

- SUBJECT:** Amending eligibility requirements for sports team 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:** For — (*Registered, but did not testify:* R. Clint Smith, Texas Motor Speedway; Jon Fisher, Sugar Land Skeeters Baseball Club; Rene Ramirez, Vipers Basketball)
- Against — None
- BACKGROUND:** Art. 3, sec. 47 of the Texas Constitution requires the Legislature to prohibit lotteries and gift enterprises in the state, with certain exceptions, including bingo games and charitable raffles conducted by various nonprofit or religious organizations.
- The 84th Legislature in 2015 passed and voters approved HJR 73 by Geren and its enabling legislation, HB 975 by Geren, which together permitted certain professional sports team charitable foundations existing on January 1, 2016, to conduct charitable raffles at home games under certain conditions. HJR 73 added subsection (d-1) to Art. 3, sec. 47 of the Texas Constitution.
- DIGEST:** HJR 100 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 for the foundation to have been in existence on January 1, 2016.

The proposal would be presented to the voters in an election on Tuesday, November 7, 2017. The ballot proposal would read: "The constitutional amendment on professional sports team charitable foundations conducting charitable raffles."

**SUPPORTERS
SAY:**

HJR 100, along with its enabling legislation, HB 3125 by Kuempel, would expand the number of professional sports team charitable foundations eligible to hold charitable raffles at home sports games. The joint resolution would allow teams to capitalize on the large and supportive crowds at sporting events to increase the amount of charitable funds available to support their charitable programs. Current charitable raffles have been successful in raising large amounts of money for charity with no abuse of the process.

The joint resolution and HB 3125 would work together to permit the charitable foundations of more professional leagues and their teams to hold charitable raffles for cash prizes at each of their team's home games. HJR 100 would add sports teams representing more rural and suburban communities, bringing charitable revenue to new and different parts of the state and uniting sports teams and their communities to assist disadvantaged Texans. HB 3125 would expand the definition of "professional sports team" to include additional leagues. Charitable raffles help a team link its fans to community programs supported by its foundation and help raise public awareness of charitable activities in the area.

HJR 100 only would expand the number of sports teams that could participate in charitable raffles — it would make no other change and would not remove safeguards that were established to protect against improperly conducted raffles. The protections that are in place, such as requirements that the foundation be associated with a professional sports team with a home venue in Texas and that it qualify as a charitable organization under federal law, have been successful. Since the law took effect in 2016, no proliferation of profit-making gambling activities has resulted.

OPPONENTS
SAY:

The current constitutional authorization appropriately applies only to the 10 Texas major league sports franchises that had charitable foundations on January 1, 2016. This limitation in Art. 3, sec. 47(d-1) was established to protect against the creation of entities solely to take advantage of charitable raffles. HJR 100, along with its enabling legislation, could open the door to further 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 allowed to hold charitable raffles.

The state should be cautious about expanding the number of participants allowed to conduct charitable raffles. HJR 100 would expand gambling in Texas by increasing the number of such raffles that sports team foundations could conduct, which could prompt other groups to request expanded authority to offer such raffles.

NOTES:

HB 3125 by Kuempel, the enabling legislation for HJR 100, is set for second-reading consideration on today's calendar.

According to the Legislative Budget Board's fiscal note, HJR 100 would have no fiscal implication to the state other than the cost for publication of the resolution, which would be \$114,369.

A companion bill, SJR 49 by Hinojosa, was referred to the Senate Committee on State Affairs on March 16.