



**CATHOLIC
CONFERENCE
OF KENTUCKY**

SUPPORT HOUSE BILL 156 IMPROVE CHARITABLE GAMING IN KENTUCKY

Charitable gaming funds help our Catholic ministries

Across the Commonwealth, many Catholic churches and schools financially benefit from festivals and events that involve gaming. About one third of charitable gaming licenses issued in Kentucky are to Catholic charities. For the most part, volunteers staff Catholic gaming events. Most of our events are limited in duration. This gaming aids Catholic charitable goals. Our Catholic charities across Kentucky use the proceeds to invest in Catholic social, education, and faith ministries. Churches use funds from these events to supplement the weekly offering. Schools use proceeds to maintain lower tuitions or provide for educational needs.

Reasonable regulation of charitable gaming is essential

As a matter of public policy, the Church desires a system that provides reasonable and commonsense regulation of gaming in Kentucky. The Catholic Conference of KY took an active role in passage of legislation establishing regulation. It is important to regulate and police gaming operations to insure that charities do receive the money generated and that the gaming is fair and honest.

The Office of Charitable Gaming provides indispensable oversight

The KY Office of Charitable Gaming (OCG) within the Kentucky Department of Public Protection of state government provides an important system of oversight.

HB 156 makes the following changes to the law to improve the way charitable gaming operates in KY

◆ The reporting requirement for a donated prize is simplified

Currently, a licensee must list on its quarterly report a donated prize paid out that has a fair market value of \$50 and provide the names of the donors along with the prize's fair market value. This bill only requires that level of detailed reporting for donated prizes with a value of more than \$500.

◆ The consequence for an unintentional mistake is limited to a letter of warning

This bill requires a written letter of warning and an opportunity to correct a mistake within a reasonable time, 30 days, for errors that are unintentional or inadvertent.

◆ The Office of Charitable Gaming must notify licenses timely of errors

A licensee must be notified within 2 months of a reporting mistake or within 2 months of discovering a violation for a nonreporting issue.

◆ Requires biannual recalculation of the charitable gaming fee to collect only what is needed to operate the OCG

Currently, under KRS 238.570, a fee is imposed on charitable gaming in the amount of 0.53% of gross receipts derived from all charitable gaming conducted by charitable organizations required to be licensed in the Commonwealth. The purpose of the fee is to fund the OCG. It is appropriate that the licensees, rather than taxpayers, fund the regulators. However, the 0.53% of gross receipts paid by licensees has been and is likely to be more than is needed for the operation of the OCG. For instance, there was a \$1.1 million fund transfer from OCG Agency Revenue Fund to General Fund for FY 05-06. In effect, KY charities, including the many Catholic charities, are paying a fee in excess of what is needed to run the regulatory oversight. That excess funding should be returned to the charities for their charitable purposes rather than functionally used as a general tax through a fund balance transfer. Those charities and their supporters would no doubt prefer that their money not be used in effect as a general tax and instead be used for the intended charitable purposes. The fee should be changed to raise only what is needed via a system that biannually recalibrates the amount of the fee necessary to run OCG.

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