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**Commerce & Labor Committee**

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**HB 1227**

**Brief Description:** Concerning promotional contests of chance.

**Sponsors:** Representatives Pflug, Wood, Conway and Chandler.

**Brief Summary of Bill**

- Prohibits sponsors of promotional contests from offering additional chances to win contests through vending machine purchases.

**Hearing Date:** 1/27/03

**Staff:** Matt Cooper (786-7106).

**Background:**

Promotional contests are games or contests to promote a business activity where a part of the outcome is determined by chance. Promotional contests are regulated by consumer protection laws and are exempt from gambling regulations. Sponsors of promotional contests may not require a person to pay for the chance to participate in a contest. Sponsors may give additional chances to participate in contests when a person makes a purchase of goods or services. However, sponsors must offer alternate methods for additional chances that do not require a purchase. (This requirement does not apply to sponsors of contests conducted through direct mail solicitations.)

Recently, a distributor of a particular type of vending machine sought a declaratory judgment that its vending machine was a promotional contest. The administrative law judge held that the vending machine was not a promotional contest, but a gambling device. As such, the vending machine was subject to gambling laws and regulation by the Gambling Commission.

**Summary of Bill:**

Sponsors of promotional contests may give additional chances to enter a contest with a purchase, as long as the purchase is not made through a vending machine.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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