

BILL ANALYSIS

Senate Research Center
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S.B. 898
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law allows “qualified organizations” to conduct charitable raffles in order to further their nonprofit fundraising efforts. The qualified organizations that may conduct these raffles—qualified religious societies, qualified volunteer fire departments, qualified emergency medical services and qualified nonprofit organizations—must meet certain conditions established in the Charitable Raffle Enabling Act. Among these conditions are the limitation on the number of raffles that may be conducted in one year (no more than two per year), the requirement that the organization use all proceeds of the raffle for its charitable purposes, and the prohibition on giving money as a prize.

The limitations on charitable raffles make it difficult for the nonprofit organizations associated with professional sports teams in Texas to utilize this fundraising mechanism to the same extent as professional sports team nonprofit organizations located in other states. Many of the larger sports franchises have charitable raffle programs in place that allow them to contribute millions of dollars to nonprofit organizations in their local communities. In some cases, the charitable raffle program is the largest fundraiser and source of revenue for a team’s foundation.

The ability to raise a large amount of money for charity without upfront expenditure of a nonprofit organization’s funds is one of the aspects that makes these fundraising mechanisms so successful. The number of charitable raffles held annually is another factor in the success of these fundraising programs for professional sports franchise charitable foundations.

S.B. 898 seeks to modify current law to allow charitable foundations that are associated with professional sports teams organized in this state to utilize charitable raffles more often and under different conditions than the charitable raffles authorized under current law.

As proposed, S.B. 898 amends current law relating to charitable raffles conducted by certain professional sports team charitable foundations and provides penalties.

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 Subtitle A, Title 13, Occupations Code, by adding Chapter 2004, as follows:

CHAPTER 2004. PROFESSIONAL SPORTS TEAM CHARITABLE FOUNDATION RAFFLES

Sec. 2004.001. SHORT TITLE. Authorizes this chapter to be cited as the Professional Sports Team Charitable Foundation Raffle Enabling Act.

Sec. 2004.002. DEFINITIONS. Defines "charitable purposes," "professional sports team," "professional sports team charitable foundation," and "raffle."

Sec. 2004.003. QUALIFICATIONS TO CONDUCT RAFFLE. Provides that a professional sports team charitable foundation is qualified to conduct charitable raffles under this chapter if the foundation:

- (1) is associated with a professional sports team with a home venue located in this state;
- (2) does not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services;
- (3) has existed for at least the three years preceding the conduct of a raffle under this chapter;
- (4) does not devote a substantial part of its activities to attempting to influence legislation and does not participate or intervene in any political campaign on behalf of any candidate for public office in any manner, including by publishing or distributing statements or making campaign contributions;
- (5) qualifies for and has obtained an exemption from federal income tax from the Internal Revenue Service as a charitable organization described in Section 501(c)(3), Internal Revenue Code of 1986; and
- (6) does not have or recognize any local chapter, affiliate, unit, or subsidiary organization in this state.

Sec. 2004.004. RAFFLE AUTHORIZED; TICKET SALES. (a) Authorizes a professional sports team charitable foundation that meets the qualifications under Section 2004.003 to conduct a charitable raffle during each preseason, regular season, and postseason game hosted at the home venue of the professional sports team associated with the foundation to provide revenue for the foundation's charitable purposes.

- (b) Authorizes a professional sports team charitable foundation authorized to conduct a raffle under this section to award to a raffle winner selected by random draw a cash prize in an amount not to exceed 50 percent of the gross proceeds collected from the sale of raffle tickets.
- (c) Authorizes only employees or volunteers of the professional sports team charitable foundation or the professional sports team associated with the foundation to sell raffle tickets for a charitable raffle conducted under this chapter.
- (d) Authorizes only persons 18 years of age or older to purchase raffle tickets in a charitable raffle conducted under this chapter.

Sec. 2004.005. TICKET DISCLOSURES. Requires that the following information be printed on each raffle ticket sold or offered for sale under this chapter:

- (1) the name of the raffle for which the ticket is offered for sale and the sales station at which the ticket was purchased;
- (2) the date on which the random draw to determine the winner of the raffle will occur and the manner in which the winning ticket for the raffle will be announced;
- (3) the procedure and location for claiming a prize;
- (4) the time allowed for a prize winner to claim a prize; and
- (5) the logo of the professional sports team charitable foundation, the logo of the professional sports team associated with the foundation, or both.

Sec. 2004.006. USE OF RAFFLE PROCEEDS. Requires that all proceeds from the sale of raffle tickets less the amounts deducted for reasonable operating expenses and cash prizes be used for the charitable purposes of the professional sports team charitable foundation.

Sec. 2004.007. REASONABLE OPERATING EXPENSES. (a) Authorizes a professional sports team charitable foundation, for each raffle conducted under this chapter, to deduct not more than 10 percent of the gross proceeds collected from the sale of tickets for the raffle to pay the reasonable operating expenses of conducting the raffle.

(b) Provides that, for purposes of this chapter, reasonable operating expenses include:

(1) promotion, advertisements, charitable foundation fund-raising events, equipment, and administrative expenses; and

(2) purchase, lease, or licensing fees for the equipment, hardware, and software necessary to:

(A) sell raffle tickets to raffle participants;

(B) conduct random drawings to select prize winners; and

(C) continuously calculate the number of ticket sales, amount of money collected, amount of cash prize to be awarded, amount of money raised for charitable purposes, and amount of gross ticket sales that may be deducted for reasonable operating expenses.

Sec. 2004.008. CRIMINAL PENALTIES. (a) Provides that a person commits an offense if the person accepts any form of payment other than United States currency for the purchase of a raffle ticket for a charitable raffle conducted under this chapter.

(b) Provides that a person commits an offense if the person sells or offers to sell a raffle ticket for a charitable raffle conducted under this chapter to an individual that the person knows to be younger than 18 years of age.

(c) Provides that a person commits an offense if the person purchases a raffle ticket for a charitable raffle conducted under this chapter with the proceeds of a check issued as a payment under the financial assistance program administered under Chapter 31 (Financial Assistance and Service Programs), Human Resources Code.

(d) Provides that a person commits an offense if the person misrepresents the person's age or displays fraudulent evidence that the person is 18 years of age or older in order to purchase a raffle ticket for a charitable raffle conducted under this chapter.

(e) Provides that an offense under this section is a Class C misdemeanor.

Sec. 2004.009. INJUNCTIVE ACTION AGAINST UNAUTHORIZED RAFFLE. (a) Provides that a county attorney, district attorney, criminal district attorney, or the attorney general is authorized to bring an action in county or district court for a permanent or temporary injunction or a temporary restraining order prohibiting conduct involving a raffle or similar procedure that violates or threatens to violate state law relating to gambling, and is not authorized by this chapter, Chapter 2002 (Charitable Raffles), or other law.

(b) Provides that the venue for an action under this section is in the county in which the conduct occurs or in which a defendant in the action resides.

SECTION 2. Amends Section 47.02(c), Penal Code, as follows:

(c) Provides that it is a defense to prosecution under this section that the actor reasonably believed that the conduct was permitted under Chapter 2004, Occupations Code. Makes nonsubstantive changes.

SECTION 3. Amends Section 47.09(a), Penal Code, as follows:

(a) Provides that it is a defense to prosecution under this chapter that the conduct was authorized under Chapter 2004, Occupations Code. Makes a nonsubstantive change.

SECTION 4. Effective date: January 1, 2016, contingent on passage of the constitutional amendment authorizing the legislature to permit professional sports team charitable foundations to conduct charitable raffles is approved by the voters.