

SECTION II - REGISTERED PREMISES

Registration Requirements

A bingo "premises" is any room, hall, building, enclosure or outdoor area used for the management, operation or conduct of a game of bingo. [K.S.A. 79-4701(u)] A single premises may consist of more than one room, building or area. However, a room, building or area cannot be subdivided into more than one bingo premises with multiple bingo sessions conducted on the same day. [K.S.A. 79-4706(s)]

A bingo premises which charges a fee for leasing space to one or more licensed organizations to conduct bingo games must first apply for and be issued a certificate of registration. [K.S.A. 79-4703(e)]

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 (5) years prior to application, been convicted of a felony or illegal gambling activity or purchased a tax stamp for wagering or gambling activity. [K.S.A. 79-4703(g)]

Each certificate of registration is good for only one location and must be posted at that location. [K.S.A. 79-4703(f)]

The Registration Process

The following steps are required to register a premises:

- Obtain an Application for Initial Registration of Bingo Premises (Form BI-148) and instruction sheet from the Bingo Administrator and submit the completed Application.
- Furnish a sample of the lease agreement with licensed organizations.
- Pay an application fee of a \$100.00 by check or money order [K.S.A. 79-4703(e)]

Upon approval, each leased bingo premises is assigned a bingo registration number and issued a Kansas Bingo Premises Registration Certificate. The registration certificate must be displayed in plain view at the premises. [K.S.A. 79-4703(f)] The usual practice is to display the certificate in the area where the licensed organization is selling bingo cards.

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

Exemption from Registration of Premises

A premises may be exempted from registration by the Administrator if 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, **or**
- 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 premises; 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 to the Administrator for approval:

- The lease agreement must be in writing and be dated and signed by both lessor and lessee. The name of lessor should include both the correct legal name and the "doing business as" name, if any.
- The rent for the basic premises may not exceed 50% of the net proceeds for each session, which is defined as the gross receipts less prizes and applicable taxes paid. [K.S.A. 79-4703(c)(1)]
- No charges other than rent can be made by the lessor unless they are the lessor's actual charges, are included in the lease agreement and approved by the Administrator. [K.S.A. 79-4703(c)(2) and (3)] All charges must be fair and reasonable. The Administrator has approved the following amounts as the maximum that may be charged:
 - * \$100 per session for the rental of tables, chairs, bingo machine, flashboards, TV camera and monitors. (This charge is subject to Kansas sales tax.)
 - * \$50 or actual cost, whichever is less, for security.
 - * \$50 or actual cost, whichever is less, for janitorial services.
- Specify the address of premises and a description of the portion being leased, if not the entire premises.
- Specify the dates that lease period commences and terminates. If there is no 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 on a daily basis, 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.
- Specify the manner of notice and rights of parties upon default in payment of rent or violation of other terms of the agreement.

Any modifications, amendments or renewals of lease agreements must be submitted to the Administrator for approval. [K.S.A. 79-4703(c)]

Operation of a Registered Premises

No owner, employee, officer or shareholder of a leased premises shall play any game of bingo on that leased premises. None of these people may assist in the conduct of bingo games on the premises they are involved with. Employees may not play bingo at the premises where they work, even on days when they are not working as employees. [K.S.A. 79-4706(c)]

No game of bingo may be conducted on a leased premises until at least 44 hours has transpired since the last bingo game was completed on that premises or on any other leased premises located within 1000 feet. [K.S.A. 79-4706(t)] Since the statute does not define how the measurement is to be made, the Administrator has interpreted the word "premises" as the building or part of a building or other area where the bingo games are being conducted as indicated on the premises registration applications and the measurement should be made of the shortest distance between the two leased premises.

Each premises may be used to conduct bingo games up to 3 days in any calendar week. Since each licensee is limited to a maximum of 2 days per week, it would require at least two licensees using the same premises to reach the maximum of 3 days per week. [K.S.A. 79-4706(r)]

No premises may be subdivided to provide multiple premises for bingo games. [K.S.A. 79-4706(s)]

When a licensed organization conducts bingo games on its own premises and also leases the premises to one or more other licensed organization as a registered bingo premises, then the tenant licensee must observe the 44 hour restriction imposed by K.S.A. 79-4706(t). However, the Administrator has determined that a premises is not considered to be a leased premises when the licensee which owns the premises conducts its own bingo games, and therefore it does not have to wait 44 hours to conduct bingo games after a leasing licensee at the same premises, or any other leased premises within 1000 feet, has conducted bingo games. It only has to wait until the next day.

Nothing in the bingo statutes regulates the dispensing of liquor on bingo premises. Therefore, if liquor is sold during the time when bingo games are conducted, then the premises owner must comply with the same liquor laws which apply in non-bingo situations.

Regulation

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

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

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

- Answer your questions
- Make certain your registration certificate is displayed in a conspicuous place
- Determine whether all statutes and regulations are being complied with
- Assist you in devising a plan of action for coming into compliance, if required
- Determine an appropriate period of time to institute the plan of action
- Complete a report which is maintained as part of your record
- Provide you with a copy of the report

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

Complaints from Players

On occasion KDOR will receive a written complaint about a premises. Such a complaint will usually result in a visit by a field agent. The nature of the complaint will be identified. If the complaint is found to be valid, a plan of action will be determined and a warning or violation may be issued. Generally, this will be accompanied by a full compliance review. The resolution of the complaint will be documented along with other compliance findings. You will receive a copy of the report.

Legal Consequences of Violations

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

- Giving false information when obtaining the registration certificate.
- The premises owner has become ineligible.
- A serious violation or repeated violations of the bingo statutes and/or regulations. [K.S.A. 79-4707(a)]

A revocation or suspension and/or fine is 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 twelve months. Suspensions may be imposed for up to twelve months. [K.S.A. 79-4707(a) and (b)] The maximum fine for each violation is \$500. [K.S.A. 79-4713(a)]