
ENGROSSED SUBSTITUTE SENATE BILL 5723

State of Washington

63rd Legislature

2013 Regular Session

By Senate Commerce & Labor (originally sponsored by Senators Hewitt, Conway, Brown, and Kline)

READ FIRST TIME 02/21/13.

1 AN ACT Relating to enhanced raffles; adding a new section to
2 chapter 9.46 RCW; and providing an expiration date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 9.46 RCW
5 to read as follows:

6 (1) A bona fide charitable or nonprofit organization, as defined in
7 RCW 9.46.0209, whose primary purpose is serving individuals with
8 intellectual disabilities may conduct enhanced raffles if licensed by
9 the commission.

10 (2) The commission has the authority to approve two enhanced
11 raffles per calendar year for western Washington and two enhanced
12 raffles per calendar year for eastern Washington. Whether the enhanced
13 raffle occurs in western Washington or eastern Washington will be
14 determined by the location where the grand prize winning ticket is to
15 be drawn as stated on the organization's application to the commission.
16 An enhanced raffle is considered approved when voted on by the
17 commission.

18 (3) The commission has the authority to approve enhanced raffles
19 under the following conditions:

- 1 (a) The value of the grand prize must not exceed five million
2 dollars.
- 3 (b) Sales may be made in person, by mail, by fax, or by telephone
4 only.
- 5 (c) Tickets purchased as part of a multiple ticket package may be
6 purchased at a discount.
- 7 (d) Multiple smaller prizes are authorized during the course of an
8 enhanced raffle for a grand prize including, but not limited to, early
9 bird, refer a friend, and multiple ticket drawings.
- 10 (e) A purchase contract is not necessary for smaller noncash
11 prizes, but the bona fide charitable or nonprofit organization must be
12 able to demonstrate that such a prize is available and sufficient funds
13 are held in reserve in the event that the winner chooses a noncash
14 prize.
- 15 (f) All enhanced raffles and associated smaller raffles must be
16 independently audited, as defined by the commission during rule making.
17 The audit results must be reported to the commission.
- 18 (g) Call centers, when licensed by the commission, are authorized.
19 The bona fide charitable or nonprofit organization may contract with a
20 call center vendor to receive enhanced raffle ticket sales. The vendor
21 may not solicit sales. The vendor may be located outside the state,
22 but the bona fide charitable or nonprofit organization must have a
23 contractual relationship with the vendor stating that the vendor must
24 comply with all applicable Washington state laws and rules.
- 25 (h) The bona fide charitable or nonprofit organization must be the
26 primary recipient of the funds raised.
- 27 (i) Sales data may be transmitted electronically from the vendor to
28 the bona fide charitable or nonprofit organization. Credit cards,
29 issued by a state regulated or federally regulated financial
30 institution, may be used for payment to participate in enhanced
31 raffles.
- 32 (j) Receipts including ticket confirmation numbers may be sent to
33 ticket purchasers either by mail or by e-mail.
- 34 (k) In the event the bona fide charitable or nonprofit organization
35 determines ticket sales are insufficient to qualify for a complete
36 enhanced raffle to move forward, the enhanced raffle winner must
37 receive fifty percent of the net proceeds in excess of expenses as the
38 grand prize. The enhanced raffle winner will receive a choice between

1 an annuity value equal to fifty percent of the net proceeds in excess
2 of expenses paid by annuity over twenty years, or a one-time cash
3 payment of seventy percent of the annuity value.

4 (1) A bona fide charitable or nonprofit organization is authorized
5 to hire a consultant licensed by the commission to run an enhanced
6 raffle; in addition, the bona fide charitable or nonprofit organization
7 must have a dedicated employee who is responsible for oversight of
8 enhanced raffle operations. The bona fide charitable or nonprofit
9 organization is ultimately responsible for ensuring that an enhanced
10 raffle is conducted in accordance with all applicable state laws and
11 rules.

12 (4) The commission has the authority to set fees for bona fide
13 charitable or nonprofit organizations, call center vendors, and
14 consultants conducting enhanced raffles authorized under this section.

15 (5) The commission has the authority to adopt rules governing the
16 licensing and operation of enhanced raffles.

17 (6) Except as specifically authorized in this section, enhanced
18 raffles must be held in accordance with all other requirements of this
19 chapter, other applicable laws, and rules of the commission.

20 (7) For the purposes of this section:

21 (a) "Enhanced raffle" means a game in which tickets bearing an
22 individual number are sold for not more than two hundred fifty dollars
23 each and in which a grand prize and smaller prizes are awarded on the
24 basis of drawings from the tickets by the person or persons conducting
25 the game. An enhanced raffle may include additional related entries
26 and drawings, such as early bird, refer a friend, and multiple ticket
27 drawings when the bona fide charitable or nonprofit organization
28 establishes the eligibility standards for such entries and drawings
29 before any enhanced raffle tickets are sold. No drawing may occur by
30 using a random number generator or similar means.

31 (b) "Early bird drawing" means a separate drawing for a separate
32 prize held prior to the grand prize drawing. All tickets entered into
33 the early bird drawing, including all early bird winning tickets, are
34 entered into subsequent early bird drawings, and also entered into the
35 drawing for the grand prize.

36 (c) "Refer a friend drawing" means a completely separate drawing,
37 using tickets distinct from those for the enhanced raffle, for a
38 separate prize held at the conclusion of the enhanced raffle for all

1 enhanced raffle ticket purchasers, known as the referring friend, who
2 refer other persons to the enhanced raffle when the other person
3 ultimately purchases an enhanced raffle ticket. The referring friend
4 will receive one ticket for each friend referred specifically for the
5 refer a friend drawing. In addition, each friend referred could also
6 become a referring friend and receive his or her own additional ticket
7 for the refer a friend drawing.

8 (d) "Multiple ticket drawing" means a completely separate drawing,
9 using tickets distinct from those for the enhanced raffle, for a
10 separate prize held at the conclusion of the enhanced raffle for all
11 enhanced raffle ticket purchasers who purchase a specified number of
12 enhanced raffle tickets. For example, a multiple ticket drawing could
13 include persons who purchase three or more enhanced raffle tickets in
14 the same order, using the same payment information, with tickets in the
15 same person's name. For each eligible enhanced raffle ticket purchased,
16 the purchaser also receives a ticket for the multiple ticket drawing
17 prize.

18 (e) "Western Washington" includes those counties west of the
19 Cascade mountains, including Clallam, Clark, Cowlitz, Grays Harbor,
20 Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San
21 Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, and Whatcom.

22 (f) "Eastern Washington" includes those counties east of the
23 Cascade mountains that are not listed in (e) of this subsection.

24 (8) By December 2017, the commission must report back to the
25 appropriate committees of the legislature on enhanced raffles. The
26 report must include results of the raffles, revenue generated by the
27 raffles, and identify any state or federal regulatory actions taken in
28 relation to enhanced raffles in Washington. The report must also make
29 recommendations, if any, for policy changes to the enhanced raffle
30 authority.

31 (9) This section expires June 30, 2017.

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