

SENATE BILL REPORT

SB 6190

As of January 24, 2024

Title: An act relating to requirements for fund-raising activities of bona fide charitable nonprofit organizations.

Brief Description: Modifying requirements for fund-raising activities of bona fide charitable nonprofit organizations.

Sponsors: Senators Rivers, Schoesler and Wilson, L..

Brief History:

Committee Activity: Business, Financial Services, Gaming & Trade: 1/25/24.

Brief Summary of Bill

- Authorizes bona fide charitable or nonprofit organizations to conduct sweepstakes.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Staff: Clint McCarthy (786-7319)

Background: If an activity meets the definition of gambling in the Gambling Act, it is prohibited unless authorized in law. Sweepstakes are not currently authorized by the Gambling Act. In general, a sweepstakes is a marketing or consumer sales promotion which involves the offering of prizes to participants where winners are selected by chance and no consideration is required. Consideration means an undertaking in response to a promise. There are generally two types of consideration in the context of sweepstakes promotions: monetary and nonmonetary.

Summary of Bill: Sweepstakes games sponsored by bona fide charitable or nonprofit organizations are authorized under the Gambling Act. The Gambling Commission can authorize and issue licenses for sweepstakes games. Bona fide charitable or nonprofit

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organizations must adhere to certain conditions when licensed or authorized to conduct a sweepstakes.

Those conditions include:

- not to charge an entry fee to participate;
- donations to the charity cannot increase a participant's chances of winning;
- must be open to all residents in Washington 18 years or older;
- all permitted means of entry must clearly indicate no purchase is required;
- all entries must provide the entrant with equal odds of winning;
- advertising must comply with signage and advertising restrictions in the Gambling Act; and
- sweepstakes where consumers are entitled to an allotment or accumulation of points based on purchases made over a period of time are prohibited.

Unfair sweepstakes practices include:

- misrepresenting odds of winning;
- misrepresenting rules, terms, or conditions of participation;
- failing to disclose:
 1. maximum amount of postage a participant may be asked to pay;
 2. the date or dates on or before which the contest will terminate; and
 3. all rules, terms, or conditions of the contest.
- failure to clearly disclose the exact nature and value of the prizes;
- failure to award and distribute all prizes represented;
- falsely representing the number of participants;
- representing that someone has won any prize in a contest unless there has been a real contest in which at least a majority of the participants have failed to win a prize; and
- failing to secure the consent of individuals to be used in promotional materials.

Contestants must be given the opportunity to indicate if they wish to enter a phase of the contest for free. There are a number of restrictions on solicitation materials provided to clarify the rules of participation. Official rules must disclose the date or dates the winners will be announced.

Appropriation: None.

Fiscal Note: Requested on January 22, 2024.

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

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