

BILL ANALYSIS

Senate Research Center
79R80 EMT-D

H.B. 659
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State Affairs
5/18/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Under current law it is unclear if a charitable organization may conduct a reverse raffle to raise funds. According to an attorney general opinion issued in 2003, certain characteristics of the practice of a reverse raffle are in conflict with current law.

In a reverse raffle, the tickets are drawn one by one and it is the last ticket drawn that is the winner. However, when the raffle is down to the final ten tickets, the ticket holders are allowed to auction off their promising tickets to other individuals present at the drawing. The money obtained from the auctioning of tickets is then divided between the ticket holders and the organization.

It is the opinion of the attorney general that a reverse raffle violates the current Act by: (1) not printing the ticket price on the tickets; (2) allowing for money to be a prize for those individuals who resale their tickets; (3) selling tickets after the drawing has begun; and (4) allowing for the resale of tickets.

H.B. 659 addresses the concerns of the Attorney General Opinion by modifying the Charitable Raffle Enabling Act to answer the specific needs of a reverse raffle.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2002.002, Occupations Code, by adding Subdivision (7) to define "reverse raffle."

SECTION 2. Amends Section 2002.054(c), Occupations Code, to prohibit a [charitable] organization (organization), except as provided by Section 2002.0541, from permitting a person who is not a member of the organization or who is not authorized by the organization to sell or offer to sell raffle tickets.

SECTION 3. Amends Subchapter B, Chapter 2002, Occupations Code, by adding Section 2002.0541, as follows:

Sec. 2002.0541. REVERSE RAFFLE. (a) Authorizes a qualified organization to conduct a reverse raffle as provided by this section.

(b) Authorizes a refund of the purchase price of a ticket may be awarded as a raffle prize in a reverse raffle, notwithstanding Section 2002.056(a) (Restrictions on Prizes).

(c) Provides that after the drawing of tickets in a reverse raffle has begun, the qualified organization conducting the raffle is authorized to auction off additional tickets to persons who are present at the drawing for a price other than the price printed on the ticket, notwithstanding Section 2002.055(3) (Ticket Disclosure).

(d) Provides that after the drawing of tickets in a reverse raffle has begun, the qualified organization is authorized to permit a ticket holder present at the drawing to resell the ticket to another person present at the drawing for an amount greater than the original purchase price of the ticket. Requires the sale to be made through a designated representative of the organization, and not less than 10 percent of the sale proceeds must be retained by the organization.

(e) Provides that after the drawing of tickets in a reverse raffle has begun, the qualified organization is authorized to permit the holder of a previously drawn ticket to make certain additional purchases, notwithstanding Section 2002.055(3).

(f) Provides that only the portion of the proceeds from the resale of a ticket under Subsection (d) retained by the organization are subject to Section 2002.053 (Use of Raffle Proceeds). Provides that all proceeds from the sale of additional chances for a ticket under Subsection (e) are considered to be proceeds from the sale of the ticket for purposes of Section 2002.053.

SECTION 4. Effective date: September 1, 2005.