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## Commerce & Labor Committee

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### HB 1944

**Brief Description:** Allowing raffles conducted by state employees.

**Sponsors:** Representatives Hunt and Williams.

Brief Summary of Bill
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| <ul style="list-style-type: none"><li>• Allows state employees to conduct and participate in raffles for charitable purposes.</li><li>• Allows state employees to solicit donations to support raffles for charitable purposes.</li></ul> |
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**Hearing Date:** 2/21/05

**Staff:** Christopher Abbott (786-7119).

**Background:**

Raffles

Charitable organizations and nonprofit organizations may conduct raffles to raise funds for the organization's stated purposes. The Gambling Commission ("Commission") regulates raffles and may issue rules governing licensing of organizations conducting raffles.

To qualify as an entity that may conduct raffles, the nonprofit organization must be organized for one of the purposes authorized by statute, such as agricultural, educational, political, athletic, fraternal, social, civic, or patriotic purposes. Additionally, the organization must operate for twelve months prior to selling tickets, must show significant progress towards achieving its purpose during those months, and have at least fifteen voting members. The Commission's rules list incorporated cities and towns, most PTA's, and most student governments as qualifying nonprofit organizations. Credit unions are specifically allowed, by statute, to conduct limited raffles.

The Commission authorizes three types of raffles:

- *Unlicensed "Members-only" Raffles.* An organization may hold an unlimited number of raffles that are open exclusively to members so long as the combined gross revenue does not exceed \$5,000 per year. Members-only raffles are the only type of raffle available to credit unions.
- *Unlicensed "Public" Raffles.* An organization may hold two raffles per year that are open to the public if the combined gross revenue does not exceed \$5,000 per year, it is managed and conducted exclusively by members, the organization maintains records for one year, and it provides notice of the raffle to the local police agency at least five days in advance.

- *Licensed Raffles.* If an organization wishes to hold a raffle that does not conform to the unlicensed raffle requirements (for example, a raffle that will bring in more than \$5,000), it must be licensed.

Certain requirements apply to all raffles. For example, raffle tickets may not cost more than \$25 and the winner must be selected by a drawing unless the Commission gives special permission for an alternate method. Additionally, organizers may not provide free tickets or tickets sold on credit or pay members for managing or operating the raffle. All proceeds must go to the organization to support their charitable or other authorized purpose.

#### State Employee Ethics Limitations

The state Ethics in Public Service Act ("Ethics Act") prohibits employees and officers of state agencies from engaging in any activity that conflicts with the proper discharge of that person's official duties or using public resources, including state-compensated time and state-owned facilities, for private gain. The Executive Ethics Board (EEB) administers the Ethics Act as applied to boards, commissions, higher education, and executive branch agencies. The EEB may issue binding advisory opinions interpreting the Ethics Act.

The EEB rules allow state employees to engage in limited personal use of state resources if the use is de minimis and does not conflict with performance of official duties. According to an EEB advisory opinion, however, the de minimis exception does not apply to gambling. The EEB reasoned that gambling activity, even if not specifically prohibited by statute, necessarily undermines public confidence in government, at least when the agency lacks specific statutory authorization.

The Ethics Act also limits solicitation of gifts and donations. State employees may not accept or solicit any thing of economic value if someone might reasonably expect that the donation or gift would either influence the employee or reward that person for a previous action. The statute, however, exempts solicitation for donations to the following: historic furnishings in the capitol; promotion of tourism; the oral history, state library, and archives account; the legislative international trade account; and hosting the national legislative association conference.

#### **Summary of Bill:**

##### Raffles

State agencies may conduct and participate in "members-only" raffles if they comply with Gambling Commission rules and statutory requirements, including the following additional conditions:

- only agency officers and employees may conduct and participate in the raffle;
- the combined gross revenue of all raffles may not exceed \$5,000 per year; and
- any net proceeds must be devoted to a charitable or other authorized purpose.

##### State Employee Ethics Limitations

A new exemption is added to the Ethics Act. State officers and employees may solicit donations, gifts, and grants to support raffles for charitable or other authorized purposes.

**Rules Authority:** The bill does not contain provisions addressing the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.