



You are receiving this notice because you commented on these proposed rule changes:

Notice of Permanent Rules for Licensing Entities Involved in Group 12 Amusement Games.

This explanatory statement concerns the Washington State Gambling Commission's adoption of:

Amended Sections:

WAC 230-03-185 Applying for a manufacturer license.

WAC 230-03-190 Applying for a distributor license.

WAC 230-06-110 Buying, selling or transferring gambling equipment.

New Section:

WAC 230-06-112 Buying, selling, renting and leasing amusement games.

The Administrative Procedure Act ([RCW 34.05.325\(6\)](#)) requires agencies to complete a concise explanatory statement before filing adopted rules with the Office of the Code Reviser. This statement must be provided to anyone who gave comment about the proposed rule-making.

Once persons who gave comment during this rule-making process have had an opportunity to receive this document, the Washington State Gambling Commission will file the new and amended rules with the Office of the Code Reviser.

The Washington State Gambling Commission appreciates your involvement in the rule-making process. If you have any questions, please contact Tina Griffin, Assistant Director, at Tina.Griffin@wsgc.wa.gov or at (360) 486-3546.

What are the agency's reasons for adopting this rule?

In July 2015, the Commissioners authorized Group 12 amusement games to be played by persons 21 and over. In March 2016, the Commissioners approved rule changes that required distributors of Group 12 amusement games to be licensed. Staff realized upon passage of the rule change that the rules would have required Class B and above amusement game licensees who would like to own and/or lease group 12 amusement games to have a distributor's license in addition to, or in place of, the license they currently have. This was not the intent of the original rule.

Businesses will need a:

- Distributor’s license if they buy or lease a Group 12 amusement game from another licensee and sell or lease the group 12 amusement game to a Class B or above amusement game licensee; or
- Class B or above amusement game licensee if they:
 - Own and operate group 1 through 12 amusement games at their licensed premises; and
 - Lease or buy Group 12 amusement games from a licensed manufacturer or distributor and lease or rent them to a Class A amusement game licensee; and
 - Lease or rent Group 1 through 11 amusement games to Class A amusement game licensees.

Summary of all public comments received on this rule proposal and consideration of the comments. The summaries below are from stakeholders who have commented either at Commission Meetings or emailed their comments/concerns to the Commission. Please note, the spelling of these names have not all been verified.

Jay Gerow, ZDI Gaming: Opposed and questioned the disparate treatment between Group 12 and Groups 1 through 11.

Patrick Tompkins, Sound Amusements: Feels the rule is discriminatory against Group 12 operators as they’re not applied also to Groups 1 through 11 operators.

WSGC Response:

The Commissioners approved Group 12 amusement games, a new type of amusement game, in July 2015. On November 9, 2015, the Commission sent a “Notice of Rulemaking” to all Class B and above amusement game licensees to notify them of potential rule changes in the operation of Group 12 amusement games.

On December 21, 2015, a “Notice of Rulemaking” was sent to all non-profit and commercial amusement game licensees.

In January 2016, the Commissioners filed a rules package requiring licensure of businesses who sold or leased Group 12 amusement games. The rules were finalized in March 2016. Staff realized upon passage of these rules that some amusement game licensees would be required to have two licenses. That was not the original intent of the rules passed in March 2016.

Staff immediately prepared this rules package to clarify the type of license businesses needed to buy, sell, lease and operate Group 12 amusement games.

The proposed rule language was available on the Gambling Commission’s website and it was discussed at the informal study sessions and formal Commission Meetings in April, May, July

and August 2016. The Commissioners took public testimony at all four Commission Meetings, which is incorporated above.

The Commissioners took into account all information through testimony and written comments received in making their decision to proceed with these rule changes.

If there are variances from the proposed rule and final adopted rule, state the reasons for the differences (RCW 34.05.325(6)(a)(ii)).

There were not variances from the proposed rule and the final adopted rule.