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June 11, 2018

The Honorable Bill Dodd
Chair, Senate Committee on Governmental Organization
State Capitol
Sacramento, CA 95814

RE: Opposition to AB 888 – Charitable Raffles (Low)

Dear Senator Dodd,

California Association of Nonprofits (CalNonprofits), a statewide policy alliance of more than 10,000 organizations, is the voice for California's nonprofit community. Through our advocacy work, we protect and enhance the ability of California's nonprofits to serve our state, the nation and the world. I am writing to inform you that CalNonprofits opposes Assembly Bill 888 which has been amended to eliminate the sunset on 50/50 raffles that can only be operated by an exclusive set of foundations associated with major league sports teams.

CalNonprofits was pleased to be part of a multi-stakeholder process which in 2000 resulted in the enactment of a law requiring that 90 percent of the gross receipts from any raffle, conducted by a private, nonprofit eligible organization be directed to "beneficial and charitable purposes." This law allows all charities to hold raffles and raise much-needed funds to support their mission-based activities. Indeed, according to a recent survey we conducted of our members, raffles are typically a small affair. Tickets typically cost less than \$10 each and fewer than 300 are sold. Three-quarters of raffles are conducted by nonprofits with annual budgets of less than \$2 million and nearly a third of organizations conducting raffles have annual budgets under \$100,000. Typically, raffle proceeds generate less than five percent of a nonprofit's income. Two-thirds of CalNonprofits members indicate a concern about raffles that can be perceived as high stakes gambling.

As we testified during legislative hearings in 2015, large-scale 50/50 raffles run a significant risk of eroding the public's trust in nonprofit organizations. The 90/10 provisions that *all other charities* in California are governed by ensure that the primary purpose of any raffle is to provide benefit to nonprofit organizations. Large scale raffles with a 50/50 split move away from that primary purpose and put more of a focus on gambling to win a cash prize rather than on a benefit and donation to a nonprofit.

Over CalNonprofits' strong objections, in 2015, California enacted Senate Bill 549 creating special rules for an exclusive set of foundations affiliated with major league sports teams to

generate proceeds from raffles that allow 50 percent of proceeds to be awarded to a winner. The provisions of SB 549 included a sunset date of December 31, 2018.

We have attempted to review the two sets of annual reports filed by the participating teams' foundations. But many of the required annual reports appear to be incomplete, inaccurate, or missing altogether. As such, the public has no idea how much of the money is really going to charities, nor if communities are receiving a benefit beyond the financial support that these foundations provided prior to implementing 50/50 raffle programs. Because they are incomplete, it's not possible to tell from the reports exactly how many raffles were run, but some teams are operating close to 100 raffles per year, averaging more than \$25,000 per raffle. The reports reveal that these 50/50 raffles – particularly for some of the teams – constitute high stakes, with millions of dollars being bet by fans resulting in jackpots at times over \$100,000 and often exceeding \$10,000.

The reports also reveal that winners are not always receiving their payouts. For example, in 2017, the Los Angeles Dodgers Foundation reports "No winner, total jackpot to LADF" for 11 of the ninety 50/50 raffles they ran, totaling nearly \$500,000. (attached) And it's clear that the primary beneficiaries of the proceeds are the teams' foundations and their chosen programs. Some teams only run 50/50 raffles for their own foundation's benefit. Others infrequently include another community organization as a beneficiary. During the SB 549 effort, veterans' organizations were in strong support, but the reports reveal that very few 50/50 raffle dollars went to support nonprofits which provide services and support to veterans. Frankly, our review leaves us with more questions than answers.

But unfortunately, neither the Department of Justice – nor any other entity -- has audited or reviewed the operations of these new, high stakes raffles to determine whether they are being run in accordance with the law and in ways that protect the interests of the public and the nonprofit community. DOJ's emergency regulations, adopted in 2016 state "Contingent upon the appropriation of sufficient funds, the Department of Justice and the Bureau of Gambling Control will carry out the registration, auditing, oversight, and enforcement functions prescribed herein." (attached). Other than funds appropriated by the Legislature to implement those regulations, DOJ has received no funding or appropriation for this program.

As such, it is premature to remove the sunset on this experimental program without gaining significantly more understanding about how they're operating and who is benefitting. Indeed, these exchanges involving Senator Hall and Assemblymembers Salas and Gray during the hearing for SB 549 in the Assembly Government Organization committee identify the legislative desire at the time for such feedback on the 50/50 program:

Rudy Salas Okay. Thank you, senator, and I appreciate that. I know I didn't see a reporting requirement in the bill, but obviously we always have oversight.

Isadore Hall Yeah, and by the way, this has a three-year sunset, and the report will be coming back to this committee. The DOJ will do a report back to this committee in three years, and you will be able to say, okay, how has

this impacted our community? Has this worked? Where did the resources come from? Where did they go? Did they help this non-profit, this non-profit, what region of the state did it help? Did it Support? Is it something we want to move forward? Is it something we want to can? So, there is some accountability. There's a report that will be coming back to this honorable board in three years. There's a sunset clause in here.

...

Adam Gray But I do want to echo Mr. Salas' comments.

Isadore Hall Absolutely.

Adam Gray And others, and I think the most important point you raise is that we have a sunset.

Isadore Hall Right.

Adam Gray On this bill, and this body is going to have an opportunity, not just throughout the duration of this process and throughout the duration of the committee process, here at the legislature, but upon review of this too, to see what's working, and what perhaps can be improved at that time.

CalNonprofits is concerned that AB 888 proposes only to extend the law indefinitely. We urge you to hold AB 888 unless and until a DOJ audit of the practices and impacts of the last two years of 50/50 major league sports raffles is conducted.

Please do not hesitate to contact me or our Sacramento Advocate Jennifer Fearing.

Sincerely,



Jan Masaoka,
CEO, California Association of Nonprofits

cc: Assemblymember Evan Low
Members, Senate Assembly Government Organization committee
Assemblymember Adam Gray, Chair, Assembly Government Organization committee
AB 888 coauthors

Attachments

Game Date	Jackpot	LADF 50%
Saturday, April 01, 2017	\$ 21,125.00	\$ 10,562.00
Monday, April 03, 2017	\$ 76,895.00	\$ 38,447.00
Tuesday, April 04, 2017	\$ 27,430.00	\$ 13,715.00
Wednesday, April 05, 2017	\$ 31,240.00	\$ 15,620.00
Thursday, April 06, 2017	\$ 21,990.00	\$ 10,995.00
Friday, April 14, 2017	\$ 30,915.00	\$ 15,457.00
Saturday, April 15, 2017	\$ 41,405.00	\$ 20,702.00
Sunday, April 16, 2017	\$ 29,615.00	\$ 14,807.00
Monday, April 17, 2017	\$ 23,260.00	\$ 11,630.00
Tuesday, April 18, 2017	\$ 28,395.00	\$ 14,197.00
Wednesday, April 19, 2017	\$ 31,225.00	\$ 15,612.00
Friday, April 28, 2017	\$ 26,740.00	\$ 26,740.00
Saturday, April 29, 2017	\$ 51,995.00	\$ 25,997.00
Sunday, April 30, 2017	\$ 29,075.00	\$ 14,537.00
Monday, May 1st, 2017	\$ 35,340.00	\$ 17,670.00
Tuesday, May 2nd, 2017	\$ 31,740.00	\$ 31,740.00
Wednesday, May 3rd, 2017	\$ 75,165.00	\$ 37,582.00
Monday, May 8th, 2017	\$ 27,250.00	\$ 13,625.00
Tuesday, May 9th, 2017	\$ 27,230.00	\$ 13,615.00
Wednesday, May 10th, 2017	\$ 33,420.00	\$ 33,420.00
Thursday, May 18th, 2017	\$ 25,920.00	\$ 12,960.00
Friday, May 19th, 2017	\$ 22,830.00	\$ 11,415.00
Saturday, May 20th, 2017	\$ 43,900.00	\$ 21,950.00
Sunday, May 21st, 2017	\$ 22,260.00	\$ 11,130.00
Tuesday, May 23rd, 2017	\$ 32,925.00	\$ 32,925.00
Wednesday, May 24th, 2017	\$ 18,515.00	\$ 9,257.00
Thursday, May 25th, 2017	\$ 38,555.00	\$ 19,277.00
Friday, May 26th, 2017	\$ 38,880.00	\$ 38,880.00
Saturday, May 27th, 2017	\$ 39,915.00	\$ 19,957.00
Sunday, May 28th, 2017	\$ 50,270.00	\$ 25,135.00
Monday, June 5th, 2017	\$ 23,075.00	\$ 11,537.00
Tuesday, June 6th, 2017	\$ 41,945.00	\$ 18,672.00
Wednesday, June 7th, 2017	\$ 28,950.00	\$ 14,475.00
Friday, June 9th, 2017	\$ 28,680.00	\$ 14,340.00
Saturday, June 10th, 2017	\$ 39,315.00	\$ 19,657.00
Sunday, June 11th, 2017	\$ 27,715.00	\$ 13,857.00
Monday, June 19th, 2017	\$ 32,750.00	\$ 16,375.00
Tuesday, June 20th, 2017	\$ 33,130.00	\$ 33,130.00
Wednesday, June 21st, 2017	\$ 38,800.00	\$ 19,400.00
Thursday, June 22nd, 2017	\$ 24,935.00	\$ 12,467.00
Friday, June 23rd, 2017	\$ 31,410.00	\$ 15,705.00
Saturday, June 24th, 2017	\$ 54,610.00	\$ 27,305.00
Sunday, June 25th, 2017	\$ 32,865.00	\$ 16,432.00
Monday, June 26th, 2017	\$ 30,230.00	\$ 15,115.00
Tuesday, June 27th, 2017	\$ 41,025.00	\$ 20,422.00
Tuesday, July 4th, 2017	\$ 50,535.00	\$ 50,535.00
Wednesday, July 5th, 2017	\$ 24,885.00	\$ 12,442.00
Thursday, July 6th, 2017	\$ 34,505.00	\$ 17,252.00
Friday, July 7th, 2017	\$ 35,290.00	\$ 17,645.00
Saturday, July 8th, 2017	\$ 30,365.00	\$ 15,182.00
Sunday, July 9th, 2017	\$ 23,945.00	\$ 11,472.00
Thursday, July 20th, 2017	\$ 24,150.00	\$ 24,150.00
Friday, July 21st, 2017	\$ 26,530.00	\$ 13,265.00
Saturday, July 22nd, 2017	\$ 31,780.00	\$ 15,890.00
Sunday, July 23rd, 2017	\$ 23,525.00	\$ 11,762.00
Monday, July 24th, 2017	\$ 36,405.00	\$ 18,202.00
Tuesday, July 25th, 2017	\$ 30,295.00	\$ 15,147.00
Wednesday, July 26th, 2017	\$ 44,540.00	\$ 22,270.00
Friday, July 28th, 2017	\$ 32,030.00	\$ 16,015.00
Saturday, July 29th, 2017	\$ 27,025.00	\$ 13,512.00
Sunday, July 30th, 2017	\$ 33,990.00	\$ 16,995.00
Friday, August 11, 2017	\$ 37,120.00	\$ 18,560.00
Saturday, August 12, 2017	\$ 52,390.00	\$ 26,195.00
Sunday, August 13, 2017	\$ 29,080.00	\$ 14,540.00
Tuesday, August 15, 2017	\$ 36,265.00	\$ 36,265.00
Wednesday, August 16, 2017	\$ 36,940.00	\$ 18,470.00
Friday, August 25, 2017	\$ 40,390.00	\$ 20,195.00
Saturday, August 26, 2017	\$ 41,460.00	\$ 20,730.00
Sunday, August 27, 2017	\$ 29,960.00	\$ 14,980.00
Monday, September 4th, 2017	\$ 37,415.00	\$ 18,707.00
Tuesday, September 5th, 2017	\$ 29,220.00	\$ 14,610.00
Wednesday, September 6th, 2017	\$ 134,870.00	\$ 134,870.00
Thursday, September 7th, 2017	\$ 31,205.00	\$ 31,205.00
Friday, September 8th, 2017	\$ 83,905.00	\$ 41,952.00
Saturday, September 9th, 2017	\$ 37,930.00	\$ 18,965.00
Sunday, September 10th, 2017	\$ 24,060.00	\$ 12,030.00
Friday, September 22nd, 2017	\$ 38,925.00	\$ 19,462.00
Saturday, September 23rd, 2017	\$ 31,420.00	\$ 15,710.00
Sunday, September 24th, 2017	\$ 45,570.00	\$ 22,785.00
Monday, September 25th, 2017	\$ 30,030.00	\$ 15,015.00
Tuesday, September 26th, 2017	\$ 40,170.00	\$ 20,085.00
Wednesday, September 27th, 2017	\$ 30,475.00	\$ 15,237.00
Friday, October 6th, 2017	\$ 129,820.00	\$ 64,910.00
Saturday, October 7th, 2017	\$ 118,305.00	\$ 59,152.00
Saturday, October 14th, 2017	\$ 105,715.00	\$ 52,857.00
Sunday, October 15th, 2017	\$ 97,555.00	\$ 48,777.00
Tuesday, October 24th, 2017	\$ 94,335.00	\$ 47,167.00
Wednesday, October 25th, 2017	\$ 95,550.00	\$ 47,775.00
Tuesday, October 31st, 2017	\$ 103,185.00	\$ 51,592.00
Wednesday, November 1st, 2017	\$ 158,670.00	\$ 79,335.00
Total	\$ 3,856,585.00	\$ 2,162,314.00

NO WINNER, TOTAL JACKPOT TO LADF

Check Amount Paid to Winners Net of Taxes Withheld
\$ 7,182.84
\$ 28,836.00
\$ 10,286.25
\$ 11,715.00
\$ 8,246.25
\$ 11,593.50
\$ 15,527.25
\$ 11,106.00
\$ 8,722.50
\$ 10,648.50
\$ 11,709.75
\$ -
\$ 19,498.50
\$ 10,903.50
\$ 13,252.50
\$ -
\$ 28,187.25
\$ 10,218.75
\$ 10,211.25
\$ -
\$ 9,720.00
\$ 8,561.25
\$ 16,462.50
\$ 8,347.50
\$ -
\$ 6,943.50
\$ 14,458.50
\$ -
\$ 13,571.44
\$ 18,851.25
\$ 8,653.50
\$ 17,454.75
\$ 10,856.25
\$ 10,755.00
\$ 14,743.50
\$ 10,393.50
\$ 12,281.25
\$ -
\$ 14,550.00
\$ 9,351.00
\$ 11,778.75
\$ 20,478.75
\$ 12,324.75
\$ 11,336.25
\$ 15,452.25
\$ -
\$ 9,332.25
\$ 12,939.75
\$ 13,233.75
\$ 11,387.25
\$ 9,354.75
\$ -
\$ 9,948.75
\$ 11,917.50
\$ 8,822.25
\$ 12,378.04
\$ 11,361.00
\$ 16,702.50
\$ 12,011.25
\$ 10,134.75
\$ 12,746.25
\$ 13,920.00
\$ 19,646.25
\$ 10,905.00
\$ -
\$ 13,852.50
\$ 15,146.25
\$ 15,547.50
\$ 11,235.00
\$ 12,721.44
\$ 9,204.30
\$ -
\$ -
\$ 31,464.75
\$ 14,223.75
\$ 9,022.50
\$ 14,597.25
\$ 11,782.50
\$ 17,088.75
\$ 11,261.25
\$ 15,063.75
\$ 11,428.50
\$ 48,682.50
\$ 44,364.75
\$ 39,643.50
\$ 36,583.50
\$ 35,376.00
\$ 35,831.25
\$ 38,694.75
\$ 59,501.25
\$ 1,264,229.81

TEXT OF EMERGENCY REGULATIONS

TITLE 11, DIVISION 3 Article 8. Major League Sports Raffle Program

SECTION 2080 Title and Scope

This article shall be known as the "Department of Justice's Major League Sports Raffle Program" or the "Major League Sports Raffle Program." The sections of this article implement, interpret and make specific the establishment of a registration and reporting program for specified nonprofit organizations, as required by Penal Code section 320.6. The sections of this article apply to every eligible organization, as defined in subdivision (c) of Penal Code section 320.6, that conducts a raffle as defined in subdivision (b) of Penal Code section 320.6. **Contingent upon the appropriation of sufficient funds, the Department of Justice and the Bureau of Gambling Control will carry out the registration, auditing, oversight, and enforcement functions prescribed herein.**

SECTION 2102 Accounting and Reporting

(a) The Bureau may audit the eligible organization's raffle records at any time.

(b) The eligible organization shall follow the electronic raffle system reporting requirements no less stringent than the current version of GLI-31.

(c) Within five calendar days of a registered event, the eligible organization shall generate a report containing all of the following information:

- (1) The date and time of the registered event;
- (2) Sales totals for the registered event, including the total number of raffle tickets sold, and the total money generated;
- (3) Direct seller information, including the total number of direct sellers who conducted the sales, and the names and Bureau issued identification number of each;
- (4) The time raffle ticket sales began and ended;
- (5) Raffle draw numbers-in-play (series of sequential numbers in the sale of raffle tickets for that registered event);
- (6) Prize winning raffle draw number;
- (7) Total prize amount;
- (8) Status of prize claim;
- (9) Identification of the prize winner;
- (10) A sample raffle ticket for the registered event; and
- (11) The number of voided raffle tickets.

July 1, 2015

The Honorable Isadore Hall
State Capitol
Sacramento, CA 95814

RE: Opposition to Senate Bill 549, Charitable Raffles

Dear Senator Hall,

On behalf of the undersigned organizational members of CalNonprofits, we write to offer our shared concerns with Senate Bill 549.

CalNonprofits is a statewide policy alliance of nearly 10,000 organizations, representing and promoting California's growing nonprofit sector. The primary purpose of CalNonprofits – and the reason our organizations are members – is to work to bring the full power of nonprofits to strengthening communities by speaking with the voice of California nonprofits to the legislature, government agencies, philanthropy, and the public.

As articulated in in CalNonprofits' April 2015 opposition letter (attached), our sector was engaged in a multi-stakeholder process which in 2000 resulted in the enactment of a law requiring that 90 percent of the gross receipts from any raffle, conducted by a private, nonprofit eligible organization be directed to "beneficial and charitable purposes." Current law allows all charities to hold raffles and raise much-needed funds to support their mission-based activities – with a maximum raffle winner payout of 10 percent of the collected donations.

SB 549 would create a carve-out with special rules for an exclusive set of nonprofit organizations affiliated with major league sports teams. According to SB 549, only these organizations would be authorized to profit from raffles that would allow up to 50 percent of raffle receipts to be awarded to a winner. All other charities – the overwhelming majority of the 72,000 nonprofit organizations in California – would be required to follow the 90/10 rules.

Current law ensures that the primary purpose of any charitable raffle is to benefit a charity. Raffles with a 50/50 split move away from that intent, and may inadvertently put more focus on gambling to

win a cash prize. Some nonprofits may be comfortable with holding such raffles, and others may not. But we strongly believe that laws governing charitable raffles should be tightly crafted with input from stakeholders throughout the sector and should treat charities equally.

We welcome an opportunity to speak more with you about these concerns.

Sincerely,



Jan Masaoka
Chief Executive Officer
CalNonprofits
San Francisco, CA



Kris Sinclair
Executive Director
Association of California Symphony Orchestras
Sacramento, CA



Cindy Duenas
Executive Director
Center for Human Services
Modesto, CA




Shamus Roller
Executive Director
Housing California
Sacramento, CA



Ashley McCumber
Executive Director
Meals on Wheels of San Francisco, Inc.
San Francisco, CA



Terence P. Mulligan
President
Napa Valley Community Foundation
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Geoff D. Green
Chief Executive Officer
Santa Barbara City College Foundation
Santa Barbara, CA