

# SENATE BILL REPORT

## SB 5573

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As Reported By Senate Committee On:  
Labor, Commerce & Financial Institutions, February 22, 2001

**Title:** An act relating to raffles by student groups and public hospital districts.

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

**Sponsors:** Senators Snyder and Kohl-Welles.

**Brief History:**

**Committee Activity:** Labor, Commerce & Financial Institutions: 2/6/01, 2/22/01 [DPS, DNP].

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### SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

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**Majority Report:** That Substitute Senate Bill No. 5573 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Franklin, Patterson, Rasmussen, Regala, West and Winsley.

**Minority Report:** Do not pass.

Signed by Senators Hochstatter and Honeyford.

**Staff:** Catherine Mele (786-7470)

**Background:** A raffle is an event where an organization sells tickets and awards prizes based on a drawing conducted by a sponsoring organization.

The Gambling Commission licenses bona fide charitable or nonprofit organizations to conduct raffles. Generally, an organization must qualify as a charitable or nonprofit under the Internal Revenue Service Code in order to conduct a raffle. In addition, the organization must organize and operate for at least 12 months prior to selling any raffle tickets; prove that the organization made significant progress toward accomplishing its stated purposes during the 12 consecutive months prior to conducting any raffle; and have at least 15 voting members who elect the governing body.

Qualifying bona fide and charitable organizations also may conduct two types of unlicensed raffles. An organization may hold an unlicensed raffle if organization members sell tickets only to other members, and the gross revenue from the raffles does not exceed \$5,000 in a calendar year. Organizations may also hold two unlicensed public raffles per year where the organization may sell tickets to the public and the gross revenue from the raffles does not exceed \$5,000 in a calendar year. Revenues from unlicensed public raffles must be devoted solely to the purpose for which the organization qualifies as a charitable or nonprofit organization.

Bona fide and charitable organizations are not taxed on the first \$10,000 of gross receipts from raffles (less the amount awarded as cash or merchandise prizes).

**Summary of Substitute Bill:** Associated student bodies and student groups are considered bona fide charitable and nonprofit organizations under the gambling laws and may conduct unlicensed raffles under certain conditions. The raffles must be held according to all other requirements under the gambling laws, and the gross revenues from the raffles must not exceed \$15,000 per calendar year or \$5,000 per raffle. The sponsoring organization must devote all gross revenues from the raffles to its purpose. The monies from the raffles must be deposited in the associated student body fund program and not to any private purpose. The organizations must keep records for one year showing the gross revenue and expenses of the raffle and where the organizations spend the raffle money.

Revenues from both types of raffles are exempt from taxation.

**Substitute Bill Compared to Original Bill:** The substitute clarifies that only associated student groups recognized by the associated student body may conduct raffles according to applicable school board policies. It places the funds from raffle earnings into the associated student body fund regulated by state law and subject to audit. All references to public hospital districts are stricken.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** Our school districts have a funding problem for extra-curricular activities. Usually funding is done through car washes and bake sales. Raffles are another way that the kids can raise money. By having occasional raffles, the kids can achieve their goals and experience different things.

**Testimony Against:** None.

**Testified:** Butch Smith (pro).