State of Washington 65th Legislature 2017 Regular Session

By Representatives Sawyer, Vick, Condotta, Kloba, and Ryu; by request of Gambling Commission

Read first time 01/16/17. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to the bona fide charitable or nonprofit organization member requirement; and amending RCW 9.46.0209.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 9.46.0209 and 2009 c 137 s 1 are each amended to read as follows:

(1)(a) "Bona fide charitable or nonprofit organization," as used in this chapter, means:

(i) Any organization duly existing under the provisions of chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or

(ii) Any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to

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members of the armed forces of the United States and also to carry on
a system of national and international relief and to apply the same
in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on
measures for preventing the same.

(b) An organization defined under (a) of this subsection must:
(i) Have been organized and continuously operating for at least
twelve calendar months immediately preceding making application for
any license to operate a gambling activity, or the operation of any
gambling activity authorized by this chapter for which no license is
required; and
(ii) Have not less than fifteen bona fide active members each
with the right to an equal vote in the election of the officers, or
board members, if any, who determine the policies of the organization
in order to receive a gambling license; and
(iii) Demonstrate to the commission that it has made
significant progress toward the accomplishment of the purposes of the
organization during the twelve consecutive month period preceding the
date of application for a license or license renewal. The fact that
contributions to an organization do not qualify for charitable
contribution deduction purposes or that the organization is not
otherwise exempt from payment of federal income taxes pursuant to the
internal revenue code of 1954, as amended, shall constitute prima
facie evidence that the organization is not a bona fide charitable or
nonprofit organization for the purposes of this section.

(c) Any person, association or organization which pays its
employees, including members, compensation other than is reasonable
therefor under the local prevailing wage scale shall be deemed paying
compensation based in part or whole upon receipts relating to
gambling activities authorized under this chapter and shall not be a
bona fide charitable or nonprofit organization for the purposes of
this chapter.

(2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide
nonprofit organization also includes:
(a) A credit union organized and operating under state or federal
law. All revenue less prizes and expenses received from raffles
conducted by credit unions must be devoted to purposes authorized
under this section for charitable and nonprofit organizations; and
(b) A group of executive branch state employees that:
(i) Has requested and received revocable approval from the agency's chief executive official, or such official's designee, to conduct one or more raffles in compliance with this section;

(ii) Conducts a raffle solely to raise funds for either the state combined fund drive, created under RCW 41.04.033; an entity approved to receive funds from the state combined fund drive; or a charitable or benevolent entity, including but not limited to a person or family in need, as determined by a majority vote of the approved group of employees. No person or other entity may receive compensation in any form from the group for services rendered in support of this purpose;

(iii) Promptly provides such information about the group's receipts, expenditures, and other activities as the agency's chief executive official or designee may periodically require, and otherwise complies with this section and RCW 9.46.0315; and

(iv) Limits the participation in the raffle such that raffle tickets are sold only to, and winners are determined only from, the employees of the agency.

(3) For the purposes of RCW 9.46.0277, a bona fide nonprofit organization also includes a county, city, or town, provided that all revenue less prizes and expenses from raffles conducted by the county, city, or town must be used for community activities or tourism promotion activities.