

Mike Kuglitsch

STATE REPRESENTATIVE • 84TH ASSEMBLY DISTRICT

DATE: February 25, 2014
RE: **Testimony on 2013 Senate Bill 628**
TO: The Senate Committee on Workforce Development, Forestry, Mining, and Revenue
FROM: Office of Representative Mike Kuglitsch

Thank you Mister Chairman and committee members for allowing me to submit written testimony in support of Senate Bill 628. I believe that this this non-partisan piece of legislation will streamline raffles for our local organizations, and make it easier for these groups to fundraise moving forward.

Discussions of Senate Bill 628 and its companion, Assembly Bill 794 have been in the works since the beginning of this session. One of the major goals that the legislature has brought upon itself is to make our government more effective, efficient, and productive moving forward. Senate Bill 628 accomplishes this by creating a streamlined process for raffles here in Wisconsin, and updates antiquated language that has not been visited in a number of years.

Charitable gaming is important to many organizations, ranging from our local churches, to larger organizations such as the NRA, or the Sierra Club. Fund raising through raffles is an important tool that these groups take advantage of. Unfortunately, many of the strict dollar amount caps have not been raised in quite some time. There are also aspects of our rules that may be better suited in the statutes to ensure certainty moving forward. This omnibus bill clarifies a number of definitions, eliminates burdensome requirements, and raises dollar amounts with regards to the various types of raffles.

This legislation before you today is intended to be a helping hand to those organizations that benefit from Wisconsin's raffle statutes. We have all entered into a raffle and some of us have even won from time to time. What we do not see is what goes on behind the scenes in terms of obtaining a license and the audits that are conducted by DOA. Senate Bill 628 is constructed with language that will welcome raffles with an updated licensing process and an updated audit procedure. This will ensure that those who deserve a license will be able to obtain one, and those who deserve an audit will get one.

I ask that you support this legislation. If you have any questions, please feel free to contact my office.



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER, GOVERNOR
MIKE HUEBSCH, SECRETARY

DIVISION OF GAMING

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ADMINISTRATOR

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MEMORANDUM

DATE: February 25, 2014

TO: Senator Tom Tiffany
Chairman, Senate Committee on Workforce Development, Forestry, Mining, and Revenue

FROM: Steve Knudson, Administrator
DOA Division of Gaming

Joe Gastel, Director
DOA Division of Gaming, Bureau of Charitable Gaming

Mike McClure, Legal Counsel
DOA Division of Gaming

RE: Senate Bill 628, relating to the regulation of raffles

On behalf of the Division of Gaming (Division), thank you for the opportunity to provide information on Senate Bill 628, relating to the regulation of raffles. The Division has identified two areas of concern and notes those below. The Division would like to address: (1) the Division's ability to promulgate and enforce administrative rules, and (2) the amended reporting requirements of organizations holding raffle licenses.

Overall, the Division's greatest concern is that the bill removes the ability of the Department of Administration (Department) to promulgate rules regarding raffles.

Most notably, Section 15 of the bill (page 5, lines 5-7) not only prohibits the Department from promulgating new rules, but it revokes the Department's ability to enforce existing administrative rules regarding raffles. This effectively repeals all raffle regulations now in place.

The Division of not aware of any other agency that has its rule making authority removed.

The Division firmly believes the Department must be able to promulgate rules:

- (a) to properly interpret “any statute enforced or administered by the agency” (*See* Section 227.11(2)(a))
- (b) to effectively implement the interpretation of those statutes,
- (c) to have the flexibility to deal with unforeseen situations.

1. **Page 5, Lines 5-8 (Section 15).** This section is the most operative section of the bill. This section (1) removes the Department’s authority to promulgate rules regarding raffles and (2) revokes the Department’s authority to enforce existing administrative rules regarding raffles. This effectively repeals all raffle regulations now in place.
2. **Page 4, Line 7.** The bill removes the ability of the Department to promulgate rules relating to the issuance of licenses and actions that may be taken regarding licenses. The bill limits this section only to bingo.
3. **Page 4, Line 16.** This amendment removes the Department’s rule-making authority to require a raffle license holder post a notice describing procedures for filing a complaint against a license holder. The amendment limits the rule only to bingo.
4. **Page 4, Lines 22-23.** This amendment removes the ability to promulgate raffle rules relating to specifying the number of business days the Department has to review and determine to issue a raffle license. The amendment limits the rule only to bingo.
5. **Page 5, Lines 1-4.** This amendment removes the ability of the Department to promulgate raffle rules relating to establishing procedures used by the Department for receiving, filing and investigating complaints, for commencing disciplinary proceedings, and for conducting hearings. The amendment limits the rules to bingo only.
6. **Page 14, Lines 18-23. Reporting Requirement.**
 - a. **LAB.** The Division is required to submit the information required in current section 563.98 to the Legislative Audit Bureau (LAB) every two years. Namely, the Division must report to LAB how much money is raised from raffles. Repeal of this section would make the Division unable to comply with LAB requirements.

- b. **Audits.** The Division audits under the authority of 563.051(3). The Division uses the annual reports as blueprints going into the audits so the audits proceed more quickly and smoothly.

The Division feels that not having the reports on hand will hamper the Division's ability to ensure organizations are adhering to applicable statutes and rules - particularly those that relate to the proper use of gambling profits as they relate to the purpose of the organization as stated in the organization's articles of incorporation and/or bylaws.

In addition, having the annual reports on hand may assist the Division in identifying irregularities that may warrant an audit.

- c. **Transparency.** Finally, the Division feels repealing the reporting requirement will make the process much less transparent than it currently is, thus severely hampering the Division's ability to carry out its Mission Statement of maintaining the integrity of gaming in Wisconsin.
8. **Page 15, Line 6.** *Please see item 6, above.*
9. **Page 15, Lines 11-14.** *Please see item 6, above.*

Philip J. Mersberger
9759 Middle Road
Oostburg, WI 53070
February 25, 2014

Senate Public Hearing
Committee on Workforce Development,
Forestry, Mining, and Revenue
Wisconsin State Capitol Building
Madison, WI

Re: Senate Bill 628 Relating to the regulation of raffles

Distinguished Senators:

Good afternoon. Thank you for allowing me to be here today. I will testify in favor of Senate Bill 628 and will tell you how Senate Bill 628 will have a positive effect for those qualified not-for-profit organizations that hold a Wisconsin raffle fundraiser. My name is Phil Mersberger and I reside at 9759 Middle Road, Oostburg, WI. I am here to represent the Sheboygan County Conservation Association (SCCA), a 501(c)(3) not-for-profit corporation consisting of 27 fishing, hunting, trap shooting, and conservation clubs that represent more than 2000 members in Sheboygan County.

The SCCA holds 2 annual fundraisers and both rely heavily on raffles to supply the necessary funds to allow us to do some worthwhile community projects. Some of those recent projects include: \$3000.00 of youth archery equipment for Maywood Environmental Park and Outdoor Skills Center/Camp Y-Koda; \$8,300 to Camp Anakijig on Little Elkhart Lake to construct a wheelchair accessible Fishing pier; pledged \$25,000.00 to reconstruct the fishing pond at Outdoor Skills Center/Camp Y-Koda; and currently, we are finishing the purchase of 40 acres of recreational marsh land which we will then donate to Sheboygan County. Senate Bill 628 will assure us that we will be able to continue to do this in the future.

Senate Bill 628 will remove all limits on the price of raffle tickets and calendar raffles. This will allow organizations the ability to manage their raffle ticket prices in a manner that can increase their profit from their raffle sales.

Senate Bill 628 will allow up to 365 raffles in a calendar year. Again, this will allow not-for-profit organizations the ability to manage their raffle fundraisers to achieve maximum dollars for the community projects that they do.

Senate Bill 628 will allow a Class B licensee to sell raffle tickets before the day of the drawing if the tickets are not delivered to the purchasers until the day of the drawing. This will allow for greater Class B raffle sales and greater profitability for the not-for-profit group. SCCA has held an annual banquet fundraiser for the past 31 years utilizing a pre-buy opportunity to buy raffle tickets before the banquet. On October 29, 2013, SCCA Board of Director members met with an auditor from the Wisconsin Department of Administration's Office of Charitable Gaming for an "informational meeting" and we were told we were in violation of the Raffle Rules and to discontinue the pre-buy practice of selling banquet raffle tickets. This was confusing to us since we held both a valid Class A and Class B raffle license and the Class A Raffle license allows a licensee to sell raffle tickets before the event. Senate Bill 628 will clarify the confusion on the sale of Class B raffle tickets.

Senate Bill 628 will allow a Class A licensee to sell raffle tickets for up to 365 days before the date of the raffle drawing. Some raffles take longer than others to achieve their goal of maximum sales and this bill allows for additional sales time for Class A raffles.

Senate Bill 628 will allow a Class A licensee the ability to sell not more than 4 shares of a single raffle ticket and that no discount be offered to the purchaser of more than one share of a ticket. This is a benefit for any not-for-profit organization that sells higher priced raffle tickets as it is easier to sell a higher priced ticket to up to 4 people than it is to sell a higher priced ticket to just one person.

Lastly, Senate Bill 628 will give the Legislature, instead of the Department of Administration, the responsibility of promulgating raffle rules. In a letter, prior to our October 2013 meeting with the auditor from the Office of Charitable Gaming, we were told that only raffle activity from March 9, 2012 to October 29, 2013 would be reviewed during the meeting as that was the current rule, yet the

same letter requested “a list of names and addresses for winners of prizes valued at \$100.00 or more for the last 4 years (Section 563.97 Wis Stats)”. [Section 563.97 states: Each organization licensed to conduct raffles shall maintain a list of names and addresses of all persons winning prizes with a retail value of \$100.00 or more, and the prizes won, for at least 12 months after each raffle is conducted. The list shall be available at reasonable times for public examination and shall be provided to the department upon request.] We felt intimidated and confused as the Statute says “to maintain a list for at least 12 months” while the auditor was asking for 48 months of information. The last line of the auditor’s request stated: “An electronic list of all raffle ticket holders would be helpful but is not required.” SCCA did not provide a list of all raffle ticket holders. Senate Bill 628 will put an end to audit requests which go outside the Statutory Requirements for Raffles in Wisconsin.

In summary, Senate Bill 628 will allow for greater ticket sales under Class B licenses; eliminate the ceiling on raffle ticket prices; lengthen the time that raffle tickets may be sold; increases the number of raffles that a qualified organization may run in a calendar year; and give the Legislature, not the Department of Administration, the responsibility of promulgating raffle rules. Senate Bill 628 will end the confusion and allow not-for-profit organizations the ability to increase the amount of money raised through raffles and thereby have more money to do more worthwhile community projects.

Right now, the thousands of Wisconsin not-for-profit organizations, that requested the 8,638 raffle licenses in 2013, are in the same position as was Mishicot’s “rubber duck race” and the Sheboygan Falls “Ducktona 500”, when we are told we are doing some things illegally and could lose our raffle license. Senate Bill 628 clarifies the current confusion and updates the raffle process while maintaining transparency and fairness for all.

I am in favor of Senate Bill 628 and I ask that you vote in favor of it also.

Respectfully submitted,



Philip J. Mersberger

Alphabetical list of WI counties showing the number of organizations in each county that received a raffle license in 2013

(8,638 WI raffle licenses were issued in 2013, as reported in information received from the WI Dept. of Administration. These organizations included schools, churches, fire departments, conservation clubs, snowmobile clubs, and many other Wisconsin groups. Each organization can represent from a small number to more than 2000 members. The total number of members represented can be 500,000 or more.)

<u>County</u>	<u># of org.</u>	<u>County</u>	<u># of org.</u>	<u>County</u>	<u># of org</u>
Adams	37	Jefferson	142	Rusk	37
Ashland	56	Juneau	75	Sauk	137
Barron	113	Kenosha	146	Sawyer	65
Bayfield	59	Kewaunee	65	Shawano	99
Brown	298	LaCrosse	170	Sheboygan	198
Buffalo	24	Lafayette	49	St. Croix	56
Burnett	46	Langlade	67	Taylor	65
Calumet	89	Lincoln	81	Trempealeu	87
Chippewa	134	Manitowoc	149	Vernon	62
Clark	87	Marathon	232	Vilas	82
Columbia	128	Marinette	111	Walworth	166
Crawford	59	Marquette	42	Washburn	42
Dane	580	Menominee	2	Washington	175
Dodge	130	Milwaukee	698	Waukesha	408
Door	186	Monroe	90	Waupaca	114
Douglas	65	Oconto	113	Waushara	64
Dunn	56	Oneida	109	Winnebago	248
Eau Claire	105	Outagamie	264	Wood	164
Florence	17	Ozaukee	112		
Fond duLac	205	Pepin	20		
Forest	32	Pierce	68		
Grant	101	Polk	89		
Green	62	Portage	130		
Green Lake	49	Price	52		
Iowa	46	Racine	214		
Iron	28	Richland	41		
Jackson	52	Rock	211		

Top 25 WI counties and the number of organizations in each county that received a raffle license in 2013

(* Top 25 counties represent 5,627 Wisconsin organizations, which is 65 % of the total organizations receiving a raffle license in 2013.)

Rank	County	# of org.
1	Milwaukee	698
2	Dane	580
3	Waukesha	408
4	Brown	298
5	Outagamie	264
6	Winnebago	248
7	Marathon	232
8	Racine	214
9	Rock	211
10	Fond du Lac	205
11	Sheboygan	198
12	Door	186
13	Washington	175
14	LaCrosse	170
15	Walworth	166
16	Wood	164
17	Manitowoc	149
18	Kenosha	146
19	Jefferson	142
20	Sauk	137
21	Chippewa	134
22	Dodge	130
23	Portage	130
24	Columbia	128
25	Waupaca	114

WISCONSIN FORCE

Wisconsin Firearm Owners, Ranges, Clubs and Educators, Inc.

Executive Director

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February 25, 2014

Relating to: Regulation of Raffles Act SB-628

Committee on Workforce Development, Forestry, Mining, and Revenue

Mr. Chairman and Members of the Committee,

Wisconsin FORCE (Firearm Owners, Ranges, Clubs, and Educators Inc.) enthusiastically supports SB-628. It is time to reduce the burdens placed on volunteers that are working to support non-profit organizations across the state.

Under current law, not-for-profit, religious, charitable, service, fraternal, and veterans organizations that serve Wisconsin may obtain a license to conduct raffles. However, the current law is outdated monetarily and in areas of technology, and puts undue pressure on people who just want to do their part. This bill would help decrease the burden on Wisconsinites that are stepping up in support of their community and state.

All of the organizations that are affected by this regulation are an important part of the fabric of our state. It is critical that Wisconsin allows these volunteers to donate their precious time to support these groups in the most efficient and beneficial manner.

Wisconsin Firearm Owners, Ranges, Clubs, and Educators Inc. encourages you to pass this bill.

Thank you for your consideration.

Sincerely,



Jeffrey L. Nass
Executive Director
Wisconsin Firearm Owners,
Ranges, Clubs and Educators, Inc.