
Regulated Substances & Gaming Committee

HB 1438

Brief Description: Authorizing bona fide charitable or nonprofit organizations to conduct Calcutta auctions on shooting sports contests.

Sponsors: Representatives Eslick, Dent and Chapman.

Brief Summary of Bill

- Authorizes shooting sports and activities sweepstakes by bona fide charitable or nonprofit organizations, permitting wagers of money, when the outcome of the sweepstakes is dependent on the scores or the shooting abilities of a shooting sports contest between individual shooters or teams of shooters, when conducted in one of three ways.
- Establishes parameters around three authorized methods of conducting shooting sports and activities sweepstakes.
- Limits participation in shooting sports and activities sweepstakes to members of the sponsoring organization and their bona fide guests.
- Describes when amounts paid to participate in or conduct a shooting sports and activities contest or competitive event are considered, or are not considered, "retail sales" under the Business & Occupations Tax.

Hearing Date: 1/30/23

Staff: Peter Clodfelter (786-7127).

Background:

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

If an activity meets the definition of "gambling" in the Gambling Act, it is prohibited unless authorized in law. The word "gambling" is defined as staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Specific activities are excluded from the definition, such as fishing derbies, parimutuel betting on horse racing regulated under other statutes, and bona fide business transactions valid under the law of contracts, including futures contracts for commodities.

The Gambling Act expressly authorizes certain gambling activities or specifies that certain activities do not constitute gambling. Golfing sweepstakes are one of these activities. Bona fide charitable or nonprofit organizations are authorized to conduct, without being required to obtain a permit or license from the Washington State Gambling Commission (WSGC), golfing sweepstakes permitting wagers of money when conducted in one of three ways and when participation is limited to members of the sponsoring organization and their bona fide guests.

Golfing sweepstakes do not constitute gambling or a lottery and are not subject to criminal or civil penalties if the outcome of the golfing sweepstakes is dependent upon the score, or scores, or the playing ability, or abilities, of a golfing contest between individual players or teams of players, conducted in one of the following three ways:

- Wagers are placed by buying tickets on any players in a golfing contest to "win," "place," or "show" and those holding tickets on the three winners may receive a payoff similar to the parimutuel system of betting, where moneys placed as wagers are used primarily as winners' proceeds, except moneys used to defray the expenses of the golfing sweepstakes or otherwise used to carry out the purposes of the organization;
- Participants in any golfing contest(s) pay a like sum of money into a common fund on the basis of attaining a stated number of points ascertainable from the score of participants, and those participants attaining the stated number of points share equally in the moneys in the common fund, without any percentage of the moneys going to the sponsoring organization; or
- An auction is held in which persons may bid on the players or teams of players in the golfing contest, and the person placing the highest bid on the player or team that wins the golfing contest receives the proceeds of the auction, except moneys used to defray the expenses of the golfing sweepstakes or otherwise used to carry out the purposes of the organizations

To be considered an eligible bona fide charitable or nonprofit organization, the organization must be organized for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, religious, scientific, social, fraternal, athletic, or agricultural purposes only. In the opinion of the WSGC, the organization must have been organized and be operated primarily for purposes other than the operation of gambling activities.

For purposes of the Business & Occupations Tax, the term "sale at retail" or "retail sale" does not include amounts charged to participate in, or conduct, a golf tournament or other competitive

event. However, amounts paid by event participants to the golf facility operator are retail sales. Likewise, amounts paid by the event organizer to the golf facility are considered retail sales if the amounts vary based on the number of event participants.

Summary of Bill:

Organizations meeting the definition of a bona fide charitable or nonprofit organization under the Gambling Act are authorized to conduct, without being required to obtain a permit or license from the Washington State Gambling Commission, shooting sports and activities sweepstakes permitting wagers of money. It is provided that this activity does not constitute gambling or a lottery and is not subject to civil or criminal penalties if conducted in a manner authorized by the bill and when participation is limited to members of the sponsoring organization and their bona fide guests.

The outcome of the sweepstakes must be dependent upon the score, or scores, or the shooting ability, or abilities, of a shooting sports contest between individual shooters or teams of such shooters, conducted in the following manner:

- Wagers are placed by buying tickets on any players in a shooting sports contest to "win," "place," or "show" and those holding tickets on the three winners may receive a payoff similar to the parimutuel system of betting, where moneys placed as wagers are used primarily as winners' proceeds, except moneys used to defray the expenses of the shooting sports contest or otherwise used to carry out the purposes of the organization; or
- Participants in any shooting sports contest(s) pay a like sum of money into a common fund on the basis of attaining a stated number of points ascertainable from the score of such participants, and those participants attaining the stated number of points share equally in the moneys in the common fund, without any percentage of the moneys going to the sponsoring organization; or
- An auction is held in which persons may bid on the shooters or teams of shooters in the shooting sports contest, and the person placing the highest bid on the shooter or team that wins the shooting sports contest receives the proceeds of the auction and splits, at a percentage set forth by the bona fide charitable or nonprofit organization, the proceeds with the winning shooter or team of shooters, except moneys used to defray the expenses of the shooting sports sweepstakes or otherwise used to carry out the purposes of the organizations.

For purposes of the new authorization, the term "shooting sports" means shooting sports and activities such as target shooting, skeet, trap, sporting clays, "5" stand, and archery.

For purposes of the Business & Occupations Tax, the terms "sale at retail" or "retail sale" do not include amounts charged to participate in, or conduct, a shooting sports and activities contest or competitive event. However, amounts paid by event participants to the shooting sports and activities operator are retail sales. Also, amounts paid by the event organizer to the shooting sports and activities facility are retail sales if the amounts vary based on the number of event participants.

Appropriation: None.

Fiscal Note: Requested on 01/23/2023.

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