Amend
WAC 230-13-005 Amusement games authorized.
WAC 230-13-130 Display and exchange of amusement game prizes
Repeal
WAC 230-13-140 Price to play amusement games must be paid in cash or check.

January 2016 – Up for Discussion and Filing
December 2015 – No Meeting

ITEM 4: January 2016 Commission Meeting Agenda.	Statutory Authority 9.46.070, 9.46.0201

Who proposed the rule changes?

WAC 230-13-005 Staff, licensed operators and stakeholders
WAC 230-13-130 Staff
WAC 230-13-140 Staff

Proposed Changes

In July 2015, the Commissioners authorized Group 12 amusement games to be played by persons 21 and over. With implementation of this new activity, staff has identified additional rule changes necessary to ensure effective regulation.

These rule changes include defining merchandise prizes, addressing the issuance of gift cards and gift certificates, awarding cash, replays of tokens or tickets awarded, and the participation in other gambling activities as a merchandise prize.

This rules package also:

- Codifies current practice of allowing tickets or tokens awarded as prizes to be put onto a card. These tokens or tickets cannot be replayed. (See subsection (7)).
- Repeals WAC 230-13-140 because it is contradictory to WAC 230-13-005(4).
- Does not allow charitable, nonprofit organizations to operated Group 12 amusement games without a license under RCW 9.46.0321 and RCW 9.46.0331.

Policy Impacts

RCW 9.46.0201 defines an amusement game as a game played for entertainment in which only merchandise prizes are awarded.

Many of the questions, comments, and concerns from the public, licensees, and stakeholders have come about because there is not a definition of merchandise prizes in gambling rules or statutes. To provide clarity and consistency, the following areas related to merchandise prizes should be addressed (See footnotes in rule for cross-references):

1) Awarding gift certificates and gift cards as prizes;
2) Allowing pull-tabs and the ability to pay for entry into bingo games to be considered merchandise prizes;
3) Replaying tickets or tokens won; and
4) Food or beverage at the licensed location to be considered merchandise prizes.

As a starting point for discussion, staff has put together two rule package options for the Commissioners' consideration. After additional discussion and input from the public, the Commissioners may decide upon a different Option, incorporating parts of Option A and Option B, for example.

Option A

- Does *not* allow: additional plays as prizes, replay of tokens awarded, the issuance of gift cards or certificates, or cash to be awarded.

- Defines merchandise, which does *not* include participation in gambling activities.

Option B

- Allows replay of tickets or tokens awarded.
- Defines merchandise, which would include participation in gambling activities, gift cards up to $50 in value to be used at the operator's business, and retailer gift cards up to $200 in value.

In 2004, the Legislature passed several consumer protection laws related to gift certificates and gift cards issued by businesses. RCW 19.240.020 outlines how remaining balances on gift cards or certificates are handled.

- If, after a purchase is made with a gift card or certificate, the remaining balance is five dollars or more, the issuer/business *may* make the remaining value available in cash to the customer.
- If, after a purchase is made with a gift card or certificate, the remaining balance is less than five dollars, the gift card or certificate *must* be redeemable in cash at the request of the bearer/customer.

Licensee Impacts
• Licensees have indicated that in order for Group 12 amusement games to be profitable they need to be able to award gift cards and gift certificates. • Having the ability to award pull-tabs, participation in bingo games, and food and beverages will increase their sales. • Issuing gift certificates or gift cards to other retail locations takes sales away from the business.
Agency Impacts
Allowing or specifically prohibiting in rule the topics addressed above will provide clarity and consistency for licensees and the public and save staff time in addressing questions, complaints, and inquiries.
Statements Supporting or Opposing the Proposed Rule Change
None.
Staff Recommendation
Filing one or both of the rule options.
Proposed Effective Date for Rule Change
31 days from filing.

Option A

- ***Does not allow: additional plays as prizes, replay of tokens awarded, the issuance of gift cards or certificates, or cash to be awarded.***
- ***Defines merchandise, which would not include participation in gambling activities.***

Amended Section
WAC 230-13-005 Amusement games authorized.

(1) We authorize the approved groups of amusement games set forth in this chapter. Operators must only operate amusement games that meet the standards of at least one of the authorized groups.

(2) Commercial businesses or nonprofit or charitable organizations may apply for licenses for amusement games.

(3) Charitable or nonprofit organizations also may conduct Group 1 through 11 amusement games without a license when authorized to do so under RCW 9.46.0321 and 9.46.0331.

(4) Operators must operate amusement games as either:

(a) An attended amusement game.

(i) An "attended amusement game" means an amusement game that requires the presence or assistance of a person (attendant) in the regular operation of the game; and

(ii) These games must award a merchandise prize to players if players achieve the objective with one cost of play; and

(iii) An attendant accepts cash, check, tickets or scrip to play the amusement game. The tickets and scrip are not redeemable for cash and must show the name of the operator or sponsor; or

(b) A coin or token activated amusement game.

(i) A "coin or token activated amusement game" means an amusement game that uses a mechanical, electronic, or electro-mechanical machine to allow the player to activate the game by inserting coins, cash, ~~or~~ tokens, or tokens on an electronic token card; and

(ii) These games may dispense merchandise prizes, or coupons, tickets ~~or~~ tokens, or tokens onto an electronic token card redeemable for merchandise prizes.

(5) Amusement games must not:

(i) Aaward additional plays as prizes; or

(ii) Allow coupons, tickets, tokens or tokens on electronic token cards that are awarded to be replayed[1]; or

(iii) Result in any cash payment being awarded.

(6)Amusement games must only award merchandise prizes. Merchandise prizes means non-cash prizes including toys, novelties, retail items such as electronic goods, clothing, accessories, as well as food, beverages and other items sold by the operator as a normal part of their business in compliance with all other state laws and regulations.[2] Other items sold by the operator must not include pull-tabs and other gambling activities.[3] Gift certificates or gift cards do not constitute merchandise.[4]

(7) Electronic token card means a card issued by the operator that stores the cash available to play the amusement game separate from the coupons, tickets, or tokens awarded or dispensed as

---

[1] Reference to Rules Summary Policy Impact 3) – replaying tickets or tokens won.
[2] Reference to Rules Summary Policy Impact 4) – food or beverage at the licensed location to be considered merchandise prizes.
[3] Reference to Rules Summary Policy Impact 2) – allowing pull-tabs and the ability to pay for entry into bingo games to be considered merchandise prizes.
[4] Reference to Rules Summary Policy Impact 1) - awarding gift certificates and gift cards as prizes.

prizes from the play of the amusement game. Coupons, tickets, or tokens awarded as prizes cannot be used to play amusement games and must only be redeemed for merchandise prizes.

[Statutory Authority: RCW 9.46.070 and 9.46.0331. WSR 15-15-063 (Order 713), § 230-13-005, filed 7/10/15, effective 8/10/15. Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-005, filed 7/16/07, effective 1/1/08.]

Option A

- ***Does not allow: additional plays as prizes, replay of tokens awarded, the issuance of gift cards or certificates, or cash to be awarded.***
- ***Defines merchandise, which would not include participation in any other gambling activity.***

Repealed

~~**WAC 230-13-140 Price to play amusement games must be paid in cash or check.**~~

~~(1) Amusement game operators must charge cash or check for playing.~~

~~(2) Operators may accept tokens, scrip, or tickets, but only if:~~

~~(a) The equivalent value in cash for each token, scrip, or ticket is printed on the token, ticket, or scrip; and~~

~~(b) Tokens, tickets or scrip are not redeemable for cash; and~~

~~(c) Tickets or scrip show the name of the operator or sponsor.~~

~~[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-140, filed 7/16/07, effective 1/1/08.]~~

Option A

- ***Does not allow: additional plays as prizes, replay of tokens awarded, the issuance of gift cards or certificates, or cash to be awarded.***
- ***Defines merchandise, which would not include participation in any other gambling activity.***

Amended Section

WAC 230-13-130 Display and exchange of amusement game prizes.

(1) Amusement game operators must prominently display a sample of each type of prize available.

(2) Operators must only award prizes that are posted. However, after a player has won two or more prizes, operators may offer that player the opportunity to exchange those prizes for one or more other prizes, but only if that prize was on display during the play of the game.

(3) Operators must not allow winners to forfeit previously won prize(s) in exchange for another play.

(4) Operators may give winners tickets, coupons, tokens, or tokens stored on an electronic token card, which winners may combine with other tickets, coupons, tokens, or tokens on multiple electronic token cards won and redeem for a merchandise prize.

[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-130, filed 7/16/07, effective 1/1/08.]

Option B

- ***Allows replay of tickets or tokens awarded and additional plays as prizes.***
- ***Defines merchandise, to include participation in gambling activities, gift cards up to $50 in value to be used at the operator's business; and vendor gift cards up to $200 in value.***

Amended Section
WAC 230-13-005 Amusement games authorized.

(1) We authorize the approved groups of amusement games set forth in this chapter. Operators must only operate amusement games that meet the standards of at least one of the authorized groups.

(2) Commercial businesses or nonprofit or charitable organizations may apply for licenses for amusement games.

(3) Charitable or nonprofit organizations also may conduct Group 1 through 11 amusement games without a license when authorized to do so under RCW 9.46.0321 and 9.46.0331.

(4)Operators must operate amusement games as either:

(a) An attended amusement game.

(i) An "attended amusement game" means an amusement game that requires the presence or assistance of a person (attendant) in the regular operation of the game; and

(ii) These games must award a merchandise prize to players if players achieve the objective with one cost of play; and

(iii) An attendant accepts cash, check, tickets or scrip to play the amusement game. The tickets and scrip are not redeemable for cash and must show the name of the operator or sponsor; or

(b) A coin or token activated amusement game.

(i) A "coin or token activated amusement game" means an amusement game that uses a mechanical, electronic, or electro-mechanical machine to allow the player to activate the game by inserting coins, cash, ~~or~~ tokens, or tokens on an electronic token card; and

(ii) These games may dispense merchandise prizes, or coupons, tickets ~~or~~ tokens, or tokens onto an electronic token card redeemable for merchandise prizes.

(iii) Tokens or tokens on an electronic token card awarded on a group 12 amusement game can be used to continue play or be reinserted into a group 12 amusement game for additional plays.[1]

(5) Amusement games must ((~~not award additional plays as prizes~~)) only award merchandise prizes.

(a) Merchandise prizes mean:

(i) Non-cash prizes including toys, novelties, retail items such as electronic goods, clothing, accessories, as well as food, beverages and other items sold by the operator as a normal part of their business in compliance with all other state laws and regulations[2]; and

(ii) Operator gift cards up to $50 in value per person per day[3]; and

(iii) Retailer gift cards up to $200 (examples include retail stores, gas cards, restaurants, movie theaters, etc.; and

---

[1] Reference to Rules Summary Policy Impact 3) – replaying tickets or tokens won.
[2] Reference to Rules Summary Policy Impact 4) – food or beverage at the licensed location to be considered merchandise prizes.
[3] Reference to Rules Summary Policy Impact 1) - awarding gift certificates and gift cards as prizes.

(iv) Participation in a gambling activity operated by the licensee, such as pull-tabs and bingo[4].

(6) Electronic token card means a card issued by the operator that stores the cash available to play the amusement game separate from the coupons, tickets, or tokens awarded from the play of the amusement game.

[Statutory Authority: RCW 9.46.070 and 9.46.0331. WSR 15-15-063 (Order 713), § 230-13-005, filed 7/10/15, effective 8/10/15. Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-005, filed 7/16/07, effective 1/1/08.]

[4] Reference to Rules Summary Policy Impact 2) – allowing pull-tabs and the ability to pay for entry into bingo games to be considered merchandise prizes.

Option B

- ***Allows replay of tickets or tokens awarded and additional plays as prizes.***
- ***Defines merchandise, to include participation in gambling activities, gift cards up to $50 in value to be used at the operator's business; and vendor gift cards up to $200 in value.***

Repealed

~~**WAC 230-13-140 Price to play amusement games must be paid in cash or check.**~~

~~(1) Amusement game operators must charge cash or check for playing.~~

~~(2) Operators may accept tokens, scrip, or tickets, but only if:~~

~~(a) The equivalent value in cash for each token, scrip, or ticket is printed on the token, ticket, or scrip; and~~

~~(b) Tokens, tickets or scrip are not redeemable for cash; and~~

~~(c) Tickets or scrip show the name of the operator or sponsor.~~

~~[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-140, filed 7/16/07, effective 1/1/08.]~~

Option B

- ***Allows replay of tickets or tokens awarded and additional plays as prizes.***
- ***Defines merchandise, to include participation in gambling activities, gift cards up to $50 in value to be used at the operator's business; and vendor gift cards up to $200 in value.***

Amended Section

WAC 230-13-130 Display and exchange of amusement game prizes.

(1) Amusement game operators must prominently display a sample of each type of prize available.

(2) Operators must only award prizes that are posted. However, after a player has won two or more prizes, operators may offer that player the opportunity to exchange those prizes for one or more other prizes, but only if that prize was on display during the play of the game.

(3) Operators must not allow winners to forfeit previously won prize(s) in exchange for another play.

(4) Operators may give winners tickets, coupons, tokens, or tokens stored on an electronic token card, which winners may combine with other tickets, coupons, tokens, or tokens on multiple electronic token cards won and redeem for a merchandise prize.

[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-130, filed 7/16/07, effective 1/1/08.]