

# **SB 549 (Hall/Gray)—California Charitable Raffles**

## **BACKGROUND**

Across North America, more than 100 professional sports franchises, including numerous Major League Baseball (MLB), National Basketball Association (NBA), National Hockey League (NHL), National Football League (NFL), Professional Golfers Association (PGA Tour), NASCAR and Major League Soccer (MLS) franchises, now successfully operate 50/50 charitable raffles at sporting events in order to maximize donations to local community philanthropic causes. These extremely popular raffles allow the fan attending the professional sporting event the opportunity to purchase a raffle ticket giving that fan a chance to win 50% of the proceeds from that game's raffle. The other 50% of the proceeds benefit the local charities designated by the professional sports team for that particular event or to the professional sports team's own charitable foundation.

Results of 50/50 charitable raffles have been stellar and now are being held in more than 29 States and 10 Canadian Provinces. This reform would allow fans who attend professional sporting events to voluntarily participate in a raffle that benefits charities in their local communities. These designated California charities, in turn, would be able to substantially increase their contributions and services to the neediest Californians in their communities. Experience in other states shows that these 50/50 raffles allow professional sports teams to significantly expand their charitable giving and community support to a broader spectrum of organizations and causes.

## **CALIFORNIA LAW**

In March 2000, in response to widely publicized abuses by charitable raffle operators, California voters passed Proposition 17. At its core, Proposition 17 provided that at least 90% of the proceeds of a charitable raffle must go to a charitable organization and only 10% can be used for overhead. With advances in raffle technologies that now allow for secure, real-time transactions and auditing, as well as statutory prohibitions on raffle operators taking a percentage of the raffle proceeds, the 90/10 restriction actually impairs charities from reaching their full potential at large venues. Limiting the size of the prize has actually hindered the overall results of charitable raffles and made them less attractive for participants.

## **PROPOSED CHANGES**

California law should be amended to all allow professional sports franchises to operate game-day 50/50 charitable raffles in which 50% of the proceeds go to the ticket holder and 50% of the proceeds go to the local charities designated by the professional sports team for that particular event or to the professional sports team's own charitable foundation that supports local charities and causes.

This bill as amended does the following:

- ✓ Allows California professional sports teams to conduct charitable raffles at sporting events in California whereby 50% of the proceeds from the sale of raffle tickets go the qualified charity, and the other half goes to a winning ticket-holder at the event.

- ✓ Requires the charitable proceeds to be used for charitable purposes in California.
- ✓ Allows for raffle tickets at professional sporting events to be issued by a ticket machine, but requires a manual draw for the winning ticket.
- ✓ Requires the California professional sports team to distribute the proceeds to the designated charity within 15 days of the event.
- ✓ Requires the California professional sports team to distribute the unclaimed ticket-holder's winnings to the designated charity if not claimed within 30 days from the date of the sporting event.
- ✓ Prohibits the selling of raffle tickets in a designated Family Section at the sporting event.
- ✓ Places a sunset on the enactment.

The proposal does not seek to change the underlying protections adopted pursuant to Proposition 17, or its implementing legislation, including but not limited to:

- ✓ Mandating the charitable organization holding the raffle to register report and be regulated by the Attorney General and registered with the state.
- ✓ Maintains Proposition 17 language that allows local non-professional sports charities to conduct raffles under current Prop. 17 parameters.
- ✓ Maintains Proposition 17 language that no individual, corporation, partnership, or other legal entity shall hold a financial interest in the conduct of a raffle, etc.

## **STATES WHERE 50/50 RAFFLES ARE OCCURRING**

### **United States**

Maine  
 New Hampshire  
 Massachusetts  
 Rhode Island  
 New York  
 New Jersey  
 Pennsylvania  
 Maryland  
 Virginia  
 North Carolina  
 Georgia  
 Florida  
 Texas  
 New Mexico  
 Arizona  
 Oregon  
 Nevada  
 Colorado  
 Washington State

North Dakota  
 Minnesota  
 Wisconsin  
 Illinois  
 Indiana  
 Ohio  
 Michigan  
 West Virginia  
 Missouri  
 Iowa

### **Canada**

British Columbia  
 Alberta  
 Manitoba  
 Ontario  
 PEI  
 Saskatchewan  
 Nova Scotia  
 New Brunswick