

# HOUSE BILL REPORT

## HB 1599

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**As Passed House:**

March 6, 2007

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

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

**Sponsors:** By Representatives Hunt, Williams, Conway, Ormsby, McDermott and Wood.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 2/16/07, 2/23/07 [DP].

**Floor Activity:**

Passed House: 3/6/07, 94-0.

**Brief Summary of Bill**

- Permits state employees to conduct and solicit donations for raffles for charitable purposes under specified conditions.

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**HOUSE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Green, Moeller and Williams.

**Staff:** Joan Elgee (786-7106).

**Background:**

Gambling Act.

Washington's Gambling Act authorizes charitable and nonprofit organizations to conduct raffles to raise funds for the organizations' stated purposes. To qualify as a charitable or nonprofit organization, the organization must be organized for one of the purposes specified in statute, including agricultural, charitable, educational, political, fraternal, or athletic purposes, and must meet other requirements.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

A raffle may be conducted as a licensed or unlicensed raffle. Two types of raffles do not require a license:

- (1) "*Members only*" raffles must be held exclusively among the organization's members and the combined gross revenue from raffles may not exceed \$5,000 per year.
- (2) "*Public*" raffles may be held twice a year and the combined gross revenues from all gambling events (other events are permitted) must not exceed \$5,000.

Other requirements must also be met to qualify as an unlicensed raffle and additional requirements apply to all raffles, such as a maximum ticket price of \$25 and a prohibition on free tickets.

A credit union is considered a nonprofit organization for purposes of a "members only" unlicensed raffle.

#### Ethics Act.

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 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 higher education and the executive branch.

The EEB rules allow state employees to engage in limited personal use of state resources. According to an EEB advisory opinion, however, the limited use exception does not apply to gambling. The EEB reasoned that gambling activity undermines public confidence in state government.

The Ethics Act also limits solicitation and acceptance of gifts and donations. State employees may not accept or solicit anything of economic value if someone might reasonably expect that the donation or gift would either influence or reward the employee. The law exempts solicitations for donations for various reasons, including providing for historic furnishings in the Capitol and the expansion of tourism.

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

##### Gambling Act.

Raffles conducted by state employees under certain conditions are permitted as unlicensed, "member-only" raffles under the Gambling Act.

A group of employees of either a state agency, or a section, unit or other subdivision of a state agency, is considered a nonprofit organization for purposes of conducting a raffle when:

- (1) the employees have received revocable approval from the agency's chief executive official or designee to conduct one or more raffles;
- (2) the raffle is conducted solely to raise funds for:
  - the combined fund drive;

- an entity approved to receive funds under the combined fund drive; or
  - a charitable or benevolent entity, including but not limited to a person or family in need, as determined by a majority vote of the group of employees;
- (3) the employees promptly provide such information about the group's receipts, expenditures, and other activities as the agency requires; and
  - (4) tickets are sold only to and winners determined only from the employees of the agency.

The raffle must comply with the requirements for "member only" unlicensed raffles.

Ethics Act.

State officers and employees may solicit donations, gifts, and grants to support authorized raffles.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) Employees at the Department of Labor and Industries had been conducting raffles for charity, then someone asked the Executive Ethics Board and learned it was illegal. We were following the Gambling Commission rules. How the Executive Ethics Board could reason that state employees on their own time conducting raffles for adopt-a-family and holiday fund-raising undermines public confidence in government is amazing. The House has passed the bill several times. This bill was written to address concerns in the Senate.

(Opposed) None.

**Persons Testifying:** (In support) Representative Hunt, prime sponsor; and Charlene Hunt, state employee.

**Persons Signed In To Testify But Not Testifying:** None.