

SENATE BILL REPORT

ESSB 5671

As Passed Senate, March 1, 2017

Title: An act relating to simplifying the process for bona fide charitable and nonprofit organization to engage in activities and social pastimes, and raise funds for their authorized purposes.

Brief Description: Simplifying the process for bona fide charitable and nonprofit organization to engage in activities and social pastimes, and raise funds for their authorized purposes.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators Fortunato, Sheldon, Rivers and Wilson).

Brief History:

Committee Activity: Commerce, Labor & Sports: 2/08/17, 2/15/17 [DPS, w/oRec].

Floor Activity:

Passed Senate: 3/01/17, 30-19.

Brief Summary of Engrossed First Substitute Bill

- Increases the number of raffles, open to the public, that may be held to four events per year and increases the maximum revenue limits.
- Authorizes tiered levels of discounted packages for raffle tickets.
- Modifies the process for conducting random draw raffle events involving a physical item selected by a participant, commonly referred to as duck draws.
- Redefines the term raffle to eliminate the need for an accompanying ticket for certain duck draw events.

SENATE COMMITTEE ON COMMERCE, LABOR & SPORTS

Majority Report: That Substitute Senate Bill No. 5671 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; King, Rossi, Saldaña and Wilson.

Minority Report: That it be referred without recommendation.

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.

Signed by Senators Keiser, Ranking Minority Member; Conway and Hasegawa.

Staff: Richard Rodger (786-7461)

Background: Charitable and Nonprofit Gambling Activities. Washington's Gambling Act authorizes bona fide charitable and nonprofit organizations to conduct limited gambling activities to raise funds for the organizations' stated purposes. The organization must be organized for one of the purposes specified in statute which include agricultural, charitable, educational, political, fraternal, or athletic purposes, and meet other requirements. The organizations may conduct bingo games, raffles, amusement games, and fund-raising events, utilize punchboards and pull-tabs, and play social card games when done in accordance with the Gambling Commission's (commission) rules and regulations.

Unlicensed Gambling. Charitable and nonprofit organizations may conduct bingos, raffles, and amusement games without a license, so long as the total gross revenue does not exceed \$5,000 per year. The \$5,000 limit was established in 1974.

The organizations are limited to a total of two events per year, which can not exceed a period of more than 12 consecutive days per event.

Tiered Discounts. Charitable and nonprofit organizations are not specifically authorized to offer raffle tickets in tiered levels of discounted packages.

Random Item Draws. When conducting random draw raffle events involving a physical item selected by a participant, charitable and nonprofit organizations are required to issue an individual numbered ticket in addition to the physical item that has the winning number printed on it.

Summary of Engrossed First Substitute Bill: Unlicensed Gambling. Charitable and nonprofit organizations may conduct up to four unlicensed raffle events per year that are open to the public. The maximum annual revenue limits from unlicensed events is increased to \$10,000 for raffles and to \$5,000 total for bingo and amusement games.

Tiered Discounts. Charitable and nonprofit organizations are specifically authorized to offer raffle tickets in tiered levels of discounted packages.

Random Item Draws. The process for conducting random draw raffle events, involving a physical item selected by a participant, commonly referred to as duck draws, no longer requires a ticket to be attached to the item. The definition of raffle is amended to eliminate the need for an accompanying ticket for certain duck draw events.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill simply aligns the statutes with the current practices of church's charitable fundraising. These rules need to be simplified otherwise all the organizers could be found in violation. The annual limit on unlicensed events was set at \$5,000 in 1974, and with inflation that figure would be \$26,000. Raising the per event limit will just be maintaining the limit with the rate of inflation. The bill makes the authorized events more enforceable. The tiered level of discounts simplifies the process and will help charities raise additional funds. The current \$5,000 limit is on gross receipts and should be changed to gross revenue. The requirement of each charity having to open separate bank accounts for their gambling funds is an unnecessary and time-consuming requirement. The charity deposit slips provide an adequate paper trail.

OTHER: We are concerned about possible unintended consequences. Increasing the dollar limits that an organization can bring in through unlicensed activities raises concerns about the deterioration of safeguards to prevent theft. Our investigators spent 4,500 hours investigating possible theft cases last year. The Gambling Commission will be reviewing this bill tomorrow and we will report back to the Committee with our suggestions.

Persons Testifying: PRO: Senator Phil Fortunato, Prime Sponsor; James Williams, Tacoma Sportsmen's Club, Pierce County Sportsmen's Council.

OTHER: Brian Considine, Gambling Commission/Legislative Liaison.

Persons Signed In To Testify But Not Testifying: No one.