

## BACKGROUND ON GAMBLING IN WASHINGTON

2011 **The Texas Hold'em Wager Limit Increase Pilot Program** began in October 2010 and will end in May 2012. Card rooms participating in the pilot program can offer Texas Hold'em games with wagers up to \$100 (current limits are \$40). At the August 2011 Commission meeting, staff reported that:

- 29 card rooms entered the pilot program.
- 16 card rooms actually offered higher wager limits.
- Only 4 card rooms still offered higher limits as of June 2011.
- 12 card players asked to be self-barred since the program started.
- There were no reported incidents of suspected cheating at tables offering higher limits.
- We received one call from the public with concerns about higher limits' effect on problem gamblers.

Final results will be reported at the May 2012 Commission meeting where the Commission will determine whether the wager increase should be made permanent. Licensees in the pilot program may continue to operate at \$100 wager limits until the Commission finally approves or disapproves the wager limit or until December 31, 2012, whichever comes first.

**Amusement game wager limits** were increased from \$0.50 to \$3.50 and prize limits from \$200 to \$500, at the request of the industry.

**The number of cards that can be played in electronic bingo daubers** was increased from 66 to 144, at the request of charitable/nonprofit organizations.

2010 **The Skokomish "Lucky Dog" Tribal Casino** re-opened July 2010.

### **Texas Hold'em Wager Increase Pilot Program:**

- At their September 2010 meeting, the Commission approved an 18 month pilot program to authorize \$100 wager limits for Texas Hold'em at house-banked and Class F card rooms.
- The pilot program was requested by the Texas Hold'em Work Group. The Work Group was created in 2009 and included representatives from the Recreational Gaming Association, card rooms, and other stakeholders. Commission staff participated as a resource. The Commissioners decided to try a work group approach after receiving several petitions the past few years to increase card game wagering limits across the board.
- As of December 31, 2010, 27 card rooms were participating in the pilot program.
- Staff will provide a mid-program report at the July 2011 Commission meeting and report final results of the pilot program along with their recommendations at the May 2012 Commission meeting. The Commission will evaluate the data collected in the report and use it to determine whether the wager increase should be made permanent. Licensees in the pilot program may continue to operate at \$100 wager limits until the Commission finally approves or disapproves the wager limit or until December 31, 2012, whichever comes first.

2009

**The Skokomish ‘Lucky Dog’ Tribal Casino** closed September 30, 2009. The casino had opened in August 2001.

**Poker Wager Increase Stakeholder Meeting:**

- At their September 2009 meeting, the Commission did not file a petition for rule change submitted by the Recreational Gaming Association (an industry group that represents house-banked card rooms) requesting to increase Texas Hold'em wager limits to \$250.
- At the meeting, the Commission asked staff to meet with all stakeholders in an attempt to involve all relevant parties to discuss poker wagering limits. The group met several times and in 2010 recommended a pilot program (See 2010 Texas Hold'em Wager Increase Pilot Program above).

**Repeal of “all-in” Texas Hold'em Wager Increase:**

Language allowing higher wagering limits for “all-in” wagers in Texas Hold'em poker games was removed effective November 9, 2009. This put the limit for all poker wagers back to \$40.

**“All-in” Texas Hold'em Wager Increase:** Effective July 1, 2009.

At their May 2008 meeting, the Commissioners filed for discussion a request for rule change from the Recreational Gaming Association (RGA) to increase the maximum amount of a single wager in nonhouse-banked card games from \$40 to \$500. This change would have only applied to house-banked card game licensees who offered poker games and who met the surveillance requirements in WAC 230-15-280. Class E and Class F card game licensees would have continued to be limited to the \$40 wager limit. At their January 2009 meeting, the Commission filed two alternative versions for discussion:

- **Alternative #1:** The Commission asked staff to prepare Alternative #1 which would keep the betting limit at a maximum of \$40, except for the specific “all-in” wager only for the game of Texas Hold'em.
- **Alternative #2.** The RGA proposed Alternative #2 which would allow single wagers up to \$300 for Texas Hold'em games only.

After several more months of discussion, the Commission adopted Alternative #1 at their April 2009 meeting, effective July 1, 2009. The proposal was the most restrictive of the three proposals.

Unfortunately, after the rule was adopted, staff identified a problem that would be created in the wagering structure for Texas Hold'em games, making the rule unworkable as written. The change allowed “all-in” wagers, only, to exceed the \$40 poker wagering limit. The rule did not allow players to make call or matching wagers exceeding the \$40 limit. Additionally, the rule was ambiguous as to who is eligible to make an “all-in” wager. For example, if a player has \$550, could they wager \$500, or, would they be ineligible to place the “all-in” wager. In other words, does a player have to have \$500 or less to be able to place the “all-in” wager. The Commission repealed “all-in” wagers effective November 2009 (See Repeal of “all-in” Texas Hold'em Wager Increase above).

2008

-In November 2008, the City of Lakewood voted on a citizens' initiative to ban house-banked card

rooms. The proposition failed 60% to 40%.

**House-Banked Card Game Wager Increase:** Effective January 1, 2009

The Recreational Gaming Association (RGA) originally requested to increase house-banked card game wager limits from \$200 to \$500. After four months of discussion, at their September 2008 meeting, the Commission amended the RGA's request and increased the wager limit of a:

- Single wager or bonus wager for an odds-based payout from \$200 to \$300.
- Bonus wager for progressive jackpots from \$1 to \$300 or to limits imposed by a manufacturer's game rules, whichever is less.

**Increase the Number of Players at House-Banked Card Tables:** Effective January 1, 2009

The Recreational Gaming Association (RGA) originally requested that the number of players at card tables be increased from:

- 1) Seven to nine at house-banked card tables
- 2) Ten to twelve at nonhouse-banked card tables

The RGA withdrew their request to increase the number of players at nonhouse-banked card games and requested only an increase at house-banked card tables. After a great deal of discussion about the impact of the increase on the legislative limit of 15 tables, the Commission approved the RGA's request to increase the number of players at house-banked card game tables from seven to nine. They concluded this would still allow fewer ( $9 \times 15 = 135$ ) spots than the total if the tables were all poker ( $10 \times 15 = 150$ ). Therefore, the increase was not actually expanding the maximum number of spots/players already allowed.

**Authorizing Mini-Baccarat for Play:** Effective January 1, 2009

The Recreational Gaming Association's request to allow Mini-Baccarat was approved. Before the rule change, players were required to have their own hand of cards and were not allowed to bet on another player's hand or the house's hand. In Mini-Baccarat, community cards are used. Two shared hands are dealt to positions called the "bank" and the "player." Players bet on one of the two shared hands dealt, rather than on their own hand. This is the fourth time, in the past three years, the industry has requested Mini-Baccarat. The other requests were withdrawn by the industry or denied by the Commission.

**Increasing Card Room Hours of Operation:** Effective July 1, 2008

A poker player's request that card room hours of operation be increased from 20 hours a day/7 days a week, to 24 hours a day/5 days a week and 20 hours a day/2 days a week was approved.

2007

**Negotiated Tribal Gaming Compact with the Spokane Tribe.**

The Compact resolved years of negotiations and litigation between the Tribe, State, and Federal Government. The Spokane Tribe is the first Tribe to contribute 0.13 percent of its net win (gross receipts minus prizes paid) to problem gambling support services. This is the same percent other non-tribal gambling businesses contribute to problem gambling support services. The Tribe also agreed to contribute 0.13 percent of its net win to smoking cessation programs.

**Negotiated Tribal Gaming Compact Amendment (X2) with 27 Washington State Indian Tribes.**

These Tribes agreed to provide ongoing funding to reduce problem gambling and support smoking cessation programs. The total number of player terminals allowed in the state was increased from 18,225 to 27,225. It allowed up to \$20 wagers for machine gaming (Tribal Lottery System – TLS) and TLS player terminals that initiate game play through the insertion of U.S. coins or currency and/or by a single press on the screen or a button.

- 2006 - In October 1999, the City of Tacoma banned card rooms effective 1-1-06. In 2005, a Pierce County Superior Court Judge ruled the card rooms could remain open until a special election was held so voters could decide if the card rooms should stay open. The citizen initiative to keep the card rooms open did not pass. Therefore, the ordinance banning card rooms became effective in September 2006, and the three remaining card rooms operating in Tacoma closed.
- Card Room Betting Limits: Effective February 17, 2006.  
The Recreational Gaming Association petitioned the Commission to allow \$200 wagering limits at all tables in a house-banked card room. Under the prior rule, a card room could have \$200 wagers on one, two or three tables, depending on the number of tables authorized under a license. After discussion at four Commission meeting, \$200 betting limits were authorized.
- 2005 Governor Gregoire signed a law that established a state-funded program to prevent and treat problem gambling. In September 2005, the Department of Social Health Services, through its Division of Alcohol and Substance Abuse (DASA), implemented the law and began a Problem Gambling Program, which provides awareness, education, and treatment services. The program also features a 24 hour/7-day per week helpline, staffed by trained individuals. The program is funded by the Washington State Lottery, and a business and operating tax on businesses operating games of chance (such as social card games, bingo, raffles, and punchboard/pull-tab games) or operating horse races. In addition, several Washington Tribal governments voluntarily gave \$552,000 in Fiscal Year 2006 for the treatment of problem gambling.
- 2003 Negotiated Tribal Compacts with the Colville Confederated Tribes and the Shoalwater Bay Tribe ending disagreements that have spanned more than a decade and compact amendments for the Muckleshoot, Tulalip, Puyallup, and Quinault.
- 2001 Problem Gambling  
The Washington State Council on Problem Gambling hosted the 15<sup>th</sup> Annual National Conference in Seattle. Over 400 delegates attended, including several from New Zealand, Canada, South Africa, and nations in Europe. The Washington State Industry Working Group won the 2001 Industry award from the national chapter in recognition of its development of voluntary problem gambling practices and production of the 16-minute video entitled "The Problem Gambler: Industry Awareness." The Behavioral Health Center of Deaconess/Spokane received the Distinguished Program Award for their treatment program for problem gamblers, which is funded primarily through Spokane area gambling facilities.

#### Tribal Issues

In January 2001, the Snoqualmie Tribe requested negotiations for a Class III gaming compact. In December, a legislative hearing was held on the matter. The Commission approved the compact January 10<sup>th</sup>, 2002, and forwarded the compact to the Governor for approval. The Tribe is in the process of obtaining trust land near Snoqualmie for its initial reservation and casino. The compact includes provisions for Tribal Lottery System machines.

Renegotiations were held with the Muckleshoot Tribe during 2001. The amendment would allow the Tribe to have a second facility, increased operating hours, and additional provisions. If the tribe operates more than sixty (60) tables, then it must buy or lease the rights to those tables from another tribe. This is similar to the "machine sharing" provisions of the Tribal Lottery System.

In August, the Skokomish Tribe opened its casino in Shelton, as authorized under its tribal/state compact.

2000 Problem Gambling

-In the first part of the year, Dr. Charles Maurer, President of the Washington State Council on Problem Gambling, was elected President of the National Council on Problem Gambling. He resigned his position with the state and was replaced by Frank Miller, formerly Director of the Washington State Gambling Commission and currently in private law practice.

-In March, the Problem Gambling/Employee Awareness video was completed and distributed to members of the industry. The video was produced through the efforts of several gambling industry groups including tribal casinos, as well as all three of the gambling regulatory agencies (Gambling Commission, Horse Racing, and Lottery).

-After discussions with the Washington State Council on Problem Gambling, officials at Deaconess Behavioral Medicine in Spokane developed a Problem Gambling Treatment Program in Spokane, funded in part by local card room operators.

Tribal Issues

-In April, the Governor approved tribal/state gaming compacts for the Samish Nation, and for the Makah, Stillaguamish, and Suak-Suiattle Tribes. The compacts include provisions for Tribal Lottery System machines. None of these Tribes have immediate plans to open casinos.

-In May, the Quinault Nation opened its casino at the Quinault Beach Resort in Ocean Shores under its tribal/state compact.

-In the Spring, some tribes entered into contracts to transfer allocation rights of Tribal Lottery System machines, as provided under the agreement resulting from the "Friendly Lawsuit." This allowed smaller tribes to receive some economic benefit from the machines if they could not use their full allocation or did not choose to.

-In December, the Kalispel Tribe opened its casino in Airway Heights near Spokane.

Local Jurisdiction Issues

During 2000, several jurisdictions enacted prohibitions on either card rooms specifically or all new gambling activities within their jurisdiction while they studied the effects of gambling on their community. As of the end of 2000, the list of jurisdictions that permanently prohibit one or more specific gambling activities includes approx. 50 cities and 3 counties.

1999 - In March, the Shoalwater Tribe brings in 75 electronic gaming devices to its casino, claiming they are Class II and not subject to compact. In August, the National Indian Gaming Commission issued a closure order. The tribe appealed the ruling and an agreement was reached allowing the tribe to continue to operate under certain conditions while the appeal is pending.

- In June, the Tribal Lottery System machines approved under the provisions of the "Friendly Lawsuit" begin to appear in tribal casinos. According to the agreement, each tribe could operate 425 machines in the first year and 675 in the second. Tribes could buy and sell allocations from each other so those with bigger casinos could offer more games, but also provides a benefit to the smaller tribes who can receive revenue by selling their allocation. The total number of machines per tribe is capped at 1,500. The agreement initially applies to the Chehalis, Upper Skagit, Swinomish, Port Gamble S'Klallam, Muckleshoot, Nooksack, Suquamish, Jamestown S'Klallam, Puyallup, Yakama, Squaxin Island, and Tulalip Tribes.

1998 - Yakama Tribal Casino (Legends) opened under compact May 14, 1998.

- The twelve tribes with compacts negotiated a compact amendment with the Attorney General's Office and the Gambling Commission staff over machines that fit within the Court's order. An "Agreement in Principle" was reached in June 1998 on a gaming device modeled after the state lottery. The agreement was heard in a public hearing of a standing committee of the Legislature. The Commission passed the agreement on November 2. Governor Locke signed the agreement on November 23.

- Tribal/state compact approved in October for Kalispel Tribe, but opening of casino not anticipated until 2000. This was the first tribe to request a casino on land acquired after 1988. Therefore, it fell under a special provision of IGRA. Prior to the Commission negotiating the compact, the location was approved by the Secretary of the Interior and the Governor.

- Using the "most favored nations" provisions of the compact, the Kalispel, Quinault, Nisqually, Hoh, Quileute, Skokomish, and Lower Elwha S'Klallam renegotiated their compacts after the Tribal Lottery System was approved for tribes that were part of the consensual lawsuit.

- In April, Shoalwater Bay Tribe began operating blackjack tables without a Class III tribal/state compact. The tribe applied for "grandfather" status from the National Indian Gaming Commission to operate the activity without a compact, but was denied. In May, the tribe installed slot machines in their facility. In June, the US Attorney for the Western District filed a civil forfeiture action. In September, following subsequent legal actions, U.S. Marshals seized the machines. In December, the tribe filed an appeal to the Ninth Circuit. (See 1999 for subsequent activity by this tribe).

- Dr. Rachel Volberg conducts second survey of Adult and Adolescent Problem Gambling in the state. First survey was conducted in 1992. (Report issued in 1999) Comparison found that rates were remaining stable. (Survey results can be found on the state Lottery web site or the Washington State Council on Problem Gambling web site.)

- Washington State Council on Problem Gambling institutes Industry Task Force on Problem Gambling to address employee awareness of compulsive gambling. Begins work on employee awareness training video and presentations to the industry.

1997 - Nisqually Casino (Red Wind) opened under compact May 2, 1997.

- The Lummi Casino closed operations on August 25, 1997, citing lack of business.

- Federal Court issues ruling in "friendly lawsuit" begun in 1994. Rules that the state is not required to negotiate slot machines in tribal compacts, but that other gambling devices are subject to negotiation as long as they do not contain certain elements set forth in the Court's order. (See Friendly Lawsuit/Tribal Lottery systems on Web site for details)

1996 - Initiative 671 failed in the November elections. The initiative was proposed by nineteen tribes identified as "Tribes for Responsible Gaming." It would have authorized tribes with Class III gaming compacts to operate slot machines.

- Puyallup Tribe opens Emerald Queen casino in December

1995 - Six tribal casinos opened under tribal/state Class III compacts:

- + Jamestown S'Klallam (February)
- + Muckleshoot (April)
- + Chehalis (June)
- + Squaxin Island (September)
- + Upper Skagit (December)
- + Suquamish (December)
- Lummi Tribe expanded casino by entering into a Class III compact
- Colville Tribe began operating a casino at Coulee Dam that includes machine gambling without a tribal/state Class III compact
- Initiative 651 to authorize use of gambling devices by the Spokane, Shoalwater Bay, and Puyallup Tribes defeated at the polls

- 1994
- Swinomish Tribe opened a casino under a tribal/state Class III compact
  - Colville Tribe opened a casino without a compact in Manson (included machine gaming)
  - Spokane Tribe opened a casino without a compact at Two Rivers (Fort Spokane) - The Tribe also began operating gambling devices at the Double Eagle casino on trust land at Chewelah
  - The Governor and Attorney General agreed to a "friendly" law suit to settle the issue of whether the State must negotiate the use of gambling devices
  - Governor requested the Commission to be more "flexible" regarding negotiations of wagering limits, number of stations, and operating hours for Class III casinos
  - U.S. Attorney obtained an injunction on Spokane tribe slot machines (Tribe appealed and injunction stayed by 9th District)
- 1993
- Nooksack Tribe opened a casino under a tribal/state Class III compact
  - Federal court dismissed Colville lawsuit and severs requirement for a compact - No appeal
  - Second gambling addiction study conducted by Dr. Volberg. This study focused on gambling patterns of juveniles in Washington State.
- 1992
- State Supreme Court clarified issue of local taxes to be used "primarily for enforcement" to mean "only to the extent required" (American Legion Post #32 v. City of Walla Walla)

- Lottery started operating "Keno"
  - Tulalip Tribe opened a casino under a tribal/state Class III compact
  - Colville Tribe Class III compact returned to Commission for further negotiation regarding location - Colville sued State for bad faith
  - First gambling addiction study of Washington State residents conducted by Dr. Rachel Volberg. Study funded by the Lottery Commission.
- 1991
- Seattle authorized punchboards and pull tabs
  - Lummi tribe opened a "casino" under a "grandfather" clause in IGRA
  - Spokane tribe sued State for bad faith under IGRA - Dismissed in District Court - Tribe appealed to 9th District
- 1990
- Washington State Council on Problem Gambling, a nonprofit organization devoted to compulsive gambling awareness and education programs, was created. The Washington Council is an affiliate of the National Council on Problem Gambling.
- 1988
- Indian Gaming Regulatory Act (IGRA) passed by Congress
- 1987
- Off-track betting authorized for horse racing
- 1984
- Lottery started operating "Lotto" and the "numbers"
- 1983
- Large-scale tribal bingo games began operation (Tulalip, Puyallup, and Muckleshoot)
  - Lummi tribe began operating blackjack - Commission worked with U.S. attorney to obtain an injunction to halt the operation
- 1982
- State Lottery authorized
- 1980
- "Gamscam" indictment of two key legislators for gambling-related racketeering (John Bagnariol, Speaker of the House, and Gordon Walgren, Majority Leader of the Senate)
- 1979
- Pierce County indictments for corruption related to taverns, liquor, and gambling (Janovich, Williams, Carbone)
- 1978
- Puyallup casino shut down by federal government

- 1976 Casino opened on Puyallup Reservation - operated by Bob Satiacum
- 1973 Social gambling activities authorized by legislature - Chapter 218 effective 7/16/73
- 1972 - The Legislature passed SJR 5 to amend the Constitution to allow limited lotteries
- 1971 Senate Joint Resolution No. 5, approved at the polls on 11/7/72 - ". . . Lotteries shall be prohibited except as specifically authorized upon the affirmative vote of sixty percent of the members of each house of the legislature or, notwithstanding any other provision of this constitution, by referendum or initiative approved by a sixty percent affirmative vote of the electors voting thereon . . ."
- Initiative 258 authorizing greyhound racing and pari-mutuel betting on such defeated at polls.
- 1971 - King County Grand Jury issued 34 indictments against 51 police officers and public officials alleging payoffs related to gambling
- Legislature passed HB 291 authorizing bingo, raffles, and amusement games. Governor Evans vetoed portions of the bill relating to pinball machines, punchboards, pull tabs, and social card rooms. King County Superior Court ruled the legislature had no authority to authorize lotteries.
- 1963 Referendum 34 which would allow cities and counties to license charitable games and limited "trade stimulant" activities failed at polls
- 1952 Washington State Supreme Court ruled that a provision in the prohibition against possession or use of slot machines that exempted nonprofit clubs was unconstitutional (State ex rel. Evans v. Brotherhood of Friends)
- 1937 Provision added to prohibition of slot machines to allow use of such by private or nonprofit clubs (Laws of 1937, Chapter 119)
- 1933 Pari-mutuel betting on horse races authorized (Laws of 1933, Chapter 55)
- 1909 - Widespread bookmaking led to a prohibition of horse racing
- "Mechanical devices for gambling" prohibited (Laws of 1909, Chapter 249)
- 1898 Washington State Supreme Court ruled that the prohibition on lotteries also applied to actions for charitable purposes (Seattle v. Chin Let)
- 1889 Constitution ratified - Article II § 24 - prohibits all lotteries -- "The legislature shall never authorize any lottery or grant any divorce . . ."