

# HOUSE BILL REPORT

## SSB 6449

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### As Reported by House Committee On: Commerce & Gaming

**Title:** An act relating to enhanced raffles.

**Brief Description:** Concerning enhanced raffles.

**Sponsors:** Senate Committee on Commerce & Labor (originally sponsored by Senators Hewitt and Conway).

**Brief History:**

**Committee Activity:**

Commerce & Gaming: 2/22/16 [DP].

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Extends the expiration date of the statutory authorization for enhanced raffles from June 30, 2017, to June 30, 2022.</li></ul>
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### HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** Do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Scott, Van De Wege and Vick.

**Staff:** Thamas Osborn (786-7129).

**Background:**

Washington's Gambling Act authorizes charitable and nonprofit organizations to conduct raffles to raise funds for the organization's stated purposes. A raffle is an event where tickets are sold and prizes are awarded based on a random drawing. The Washington State Gambling Commission (Commission) regulates raffles.

In general, only certain charitable and nonprofit organizations are permitted to offer raffles. Unless otherwise authorized by statute, the maximum price of a raffle ticket is \$100. Some

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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.*

raffles require a license from the Commission and others do not. As a general rule, raffles involving combined gross revenues not exceeding \$5,000 do not require a license.

In 2013 the Legislature authorized a new type of raffle, known as an "enhanced raffle," that allows a grand prize worth up to \$5 million and is subject to specialized rules and requirements. The statutory authorization for enhanced raffles expires on June 30, 2017. Until then, the Commission is authorized to approve two enhanced raffles per calendar year in western Washington and two in eastern Washington. Only a bona fide charitable or nonprofit organization whose primary purpose is serving individuals with intellectual disabilities is eligible to conduct an enhanced raffle. "Enhanced raffle" means a game involving the sale of tickets bearing an individual number and in which a grand prize and smaller prizes are awarded on the basis of drawings of the tickets by the person or persons conducting the game. The Commission is authorized to adopt rules governing the licensing and operation of such raffles.

In order to be approved by the Commission, an enhanced raffle must meet specified conditions, including the following:

- The cost of tickets may not exceed \$250 each.
- The value of the grand prize may not exceed \$5 million.
- Sales of tickets must be made only in person, by mail, by fax, or by telephone.
- Where noncash prizes are offered, the sponsoring organization must be able to demonstrate that such prizes are available and that sufficient funds are held in reserve in the event the winner chooses a noncash prize.
- All enhanced raffles and associated smaller raffles must be independently audited pursuant to rules promulgated by the Commission.
- The bona fide charitable or nonprofit organization must be the primary recipient of the funds raised.
- The sponsoring organization must have a dedicated employee who is responsible for the oversight of enhanced raffle operations.
- An enhanced raffle must be conducted in accordance with all other requirements of the Gambling Act, other applicable laws, and the rules of the Commission.

The Commission is required to submit a report to the Legislature regarding enhanced raffles not later than December 2016.

The statutory authorization for enhanced raffles expires on June 30, 2017.

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**Summary of Bill:**

The expiration date of the statutory authorization for enhanced raffles is extended from June 30, 2017, to June 30, 2022.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is an excellent bill that will enable the continuation of charitable raffles that have greatly benefitted both the Special Olympics and thousands of persons with intellectual disabilities. If the bill does not pass, then the statutory authorization for these raffles will expire as of June 2017. The enhanced raffles have been a hugely successful means of raising the funds necessary to fund disabled athletes, the Special Olympics, and special athletic programs in over 100 school districts and approximately 225 individual schools. Prior to the legislative authorization for these raffles, only 10 school districts had athletic programs for disabled students. Since the raffle was first implemented in 2014, the number of participating athletes has increased from 10,000 to approximately 14,500. Passage of the bill will ensure that this expansion will continue.

(Opposed) None.

**Persons Testifying:** Denny Eliason and Dan Wartelle, Special Olympics Washington; and Brian Considine, Washington State Gambling Commission.

**Persons Signed In To Testify But Not Testifying:** None.