RECREATIONAL GAMING ASSOCIATION

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GAMBLING COMMISSION
COMM & LEGAL DEPT

P O BOX 1787 • OLYMPIA, WA 98507-1787 • (360) 352-0514 • FAX (360) 352-4579

July 28, 2003

Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

RE: Increased Betting Limits for Card Rooms

Dear Commissioners McLaughlin, Parker, Orr, Ludwig, and Niemi,

On behalf of our members, we submit the enclosed petition for rule change to amend WAC 230-40-120(2)(b). The requested change would increase betting limits for house-banked card games from one hundred to three hundred dollars.

Washington State statute (RCW 9.46) grants the Gambling Commission the power and duty to set wagering limits. Additionally, staff has maintained the position that raising the betting limits causes no significant regulatory concerns. We look forward to being provided the opportunity to present further testimony on this issue.

Thank you in advance for your consideration of this request.

Sincerely,

Dolores A. Chiechi

Dolores A. Chiechi
Executive Director

Enclosures

PETITION FOR ADOPTION, AMENDMENT, OR REPEAL OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT)	TELEPHONE NUMBER (INCLUDE AREA CODE)
Recreational Gaming Association	360-352-0514

STREET ADDRESS	PO BOX NUMBER	CITY	STATE	ZIP CODE
1222 South 2nd Avenue SE, Tumwater, WA 98501				
PO Box 1787, Olympia, WA 98507-1787				

AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN	
Washington State Gambling Commission	If unknown, call (360) 753-7470 for mailing information

Please submit completed and signed form to the **"Rules Coordinator"** at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

☐ **1. NEW: I am requesting that a new WAC be developed**

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is:

☒ **2. AMEND: I am requesting a change to existing WAC 230-40-120(2)(b) (See Exhibit A)**

☐ **3. REPEAL: I am requesting existing WAC _____ be removed.**

I believe this rule should be changed or repealed because (check one or more):

- ☒ It does not do what it was intended to do.
- ☐ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☒ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☒ Other (please explain): *The current bet limit of $100 should be amended to allow single wager limits not to exceed $300. The rule needs to be changed to allow card rooms to remain financially viable. Increases in expenses, including minimum wage, medical insurance, utilities, and gaming taxes, necessitate that card room revenues increase to remain open. In addition, the recent interpretation of wager limits on novelty games (Caribbean Stud & Three Card Poker) will have a detrimental impact on licensees' ability to retain their customer base and continue to cover costs and overhead. This issue would not pose a regulatory concern to the Commission.*

PETITIONER'S SIGNATURE	DATE
Dolores A. Chiechi	7-28-03

AMENDATORY SECTION:

WAC 230-40-120 Limits on wagers in card games.

Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

Nonhouse-banked card games.

(1) Poker:
(a) There shall be no more than five betting rounds in any one game;
(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and
(c) The maximum amount of a single wager shall not exceed twenty-five dollars.
(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value.
(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager.
(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player.

House-banked card games.

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed ((~~one~~)) three hundred dollars;
(6) A single wager may be made on each separate element of chance. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and
(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsections (5) of this section.

RECREATIONAL
GAMING
ASSOCIATION

Susan

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INCREASED BETTING LIMITS FOR HOUSE-BANKED CARD GAMES

Responses to Issues and Considerations

Regulatory Issues

Higher limits do increase the licensee's exposure to higher losses. Staff has concerns about situations where licensees don't have the money to cash out chips.

If higher limits are allowed, minimum cash on hand amounts must be established.

- *Amendments to WAC 230-40-833 will set minimum bankroll requirements for licensees to assure there is enough cash on hand to protect both the players and licensees.*

- *Not all licensees will implement the maximum betting limits. The market, location considerations and the ability of the business to accommodate higher bettors will determine the limits for each individual licensee.*

Greater volume of cash may attract criminal activities, such as cheating by players and dealers, hidden ownership and money laundering.

- *These facilities are highly regulated and contain technology to detect problems quickly. Cameras monitor activities at the gaming locations. Each individual employee involved in gaming activities, and any business supplying gaming-related products, services or financing, must undergo a thorough state background investigation prior to licensing by the Commission. The gaming facilities are limited in size and scope and, for that reason, are less attractive to criminal elements. There is no indication that a well-regulated gaming facility of this type will create or attract problems. Reports received during Phase II reviews consistently indicated no adverse effects on the communities where they are located. Including impacts on local policing agencies.*

Policy Issues and Considerations

An increase in betting limits will be considered by some to be an expansion of gambling.

- *According to the August 28th memo from Ed Fleisher, "the factual or policy answer to the question is subject to much opinion and debate." The memo goes on to list numerous actions taken by the Commission, most of which could be "considered by some to be an expansion of gambling."*

The recently concluded legislative session did not authorize changes to the statutes regarding the types of gambling or operation of gambling in Washington.

- *While the 2003 Legislature did not make any changes to the gaming statute, neither did they repeal the authority of the Gambling Commission to set wager limits on gaming activities.*

Any increase in betting limits for one interest group may increase the pressure to raise betting limits for another interest group.

- *For every action there will be a reaction. The legislature directed the Commission to make these policy decisions. Each Commissioner accepts that responsibility upon appointment by the Governor's to serve on the Gambling Commission.*

This increase in betting limits might have an impact on charitable and nonprofit organizations that conduct gambling activities as fund-raisers for the purposes of their organizations.

- *The patrons of charitable fund raising events are in attendance to lend their financial support, and enjoy an evening of entertainment with other like-minded participants. The Commission has shown a reduced frequency of these licensed fund raising activities even without card rooms having the option of higher betting limits.*

Tribal-State Compacts authorize a $500 betting limit.

- *The first tribal compact included $10 wager limits. Limits were subsequently increased by the Commission, with approval and direction from the Governor, to $25, $250 and eventually capped at $500.*

- *Included in the minutes from the January 13, 1995 Commission meeting, Chairman Tull read from a letter he wrote in response to Senator Heavey on the issue of increased betting limits as being negotiated in tribal compacts: "While there was an expansion of the wagering limits, we still have explicit and strict limitations on every aspect of casino gaming, and in our internal discussions dating back numerous years, <u>we have never been able to articulate a basis for permanently restricting betting limits at the original levels</u>." [emphasis added]*

Most individuals gambling wager less than $100. However, financial data indicates operations have struggled at the Phase I limit of $25.

- *Last month Commission staff presented the rule change to repeal the Phase I limits. The Commission subsequently passed the rule allowing all card room licensees to open with $100 limits. All reports show that most licensees lost revenues during the first six months of licensure. These revenues increased once they were afforded the opportunity to offer $100 limits. Many operators experience the demand from players wishing to bet over $100.*

Other considerations:

Will the Commission allow new licensees to open with $300 limits?

Prepared by the Recreational Gaming Association
September 10, 2003