
Commerce & Gaming Committee

HB 2069

Brief Description: Increasing flexibility for bona fide charitable or nonprofit organizations to conduct raffles.

Sponsors: Representatives Boehnke, Sutherland and Jacobsen.

Brief Summary of Bill

- Authorizes a bona fide charitable or nonprofit organization to sell raffle tickets in person, by mail, by fax, or by telephone.
- Clarifies that raffle ticket order forms may be printed from an organization's website, but the website may not be used to facilitate the sale of raffle tickets other than to obtain the order form.

Hearing Date: 2/1/22

Staff: Matt Sterling (786-7289).

Background:

Charitable or Nonprofit Organization.

Generally, bona fide charitable or nonprofit organizations are authorized to conduct bingo games, raffles, amusement games, and fundraising events, and to be used by members and guests to play social card games authorized by the Washington State Gambling Commission (Commission) when such organizations are licensed or are operated pursuant to exceptions provided by law.

"Bona fide charitable or nonprofit organization" means an organization that is established for charitable, educational, civic, patriotic, political, religious, scientific, social, fraternal, athletic, or agricultural purposes that the Commission determines has been organized and is operated

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primarily for purposes other than the operation of gambling activities.

An organization must have been organized and continuously operating and demonstrated significant progress towards the purposes of the organization for at least 12 months before operating a gambling activity or applying for any license to operate a gambling activity. For the purposes of conducting raffles, a "bona fide charitable or nonprofit organization" includes a county, city, or town, as long as all revenue less prizes and expenses from raffles conducted by the county, city, or town are used for community activities or tourism- promotion activities.

Raffle Game Requirements.

The term "raffle" means a game conducted by a charitable or nonprofit organization with tickets bearing an individual number that are sold for \$100 or less and prizes that are awarded on the basis of a drawing from the tickets by the raffle operator. The raffle must be operated by a member of the organization and no part of the raffle game proceeds may benefit any person other than the organization. Except for an "enhanced raffle," any single prize may not exceed \$40,000 in value and no group of prizes during a 12-month period may exceed \$300,000. A written request to exceed the prize limit may be granted to an organization if there is good cause shown to the Commission. An "enhanced raffle license" is available to a bona fide charitable or nonprofit organization whose primary purpose is serving individuals with intellectual disabilities. The Special Olympics has used this license for raffles. With enhanced raffles, individual tickets can be sold for \$250 and the grand prize can be \$10 million.

If a qualifying charitable or nonprofit organization operates without a license, restrictions include that raffle activities may not be conducted on more than two (multi-day) occurrences per calendar year and gross revenues from raffle activities cannot exceed \$5,000. A raffle license is required if any of the following circumstances apply:

- More than two public raffles are offered in a calendar year.
- Gross revenue from the two unlicensed public raffles will exceed \$5,000 in a calendar year.
- Gross revenue from unlicensed members-only raffles will exceed \$5,000 in a calendar year.
- The organization has a bingo or amusement game license and wants to offer public raffles.
- Tickets are sold by someone other than a member of the organization. Unpaid volunteers may sell tickets, but only under the supervision of a member.
- Firearms are awarded as prizes.
- A joint raffle is offered with another organization.
- Noncash incentives are given for selling tickets.
- Discounted tickets are sold at public raffles or members-only raffles.
- Winners are chosen using an alternative drawing format.

Restrictions on Selling Raffle Tickets.

The Commission administers rules for raffle games to require that sales of raffle tickets by qualifying organizations are subject to the following requirements:

- A member cannot be paid to sell tickets, unless they are an employee and have other duties.
- Tickets must be paid for in full by cash, check, or credit card.
- Tickets cannot be sold over the Internet or telephone.
- Tickets and payments for tickets cannot be mailed.

Sales of enhanced raffle tickets are authorized by law to be made in person, by mail, by fax, or by telephone. Raffle ticket order forms may be printed from the bona fide charitable or nonprofit organization's website. Obtaining the form in this manner does not constitute a sale. Each enhanced raffle is accompanied by an independent audit.

Summary of Bill:

A bona fide charitable or nonprofit organization may sell raffle tickets in person, by mail, by fax, or by telephone. Organizations may provide raffle ticket order forms on the organization's website, but the website may not be used to facilitate the sale of raffle tickets other than to obtain the order form.

The Legislature finds that a source of fundraising for service-based organizations is hampered by the inability to offer modern purchase methods and the laws that restrict the use of these methods. The Legislature intends to ease the restrictions on the sale of raffle tickets by these organizations.

Appropriation: None.

Fiscal Note: Requested on January 25, 2022.

Effective Date: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to the sale of raffle tickets, which takes effect January 01, 2023.