

SENATE BILL REPORT

HB 1944

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, March 28, 2005

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

Brief Description: Allowing raffles conducted by state employees.

Sponsors: Representatives Hunt and Williams.

Brief History: Passed House: 3/04/05, 92-0.

Committee Activity: Labor, Commerce, Research & Development: 3/22/05, 3/28/05 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass.

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

Staff: Jennifer Strus (786-7316)

Background: 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 12 months prior to selling tickets, must show significant progress towards achieving its purpose during those months, and have at least 15 voting members.

The Commission authorizes three following types of raffles:

- 1) 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.
- 2) 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.
- 3) 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.

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.

Summary of Bill: 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: (1) only agency officers and employees may conduct and participate in the raffle; (2) the combined gross revenue of all raffles may not exceed \$5,000 per year; and (3) any net proceeds must be devoted to a charitable or other authorized purpose.

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

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: Many state employees raise money each year for various charitable causes, e.g. "Adopt-a-family Christmas program." In the past they had used raffles to raise money until the State Ethics Board indicated that raffles were considered a form of gambling and state employees were prohibited from engaging in gambling on the job. Before raffles were prohibited, employees raised more money for charity in one raffle than in three silent auctions. State employees should be commended for raising money for charitable reasons rather than prohibited from doing so.

Testimony Against: None.

Who Testified: PRO: Representative Sam Hunt, prime sponsor; Charlene Hunt, Donald Vaughan, Terri Hall, Bev Hermanson, Washington Federation of State Employees.