

HOUSE BILL REPORT

HB 1274

As Passed House:
February 27, 2017

Title: An act relating to the bona fide charitable or nonprofit organization member requirement.

Brief Description: Concerning the member requirement for bona fide charitable or nonprofit organizations.

Sponsors: Representatives Sawyer, Vick, Condotta, Kloba and Ryu; by request of Gambling Commission.

Brief History:

Committee Activity:

Commerce & Gaming: 1/23/17, 1/26/17 [DP].

Floor Activity:

Passed House: 2/27/17, 96-0.

Brief Summary of Bill

- Removes the requirement that an organization have not less than 15 active voting members to be an eligible charitable or nonprofit organization under the Gambling Act for purposes of conducting bingo games, raffles, amusement games, fundraising events, and similar activities.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 11 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby, Ryu and Young.

Staff: Peter Clodfelter (786-7127).

Background:

Washington's Gambling Act authorizes a "bona fide charitable or nonprofit organization" to conduct certain gambling activities such as bingo games, raffles, amusement games, and fundraising events to raise funds for the organization's stated purposes. Such a bona fide

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charitable or nonprofit organization may also allow the use of its premises, furnishing, and other facilities by members of the organization for the playing of social card and dice games. Depending on how the activity is conducted, a license issued to the bona fide charitable or nonprofit organization by the Washington State Gambling Commission (Commission) may be required.

To be an eligible "bona fide charitable or nonprofit organization," the organization must be organized for one of the purposes specified in statute, which include agricultural, charitable, political, fraternal, or athletic purposes, and meet other requirements, including that the organization be organized and continuously operating for at least 12 calendar months immediately preceding applying for a license to operate a gambling activity or operating any gambling activity for which no license is required. The organization must also demonstrate to the Commission that the organization has made significant progress toward the accomplishment of the purposes of the organization during the 12 consecutive month period preceding the date of application for a license or license renewal, and may not pay its employees compensation other than is reasonable under the local prevailing wage scale.

Further, another requirement is that the organization have not less than 15 bona fide active members 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.

Summary of Bill:

The requirement that an organization have at least 15 bona fide active voting members to qualify as a bona fide charitable or nonprofit organization under Washington's Gambling Act is removed.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This is agency request legislation and the Commission appreciates the sponsors' support. The bill will provide efficiency for the Commission. The requirement that a nonprofit or charitable organization have at least 15 active voting members may have originally been included in the Gambling Act to prevent fraudulent organizations from taking advantage of the authorization for bona fide charitable or nonprofit organizations, but this has not been a problem historically. Additionally, the Commission has many other tools that the Commission can use to regulate nonprofit and charitable organizations.

(Opposed) None.

Persons Testifying: Brian Considine, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.