

HOUSE BILL REPORT

HB 2358

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to fund raising events.

Brief Description: Allowing charitable organizations to hire vendors to conduct fund raising events.

Sponsors: Representatives Wood, McMorris, Clements, Conway and Radcliff.

Brief History:

Committee Activity:

Commerce & Labor: 1/19/00, 2/2/00 [DPS].

Brief Summary of Substitute Bill

- Establishes another method for charitable and nonprofit organizations to conduct fund-raising events by allowing the sponsoring organization to hire a person or vendor to conduct the activities subject to certain restrictions and to raise money by charging participants rather than through gambling with real money.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Lisk; McIntire and McMorris.

Minority Report: Do not pass. Signed by 1 member: Representative Hurst.

Staff: Pam Madson (786-7166).

Background: Nonprofit or charitable organizations may conduct fund-raising events that include gambling activities such as bingo, casino-style games, amusement games, and raffles. Wagers in these gambling activities are made using money. The number

of events an organization may hold each year is limited to an extended event once a year lasting up to three days, or two one-day events twice a year.

The total annual profit from fund-raising events may not exceed \$10,000 for any individual organization. Organizations may join together to sponsor an event. The total profit from a joint event may not exceed \$10,000. In calculating the \$10,000 limit, an organization reduces the amount of gross wagers by the amount paid out as winnings and the cost of prizes given as winnings.

These events may be conducted only as prescribed by the gambling laws. For example, only members of the organization may participate in the management or operation of the activities. All income, less prizes and expenses, must be devoted solely to the lawful purposes of the organization, and local law enforcement must be notified of the time and place of the event.

This method of raising money by nonprofit and charitable organizations has become less popular and revenue from this type of event has declined.

Summary of Substitute Bill:

Another method is established for conducting fund-raising events by charitable and nonprofit organizations.

Organizations may hire a person or a vendor who is licensed by the Gambling Commission to conduct a fund-raising event on behalf of the organization under the following conditions:

- (1) all wagers must be made with chips or scrip having no cash value that can be redeemed for prizes;
- (2) the value of all purchased prizes may not exceed 10 percent of the gross revenue from the event;
- (3) the person or vendor conducting the event may provide the equipment and the personnel to operate the equipment but may not provide the facility;
- (4) the person or vendor may receive a fixed fee determined prior to the event and may not share in the proceeds of the event; and
- (5) only members and guests may participate in the event.

These fund-raising events remain subject to all other provisions of the gambling laws.

Substitute Bill Compared to Original Bill: The substitute bill clarifies that the scrip or chips have no cash value.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Taking the bill from last year, interested parties have worked to improve it during the interim. Fund raising is always the issue with nonprofit organizations. It is the competition for dollars. This is a successful way to help nonprofits meet their budgetary needs. It allows nonprofit organizations another option for raising money using fund-raising events. Prizes are limited and the gambling activity does not use real money. Organizations can use equipment and operators licensed or approved by the Gambling Commission rather than relying on its volunteers to conduct the gambling activity at an event. This helps smaller organizations.

Testimony Against: Gambling in this state has increased greatly since the early 1970s. Recently card rooms have increased the level of gambling. Now nonprofits are asking for a share of gambling revenue using this new method of fund-raising events. Gambling is promoted as something that will benefit everyone. Gambling is now referred to as gaming and it is being promoted as entertainment. A large amount of money is being made by those who are now conducting gambling activities. Others do not benefit from these large revenues. Consequences of creating problem and pathological gamblers have alarmed many and programs to educate people as to its harm have been proposed.

This bill is an expansion of gambling that will increase the amount of gambling. Other states are taking a second look at gambling and voters are repealing requests for more gambling. Cities are enacting moratoriums on more gambling. There is much concern about the negative impact of gambling activity on communities, local businesses, and individuals.

Testified: (In favor) Davore Gjurasic, West Coast Entertainment, Wild Bills, and Eventmakers; Rudy Garza, Pacific Arts Center; and Janene Jaramillo, Seattle Candlelighters.

(Opposed) Bob Higley, Washington Evangelicals for Responsible Government; and Rick Forcier, Christian Coalition.