Amend:

WAC 230-13-075 Assigning and reporting group numbers of authorized amusement games.
WAC 230-13-170 Recordkeeping for commercial amusement games.
WAC 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations.
WAC 230-13-005 Amusement games authorized.

May 2016 – Further Discussion
April 2016 – Further Discussion
March 2016 – Up for Discussion and Possible Filing

ITEM 8: May 2016 Commission Meeting Agenda. Statutory Authority 9.46.070, 9.46.0201
Who proposed the rule changes?
Staff.
Proposed Changes

Bold/Underline = Changes made after the April 2016 Commission Meeting

In July 2015, the Commissioners authorized Group 12 amusement games to be played by persons 21 and over. Since this time, numerous questions and concerns have been raised.

These rules address:

- Recordkeeping; and
- The non-transferability of tokens.

Currently, amusement game operators are only required to notify us once a year of the amusement games they have. They are also only required to report their overall amusement game gross receipts. Given the questions about Group 12 amusement games, staff needs to know where Group 12 amusement games are being operated and the gross receipts they are bringing in.

For group 12 amusement games, coupons, tickets, tokens or tokens on an electronic token cards are nontransferable, such as player tracking systems, customer rewards systems, etc. Prohibiting the tokens from being transferred will help ensure that cash is not, in the end, awarded.

A Small Business Economic Impact Statement will be prepared and be posted on the website when available.

Attachments:

Budget Proviso (the following language was included in the budget passed by the legislature):
"The commission is directed to review and reconsider, including repeal, rules adopted to authorize the amusement games classified as group 12 under WAC 230-13-067, recognizing the impact such games may have on state lottery revenues used to support public education programs."

Email from Monty Harmon.

Licensee Impacts

- **As of April 2016, we have approximately 385 Group 12 amusement games in Washington. A few licensees have not responded to our request for information on the number of games in their warehouse.**
- As of February 8, 2016, there were approximately 430 Group 12 amusement games in the state with about 280 in operation at licensed locations.

• Licensees would be required to notify us within 30 days of putting into play or removing from play Group 12 amusement games. Notification would be in the format we require, which could be done by submitting a paper form or through My Account. • Licensees would be required to record and report gross receipts from Group 12 amusement games separately from the gross receipts of other amusement games. • Licensees would be able to allow players to store prize points won on an electronic token card for redemption at a future date. Group 12 amusement games currently in operation do not accept electronic token cards, but other amusement games, Groups 1 through 11, do.
Agency Impacts
• Staff will need to develop a form and possible My Account reporting for licensees to report when they put Group 12 amusement games into play and when they remove games from play. • Staff will need to make a change to the annual amusement game activity report to collect gambling receipts information from Group 12 amusement games. • Prohibiting the tokens from being transferred to player tracker and customer reward systems will help ensure that cash is not, in the end, awarded.
Statements Supporting or Opposing the Proposed Rule Change
We have received one written request to change the rule. (See attached.)
Staff Recommendation
Further discussion.
Proposed Effective Date for Rule Change
31 days from filing.

Amended Section

WAC 230-13-075 Assigning and reporting group numbers of authorized amusement games.

(1) Amusement game licensees must determine the authorized group number of each game and prepare a list of all games they plan to operate during each license year. They must submit this list to us with their activity report. The list must contain, at least, the name and group number of each game.

(2) Amusement game licensees must notify us within 30 days of putting into play and removing from play a group 12 amusement game. Reporting must be in the format we require.

[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-075, filed 7/16/07, effective 1/1/08.]

Amended Section

WAC 230-13-170 Recordkeeping for commercial amusement games.

(1) Amusement game licensees must prepare a detailed record for each location where they operate games. They must retain the records for at least three years. The records must include details necessary to determine:

(a) Gross ~~gambling~~ receipts received from players from each group of amusement game; and

(b) Value of prizes awarded to winners.

(2) Records must include, at least:

(a) The gross ~~gambling~~ receipts collected from amusement games at each location, with receipting records; and

(b) An entry for each withdrawal of receipts from the games. Coin or token activated amusement games only require an entry of the ending meter reading, the number of plays, and gross ~~gambling~~ receipts at the end of each month; and

(c) A summary of the operation of the activity. This includes, at least, coin-in meter readings and gross ~~gambling~~ receipts. Operators must provide these coin-in meter readings and gross ~~gambling~~ receipts to charitable or nonprofit organizations each time they service a game or disburse money.

(3) Licensees must report at least monthly the number and actual cost of merchandise prizes awarded for each location.

(4) For amusement games that issue tickets for the redemption of prizes, licensees must at least log the beginning and ending nonresettable ticket out meters or ticket numbers during each collection of funds from each game.

(5) Licensees must provide the full details for all amusement game operating expenses.

[Statutory Authority: RCW 9.46.070. WSR 07-15-064 (Order 612), § 230-13-170, filed 7/16/07, effective 1/1/08.]

Amended Section

WAC 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations.

(1) Organizations operating without a license under RCW 9.46.0315 or 9.46.0321 and lower volume charitable or nonprofit licensees must keep a set of permanent monthly records of the gambling activities. Lower volume licensees include:

(a) Fund-raising events;

(b) Bingo (Classes A, B, and C);

(c) Raffles (Classes A, B, C, and D);

(d) Amusement games (Classes A, B, C, and D); and

(e) Card games (Classes A, B, and C).

(2) The monthly records must include, at least:

(a) The gross receipts from each activity;

(b) The gross receipts from group 12 amusement games;

(~~b~~c) The total amount of cash prizes actually paid out;

(~~c~~d) The total of the cost to the licensee of all merchandise prizes actually paid out for each activity;

(~~d~~e) A summary of all expenses related to each of the activities; and

(~~e~~f) The net income received from the activity, the purpose(s) for which the net income was raised, and the amount paid to each recipient.

(3) Licensees must keep these records for three years from the end of the license year for which the record was created.

(4) Organizations operating under RCW 9.46.0315 or 9.46.0321 must maintain their records for one year.

[Statutory Authority: RCW 9.46.070. WSR 07-10-032 (Order 609), § 230-07-125, filed 4/24/07, effective 1/1/08.]

Budget Proviso
SECOND ENGROSSED SUBSTITUTE HOUSE BILL 2376

FOR THE GAMBLING COMMISSION
State Lottery Account: For transfer to gambling revolving account $1,000,000

The transfer in this section is subject to the following conditions and limitations:
(1) ((~~The commission shall maintain working capital reserves in the gambling revolving account of no more than five percent of projected expenses in the account~~)) This funding is provided solely for the costs of enforcement of gambling activities, including but not limited to evaluation, analysis, and dissemination of information on individuals and groups who are suspected of being involved in illegal gambling and other associated crimes.
(2) The commission shall not approve any electronic raffle systems to conduct fifty-fifty raffles until the legislature has reviewed all impacts to the state lottery.
(3) The commission is directed to review and reconsider, including repeal, rules adopted to authorize the amusement games classified as group 12 under WAC 230-13-067, recognizing the impact such games may have on state lottery revenues used to support public education programs.

Griffin, Tina (GMB)

From: Monty Harmon <montyharmon@juno.com>
Sent: Tuesday, March 29, 2016 5:00 PM
To: Griffin, Tina (GMB)
Subject: Amusement game rules

Tina,

Thank you for requesting input on the Amusement Rules.

I would like the following changes to the proposed rules:

WAC 230-13-005 - Please eliminate section 4.b.iii

Staff does not need to restrict the token record systems. We developed a system separate from other player reward accounts that should be allowed under the rules and not prohibited.

WAC 230-13-005 (6) please amend the last sentence to read "Coupons, Tickets or Tokens awarded as prizes cannot be used to play amusement games once dispensed. Once dispensed from a machine they must only be redeemed for merchandise prizes.

Thank you

Monty Harmon

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