

ESSB 5723 - H COMM AMD

By Committee on Government Accountability & Oversight

ADOPTED AND ENGROSSED 4/12/13

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 9.46 RCW
4 to read as follows:

5 (1) A bona fide charitable or nonprofit organization, as defined in
6 RCW 9.46.0209, whose primary purpose is serving individuals with
7 intellectual disabilities may conduct enhanced raffles if licensed by
8 the commission.

9 (2) The commission has the authority to approve two enhanced
10 raffles per calendar year for western Washington and two enhanced
11 raffles per calendar year for eastern Washington. Whether the enhanced
12 raffle occurs in western Washington or eastern Washington will be
13 determined by the location where the grand prize winning ticket is to
14 be drawn as stated on the organization's application to the commission.
15 An enhanced raffle is considered approved when voted on by the
16 commission.

17 (3) The commission has the authority to approve enhanced raffles
18 under the following conditions:

19 (a) The value of the grand prize must not exceed five million
20 dollars.

21 (b) Sales may be made in person, by mail, by fax, or by telephone
22 only. Raffle ticket order forms may be printed from the bona fide
23 charitable or nonprofit organization's web site. Obtaining the form in
24 this manner does not constitute a sale.

25 (c) Tickets purchased as part of a multiple ticket package may be
26 purchased at a discount.

27 (d) Multiple smaller prizes are authorized during the course of an
28 enhanced raffle for a grand prize including, but not limited to, early
29 bird, refer a friend, and multiple ticket drawings.

1 (e) A purchase contract is not necessary for smaller noncash
2 prizes, but the bona fide charitable or nonprofit organization must be
3 able to demonstrate that such a prize is available and sufficient funds
4 are held in reserve in the event that the winner chooses a noncash
5 prize.

6 (f) All enhanced raffles and associated smaller raffles must be
7 independently audited, as defined by the commission during rule making.
8 The audit results must be reported to the commission.

9 (g) Call centers, when licensed by the commission, are authorized.
10 The bona fide charitable or nonprofit organization may contract with a
11 call center vendor to receive enhanced raffle ticket sales. The vendor
12 may not solicit sales. The vendor may be located outside the state,
13 but the bona fide charitable or nonprofit organization must have a
14 contractual relationship with the vendor stating that the vendor must
15 comply with all applicable Washington state laws and rules.

16 (h) The bona fide charitable or nonprofit organization must be the
17 primary recipient of the funds raised.

18 (i) Sales data may be transmitted electronically from the vendor to
19 the bona fide charitable or nonprofit organization. Credit cards,
20 issued by a state regulated or federally regulated financial
21 institution, may be used for payment to participate in enhanced
22 raffles.

23 (j) Receipts including ticket confirmation numbers may be sent to
24 ticket purchasers either by mail or by e-mail.

25 (k) In the event the bona fide charitable or nonprofit organization
26 determines ticket sales are insufficient to qualify for a complete
27 enhanced raffle to move forward, the enhanced raffle winner must
28 receive fifty percent of the net proceeds in excess of expenses as the
29 grand prize. The enhanced raffle winner will receive a choice between
30 an annuity value equal to fifty percent of the net proceeds in excess
31 of expenses paid by annuity over twenty years, or a one-time cash
32 payment of seventy percent of the annuity value.

33 (l) A bona fide charitable or nonprofit organization is authorized
34 to hire a consultant licensed by the commission to run an enhanced
35 raffle; in addition, the bona fide charitable or nonprofit organization
36 must have a dedicated employee who is responsible for oversight of
37 enhanced raffle operations. The bona fide charitable or nonprofit

1 organization is ultimately responsible for ensuring that an enhanced
2 raffle is conducted in accordance with all applicable state laws and
3 rules.

4 (4) The commission has the authority to set fees for bona fide
5 charitable or nonprofit organizations, call center vendors, and
6 consultants conducting enhanced raffles authorized under this section.

7 (5) The commission has the authority to adopt rules governing the
8 licensing and operation of enhanced raffles.

9 (6) Except as specifically authorized in this section, enhanced
10 raffles must be held in accordance with all other requirements of this
11 chapter, other applicable laws, and rules of the commission.

12 (7) For the purposes of this section:

13 (a) "Enhanced raffle" means a game in which tickets bearing an
14 individual number are sold for not more than two hundred fifty dollars
15 each and in which a grand prize and smaller prizes are awarded on the
16 basis of drawings from the tickets by the person or persons conducting
17 the game. An enhanced raffle may include additional related entries
18 and drawings, such as early bird, refer a friend, and multiple ticket
19 drawings when the bona fide charitable or nonprofit organization
20 establishes the eligibility standards for such entries and drawings
21 before any enhanced raffle tickets are sold. No drawing may occur by
22 using a random number generator or similar means.

23 (b) "Early bird drawing" means a separate drawing for a separate
24 prize held prior to the grand prize drawing. All tickets entered into
25 the early bird drawing, including all early bird winning tickets, are
26 entered into subsequent early bird drawings, and also entered into the
27 drawing for the grand prize.

28 (c) "Refer a friend drawing" means a completely separate drawing,
29 using tickets distinct from those for the enhanced raffle, for a
30 separate prize held at the conclusion of the enhanced raffle for all
31 enhanced raffle ticket purchasers, known as the referring friend, who
32 refer other persons to the enhanced raffle when the other person
33 ultimately purchases an enhanced raffle ticket. The referring friend
34 will receive one ticket for each friend referred specifically for the
35 refer a friend drawing. In addition, each friend referred could also
36 become a referring friend and receive his or her own additional ticket
37 for the refer a friend drawing.

1 (d) "Multiple ticket drawing" means a completely separate drawing,
2 using tickets distinct from those for the enhanced raffle, for a
3 separate prize held at the conclusion of the enhanced raffle for all
4 enhanced raffle ticket purchasers who purchase a specified number of
5 enhanced raffle tickets. For example, a multiple ticket drawing could
6 include persons who purchase three or more enhanced raffle tickets in
7 the same order, using the same payment information, with tickets in the
8 same person's name. For each eligible enhanced raffle ticket purchased,
9 the purchaser also receives a ticket for the multiple ticket drawing
10 prize.

11 (e) "Western Washington" includes those counties west of the
12 Cascade mountains, including Clallam, Clark, Cowlitz, Grays Harbor,
13 Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San
14 Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, and Whatcom.

15 (f) "Eastern Washington" includes those counties east of the
16 Cascade mountains that are not listed in (e) of this subsection.

17 (8) By December 2016, the commission must report back to the
18 appropriate committees of the legislature on enhanced raffles. The
19 report must include results of the raffles, revenue generated by the
20 raffles, and identify any state or federal regulatory actions taken in
21 relation to enhanced raffles in Washington. The report must also make
22 recommendations, if any, for policy changes to the enhanced raffle
23 authority.

24 (9) This section expires June 30, 2017."

25 Correct the title.

--- END ---