

# SENATE BILL REPORT

## HB 1599

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As Reported By Senate Committee On:  
Labor, Commerce, Research & Development, March 22, 2007

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

**Brief Description:** Allowing raffles by state employees.

**Sponsors:** Representatives Hunt, Williams, Conway, Ormsby, McDermott and Wood.

**Brief History:** Passed House: 3/06/07, 94-0.

**Committee Activity:** Labor, Commerce, Research & Development: 3/22/07 [DP].

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### SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Ranking Minority Member; Franklin and Holmquist.

**Staff:** Kathleen Buchli (786-7488)

**Background:** Charitable organizations and nonprofit organizations may conduct raffles to raise funds for the organization's stated purposes. The Gambling Commission (Commission) regulates raffles and may issue rules governing licensing of organizations conducting 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. Additionally, the organization must operate for 12 months prior to selling tickets, must show significant progress towards achieving its purpose during those months, and have at least 15 voting members.

The Commission authorizes three types of raffles:

- 1) Unlicensed "Members-only" Raffles: An organization may hold an unlimited number of raffles that are open exclusively to members so long as the combined gross revenue does not exceed \$5,000 per year;
- 2) Unlicensed "Public" Raffles: An organization may hold two raffles per year that are 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; and

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

- 3) Licensed Raffles: If an organization wishes to hold a raffle that does not conform to the unlicensed raffle requirements (for example a raffle that will bring in more than \$5,000), it must be licensed.

The State Ethics in Public Service Act (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 Ethics Act as applied to higher education and the executive branch.

The EEB rules allow state employees to engage in limited personal use of state resources. According to an EEB advisory opinion, the limited use exception does not apply to gambling. The EEB reasoned that gambling activities undermine public confidence in state government.

**Summary of Bill:** Gambling Act: A group of employees of a state agency or a section, unit, division, or subdivision of a state agency is considered a bona fide nonprofit organization for purposes of conducting a raffle when:

- the employees have received revocable approval from the agency's chief executive official to conduct one or more raffles;
- the raffle is conducted solely to raise funds for either the state combined fund drive, an entity approved to receive funds from the state combined fund drive, or a charitable or benevolent entity such as a person or family in need;
- the employees promptly provide information about the group's receipts, expenditures, and other activities as required by the agency's chief executive official; and
- the raffle is conducted as a member's only raffle.

Ethics Act: State officers and employees may solicit gifts, grants, or donations solely to support authorized raffles.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This should not be considered an expansion of gambling because this is reinstating something that had occurred before. The Department of Labor and Industries had been conducting charitable raffles until they were told by the Ethics Commission that state employees could not conduct charitable raffles. This was the leading fund raising activity of the Department of Labor and Industries and all proceeds went to charity. Charitable activities of state employees do not undermine the public's confidence in government. Raffles provide another method for state employees to provide money to the Combined Fund Drive.

**Persons Testifying:** PRO: Representative Hunt, prime sponsor; Charlene Hunt, State Employee; Terri Hall, State Employee, Washington Federation of State Employees Local #443; Randy Ryan, Combined Fund Drive; Dennis Eagle, Washington Federation of State Employee.