

HOUSE BILL REPORT

SB 6120

As Reported by House Committee On: Commerce & Gaming

Title: An act relating to amending types of nonprofit organizations qualified to engage in gambling activities.

Brief Description: Amending types of nonprofit organizations qualified to engage in gambling activities.

Sponsors: Senators Conway and King; by request of Gambling Commission.

Brief History:

Committee Activity:

Commerce & Gaming: 2/20/20 [DP].

Brief Summary of Bill

- Adds religious and scientific purposes to the types of eligible purposes for an organization to be considered a bona fide charitable or nonprofit organization, authorizing otherwise eligible organizations to conduct certain gambling activities.
- Allows the Washington State Gambling Commission to license certain credit unions and groups of executive branch state employees who are conducting limited combined fund drive related raffles.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 10 members: Representatives Peterson, Chair; Kloba, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Ramel, Vick and Young.

Staff: Kyle Raymond (786-7190).

Background:

Washington's Gambling Act authorizes a bona fide charitable or nonprofit organization to conduct certain gambling activities to raise funds for the organization's purpose. The

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authorized gambling activities for bona fide charitable or nonprofit organizations include bingo games, raffles, amusement games, and fundraising events. Such a bona fide charitable or nonprofit organization may also allow the use of its premises, furnishings, 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 following purposes specified in statute: agricultural, athletic, benevolent, charitable, civic, educational, eleemosynary, fraternal, patriotic, political, or social. In addition, the organization must 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 organization's purpose during the 12 consecutive month period preceding the date of application for a license or license renewal. The organization may not pay its employees compensation other than what is reasonable under the local prevailing wage scale.

For the purposes of conducting certain raffles without a license and taxation of certain gambling activities, a bona fide nonprofit organization also includes:

- a credit union conducting raffles where the net proceeds are devoted to charitable and other authorized purposes; and
- a group of executive branch state employees that: (1) has approval from the agency's chief executive official to conduct one or more raffles; (2) conducts a raffle solely to raise funds for either the state Combined Fund Drive (CFD), an entity approved to receive funds from the CFD, or a charitable or benevolent entity; (3) meets information reporting requirements; and (4) limits the participation in the raffle to agency employees.

Summary of Bill:

Religious and scientific purposes are added to the types of eligible purposes for an organization to be considered a bona fide charitable or nonprofit organization. Otherwise eligible religious and scientific organizations may conduct gambling activities authorized for charitable and nonprofit organizations under Washington's Gambling Act.

A nonprofit organization registered under the Charitable Solicitations Act is eligible to be considered a bona fide charitable or nonprofit organization.

The Washington State Gambling Commission may license credit unions and groups of executive branch state employees to conduct limited combined fund drive-related raffles.

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 bill had strong support in the Senate. Technically, the bill is an expansion of gambling for the additional nonprofits that qualify. However, this is a cleanup bill that provides clarity for the Washington State Gambling Commission (Commission). There are nonprofit organizations that qualify as a nonprofit federally under 26 U.S.C.501(c)(3) that cannot obtain a gaming license as a nonprofit under Washington's Gambling Act. This issue continues to come up for the Commission, and staff spend many hours determining whether or not applicants qualify for the gaming license. This bill would help the Commission be more effective and efficient. This bill is in the public interest to support nonprofits through allowing gambling activities like raffles and bingo.

(Opposed) None.

Persons Testifying: Brian Considine and Dave Trujillo, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.