

HOUSE BILL REPORT

HB 1944

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to raffles conducted by state employees.

Brief Description: Allowing raffles conducted by state employees.

Brief History:

Committee Activity:

Commerce & Labor: 1/23/06, 1/26/06 [DPS].

Brief Summary of Substitute Bill

- Allows state employees to conduct and participate in raffles for charitable purposes.
- Allows state employees to solicit donations to support raffles for charitable purposes.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse, Holmquist, Hudgins, Kenney and McCoy.

Staff: Chris Cordes (786-7103).

Background:

Regulation of Raffles

The Washington Gambling Act (Gambling Act) authorizes charitable organizations and nonprofit organizations to conduct raffles to raise funds for the organization's stated purposes. The Washington State Gambling Commission (Commission) regulates raffles and has adopted rules governing the conduct of raffles.

To qualify as an entity that may conduct raffles, the nonprofit organization must be organized for one of the purposes authorized by statute, such as agricultural, educational, political, athletic, fraternal, social, civic, or patriotic purposes, and must meet other eligibility requirements.

A raffle may be conducted as a licensed or unlicensed raffle. Two types of raffles may qualify to be unlicensed: (1) a "members only" raffle must be held exclusively among the organization's members and the combined gross revenue may not exceed \$5,000 per year; and (2) a "public" raffle may be held two times per year and may be open to the public if the combined gross revenue does not exceed \$5,000 per year, it is managed and conducted exclusively by members, the organization maintains records for one year, and it provides notice of the raffle to the local police agency at least five days in advance. Raffles not meeting these requirements must be licensed by the Commission.

Certain requirements apply to all raffles. For example, raffle tickets may not cost more than \$25 and the winner must be selected by a drawing unless the Commission gives special permission for an alternate method. Additionally, organizers may not provide free tickets or tickets sold on credit or pay members for managing or operating the raffle. All proceeds must go to the organization to support their charitable or other authorized purpose.

State Ethics Act

The state Ethics in Public Service Act (State Ethics Act) prohibits employees and officers of state agencies from engaging in any activity that conflicts with the proper discharge of that person's official duties or using public resources, including state-compensated time and state-owned facilities, for private gain. The Executive Ethics Board (EEB) administers the State Ethics Act as applied to higher education and the executive branch. The EEB may issue binding advisory opinions interpreting the State Ethics Act.

The EEB rules allow state employees to engage in limited personal use of state resources if the use is de minimis and does not conflict with performance of official duties. According to an EEB advisory opinion, however, the de minimis exception does not apply to gambling. The EEB reasoned that gambling activity, even if not specifically prohibited by statute, necessarily undermines public confidence in government, at least when the agency lacks specific statutory authorization.

The State Ethics Act also limits solicitation of gifts and donations. State employees may not accept or solicit anything of economic value if someone might reasonably expect that the donation or gift would either influence the employee or reward that person for a previous action. The statute, however, exempts solicitation for donations for various specified reasons, including providing for historic furnishings in the capitol, promoting tourism, supporting the Oral History, State Library, and Archives Account, and hosting a national legislative association conference.

Summary of Substitute Bill:

Raffles conducted by state agency employees are not a form of gambling subject to the Gambling Act, or rules adopted under the Gambling Act, when conducted as follows:

- the gross revenues from such a raffle do not exceed \$3,000 per raffle;

- tickets are sold only to, and winners are determined only from among, state agency employees; and
- all net proceeds are devoted to charitable or other authorized purposes.

The State Ethics Act is amended to allow state officers and employees to solicit gifts, grants, or donations to support raffles for charitable or other authorized purposes.

Substitute Bill Compared to Original Bill:

The substitute bill deletes the original provisions that added state employees to the list of entities authorized to engage in charitable raffles under the Gambling Commission's jurisdiction, and provides that raffles conducted by state agency employees are not a form of gambling subject to the Washington Gambling Act when (1) the gross revenues from such a raffle do not exceed \$3,000 per raffle; (2) tickets are sold only to, and winners determined only from among, state agency employees; and (3) all net proceeds are devoted to a charitable or other authorized purposes.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill:

Testimony For: (In support) Many state agencies support charitable causes year around. Some have raised as much as \$5,000 for "adopt-a-family," "Make-a-Wish" Foundation, and other causes. Sometimes this is possible because matching funds are made available. The \$3,000 annual limit should be increased.

(With concerns) The Gambling Commission is neutral on the original bill. The proposed substitute raises some issues. It is not clear whether the Gambling Commission would have jurisdiction to deal with any complaints about these raffles. It should be pointed out that other limits that apply to raffles, such as a ticket price limit of \$25, would not apply to these raffles.

Testimony Against: None.

Persons Testifying: (In support) Representative Hunt, prime sponsor; Charlene Hunt; and Don Vaughan.

(With concerns) Amy Hunter, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.