

SECTION I - ORGANIZATIONS LICENSED TO CONDUCT BINGO GAMES

Licensing Requirements

To be eligible for a bingo license, an organization must meet all of the following requirements:

- Be a bona-fide, non-profit religious, charitable, fraternal, educational or veterans organization with a tax exempt ruling from the Internal Revenue Service. [K.S.A. 79-4703(a)]
- Have been in continuous existence in Kansas for at least eighteen (18) months prior to application (adult care homes are exempt from this requirement). [K.S.A. 79-4703(d)]
- None of the officers, directors or officials of the organization, or any person employed on the premises where the bingo games are to be conducted, has been convicted of a felony or gambling violation in Kansas or any other jurisdiction. [K.S.A. 79-4703(b)]
- Membership in the organization is open to a person of any race, color or physical handicap. [K.S.A. 79-4703(d)]

The entire gross receipts received from the operation of bingo games, except that portion used for the payment of prizes, license fees, and taxes, must be exclusively for the lawful purposes of the licensed organization. [K.S.A. 79-4706(a)] No person involved in the operation of bingo games for the licensed organization may receive any compensation or profit from such activity. [K.S.A. 79-4706(e)]

Each organization may have only one active license at a time. [K.S.A. 79-4703(d)] Organizations may not "clone" themselves in order to obtain more than one license. In other words, an organization may not establish a second organization with the same or overlapping membership requirements, purpose, location, and actual membership in order to obtain another bingo license. Organizations which are affiliated with or subordinate to each other must have different membership requirements. A prime example of this type of situation in which two affiliated or subordinate organizations may both have bingo licenses is a fraternal or veterans organization which has an auxiliary for spouses and/or children. Another example would be a church with both a men's and women's auxiliary. Each auxiliary may hold a bingo license, but if either auxiliary does, then the church itself may not hold a bingo license because the membership would overlap.

A country club may qualify for a bingo license if it is organized as a non-profit organization, has I.R.S. tax exempt status under 501(c), and is organized and operated to carry on some worthy civic or service purpose. The Dept. of Revenue may require country clubs applying for an initial or renewal license as a non-profit fraternal organization to furnish detailed documentation of civic and/or service activities completed during the preceding 12 months. [Kansas Supreme Court decision in State v. Kalb, 218 Kan. 459 (1975), as modified at 219 Kan. 231 interpreting K.S.A. 79-4701(g)]

The following are not non-profit organizations and therefore are not eligible for a bingo license:

- State, county and city governmental units
- Public school districts and individual public schools
- Joint city and school district recreation commissions organized pursuant to K.S.A. 12-1901 et seq.

Bingo games conducted by Native American Tribes on their reservations and bingo games conducted on military reservations and bases are exempt from state regulation and will not be licensed.

The Licensing Process

Please call the Administrator of Charitable Gaming at (785) 296-6127 to obtain the current application packet for a new bingo license.

The following steps are required to license an organization:

- Submit an Initial Application for Bingo License (BI-60) provided by the Bingo Administrator [K.S.A. 79-4703(a)]
- Pay an application fee of \$25 by check or money order [K.S.A. 79-4703(c)]
- Submit a copy of the organization's current I.R.S. tax exempt ruling letter. If your organization is part of a state or national organization, you may submit a copy of that organization's I.R.S. group ruling letter if it covers your local organization.
- If your organization is leasing facilities in which to conduct the game, submit a copy of the lease agreement. You should verify that the facility holds a current registered bingo premises certificate. [K.S.A. 79-4703(c)]
- If your organization is chartered by a state or national organization, a copy of that charter.
- If your organization is incorporated, a copy of the Articles of Incorporation, including the Certificate of Incorporation issued by the Kansas Secretary of State, and a current Certificate of Good Standing from the Kansas Secretary of State.
- A copy of the by-laws and other documents describing the organization's purpose, organizational structure, how the officers are selected and requirements for membership.
- Proof that the organization has been in continuous existence and functioning for at least 18 months (however, the statute provides that nonprofit adult care homes are exempt from this requirement) [K.S.A. 79-4703(d)]

Upon approval, the organization will be assigned a bingo license number and issued a Kansas Bingo License Certificate. Kansas law requires that the license certificate be displayed in plain view at the premises. The usual practice is to display the certificate in the area where the licensed organization is selling bingo cards.

License certificates expire on June 30 of each year and must be renewed annually. [K.S.A. 79-4703(d)] Renewal applications are mailed out each May and should be completed and returned to the Kansas Department of Revenue by early June to assure processing and approval prior to June 30.

You should not drive to Topeka in the hope of having your license issued or renewed the same day. This is not possible due to required background checks and document reviews. If you wish to come to Topeka concerning your license, please call the Bingo Administrator at 785-296-6127 to make an appointment.

Registration for Retailers' Sales Tax

The sales revenues from call and instant bingo games are no longer subject to the state sales tax effective July 1, 2002. Therefore, your organization will not be required to be registered for sales tax or file sales tax returns unless it sells other items which are subject to sales tax, such as daubers, concessions, food, etc. [K.S.A. 79-3603(v)]

Bingo Bank Accounts

Every licensee who has gross receipts of \$1000 or more from both call bingo and instant bingo in any calendar month is required to maintain a bingo trust bank account. [K.S.A. 79-4706(f)] The name of the account must include the word "bingo" and sufficient words to clearly identify the organization which owns the account. [K.A.R. 92-23-15(a)] This account is to be used only for the deposit of receipts from:

- charges for participation in call bingo games
- proceeds from the sale of instant bingo tickets
- any other revenue source directly related to the operation or conduct of any bingo game

Receipts from these sources are to be deposited within 24 hours after the end of the bingo session, not including weekends and holidays when the bank is closed. [K.S.A. 79-4706(u)] Receipts from any other source, such as a snack bar, are not to be deposited into your bingo trust account.

All payments relating to the operation, management or conduct of any games are to be paid by check from this same account, including bingo license fees, fines, sales taxes on bingo and bingo enforcement taxes. Prizes for call bingo games of \$500 or more must also be paid from this account. [K.S.A. 79-4706(f)] Call bingo prizes under \$500 and all instant bingo prizes which may be paid in cash rather than by check. Excess money not needed for these items may be removed from the account by check and deposited into the organization's general checking account, to be used for any lawful purpose of the organization. [K.A.R. 92-23-15(e) and K.S.A. 79-4706(a)]

Every licensee who maintains a bingo trust bank account shall maintain a complete record of all deposits and withdrawals from the account. These records must be made available to KDOR associates for an examination at any reasonable time. [K.A.R. 92-23-38(d)]

Required Records for Each Bingo Session Conducted

Licensee are required to keep the following records on each bingo session they conduct [K.S.A. 79-4706(u) and K.A.R. 92-23-38]:

- Date and location of each bingo game conducted,
- The name of the operator or manager of each bingo game,
- The number of regular, special, mini and progressive games played daily,
- The value of all prizes awarded for each game played,
- The value of all other prizes awarded in connection with games of bingo,
- The name and address of each call bingo winner of a prize of more than \$100,
- The name and address of each call bingo winner in a disputed game,
- The daily total of receipts received by the licensee for the bingo games played,
- The number of players present at each bingo session,
- For each progressive call bingo game, the winning and consolation prizes offered and the number of balls required to win each prize,
- For any drawing conducted during the session pursuant to subsection (p)(2) of K.S.A. 79-4706, a description of the prize and its fair market value.

An example of a Daily Bingo Record is provided in Appendix A. It provides space for all the required information. While the use of this particular form is not required, it does make the review of your records much easier because it includes all of the required data in a concise format.

Each licensee must keep records for all bingo games for a period of three years following the date of each bingo session. [K.A.R. 92-23-38(b)] These records should be maintained in the same place as all other records the licensee is required to keep. The books and records for the most recent four months must be available at all times for review without notice during each bingo session. [K.A.R. 92-23-38(c)] You may be required to furnish records concerning a longer period of time. This would occur if you are scheduled for an audit or if it appears that taxes are incorrectly calculated.

Bingo Enforcement Taxes

There are three types of bingo enforcement taxes on bingo:

- Tax on Sale of Hard Cards for Call Bingo Games. Each licensed organization in the state of Kansas must pay a bingo enforcement tax of 3% upon the gross receipts received by the licensee from charges for hard cards used in call bingo games. [K.S.A. 79-4704(a)] This tax is computed and paid monthly to the Kansas Department of Revenue at the time the licensed organization completes and files its Bingo Licensee's Monthly Report (BI-1). After July 1, 2003, hard cards may no longer be used or sold for call bingo games except as permitted by Bingo Regulation K.A.R. 92-23-31. Licensed organizations should notify the Administrator if they intend to sell hard cards under one of the two exceptions in this regulation. [K.S.A. 79- 79-4706 (aa)]
- Tax on Disposable Paper Faces for Call Bingo Games. Each licensed organization in the state of Kansas must pay a bingo enforcement tax of \$.002 per face on all disposable paper used for call bingo games. [K.S.A. 79-4704(b)] All licensed organizations must purchase their disposable paper used for call bingo games from a bingo distributor which is registered with the Kansas Department of Revenue. [K.S.A. 79-4706(w)] A list of registered distributors is available from the Administrator. The tax is computed by the distributor and paid by the licensed organization to the distributor at the same time the licensed organization pays the distributor for the paper. The distributor then remits the tax payments monthly to the Kansas Department of Revenue.
- Tax on Instant Bingo Tickets (Pull-tabs). Each licensed organization in the state of Kansas must pay a bingo enforcement tax of 1% of the retail sales price of all instant bingo tickets (pull-tabs) which it purchases for sale at its bingo games. [K.S.A. 79-4704(c)] All licensed organizations must purchase their instant bingo tickets (pull-tabs) from a bingo distributor which is registered with the Kansas Department of Revenue. [K.S.A. 79-4706(w)] A list of registered distributors is available from the Administrator. The tax is computed by the distributor and paid by the licensed organization to the distributor at the same time the licensed organization pays the distributor for the instant bingo tickets (pull-tabs). The distributor then remits the tax payments monthly to the Kansas Department of Revenue.

Monthly Reports to the Kansas Department of Revenue

The Kansas Department of Revenue will mail a Bingo Licensee's Monthly Report (Form BI-1) to your organization each month. Printed at the top of the Report is the month for which the report is to be completed and the due date of the report. If you discover that you have made a mistake on a return already submitted to the Department, you should contact the Administrator for advice on the best way to correct your mistake. This report is used to calculate and pay the 3% bingo enforcement tax on hard card sales. Even if your organization has no hard card sales and owes no tax for the month, the report must still be submitted.

Regulation

Regulation of bingo is accomplished by the Kansas Department of Revenue in several ways. All are intended to make certain that the premises is operated in accordance with the bingo statutes and regulations. The Department's regulatory activities include:

- Providing educational materials such as this handbook
- Conducting educational workshops
- Compliance reviews by department field agents
- Audits by department auditors

Periodic compliance reviews are conducted by Compliance Field Agents. Their primary responsibility is to assist you in becoming or remaining compliant with bingo statutes and regulations. During a review, the field agent will do the following, as applicable:

- Answer your questions
- Make certain your license certificate is displayed in a conspicuous place
- Make certain games are conducted in accordance with the bingo statutes and regulations
- Make certain you are calculating your taxes correctly and paying the correct amount
- Make certain you have all required records on premises for the last 4 full months
- Assist in requesting a refund of state taxes if you have submitted too much
- Discuss payment arrangements if you have an outstanding tax liability
- Assist you in devising a plan of action for coming into compliance, if required
- Determine an appropriate period of time to institute the plan of action
- Complete a report which is maintained as part of your record
- Provide you with a copy of the report
- Make return visits to assure progress is being made toward full compliance

You should maintain your copy of the compliance report for future reference.

Legal Consequences of Violations

A license may be revoked or suspended and/or a fine imposed for the following reasons:

- Giving false information when obtaining the license.
- The organization has become ineligible for a license.
- A serious violation or repeated violations of the bingo statutes and/or regulations.

A revocation or suspension and/or fine is imposed after notice is given to the licensed organization and the opportunity for a hearing before the Administrator is provided as specified in the Kansas Administrative Procedures Act. Revocations may be imposed for a minimum of six months and a maximum of twelve months. Suspensions may be imposed for up to twelve months. The maximum fine for each violation is \$500. Appeals from decisions of the Administrator may be taken as provided by K.S.A. 60-2101 et seq. if done within twenty days. A license suspension or revocation will remain in effect during such an appeal. [K.S.A. 79-4707 and 79-4713]

Scheduling the Place and Time for Conducting Bingo Games

A bingo license entitles the organization to schedule its games as follows:

- Each licensee may conduct bingo games on no more than 2 days each week. [K.S.A. 79-4706(k)]
- Bingo games may be conducted no more than 3 days per week at the same location, regardless of how many licensed organizations may be sharing that location. [K.S.A. 79-4706(r)]
- Only one licensee may conduct bingo games at a given location on any one day.
- If bingo games are conducted at a leased premises, then at least 44 hours must elapse after those games are completed before another session of bingo games may be started at that leased premises or any other leased premises within 1000 feet of that leased premises. [K.S.A. 79-4706(t)]
- All games must be conducted in the county where the licensed organization is located. [K.S.A. 79-4703(d)]
- Each licensee may conduct bingo games up to five days in a license year at locations different than the location specified on their license certificate. However, those locations where bingo games are conducted must be within the county where the organization is licensed. The Administrator of Charitable Gaming must be notified in writing at least three days in advance. [K.S.A. 79-4703(d)]

The bingo license is issued in the name of the applicant organization only and cannot be transferred or assigned to another organization. [K.S.A. 79-4703(d)]

When a license is obtained initially or renewed, a schedule of bingo sessions must be included. If a licensee chooses to schedule a session at a time or date different from that previously furnished, written notice must be provided to the Administrator at least seven days prior to the date of the session. [K.A.R. 92-23-14] Inclement weather or other “acts of nature” are the only basis upon which a licensee may cancel a game without giving advance notice to the Administrator.

The bingo session starts when you begin playing your first call bingo game of the day, whether it be a mini, early bird, regular, special or progressive call bingo game. All advertising or notices must include the time that the session starts.

License certificates are only valid for the location printed on the certificate and must be reissued if the licensed organization permanently changes the location of the games. In that case, the licensee must notify the Administrator of the new location and return the current license certificate for reissue. If the new location is in a different county, then a new bingo license number must be issued.

Advertising

All advertising of bingo games by licensed organizations and registered premises must include the full name of the organization sponsoring the games. [K.S.A. 79-4706(o) and K.A.R. 79-92-23-40] Licensed organizations and registered premises with outside signs advertising bingo games must have a sign identifying the full name of the organization(s) sponsoring the bingo games at that premises. If there is more than one sponsoring organization, the sign must include the day of the week that each organization is sponsoring. Advertisements in telephone books and via radio, television and mail are permitted as long as they include the full name of each organization sponsoring the games.

Drawings and Other Games of Chance

Each licensed organization and each registered premises are entitled to conduct up to four drawings per calendar year during bingo sessions. No more than one drawing per session may be conducted at a particular location. There can be no charge or any requirement to purchase anything in order to participate in such a drawing. The prize must be merchandise (not money) of a fair market value not exceeding \$25 in value. [K.S.A. 79-4706(p)(2)] Merchandise may include call bingo faces useable at either the same or a subsequent bingo session sponsored by the same organization. Pull-tabs may also be given away in a drawing, but they must only be from a game being sold during the same bingo session at which the drawing occurs and any prizes won must be claimed at that same session.

Kansas Lottery products (games) may be sold by licensed organizations or registered premises lessors while bingo games are being conducted. This is not considered an inducement to play bingo because these games are so readily available at other locations in almost every community. All other non-bingo games of chance or contests involving the awarding of a prize are prohibited on the premises before, during, and after each bingo session. [K.S.A. 79-4706(p)(1)]

Complaints from Players

If a player has a complaint about how a prize was awarded or any other aspect of the operation of an organization's bingo games, the player should first notify the organization. The organization should make a record of the complaint, including the name of the person and a description of the complaint. If the organization is unable to resolve the complaint, then the player may submit a written complaint to the Administrator of Charitable Gaming for the Kansas Department of Revenue. The address to which a complaint is to be sent must be posted in plain view on the bingo premises. A sample notice is provided in Appendix A. [K.A.R. 92-23-38a(b)]

When KDOR receives a written complaint from a player, a field agent will usually be assigned to visit the organization's bingo games. The field agent will usually perform a full compliance review at the same time. If the complaint is found to be valid, a plan of action will be determined. The resolution of the complaint will be documented along with other compliance findings. The organization will receive a copy of the report.

House Rules for Call Bingo Games and Instant Bingo (Pull-tabs)

The establishment of house rules is authorized by K.A.R. 92-23-20 and is highly recommended. House rules should cover procedures for playing call bingo and instant bingo which are not specified by the bingo laws and regulations. House rules may not conflict with state bingo laws and regulations but may be more restrictive than the state bingo laws and regulations. For example, the bingo laws do not specify a minimum age to play call bingo. However, an organization may establish a house rule which specifies a minimum age for call bingo players if it so chooses.

The house rules should be displayed so that every player is made aware of them before they purchase any bingo cards or booklets. This eliminates confusion and ill feelings over the way the session is conducted and the protocol during the session. Lack of clarity in either of these areas may lead to a disputed game and/or the loss of customers. Many of the complaints from players involve issues which would not have arisen if house rules had been established, posted and consistently followed.

Topics to consider for inclusion in the house rules may include, but are not limited to:

- Any age restrictions
- Rules for special or jackpot games
- The rules for any pattern games which you offer
- How prizes for instant bingo will be issued
- The hours during which instant bingo tickets will be sold
- Definition of the premises if there can be any confusion, especially for instant bingo
- How prizes will be awarded if there is more than one winner in a game
- How prizes will be awarded if a player has more than one bingo on a card and another player also has a bingo
- The rules regarding the issuance of free cards if they are offered
- How games and/or prizes will be affected if there is limited attendance
- Splitting a call bingo booklet between two or more players
- Behavior which is banned on the premises
- Handling the sale of half packs purchased later in the evening
- Any other aspect which is unique to the way the licensee operates the games

Restrictions on Bingo Workers

All persons working or assisting in conducting a call or instant bingo game must:

- Be at least 18 years of age. [K.S.A.79-4706(n)]
- Be a member or the spouse of a member of the licensed organization conducting the bingo game or be a member or spouse of a parent or auxiliary unit or society of the licensed organization. [K.S.A.79-4706(b)] Members and spouses of members of another local organization sharing the same state or national affiliation as the licensed organization are not eligible to assist.
- Be a volunteer and not be paid or compensated in any way for their participation in conducting the bingo games. [K.S.A.79-4706(e)]
- Not have been convicted of a felony or illegal gambling activity within the previous 5 years. (This applies to any member of the organization who is on the premises.) [K.S.A.79-4706(d)]
- Not participate as a player in any bingo game in which he or she is managing, operating or conducting any portion of the same game, including calling or verifying numbers, selling cards or instant bingo tickets. Note that this requirement applies to each individual game, not to the entire bingo session. A person who is selling instant bingo tickets may simultaneously play call bingo, because it is not the same game. A bingo worker may not have someone else play call bingo cards or instant bingo tickets for them. [K.A.R. 92-23-9]

A volunteer may work both the call bingo and instant bingo games provided that the effort for one does not interfere with the effort for the other. For example, a person selling instant bingo tickets can also be used to verify a winner in a call bingo game.

The restriction on workers playing a bingo card does not preclude a worker from marking the card of a player who must temporarily leave the playing area during part of a bingo game due to circumstances beyond their control. If the player wins a prize, the worker may not share in that prize.

Persons working in a snack bar or concession stand operated by a licensed organization in conjunction with bingo games are normally not considered assisting with the conduct of the bingo games. Therefore, they may receive compensation and may also play call bingo and instant bingo while working in the concession stand. Concession stand workers may also sell call bingo cards and instant bingo tickets (pull-tabs) if the concession stand is operated by the licensed organization and not by a leased premises and the worker meets the qualifications for bingo workers stated above. However, during the time they are doing so, they may not receive any compensation for working in the concession stand and are subject to the same restrictions as other bingo workers with regard to playing bingo.

A person regularly employed by a licensed organization as a janitor is not considered a bingo worker as long as he or she does not also assist in activities related to the actual conduct of the games. A paid employee of a licensed organization may assist in the conduct of games if the employee is also a member of the organization, is not required to assist in the conduct of bingo game as a condition of employment, and is not being compensated for their time spent assisting in the conduct of bingo games.

If an organization conducts bingo games in a registered premises, the registered premises owner, manager, and employees cannot participate in conducting any of the bingo games. [K.S.A. 79-4706(c)] This prohibition has been interpreted to include the following:

- An employee of a registered premises may not play bingo in any session held at the premises where they work, even if they are not working that day.

- Persons working in a concession stand operated by the registered premises are considered employees, whether or not they are paid, and therefore are prohibited from playing bingo in that premises.
- The premises owner, manager or employee may not have someone else play bingo at the premises on their behalf.

Licensed organizations should consider having each worker sign a statement acknowledging the rules and his/her eligibility to participate as a volunteer for the bingo session. An example is included in Appendix A of this Handbook.

Age Restrictions for Bingo Players

Call bingo games. There is no statutory age requirement for participating in a game of call bingo. However, licensees are free to impose their own age restrictions as a house rule as long as they are reasonable and consistently enforced. Minors, if allowed to play, must be subject to the same rules as adults.

Instant bingo (pull-tabs). A person must be at least 18 years of age to purchase instant bingo tickets (pull-tabs). [K.S.A. 79-4706(n)] There is no statutory age restriction for opening instant bingo tickets or for claiming prizes. However, persons under 18 years of age may not be given pull-tabs in lieu of cash when claiming a prize. Licensees are free to impose their own age restrictions as a house rule as long as they are reasonable and consistently enforced. This subject is addressed in more detail under the heading "Restrictions on Instant Bingo Tickets (Pull-tabs)" in Section I.

Types and Descriptions of Call Bingo Games Permitted

Kansas law permits four types of call bingo games, as follows:

Regular Games:

- The prize for each regular game cannot exceed \$50. [K.S.A. 79-4706(h)]
- The total of all prizes awarded for all regular and special games conducted during a bingo session cannot exceed \$1,200. [K.S.A. 79-4706(f)]
- The total of all regular, special and progressive games played during a bingo session cannot exceed 25. [K.S.A. 79-4706(g)]
- A regular game may be played anytime during a bingo session after any mini or early bird games are completed. [K.S.A. 79-4706(cc)]
- The price charged for a hard card used for a regular game cannot exceed \$1 and must be valid for every regular game conducted during that session. [K.S.A. 79-4706(j)]
- Disposable paper cards (faces) used for regular games must be sold in packets which include a sheet for every regular game conducted during that session. A maximum of \$1 may be charged for each face on the sheet. There is no minimum price specified in the law. For example, if you are conducting 15 regular games during a session, then the packet of disposable paper cards (faces) must contain 15 sheets (one for each game). If there are 6 faces per sheet (equivalent to playing 6 hard cards per game), then the maximum that may be charged for the packet is \$6. If the packet also includes faces for special games, then an additional charge may be added for the packet as indicated below. [K.S.A. 79-4706(j)]

Special (or Jackpot) Games:

- The prize for each special game cannot exceed \$500. [K.S.A. 79-4706(h)]
- The total of all prizes awarded for all regular and special games conducted during a bingo session cannot exceed \$1,200. [K.S.A. 79-4706(f)]
- No more than 5 special games can be conducted during a bingo session and the total of all regular, special and progressive games played during a bingo session cannot exceed 25. [K.S.A. 79-4706(g)]
- A special game may be played anytime during a bingo session after any mini or early bird games are completed. [K.S.A. 79-4706(cc)]
- The price charged for each hard card or individual disposable paper face used for a special game cannot exceed \$1. [K.S.A. 79-4706(j)] There is no minimum price specified in the law. For example, if you are conducting 5 special games during a session, then a packet containing one disposable paper face for each game may be sold for a maximum of \$5. If the packet also includes faces for regular games, then an additional charge may be added for the packet as indicated above.
- A special game cannot include a game carried over to a subsequent bingo session where the top prize awarded is increased and/or the number of balls required to win the top prize is increased. This type of game now falls under the statutory definition of a progressive game.

Progressive Games:

- The house rules for each progressive game must be posted at the start of each game and cannot be changed until the game is completed (top prize awarded). [K.S.A. 79-4706(z)(7)]
- The number of called balls within which a player must get the announced pattern to win the top prize shall be increased over the course of the game until the top prize is won. However, the number of balls does not have to be increased every session. It can be left unchanged for one or more sessions, as long as it is increased enough times to assure that the top prize is won within 20 sessions from the start of each new progressive game. The number of balls may be increased by more than one each session. [K.S.A. 79-4701(v) and 79-4706(z)(1)]
- The top prize for the first session of each new progressive game cannot exceed \$250. The top prize may be increased by a maximum of \$100 for each subsequent session until there is a winner or until the statutory limit of \$1,000 is reached. The top prize does not have to be increased each session. The top prize must be awarded within 20 sessions from the start of each new progressive game. [K.S.A. 79-4706(z)(3)]
- A consolation prize not exceeding \$250 may be paid in any session where winner exceeds the number of balls required to win the top prize. Any consolation prize shall be less than the value of the top prize at each session. [K.S.A. 79-4706(z)(4)]
- The prizes paid for progressive games are exempt from the limit of \$1,200 in prizes per session for regular and special games. K.S.A. 79-4706(f)]
- No more than two progressive games can be conducted during a bingo session. [K.S.A. 79-4706(z)(1)]
- The total of all regular, special and progressive games played during a bingo session cannot exceed 25. [K.S.A. 79-4706(g)]
- The price charged for each hard card or individual disposable paper face used for a progressive game cannot exceed \$1. [K.S.A. 79-4706(j)] There is no minimum price specified in the law. For example, if you are conducting 2 progressive games during a session, then a packet containing 3 disposable paper faces for each game may be sold for a maximum of \$6.

Mini (or Early Bird) Games:

- The prize for each mini game must be at least 50% of the proceeds from the sale of the cards or faces for that game, but cannot exceed \$50. [K.S.A. 79-4701(m)]
- The prizes paid for mini games are exempt from the limit of \$1,200 in prizes per session for regular and special games. [K.S.A. 79-4706(f)]
- No more than 20 mini games can be conducted during a bingo session. [K.S.A. 79-4706(cc)]
- Mini games may be conducted only during the one hour preceding the start of the first regular or special game of the session. [K.S.A. 79-4706(cc)]
- The price charged for each hard card or individual disposable paper face used for a mini game cannot exceed \$1. [K.S.A. 79-4706(j)] There is no minimum price specified in the law.

Sale of Call Bingo Cards and Faces

Licensees may only sell bingo cards and faces which contain twenty-five (25) squares with five (5) horizontal rows and five (5) vertical rows of five squares each, with each square designated by a combination of letters and/or numbers except the center square, which is designated as 'free'. Each square may contain only one bingo number. Each card must be unique from all other cards played in the same call bingo game. [K.S.A. 79-4701(d) and (e)]

Licensees may sell more than one color or type of disposable paper face for the same game, with different prices and different prizes, but the winners must be determined by the same pattern.

Hard cards are to be shuffled prior to selling them to the players at the beginning of each bingo session. Players must not be allowed to set aside or reserve certain hard cards prior to the time when all players are permitted to select and purchase their cards for a session. [K.A.R. 92-23-11]

The charge for packets of disposable paper faces sold for regular games cannot exceed \$1.00 per face on each sheet. In other words, if the packet contains 15 sheets (one each for 15 regular games), and there are 6 faces on each sheet, then the packet is equivalent to 6 hard cards and the maximum price that may be charged for the packet is \$6.00. Every packet of disposable paper faces for regular games must contain a sheet of faces for every regular game that is to be conducted that day after the time that the packet is sold. [K.S.A. 79-4706(j)] Therefore, packets may be sold during a half-time intermission that contain pages for only those regular games being conducted after the intermission. Each sheet of faces for regular games in the packet must contain the same number of faces. Faces may not be sold separately for just one regular game.

The charge for each disposable paper face sold for special (or jackpot) games, progressive games and mini (or early bird) games may not exceed \$1.00. If disposable paper faces for such games are included in a packet of faces for regular games, then the price of the packet may be increased by up to \$1.00 for each such face included. [K.S.A. 79-4706(j)] Players may be required to purchase a minimum number of cards for regular games before they are eligible to purchase cards for special or progressive games.

Gift certificates may be sold for the purchase of cards at upcoming bingo sessions. Receipts from the sale of gift certificates are to be included in the gross receipts on the day the certificates are sold.

A player's eligibility to participate in a bingo game or session cannot be determined by the player's attendance at prior bingo sessions.

Free cards may be offered by the licensee to those who have paid to play bingo that day provided they are good for that day only. In effect, this practice is considered as a discount on the cards. A registered premises lessor may not offer free or discounted cards to the players. [K.S.A. 79-4706(c)]

Licensees may offer discounts on the price of bingo cards to repeat customers. A card may be used to accomplish this, as long as it is made available to anyone requesting it. The card is punched each time bingo cards or booklets are purchased. After a specified number of punches, the player is entitled to free or discounted bingo cards or faces.

Licensees may have advertisements printed on either front or back of call bingo faces.

Effective July 1, 2003, the sale of hard cards will be prohibited except as provided by Bingo Regulation K.A.R. 92-23-31 adopted by the Kansas Department of Revenue under authority of K.S.A. 79-4706(aa). This regulation permits the use of hard cards after July 1, 2003, in the following two situations only:

- Hard cards may be sold to any person who has a mental or physical infirmity of such a nature that it is difficult or impossible for that person to use disposable bingo faces to play call bingo games. If the total receipts from the sale or rental of hard cards to these persons exceed \$100 in any one month, then the receipts shall be subject to the three percent bingo enforcement tax.
- Hard cards may be sold to any player at a bingo session if the sponsoring licensee conducts no more than two bingo sessions during the license year. If the total receipts from the sale or rental of hard cards at a session exceed \$1,000, then these receipts shall be subject to the three percent bingo enforcement tax.

Conducting Call Bingo Games

Each number selected during the game must be verbally announced and visually displayed to the players present. A selected number is not valid until it has been announced and displayed. [K.S.A. 79-4701(f) and Bingo Regulation K.A.R. 92-23-13] Callers should be certain to display the ball/number long enough for the players to recognize it and react. This is true in a speedball game as well as in the standard game. There is no specified number of seconds that the number must be displayed. Watching the response of the audience will provide sufficient clues about whether it is displayed long enough. In a speedball game, the timing should be based upon what the majority of players with a reasonable amount of cards can handle. When there is no video system used to display the ball, the caller should hold up the ball so that the players can see the number at the same time or immediately after he or she calls out (announces) the number. The purpose of displaying the ball is so the players can verify that the correct number was called. If a video system is used to display the number on the ball, then the players will usually see the number before the caller announces it. However, the number is not a valid number (useable in the announced pattern) until the caller calls it out (announces it). A number does not have to be called just because some or even all of the players have seen it on a video monitor.

Electronic random number generators do not conform to the description of how bingo numbers are to be selected in K.S.A. 79-4701(f) and are therefore not permitted.

No person shall communicate verbally or in any other manner the number or numbers needed by any players to win a bingo game to any person involved in the conduct of that bingo game. [Bingo Regulation K.A.R. 92-23-12]

The winning pattern for each game must be the same for all players and must be announced prior to the game. Each game is complete when at least one player completes the pre-announced pattern and wins a prize. Licensees are not permitted to offer a game in which various different prizes are paid for different patterns. An example would be when four (4) corners would pay three dollars and a postage stamp would pay a bonanza card for the same game. This game is illegal because it does not conform to the definition of a bingo winner as stated in the last sentence of K.S.A. 79-4701(f): "The winner of each game is the player or players first properly covering properly a predetermined and announced pattern of squares upon the card or face being used by such player or players."

When a caller calls a number different from what is on the ball or other object selected by chance, and this fact is brought to the caller's attention before a prize or prizes are actually awarded for that game, then the mistake must be corrected by announcing that the correct number will be used rather than the incorrect number (unless, of course, the incorrect number was subsequently selected and called). The correct number and not the incorrect number will be used to determine the winner or winners at the end of that game and the prize or prizes awarded accordingly. If correcting the mistake creates one or more immediate winners, then the game should be over at that point. If it can be determined who would have won first if the mistake had not been made, then the prize should be awarded to such winner. If it cannot be determined who would have won first or there is a doubt about it, then the prize should be split among all of the players who have bingo'd at the time that the mistake is announced and corrected. If the mistake is discovered and brought to the attention of the caller or person in charge after the prize or prizes have already been given to the winner or winners of that game, then the correction should not be made and the winners remain unchanged. [Bingo Regulation K.A.R. 92-23-23]

In a call bingo game which involves a series of patterns all played on the same face (such as starting with a regular bingo, then a picture frame, then a blackout), with a prize awarded to the first person to obtain each pattern, only the pattern or patterns in effect at any one point can be a good bingo and result in the awarding of a prize.

The winning numbers on the card of each winner must be verified [Bingo Regulation K.A.R. 92-23-10]. Verification must be made by

- At least one other player unrelated by blood or marriage to either the winning player or the caller of that bingo game AND
- One or more of the bingo workers.

If the organization has an electronic verifier on its bingo machine, the following method may be used:

The bingo worker shall call out the card or face number while the other player verifies that the correct card or face number was called. The caller shall type the card or face number into the bingo machine with an electronic verifier and announce the machine's response as to whether the card or face is a winner.

If there is no electronic verifier available, then the manual method should be used:

The bingo worker shall call back the winning numbers while the other player looks at the face or card and verifies that the correct numbers are being called back. The winning numbers shall be called out loud so that the other players present can hear the numbers. The caller shall announce whether the card or face is a winner. In the case of a blackout pattern, the worker and other player may instead verify that the card or face does not contain any number which was not called.

When the balls are dropped at the end of a call bingo game, the blower should also be turned off so that the balls in the tube drop back into the machine. All of the balls must have an equal chance of being selected as the first ball at the start of the next game. [Approved by Bingo Attorney on 04/13/00.]

Awarding Prizes for Call Bingo Games

Prizes shall be awarded to the first player or players properly covering a predetermined and announced pattern of squares on their bingo card. [K.S.A. 79-4701(f)] All prizes must be awarded as advertised or announced before the session begins unless the bingo session is canceled due to conditions beyond the control of the licensee. Licensees may adopt a house rule that requires that the winner have the last number called.

All winning cards must be verified by both a bingo worker and at least one player unrelated by blood or marriage to either the winning player or the caller of that bingo game. The bingo worker should call out the numbers which are used in the winning pattern as the assisting player watches to make sure that the bingo worker calls the numbers correctly. The caller shall check to be sure that each number called back was in fact selected and called for that game. It is not sufficient to merely enter the number of the face into the bingo machine and rely on the machine to determine whether that face is a winner. [K.A.R. 92-23-10]

Record the name and address of each winner of a prize of \$100 or more. [K.A.R. 92-23-38(a)(7)] If a player refuses to provide this information, then the prize should not be awarded to that individual. If the licensee is required to have a bingo trust account, all prizes of \$500 or more for call bingo must be paid by check from that account. [K.S.A. 79-4706(f)] The check may not be cashed by the licensee, concession stand, premises operator or any other business operated on the same premises where the bingo session is being conducted. [K.A.R. 92-23-16]

The prize awarded in a bingo game may not be solely the opportunity to participate in another game of chance. Call bingo cards, instant bingo tickets or Kansas Lottery tickets may be given as prizes, but the prize may not consist solely of cards, tickets and/or Kansas Lottery tickets. [Ruling of Secretary of Revenue dated 6/25/76] Call bingo cards or instant bingo tickets given as part of a prize must be useable in the same bingo session. When a prize consists of merchandise (such as a turkey) rather than cash, the amount of the prize is the fair market value of the merchandise or services even though the prize may have been donated or purchased at a discount. [K.S.A. 79-4706(I)] Instant bingo tickets may be given as prizes to players under 18 years of age because this does not constitute a sale of instant bingo tickets.

If more than one player wins a game at the same time, then the licensee may either divide the announced prize equally among the winning players or award the full prize to each player. If a player simultaneously wins on more than one card or face, then the licensee may treat the player either as a single winner or as multiple winner. However, licensees should be careful not to exceed the statutory prize limits per game and per session. The licensee's house rules should address how each of these situations will be handled.

A licensee may not refuse to award a prize as advertised. The amount of the prize awarded to the winner of a bingo game may be made contingent upon the number of players present only if the exact terms are a part of the house rules. The decision to invoke such rules must be announced prior to the start of the first game. Players must have the option of returning all cards and be given a full refund.

No licensee may refuse to conduct a bingo game or session or refuse to award a prize as advertised based upon a contingency other than inclement weather or other "acts of nature" beyond the licensee's control. [Revenue Ruling 23-76-1 dated 5/18/76] The amount of the prize awarded to the winner of a bingo game may be made contingent upon the number of players present only if the exact terms of the contingency are advertised (made known to the players) at or before the time when they purchase their bingo cards for that session. If the licensee intends to invoke the contingent (reduce) prize for any game during a bingo session, then such decision must be announced to the players prior to the start of the first game of the session and the player must be given an opportunity to return all of the cards

purchased for that session and obtain a full refund for those cards. [Revenue Ruling 23-76-1(IV) promulgated by the Secretary of Revenue on 5/58/76]

The amount of the prize awarded in a bingo game may be determined by a special ball in the bingo machine. If that ball is selected during the game, then the amount of the prize is increased to an amount which was announced prior to the start of the game. However, care must be exercised to prevent exceeding the statutory per game or per session prize limits. [Interpretation by the Bingo Attorney on 12/09/85]

Licensees shall not distribute numbered tickets to the bingo players which are then used to determine whether a player receives a higher prize if her or she is a winner of a call bingo game. This constitutes an illegal lottery. [Interpretation by the Bingo Attorney on 12/09/95]

Licensees may sell two or more different colored faces for the same call bingo game, which have different purchase prices, and then award a different prize amount depending upon the color of the face which wins the game. The amount of the prizes to be awarded for each different color face must be announced prior to the sale of the faces. [Interpretation by the Bingo Attorney on 10/11/88]

Variations of Call Bingo Game Which Are Permitted

The following variations of call bingo games have been ruled upon as legal:

- A wheel of fortune may be used to select the maximum quantity of balls or other objects which are to be selected in order to win the top prize in a special call bingo game. [Opinion rendered 6/07/76 by the Assistant Attorney General assigned to the K.B.I. (Ref. 7)]
- Since the statutory definition of call bingo does not specify a limit on the number of objects which may be selected by chance, then games involving 90 numbers instead of 75 are legal. [Approved by Bingo Attorney on 5/2/89]
- "U-pickum" cards are legal as long as they conform to the description of a card per K.S.A. 79-4701(a), i.e., 25 squares with a free space in the middle. They may be used for regular or special games, however if used for a regular game, the card must be included in the package of regular cards being sold. They may be used in the same game along with hard cards or paper faces, but the pattern to win must be the same for both all types of cards used in the same game. A higher price may be paid to persons winning on the U-pickum cards as long as the statutory prize limits are not exceeded. [Approved by Bingo Attorney on 03/03/92]
- A call bingo game may have the winning pattern determined by chance at the beginning of the game. The selection process may involve a wheel or the first ball selected for the game. One example is an odd-even game. In this game, the first number selected determines whether odd or even numbers are to be used in covering squares during the rest of the game. In other words, the announced pattern is all odd or all even squares, depending upon which number is selected first. Another variation is using the first ball selected to determine the numbers of the squares that must be "blacked out" as the winning pattern. For example, if the first ball selected ends in an "8", then the winning pattern is all squares on each face or hard card with numbers ending in "8." In each case, once the pattern is determined, then the game proceeds are usual.

Variations of Call Bingo Games Which Are Not Permitted

The following types of call bingo games have been determined to be illegal for the reasons stated:

- Bonanza Bingo Game. This is a call bingo game in which some of the numbers are selected and posted in advance of the start of the actual bingo session and the remaining numbers are selected (until someone wins) during the bingo session. The game is illegal when the initial numbers are not selected, called, displayed and posted while all (or the majority) of the players are present to verify that the numbers are selected by chance and correctly posted.
- Wild Number Game. In this game, one or more numbers are designated as wild numbers and are covered or marked by the players on their cards even though the numbers were never actually selected (except for the number upon which the "wild" numbers are based). The numbers are usually derived from the first number actually selected in the game. For example, if "B13" is selected first, then all numbers ending in a "3" are designated as "wild", such as 3, 13, 23, 33, 43, etc. This practice is illegal because it does not conform to the requirement that each number must be individually selected by chance pursuant to K.S.A. 79-4701(f).
- Good Neighbor Game. In this game, the players sitting on each side of the actual winner of a bingo game are given a small prize, such as a dollar. This practice is illegal because K.S.A. 79-4701(f) states that the winner of a prize is the "player or players first properly covering a predetermined and announced pattern of squares..." This practice actually constitutes an illegal lottery and is a violation of K.S.A. 79-4706(p)(1).
- Pig Game. There are several variations of bingo games which are referred to as "pig games. Most are illegal but the particular characteristics must be analyzed before such a conclusion can be made. The most common type of "pig" game starts with selected a number by chance at the beginning of the bingo session. This number is posted or displayed and each time that it is called throughout the session, a specific amount of money is placed or added to a pot or "pig" by the licensed organization. If any player wins on that number in any call bingo game conducted during that session, then that player is awarded the amount of money which has accumulated in the "pig" in addition to the regular prize for that game. This practice actually constitutes an illegal lottery and is a violation of K.S.A. 79-4706(p)(1).

Conducting Instant Bingo Games (Pull-tabs)

Instant bingo tickets (pull-tabs) may only be sold on the day the organization holds a session of call bingo games. The sale of instant bingo tickets may not start any earlier than one hour before the first game of regular or special call bingo. All sales and pay out of prizes must take place before the end of the last game of call bingo that session. The end of the last game of call bingo is when the winner or winners of the last call bingo game have been determined. [K.S.A. 79-4706(v)] The price cannot exceed \$1.00 per ticket. [K.S.A. 79-4706(j)] A new game of instant bingo tickets cannot be offered for sale until all tickets from a previously opened game with the same form number have been sold. [K.S.A. 79-4706(x)]

Instant bingo tickets (pull-tabs) may not have a removable latex covering or be electronically or computer generated. [K.S.A. 79-4701(j)]

There is no limit on the number of tickets in an instant bingo game. There is also no limit on the number of instant bingo games which may be sold during a bingo session, except there is a limit of three games on a specific type of game called a "bingo event" game.

A "bingo event" game is a special type of instant bingo game which is specifically authorized by statute. This game is like a traditional instant bingo game except that it also contains one or more tickets with call bingo numbers B1 through O75 on them. At least one of the top prizes is determined by the selection of a predetermined number called during a call bingo game conducted during the same bingo session that the tickets are sold at. [K.S.A. 79-4706(bb)]

Prizes for instant bingo tickets may be paid in cash, check or merchandise (such as a color television set). There is no upper limit on the amount of prizes that are paid, however at least 60% of the gross sales revenues from the sale of each game must be paid out in prizes. [K.S.A. 79-4706(x)]. There is no requirement to retain winning tickets or information about the winning players.

A worker either selling tickets or paying out the prizes for instant bingo may not also play instant bingo. However, such a worker may play call bingo games provided they are not also involved in the conduct of the call bingo games at that time.

Instant bingo tickets may only be sold to a person who is at least 18 years of age. [K.S.A. 79-4706(n)] However, there is no legal restriction on who may open a ticket and claim the prize, if any. Therefore, once a ticket is legally purchased, the purchaser may give the ticket to a person under the age of 18 to open. If the ticket is a winner, a person under the age of 18 may claim the prize. If the prize is cash, more tickets in lieu of cash may not be given to a person under the age of 18 because that would, in effect, constitute selling tickets to such a person.

All activity related to the playing of instant bingo tickets is to take place on the premises identified in the bingo license application. Thus, all instant bingo tickets must be purchased, opened and prizes claimed within the premises where the call bingo session takes place, and only during the time period beginning one hour before the start of the first regular or special call bingo game and ending at the end of the last call bingo game of the session. Prizes are not to be paid on winning tickets from a prior bingo session. It is a violation of Kansas criminal gambling laws to sell or possess a pull-tab except as defined by the Kansas bingo statutes. [K.S.A. 21-4303a]

Each licensee should establish a secure area where all instant bingo tickets are stored between bingo sessions to assure that they are not being sold at times other than that authorized by law.

Variations of Instant Bingo Game Which Are Permitted

The following variations of instant bingo games have been ruled upon as legal:

- Some of the winning tickets direct the player to a board where the player is permitted to select from a variety of hidden prizes. This game is legal only if every one of the winning tickets receives some prize of value.

Variations of Instant Bingo Games Which Are Not Permitted

The following variations of instant bingo games have been determined to be illegal for the reasons stated:

- One or more of the "winning tickets" entitles the player(s) to participate in a drawing or other game of chance where they may (or may not) win something of value ("bingo event" games, as defined in the previous section, are an exception to this prohibition).

Free or Donation Call Bingo Games

The statutory provisions for bingo licensing and regulation, specifically K.S.A. 79-4701 et seq., do not apply to call bingo games conducted by persons or businesses when no consideration is required for participation (see below for the definition of "consideration"). These games can take the form of either free or "donation" games. "Donation" games are call bingo games which are free but the players are encouraged to make a voluntary donation to the game sponsor. There must be no requirement or coercion for players to pay money or anything of value in order to participate. The sponsor may suggest a particular amount to donate. Typically there is a limit on the number of cards given to each player at a free or donation bingo session. The number of cards that a person may play cannot be based upon whether the player actually made a donation or not.

Donation call bingo sessions may be sponsored by licensed organization and they are not counted toward any of the limits which apply to that organization's licensed bingo sessions. However, donation bingo sessions conducted by licensed organizations must clearly be advertised as such so as not to confuse the public. A licensed organization may not conduct free or donation call bingo games on the same day that they conduct regulated bingo games. [Interpretation rendered by the Bingo Attorney on 2/22/88.]

No free or donation call bingo games may be conducted by any licensed organization or by any unlicensed person or organization at any premises where regulated (licensed) bingo games are conducted on the same day. This applies to both leased and owned premises. [Interpretation rendered by the Bingo Attorney on 4/05/88.]

"Consideration," as it related to gambling activities, is defined by K.S.A. 21-4302 as anything "which is a commercial or financial advantage to the promoter or a disadvantage to any participant. Mere registration without purchase of goods or services, personal attendance at places or events without payment of an admission price or fee, listening to or watching radio or television programs, answering the telephone or making a telephone call, and acts of like nature are not consideration." [K.S.A. 21-4302 and Attorney General's letters dated 6/02/71 and 8/27/71]

Reporting and Withholding Federal Income Taxes on Bingo Prizes

For your convenience, the following information about reporting and withholding federal income tax on bingo prizes has been extracted from I.R.S. Publication 3079 published 4/98, pages 12 through 15:

Call bingo game prizes

If a single call bingo prize is less than \$1,200, then there is no requirement to withhold taxes or report any information to the I.R.S. Since the statutory limit on prizes for the various types of call bingo games are all less than \$1,200, there should never be a need to withhold taxes or report any information to the I.R.S.

Instant bingo (pull-tabs) prizes

If a single instant bingo prize is less than \$600, then there is no requirement to withhold taxes or report any information to the I.R.S.

If a single instant bingo prize is at least \$600 but less than \$5,000 and is also at least 300 times the amount wagered (cost of the winning ticket or pull-tab), then the organization must do the following:

- Record the winner's name, address and social security number from two types of identification provided by the winner, such as driver's license, social security card, voter registration card, etc.
- If the winner refuses to provide his or her social security number, then the organization must withhold 31% of the prize from the winner and send that amount to the I.R.S. at the end of the year. If the social security number provided is obviously incorrect (does not have nine digits or includes alpha characters), then it is treated the same as if the winner refused to provide it. If the prize is merchandise rather than cash, then the winner must pay to the organization an amount of cash equal to 31% of the fair market value of the prize before receiving the prize.
- Prepare a form W-2G (available from the I.R.S.). Copies B, C and 2 are given to the winner. Copies A, D and 1 are retained by the organization.
- All withholding collected by the organization must be remitted to the I.R.S. on Form 945 by January 31 of the following year. If an organization fails to withhold tax from the prize paid to a winner, then the organization must pay to the I.R.S. from its own funds an amount equal to 38.88% of the prize paid to the winner.
- Copy A of all W-2G's issued by the organization for the year must be submitted to the I.R.S. with Form 1096 by February 28 of the following year. Copy 1 of all W-2G's issued by the organization for the year must be submitted to the Kansas Department of Revenue. Copy D of all W-2G's issued by the organization for the year are retained by the organization for a period of five years, then may be destroyed.

There are additional requirements for single instant bingo prizes which exceed \$5,000. However, no prizes this large are currently being paid out by organizations holding Kansas bingo licenses, so that situation will not be addressed here.