

**SUBJECT:** Increasing value of a residential dwelling as a prize at charitable raffles

**COMMITTEE:** Licensing and Administrative Procedures — favorable, without amendment

**VOTE:** 7 ayes — Kuempel, Frullo, Geren, Goldman, Herrero, Paddie, S. Thompson

0 nays

2 absent — Guillen, Hernandez

**WITNESSES:** None

**BACKGROUND:** Occupations Code, sec. 2002.056 allows charitable raffles to offer a residential dwelling as a prize as long as its value does not exceed \$250,000.

**DIGEST:** HB 115 would raise the maximum value of a residential dwelling that could be offered as a prize in a charitable raffle from \$250,000 to \$2 million.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2017, and would apply to a charitable raffle for which the prize was to be awarded on or after that date.

**SUPPORTERS SAY:** HB 115 would help improve fundraising for qualified Texas charities. Because nonprofits are limited to two charity raffles a year under the Charitable Raffle Enabling Act (Occupations Code, ch. 2002), the bill would allow them to take better advantage of a raffle's fundraising potential by offering residential dwelling prizes with a value of up to \$2 million. The bill would allow a charity to buy a higher-value home than allowed under current law, typically at reduced price, and build a several-month campaign around its raffle.

Under current law, a charity may raffle a house worth more than \$250,000 if it is 100 percent donated. The home value cap is imposed only when a charity spends any percentage of its money on the dwelling. By raising the value cap on a dwelling purchased by an organization, the bill would allow charities to take advantage of a broader range of fundraising opportunities that may come their way.

OPPONENTS  
SAY:

The intent of the Legislature was for charitable raffles to be small in scope, ensuring that they did not become a big business. The state should be cautious when expanding charitable raffles to be larger than originally intended.

OTHER  
OPPONENTS  
SAY:

While HB 115 would be a positive step toward lessening governmental authority over charitable raffles, it would not go far enough and instead should fully repeal the limitation on how much an organization may pay for a house used as a raffle prize.