SENATE BILL 6183

State of Washington 68th Legislature 2024 Regular Session

By Senators Rivers and L. Wilson

Read first time 01/11/24. Referred to Committee on Business, Financial Services, Gaming & Trade.

- 1 AN ACT Relating to requirements for fund-raising events of bona
- 2 fide charitable or nonprofit organizations; amending RCW 9.46.0277,
- 3 9.46.0315, 9.46.0321, 9.46.0323, 9.46.070, and 9.46.240; and adding
- 4 new sections to chapter 9.46 RCW.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 **Sec. 1.** RCW 9.46.0277 and 2009 c 133 s 1 are each amended to read as follows:
- 8 "Raffle," as used in this chapter, means a game in which tickets
- 9 bearing an individual number are sold for not more than ((one hundred
- $\frac{\text{dollars}}{\text{dollars}}$)) $\frac{$250}{\text{each}}$ each and in which a prize or prizes are awarded on the
- 11 basis of a drawing from the tickets by the person or persons
- 12 conducting the game, when the game is conducted by a bona fide
- 13 charitable or nonprofit organization(($_{ au}$ no person other than a bona
- 14 <u>fide member of the organization takes any part in the management or</u>
- 15 operation of the game,)) and no part of the proceeds thereof inure to
- 16 the benefit of any person other than the organization conducting the
- 17 game.
- 18 <u>NEW SECTION.</u> **Sec. 2.** A new section is added to chapter 9.46 RCW
- 19 to read as follows:

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Payments for raffles, licensed or unlicensed, may be made in person via telephone, internet, or cellular networks to bona fide charitable or nonprofit organizations conducting raffles. Information about raffles, licensed or unlicensed, may be disseminated via the organization's website, social media forums, and email.

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- 6 <u>NEW SECTION.</u> **Sec. 3.** A new section is added to chapter 9.46 RCW 7 to read as follows:
- Bona fide charitable or nonprofit organizations may hire or contract individuals to sell raffle tickets.
- 10 **Sec. 4.** RCW 9.46.0315 and 2012 c 131 s 1 are each amended to 11 read as follows:

12 fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles ((7 13 14 are hereby authorized to)) may conduct raffles without obtaining a 15 license to do so from the commission when such raffles are held in 16 accordance with all other requirements of this chapter, other 17 applicable laws, and rules of the commission; and when gross revenues from all such raffles held by the organization during the calendar 18 19 year do not exceed ((five thousand dollars)) \$20,000; and when 20 tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting 21 the raffle. The organization may provide unopened containers of 22 23 beverages containing alcohol as raffle prizes if the appropriate 24 permit has been obtained from the liquor ((control)) and cannabis board((: PROVIDED, That)). However, raffles that exceed ((five 25 26 thousand dollars)) \$20,000 may also be conducted ((pursuant to the 27 provisions of)) under this section if the organization obtains a license from the commission: PROVIDED FURTHER, That the term members 28 29 for this purpose shall mean only those persons who have become 30 members prior to the commencement of the raffle and whose 31 qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles. 32

- 33 **Sec. 5.** RCW 9.46.0321 and 1987 c 4 s 28 are each amended to read as follows:
- Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities ((are hereby authorized to)) may conduct bingo, raffles,

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and amusement games, without obtaining a license to do so from the commission but only when:

- (1) Such activities are held in accordance with all other requirements of this chapter, other applicable laws, and rules of the commission;
- (2) Said activities are((, alone or in any combination,)) conducted no more than ((twice)) four times each calendar year and over a period of no more than ((twelve)) 12 consecutive days each time, notwithstanding the limitations of RCW 9.46.0205((: PROVIDED, That)). However, a raffle conducted under this subsection may be conducted for a period longer than ((twelve)) 12 days;
- (3) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities, except as permitted under section 3 of this act;
- (4) Gross revenues to the organization from ((all the activities together)) raffles do not exceed ((five thousand dollars)) \$20,000 during any calendar year;
- (5) Gross revenues to the organization from bingo and amusement games do not exceed \$10,000 during any calendar year;
- (6) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization;
- ((6) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted;)) and
- (7) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.
- **Sec. 6.** RCW 9.46.0323 and 2021 c 81 s 1 are each amended to read 35 as follows:
- 36 (1) A bona fide charitable or nonprofit organization, as defined 37 in RCW 9.46.0209, ((whose primary purpose is serving individuals with 38 intellectual disabilities)) may conduct enhanced raffles if licensed 39 by the commission.

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- (2) The commission has the authority to approve ((two)) three enhanced raffles per calendar year for western Washington and ((two)) three enhanced raffles per calendar year for eastern Washington. Whether the enhanced raffle occurs in western Washington or eastern Washington will be determined by the location where the grand prize winning ticket is to be drawn as stated on the organization's application to the commission. An enhanced raffle is considered approved when voted on by the commission.
 - (3) The commission has the authority to approve enhanced raffles under the following conditions:

- (a) The value of the grand prize must not exceed \$10,000,000.
- (b) Sales may be made in person, by mail, by fax, or by telephone only. Raffle ticket order forms may be printed from the bona fide charitable or nonprofit organization's website. Obtaining the form in this manner does not constitute a sale.
- (c) Tickets purchased as part of a multiple ticket package may be purchased at a discount.
- (d) Multiple smaller prizes are authorized during the course of an enhanced raffle for a grand prize including, but not limited to, early bird, refer a friend, and multiple ticket drawings.
- (e) A purchase contract is not necessary for smaller noncash prizes, but the bona fide charitable or nonprofit organization must be able to demonstrate that such a prize is available and sufficient funds are held in reserve in the event that the winner chooses a noncash prize.
- (f) All enhanced raffles and associated smaller raffles must be independently audited, as defined by the commission during rule making. The audit results must be reported to the commission.
- (g) Call centers, when licensed by the commission, are authorized. The bona fide charitable or nonprofit organization may contract with a call center vendor to receive enhanced raffle ticket sales. The vendor may not solicit sales. The vendor may be located outside the state, but the bona fide charitable or nonprofit organization must have a contractual relationship with the vendor stating that the vendor must comply with all applicable Washington state laws and rules.
- 37 (h) The bona fide charitable or nonprofit organization must be 38 the primary recipient of the funds raised.
 - (i) Sales data may be transmitted electronically from the vendor to the bona fide charitable or nonprofit organization. Credit cards,

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issued by a state regulated or federally regulated financial institution, may be used for payment to participate in enhanced raffles.

- (j) Receipts including ticket confirmation numbers may be sent to ticket purchasers either by mail or by email.
- (k) In the event the bona fide charitable or nonprofit organization determines ticket sales are insufficient to qualify for a complete enhanced raffle to move forward, the enhanced raffle winner must receive ((fifty)) 50 percent of the net proceeds in excess of expenses as the grand prize. The enhanced raffle winner will receive a choice between an annuity value equal to ((fifty)) 50 percent of the net proceeds in excess of expenses paid by annuity over ((twenty)) 20 years, or a one-time cash payment of ((seventy)) 70 percent of the annuity value.
- (1) A bona fide charitable or nonprofit organization is authorized to hire a consultant licensed by the commission to run an enhanced raffle; in addition, the bona fide charitable or nonprofit organization must have a dedicated employee who is responsible for oversight of enhanced raffle operations. The bona fide charitable or nonprofit organization is ultimately responsible for ensuring that an enhanced raffle is conducted in accordance with all applicable state laws and rules.
- (4) The commission has the authority to set fees for bona fide charitable or nonprofit organizations, call center vendors, and consultants conducting enhanced raffles authorized under this section.
- (5) The commission has the authority to adopt rules governing the licensing and operation of enhanced raffles.
- (6) Except as specifically authorized in this section, enhanced raffles must be held in accordance with all other requirements of this chapter, other applicable laws, and rules of the commission.
 - (7) For the purposes of this section:
- (a) "Enhanced raffle" means a game in which tickets bearing an individual number are sold for not more than ((two hundred fifty dollars)) \$500 each and in which a grand prize and smaller prizes are awarded on the basis of drawings from the tickets by the person or persons conducting the game. An enhanced raffle may include additional related entries and drawings, such as early bird, refer a friend, and multiple ticket drawings when the bona fide charitable or nonprofit organization establishes the eligibility standards for such

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entries and drawings before any enhanced raffle tickets are sold. No drawing may occur by using a random number generator or similar means.

- (b) "Early bird drawing" means a separate drawing for a separate prize held prior to the grand prize drawing. All tickets entered into the early bird drawing, including all early bird winning tickets, are entered into subsequent early bird drawings, and also entered into the drawing for the grand prize.
- (c) "Refer a friend drawing" means a completely separate drawing, using tickets distinct from those for the enhanced raffle, for a separate prize held at the conclusion of the enhanced raffle for all enhanced raffle ticket purchasers, known as the referring friend, who refer other persons to the enhanced raffle when the other person ultimately purchases an enhanced raffle ticket. The referring friend will receive one ticket for each friend referred specifically for the refer a friend drawing. In addition, each friend referred could also become a referring friend and receive his or her own additional ticket for the refer a friend drawing.
- (d) "Multiple ticket drawing" means a completely separate drawing, using tickets distinct from those for the enhanced raffle, for a separate prize held at the conclusion of the enhanced raffle for all enhanced raffle ticket purchasers who purchase a specified number of enhanced raffle tickets. For example, a multiple ticket drawing could include persons who purchase three or more enhanced raffle tickets in the same order, using the same payment information, with tickets in the same person's name. For each eligible enhanced raffle ticket purchased, the purchaser also receives a ticket for the multiple ticket drawing prize.
- (e) "Western Washington" includes those counties west of the Cascade mountains, including Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, and Whatcom.
- (f) "Eastern Washington" includes those counties east of the Cascade mountains that are not listed in (e) of this subsection.
- (8) The commission's reporting obligations under RCW 9.46.090 must address enhanced raffles. The report must include results of the raffles, revenue generated by the raffles, and identify any state or federal regulatory actions taken in relation to enhanced raffles in Washington. The report must also make recommendations, if any, for policy changes to the enhanced raffle authority.

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1 **Sec. 7.** RCW 9.46.070 and 2020 c 127 s 3 are each amended to read 2 as follows:

The commission shall have the following powers and duties:

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- (1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules ((and regulations)) adopted ((pursuant thereto)) under this chapter permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with ((the provisions of)) this chapter and any rules ((and regulations)) adopted ((pursuant thereto)) under this chapter, and to revoke or suspend said licenses for violation of ((any provisions of)) this chapter or any rules ((and regulations)) adopted ((pursuant thereto: PROVIDED, That)) under this chapter. However, the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number licenses to be issued((: PROVIDED FURTHER, That the)). The commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin((: AND PROVIDED FURTHER, That the commission)) and may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;
 - (2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules ((and regulations)) adopted ((pursuant thereto)) under this chapter permitting said person, association, or organization to utilize punchboards and pulltabs and to conduct social card games as a commercial stimulant in accordance with ((the provisions of)) this chapter and any rules ((and regulations)) adopted ((pursuant thereto)) under this chapter and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules ((and regulations)) adopted ((pursuant thereto: PROVIDED, That)) under this chapter. However, the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued((: PROVIDED FURTHER, That the)). The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

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(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules ((and regulations)) adopted by the commission pursuant to this chapter ((as now or hereafter amended)), permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

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- (4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the manufacturing, selling, distributing, or otherwise supplying of devices, equipment, software, hardware, or any gambling-related services for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;
- (5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of ((the provisions of)) this chapter and rules ((and regulations)) adopted ((pursuant thereto: PROVIDED, That)) under this chapter. However, all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof ((: PROVIDED FURTHER, That if)). If, in a particular case, the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant((: AND PROVIDED FURTHER, That the)).

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The commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

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- (6) To prescribe the manner and method of payment of taxes, fees, and penalties to be paid to or collected by the commission;
- (7) To require that applications for all licenses contain such information as may be required by the commission((: PROVIDED, That)). However, all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, (b) participating as an employee in the operation of any gambling activity, or (c) participating as an employee in the operation, management, or providing of gambling-related services for sports wagering, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application((: PROVIDED FURTHER, That the)). The commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;
- (8) To require that any license holder maintain records as directed by the commission and submit such reports <u>quarterly or</u> as the commission may deem necessary;

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(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule ((or regulation)) of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

- (10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account: (a) ((the)) The nature, character, and scope of the activities of the licensee; (b) the source of all other income of the licensee; and (c) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;
- (11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;
- (12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;
- (13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;
- (14) In accordance with RCW 9.46.080, to adopt ((such)) rules ((and regulations as are deemed)) necessary to carry out ((the purposes and provisions of)) this chapter. All rules ((and regulations)) shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;
- (15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;
- (16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit

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organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

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- (b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;
- (17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;
- (18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;
- (19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

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(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

- (21) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization that engages in any sports wagering-related services for use within this state for sports wagering activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;
- (22) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to ((eighteen)) 18 months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and
- 19 (23) To perform all other matters and things necessary to carry 20 out ((the purposes and provisions of)) this chapter.
- **Sec. 8.** RCW 9.46.240 and 2020 c 127 s 10 are each amended to 22 read as follows:
 - (1) Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021.
 - (2) This section shall not apply to: (a) Methods of payment and dissemination of information authorized under section 2 of this act; (b) the advertising of raffles conducted by bona fide charitable or nonprofit organizations; or (c) such information transmitted or received or equipment or devices installed or maintained relating to activities authorized by this chapter including, but not limited to, sports wagering authorized under RCW 9.46.0364 and 9.46.0368, or to any act or acts in furtherance thereof when conducted in compliance with ((the provisions of)) this chapter and in accordance with the

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- 1 rules adopted under this chapter and conducted in accordance with
- 2 tribal-state compacts.

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