taxes, penalties and fines in addition to a new \$25 raffle license and a 1.0 percent tax on gross receipts exceeding \$2,500 from the sale of raffle tickets. Amounts credited to the State General Fund and the Problem Gambling and Addictions Grant Fund under current law would cease. And expenditures from this fund would be expended for the administration and enforcement of the act.

HB 2291 would also create the Charitable Gaming Refund Fund as a clearing fund from which refunds of the license and registration fees and taxes imposed in this bill would be issued. Charitable raffle tickets sold by licensees would be exempt from sales tax. The bill outlines provisions related to game rules and limitations, penalties, exemptions and requirements that would be imposed on participants, licensees, and the Department of Revenue. The administrator of charitable gaming under the Department of Revenue would be responsible for developing and implementing the rules and regulations necessary to carry out and oversee the act.

Under current law, one-third of revenue from the bingo tax is credited to the State Bingo Regulation Fund; \$20,000 is credited to the Problem Gambling and Addictions Grant Fund; and the balance, or \$229,000, is remitted to the State General Fund. Since HB 2291 would require

all bingo tax revenue to be credited to the State Charitable Gaming Regulation Fund in FY 2016, less revenue would be available to the state and to the Department for Aging and Disability Services in like amounts. Additionally, the Department estimates new bingo and raffle tax revenues to the state of \$250,000 in FY 2016, which includes \$25,000 from raffle licenses; \$100,000 from the 1.0 percent raffle tax; and \$125,000 from the bingo tax resulting from increased limits on the number of games allowed and prizes awarded. Therefore, new revenue to the Department would total \$449,000 in FY 2016 by way of the State Charitable Gaming Regulation Fund (\$249,000 redirected from other funds + \$250,000 in new tax revenue = \$449,000).

The Department estimates the bill would also increase expenditures by \$100,000 in FY 2016, which includes the cost to modify tax processing and registration systems; to add one staff person to administer the raffle tax; and to add one part-time attorney or tax specialist to draft rules, regulations and notices and respond to communication regarding the regulation of raffles. The Department is unable to estimate the cost of enforcement at this time, but indicates these costs would be in addition to the expenditures included in this fiscal note. Any fiscal effect associated with HB 2291 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,  
Director of the Budget

cc: Jack Smith, Department of Revenue