

# HOUSE BILL REPORT

## SSB 5573

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### As Reported by House Committee On:

Commerce & Labor

**Title:** An act relating to raffles by student groups.

**Brief Description:** Authorizing raffles by student groups and public hospital districts.

**Sponsors:** By Senate Committee on Labor, Commerce & Financial Institutions (originally sponsored by Senators Snyder and Kohl-Welles).

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/20/01, 3/30/01 [DPA].

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| <p style="text-align: center;"><b>Brief Summary of Substitute Bill</b><br/><b>(As Amended by House Committee)</b></p> <ul style="list-style-type: none"><li>· Permits associated student bodies in the K-12 public school system to conduct raffles, and exempts the raffle revenue from local government gambling taxes.</li></ul> |
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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass as amended. Signed by 5 members: Representatives Conway, Democratic Co-Chair; Wood, Democratic Vice Chair; Hunt, Kenney and Lisk.

**Minority Report:** Without recommendation. Signed by 3 members: Representatives Clements, Republican Co-Chair; B. Chandler, Republican Vice Chair; and McMorris.

**Staff:** Chris Cordes (786-7103).

### Background:

The Gambling Commission licenses bona fide charitable and nonprofit organizations (including organizations existing under specific state statutes and non-profit corporations organized for various reasons such as charitable, benevolent, educational, civic, social, athletic, or agricultural purposes) to conduct certain gambling activities. Qualified organizations may, however, conduct unlicensed raffles for members only or for the public under the following conditions:

(1) Member-only raffles: The gross revenue from the organization's member-only raffles during a calendar year must not exceed \$5,000 and the tickets may be sold only to members of the organization from whom the winners are selected.

(2) Public raffles: Public raffles may be conducted no more than twice a calendar year, only bona fide members may participate in selling raffle tickets, gross revenue from all unlicensed gambling activities may not exceed \$5,000 in a calendar year, the net revenue must be devoted solely to the organization's purposes, the organization must give at least five days notice to the local police agency, and the organization must keep records for one year from the raffle's date showing at least the gross revenue, details of expenses, and details of uses of the gross revenue.

A "raffle" is a game in which tickets bearing an individual number are sold for not more than \$25 each and in which prizes are awarded on the basis of a drawing from the tickets, the game is conducted by a bona fide charitable or nonprofit organization, no person other than a member of the organization takes part in conducting the game, and the proceeds do not benefit any person other than the organization.

Local governments are permitted to tax gambling activity subject to specific limits. These taxes do not apply to the first \$10,000 of gross receipts, less prizes, from raffles conducted by a bona fide charitable or nonprofit organization.

In the K-12 public school system, associated student bodies are formal organizations of the students of a school formed with the approval of and regulated by the school district's school board under rules adopted by the Superintendent of Public Instruction. The county treasurer holds a fund on deposit for each school district in the county having an associated student body. Separate accounting is required for each associated student body's transactions.

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### **Summary of Amended Bill:**

Associated student bodies in the K-12 public school system and student groups organized under local school board policies regulating these associated student bodies are considered bona fide charitable or nonprofit organizations for purposes of conducting raffles. These groups may conduct unlicensed raffles if:

- the raffle complies with applicable laws and rules of the Gambling Commission and local school district's policies;
- gross revenues from all raffles conducted by an associated student body or student group do not exceed \$15,000 per calendar year or \$5,000 per raffle;
- gross revenues are devoted solely to the use of the associated student body or student group, with the funds deposited in the associated student body program fund and not used for a private purpose; and

- the associated student body or student group keeps records for one year from the raffle's date showing at least the gross revenues, details of expenses, and details of uses of the gross revenues.

Local government gambling taxes do not apply to revenue from raffles conducted by associated student bodies or authorized student groups.

**Amended Bill Compared to Substitute Bill:**

The amendment corrects references to charitable/nonprofit organizations and the associated student body program fund.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Student groups could probably qualify as nonprofit organizations under current law, but the bill gives them more flexibility to raise money through raffles than they would have under current law. The gambling law should be amended to allow political organizations to conduct licensed raffles even when they hire lobbyists.

**Testimony Against:** None.

**Testified:** (Responding to questions) Ed Fleisher, Washington State Gambling Commission.

(No position on bill) Charlie Brown, Washington Association of Mortgage Brokers.