

HOUSE BILL REPORT

SB 5190

As Reported by House Committee On:
Commerce & Gaming

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: Senators Conway, King, Keiser, Braun and Chase; by request of Gambling Commission.

Brief History:

Committee Activity:

Commerce & Gaming: 3/13/17, 3/14/17 [DP].

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 10 members: Representatives Sawyer, Chair; Kloba, Vice Chair; Condotta, Ranking Minority Member; Vick, Assistant Ranking Minority Member; Barkis, Blake, Farrell, Jenkin, Kirby and Ryu.

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 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.

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.

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 generally 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. 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 not less than 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 that the Washington State Gambling Commission and stakeholders support. The requirement that a nonprofit organization have at least 15 active voting members to conduct raffles and certain other games of chance as a fundraising activity is outdated and unnecessary. This updates the statute. Historically, when the 15 voting member requirement was adopted, more organizations were membership organizations. Now, most nonprofit organizations are not membership organizations, and only the board members are voting members. Because nonprofits often do not have 15 or more board members, many nonprofits are unnecessarily prohibited from conducting raffles and other games of chance, and this affects the organizations' ability to fundraise for their causes. It is not necessary to have 15 board members on a nonprofit organization for good

governance of the nonprofit. This is a companion bill to House Bill 1274, and the language in the two bills is identical.

(Opposed) None.

Persons Testifying: Laura Pierce, Washington Nonprofits; and Brian Considine, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.