

**ESSB 5723** - H COMM AMD

By Committee on Government Accountability & Oversight

ADOPTED AS AMENDED 04/12/2013

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 2017, 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, 2016."

25 Correct the title.

EFFECT: (1) Adds a new statutory provision authorizing the  
printing of raffle ticket order forms from the web site of the charity  
or nonprofit organization; (2) specifies that obtaining raffle ticket  
order forms by printing them from a web site does not constitute the  
sale of a raffle ticket; and (3) changes the expiration date of the act  
from June 30, 2017, to June 30, 2016.

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