



Charitable Gaming

This publication has been prepared by the Kansas Department of Revenue (KDOR) to provide a source of information regarding charitable bingo and raffles regulated under Kansas law. This includes information on nonprofit organizations which are licensed to conduct raffles and bingo games, the distributors which are registered to sell bingo supplies, and the lessors.

Kansas charitable gaming statutes and regulations should be used as an additional resource to ensure your organization is complying with its legal obligations regarding operations of a raffle or bingo game.

This publication is provided for informational purposes only. Statutes supersede all other parts of the publication.

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If there is a conflict between the law and information found in this publication, the law remains the final authority. Under no circumstances should the contents of this publication be used to set or sustain a technical legal position. A library of current policy information is also available on the Kansas Department of Revenue (KDOR) website at: ksrevenue.gov

CHARITABLE GAMING

Charitable gaming in Kansas includes games of bingo, instant bingo, and charitable raffles. These games that fall under the definition of “charitable gaming” are legal in Kansas and not to be confused with the definition of gambling, which is a misdemeanor in Kansas (see page 4).

There are three components that determine gambling. All three components are necessary to fit the definition of gambling. Consideration is given, that means something is given and something is received. Participation in a game of chance and a prize is awarded.

Bingo is a game of chance played with cards having numbered squares corresponding to numbered balls drawn at random and won by an announced pattern.

Instant Bingo is a game of chance played with pull-tabs that afford a participant an opportunity to win something of value by opening or detaching a paper covering from the tickets to reveal numbers, letters, symbols, or any combination thereof.

Charitable raffle is a game of chance in which each participant buys a ticket or tickets from a nonprofit organization with each ticket providing an equal chance to win a prize and the winner being determined by a random drawing.

If a nonprofit, as defined below, wants to hold a raffle and the gross receipts are \$25,000 or less, the organization does NOT need to apply for a raffle license. They are exempt from statutes that outline duties for a licensee.

NONPROFIT ORGANIZATIONS

Qualifying nonprofit organizations identified in Kansas statutes are:

K.S.A. 75-5173(q) “Nonprofit religious organization” means any organization, church, body of communicants, or group, gathered in common membership for mutual support and edification in piety, worship, and religious observances, or a society of individuals united for religious purposes at a definite place and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and which religious organization maintains an established place of worship within this state and has a regular schedule of services or meetings at least on a weekly basis and has been determined by the administrator to be organized and created as a bona fide religious organization and which has been exempted from the payment of federal income tax as an organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) or section 501(d) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit religious organization by the administrator.

- (r) “Nonprofit charitable organization” means any organization which is organized and operated for:
- (1) the relief of poverty, distress, or other condition of public concern within this state;
 - (2) financially supporting the activities of a charitable organization as defined in paragraph (1); or
 - (3) conferring direct benefits on the community at large; and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization and has been determined by the administrator to be organized and operated as a

bona fide charitable organization and which has been exempted from the payment of federal income taxes as provided by sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6) and 501(c)(7) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit charitable organization by the administrator.

- (s) “Nonprofit fraternal organization” means any organization within this state which exists for the common benefit, brotherhood, or other interests of its members and is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a fraternal, civic or service purpose within this state and has been determined by the administrator to be organized and operated as a bona fide fraternal organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(8) or section 501(c)(10) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit fraternal organization by the administrator.
- (t) “Nonprofit educational organization” means any public or private elementary or secondary school or institution of higher education which has been determined by the administrator to be organized and operated as a bona fide educational organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(3) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit educational organization by the administrator.
- (u) “Nonprofit veterans’ organization” means any organization within this state or any branch, lodge or chapter of a national or state organization within this state, the membership of which consists exclusively of individuals who qualify for membership because they were or are members of the armed services or forces of the United States, or an auxiliary unit or society of such a nonprofit veterans’ organization, the membership of which consists exclusively of individuals who were or are members of the armed services or forces of the United States, or are cadets, or are spouses, widows or widowers of individuals who were or are members of the armed services or forces of the United States, and of which no part of the net earnings inures to the benefit of any private shareholder or individual member of such organization, and has been determined by the administrator to be organized and operated as a bona fide veterans’ organization and which has been exempted from the payment of federal income taxes as provided by section 501(c)(4) or 501(c)(19) of the federal internal revenue code of 1986, as amended, or determined to be organized and operated as a bona fide nonprofit veterans’ organization by the administrator.

DEFINITIONS

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

Call bingo is a game in which: (1) Each player pays a charge; (2) a prize or prizes are awarded to the winner or winners; (3) each player receives one or more cards or faces; and (4) each player covers the squares on each card or face as the operator

of such game announces a number, letter or combination of numbers and letters appearing on an object selected by chance, either manually or mechanically from a receptacle in which have been placed objects bearing numbers, letters or combinations of numbers and letters corresponding to the system used for designating the squares. The winner of each game is the player or players first covering properly a predetermined and announced pattern of squares upon the card or face being used by such player or players.

Certificate holder refers to approval of a business (including nonprofits) to act as a distributor to sell bingo paper to a licensee; or in the case of a premises owner or lessor, to allow a licensee to conduct bingo games in their facility. A premises certificate holder may have multiple licenses.

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

Electronic gaming is a device that, as a result of the insertion of a coin or other object, operates, either completely automatically or with the aid of some physical act by the player, in such a manner that, depending upon elements of chance may eject something of value. Electronic gaming devices are illegal in the state of Kansas.

Gambling is making a “bet” or entering or remaining in a gambling place with intent to make a bet; to participate in a lottery or to play a gambling device. Gambling is a class B nonperson misdemeanor. “Bet” means a bargain in which the parties agree that, dependent upon chance, one stands to win or lose something of value specified in the agreement.

Hard card refers to a reusable bingo card. No two cards in the same game shall be identical. See definition for *bingo face*.

Instant bingo is a game in which: (1) each player pays a charge; (2) a prize or prizes are awarded to the winner or winners; (3) each player receives one or more disposable pull-tab or break-open tickets which afford a player an opportunity to win something of value by opening or detaching the paper covering from the back of the ticket to reveal a set of numbers, letters, symbols or configurations, or any combination thereof; (4) is conducted by a licensee under this act; (5) the conduct of which must be in the presence of the players; and (6) it does not utilize any dice, normal playing cards, instant ticket with a removable latex covering or slot machines.

Lessor means the owner, co-owner, lessor or sublessor of a premises upon which a licensee is permitted to manage, operate or conduct games of bingo.

Licensee is a qualifying nonprofit organization which has applied for and been issued a license after having met all necessary requirements and remitted the license fees. A licensee may only have one bingo license.

Mini bingo is a game of call bingo in which the prizes awarded are not less than 50% of the gross receipts derived from the sale of cards or faces for participation in the game.

Premise means any room, hall, building, enclosure or outdoor area used for the management, operation or conduct of a game of bingo by a licensee.

Progressive bingo means a game of call bingo in which the established prize amount or number of bingo balls, or both, may be increased from one session to the next session.

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

Reusable bingo card (also referred to as a hard card) has the same definition as a *bingo face* except it is reusable.

Session means a day on which a licensee conducts games of bingo.

FEES FOR CHARITABLE GAMING LICENSES

A license is required for any qualifying nonprofit organization that intends to conduct bingo games where there is a charge to play. A license is also required for raffle ticket sales that generate more than \$25,000. State, county and city governmental units are not eligible for a charitable gaming license.

A registration certificate is required for any qualified entity that intends to distribute or sell bingo supplies to licensees. The same is true for any lessor or sublessor that allows bingo licensees to conduct games of bingo in their hall, parlor, building, etc.

There are certain applications and licensing fees to manage, operate, or conduct games of bingo or raffles within the state of Kansas. These fees and/or bonds must accompany the appropriate charitable gaming applications.

- Bingo organization license = \$25.
- Bingo distributor certificate = \$500 per year plus a one-time \$1,000 cash bond.
- Bingo premises certificate = \$100.
- Raffle license, if annual gross receipts exceed: \$25,000 but not over \$50,000 = \$25; \$50,000 but not over \$75,000 = \$50; \$75,000 but not over \$100,000 = \$75; \$100,000 shall pay a fee of \$100.

NONPROFIT ORGANIZATION REQUIREMENTS

To be eligible for a license, your organization must meet all of the following requirements.

- Be a nonprofit religious, charitable, fraternal, educational or veterans organization with a tax-exempt ruling from the Internal Revenue Service or determined to be organized and operated as a bona fide nonprofit organization by the administrator.
- Have been in business for at least eighteen months prior to application (applies only to bingo).
- Allow membership in the organization to any person regardless of race, color or physical handicap.
- Officers, directors or officials of the organization have not been convicted or pleaded nolo contendere to a violation of gambling laws of any state, or have forfeited bond to appear in court to answer charges for any such violation, or have been convicted or pleaded guilty or nolo contendere to the violation of any law of this or any other state which is classified as a felony under the laws of such state – includes distributors and premises and lessors of the premises.

EXAMPLE: A concession stand worker, hired by the premises, has been convicted of a felony in Dodge City. Even

though he is working in another city he may not be scheduled to work during the time of a bingo game.

APPLYING FOR A LICENSE OR CERTIFICATE

There is a simple online registration and application process for charitable gaming licensing, whether you are applying as an organization, a distributor, or a premise. Although applying online is encouraged, applications will also be accepted by mail or in person.

In order to receive your license or certificate for posting in a timely manner, you should begin the application process 2 to 3 weeks prior to your start date. **Do not play without a posted license!** To avoid delays in the process, be sure to answer **all** questions on the application and include the required application and/or bond fees.

To apply online visit ksrevenue.gov and sign in to the KDOR Customer Service Center (KCSC). Follow the online instructions to complete the appropriate application(s). The application and/or bond fees are due when you submit the application and can be paid through the electronic submission process. If you prefer to complete a paper application it can be obtained from our website. Mail or deliver your completed application to the address shown on the application form.

Licenses and certificates expire at the end of the fiscal year (June 30). Licenses and certificates are to be renewed prior to July 1. If you have questions about the application process contact the Taxpayer Assistance Center (see back cover).

CAUTION: Playing bingo prior to applying for or renewing a bingo license on time is a violation and subject to a fine.

BINGO REGISTRATION FOR ORGANIZATIONS

Whether a first time registrant or renewing a current license, the following steps are required to register your bingo organization.

- 1) Complete a **Bingo License Application** either online through the KDOR Customer Service Center (KCSC) or by paper (form BI-60).
- 2) Pay the license fee of \$25, which can be securely submitted electronically while completing your online application. If paying by check or money order, follow the instructions on the application form.

When the application is approved, a bingo license number is assigned and the license is mailed to you. Once you receive it, check it for accuracy and report any corrections to KDOR immediately (see Taxpayer Assistance on the back cover).

The following is a sample of a bingo organization license (the distributor, premise, and raffle licenses will look similar).

KANSAS DEPARTMENT OF REVENUE
Division of Taxation

www.ksrevenue.gov

KANSAS BINGO ORGANIZATION LICENSE



NAME OF ORGANIZATION
123 SW MARKET STREET
ANYTOWN, KS 66661-1001

License Number: BNG000000
Issue Date: 07/01/2016
Expiration Date: 06/30/2017

This License is not transferable.

HOW TO USE AND DISPLAY YOUR LICENSE

Kansas law requires that the bingo organization's license and premises's certificate be displayed in plain view at the registered location. The usual practice is to display the license or certificate in the area where the licensed organization is selling bingo faces and supplies. For example, placing the license/certificate in restrooms would not be an acceptable location for display.

The address where games are played **MUST** appear on the license or certificate. If you plan to change locations KDOR must be notified of the changes three (3) days in advance so another license or certificate that reflects the additional location can be issued for display at no additional cost.

NOTE: While the statute states that only three (3) days notice is required for a location change, seven (7) days notification is recommended to allow KDOR time to make the change and mail the new license or certificate.

Licenses may only conduct games of bingo in the county or adjacent county in which the organization is located as reported in the application.

EXAMPLE: When applying for a license, John's Bingo reported they will be playing bingo at 111 North Broadway, Anytown, KS. Their certificate reflects this address. They decide to host bingo at the County Fair, which is located at 5000 SW 12th Street, Anytown, KS. The organization must request a change of address at least three (3) days prior to playing at the Fair so there is enough time for them to receive a new certificate for posting.

Should you lose your license, request a duplicate from KDOR. Bingo organizations must have their license posted to remain compliant.

IMPORTANT: Charitable Gaming licenses expire on June 30 and must be renewed annually. They cannot be transferred or assigned to other organizations.

BINGO REGISTRATION FOR DISTRIBUTORS

A business is required to register as a bingo distributor with KDOR if it sells or distributes disposable paper bingo cards (faces), instant bingo tickets (pull-tabs), hard cards, or hand-held bingo monitors to licensed bingo organizations.

IMPORTANT: A registration certificate will not be issued if any person who is an owner, manager or employee has, within five years prior to application, been convicted of any felony or illegal gambling activity.

The following steps are required to register as a bingo supplies distributor.

- 1) Complete a **Bingo Distributor Registration Application** either online through the KDOR Customer Service Center (KCSC) or by paper (form BI-158).
- 2) Pay an application fee of \$500 which can be safely submitted electronically while completing your online application. If paying by check or money order, follow the instructions on the application form.
- 3) Pay a one-time cash bond of \$1,000. This payment is a separate electronic transaction from the application fee; or a separate check or money order.

Upon approval, each distributor will be assigned a registration number and issued a Kansas Bingo Distributor Registration Certificate, similar to the one illustrated on page 5. Once you receive it, check it for accuracy and report any corrections to KDOR immediately (see Taxpayer Assistance on the back cover).

BINGO REGISTRATION FOR PREMISES

A **bingo premises** is any room, hall, building, enclosure or outdoor area used for the management, operation or conduct of a game of bingo.

A **bingo lessor** means the owner, co-owner, lessor or sub-lessor of a premises upon which a licensee is permitted to manage, operate or conduct games of bingo. In this situation, a person may lease the building and then recruit bingo licensees to engage in a contract with them to host bingo at their facility. Generally, the lessor is the person supplying bingo equipment.

A certificate of registration is required by KDOR for any lessor of a premises used to conduct games of bingo. The lessor must apply for and be issued a certificate of registration prior to entering a lease agreement with a bingo licensee.

IMPORTANT: A registration certificate will not be issued if any person who is connected in any way, directly or indirectly, with the owner or lessor of the premises has, within the five years prior to application, been convicted of a felony or illegal gambling activity or purchased a tax stamp for wagering or gambling activity.

Each registration certificate is valid for only one location and must be posted at that location. The cost for an annual certificate is \$100. The following steps are required to register a premise.

- 1) Complete a **Bingo Premises Application** either online through the KDOR Customer Service Center (KCSC) or by paper (form BI-148).
- 2) Pay the \$100 application fee, which can be safely submitted electronically while completing your online application. If paying by check or money order, follow the instructions on the application form.

Upon approval, each lessor is assigned a bingo premises registration number and issued a registration certificate, similar to the one illustrated on page 5. Upon receipt, check it for accuracy and report any corrections to KDOR immediately (see Taxpayer Assistance on the back cover).

The certificate must 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.

REGISTRATION FOR RAFFLES

Once a nonprofit organization (see definitions on page 3) has determined they meet the guidelines for a raffle license they may apply online. The following steps are required to register for a raffle license.

- 1) Complete a **Raffle License Application** either online through the KDOR Customer Service Center (KCSC) or by paper (form BI-70).
- 2) Pay the applicable fee (see *Fees for Charitable Gaming Licenses* on page 4), which can be safely submitted electronically while completing your online application. If paying by check or money order, follow the instructions on the application form.

When the application is approved, a license number is assigned and a Kansas Raffle License is mailed to you.

RESPONSIBILITIES OF LICENSEES AND CERTIFICATE HOLDERS

Besides ensuring that your license or certificate contain

applicable information and are displayed properly, you will be responsible for recordkeeping and, in some cases, collecting taxes on bingo sales and supplies.

ENFORCEMENT TAXES

RAFFLES

Organizations with a raffle license do not pay taxes on the revenue generated from the sale of raffle tickets.

LICENSED BINGO ORGANIZATION

A licensed bingo organization will pay one or more of the enforcement tax types listed on the following page. **Licensees may only purchase their paper and instant bingo tickets (pull-tabs) from a Kansas licensed distributor.** A complete listing of distributors can be found on our website at ksrevenue.gov.

It is important to note that when the licensee purchases bingo faces and instant bingo tickets (pull-tabs) from a Kansas licensed bingo **distributor**, it is the distributor who collects the enforcement tax at the time of sale and remits it to KDOR, on behalf of the licensee, by the 25th of the following month. For more information regarding bingo distributor responsibilities, see page 15.

- **Disposable Paper.** All licensed organizations must purchase their disposable paper and instant tickets (pull-tabs) used for bingo games from a Kansas licensed bingo distributor. 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 to their distributor who in turn will remit the payment to KDOR with the form **BI-4 Distributor's Monthly Tax Return**.
- **Instant Bingo Tickets (Pull-tabs).** 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 and/or a bingo enforcement tax of 1% of the retail sales price of all **instant bingo tickets (pull-tabs)** which it purchased from the distributor. These taxes are paid to the distributor at the time of the sale. The distributor collects the tax and remits it to KDOR on a monthly basis with form **BI-4**.
- **Hard (reusable) cards and hand-held monitors.** All licensed organizations must pay a bingo enforcement tax of 3% upon the gross receipts received from charges for hard (reusable) bingo cards and hand-held monitors used in call bingo games. This tax is computed by the organization and paid monthly to KDOR at the time the licensed organization completes and files the form **BI-1 Bingo Monthly Report**.

EXAMPLE: A senior center is using its bingo license to host bingo for residents and friends. The center is using hard cards and charges players \$2.00 per card. When the licensee completes the monthly report they will calculate the 3% due from the sales of the hard cards and remit the total to KDOR by the 25th of the month following the reporting period.

EXAMPLE: In the month of May a licensee sold a total of 100 hard cards. Their revenue from the sale of hard cards was \$200.00. They will pay an enforcement tax of \$6.00 (3% x \$200.00) to KDOR.

DISTRIBUTOR/ORGANIZATION RELATIONSHIP

It is the duty of the Kansas licensed bingo distributor to collect the appropriate enforcement tax from each licensee. At the time of completing the monthly return, the distributor

shall remit to KDOR an amount equal to 98% of the tax due on faces and 1% of the retail sales price of instant bingo tickets (pull-tabs). See page 15 for more information about a distributor's responsibility for Bingo Enforcement Tax.

If a distributor does not receive payment in full from a licensed organization within 60 days of the delivery of bingo supplies, the distributor shall notify the charitable gaming administrator in writing of the outstanding bill. Upon receipt of the notice of delinquency, the charitable gaming administrator may revoke or suspend the license of the organization.

RETAILERS' SALES TAX ON BINGO FACES

While bingo organizations pay an enforcement tax to the bingo distributor when they purchase paper faces and instant bingo tickets (pull-tabs), they do not pay retailer's sales tax on these items. However, if a bingo organization sells daubers, concessions, food, or other tangible personal property, the organization must register with KDOR to collect and remit retailers' sales tax.

EXAMPLE: An organization is using its own facility to host a bingo night for senior citizens. Their facility has a kitchen and will sell homemade food from the snack bar. The food is taxable; therefore, the organization must register to collect and remit Kansas retailers' sales tax.

Information about the registration process for Kansas retailers' sales tax can be found on our website by signing into the KCSC. Or you may consult *Pub. KS-1216, Business Tax Application*. Another helpful resource in understanding your responsibility for Kansas retailer's sales tax is *Pub. KS-1510, Sales and Compensating Use Tax*. Both publications are available on our website.

BINGO TRUST ACCOUNTS

Every licensee with gross receipts of \$1,000 or more from both the sale of bingo faces and instant bingo tickets (pull-tabs) in any calendar month is required to maintain a bingo trust account. Payments relating to the conduct of any games are to be paid by check from this account, including bingo license fees, fines, enforcement tax and prize money. Receipts from any other source shall not be deposited into the bingo account.

Records of the trust account including deposits, withdrawals and monthly bank statements must be kept on site for four months and be available for three (3) years. There is no prescribed *format* for your accounting records. They may be maintained on a computer or kept in a notebook.

IMPORTANT: If your records are stored on a computer, the volunteers on duty must be able to access the information while the field agent is on the premises.

REQUIRED RECORDS FOR BINGO SESSIONS

Licensees are required to keep detailed records on each bingo session they conduct. KDOR has a form to assist you with the requirement and, while the use of this form is not required, it does make the review of your records much easier because it includes all of the required fields in a concise format. The *BI-5 Daily Bingo Record* is available on our website.

The following is a list of the required reporting information should you choose to create your own report.

- Date and location of each bingo game conducted.
- Name of the operator or manager of each bingo game.

- Value of all prizes awarded for each game played.
- Value of all other prizes awarded in connection with games of bingo.
- Name and address of each call bingo winner of a prize of more than \$100.
- 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.
- If using volunteers from a beneficiary organization, the name, address and contact phone number of that organization.
- Gross sale of receipts from hard bingo cards.
- Number of call bingo games played daily.
- Date on which each bingo prize was awarded.
- Daily gross receipts received for admission and any additional changes connected with bingo games. Separate totals are required for call bingo and instant bingo.
- Any drawing conducted during a session and a description of the prize awarded and its fair market value.
- Gross sale of receipts from hard bingo cards.

Each licensee must keep records for all bingo games for a period of three (3) years following the date of each bingo session. The books and records for the most recent four months must be available at all times for review during each bingo session in the case of an impromptu review by a field agent. You may be required to furnish records for a longer period of time.

A field agent may want to conduct a compliance audit and the records must be on site and available. Generally, field agent reviews are unannounced. Licensees should always be prepared for a review.

If a licensee keeps their bingo records on computer, volunteers on duty should be able to access all information immediately when a compliance agent is doing their review.

REQUIRED RECORDS FOR RAFFLER LICENSEE

Each Kansas licensed raffle organization is required to keep certain records. Shown here is the list of requirements by a raffle licensee.

- Annually report all charitable raffle winners of any prize for which the retail value is \$1,199 or more.
- Annually reconcile the charitable raffle license fee paid based on the gross receipts from the licensing period.
- Maintain the following information for each charitable raffle, for three (3) years after the date the charitable raffle was conducted:
 - date of charitable raffle;
 - total gross receipts from ticket sales;
 - total number of raffle tickets available for sale;
 - number of raffle tickets sold;
 - number of raffle tickets given away;
 - number of raffle tickets returned unsold to the licensee;
 - raffle ticket price;
 - value of all raffle tickets sold and given away;
 - name and address of all charitable raffle winners of any prize;
 - receipts for the purchase of prizes awarded or a statement indicating the fair market value of the prizes donated for each charitable raffle; and
 - deposit records indicating that the proceeds from the charitable raffle have been deposited into the licensee's bank account.

REPORTS FOR RAFFLES AND BINGO LICENSEES

RECONCILIATION REPORTS FOR RAFFLES

A raffle organization must complete and submit form BI-75, Raffle Return and Reconciliation. The gross receipts from all raffle ticket sales during the license fiscal year are reported on this form. All charitable raffle winners of any prize of which the retail value is \$1,199 or more are also reported on this form. Each raffle licensee will reconcile the charitable raffle licensee fee based on the gross receipts from the raffle ticket sales during the licensing period. The BI-75 form can be completed and submitted online through the KCSC (ksrevenue.gov). The BI-75 return and reconciliation form is due by July 25.

ORGANIZATION'S MONTHLY BINGO REPORT

Every bingo licensee is required to file a monthly report with KDOR using form BI-1, Organization Monthly Report. These reports are used to collect statistical data on the purchase and sale of bingo paper and instant bingo tickets (pull-tabs) and hard cards and to audit bingo paper distributors. The BI-1 form is available on our website or save time and paper by filing your reports electronically. See electronic file and pay options available in the next section

IMPORTANT: An organization that does not play during the summer is still required to complete a report. The organization will report zero for their receipts.

This concludes the discussion on RAFFLES. If you have questions that are not covered in this publication, please visit our website (ksrevenue.gov) or contact the Taxpayer Assistance Center (see back cover).

KANSAS CUSTOMER SERVICE CENTER

FILE, PAY and MAKE UPDATES ELECTRONICALLY

Most businesses have chosen the **KDOR Customer Service Center (KCSC)** for their online filing and payment solution. To use this solution, you simply create a user login ID and select a password, then you can attach your business tax accounts. **Each tax account has a unique access code** that only needs to be entered once. This access code binds your account to your login ID. For future filings, you simply log into your account using your self-selected user login and password. A history of all filed returns and/or payments made is retained in the KCSC.

WHAT CAN I DO ELECTRONICALLY?

- Register to collect, file and pay taxes and fees
- Add new locations
- Complete and submit a Power of Attorney form
- Update contact information
- Update mailing address
- Upload W-2's and 1099's
- Upload and retain Sales and Compensating Use Tax jurisdictions
- File the following tax returns:
 - Retailers' Sales Tax
 - Retailers' Compensating Use Tax
 - Consumers' Compensating Use Tax
 - Liquor Drink and Liquor Enforcement Tax

- Vehicle Rental Tax
- Tire Excise Tax
- Make payments for the following taxes:
 - Individual Income
 - Individual Estimated Income
 - Homestead
 - Fiduciary
 - Withholding
 - Corporate Income
 - Corporate Estimated Income
 - Privilege
 - Privilege Estimated Income
 - Sales and Use
 - Liquor Drink and Liquor Enforcement
 - ABC Taxes and Fees
 - Petition for Abatement Service Fee
 - Motor Fuel
 - Environmental and Solvent Fee
 - Dry Cleaning Payment Plan Fee
 - Tire Excise
 - Charitable Gaming
 - Vehicle Rental
 - IFTA
 - Cigarette Tax, Fees, Fines and Bonds
 - Tobacco Tax, Fees, Fines and Bonds
 - Transient Guest
 - Mineral

REQUIREMENTS TO FILE and PAY

You must have the following in order to file and pay your taxes online:

- Internet Access
- Access Code(s) by calling 785-368-8222 or send an email to kdor_businessstaxeservice@ks.gov
- EIN
- ACH Debit: Kansas Department of Revenue debits the tax payment from your bank account
- ACH Credit: Complete an EF-101 online to initiate a tax payment through your bank

Electronic tax payments must settle on or before the due date. Using the KCSC, you may have your tax payment electronically debited from your bank account (ACH Debit) or you may initiate your tax payment through your bank (ACH Credit). This payment method requires a completed authorization EF-101, available on our **Customer Service Center**.

Our FREE electronic systems are simple, safe, and conveniently **available 24 hours a day, 7 days a week**. You will receive immediate confirmation that your return is filed and/or payment is received. If you need assistance with your access code, you may call 785-368-8222 or email kdor_businessstaxeservice@ks.gov.

PAY BY CREDIT CARD

Taxpayers can make their Individual Income tax and Business tax payments by credit card. This service is available on the Internet through third-party vendors; **ACI, Inc (ACI)** or Value Payment Systems (VPS). These vendors charge a convenience fee based on the amount of tax being paid. This fee may vary by vendor. Credit card transactions are strictly between the vendor and the taxpayer. Likewise, any disputes specific to the card payment will be between those two parties.

Rules regarding the credit card transactions are available at each vendor's website.

Credit cards that are available for each vendor are as follows:

ACI, Inc. (ACI)

- American Express
- Discover
- MasterCard
- Visa

Payments can be made by accessing their website at www.acipayonline.com or by calling 1-800-2PAYTAX (1-800-272-9829). The Kansas jurisdiction code is 2600. For payment verification inquiries, call 1-866-621-4109. Allow 48 hours for processing.

Tax types that can be paid through ACI, Inc. are as follows:

- Individual Income Tax Return
- Individual Estimated Income Tax
- Corporate Income
- Fiduciary
- Homestead
- Privilege Tax
- Cigarette, Consumable Material, and Tobacco Tax
- Liquor Tax
- Mineral Tax
- Motor Carrier Property Tax
- Motor Fuels Tax
- Sales and Use Tax
- Transient Guest Tax
- Vehicle Rental Tax
- Withholding Tax

Value Payment Systems (VPS)

- Bill Me Later ®
- Discover
- MasterCard
- Visa
- Debit Card

VPS processes payments for Kansas Individual Income Tax only. For payment verification inquiries, call 1-888-877-0450. Allow 48 hours for processing.

Tax types that can be paid through Value Payment Systems are as follows:

- Individual Income Tax
- Individual Estimated Income Tax

BINGO RULES AND PRIZES

HOUSE RULES FOR BINGO GAMES

It is critical that house rules be established and published prior to play. Enforcing house rules provides stability and a sense of fairness with your players. However, house rules may NOT conflict with state statutes or regulations.

Having comprehensive house rules displayed so every player is made aware of them before any bingo faces or instant bingo (pull-tabs) are sold can prevent unpleasant situations and unhappy bingo players. This eliminates confusion over the way the games are conducted and the protocol during the session. Lack of clarity when conducting bingo may lead

to a disputed game and/or the loss of customers. Many of the complaints from players involve issues which would not have occurred if complete house rules had been established, posted, explained and consistently followed.

Each progressive game must have a separate set of house rules on display and must remain in effect until the top prize has been won and paid out.

You may use the following list of most commonly used topics as a general guide in developing your own house rules.

- How prizes will be awarded if there are multiple winners in one bingo game.
- How the organization handles a bingo that was made several calls earlier.
- The rules regarding the issuance of free cards if they are offered.
- Splitting a call bingo booklet between two or more players.
- Behavior which is banned on the premises.
- Any other aspect which is unique to the way the licensee operates the games.
- Reduction of prize money based on attendance – full refunds must be provided if a player chooses not to play once the payouts have been reduced and announced.
- Age restrictions on playing bingo.
- Reserving seats or tables for players.

RESTRICTIONS FOR BINGO WORKERS

All persons working or assisting in conducting a call or instant bingo game must meet the following conditions.

- 1) Be at least 18 years of age.
- 2) Be a member (or their spouse) of the licensed organization conducting the bingo game or be a member (or their spouse) of a parent or auxiliary unit or society of the licensed organization or be a member of a beneficiary organization*. NOTE: Members (and their spouses) of another local organization sharing the same state or national affiliation as the licensed organization are not eligible to assist.

* A beneficiary organization is a nonprofit which receives donated funds from the bingo profits of the licensee.

EXAMPLE: Parents of players on a softball team who are organized as a nonprofit receive a donation from a local bingo licensee. The parents may assist the licensee with a bingo game, but there must be at least one member from the bingo licensee on site during the session.

- 3) Be a volunteer and not be paid or compensated in any way for their participation in conducting the bingo games.
- 4) Not have been convicted of a felony or illegal gambling activity.
- 5) Not participate as a player in any bingo game 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 (pull-tabs). This condition applies to each individual game – not to the entire bingo session.

EXAMPLE: A person that is selling instant bingo tickets (pull-tabs) 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 (pull-tabs) for them.

Additionally, there are some restrictions for those assisting a caller in conducting instant bingo games.

- 1) If an organization conducts bingo games on a registered

premise, the premises owner, manager and employees cannot participate in conducting any of the bingo games. **EXCEPTION:** Only one employee of the lessor may assist in a session if there is a cancellation by a licensee's volunteer to work that session. The lessor's employee may not handle money. This prohibition has been interpreted to include the following:

- The premises owner cannot assist in any way in the conduct of bingo games at their premises. This includes selling cards or working the floor.
- It is not recommended that the premises owner, manager or employees play bingo in any session held at the premises where they are employed, 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 at that location.

EXAMPLE: Tony is a retiree and helps his friend, Tom, who owns a bingo premises with a concession stand. Tony works in the concession stand during bingo as a favor to his friend. Consequently, this disqualifies Tony from playing bingo at this location while working.

- 2) Any employee of the licensee may assist in the conduct of bingo. An employee of an organization may be hired to raise funds for the organization and still help with bingo.
- 3) Volunteers who are members of a licensee's nonprofit organization may assist only one licensee during the same licensing period. A parent may have a child who is a member of two sports teams in which both teams are licensed to play bingo. The parent may only assist with one of the licensee's during the licensed year.
- 4) A volunteer may work both the call bingo and instant bingo (pull-tab) games provided the duties do not conflict. Volunteers verifying both bingo winners and selling instant bingo tickets (pull-tab) on the floor are a common use of volunteer time.

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 during bingo games, whether paid or unpaid (volunteer), may also play call bingo and instant bingo (pull-tab) if permitted by the licensed organization.

IMPORTANT: The American Legion owns the building and they conduct meetings and sponsor bingo games. They have one part time employee, Celia. As part of her job she works the concession during bingo. She is allowed to play bingo during that time. However, this may not represent the best practices for the licensee. Should Celia win a bingo game or two, an unfavorable perception by the players may be created.

An organization may assign unpaid (volunteer) persons working in the organization's snack bar or concession stand during bingo games to also sell bingo cards and instant bingo tickets (pull-tabs). However while doing so, such persons are subject to all of the restrictions which apply to bingo workers.

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.

IMPORTANT: Licensed organizations are strongly encouraged to have each worker sign a statement

acknowledging the rules and his/her eligibility to participate as a volunteer for the bingo session.

AGE RESTRICTIONS FOR BINGO PLAYERS

There is no statutory age requirement for participating in a game of call bingo, so licensees are free to impose their own age restrictions as a house rule.

To purchase instant bingo tickets (pull-tabs), a person must be at least 18 years old. There is no statutory age restriction for opening instant bingo tickets (pull-tabs). Persons under the age of 18 may open instant bingo tickets (pull-tabs) and claim prize money but cannot receive pull-tabs in lieu of cash when claiming a prize.

EXAMPLE: A grandmother is playing bingo with her grandchildren who are all under the age of eighteen. She wins a prize on one of her pull-tabs. She may ask one of her grandchildren to claim the prize money. The organization; however, is not allowed to exchange the prize money for pull-tabs or sell them to the grandchild.

COMPLAINTS FROM PLAYERS

If a player has a complaint regarding the operation of a bingo game, the player should first notify the organization. Volunteers working the game should make every attempt to resolve the issue with the player(s). The volunteer should make a detailed report of the complaint, including the name of the person and the resolution.

If the issue is not resolved the player may send a written complaint to the charitable gaming administrator so the complaint may be reviewed. The administrator has several options and the complaint may or may not be considered in violation of statutes.

EXAMPLE: A player writes into the charitable gaming office complaining that they are not allowed to save seats for their friends. After review of this complaint the charitable gaming administrator determines there is no violation and no action is taken.

There are cases in which the charitable gaming Administrator finds cause for further review and sends a field agent to investigate the complaint. If the complaint is found to be valid, a plan of action will be determined and a warning or violation may be issued to the licensee, along with a copy of the complete report.

EXAMPLE: David and Joe both call bingo at the same time. The caller verifies the bingo and discovers there are two identical faces in play for the game. A complaint is filed by the players. This is a violation and an agent would be assigned by the administrator to investigate the complaint since no two bingo faces in the same game shall be identical. This is a violation and a fine will be imposed.

As in all cases, findings of the investigation will only be discussed between identified volunteers from the organization and the field agent.

IMPORTANT: A notice which includes the mailing address to which a complaint may be sent must be posted in plain view on the bingo premises.

Charitable Gaming Administrator
Kansas Department of Revenue
PO Box 3506
Topeka KS 66601-3506
Phone: 785-368-8222
Email: kdor_bingo@ks.gov

CALL BINGO RULES AND PRIZES

Kansas law permits three types of call bingo games – regular, progressive and mini (early bird).

A session is a day on which a licensee conducts games of bingo. There is no limit on the number of sessions per week a licensee may conduct bingo. Bingo games must be conducted on the same days and times as what is recorded on the license application and advertised unless a BI-10 was submitted reporting a change at least three (3) days prior to the change. *EXCEPTION: Inclement weather or other acts of nature beyond the licensee's control. Notification to the Charitable Gaming Administrator is still required.*

REGULAR GAMES

Each player covers the squares on the face or card that matches the number or combination of numbers announced by the caller. The winner of the game is the player or players who first properly cover a predetermined and announced pattern of squares upon the card or face in play. Some licensees may allow for the 'sleeper' playing the game to win (this refers to a player who may have had a bingo earlier in the game but discovered it later in the game). If this option is allowed by the licensee, it should be posted in the house rules.

The total of all prizes awarded for all regular and special games conducted during a session **cannot exceed \$1,200***.

PROGRESSIVE GAMES

Progressive bingo means a game of call bingo in which either the established prize amount or number of bingo balls may be increased from one session to the next session. If no player completes the required pattern within the specified number of balls called during a game the game continues into the next session. The limit on the number of sessions for each progressive game is twenty (20).

If a winner has not been declared by the beginning of the 20th session, the game must continue in that session until a winner has been declared. That is called a "must go game" and attendance is generally quite high at this game.

The following are more specific rules that pertain to progressive games.

- House rules for each progressive game must be posted at the start of each game and cannot be changed until the game is completed. The top prize must be awarded.
- The number of called balls with 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; but the number of balls do 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 the statutory limit of twenty (20) sessions for each progressive game. The number of balls may be increased by more than one each session.
- There is no limit on the top prize for progressive games. There are no restrictions on the prizes awarded for subsequent sessions of the same progressive game. The top prize does not have to be increased each session and it must be awarded within twenty (20) sessions from the start of each new progressive game.
- A consolation prize not exceeding \$1,000 may be paid in any session where the number of balls drawn to determine a winner exceeds the number required to win the top prize. Any consolation prize shall be less than the value of the top prize at each session.

- The prizes paid for progressive games are exempt from the limit of \$1,200* in prizes per session for regular bingo.
- No restrictions on the price that may be charged for each hard card or paper face sold for a progressive game.
- The winning prize shall be the full amount. Prize amounts may not be reduced until a new progressive game begins.
- A licensee shall not cease bingo operations until all progressive bingo games are completed and prizes are awarded.

MINI (EARLY BIRD) GAMES

Mini bingo (early bird) games are games of call bingo in which the prizes awarded are not less than 50% of the gross receipts derived from the sale of hard cards or paper faces for participation in the game.

- The prize for each mini-game must be at least 50% of the gross receipts from the sale of the hard cards or paper faces for that game.
- The prizes paid for mini-games are exempt from the limit of \$1,200* in prizes per session for regular bingo games.

There are no restrictions on the price that may be charged for each hard card or paper face sold for a mini-game.

* The maximum amount allowed for all prizes awarded per session is subject to change each year because it is tied to the consumer price index. For the **current** maximum amount allowed, visit our website at ksrevenue.gov. Changes based on the law are posted July 1 of each year.

SELLING HARD (REUSABLE) BINGO CARDS AND DISPOSABLE PAPER FACES

SALES AND DISCOUNTS

Kansas licensed bingo organizations are the only ones allowed to sell bingo faces or hard cards to bingo players. Licensees may only sell hard cards and paper faces which contain 25 squares with five horizontal rows and five 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 card or face must be unique from all others.

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

There are no restrictions on the price that may be charged for each face for any type of call bingo game but licensees may require that players purchase a specific minimum number of faces or cards for regular games before they are eligible to purchase them for special or progressive games.

Free cards or faces may be offered by the licensee to those who have paid to play bingo that day provided they are good for that day only. This practice is considered as a discount on the cards or faces. Lessors are not allowed to offer this discount or any other option on faces or hard cards.

Licensees may offer discounts on the price of bingo cards or faces to repeat customers. A card or face 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.

GIFT CERTIFICATES

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.

EXAMPLE: A player wants to purchase a gift certificate for \$20.00 of bingo faces for a friend to play at a later date. The purchase of the gift certificate must be included in the current session not when the player uses their gift certificate.

CONDUCTING CALL BINGO GAMES

It is recommended that prior to every bingo session the licensee read aloud the house rules when conducting one of the three types of bingo games (see *Call Bingo Rules and Prizes*, herein). A reminder to the audience should be given before the beginning of each session stating the public may not communicate with the caller regarding the numbers on their faces to win.

PLAYING THE GAMES

Each player will mark their own paper faces. Once a number and/or combination of numbers and letters are announced by the caller the call is considered legal. You should consider the following facts when hosting a session of bingo.

- The “caller” is responsible for ensuring that each number called during the game is verbally announced and visually displayed to the players present. A selected number is not valid until it has been announced and displayed.
- Callers should be certain to display the ball/number long enough for the players to recognize it and react. There is no specified number of seconds that the number must be displayed. Watching the audience’s response will provide sufficient clues as to whether it is displayed long enough.
- In a speedball game, the timing should be based upon what the majority of players 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 announces it. 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 – but the number is not valid until the caller calls 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.
- No two faces may be the same. If there are two faces exactly the same a violation has been committed. Most likely the cause is due to the improper rotation of boxes of faces while in storage.
- All bingo games must have a predetermined pattern announced in advance of the game in order to begin play.

In a call bingo game which involves a series of patterns all played on the same face or hard bingo card (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(s) in effect at any one point can be a good bingo and result in the awarding of a prize.

EXAMPLE: Michelle purchased a bingo face that will allow her to play two games on one face. The first game used the diagonal pattern that paid \$25 as a prize. The second game used a T pattern paying \$50 as a prize. The first game is in play and Michelle gets a T pattern on her bingo face; however, she can’t collect on the formation until the first game featuring a diagonal pattern has paid out the prize money – then she can call out her bingo.

If there are multiple winners on a “T” formation, the licensee may either split the \$50 prize between all winners or the licensee may pay out \$50 to each winner. House rules should address this issue of multiple winners, being careful not to exceed the total prize limit for call bingo.

WRONG NUMBER CALLED

When a caller mistakenly calls a number different from what is on the ball or other object selected by chance, and the error is brought to the caller’s attention before the prize(s) 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 one (unless, of course, the incorrect number was subsequently selected and called).

The **correct** number will be used to determine the winner(s) at the end of that game and the prize(s) 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, or there is doubt about who would have won first, then the prize should be split among all of the players who have made bingo at the time 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(s) have been given to the winner(s) of that game, then the correction should not be made and the winner(s) remain unchanged.

EXAMPLE: A caller accidentally calls the wrong number which gave a player a bingo and a prize is awarded. Shortly afterwards the mistake is discovered. Because the prize has been awarded, the game is over and the awarding of the prize stands.

VERIFICATION OF CALL BINGO WINNERS

The **winning numbers** on the card (or face) for each winner **must be verified** 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. There are two ways to verify – electronic or manual.

Electronic Verification. If the organization has an electronic verifier on its bingo machine, then 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.

Manual Verification. If there is no electronic verifier available, then the verification process will be manual. 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 another player may instead verify that the card or face does not contain any number which was not called.

When a player calls BINGO a volunteer must verify the winning face. This may be done by the volunteer showing the face and serial number to another player who is not related to the winner. If hard cards are involved then the volunteer must show another player all the winning numbers on the card.

THE END OF THE GAME

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.

AWARDING PRIZES FOR BINGO GAMES

Once the winning pattern has been properly verified the players are eligible to be awarded the prize for that game. Prizes must be awarded to the first player or players properly covering a predetermined and announced pattern of squares on their bingo card or face. 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.

IMPORTANT: Licensees are encouraged to include in the house rules either a last number called or honoring the player that made bingo several calls earlier commonly called the “sleeper.” State statutes do not address this issue leaving it up to the licensee.

When a prize consists of merchandise (such as a turkey) rather than cash, the amount of the prize is fair market value of the merchandise or services even though the prize may have been donated or purchased at a discount. The fair market value of a prize consisting of merchandise cannot exceed the cash prize limit for call bingo. Prize limits for bingo games are as follows:

Call bingo	\$1,200* per bingo session
Mini games	50% of revenues from games per session
Progressive games	Top prize – no limit Consolation prize – cannot exceed \$1,000. Prize must be less than the value of the progressive bingo game prize amount.

* This amount is subject to change each year because it is tied to the consumer price index. For the **current** maximum amount allowed, visit our website at ksrevenue.gov

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 that game. However, care must be exercised to prevent exceeding the statutory per session prize limits.

Record the name and address of each winner of a prize of \$100 or more. A prize should not be awarded to a player that refuses to provide this information.

If the licensee is required to have a bingo trust account, all prizes of \$1,199 or more for call bingo must be paid by check from that account. 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.

The prize awarded in a bingo game must include more than just an opportunity to participate in another game of chance. Call bingo cards or faces, instant bingo tickets (pull-tabs) or Kansas Lottery tickets may be given as prizes, but the prize may not consist solely of these items.

IMPORTANT: Call bingo cards, faces or instant bingo tickets (pull-tabs) given as part of a prize must be usable in the same

bingo session. Instant bingo tickets (pull-tabs) may be given as prizes to players under 18 years of age because this does not constitute a sale of instant bingo tickets (pull-tabs).

MULTIPLE WINNERS

If there are multiple winners in a game, then the licensee may divide the announced 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 winners. However, licensees should be careful not to exceed the statutory prize limits per game and per session (see *Awarding Prizes*, herein). House rules should address how multiple winner situations will be handled.

REDUCTION OF PRIZES

A licensee may not 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.

However, the amount of the prize awarded to the winner of a bingo game may be made contingent upon the number of players present, but 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 or faces for that session. If the licensee intends to invoke the contingent (reduced) prize amount for any game during the session, then that 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 or faces purchased for that session, and obtain a full refund for those cards or faces.

EXAMPLE: After the sales of bingo faces, a licensee finds the attendance is down due to other activities in town. They want to reduce the prize money to reflect the poor attendance. Volunteers decide how much to reduce the prizes and then make that announcement to **all** of the players, while also offering them the opportunity for a full refund before the start of the first game.

INSTANT BINGO (PULL-TABS) RULES AND PRIZES

RULES FOR INSTANT BINGO EVENTS

A ‘bingo event’ is a special type of instant bingo game in which one or more of the winners are determined by matching the number or numbers on the *instant bingo tickets (pull-tabs)* with one or more numbers or pattern of numbers selected either during a designated call bingo game or as a continuation of a designated call bingo game.

Kansas law permits that only licensees, age 18 and over, can sell instant bingo tickets (pull-tabs). Additionally, no one under the age of 18 shall participate in the management, operation or conduct of any game of bingo or sell any instant ticket (pull-tab) to a person under the age of 18.

There is no limit on the number of instant bingo games which may be sold during a bingo session and there is no limit on the number of tickets in each game.

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

INSTANT BINGO PULL TAB VENDING MACHINES

Nonprofit organizations that have a bingo license may purchase or lease an instant bingo vending machine from a licensed bingo distributor or the Kansas Lottery.

- Each organization may lease/purchase up to two machines.
- These machines may only be operated during business hours.
- All bingo funds must be kept separate from other funds within the organization, including, but not limited to, alcohol and food sales.
- All instant bingo pull tab vending machines are considered bingo funds and shall be handled as such.
- Organizations must complete a daily record for all ticket sales and make a timely bingo deposit for sales made.
- A bingo volunteer or a paid employee of the organization must complete any and all instant bingo transactions.
- Organizations must indicate on their monthly return if they had sales from an instant bingo vending machine.

DISPOSAL OF INSTANT TICKETS

Once instant bingo tickets (pull-tabs) have been sold they shall remain on the premises designated by the licensee for the conduct of bingo and shall be disposed of by placing them in a receptacle provided by the licensee. The licensee is responsible for arranging for the disposal of the tickets. However, the licensee shall retain all the winning tickets.

Instant bingo tickets (pull-tabs) may not have a removable latex covering or be electronically or computer generated.

AWARDING PRIZES FOR INSTANT BINGO (PULL-TABS)

Prizes for instant bingo tickets (pull-tabs) may be paid in cash, check or merchandise. 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. For example the organization may get a good buy on a big screen television for a winning prize so the organization must consider the retail value of the television when making a payout.

An instant bingo game in which the prize is awarded by matching the winning number in a call bingo game shall not be carried over from one session to another. If not all of the tickets from a game have been sold before awarding a prize, then the amount of the prize may be reduced based upon a formula or schedule that was announced to all players prior to the commencement of the instant bingo game.

Although there is a law against selling instant bingo tickets (pull-tabs) to a person who is under 18 years of age, there is no legal restriction on who may open a ticket and claim the prize. 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.

The licensee may NOT give more tickets in lieu of cash to anyone 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 (pull-tabs) is to take place on the premises identified in the bingo license application. That means all instant bingo tickets (pull-tabs) must be purchased, opened and prizes claimed within the premises where the call bingo session takes place. Prizes are not to be paid on winning tickets from a prior bingo session.

CAUTION: Prizes cannot be paid on winning tickets from a prior bingo session. It is a criminal violation of Kansas gambling laws to sell or possess instant bingo tickets (pull-tabs) except as defined by the Kansas bingo statutes (K.S.A. 21-4303a).

VARIATIONS OF INSTANT BINGO GAMES

One variation of the instant bingo game uses a board where players with winning tickets are 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. For example, a board may contain prizes that are covered so that the winners may not see them. The board must contain prizes for each winner of this particular game.

Instant bingo games in which one or more “winning” tickets permit the player to participate in another game of chance where they may or may not win a prize are **illegal** because they do not conform to the description of instant bingo. An example would be when a ticket winner chooses one object to open. That object then directs the winner to another object that may or may not contain a prize. This would be illegal because the winner did not receive a prize. This is a game within a game.

PREMISES

As a general rule, a premises must be registered in order to host bingo games. For definitions of a premises and how to complete the registration process, see *Bingo Registration for Premises* on page 6.

EXEMPTION FROM REGISTRATION

A premises may be exempted from registration by the administrator if one of the following conditions exist:

- There is no charge made for the use of the premises or the charge is a fixed nominal amount intended to cover only the premises owner's actual costs for utilities and maintenance for the time period it is used for bingo.
- The organization is the full-time, exclusive tenant of the premises, the rent is paid monthly or annually; the conduct of bingo games is only a relatively small part of the organization's activities on the premise; and the amount of rent paid is not based on whether bingo games are conducted on the premises or the amount of the receipts from conducting bingo games.

The circumstances must be documented in writing, including any agreement between the premises owner and the licensed organization, and submitted to the administrator for a decision.

LEASE AGREEMENTS

All lease agreements between leased premises and licensed organizations must conform to the following requirements and be submitted by the licensee to the charitable gaming administrator for approval:

- The lease agreement must be in writing, dated and signed by both lessor and lessee. The name of the lessor should include both the correct legal name and the “doing business as” name, if any.
- All charges must be fair and reasonable.

It is important to be specific in your lease agreement so that both parties have a clear understanding of what is expected. Clear expectations will prevent misunderstandings in the future. The following guidelines will help you craft a specific lease agreement.

- Specify the address of the premises and a description of the portion being leased, if it is not the entire premise.
- Specify the date the lease period commences and terminates. If there is not a set termination date, then the lease should provide for automatic periodic renewal and termination upon notice by either party. The manner and timing of notice should be specified.
- If the premises is not leased continuously to the lessee, then specify the days and times the lease covers.
- Specify which party is responsible for maintenance, repair and replacement of major premises components and systems such as roof, heating and cooling systems, etc. If the premises is being rented to more than one organization, then the lessor should be responsible for these expenses unless damaged by the negligence or willful actions of a particular lessee.
- Specify the type and amount of insurance to be provided by each party, if any.
- Include the manner of notice and rights of parties upon default in payment or rent or violation of other terms of the agreement.

Any modifications, amendments or renewals of lease agreements must be submitted to the charitable gaming administrator for approval.

OPERATIONAL REQUIREMENTS AND COMPLIANCE

OPERATING BINGO ON PREMISES

Premises owners are not to be involved in the operation or conduct of bingo. Premises staff may assist in conducting bingo in an emergency situation but may not handle money.

Only those organizations with a current bingo license may operate games of bingo on the premise. There is no limit on the number of times a day or week a premises can host bingo sessions; however, all games must be sponsored and conducted by a licensee.

There are no bingo statutes that regulate the dispensing of liquor on bingo premises, so if liquor is sold during the time when bingo games are conducted, then the premises licensee must comply with the same liquor laws which apply in non-bingo situations. For more information on licensing requirements for liquor taxes, consult [*Pub. KS-1216, Business Tax Application and Instructions*](#). This publication can be found on our website (ksrevenue.gov).

REGULATION AND COMPLIANCE

Regulation and monitoring of bingo sessions is accomplished by KDOR in several ways. All are intended to ensure that the premises is operated in accordance with charitable gaming statutes and regulations. KDOR's regulatory activities include:

- Providing educational materials such as this publication
- Conducting educational workshops.
- Telephone reviews conducted between volunteers and field agents.
- Audits by department auditors and/or compliance reviews by department field agents.

Periodic compliance reviews are conducted by compliance field agents. Agents will answer any questions you may have and assist you in becoming or remaining compliant with bingo statutes and regulations; including making certain that your registration certificate is displayed in a conspicuous place. Any violations will be documented with an expectation that they will be promptly corrected.

LEGAL CONSEQUENCES OF VIOLATIONS

A premises registration may be revoked or suspended and/or a fine imposed for giving false information when obtaining the registration certificate or the premises owner or lessor has become ineligible.

A revocation or suspension and/or fine are imposed after notice is given to the registrant and the opportunity for a hearing is provided as specified in the Kansas Administrative Procedures Act. Revocations may be imposed for a minimum of six months and a maximum of 12 months. Suspensions may be imposed for up to 12 months. The maximum fine for each violation is \$500.

DISTRIBUTORS

A business is required to register as a bingo distributor with KDOR if it sells or distributes disposable paper bingo cards (faces) or instant bingo tickets (pull-tabs) to organizations in Kansas which are licensed to conduct bingo games. For details on the registration process, see *Bingo Registration for Distributors* on page 5.

Distributors are a good source of information to the licensee and can be of assistance if a licensee needs ideas for new games or promotion.

SELLING INSTANT BINGO TICKETS (PULL-TABS)

Instant bingo tickets (pull-tabs) must be sold in boxes which are sealed by the manufacturer. The manufacturer may be a distributor which opens the box, adds some printing to each ticket, and re-seals the box. Each game of instant bingo tickets (pull-tabs) must have a unique serial number stamped or printed on each ticket in the game and the serial number cannot be repeated on the same manufacturer's form number less than once every three years.

Each game must pay out prizes of at least 60% of the total retail sales price of the tickets in that game.

Each game of instant bingo tickets (pull-tabs) sold or distributed to licensees must be accompanied by a flare which contains the following information:

- Name of the game.
- Manufacturer's name or logo.
- Game form number.
- Number of tickets in the box.
- Prize structure for the game (number of winners and the winning symbol or number combination).
- Cost per ticket.
- Game serial number.
- A list of the winning numbers or symbols for the top three tiers set out in such a manner that each prize may be marked off as the prize is won and awarded.
- Business name of the distributor.

COLLECTIONS AND PAYMENT OF TAXES

Each distributor is **required to collect bingo enforcement tax** of \$.002 per face on all disposable paper faces used for call bingo and/or 1% of the retail sales price of all instant bingo tickets (pull-tabs) sold to licensees within Kansas. Bingo distributors collect bingo enforcement tax from Kansas licensed bingo organizations and remit the tax to KDOR by the 25th day of the month following the reporting month. The sales of bingo faces and instant bingo tickets (pull-tabs) are to be reported on monthly on form **BI-4, Distributor's Monthly Tax Return**. Distributors should report all invoices that are dated between the first and last day of the reporting month. The enforcement tax may be remitted electronically through the KCSC (ksrevenue.gov).

EXAMPLE: Sample Gaming Distributors, Inc. sells 18,000 faces (one case) to an American Legion to play bingo. The tax rate on disposable paper faces is \$.002 per face so the enforcement tax on that case is \$36 (18,000 X .002 = \$36). The invoice to the licensee will list the tax as a separate item for each series or case of paper faces.

EXAMPLE: A game of instant bingo tickets (pull-tabs) contains 900 tickets which is sold for 50 cents each so the cost to the public is \$450. The enforcement tax on that game is 1% of \$450 or \$4.50. The tax is listed as a separate item for the game of instant bingo listed on the invoice when the licensee is billed by the distributor.

REQUIRED RECORDS AND COMPLIANCE

All distributors shall maintain full and complete records for three (3) years. These records shall include records of all bingo cards, bingo faces and instant bingo tickets (pull-tabs) sold or distributed to licensees. Distributors shall have these records available for inspection by any authorized representative of the Charitable Gaming Administrator.

REGULATION AND COMPLIANCE

Regulation of bingo is accomplished by KDOR in several ways. All are intended to make certain that the bingo supplies sold meet the requirements in the bingo statutes and regulations. They also are intended to make certain that each is paying their fair share of taxes.

KDOR may periodically audit a distributor's records and returns filed to assure that all taxes are being properly collected and remitted as required by law. An audit generally covers the previous three years unless extended by written agreement between the distributor and KDOR. Prior to an audit, a distributor will receive a letter from KDOR indicating that the distributor has been selected for an audit. During the first meeting, the auditor will review the distributor's business practices, the accounting system used, and other related matters. The auditor will make every effort to minimize the disruption of the distributor's business activities.

REPORTING CHARITABLE GAMING CHANGES

You are responsible for reporting any charitable gaming changes to KDOR - Charitable Gaming promptly. Please have your license/registration number available when call our office.

BUSINESS/ORGANIZATION NAME and/or ADDRESS CHANGE

You may report a business/organization name or mailing

address change to KDOR - Charitable Gaming by mail; email; or fax, using official letterhead, or by completing form **DO-5, Name or Address Change**. This form, and others referenced below, are available on our website. These changes should be reported immediately.

CHANGE OF LOCATION

To request a change to the location listed on your license/certificate or to change the location of a raffle, you must notify the charitable gaming administrator at least three (3) business days prior to the change.

BINGO ORGANIZATION

Bingo organizations will report location change on the form **BI-10 Bingo Change of Play**, and include the information listed here.

- New location address
- City/Zip/County
- Effective date of the change
- Premises License number

IMPORTANT: You must have a bingo license which reflects the new location prior to conducting bingo at that location. Therefore, you may want to submit your form BI-10 more than three business days prior to the change.

BINGO DISTRIBUTOR

Bingo Distributors will report location change on form **BI-10** (or you may use form **DO-5, Name or Address Change**) and include the the information listed here.

- New location address
- City/State/Zip
- Effective date of the change

RAFFLE ORGANIZATION

Raffle organizations will report change of raffle location on form BI-10 and include the information listed here.

- Date of raffle
- New drawing location address
- City/State
- Effective date of the change

PREMISES

Premises will report location change on form **BI-10** and include the information listed here.

- New location address
- City/Zip/County
- Effective date of the change
- License number(s) of organizations using the premises

ADDING A LOCATION

When adding a location, bingo organizations will use form **BI-10 Change of Play** and, if applicable, use form **CR-17 Kansas Registration Schedule for Additional Business Locations**. Distributors will use form **CR-17**. Premises must submit a new application using form **BI-10**.

CHANGE OF OWNERSHIP

When the ownership changes, a new registration application is usually required. The following examples of ownership change require new registration.

- An individual ownership to a partnership or corporation
- Partnership to a corporation or sole proprietorship

- One corporation to another corporation
- Any change in ownership structure for which the IRS requires a new EIN.

If you apply for a new license/certificate number, you will also need to cancel your old number.

CANCELING YOUR REGISTRATION

You must cancel your charitable gaming license/certificate if you are no longer conducting bingo, selling bingo supplies, holding raffles, or leasing to bingo organizations. You must also cancel your license/certificate if you have a change of ownership that requires a new EIN. To cancel your license/certificate, complete the *Discontinuation of Business* section at the bottom of your license/certificate and send it to the charitable gaming administrator by mail, email, or fax.

CHANGE OF OFFICERS OR CONTACT PERSON

When there is a change in your owners, officers, directors, or contact person, complete and return form **BI-10** and/or the **CR-18 Kansas Ownership Change**. List the person(s) who are to be removed from the account and the person(s) who are to be added to the account. Required information includes, but is not limited to the following information and should be submitted within ten (10) days of the change.

- Legal name
- Home address
- Social Security Number
- Title
- Telephone number
- Effective date of the change

ADDITIONAL INFORMATION

When there is a question not answered in this publication, contact KDOR. Do not guess. Use the following Department of Revenue resources to obtain information and clarification on charitable gaming guidelines.

TAXPAYER ASSISTANCE CENTER

Many questions can be answered by the customer representatives in our Taxpayer Assistance Center in Topeka. However, like many businesses, KDOR uses an automated answering system to direct incoming phone calls to the appropriate area. See the back cover of this publication for contact information.

WEBSITE - ksrevenue.gov

Our website contains information about all aspects of KDOR, with each division being represented. Forms and publications, and information about all the taxes administered are published here. Additionally, our website contains current information devoted to paperless file and pay options.

POLICY INFORMATION LIBRARY (PIL)

Another service available to taxpayers is an online library of policy information (PIL) for all taxes administered by KDOR. The PIL contains Kansas statutes and regulations, Revenue Notices, Revenue Rulings and other written advice issued by KDOR. Opinion Letters and Private Letter Rulings are also included.

BEST PRACTICES

Licensees are encouraged to keep their facilities clean and updated. Volunteers who welcome their guests and remember the names of their players are appreciated by the public. Volunteers assisting with bingo should make every effort to make their player feel welcomed and encouraged to return. A common complaint occurs when volunteers do not treat their players with respect. The best publicity is word of mouth.

KEY STATUTES AND REGULATIONS

The following list contains the statutes and regulations used to prepare this publication. These statutes and regulations, along with many others, can be found in the PIL on our website (rvpolicy.kdor.ks.gov).

STATUTES

- K.S.A. 75-5171 – Kansas charitable gaming act
- K.S.A. 75-5173 – Definitions
- K.S.A. 75-5175 – Licensure, application, fee; restrictions on licensure; leased premises, registration certificate.
- K.S.A. 75-5176 – Taxation
- K.S.A. 75-5177 – Returns; remittance of tax; penalties and interest; waiver or reduction
- K.S.A. 75-5179 – Restrictions on charitable gaming; exemption
- K.S.A. 75-5180 – Revocation or suspension of license; hearing; procedure; injunctions
- K.S.A. 75-5181 – Administration and enforcement of act
- K.S.A. 75-5184 – Distribution of disposable bingo cards and instant bingo tickets; registration
- K.S.A. 75-5185 – Penalties and fines for violation of act.

REGULATIONS

- K.A.R. 92-23-41 – Persons conducting games of bingo; restrictions
- K.A.R. 92-26-42 – Bond required for distributors
- K.A.R. 92-23-43 – Bingo trust bank accounts
- K.A.R. 92-23-44 – Schedule of games of bingo
- K.A.R. 92-23-45 – Progressive bingo
- K.A.R. 92-23-46 – Bingo house rules
- K.A.R. 92-23-47 – Display of numbered objects used in conducting games of bingo
- K.A.R. 92-23-48 – Bingo; procedure for correction if wrong number called
- K.A.R. 92-23-50 – Bingo; persons selling refreshments or performing janitorial work
- K.A.R. 92-23-51 – Disputed game of bingo
- K.A.R. 92-23-52 – Bingo; multiple winners
- K.A.R. 92-23-54 – Verification of winners
- K.A.R. 92-23-55 – Bingo; reduction in value of prizes
- K.A.R. 92-23.56 – Cashing of prize checks
- K.A.R. 92-23-57 – Bingo instant bingo
- K.A.R. 92-23-58 – Bingo; records, inspection; preservation
- K.A.R. 92-23-59 – Bingo; filing of returns; notice; hearings; license revocation
- K.A.R. 92-23-60 – Due date of tax return by distributors
- K.A.R. 92-23-70 – Charitable raffles; definitions
- K.A.R. 92-23-71 – Licensing requirements; renewals
- K.A.R. 92-23-73 – Conduct of charitable raffle
- K.A.R. 92-23-74 – Awarding charitable raffle prizes
- K.A.R. 92-23-75 – Reporting requirements; recordkeeping

NOTES

NOTES

TAXPAYER ASSISTANCE

This publication is a general guide and will not address every situation. If you have questions, you may contact the Kansas Department of Revenue:

By Phone

785-368-8222

By Mail

Tax Operations
PO Box 3506
Topeka KS 66625-3506

By Appointment

Go to ksrevenue.gov to set up an appointment at the Topeka or Overland Park office by using the Appointment Scheduler.

Fax: 785-296-4993

Email: kdor_bingo@ks.gov
ksrevenue.gov

Office hours are 8 a.m. to 4:45 p.m., Monday through Friday.

PUBLICATIONS

Below is a **list of publications available on the Kansas Department of Revenue's website**. These publications contain instructions applicable to specific business industries and general information for all business owners.

- Publication KS-1216, Kansas Business Tax Application
- Publication KS-1510, Kansas Sales Tax and Compensating Use Tax
- Publication KS-1515, Kansas Tax Calendar of Due Dates
- Publication KS-1520, Kansas Exemption Certificates
- Publication KS-1525, Kansas Sales and Use Tax for Contractors, Subcontractors and Repairmen
- Publication KS-1526, Kansas Business Taxes for Motor Vehicle Transactions
- Publication KS-1527, Kansas Business Taxes for Political Subdivisions
- Publication KS-1530, Kansas Tire Excise Tax
- Publication KS-1540, Kansas Business Taxes for Hotels, Motels and Restaurants
- Publication KS-1550, Kansas Business Taxes for Agricultural Industries
- Publication KS-1560, Kansas Business Taxes for Schools and Educational Institutions
- Publication KS-1700, Kansas Sales & Use Tax Jurisdiction Code Booklet
- KW-100, Kansas Withholding Tax Guide

STATE SMALL BUSINESS WORKSHOPS

As part of our commitment to provide tax assistance to the business community, Tax Specialists within the Kansas Department of Revenue conduct small business workshops on Kansas taxes at various locations throughout Kansas. Whether you are a new business owner, an existing business owner, or an accountant, these workshops will give you the tools and understanding necessary to make Kansas taxes easier and less time consuming for you. Topics covered include filing and reporting requirements and methods, what is taxable, what is exempt and how to work with the department in collecting and remitting Kansas taxes.

For a **schedule of our workshops, visit our website**. Pre-registration is required and a fee may be charged by the sponsoring Small Business Development Center (SBDC).