



Testimony to the Senate Committee on Federal and State Affairs Senate Bill 148

February 14, 2013

Chair Ostmeyer and Members of the Committee:

I am Trudy Racine, Vice President of Operations for the Kansas Children's Service League. I appreciate this opportunity to provide testimony in support of SB 148. The mission of the Kansas Children's Service League (KCSL) is "to protect and promote the well-being of children." We are the Kansas chapter of Prevent Child Abuse America and provide a number of programs, both statewide and community-based, that focus on preventing child abuse and neglect.

KCSL is a 501(c)3 nonprofit organization with a budget of \$14.3 million and 230 employees. We work hard to maximize our state and federal funding by securing private contributions and grants. In calendar year 2012 we raised \$1.7 million, or 11% of our budget, through private sources. We rely on a number of methods to secure private funds, including soliciting individual and corporate donations, applying for private, foundation, and corporate grants, competing for United Way funds, and holding events. KCSL has been around for 120 years and during that time we have often held raffles, usually as a part of events.

Periodically, questions have been raised about whether such raffles were legal, but up until last summer, we continued. We did so because our practice mirrored what we believe was a commonly held understanding among nonprofits that even though prize and chance were involved, as long as consideration was not required, a raffle was not a lottery. Accordingly, we presented the raffle ticket price as a suggested donation, referred to the tickets as "opportunity tickets" rather than raffle tickets, and made those tickets available regardless of whether people made the suggested donation.

In August 2012 we again became concerned about whether we should continue this practice. There was negative press coverage concerning the perceived illegality of charitable organizations' fundraising schemes, and as a result of that and what was perceived to be Kansas courts' generally negative view of lotteries, our counsel advised against continuing to hold raffles.

"Opportunity drawings" had typically been a part of our Red Stocking Breakfasts which are held during early December. In 2012, we switched to blind auctions in several locations while several others did not hold auctions at all. Although the drawings had typically produced a

relatively small part of the revenue from our Red Stocking Breakfasts, we believe that discontinuing the raffles previously held at our Garden City and Liberal Breakfasts decreased the proceeds from those two events by approximately \$4,500 in 2012; \$1,500 of that decrease occurring in Liberal and \$3,000 in Garden City. We offered blind auctions instead, but those offerings were not as popular or as profitable as the raffles had been. It is worthwhile to note that judges in both of those cities have expressed to us that they believe nonprofit raffles are legal; nonetheless, the risk did not seem worthwhile to us.

Not all nonprofits have made the choice that KCSL has made. As a result, we frequently attend fundraisers in support of other organizations and have the opportunity to participate in raffles on their behalf. This creates an uneven playing field for nonprofits in competing for donations.

We believe SB 148 would resolve the uncertainty that currently exists about whether raffles are legal for nonprofit fundraising, thereby creating an equal playing field for nonprofit fundraising and restoring an important mechanism for augmenting our other funding sources. We urge your support of SB 148.

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For Prevent Child Abuse Kansas updates follow PCA Kansas at www.Twitter.com/PCAKansas.

Our Mission: To Protect and Promote the Well-Being of Children