

HOUSE BILL REPORT

HB 2281

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to amending types of nonprofit organizations qualified to engage in gambling activities.

Brief Description: Amending types of nonprofit organizations qualified to engage in gambling activities.

Sponsors: Representatives Kloba and Peterson; by request of Gambling Commission.

Brief History:

Committee Activity:

Commerce & Gaming: 1/13/20, 1/21/20 [DP].

Brief Summary of Bill

- Adds religious and scientific purposes to the types of eligible purposes for an organization to be considered a "bona fide charitable or nonprofit organization."

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 11 members: Representatives Peterson, Chair; Kloba, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel, Vick and Young.

Staff: Kyle Raymond (786-7190).

Background:

Washington's Gambling Act authorizes a "bona fide charitable or nonprofit organization" to conduct certain gambling activities such as bingo games, raffles, amusement games, and fundraising events to raise funds for the organization's purpose. Such a bona fide charitable or nonprofit organization may also allow the use of its premises, furnishings, and other facilities by members of the organization for the playing of social card and dice games. Depending on how the activity is conducted, a license issued to the bona fide charitable or

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nonprofit organization by the Washington State Gambling Commission (Commission) may be required.

To be an eligible "bona fide charitable or nonprofit organization," the organization must be organized for one of the purposes specified in statute, which include agricultural, charitable, political, fraternal, or athletic purposes. In addition, the organization must be organized and continuously operating for at least 12 calendar months immediately preceding applying for a license to operate a gambling activity or operating any gambling activity for which no license is required. The organization must also demonstrate to the Commission that the organization has made significant progress toward the accomplishment of the organization's purpose during the 12 consecutive month period preceding the date of application for a license or license renewal, and may not pay its employees compensation other than is reasonable under the local prevailing wage scale.

Summary of Bill:

Religious and scientific purposes are added to the types of eligible purposes for an organization to be considered a "bona fide charitable or nonprofit organization."

The bill provides that a nonprofit organization registered under the Charitable Solicitations Act is eligible to be considered a "bona fide charitable or nonprofit organization."

The bill provides that credit unions may be licensed by the Commission to conduct member-only raffles.

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 bill is request legislation from the Commission, and the intent of this legislation is to clarify and streamline issues that have come up for the Commission over the last few years.

This is a smart, simple, common sense piece of legislation. This bill will have a huge positive impact on nonprofit organizations throughout the state.

The bill adds religious and scientific purposes to the existing 11 purposes under which an organization is eligible to be considered a "bona fide charitable or nonprofit organization" to conduct charitable gambling under the Gambling Act (Act).

Currently, nonprofits under 26 U.S.C.501(c)(3) must be organized for charitable, religious, educational, and scientific purposes. Only two of those purposes appear in the list of qualifications for a bona fide charitable organization under the Act.

Churches are included under the Gambling Act. However, churches are included as a separate group from the list of charitable or nonprofit organizations under the Act. Any activity the Legislature does not expressly authorize is prohibited under the Act. The Commission believes now is a good time to add religious and scientific to provide clarity and efficiency.

The bill also adds language that would allow credit unions to be licensed by the Commission to conduct member-only raffles. Credit unions are given a special exemption allowing them to do a member-only license raffle, and current statute only includes unlicensed raffles. The Commission recently decided to issue a raffle license to a credit union, so this bill would allow credit unions to be licensed by the Commission.

The bill adds charitable solicitations for nonprofits as a recommendation from the Washington Secretary of State.

(Opposed) None.

Persons Testifying: Representative Kloba, prime sponsor; Dave Trujillo and Brian Considine, Washington State Gambling Commission; and Jordan Talge, Seattle University.

Persons Signed In To Testify But Not Testifying: None.