

- SUBJECT:** Expanding sports teams eligible to hold charitable raffles
- COMMITTEE:** Licensing and Administrative Procedures — committee substitute recommended
- VOTE:** 6 ayes — Kuempel, Guillen, Goldman, Hernandez, Herrero, S. Thompson  
0 nays  
3 absent — Frullo, Geren, Paddie
- WITNESSES:** For — (*Registered, but did not testify:* Jon Fisher, Sugar Land Skeeters Baseball Club; R. Clint Smith, Texas Motor Speedway; Rene Ramirez, Vipers Basketball)  
  
Against — None
- BACKGROUND:** The 84th Legislature in 2015 passed and voters approved HJR 73 by Geren and its enabling legislation, HB 975, which together permitted certain professional sports team charitable foundations existing on January 1, 2016, to conduct charitable raffles at home games under certain circumstances. HB 975 created the Professional Sports Team Charitable Foundation Raffle Enabling Act (Occupations Code, sec. 2004).  
  
Sec. 2004.002 of the act defines the leagues under which professional sports teams are eligible to hold charitable raffles. In this section, "professional sports team" means a team organized in Texas that is a member of Major League Baseball, the National Basketball Association, the National Hockey League, the National Football League, or Major League Soccer.
- DIGEST:** CSHB 3125 is the enabling legislation for HJR 100 by Kuempel, which would propose an amendment to Art. 3, sec. 47(d-1) of the Texas Constitution to specify that a law enacted under that subsection permitting a professional sports team charitable foundation to conduct a charitable raffle would apply only to an entity defined as a professional sports team

charitable foundation under that law and would remove the requirement that the foundation had to be in existence on January 1, 2016.

CSHB 3125 would add the following entities to the definition of "professional sports team" under the Professional Sports Team Charitable Foundation Raffle Enabling Act:

- the American Hockey League;
- the East Coast Hockey League;
- the American Association of Independent Professional Baseball;
- the Atlantic League of Professional Baseball;
- Minor League Baseball;
- the National Basketball Association Development League;
- the National Women's Soccer League;
- the Major Arena Soccer League;
- the United Soccer League; and
- a person hosting a motorsports racing team event sanctioned by a nationally recognized racing association at venue in Texas with seating for at least 75,000 attendees.

The bill also would make a debit card an acceptable form of payment for purchasing a raffle ticket for a charitable raffle conducted under the act

The bill would take effect September 1, 2017, but only if the constitutional amendment authorizing additional professional sports team charitable foundations to conduct charitable raffles at additional venues was approved by voters. If that amendment were not approved by voters, this bill would have no effect.

**SUPPORTERS  
SAY:**

CSHB 3125 would allow professional sports teams that want to host charitable raffles but do not belong to the eligible leagues identified in current law to have the same opportunities as their peers. Charitable raffles help a team link its fans to community programs supported by its foundation and raise public awareness of charitable activities in the area.

The bill would benefit Texas sports teams and communities, as current raffles have led to increased attendance and enthusiasm at games for those participating teams. This increase already has translated into significant money for charities, creating opportunities for sports teams to increase their contributions and support their causes. The bill would add sports teams representing rural and suburban communities, bringing charitable revenue to new and different parts of the state.

Along with HJR 100, CSHB 3125 would expand the opportunity to conduct charitable raffles to teams within the identified leagues while preserving sensible eligibility requirements in current law that charitable foundations must meet. These include that the foundation be associated with a professional sports team with a home venue in Texas, have existed for at least three years before holding a raffle, and qualify as a charitable organization under federal tax law. The bill and proposed amendment would preserve these measures that protect against improperly conducted raffles. The safeguards have worked well, and there has been no resulting proliferation of profit-making gambling activities since the law took effect at the beginning of last year.

The bill also would protect participants by allowing people to pay for raffle tickets with debit cards. Fans attending games would not have to carry cash with them in order to buy raffle tickets.

OPPONENTS  
SAY:

Current statutory authorization appropriately applies only to the 10 Texas franchises in the country's five major sports leagues. This provision was crafted to place a reasonable limit on the number of entities able to conduct charitable raffles, rather than opening eligibility to all professional sports teams in Texas and their associated charitable foundations. HB 3125, with HJR 100, could open the door to increased expansion of charitable raffles conducted by the foundations of less well established teams, an idea that was rejected last session when the Legislature was unambiguous in its choice of teams permitted to hold charitable raffles.

The state should be cautious about expanding the number of entities

holding charitable raffles. CSHB 3125 would expand gambling in Texas by increasing the number of sports team foundations that could conduct these raffles through their associated foundations. This could prompt other groups to request expanded authority to offer such raffles.

NOTES:

The authorizing constitutional amendment, HJR 100 by Kuempel, is set for second-reading consideration on today's Constitutional Amendments Calendar.

A companion bill, SB 1337 by Hinojosa, was referred to the Senate Committee on State Affairs on March 14.