

SUBJECT: Removing the \$25,000 limit on the value of raffle prizes

COMMITTEE: Licensing and Administrative Procedures — favorable, without amendment

VOTE: 7 ayes — Wilson, Kubiak, Haggerty, Hamric, D. Jones, Pickett, Yarbrough
0 nays
2 absent— Goolsby, Torres

WITNESSES: None

BACKGROUND : Under the Charitable Raffle Enabling Act of 1989 (VACS art. 179f), qualified charitable and nonprofit organizations may conduct raffles so long as they do not award cash prizes or any prize valued at more than \$25,000. A local prosecutor or the attorney general may seek an injunction in county or district court prohibiting unauthorized raffles.

DIGEST: HB 641 would remove the \$25,000 limit on the value of raffle prizes. The bill would take immediate effect if finally approved by a two-thirds record vote of the membership of each house.

SUPPORTERS SAY: HB 641 would make a necessary economic adjustment in the value of prizes offered in raffles to help charities raise more money. The Charitable Raffle Enabling Act was enacted to help bona fide charities raise funds to carry out the important work they do. But \$25,000 is worth a lot less than it was when the act was originally approved eight years ago. For example, the price of many new cars, always a big draw for ticket sales, now starts at close to the current limit. Removing this arbitrary limit would provide needed flexibility for nonprofit and charity groups to raise money more effectively for their worthy causes.

The current limit on prize value is not enforced. Some organizations routinely exceed the limit by raffling expensive new cars, without consequences of any kind. Those organizations scrupulous enough to obey the limit should not be placed at a disadvantage by having non-compliers outdo them with more expensive, illegal raffle prizes.

Those opposed to the promotion of gambling in the state should address the Texas Lottery, not charitable raffles, which generate far less money. HB 641 would lift only the limit on the value of noncash prizes; it would not change the prohibition against offering cash as a raffle prize.

OPPONENTS
SAY:

The Legislature knew what it was doing in 1989 when it set the \$25,000 limit on the value of raffle prizes. The objective was to ensure that raffles did not become a big business but remained focused on their stated purpose: to raise money for charity. Increasing the stakes in charity raffles would move the state further down the slippery slope towards legalized gambling.

Legalization of charitable raffles and bingo increased tolerance for gambling and opened the door to the lottery; removing the raffle prize limit could open that door even wider. These forms of gambling target low-income Texans who are least able to afford to lose. By raising the stakes in charitable raffles, Texas would only make raffles even more attractive to bogus "charities" running scam raffles.

OTHER
OPPONENTS
SAY:

A better response to groups that violate the \$25,000 limit is tougher enforcement, not greater tolerance. Such groups should not be rewarded by allowing higher prizes but should instead be required to adhere to the law as it is written.