



STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

November Gambling Commission Meeting Minutes

Gambling Commission Headquarters

Virtual Meeting

***November 17, 2020**

Commissioners Present:

Bud Sizemore, Chair (Via Teams)

Julia Patterson (Via Teams)

Alicia Levy (Via Teams)

Lauren King (Via Teams)

Ex Officio Members Present:

Senator Steve Conway (Via Teams)

Representative Shelley Kloba (Via Teams)

Staff Present:

Dave Trujillo, Director; and Julie Anderson, Executive Assistant.

Staff Present-Virtual:

Tina Griffin, Assistant Director; Brian Considine, Legal and Legislative Manager (LLM); Julie Lies, Tribal Liaison; Heather LaLiberte, Public Information Officer; Ashlie Laydon, Rules Coordinator; and Suzanne Becker, Assistant Attorney General.

Public Meeting Call to Order

Chair Sizemore called the virtual meeting to order at 9:33 AM and announced that the commissioners would go directly into executive session to discuss potential litigation, including tribal negotiations, with legal counsel. Chair Sizemore asked Director Trujillo to call the roll. He announced that the public meeting would reconvene at 1:00 PM.

Executive session adjourned at 11:55 AM. The commissioners took a break until 1:00 PM.

Public meeting reconvened at 1:05 PM.

Chair Sizemore asked Director Trujillo to call roll to ensure a quorum. All commissioners were present. The Commission observed a moment of silence for the fallen officers that have lost their lives since we last met. Chair Sizemore acknowledged the governor's proclamation announcing November as Native American Heritage Month and November 27, 2020 as Native American Heritage Day.

There were 89 people who attended the virtual meeting.

Tab 1

Consent Agenda

Commissioner Levy moved to approve the consent agenda as presented.

Commissioner King seconded the motion.

* Governor Inslee issued [Proclamation 20-28.4](#) et al that suspended certain Open Public Meeting requirements, including in-person public meetings requirements for this Commission Meeting.

The motion passed 4:0

Tab 2

Petition for Reconsideration

Mr. Gerardo Cannon failed to appear for the hearing. Based on the evidence provided, the commissioners voted to deny the petition.

Chair Sizemore asked for public comment. There was no public comment.

Commissioner Levy moved to deny the petition, as recommended by staff, due to untimely submittal and response.

Commissioner King seconded the motion.

Director Trujillo called the roll.

The motion passed 4:0

Tab 3

Rule for Discussion only - Credit Cards

Brian Considine, Legal and Legislative Manager (LLM), presented the materials for this tab. LLM Considine recapped the September and October meetings where the credit card discussion had taken place. At the end of the October public meeting, commissioners asked staff to look at possible options related to responsible gaming and problem gambling policy areas presented by Maureen Greeley. At the November meeting, LLM Considine shared a chart that showed what forms of payment are accepted at gaming facilities. He then continued the discussion with commissioners and ex officio members. **Commissioner Patterson** asked if the Commission could send the issue of credit card usage to the subject matter experts in the Problem Gambling Task Force and let them weigh in before the Commission renders a final decision.

Commissioners and staff continued the discussion and decided to have the final discussion at the December public meeting. **LLM Considine** confirmed he will reach out to Roxane Waldron and her staff to ask them who would be the best person on the Problem Gambling Task Force to provide expertise and testimony at the December meeting, prior to the final vote. He will also contact licensees to invite them for their public comment.

Chair Sizemore asked for public comment.

Katie Doyle, Washington Hospitality Association, said, "Representing numerous pull-tab operators across the state, we have done our best in the last month or two to get our operators to provide their opinions on this particular topic. And pretty much everyone I've talked to is still neutral. They love the option of the flexibility that they would have with credit cards. But I do think that they hear the concerns about problem gambling." She also said, "Right now, getting further comment from the operators, which I'd love to be able to provide at the December meeting, is going to be so extremely difficult because of the position that so many of them are in and they are now obviously closed once again." She said she feels personally responsible, as the representative for many of the operators, to get them to comment on this issue. "It has been so trying for me," she said.

Chair Sizemore thanked LLM Considine for the presentation. **LLM Considine** confirmed that Commissioner Patterson would like him to bring the rule to the December meeting for final determination.

Tab 4

Rule Petition for Discussion and Possible Filing – Scientific Definition

Ashlie Laydon, Rules Coordinator (RC), presented the materials for this tab. Governor Jay Inslee signed SB 6120 on March 26, 2020, which amends RCW 9.46.0209(1)(i) to include “scientific” to the list of purposes for which a bona fide charitable or nonprofit organization may be organized and operating, and therefore qualify for licensure to operate gambling activities authorized under the Gambling Act. The Gambling Commission needs to adopt a rule defining “scientific” for charitable and nonprofit applicants. **Commissioner King** asked about the fourth component in the list of the definitions: “aiding a community or geographical area by attracting new industry to the community or area.” **Commissioners King** said, “That seems quite broadly worded and I wonder what the intent was there.” **RC Laydon** stated that the language came from the 501(c)(3) definition in the IRS tax code.

Commissioner King said she was still concerned with the breadth of that. **LLM Considine** said that the commissioners could amend the proposed language before voting to file it. The definition mirrors current federal tax 501(c)(3) exemption requirements for “scientific” organizations and this seemed like a good starting point considering most organizations who were being denied when we were looking at our agency request legislation a year ago copied the 501(c)(3) standards into their articles of incorporation. The agency already had a good definition in WAC for “religious” and now needs to start finalizing the scope of “scientific.” If the commissioners decide to modify the proposed rule language, it will be sent out to stakeholders for public comment and we can see if removing the last subsection causes any concerns.

Chair Sizemore asked for public comment. There was no public comment.

Commissioner King moved to amend the rule language by removing the apostrophe at sub section three and sub-section four, in its entirety.

Commissioner Patterson seconded the motion.

Commissioner Levy voted against the motion.

The motion passed 3:1

Tab 5

Rule Petition for Discussion and Possible Filing – Pull-tab Prize Limits

Ashlie Laydon, Rules Coordinator (RC), presented the materials for this tab. At the June 2020 meeting, commissioners accepted a petition and initiated rule-making to increase single cash prize limits, merchandise prize limits, and carry-over jackpot prize limits, and to consider payout and cash reserve requirements as it pertains to pull-tab prize limits. The petitioner is proposing to increase single cash prizes and merchandise prizes from \$2,500 to \$5,000 each in WAC 230-14-080, Prize limits and percentage of winners required; and WAC 230-14-085, Calculating markup for merchandise prizes; and to increase the carry-over jackpot prize limits from \$5,000 to \$10,000 in WAC 230-14-220, Prize limits for carry-over jackpot pull-tab series.

The petitioner requests this change because the prize limits in rule have not been changed in many years. The petitioner asserts that pull-tabs are struggling to compete in today’s competitive gaming environment and that increased prize limits would attract more customers. The petitioner hopes that by increasing prize limits, small businesses can be more competitive. Furthermore, this change would complement SB 6357, passed by the Legislature this year, which increased the single chance pull-tab price from \$1 to \$5. Prize limits were last increased in 2008 when the single cash prize limit was raised from \$500 (\$750 with director’s approval) to \$2,500. The merchandise prize limit was raised from \$750 to \$2,500, and the carry-over jackpot prize limit

was raised from \$2,000 to \$5,000. Staff recommends filing the draft language for further discussion.

Chair Sizemore asked for public comment.

Katie Doyle, Washington Hospitality Association, represents thousands of hospitality businesses statewide. She thanked the Commission for its consideration of the rules petition to increase prize limits. She explained that this rule aligns with SB 6357, which increased pull-tab limits from \$1 to \$5. She is supportive of the cash reserve component and finds these additional rules to be both fair and reasonable. She also mentioned that members of the Hospitality Association are hyper aware of the problem gambling concerns in Washington.

Chair Sizemore asked if there are any \$5 pull-tab games in establishments. **Ms. Doyle** replied that there are not any games with the higher ticket prices. She said that manufacturers of pull-tabs are waiting for the prize limits to change before they're willing to sell pull-tabs at a higher cost.

Commissioner King moved to file the proposed rule language as presented and recommended by staff.

Commissioner Patterson seconded the motion.

The motion passed 4:0

Tab 6

Presentation- Gambling Commission Budget Review and Financial Update

Christopher Stanley, Chief Financial Officer (CFO), presented the agency's budget review and financial update.

Chair Sizemore asked for public comment. There was no public comment.

Tab 7

Legislative Update

Brian Considine, Legal and Legislative Manager (LLM), presented the materials for this tab. **LLM Considine** recapped the approval of the agency request legislation. He said that the Governor's Office has two threshold areas for all agency legislation, is it COVID-19 related and/or necessary for 2021. The Governor's Office asked us to withdraw our legislation request because they did not feel the agency's legislation met either prong of their analysis. The Governor's Office indicated that the legislation made sense in a "normal" year and that they did not see any issues with it (during a normal year). Staff recommends that we withdraw the agency request legislation; however, our budget package will not be impacted by this change.

Chair Sizemore asked for public comment. There was no public comment.

Commissioner Levy moved to withdraw the agency request legislation as recommended by staff.

Commissioner King seconded the motion.

The motion passed 4:0

Chair Sizemore asked for public comment. There was no public comment.

Senator Conway asked how gambling businesses in Washington are being impacted by the current COVID restrictions. **LLM Considine** stated that we are seeing a decline in license fee revenue. He is working with staff on a presentation regarding this topic to be presented at the House Commerce & Gaming Committee work session November 30. He hopes to provide the same information to the Senate Labor & Commerce Committee. **Senator Conway** asked if all cardrooms are now closed. He also asked how pull-tabs have been impacted due to taverns closing as a result COVID restrictions. **LLM Considine** replied that at least 30 of the licensees are operating in an outside structure to accommodate the Governor's orders. LLM Considine also said he would be willing to provide additional information once staff has ascertained the impact on licensees, possibly at the December or January meeting.

Chair Sizemore announced that the next public meeting would be December 17 and to continue checking the website for the most current information.

The November meeting adjourned at 2:46 PM.