



Proposed Amendments to:
 WAC 230-05-020 Charitable or nonprofit organization fees.
 WAC 230-05-025 Commercial stimulant fees.
 WAC 230-05-030 Fees for other businesses.
 WAC 230-05-035 Individual license fees.

September 2014 – Final Action
August 2014 – Further Discussion
July 2014 - Up Discussion and Possible Filing

ITEM 9: September 2014 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff.	
Proposed Change	
<p>At their June 2014 meeting, the Commissioners asked staff to bring forward two alternative fee increases for filing at the July 2014 Commission meeting. The Commissioners filed both versions at the July meeting.</p> <p>After the July 2014 meeting, staff found a few mathematical errors. These changes are noted in the WAC rules and were discussed at the August meeting.</p> <p>Alternative #1: 6% fee increase effective November 1, 2014. Approximate revenue:</p> <ul style="list-style-type: none"> • \$248,000 for the eight months of fiscal year 2015. • \$378,000 for the full year of fiscal year 2016. <p>Alternative #2: 4% fee increase effective November 1, 2014, and a 2% increase effective November 1, 2015. Approximate revenue:</p> <ul style="list-style-type: none"> • \$165,000 for the eight months of fiscal year 2015. • \$316,000 for the full year of fiscal year 2016. 	
History of Rule	
<p>The Commission is a non-appropriated agency. RCW 9.46.070(5) requires the Commission to set fees to generate funds necessary to cover all costs of licensing and enforcement.</p> <p>Fees for all licensees were last increased effective January 1, 2008.</p>	
Impact of the Proposed Change	
<ul style="list-style-type: none"> • If Alternative #1 is adopted, applicants and licensees will pay approximately 6% more in license fees beginning November 1, 2014. • If Alternative #2 is adopted, applicants and licensees will pay approximately 4% more in license fees beginning November 1, 2014, and 2% more beginning November 1, 2015. <p>A Small Business Economic Impact Statement was not required under RCW 34.05.310(4)(f).</p>	
Regulatory Concerns	
None.	

Resource Impacts
<p>With each fee change:</p> <ul style="list-style-type: none"> • 10 hours would be needed to update and/or reprogram 16 paper forms, fillable online forms and online applications. • 40 hours would be needed to update the agency database to reflect the new license fees. <p>Under Alternative #2, the database and forms would need to be updated twice in a one year period. We anticipate more questions from licensees.</p>
Policy Consideration
None.
Statements Supporting the Proposed Rule Change
None.
Statements Opposing the Proposed Rule Change
<p>At the August 2014 Commission meeting, Victor Mena, President of the Recreational Gaming Association (RGA), testified the RGA was not in favor of a fee increase, but recognized there are issues that need to be addressed from a public safety perspective.</p>
Licensees Directly Impacted By the Change
All applicants and licensees.
Staff Recommendation
Adopt Alternative #1.
Proposed Effective Date for Rule Change
November 1, 2014.

Yellow Highlight = Fees in odd dollar amounts, \$800 and higher, were increased by one dollar to an even dollar amount to accommodate the two-part payment plan.

Alternative #1: 6% Fee Increase Effective November 1, 2014.

AMENDATORY SECTION

WAC 230-05-020 Charitable or nonprofit organization fees. Bona fide charitable and nonprofit organizations must pay the following fees to us when applying for gambling licenses, permits, miscellaneous changes, or inspection services:

1. Amusement games

License	Annual Gross Gambling Receipts	Fee
Class A	Premises only	\$((58)) <u>61</u>
Class B	Up to \$10,000	\$((58)) <u>61</u>
Class C	Up to \$25,000	\$((319)) <u>338</u>
Class D	Up to \$50,000	\$((513)) <u>544</u>
Class E	Over \$50,000	\$((894)) <u>948</u>

2. Bingo

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class A	Up to \$25,000	\$((58)) <u>61</u>	\$1,000
Class B	Up to \$75,000	\$((185)) <u>196</u>	\$1,000
Class C	Up to \$150,000	\$((380)) <u>403</u>	\$2,000
Class D	Up to \$350,000	\$((1,026)) <u>1,088</u>	\$4,000
Class E	Up to \$650,000	\$((1,732)) <u>1,836</u>	\$8,000
Class F	Up to \$1,500,000	\$((3,486)) ((3,695)) <u>3,696</u>	\$15,000
Class G	Up to \$2,000,000	\$((5,028)) <u>5,330</u>	\$23,000
Class H	Up to \$3,000,000	\$((6,722)) ((7,125)) <u>7,126</u>	\$30,000
Class I	Up to \$4,000,000	\$((8,400)) <u>8,904</u>	\$38,000

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class J	Up to \$5,000,000	\$((10,078)) (10,683) <u>10,684</u>	\$45,000
Class K	Up to \$6,000,000	\$((11,306)) 11,984	\$53,000
Class L	Up to \$7,000,000	\$((12,922)) (13,697) <u>13,698</u>	\$60,000
Class M	Up to \$8,000,000	\$((14,542)) (15,415) <u>15,416</u>	\$65,000
Class N	Up to \$9,000,000	\$((15,818)) (16,767) <u>16,768</u>	\$70,000
Class O	Up to \$10,000,000	\$((17,454)) (18,501) <u>18,502</u>	\$75,000
Class P	Up to \$11,000,000	\$((19,090)) (20,235) <u>20,236</u>	\$80,000
Class Q	Up to \$12,000,000	\$((22,908)) 24,282	\$85,000
Class R	Up to \$13,000,000	\$((26,180)) (27,751) <u>27,752</u>	\$90,000
Class S	Up to \$14,000,000	\$((29,454)) (31,221) <u>31,222</u>	\$95,000

*See chapter 230-06 WAC, Exceeding license class.

3. Card games

License	Description	Fee
Class A	Nonhouse-banked - fee to play	\$((641)) <u>679</u>
Class B	Limited card games - hearts, rummy, pitch, pinochle, and cribbage - fee to play	\$((185)) <u>196</u>
Class C	Tournament only - no more than thirty consecutive days per tournament	\$((58)) <u>61</u>
Class D	Nonhouse-banked - no fee to play	\$((58)) <u>61</u>

4. Fund-raising event

License	Description	Fee
Class A	One event - not more than 24 consecutive hours	

License	Description	Fee
	First time applicant	\$((380)) <u>403</u>
	Previously licensed applicant	\$((223)) <u>236</u>
Class B	One event - not more than 72 consecutive hours	
	First time applicant	\$((641)) <u>679</u>
	Previously licensed applicant	\$((393)) <u>417</u>
Class C	Additional participant in joint event - not lead organization	\$((185)) <u>196</u>
Class D	Limited fund-raising event - one event - not more than six consecutive hours	
	First time applicant	\$((167)) <u>177</u>
	Previously licensed applicant	\$((111)) <u>118</u>
Class E	Fund-raising event equipment distributor - rents or leases equipment no more than ten times per year	\$((253)) <u>268</u>
Class F	Fund-raising event equipment distributor - rents or leases equipment more than ten times per year	\$((641)) <u>679</u>

5. Punch boards/pull-tabs

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class A	Up to \$50,000	\$((611)) <u>648</u>	\$5,000
Class B	Up to \$100,000	\$((1,090)) ((1,155)) <u>1,156</u>	\$5,000
Class C	Up to \$200,000	\$((2,062)) <u>2,186</u>	\$10,000
Class D	Up to \$300,000	\$((2,998)) <u>3,178</u>	\$10,000
Class E	Up to \$400,000	\$((3,874)) <u>4,106</u>	\$10,000
Class F	Up to \$500,000	\$((4,676)) ((4,957)) <u>4,958</u>	\$10,000
Class G	Up to \$600,000	\$((5,420)) ((5,745)) <u>5,746</u>	\$10,000
Class H	Up to \$700,000	\$((6,100)) <u>6,466</u>	\$10,000
Class I	Up to \$800,000	\$((6,722)) ((7,125)) <u>7,126</u>	\$10,000

Fees, \$800 and higher, increased to even dollar amounts
Alternative #1: 6% fee increase effective 11/1/14

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class J	Up to \$1,000,000	\$((7,620)) (8,077) 8,078	\$20,000
Class K	Up to \$1,250,000	\$((8,460)) 8,968	\$25,000
Class L	Up to \$1,500,000	\$((9,240)) 9,794	\$25,000
Class M	Up to \$1,750,000	\$((9,880)) (10,473) 10,474	\$25,000
Class N	Up to \$2,000,000	\$((10,466)) 11,094	\$25,000
Class O	Up to \$2,500,000	\$((11,500)) 12,190	\$30,000
Class P	Up to \$3,000,000	\$((12,218)) (12,951) 12,952	\$35,000
Class Q	Up to \$4,000,000	\$((14,400)) 15,264	\$40,000
Class R	Up to \$5,000,000	\$((16,362)) 17,344	\$50,000
Class S	Up to \$6,000,000	\$((18,544)) (19,657) 19,658	\$60,000
Class T	Up to \$7,000,000	\$((20,728)) 21,972	\$70,000
Class U	Up to \$8,000,000	\$((22,908)) 24,282	\$80,000
Class V	Over \$8,000,000	\$((25,090)) (26,595) 26,596	\$80,000

*See chapter 230-06 WAC, Exceeding license class.

6. Raffles

License	Annual Gross Gambling Receipts	Fee
Class A	Up to \$5,000	\$((58)) <u>61</u>
Class B	Up to \$10,000	\$((185)) <u>196</u>
Class C	Up to \$25,000	\$((380)) <u>403</u>
Class D	Up to \$50,000	\$((641)) <u>679</u>
Class E	Up to \$75,000	\$((1,026)) <u>1,088</u>
Class F	Over \$75,000	\$((1,540)) <u>1,632</u>

7. Enhanced raffles

Fees, \$800 and higher, increased to even dollar amounts
Alternative #1: 6% fee increase effective 11/1/14

License	Fee
Annual	\$((6,000)) <u>6,360</u>
Additional fee per enhanced raffle	\$((7,800)) <u>8,268</u>

8. Combination license

License	Description	Fee
Class A	Allows gross gambling receipts of up to \$25,000 from bingo, \$7,500 from raffles, and \$7,500 from amusement games, not to exceed \$30,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$((115)) <u>122</u>
Class B	Allows gross gambling receipts of up to \$60,000 from bingo, \$15,000 from raffles, and \$15,000 from amusement games, not to exceed \$75,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$((300)) <u>318</u>
Class C	Allows gross gambling receipts of up to \$125,000 from bingo, \$30,000 from raffles, and \$30,000 from amusement games, not to exceed \$150,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$((696)) <u>738</u>

9. Special property bingo

Once annually	\$((27)) <u>29</u>
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10. Permits

Recreational gaming activity	\$((58)) <u>61</u>
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11. Changes

Type	Fee
Name	\$((27)) <u>29</u>

Type	Fee
Location	\$((27)) <u>29</u>
Fund-raising event date or time	\$((27)) <u>29</u>
License class	\$((27)) <u>29</u>
Duplicate license	\$((27)) <u>29</u>

12. Other fees

Type	Fee
Replacement identification stamps	\$((27)) <u>29</u>
Failing to apply for license class upgrade	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$((26)) <u>28</u>
Review, inspection and/or evaluation of equipment, paraphernalia, services, or schemes	Deposit and fees as required

13. Two-part payment plan participation

Annual participation	\$((27)) <u>29</u>
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AMENDATORY SECTION

WAC 230-05-025 Commercial stimulant fees. All commercial stimulant license applicants must pay the following fees to us when applying for gambling licenses:

1. Card games - Nonhouse-banked

License	Description	Fee
Class B	Up to five tables of limited card games - hearts, rummy, pitch, pinochle, and/or cribbage - fee to play	\$((189)) <u>200</u>
Class C	Tournament only, no more than thirty consecutive days per tournament	
C-5	Up to five tables	\$((189)) <u>200</u>
C-10	Up to ten tables	\$((346)) <u>367</u>
C-15	Up to fifteen tables	\$((576)) <u>611</u>
Class D	Up to five tables - no fee to play	\$((59)) <u>63</u>
Class E	Fee to play	
E-1	One table only	\$((460)) <u>488</u>
E-2	Up to two tables	\$((792)) <u>840</u>
E-3	Up to three tables	\$((1,318)) (1,397) <u>1,398</u>
E-4	Up to four tables	\$((2,644)) (2,803) <u>2,804</u>
E-5	Up to five tables	\$((3,980)) (4,219) <u>4,220</u>
Additional tables	Per table - up to a maximum of fifteen	\$((1,152)) (1,221) <u>1,222</u>
Class F	Endorsement/upgrade of Class E includes permission to use alternative fee collections and use of player-supported jackpots	\$((1,732)) <u>1,836</u>

2. Card games - House-banked

All tables within a card room operating any house-banked card game must be licensed under this license class.

License	Fee
Annual	\$((6,944)) (7,361) <u>7,362</u>
Additional fee per table - up to fifteen tables	\$((1,732)) <u>1,836</u>

3. Punch boards and pull-tabs

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class A	Up to \$50,000	\$((628)) <u>666</u>	\$5,000
Class B	Up to \$100,000	\$((1,122)) ((1,189)) <u>1,190</u>	\$5,000
Class C	Up to \$200,000	\$((2,116)) ((2,243)) <u>2,244</u>	\$10,000
Class D	Up to \$300,000	\$((3,080)) ((3,265)) <u>3,266</u>	\$10,000
Class E	Up to \$400,000	\$((3,980)) ((4,219)) <u>4,220</u>	\$10,000
Class F	Up to \$500,000	\$((4,806)) <u>5,094</u>	\$10,000
Class G	Up to \$600,000	\$((5,570)) <u>5,904</u>	\$10,000
Class H	Up to \$700,000	\$((6,270)) <u>6,646</u>	\$10,000
Class I	Up to \$800,000	\$((6,906)) <u>7,320</u>	\$10,000
Class J	Up to \$1,000,000	\$((7,832)) <u>8,302</u>	\$20,000
Class K	Up to \$1,250,000	\$((8,692)) <u>9,214</u>	\$25,000
Class L	Up to \$1,500,000	\$((9,494)) <u>10,064</u>	\$25,000
Class M	Up to \$1,750,000	\$((10,156)) ((10,765)) <u>10,766</u>	\$25,000
Class N	Up to \$2,000,000	\$((10,756)) ((11,401)) <u>11,402</u>	\$25,000
Class O	Up to \$2,500,000	\$((11,820)) ((12,529)) <u>12,530</u>	\$30,000
Class P	Up to \$3,000,000	\$((12,218)) ((12,951)) <u>12,952</u>	\$35,000
Class Q	Up to \$4,000,000	\$((14,400)) <u>15,264</u>	\$40,000
Class R	Up to \$5,000,000	\$((16,362)) <u>17,344</u>	\$50,000
Class S	Up to \$6,000,000	\$((18,544)) ((19,657)) <u>19,658</u>	\$60,000
Class T	Up to \$7,000,000	\$((20,728)) <u>21,972</u>	\$70,000

License	Annual Gross Gambling Receipts	Fee	One Time Variance*
Class U	Up to \$8,000,000	\$((22,908)) 24,282	\$80,000
Class V	Over \$8,000,000	\$((25,090)) ((26,595)) 26,596	\$80,000

*See chapter 230-06 WAC, Exceeding license class.

AMENDATORY SECTION

WAC 230-05-030 Fees for other businesses. All other business license applicants must pay the following fees to us when applying for gambling licenses, miscellaneous changes, or inspection services:

1. Commercial amusement games

License	Annual Gross Gambling Receipts	Fee
Class A	Premises only	*\$((327/\$150)) 347/\$159
Class B	Up to \$50,000	\$((460)) 488
Class C	Up to \$100,000	\$((1,184)) ((1,255)) 1,256
Class D	Up to \$250,000	\$((2,644)) ((2,803)) 2,804
Class E	Up to \$500,000	\$((4,640)) 4,918
Class F	Up to \$1,000,000	\$((7,968)) 8,446
Class G	Over \$1,000,000	\$((9,970)) 10,568

*We reduce the license fee by \$177 when you apply for additional licenses at the same business premises, apply for multiple licenses at the same business premises, or a licensee is renewing an annual license.

2. Distributor

License	Annual Gross Sales	Fee
Class A	Non-punch board/pull-tab only	\$((659)) 699
Class B	Up to \$250,000	\$((1,318)) ((1,397)) 1,398
Class C	Up to \$500,000	\$((1,980)) ((2,099)) 2,100
Class D	Up to \$1,000,000	\$((2,644)) ((2,803)) 2,804
Class E	Up to \$2,500,000	\$((3,446)) ((3,653)) 3,654

License	Annual Gross Sales	Fee
Class F	Over \$2,500,000	\$((4,242)) ((4,497)) <u>4,498</u>

3. Fund-raising event equipment distributor

License	Description	Fee
Class A	Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$((260)) <u>276</u>
Class B	Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$((659)) <u>699</u>

4. Gambling service supplier

License	Fee
Annual	\$((687)) <u>728</u>
Financing, consulting, and management contract review	\$((143)) <u>152</u>

5. Linked bingo prize provider

License	Fee
Annual	\$((4,414)) ((4,679)) <u>4,680</u>

6. Call centers for enhanced raffles

License	Fee
Annual	\$((4,500)) <u>4,770</u>

7. Manufacturer

License	Annual Gross Sales	Fee
Class A	Pull-tab dispensing devices only	\$((659)) <u>699</u>
Class B	Up to \$250,000	\$((1,318)) ((1,397)) <u>1,398</u>
Class C	Up to \$500,000	\$((1,980)) ((2,099)) <u>2,100</u>

License	Annual Gross Sales	Fee
Class D	Up to \$1,000,000	\$((2,644)) (2,803) <u>2,804</u>
Class E	Up to \$2,500,000	\$((3,446)) (3,653) <u>3,654</u>
Class F	Over \$2,500,000	\$((4,242)) (4,497) <u>4,498</u>

8. Permits

Type	Description	Fee
Agricultural fair	One location and event only	\$((27)) <u>29</u>
Agricultural fair annual permit	Annual permit for specified different events and locations	\$((189)) <u>200</u>
Recreational gaming activity		\$((59)) <u>63</u>
Manufacturer's special sales permit		\$((211)) <u>224</u>
Punch board and pull-tab service business permit	Initial application fee	\$((236)) <u>250</u>
Punch board and pull-tab service business permit	Renewal	\$((56)) <u>59</u>

9. Changes

Application	Description	Fee
Name		\$((27)) <u>29</u>
Location		\$((27)) <u>29</u>
Business classification	Same owners	\$((59)) <u>63</u>
Exceeding license class	New class fee, less previous fee paid, plus	\$((27)) <u>29</u>
Duplicate license		\$((27)) <u>29</u>
Corporate stock/limited liability company shares/units		\$((59)) <u>63</u>
License transfers		\$((59)) <u>63</u>

10. Other fees

Type	Fee
Defective punch board/pull-tab cost recovery fees	Up to \$ (100) <u>106</u>
Failing to apply for license class upgrade	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$ ((27)) <u>29</u>
Review of gambling equipment, supplies, services, or games	Cost reimbursement

11. Identification stamps

Type	Fee
(a) Punch boards and pull-tabs	
(i) Standard	Wagers fifty cents and below \$ ((28)) <u>0.30</u>
	Wagers over fifty cents \$ ((1.11)) <u>1.18</u>
(ii) Progressive jackpot pull-tab series	Per series \$ ((11.19)) <u>11.86</u>
(iii) Pull-tab series with carry-over jackpots and cumulative prize pool pull-tab series	Per series \$ ((1.11)) <u>1.18</u>
(b) Pull-tab dispensing devices	
(i) Mechanical and electro-mechanical	\$ ((28)) <u>0.30</u>
(ii) Electronic	Dispensing devices that require initial and ongoing evaluation of electronic components or functions, such as reading encoded data on pull-tabs, accounting for income or prizes \$ ((112.04)) <u>118.76</u> annually
Replacement of identification stamps	\$ ((26)) <u>28</u>
(c) Disposable bingo cards	
(i) Single game sets of individual cards or sheets of cards	\$ ((28)) <u>0.30</u>
(ii) Multigame card packets	\$ ((1.22)) <u>1.29</u>

Type		Fee
(iii) Cards used to play for linked bingo prizes	Fee per 250 cards	\$((-44)) <u>0.47</u>
(iv) Cards used to play for linked bingo prizes	Fee per 5,000 cards	\$((-8.96)) <u>9.50</u>
(d) Coin or token-activated amusement games		
Annually - operated at any Class A amusement game license location		\$((-28.00)) <u>29.68</u>
(e) Electronic bingo card daubers		
Annual		\$((-11.19)) <u>11.86</u>
(f) Electronic card facsimile table		
Annual		\$((-381.50)) <u>404.39</u>

12. Two-part payment plan participation

Annual participation	\$((-27)) <u>29</u>
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AMENDATORY SECTION

WAC 230-05-035 Individuals license fees. Individuals must pay the following fees to us when they apply for gambling licenses, permits, miscellaneous changes:

1. Charitable or nonprofit gambling manager

License	Fee
Original	\$((185)) <u>196</u>
Renewal	\$((88)) <u>93</u>
Change of employer	\$((88)) <u>93</u>

2. Linked bingo prize provider representative

License	Fee
Original	\$((260)) <u>276</u>
Renewal	\$((158)) <u>167</u>

3. Commercial gambling manager

License	Fee
Original	\$((189)) <u>200</u>
Renewal	\$((90)) <u>95</u>
Change of employer	\$((90)) <u>95</u>

4. Distributor's or gambling services supplier's representative

License	Fee
Original	\$((260)) <u>276</u>
Renewal	\$((158)) <u>167</u>

5. Representatives for manufacturers or call centers for enhanced raffles

License	Fee
Original	\$((260)) <u>276</u>
Renewal	\$((158)) <u>167</u>

6. Public card room employee

License	Fee
Class A - Performs card room employee duties in a Class E card room	
Original	\$((189)) <u>200</u>
Renewal	\$((90)) <u>95</u>
Class B - Performs card room employee duties in enhanced and house-banked card rooms	
Original, in-state	\$((258)) <u>273</u>
Original, out-of-state	\$((320)) <u>339</u>
Renewal	\$((158)) <u>167</u>
Transfer/additional employee/conversion/emergency waiver request	\$((64)) <u>65</u>

7. Other fees

Change of name	\$((27)) <u>29</u>
Duplicate license	\$((27)) <u>29</u>

8. Military personnel returning from service

If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant must provide evidence of the completion date of active military service.

Alternative #2:

**4% Fee Increase Effective November 1, 2014, followed by
a 2% Fee Increase Effective November 1, 2015.**

AMENDATORY SECTION

WAC 230-05-020 Charitable or nonprofit organization fees. Bona fide charitable and nonprofit organizations must pay the following fees to us when applying for gambling licenses, permits, miscellaneous changes, or inspection services:

1. Amusement games

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Premises only	\$((58)) 60	\$61
Class B	Up to \$10,000	\$((58)) 60	\$61
Class C	Up to \$25,000	\$((319)) 332	\$339
Class D	Up to \$50,000	\$((513)) 534	\$545
Class E	Over \$50,000	\$((894)) 930	\$949

2. Bingo

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.	One Time Variance*
Class A	Up to \$25,000	\$((58)) 60	\$61	\$1,000
Class B	Up to \$75,000	\$((185)) 192	\$196	\$1,000
Class C	Up to \$150,000	\$((380)) 395	\$403	\$2,000
Class D	Up to \$350,000	\$((1,026)) 1,067	\$1,088	\$4,000
Class E	Up to \$650,000	\$((1,732)) 1,801	\$1,837	\$8,000
Class F	Up to \$1,500,000	\$((3,486)) 3,625	\$3,698	\$15,000
Class G	Up to \$2,000,000	\$((5,028)) 5,229	\$5,334	\$23,000
Class H	Up to \$3,000,000	\$((6,722)) 6,991	\$7,131	\$30,000
Class I	Up to \$4,000,000	\$((8,400)) 8,736	\$8,911	\$38,000
Class J	Up to \$5,000,000	\$((10,078)) 10,481	\$10,691	\$45,000

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.	One Time Variance*
Class K	Up to \$6,000,000	\$((11,306)) 11,758	\$11,993	\$53,000
Class L	Up to \$7,000,000	\$((12,922)) 13,439	\$13,708	\$60,000
Class M	Up to \$8,000,000	\$((14,542)) 15,124	\$15,426	\$65,000
Class N	Up to \$9,000,000	\$((15,818)) 16,451	\$16,780	\$70,000
Class O	Up to \$10,000,000	\$((17,454)) 18,152	\$18,515	\$75,000
Class P	Up to \$11,000,000	\$((19,090)) 19,854	\$20,251	\$80,000
Class Q	Up to \$12,000,000	\$((22,908)) 23,824	\$24,300	\$85,000
Class R	Up to \$13,000,000	\$((26,180)) 27,227	\$27,772	\$90,000
Class S	Up to \$14,000,000	\$((29,454)) 30,632	\$31,245	\$95,000

*See chapter 230-06 WAC, Exceeding license class.

3. Card games

License	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Nonhouse-banked - fee to play	\$((641)) 667	\$680
Class B	Limited card games - hearts, rummy, pitch, pinochle, and cribbage - fee to play	\$((185)) 192	\$196
Class C	Tournament only - no more than thirty consecutive days per tournament	\$((58)) 60	\$61
Class D	Nonhouse-banked - no fee to play	\$((58)) 60	\$61

4. Fund-raising event

License	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.

License	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	One event - not more than 24 consecutive hours		
	First time applicant	\$((380)) 395	\$403
	Previously licensed applicant	\$((223)) 232	\$237
Class B	One event - not more than 72 consecutive hours		
	First time applicant	\$((641)) 667	\$680
	Previously licensed applicant	\$((393)) 409	\$417
Class C	Additional participant in joint event - not lead organization	\$((185)) 192	\$196
Class D	Limited fund-raising event - one event - not more than six consecutive hours		
	First time applicant	\$((167)) 174	\$177
	Previously licensed applicant	\$((111)) 115	\$117
Class E	Fund-raising event equipment distributor - rents or leases equipment no more than ten times per year	\$((253)) 263	\$268
Class F	Fund-raising event equipment distributor - rents or leases equipment more than ten times per year	\$((641)) 667	\$680

5. Punch boards/pull-tabs

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.	One Time Variance*
Class A	Up to \$50,000	\$((611)) 635	\$648	\$5,000
Class B	Up to \$100,000	\$((1,090)) 1,134	\$1,157	\$5,000
Class C	Up to \$200,000	\$((2,062)) 2,144	\$2,187	\$10,000
Class D	Up to \$300,000	\$((2,998)) 3,118	\$3,180	\$10,000
Class E	Up to \$400,000	\$((3,874)) 4,029	\$4,110	\$10,000
Class F	Up to \$500,000	\$((4,676)) 4,863	\$4,960	\$10,000
Class G	Up to \$600,000	\$((5,420)) 5,637	\$5,750	\$10,000
Class H	Up to \$700,000	\$((6,100)) 6,344	\$6,471	\$10,000

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.	One Time Variance*
Class I	Up to \$800,000	\$((6,722)) 6,991	\$7,131	\$10,000
Class J	Up to \$1,000,000	\$((7,620)) 7,925	\$8,084	\$20,000
Class K	Up to \$1,250,000	\$((8,460)) 8,798	\$8,974	\$25,000
Class L	Up to \$1,500,000	\$((9,240)) 9,610	\$9,802	\$25,000
Class M	Up to \$1,750,000	\$((9,880)) 10,275	\$10,481	\$25,000
Class N	Up to \$2,000,000	\$((10,466)) 10,885	\$11,103	\$25,000
Class O	Up to \$2,500,000	\$((11,500)) 11,960	\$12,199	\$30,000
Class P	Up to \$3,000,000	\$((12,218)) 12,707	\$12,961	\$35,000
Class Q	Up to \$4,000,000	\$((14,400)) 14,976	\$15,276	\$40,000
Class R	Up to \$5,000,000	\$((16,362)) 17,016	\$17,356	\$50,000
Class S	Up to \$6,000,000	\$((18,544)) 19,286	\$19,672	\$60,000
Class T	Up to \$7,000,000	\$((20,728)) 21,557	\$21,988	\$70,000
Class U	Up to \$8,000,000	\$((22,908)) 23,824	\$24,300	\$80,000
Class V	Over \$8,000,000	\$((25,090)) 26,094	\$26,616	\$80,000

*See chapter 230-06 WAC, Exceeding license class.

6. Raffles

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Up to \$5,000	\$((58)) 60	\$61
Class B	Up to \$10,000	\$((185)) 192	\$196
Class C	Up to \$25,000	\$((380)) 395	\$403
Class D	Up to \$50,000	\$((641)) 667	\$680
Class E	Up to \$75,000	\$((1,026)) 1,067	\$1,088
Class F	Over \$75,000	\$((1,540)) <u>\$((1,601)) 1,602</u>	<u>\$((1,633)) 1,634</u>

7. Enhanced raffles

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Annual	\$(6,000) 6,240	\$6,365
Additional fee per enhanced raffle	\$(7,800) 8,112	\$8,274

8. Combination license

License	Description	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Class A	Allows gross gambling receipts of up to \$25,000 from bingo, \$7,500 from raffles, and \$7,500 from amusement games, not to exceed \$30,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$(445) 120	\$122
Class B	Allows gross gambling receipts of up to \$60,000 from bingo, \$15,000 from raffles, and \$15,000 from amusement games, not to exceed \$75,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$(300) 312	\$318
Class C	Allows gross gambling receipts of up to \$125,000 from bingo, \$30,000 from raffles, and \$30,000 from amusement games, not to exceed \$150,000 combined gross gambling receipts from all such activities. Allows Class D card games.	\$(696) 724	\$738

9. Special property bingo

	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Once annually	\$(27) 28	\$29

10. Permits

	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Recreational gaming activity	\$(58) 60	\$61

11. Changes

Type	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Name	\$((27)) 28	\$29
Location	\$((27)) 28	\$29
Fund-raising event date or time	\$((27)) 28	\$29
License class	\$((27)) 28	\$29
Duplicate license	\$((27)) 28	\$29

12. Other fees

Type	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Replacement identification stamps	\$((27)) 28	\$29
Failing to apply for license class upgrade	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$((26)) 27	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$28
Review, inspection and/or evaluation of equipment, paraphernalia, services, or schemes	Deposit and fees as required	Deposit and fees as required

13. Two-part payment plan participation

	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Annual participation	\$((27)) 28	\$29

AMENDATORY SECTION

WAC 230-05-025 Commercial stimulant fees. All commercial stimulant license applicants must pay the following fees to us when applying for gambling licenses:

1. Card games - Nonhouse-banked

License	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class B	Up to five tables of limited card games - hearts, rummy, pitch, pinochle, and/or cribbage - fee to play	\$((189)) 197	\$201
Class C	Tournament only, no more than thirty consecutive days per tournament		
C-5	Up to five tables	\$((189)) 197	\$201
C-10	Up to ten tables	\$((346)) 360	\$367
C-15	Up to fifteen tables	\$((576)) 599	\$611
Class D	Up to five tables - no fee to play	\$((59)) 61	\$62
Class E	Fee to play		
E-1	One table only	\$((460)) 478	\$488
E-2	Up to two tables	\$((792)) 824	\$840
E-3	Up to three tables	\$((1,318)) 1,371	\$1,398
E-4	Up to four tables	\$((2,644)) 2,750	\$2,805
E-5	Up to five tables	\$((3,980)) 4,139	\$4,222
Additional tables	Per table - up to a maximum of fifteen	\$((1,152)) 1,198	\$1,222
Class F	Endorsement/upgrade of Class E includes permission to use alternative fee collections and use of player-supported jackpots	\$((1,732)) 1,801	\$1,837

2. Card games - House-banked

All tables within a card room operating any house-banked card game must be licensed under this license class.

License	Fee effective November 1, 2014.	Fee effective November 1, 2015.

License	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Annual	\$((6,944)) <u>7,222</u>	\$7,366
Additional fee per table - up to fifteen tables	\$((1,732)) <u>1,801</u>	\$1,837

3. Punch boards and pull-tabs

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.	One Time Variance*
Class A	Up to \$50,000	\$((628)) <u>653</u>	\$666	\$5,000
Class B	Up to \$100,000	\$((1,122)) <u>1,167</u>	\$1,190	\$5,000
Class C	Up to \$200,000	\$((2,116)) <u>2,201</u>	\$2,245	\$10,000
Class D	Up to \$300,000	\$((3,080)) <u>3,203</u>	\$3,267	\$10,000
Class E	Up to \$400,000	\$((3,980)) <u>4,139</u>	\$4,222	\$10,000
Class F	Up to \$500,000	\$((4,806)) <u>4,998</u>	\$5,098	\$10,000
Class G	Up to \$600,000	\$((5,570)) 5,792 <u>5,793</u>	\$5,908 <u>5,909</u>	\$10,000
Class H	Up to \$700,000	\$((6,270)) <u>6,521</u>	\$6,651	\$10,000
Class I	Up to \$800,000	\$((6,906)) <u>7,182</u>	\$7,325 <u>7,326</u>	\$10,000
Class J	Up to \$1,000,000	\$((7,832)) <u>8,145</u>	\$8,308	\$20,000
Class K	Up to \$1,250,000	\$((8,692)) <u>9,040</u>	\$9,221	\$25,000
Class L	Up to \$1,500,000	\$((9,494)) <u>9,874</u>	\$10,071	\$25,000
Class M	Up to \$1,750,000	\$((10,156)) <u>10,562</u>	\$10,773	\$25,000
Class N	Up to \$2,000,000	\$((10,756)) <u>11,186</u>	\$11,410	\$25,000
Class O	Up to \$2,500,000	\$((11,820)) <u>12,293</u>	\$12,539	\$30,000
Class P	Up to \$3,000,000	\$((12,218)) <u>12,707</u>	\$12,961	\$35,000
Class Q	Up to \$4,000,000	\$((14,400)) <u>14,976</u>	\$15,276	\$40,000

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective	One Time Variance*
			November 1, 2015.	
Class R	Up to \$5,000,000	\$((16,362)) 17,016	\$17,356	\$50,000
Class S	Up to \$6,000,000	\$((18,544)) 19,286	\$19,672	\$60,000
Class T	Up to \$7,000,000	\$((20,728)) 21,557	\$21,988	\$70,000
Class U	Up to \$8,000,000	\$((22,908)) 23,824	\$24,300	\$80,000
Class V	Over \$8,000,000	\$((25,090)) 26,094	<u>\$((26,216))</u> <u>26,616</u>	\$80,000

*See chapter 230-06 WAC, Exceeding license class.

AMENDATORY SECTION

WAC 230-05-030 Fees for other businesses. All other business license applicants must pay the following fees to us when applying for gambling licenses, miscellaneous changes, or inspection services:

1. Commercial amusement games

License	Annual Gross Gambling Receipts	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Premises only	*\$((327/\$150)) 340/\$156	*\$347/\$159
Class B	Up to \$50,000	\$((460)) 478	\$488
Class C	Up to \$100,000	\$((1,184)) 1,231	\$1,256
Class D	Up to \$250,000	\$((2,644)) 2,750	\$2,805
Class E	Up to \$500,000	\$((4,640)) 4,826	\$4,923
Class F	Up to \$1,000,000	\$((7,968)) 8,287	\$8,453
Class G	Over \$1,000,000	\$((9,970)) 10,369	\$10,576

* We reduce the license fee by \$177 when you apply for additional licenses at the same business premises, apply for multiple licenses at the same business premises, or a licensee is renewing an annual license.

2. Distributor

License	Annual Gross Sales	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Nonpunch board/pull-tab only	\$((659)) 685	\$699
Class B	Up to \$250,000	\$((1,318)) 1,371	\$1,398
Class C	Up to \$500,000	\$((1,980)) 2,059	\$2,100
Class D	Up to \$1,000,000	\$((2,644)) 2,750	\$2,805
Class E	Up to \$2,500,000	\$((3,446)) 3,584	\$3,656
Class F	Over \$2,500,000	\$((4,242)) 4,412	\$4,500

3. Fund-raising event equipment distributor

License	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$((260)) 270	\$275
Class B	Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$((659)) 685	\$699

4. Gambling service supplier

License	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Annual	\$((687)) 714	\$728
Financing, consulting, and management contract review	\$((143)) 149	\$152

5. Linked bingo prize provider

License	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Annual	\$((4,414)) 4,591	\$4,683

6. Call centers for enhanced raffles

License	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Annual	\$((4,500)) 4,680	\$4,774

7. Manufacturer

License	Annual Gross Sales	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class A	Pull-tab dispensing devices only	\$((659)) 685	\$699
Class B	Up to \$250,000	\$((1,318)) 1,371	\$1,398
Class C	Up to \$500,000	\$((1,980)) 2,059	\$2,100
Class D	Up to \$1,000,000	\$((2,644)) 2,750	\$2,805

License	Annual Gross Sales	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Class E	Up to \$2,500,000	\$((3,446)) 3,584	\$3,656
Class F	Over \$2,500,000	\$((4,242)) 4,412	\$((4,450)) 4,500

8. Permits

Type	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Agricultural fair	One location and event only	\$((27)) 28	\$29
Agricultural fair annual permit	Annual permit for specified different events and locations	\$((189)) 197	\$201
Recreational gaming activity		\$((59)) 61	\$62
Manufacturer's special sales permit		\$((211)) 219	\$223
Punch board and pull-tab service business permit	Initial application fee	\$((236)) 245	\$250
Punch board and pull-tab service business permit	Renewal	\$((56)) 58	\$59

9. Changes

Application	Description	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Name		\$((27)) 28	\$29
Location		\$((27)) 28	\$29
Business classification	Same owners	\$((59)) 61	\$62
Exceeding license class	New class fee, less previous fee paid, plus	\$((27)) 28	\$29
Duplicate license		\$((27)) 28	\$29
Corporate stock/limited liability company shares/units		\$((59)) 61	\$62
License transfers		\$((59)) 61	\$62

10. Other fees

Type	Fee effective November 1, 2014.	Fee effective November 1, 2015.
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Type	Fee effective November 1, 2014.	Fee effective November 1, 2015.
Defective punch board/pull-tab cost recovery fees	Up to \$((100)) 104	Up to \$((100)) 106
Failing to apply for license class upgrade	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$((27)) 28	Up to fifty percent of the difference between our fees for the licensee's present license class and the new license class or one thousand dollars, whichever is less, plus \$29
Review of gambling equipment, supplies, services, or games	Cost reimbursement	Cost reimbursement

11. Identification stamps

Type		Fee effective November 1, 2014.	Fee effective November 1, 2015.
(a) Punch boards and pull-tabs			
(i) Standard	Wagers fifty cents and below	\$((-28)) 0.29	\$0.30
	Wagers over fifty cents	\$((+14)) 1.15	\$1.17
(ii) Progressive jackpot pull-tab series	Per series	\$((+149)) 11.64	\$11.87
(iii) Pull-tab series with carry-over jackpots and cumulative prize pool pull-tab series	Per series	\$((+14)) 1.15	\$1.17
(b) Pull-tab dispensing devices			
(i) Mechanical and electro-mechanical		\$((-28)) 0.29	\$0.30

Type		<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
(ii) Electronic	Dispensing devices that require initial and ongoing evaluation of electronic components or functions, such as reading encoded data on pull-tabs, accounting for income or prizes	\$((112.04)) <u>116.52</u> annually	\$118.85 annually
Replacement of identification stamps		\$((26)) <u>27</u>	\$28
(c) Disposable bingo cards			
(i) Single game sets of individual cards or sheets of cards		\$((-28)) <u>0.29</u>	\$0.30
(ii) Multigame card packets		\$((-1.22)) <u>1.27</u>	\$1.30
(iii) Cards used to play for linked bingo prizes	Fee per 250 cards	\$((-44)) <u>0.46</u>	\$0.47
(iv) Cards used to play for linked bingo prizes	Fee per 5,000 cards	\$((-8.96)) <u>9.32</u>	\$9.51
(d) Coin or token-activated amusement games			
Annually - operated at any Class A amusement game license location		\$((-28.00)) <u>29.12</u>	\$29.70
(e) Electronic bingo card daubers			
Annual		\$((-11.19)) <u>11.64</u>	\$11.87
(f) Electronic card facsimile table			
Annual		\$((-381.50)) <u>396.76</u>	\$404.70

12. Two-part payment plan participation

	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Annual participation	\$((-27)) <u>28</u>	\$29

AMENDATORY SECTION

WAC 230-05-035 Individuals license fees. Individuals must pay the following fees to us when they apply for gambling licenses, permits, miscellaneous changes:

1. Charitable or nonprofit gambling manager

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Original	\$((+85)) 192	\$196
Renewal	\$((88)) 92	\$94
Change of employer	\$((88)) 92	\$94

2. Linked bingo prize provider representative

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Original	\$((260)) 270	\$275
Renewal	\$((+58)) 164	\$167

3. Commercial gambling manager

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Original	\$((+89)) 197	\$201
Renewal	\$((90)) 94	\$96
Change of employer	\$((90)) 94	\$96

4. Distributor's or gambling services supplier's representative

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Original	\$((260)) 270	\$275
Renewal	\$((+58)) 164	\$167

5. Representatives for manufacturers or call centers for enhanced raffles

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Original	\$((260)) 270	\$275
Renewal	\$((+58)) 164	\$167

6. Public card room employee

License	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Class A - Performs card room employee duties in a Class E card room		
Original	\$((189)) 197	\$201
Renewal	\$((90)) 94	\$96
Class B - Performs card room employee duties in enhanced and house-banked card rooms		
Original, in-state	\$((258)) 268	\$273
Original, out-of-state	\$((320)) 333	\$340
Renewal	\$((158)) 164	\$167
Transfer/additional employee/conversion/emergency waiver request	\$((64)) 63	\$64

7. Other fees

	<u>Fee effective November 1, 2014.</u>	<u>Fee effective November 1, 2015.</u>
Change of name	\$((27)) 28	\$29
Duplicate license	\$((27)) 28	\$29

8. Military personnel returning from service

If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant must provide evidence of the completion date of active military service.



Proposed Amendatory Section:

WAC 230-10-375 Failing to maintain a positive cash flow.

Proposed Repealed Sections:

WAC 230-10-370 Adjusted cash flow limits for bingo.

WAC 230-10-380 Relief reduction for minimum annual adjusted cash flow.

September 2014 – Up for Discussion and Possible Filing

August 2014 – Study Session

ITEM 11: September 2014 Commission Meeting Agenda Statutory Authority 9.46.070, RCW 9.46.0209

Who proposed the rule change?

Ric Newgard, licensed primary bingo manager for Seattle Junior Hockey Association, and Clyde Bock, licensed primary bingo manager for Leon Sullivan Health Care Center.

Proposed Change

With these rule changes, bingo licensees with annual gross gambling receipts over \$1.5 million dollars would no longer have to meet quarterly and yearly “cash flow” requirements, which is calculated based on the quarterly activity reports they submit. Instead, licensees would have to show a positive cash flow when they submit their annual financial statements to the Commission. These financial statements would continue to be prepared in accordance with WAC 230-07-150.

In addition, associated rules allowing a reduction for taxes paid and an automatic 25% reduction of the cash flow requirements would also be repealed.

There are currently only 8 licensees who would be impacted by this petition because they have annual gross gambling receipts from bingo and punch board/pull-tab (PB/PT) activities over \$1.5 million.

Attachments:

- Revisions to WAC 230-10-375 and repealed sections WAC 230-10-370 and WAC 230-10-380.
- Petition for Rule Changed dated July 18, 2014, with proposed new subsection(2) to WAC 230-10-175.
- Stakeholder notification letter e-mailed to Group III, IV, and V bingo licensees on August 7, 2014.
- Responses supporting the petition (see below for details).
- History of Net Income, Net Return, and Adjusted Cash Flow Regulations.
- RCW 9.46.0209

History of Rule

All charitable and nonprofit organizations must demonstrate they have made “significant progress” toward the accomplishment of the organization’s stated purposes each year (RCW 9.46.0209). In the last 31 years, we have had numerous rules that outline how charitable and nonprofit licensees can demonstrate they have made significant progress and are not operating primarily for gambling purposes (RCW 9.46.0209(1)(i)). The rules outlined specific “net income,” “net return,” or “adjusted cash flow” levels charitable and nonprofit licensees had to attain to demonstrate compliance with the RCW.

Prior to the mid-1990’s, bingo was one of the primary gambling activities and a major source of income for charitable and nonprofit organizations. In the mid-90’s, there were so many large bingo licensees that the Commission had a “Top 40” list. Since 1994, bingo has experienced a significant decline. As an example, the number of bingo licensees has declined 69% since 1987 from 571 licensees to 179 as of July 31, 2014. Bingo “net income” (defined as gross receipts minus prizes and expenses) peaked in 1991 at \$19.9 million. As of June 30, 2013, bingo net receipts were \$2.5 million, an 87% decline from 1991.

As competition in a declining industry increased, growth in gross receipts did not always result in growth in the amount of net income or money going back to the organization’s purposes. This was due in part to the bingo operators offering higher prize payouts and nicer amenities to sustain or grow their market share from their competitors, which in turn increased their expenses.

Since 1983, we have had eleven rule changes to reduce the required income/cash charitable and nonprofit organizations must meet to demonstrate they have made significant progress. The rule changes between 1983 and 1990 reduced the required income/cash for the stated purpose by 58%. The history of the net income, net return, and adjusted cash flow compliance rules is on the attached chart. In addition, the rules addressed expenses that impact cash back to programs in various ways. Some of those expenses included prizes, taxes paid to local jurisdictions, amortization and depreciation. The rules also included various types of variances and petitions for relief from the Director or from the five-person Commission.

The following is a summary of the current adjusted cash flow rules:

2004 Rule Changes

The net return requirements were replaced with quarterly and annual “adjusted cash flow” requirements. Adjusted cash flow from bingo operations means the combined gross receipts from bingo and PB/PT activities minus all prizes and expenses, whether paid or accrued to operate these gambling activities excluding depreciation and amortization. These rules are still in place today.

Quarterly requirement - Licensees have to report positive cash flow from their bingo and PB/PT operations, at least \$1, on their quarterly gambling reports. By rule, if a licensee reports a loss on their quarterly gambling activity reports (“a negative cash flow”) for two consecutive quarters, their license is summarily suspended, which means they must stop operating immediately.

Annual requirement - By rule, bingo licensees must achieve the following annual minimum “adjusted cash flow” levels based on their overall gross receipt levels:

Gross Receipts*	Adjusted Cash Flow
(1) Above \$1,500,000 up to \$2,500,000	Three percent of gross receipts over \$1,500,000
(2) Above \$2,500,000 up to \$3,500,000	\$30,000 plus four percent of gross receipts over \$2,500,000
(3) Above \$3,500,000 up to \$4,500,000	\$70,000 plus five percent of gross receipts over \$3,500,000
(4) Above \$4,500,000	\$120,000 plus six percent of gross receipts over \$4,500,000

Commission staff calculates licensee compliance based on information reported on their quarterly gambling activity reports. If a licensee does not meet the minimum annual cash flow requirement, the licensee faces revocation of their licenses. The rules offers automatic relief to licensees who fail to meet the annual minimum adjusted cash flow requirement by allowing up to a 25% reduction to the annual dollar amount of required adjusted cash flow for the year. This relief is only available to each licensee once every five years.

2006 Rule Change – Additional Waiver to the Annual Adjusted Cash Flow Requirement

A 50% waiver or reduction in the annual adjusted cash flow requirement was available to those licensees that failed to reach their required cash flow levels. Only three licensees requested this relief and all three requests were granted. This option was only available during 2006.

2009 Rule Change – Additional Relief to the Annual Adjusted Cash Flow Requirement

Licensees who fail to meet the minimum annual adjusted cash flow requirements, but who have maintained a positive quarterly cash flow may apply for a credit of up to 49% of the local gambling taxes paid. This relief is applied first. If the licensee is still out of compliance, then, by rule, commission staff automatically grants relief by allowing up to a 25% reduction of the annual dollar amount of the required adjusted cash flow for the year. The credit for local taxes paid is available every year.

Impact of the Proposed Change

There are currently only 8 licensees who would be impacted by this petition because they have annual gross gambling receipts from bingo and PB/PT activities over \$1.5 million. The petition would repeal all quarterly cash flow requirements. Licensees would still have to meet significant progress annually; these requirements are outlined in other rules.

This petition would require all bingo licensees, regardless of their annual gross receipts, to report gross income from bingo and PB/PT activities less prizes and expenses, paid or accrued, excluding depreciation and amortization, of at least \$1 annually. Currently, bingo licensees with annual gross receipts under \$1.5 million dollars need to report gross income from bingo and PB/PT activities of only \$1.

Staff now spends considerable time calculating and monitoring both the quarterly and annual adjusted cash flow requirements for these licensees. Staff will continue to monitor positive cash flow for these licensees annually.

Summary of Actions With Licensees For Noncompliance with Quarterly and Annual Adjusted Cash Flow Requirements

The following summary of actions with licensees over the past 10 years for quarterly and annual cash flow compliance issues. The first column shows the first five years from 2004 to 2008, and the second column shows the past five years, from 2009 through 2013.

Action Taken	From 2004 to 2008	From 2009 to 2013
One Quarter of Negative Cash Flow – Advisory Letter	32	6
Two Consecutive Quarters of Negative Cash Flow – Advisory Letter	0	1
Insufficient Projected Annual Cash Flow – Advisory Letter	18	1
25% Annual Reduction Relief Granted (started in 2004)	3	0
50% Annual Relief Granted (2006 only)	3	0
49% Annual Local Gambling Tax Credit (started in 2009)	n/a	0
Total	56	8

Of the 64 total actions taken by staff over the last ten years (from 2004 to 2013), only eight have occurred in the past five years. During the last five years, no licensees have requested the 25% reduction relief available or the 49% tax credit. There have been only seven instances of licensees showing negative cash flow during a single quarter and only one has shown two consecutive negative quarters. This licensee eventually discontinued business.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs.

Regulatory Concerns

Minimal.

Resource Impacts

This change would save staff time monitoring and sending out notification letters.

Policy Consideration

This is a change in policy by measuring adjusted cash flow on an annual basis, rather than a quarterly basis. If adjusted cash flow requirements are not met, it is no longer a mandatory summary suspension, but instead, an administrative action to revoke the license.

Statements Supporting the Proposed Rule Change

Attached e-mails from:

- Jay Gerow, ZDI Gaming Inc.
- Jeff Barlow, Licensed Bingo Manager at Spokane Youth Sports Association.
- Bonnie Dykstra, American Legion Post 176.

Statements Opposing the Proposed Rule Change

None.

Licensees/Stakeholders Directly Impacted By the Change

Eight bingo licensees with gross bingo and PB/PT receipts of over \$1.5 million.

Staff Recommendation

File for further discussion.

Proposed Effective Date for Rule Change

Petitioner has requested an effective date of 31 days from filing the adopted rule.

Amendatory Section:

WAC 230-10-375 Failing to maintain a positive cash flow.

(1) Bingo licensees must measure adjusted cash flow (~~quarterly~~) to ensure that they maintain a positive cash flow and are not operating primarily for gambling purposes.

(2) If a licensee does not maintain a positive cash flow from the bingo operation (~~during any two consecutive license year quarters, measured independently,~~) as reflected in their annual financial statement as prepared in accordance with WAC 230-07-150 the director ~~will take administrative action to revoke~~ summarily suspends the organization's bingo license.

~~((3) If a licensee fails to meet the adjusted cash flow requirements for any calendar year, we take administrative action to revoke the organization's bingo license.))~~

Repealed Section:

WAC 230-10-370 Adjusted cash flow limits for bingo.

For the purpose of this subsection, "gross receipts" means the combined gross gambling receipts from bingo, pull-tab, and punch board activities. Bingo licensees must ensure that the adjusted cash flow from the bingo operation available for its charitable or nonprofit programs during each license year is, at least:

Gross Receipts*	Adjusted Cash Flow
(1) Above \$1,500,000 up to \$2,500,000	Three percent of gross receipts over \$1,500,000
(2) Above \$2,500,000 up to \$3,500,000	\$30,000 plus four percent of gross receipts over \$2,500,000
(3) Above \$3,500,000 up to \$4,500,000	\$70,000 plus five percent of gross receipts over \$3,500,000
(4) Above \$4,500,000	\$120,000 plus six percent of gross receipts over \$4,500,000

*If the licensee does not operate for a full license year, we may pro rate the requirements based on full quarters operated.

Repealed Section:

WAC 230-10-380 Relief reduction for minimum annual adjusted cash flow.

~~(1) If a bingo licensee fails to meet the minimum annual adjusted cash flow requirements for any calendar year and has maintained a positive cash flow, the licensee may apply as a credit against the required adjusted cash flow up to forty nine percent of gambling taxes paid to local governments.~~

~~(2) If the licensee is still out of compliance, the director automatically grants relief, allowing up to twenty five percent reduction to the annual dollar amount of required adjusted cash flow for the year, excluding the relief available in subsection (1) of this section, in which the licensee is out of compliance.~~

~~(3) No licensee granted relief is eligible to receive relief for any of the four years following the calendar year for which the director granted the relief, pursuant to subsection (2) of this section.~~



PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE



In accordance with RCW 34.05.330, the Office of Financial Management (OFM) created this form for individuals or groups who wish to petition a state agency or institution of higher education to adopt, amend, or repeal an administrative rule. You may use this form to submit your request. You also may contact agencies using other formats, such as a letter or email.

The agency or institution will give full consideration to your petition and will respond to you within 60 days of receiving your petition. For more information on the rule petition process, see Chapter 82-05 of the Washington Administrative Code (WAC) at <http://apps.leg.wa.gov/wac/default.aspx?cite=82-05>.

CONTACT INFORMATION *(please type or print)*

Petitioner's Name Ric Newstead / Clyde Bax
 Name of Organization WCCGA
 Mailing Address 7012 220th ST SW
 City MCT State WA Zip Code 98043
 Telephone 425-327-3841 Email BUMPARIC@AOL.COM

COMPLETING AND SENDING PETITION FORM

- Check all of the boxes that apply.
- Provide relevant examples.
- Include suggested language for a rule, if possible.
- Attach additional pages, if needed.
- Send your petition to the agency with authority to adopt or administer the rule. Here is a list of agencies and their rules coordinators: <http://www.leg.wa.gov/CodeReviser/Documents/RClst.htm>.

INFORMATION ON RULE PETITION

Agency responsible for adopting or administering the rule: WSBC

NEW RULE I am petitioning the agency to adopt a new rule.

The subject (or purpose) of this rule is: _____

The rule is needed because: _____

The new rule would affect the following people or groups: _____

Received

JUL 18 2014

Gambling Commission
Comm. & Legal Division

2. AMEND RULE - I am requesting the agency to change an existing rule.

List rule number (WAC), if known: 230-10-375

I am requesting the following change: SEE ATTACHED

This change is needed because: _____

The effect of this rule change will be: _____

The rule is not clearly or simply stated: _____

3. REPEAL RULE - I am requesting the agency to eliminate an existing rule.

List rule number (WAC), if known: 230-10-370, 230-10-380

(Check one or more boxes)

It does not do what it was intended to do.

It is no longer needed because: CHANGES TO WAC 230-10-375

It imposes unreasonable costs: _____

The agency has no authority to make this rule: _____

It is applied differently to public and private parties: _____

It conflicts with another federal, state, or local law or rule. List conflicting law or rule, if known: _____

It duplicates another federal, state or local law or rule. List duplicate law or rule, if known: _____

Other (please explain): _____

WAC 230-10-175

(2) If a licensee does not maintain a positive cash flow from the bingo operation as reflected in their annual financial statement prepared in accordance with WAC 230-07-150 the director will take administrative action to revoke the organization's bingo license.



STATE OF WASHINGTON
GAMBLING COMMISSION

P.O. Box 42400 • Olympia, Washington 98504-2400 • (360) 486-3440 • TDD (360) 486-3637 • FAX (360) 486-3632

August 7, 2014

Dear Nonprofit Licensee:

NOTICE OF RULE MAKING

The Washington State Gambling Commission is starting the first stage of rule making to revise **WAC 230-10-375 Failing to maintain a positive cash flow** and to repeal **WAC 230-10-370 Adjusted cash flow limits for bingo** and **WAC 230-10-380 Relief reduction for minimum annual cash flow**.

The proposed change would no longer require bingo licensees to meet quarterly and yearly cash flow requirements from bingo and punch board/pull-tab (pb/pt) activities. Instead, licensees would have to show a positive cash flow from bingo and pb/pt activities when they submitted their annual financial statements to the Commission, which are prepared by an independent certified public accountant.

The Gambling Commission encourages you to give input. Do you support or oppose the proposed rule change?

By mail:

Tina Griffin
Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

By e-mail:

Tina.Griffin@wsgc.wa.gov

By fax:

(360) 486-3632

The proposed rule change will be discussed at the Study Session of the August 2014 Commission meeting. The meeting will be held at the August 14, 2014 at the Comfort Inn Conference Center, 1620 74th Avenue SW, Tumwater, WA 98501. Commission meetings are open to the public and you are invited to attend. Please check our website (www.wsgc.wa.gov) a week in advance to confirm the date, time and location.

From: Jay Gerow [jayg@zdigaming.com]
Sent: Monday, August 11, 2014 4:42 PM
To: Griffin, Tina (GMB)
Subject: rule changes

Tina,

This email is to show ZDI Gaming's support for the rule changes pertaining to Bingos cash flow. It is unfortunate this action was not taken some time ago by the previous leadership at the agency, as it would have potentially saved some valuable community charities that have been lost.

We are in favor of the proposed changes and revisions to WAC's 230-10-375, 230-10-370, and 230-10-380. I will not be attending the meeting this month however would like this email of support to go on the record in the minutes.

Sincerely,

Jay Gerow
ZDI Gaming Inc.
2124 196th St. SW
Lynnwood, Wa 98036

(425)775-7991 office
(425)775-8433 fax

From: Jeff Barlow [jeff@sya.com]
Sent: Tuesday, August 12, 2014 2:23 PM
To: Griffin, Tina (GMB)
Subject: Revision of Cash Flow Requirements

Dear Commissioners and Staff:

Thank you for taking the time to consider the rule change that is being proposed. My name is Jeff Barlow, and I am the primary manager at SYSA Bingo in Spokane.

I have been in the bingo industry since 1986 and have seen the best of times and the worst. I remember the day when being in the top 40 was a really big deal. I remember the "moratorium days". In all the years since, i have watched licensees continue to fail to meet the requirements that were in place to protect everyone. Unfortunately many charities, and the groups that they so diligently supported, have been the ones that have suffered as a result of games going under.

I am writing today to show my support for the "Revision of Cash Flow Requirements". When I talk to other operators in the state we all seem to be in the same boat. Are you going to make your number this year?

Are you going to have to use your 5 year exemption? For us in Spokane, it has been extremely difficult to survive, We have had to use our exemption, as had many others that i have talked to.

I feel that the proposal has value in a couple of ways. First, it gives operators a chance to get a financial breath. We still have our own budgeted numbers that must be met, but at least the pressure of making the GC number will be gone. Secondly, I'm sure that this will give the "Budget Staff" at the commission some room as well, so as not to have to track each licensees progress each quarter and do all the paperwork that is involved. I can only imagine the man hours and money that can be saved by not having to track every hall.

I am very sorry that I will not be able to be there this month for the study session and meetings. I feel very strongly that this is a great thing for the industry, and i applaud the commission and staff for considering these changes. I am looking forward to attending next months meetings, and see if we can get this passed as soon as possible.

Jeff Barlow
Bingo Director
SYSA Bingo

From: Bonnie [gmscal@pacifier.com]
Sent: Wednesday, August 13, 2014 11:23 AM
To: Griffin, Tina (GMB)
Cc: scalcashier@gmail.com
Subject: RE: Proposed Rule Change - WAC230-10-375, WAC230-10-370 & WAC230-10-380

Ms. Griffin:

This is to let you know that Salmon Creek Heights Post 176 The American Legion, in Vancouver, is in support of WAC230-10-375, WAC230-10-370 & WAC230-10-380 rule change, to show a positive cash flow from Bingo & Pull Tabs on the annual financial statement prepared by a CPA, instead of the current quarterly reports.

Thank you for your consideration.

Bonnie Dykstra
Bookkeeper
Salmon Creek Heights Post 176
The American Legion
PH# 360-573-2331
E-mail gmscal@pacifier.com

History of prize payout and net income/return and adjusted cash flow regulation

DATE	REGULATION STATUS
Prior to 1983	No regulation.
1983	Declining profit from Bingo and prize "wars" prompts emergency temporary prize payout limit rule: <ul style="list-style-type: none"> ▪ Beginning at \$125,000 per quarter = 80%, down to 68% for over \$750,000 ▪ Required monthly reports Licensee and staff Study Committee formed.
1984	Permanent rule: <ul style="list-style-type: none"> ▪ Restructured gross receipts and limited to \$3.5 million. ▪ Modified prize payout limits to begin at \$500,000 = 80% with 2 percentage point decrease for every license class increase. Added minimum net income requirement. Required annual review of rule ("sunset" provision).
1985	Gross receipts limited to \$3.5 million (continued). Prize payouts: <ul style="list-style-type: none"> ▪ Both quarterly and annual limits ▪ Annual = variable rates beginning at 83% for \$500,000, decreasing to 70% for \$3.5 million. Net income: <ul style="list-style-type: none"> ▪ Annual limits only ▪ Annual = 4% @ \$500,000 up to 14% for \$3.5 million.
1988	Larger games started to reach \$3.5 million gross receipts limit. Committee formed to discuss increasing gross receipts limit. Temporary increase in gross receipts limits if 14% of the excess beyond \$3.5 million was donated to any charitable cause.
1989	Added two new license classes (L, M) over \$4.0 million. Classes D and E now covered by limits. Removed requirement for annual review of rule.
1990	Added PB/PT and Snack Bar to the net return mix (net income). Net income increases 1 to 2.5 percentage points for Bingo/PB/PT licensees. Allowed local tax as a credit (reduces expenses). Increased prize payout limits by 1 to 2.5 percentage points. Reduction in net income limits by one percentage point if no PB/PT. Required small games (up to \$100,000) to have positive cash flow if rent or wages paid. Added requirement for minimum net income from PB/PT for non-profits without a bingo license.
1993	Legislature changed RCW 9.46.070 (10) and (16) to make them discretionary. Decreased net income requirement by 1 percentage point for bingo only and PB/PT. Allowed variances (Director approved) for local conditions. <ul style="list-style-type: none"> ▪ Added enforcement guidelines and procedures (mandatory downgrade). Added penalties for bingo managers for prize payout violations. Codified staff procedures.
1994	Significant progress rule passed.

DATE	REGULATION STATUS
1995	<p>Licenses were having a hard time meeting net income requirements.</p> <p>October 1995 emergency moratorium—no mandatory downgrade if within 2.5% of the net income requirements for the licensee's license class (modified to 4.5% in permanent rules).</p> <p>Formed Bingo Task Force.</p>
1996	<p>Bingo Task Force Recommendations:</p> <ul style="list-style-type: none"> ▪ Change to net return from net income. ▪ Split the net return rule into three separate rules: requirements, variances, and sanctions ▪ Added four new license classes (over \$4.0 million) ▪ Class D and E GR ranges change, Class D removed from regulation ▪ Reduced net return requirement (new def.) across the board by 0.5 to 1 percentage point. ▪ Deleted the prize payout limits (became guidelines only) ▪ Deleted penalties for bingo managers ▪ Codified difference between bingo for "fund-raising" or "social" purposes ▪ Allowed electronic POS transactions ▪ Liberalized promotions (coupons, promotional gifts, birthday gifts, frequent player points, drawings, creativity and originality contests, birthday bonus, free games as prizes and good neighbor prizes) ▪ Liberalized Raffles—discount sales, prizes for selling tickets, and credit cards for phone sales. <p>Other significant changes to Bingo:</p> <ul style="list-style-type: none"> ▪ Liberalized promotions; free food, etc. ▪ Pre-sale of games and gift certificates ▪ Authorized electronic daubers ▪ New games authorized (keno bingo, satellite bingo, 3# speed bingo and hidden face bingo) ▪ Authorized "second element of chance" schemes ▪ Mandatory throw-away cards for large games ▪ Make it a violation to have a loss from a snack bar, if not in compliance with net return.
1998	<p>Licenses seeing another decline in activity; changing market conditions.</p>
1999	<p>Temporary moratorium on bingo net return requirements instituted in January. Bingo Net Return Task Force established.</p>

DATE	REGULATION STATUS
2000	<p>Changes streamlined bingo rules. Gambling proceeds, net return and the qualification to be considered an active member were redefined; the retention period of some bingo records was reduced; political contributions were no longer required to be reported to the commission, as they are reported to the Public Disclosure Commission; electronically generated formats for inventory control were allowed as an inventory control format; bingo operators were allowed to offer free and discounted food and non-alcoholic beverages to their players; language was added to clarify that a maximum of 66 electronic bingo cards could be played at one time; and language that was redundant with other rules was removed for streamlining purposes.</p> <p>New rules allowing free food and beverages. Minimum net return rules proposed, carried forward into 2001. Positive cash flow required. Significant progress rule updated. Minimum net return modified to blended rate calculation; to "band" groups of license classes, to set base amounts and % of net income over base amounts; prize payout limitations and other penalties in certain circumstances where minimum net return is not met.</p>
2001	<p>Minimum cash flow requirements set; adjusted cash flow defined as all income from the bingo operation less all prizes and expenses, with depreciation/amortization not counted as an expense of the bingo operation. Added profit from Amusement Games and Raffles (income side) Adjusted cash flow applied to four different levels of gross receipts per quarter, applied to Class D and above. Summary license suspension for failure to maintain a positive cash flow for two consecutive calendar quarters.</p>
2002	<p>Statutory authorization for bingo operators to share a facility and operate seven days a week.</p>
2003	<p>Request from licensees to modify the minimum cash flow rules (due to continuing problems with meeting the minimum cash flow requirements). Petition for variance portion of the minimum cash flow requirements removed due to complexities in administering it.</p>
2004	<p>The gross receipts amounts were set to calendar year (instead of quarters), and there was a 25% reduction permitted to the required adjusted cash flow every four years at the request of the licensee. One-time reduction in lieu of automatic revocation of bingo license. Summary license suspension for failure to maintain a positive cash flow for two consecutive calendar quarters continued.</p>

DATE	REGULATION STATUS
2006	Since the smoking ban went into effect, 7 of the top 20 bingos closed. The industry petitioned for a rule change, which was approved. For calendar year 2006, the director could grant automatic relief allowing up to a 50% reduction to the annual dollar amount of the required adjusted cash flow.
2009	The industry petitioned for a rule change, which was approved, to allow licensees to apply for a credit against the required adjusted cash flow up to 49% of gambling taxes paid to local governments. This relief is to be applied before the automatic relief of up to 25% reduction that is available only once every 5 years.

RCW 9.46.0209

"Bona fide charitable or nonprofit organization."

(1)(a) "Bona fide charitable or nonprofit organization," as used in this chapter, means:

(i) Any organization duly existing under the provisions of chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or

(ii) Any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same.

(b) An organization defined under (a) of this subsection must:

(i) Have been organized and continuously operating for at least twelve calendar months immediately preceding making application for any license to operate a gambling activity, or the operation of any gambling activity authorized by this chapter for which no license is required;

(ii) Have not less than fifteen bona fide active members each with the right to an equal vote in the election of the officers, or board members, if any, who determine the policies of the organization in order to receive a gambling license; and

(iii) Demonstrate to the commission that it has made significant progress toward the accomplishment of the purposes of the organization during the twelve consecutive month period preceding the date of application for a license or license renewal. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the internal revenue code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

(c) Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

(2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide nonprofit organization also includes:

(a) A credit union organized and operating under state or federal law. All revenue less prizes and expenses received from raffles conducted by credit unions must be devoted to purposes authorized under this section for charitable and nonprofit organizations; and

(b) A group of executive branch state employees that:

(i) Has requested and received revocable approval from the agency's chief executive official, or such official's designee, to conduct one or more raffles in compliance with this section;

(ii) Conducts a raffle solely to raise funds for either the state combined fund drive, created under RCW 41.04.033; an entity approved to receive funds from the state combined fund drive; or a charitable or benevolent entity, including but not limited to a person or family in need, as determined by a majority vote of the approved group of employees. No person or other entity may receive compensation in any form from the group for services rendered in support of this purpose;

(iii) Promptly provides such information about the group's receipts, expenditures, and other activities as the agency's chief executive official or designee may periodically require, and otherwise complies with this section and RCW 9.46.0315; and

(iv) Limits the participation in the raffle such that raffle tickets are sold only to, and winners are determined only from, the employees of the agency.

(3) For the purposes of RCW 9.46.0277, a bona fide nonprofit organization also includes a county, city, or town, provided that all revenue less prizes and expenses from raffles conducted by the county, city, or town must be used for community activities or tourism promotion activities.



Proposed Re-Codification of:
WAC 230-14-047 Standards for electronic video pull-tab dispensers.

September 2014 – Up for Discussion and Possible Filing
August 2014 – Study Session

ITEM 12: September 2014 Commission Meeting.	Statutory Authority 9.46.070 & 9.46.110
Who proposed the rule change?	
Staff.	
Proposed Change	
<p>This rule proposal is to re-codify the current version of WAC 230-14-047. Because this rule relates to the regulation of licensing, it requires an affirmative vote of at least three Commission members for final approval (RCW 9.46.050(2)).</p> <p>A May 2014 Court of Appeals decision held that in 2008, WAC 230-14-047 was “adopted without compliance with statutory rule making procedures” per RCW 34.05.570(2)(c). The Court of Appeals found that the rule relates to the regulation of licensing, and thus under RCW 9.46.050(2) required the affirmative vote of at least three Commission members for final approval. The rule was improperly promulgated in 2008 because only two of the three Commission members present voted to approve the rules.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • RCW 9.46.050 • Court of Appeals Opinion dated May 13, 2014. 	
History of Rule	
<p>In 2008, the Commission adopted WAC 230-14-047, which sets out standards for electronic video pull-tab dispensers.</p> <p>In April 2014, the Commission adopted an amendment to add language to WAC 230-14-047 to allow pull-tab prizes of \$20 or less to be added to cash cards used in electronic video pull-tab dispensers. This amendment became effective May 12, 2014.</p>	
Impact of the Proposed Change	
None.	
A Small Business Economic Impact Statement was not prepared because the rule would not impose additional costs.	
Resource Impacts	
None.	
Policy Considerations	
None.	
Stakeholder Statements Supporting the Proposed Rule	
None.	
Stakeholder Statements Opposing the Proposed Rule	
None.	
Stakeholder Statements Regarding the Proposed Rule	
None.	

Licensees Directly Impacted By the Rule
Licensed manufacturers, distributors, and pull-tab operators.
Staff Recommendation
File for further discussion.
Effective Date
31 days from filing the adopted rule.

Current Section to be Re-Codified:

WAC 230-14-047 Standards for electronic video pull-tab dispensers.

Electronic video pull-tab dispensers must be approved by us prior to use.

(1) Electronic video pull-tab dispensers must dispense a paper pull-tab as defined in WAC 230-14-010 and follow the rules for:

- (a) Pull-tabs; and
- (b) Flares; and
- (c) Authorized pull-tab dispensers.

(2) Electronic video pull-tab dispensers that use a reading and displaying function must:

- (a) Use a video monitor for entertainment purposes only; and
 - (b) Open all, or a portion of, the pull-tab in order to read encoded data that indicates the win or loss of the pull-tab if the dispenser is equipped to automatically open pull-tabs; and
 - (c) Dispense the pull-tab to the player and not retain any portion of the pull-tab; and
 - (d) Read the correct cash award from the pull-tab either when it is dispensed or when the pull-tab is reinserted into the dispenser; and
 - (e) Display the cash award from the pull-tab, one pull-tab at a time; and
 - (f) Provide:
 - (i) An electronic accounting of the number of pull-tabs dispensed; and
 - (ii) A way to identify the software version and name; and
 - (iii) A way to access and verify approved components; and
 - (iv) Security on the dispenser to prevent unauthorized access to graphic and prize amount displays.
- (3) Cash cards used in electronic video pull-tab dispensers must:
- (a) Be purchased with cash, check, gift certificates, or electronic point-of-sale bank transfer before use in the dispenser; and
 - (b) Be convertible to cash at any time during business hours; and
 - (c) Subtract the purchase price of the pull-tab one pull-tab at a time.
- (4) Electronic video pull-tab dispensers that accept cash cards may award any pull-tab cash prize of twenty dollars or less onto the cash card.

RCW 9.46.050

Gambling commission — Chair — Quorum — Meetings — Compensation and travel expenses — Bond — Removal.

(1) Upon appointment of the initial membership the commission shall meet at a time and place designated by the governor and proceed to organize, electing one of such members as chair of the commission who shall serve until July 1, 1974; thereafter a chair shall be elected annually.

(2) A majority of the members shall constitute a quorum of the commission: PROVIDED, That all actions of the commission relating to the regulation of licensing under this chapter shall require an affirmative vote by three or more members of the commission.

(3) The principal office of the commission shall be at the state capitol, and meetings shall be held at least quarterly and at such other times as may be called by the chair or upon written request to the chair of a majority of the commission.

(4) Members shall be compensated in accordance with RCW 43.03.250 and shall receive reimbursement for travel expenses incurred in the performance of their duties as provided in RCW 43.03.050 and 43.03.060.

(5) Before entering upon the duties of his or her office, each of the members of the commission shall enter into a surety bond executed by a surety company authorized to do business in this state, payable to the state of Washington, to be approved by the governor, in the penal sum of fifty thousand dollars, conditioned upon the faithful performance of his or her duties, and shall take and subscribe to the oath of office prescribed for elective state officers, which oath and bond shall be filed with the secretary of state. The premium for said bond shall be paid by the commission.

(6) Any member of the commission may be removed for inefficiency, malfeasance, or misfeasance in office, upon specific written charges filed by the governor, who shall transmit such written charges to the member accused and to the chief justice of the supreme court. The chief justice shall thereupon designate a tribunal composed of three judges of the superior court to hear and adjudicate the charges. Such tribunal shall fix the time of the hearing, which shall be public, and the procedure for the hearing, and the decision of such tribunal shall be final. Removal of any member of the commission by the tribunal shall disqualify such member for reappointment.