

SENATE BILL REPORT

SHB 1944

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 23, 2006

Title: An act relating to raffles conducted by state employees.

Brief Description: Allowing raffles conducted by state employees.

Sponsors: House Committee on Commerce & Labor (originally sponsored by Representatives Hunt and Williams).

Brief History: Passed House: 2/11/06, 95-0.

Committee Activity: Labor, Commerce, Research & Development: 2/23/06 [DPA, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass as amended.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Hewitt, Keiser and Prentice.

Minority Report: Do not pass.

Signed by Senator Honeyford.

Staff: John Dziedzic (786-7784)

Background: It is a Class B felony for a person to conduct any activity requiring a license from the Washington State Gambling Commission (WSGC), if the person does not have the proper license. A license to conduct a raffle may be issued only to a bona fide charitable or nonprofit organization (charity), and the raffle must comply with WSGC rules, which include provisions such as: tickets cannot cost more than \$25 and the proceeds of the raffle cannot benefit any person other than the charity.

No license is required of a charity to conduct a raffle complying with the above requirements if the gross revenue from all raffles held during a calendar year do not exceed \$5000, and either: (1) no one is paid to conduct the raffles, no more than two raffles are held per year, and advance notice is provided the local police, etc.; or (2) only members of the charity participate in the raffle.

For the purposes of raffle regulation, a grange, agricultural fair, fraternal society, credit union, and certain church or religious societies qualify as a charity if properly constituted under the relevant state statute for at least one year before conducting a raffle. An entity is also a charity for raffle regulation if it has been in existence for a year and has a benevolent, eleemosynary, educational, civic, patriotic, political, social, etc. purpose: (1) as stated in the entity's articles of incorporation filed with Secretary of State; or (2) as determined by the WSGC.

The state Ethics in Public Service Act (Ethics Act) prohibits employees and officers of state agencies from (1) engaging in any activity that conflicts with the proper discharge of that

person's official duties; and (2) accepting or soliciting anything 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 Executive Ethics Board, interpreting the Ethics Act, has opined that gambling activities, even if not specifically prohibited by statute, necessarily undermines public confidence in government, at least when the agency lacks specific statutory authorization

Authorizing a new form of gambling or allowing gambling in instances currently prohibited requires a 60 percent vote of the Legislature under Article 2, Section 24 of the State Constitution.

Summary of Amended Bill: A group of state employees raising funds for the State Combined Fund Drive or designated individuals in need are considered to be a bona fide charitable or nonprofit organization for purposes of regulating unlicensed raffles.

State officers and employees are presumed to not violate the solicitation and receipt of gifts provisions of the Ethics Act when soliciting gifts, grants, or donations in support of a raffle authorized by the bill.

Amended Bill Compared to Original Bill: Provisions establishing that certain state employee-run raffles are not considered gambling activities under the Gambling Act are eliminated. Provisions establishing the conditions under which a state employee-run raffle may be allowed without a license are added.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Allowing state employees to support charities by conducting limited raffles at work is a morale booster for employees and helps the community in which the employees live.

Testimony Against: None.

Testimony Other: The Gambling Commission is unable to support a proposal that removes raffles from the enforcement jurisdiction of the Commission, but anticipates being able to remain neutral on a bill where the Commission retains that authority.

Who Testified: PRO: Representative Sam Hunt, Prime Sponsor; Charlene Hunt.

OTHER: Amy Hunter, WA State Gambling Commission.