

HOUSE BILL ANALYSIS

HB 2358

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

Sponsors: Representatives Wood and Morris

Hearing: January 19, 2000

Brief Summary of 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 through the sale of scrip or chips.

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 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 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 quests may participate in the event.

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

RULES AUTHORITY: The bill does not contain provisions addressing the rule making powers of an agency.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: Ninety days after adjournment of a session in which bill is passed.