



**WASHINGTON STATE GAMBLING
COMMISSION MEETING**

April 13 , 2023

Washington State Liquor and Cannabis Board
Olympia, Washington

COMMISSIONERS



Alicia Levy
Chair



Julia Patterson
Vice Chair



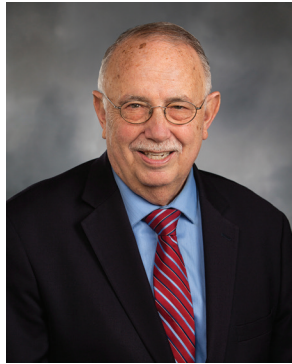
Bud Sizemore



Sarah Lawson

Vacant

EX OFFICIOS



Senator
Steve Conway



Senator
Jeff Holy



Representative
Shelley Kloba



Representative
Skyler Rude



Washington State Gambling Commission

P.O. Box 42400 | Olympia, WA 98504-2400

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WAGamblingCommission



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STATE OF WASHINGTON

GAMBLING COMMISSION

“Protect the Public by Ensuring that Gambling is Legal and Honest”

Gambling Commission Meeting Agenda

April 13, 2023

Meeting will be held virtually through Teams and in person at the Washington State Liquor and Cannabis Board 1025 Union Avenue SE Olympia, 98501

To join the meeting virtually through TEAMS Click [here](#)

Please note, the April commission meeting was originally scheduled as a two-day meeting, however it appears the agenda may be completed within one day, April 13. Please be aware that the agenda is long, and the agenda times are estimates only. If necessary, agenda items currently tentatively listed on April 13th may be continued to April 14th. Items on the agenda may be taken out of sequence at the discretion of the Chair.

Commissioners may take action on business items.

Administrative Procedures Act Proceedings are identified by an asterisk (*)

Table with 2 columns: Time/Tab/Pg and Agenda Item. Rows include: 10:00 AM Call to Order (Alicia Levy, Chair); Tab 1 Pg. 5 *Petition for Review - Closed Session (Chanmalaty Touch, Case No. CR 2021-01221); 15 min Break; Tab 2 Pg. 6 Presentation - Rocky Mountain Elk Foundation (Jim Melville, Special Agent); Tab 3 Pg. 11 *Consent agenda (March 9 & 10, 2023 Commission Meeting; New Licenses and Class III Employees; Electronic Raffle Report Pg. 52; Manufacturers Report Pg. 54; Non-profit officer working in multiple organizations Pg. 57; 2023 Commission Meeting Locations; Director's Report Pg. 62; Memo - Self-Exclusion Program Update Pg. 64). Signatures: Tina Griffin, Director.

Approx. 11:30-1:00	Executive Session – Closed to the Public (Working Lunch) To discuss current and potential agency litigation with legal counsel, including tribal negotiations.
Tab 4 Pg. 66	*PETITION FOR DISCUSSION ONLY <ul style="list-style-type: none"> Debit Card Rules AToM <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
Tab 5 Pg. 85	*PETITION FOR DISCUSSION ONLY <ul style="list-style-type: none"> Progressive Jackpot <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
Tab 6 Pg. 104	*PETITION FOR DISCUSSION ONLY <ul style="list-style-type: none"> Staff Proposed License Fee and Sports Wagering Vendor License Fee Adjustments <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
15 min	Break
Tab 7 Pg. 146	*PETITION FOR DISCUSSION AND POSSIBLE FINAL ACTION (Action) <ul style="list-style-type: none"> Wagering Limits for House-Banked Card Games <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
Tab 8 Pg. 422	2023 Legislative Update <p style="text-align: right;"><i>Tommy Oakes, Interim Legislative Liaison</i></p>
	Public Comment
	Public Comment can be provided via: <ul style="list-style-type: none"> Email before the start of the meeting on April 13, 2023, to askus@wsgc.wa.gov Microsoft Office Teams Chat Box. By phone; or In person.
	Adjourn

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda, rule changes and requests for special accommodations should be directed to Julie Anderson, Executive Assistant at (360) 486-3453 or TDD (360) 486-363. If you would like to submit public comment via email, please submit them to askus@wsgc.wa.gov

Please silence your cell phones and mute your mics for the public meeting.



**STATE OF WASHINGTON
GAMBLING COMMISSION**

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

DATE: April 13, 2023

TO: **COMMISSIONERS:**
Alicia Levy, Chair
Julia Patterson, Vice-Chair
Bud Sizemore, Commissioner
Sarah Lawson, Commissioner

EX OFFICIOS:
Senator Steve Conway
Senator Jeff Holy
Representative Shelley Kloba
Representative Skyler Rude

FROM: Doug Van de Brake, Assistant Attorney General

SUBJECT: Placeholder for Tab 1 Chanmalaty Touch, License No. 68-04600



**ROCKY MOUNTAIN
ELK FOUNDATION**

March 16, 2023

Washington State Gambling Commission
Attention: Jim Melville, Special Agent
4565 7th Avenue S.E.
Lacey, WA 98503

RE: Rocky Mountain Elk Foundation, Inc. (License # 00-11750) request to exceed \$300,000 limit in raffle prizes paid in the January 1 to December 31, 2023 license year.

Dear Mr. Melville and the Washington State Gambling Commission,

Please accept this letter as the Rocky Mountain Elk Foundation, Inc.'s (RMEF) request to exceed the \$300,000.00 prize limit for raffle prizes pursuant to WAC 230-11-067(3) for the license year January 1 to December 31, 2023. RMEF's mission is to ensure the future of elk, other wildlife, their habitat and our hunting heritage. RMEF does this through habitat enhancement and conservation, wildlife research, and education. To accomplish its mission, RMEF relies heavily on its fundraising system, which features Big Game Banquets that include auctions and raffles. RMEF raffles are legal, fair and responsible. Allowing this waiver will allow RMEF to continue its mission and to put more money "on-the-ground" in Washington.

At the beginning of 2023, the RMEF State Leadership Team for Washington, composed of Washington volunteers and residents, had at their disposal \$519,000.00 to spend in the State of Washington for the fulfillment of RMEF's mission and the betterment of Washington's lands and wildlife. For the 2023 license year, RMEF expects gross gambling receipts of approximately \$850,000.00, with estimated expenses of \$400,000.00 and an estimated net income of \$450,000.00. As is evidenced by the estimates provided, RMEF fundraising is efficient and, therefore, allows a large portion of the money raised to remain in the State for the benefit of its wildlife and residents.

The Washington State Gambling Commission has approved RMEF's requests to exceed the annual raffle prize limit in prior years, we are again asking for a raffle prize value limit of \$500,000. We are grateful to the Commission for consideration and support in the past.

Thank you for your consideration of this request. Approving this request will allow RMEF to increase its mission delivery, which benefits habitat, wildlife and residents of Washington.

Please feel free to contact me at (425) 293-2160 or abaier@rmef.org if you have any questions or need additional information.

Sincerely,

Alex Baier
Regional Director of Western Washington, RMEF

ROCKY MOUNTAIN ELK FOUNDATION, INC.
Raffle Plan: Request to Exceed \$300,000 Raffle Prizes Paid Limit During License Year
(January 1 to December 31, 2023)

WAC 230-11-067(3)

(a) Organization's Goals for Conducting Raffles

The Rocky Mountain Elk Foundation, Inc. (RMEF) conducts raffles in the State of Washington to raise funds in support of our mission. Raffles are an important facet of RMEF's diverse fundraising efforts, which include auctions, membership dues, retail sales, and charitable solicitations. RMEF's goal is to continue fundraising efforts in Washington to support additional habitat enhancement, land protection, and public access projects.

(b) A Brief Overview of the License's Mission and Vision Including the Type of Programs Supported by the Licensee and Clients Served

RMEF's mission is to ensure the future of elk, other wildlife, their habitat and our hunting heritage.

RMEF's four mission programs are land conservation and access, habitat stewardship, wildlife management, and hunting heritage. In support of our mission, RMEF is committed to: conserving, restoring and enhancing natural habitats; promoting the sound management of wild elk, which may be hunted or otherwise enjoyed; restoring elk to their native ranges; and educating members and the public about habitat conservation and our hunting heritage.

Acres Conserved and Enhanced: More than 8.6 million acres of wildlife habitat

Acres Opened and/or Secured for Public Access: More than 1.5 million acres opened and/or secured for hunting and other outdoor recreation

Conservation and Hunting Heritage Outreach Projects Complete: More than 13,800 projects

Number of Members: More than 225,000 nationwide, over 12,000 of which live in Washington.

Number of Chapters: More than 500 nationwide, 23 of which are in Washington.

Number of Volunteers: More than 12,000 nationwide, over 300 of which live in Washington.

The statistics above give a succinct picture of what RMEF accomplishes nationwide with support from members and volunteers, along with local, state and federal agencies. Washington-based members, volunteers and partners contribute to our ability to raise funds in support of our mission and deliver high-quality mission across Washington.

Since our inception, RMEF has put over \$132.5 million dollars on-the-ground to benefit the wildlife and residents of the State of Washington, a large portion of which was raised at our Big Game Banquets through raffles. In 2023, RMEF earmarked a minimum of \$519,000 for mission delivery in Washington from RMEF's raffle and banquet program. Each year, including this year, RMEF's Washington-based volunteers participate on a committee that reviews proposals and decides how to leverage this earmarked funding to deliver mission across Washington.

In recent years, RMEF used this income to support programs such as youth days encouraging children to spend time in the outdoors and provided funding to the Washington Department of Fish and Wildlife's (WDFW) efforts to solve an elk poaching case. We also used this funding to restore habitat after catastrophic wildfires near Asotin and Yakima by removing invasive plant species and rebuilding water sources in vital winter ranges. RMEF funded valuable research on the impact of hoof disease on Western Washington's elk herds conducted by the Washington State University with money raised at our events.

Another prime example of using raffle funding for public benefit in Washington was the conservation of the Merrill Lake property. RMEF, in partnership with the WDFW and other private and public partners, purchased the former timberland property, permanently protecting and providing public access to 1,453 acres of critical riparian habitat at the foot of Mount St. Helens. RMEF conveyed this property to the WDFW for public ownership and management.

RMEF and our partners have completed several other large-scale projects in addition to the Merrill Lake Acquisition in the last 5 years. We completed Phase III of the Cowiche project and along with the Tucannon property project, representing approximately 4,500 acres conserved. Both properties were conveyed to the WDFW for long-term public ownership and management. RMEF has also worked to convey property to the US Forest Service to provide better public access to existing public lands and protect vital wildlife habitat.

Large-scale conservation projects that benefit the residents of Washington are only possible when we can leverage funding raised through raffles and other grassroots activities.

(c) Plans for Selling Raffle Tickets

RMEF chapters in Washington sell raffle tickets in face-to-face transactions by volunteers throughout the State. Each chapter typically conducts numerous raffles which are drawn at an annual event, called the Big Game Banquet, as well as other smaller events and raffles that may occur from time to time. RMEF volunteers also sell raffle tickets at various businesses who support our mission by allowing the local chapter to spend their weekends selling in their store. The raffles are advertised on RMEF's website, through RMEF's bi-monthly magazine, *Bugle*, and through a variety of local publications and signage.

(d) Brief Overview of Prizes Awarded

Various merchandise including sporting goods, equipment, home goods, gift certificates, firearms, and hunting and fishing trips.

(e) Estimated Gross Gambling Receipts, Expenses, and Net Income for the Raffles

Estimated Gross Gambling Receipts: \$850,000.00

Estimated Gross Expenses: \$400,000

Estimated Net Income (Gross Gambling Receipts Less Prizes Paid): \$450,000.00

(f) Any Other Information That We Request or Any Information the Licensee Wishes to Submit

RMEF's National staff and Regional Directors continue to meet with chapter chairs, state chairs, and volunteers to provide training on the importance of complying with Washington's charitable gambling laws, record keeping requirements, and the conduct of charitable raffles. RMEF staff and volunteers remain committed to conducting raffles in Washington in a lawful and transparent manner.

RMEF is providing this Raffle Plan to better inform the Washington State Gambling Commission of our raffle activities and charitable work in the State. We respectfully request permission to exceed the \$300,000 raffle prize limit for the 2023 license year. If the Washington State Gambling Commission determines that a new prize limit is advisable, RMEF respectfully requests a limit of \$500,000 for the 2023 license year. Thank you for your consideration of this request.



STATE OF WASHINGTON
GAMBLING COMMISSION

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

March Gambling Commission Meeting Minutes
Hybrid Meeting held at the
Washington Liquor and Cannabis Board
March 9th and 10th, 2023

Commissioners Present:

Chair Alicia Levy
Vice Chair Julia Patterson
Bud Sizemore
Sarah Lawson

Ex Officio Members Present:

Representative Shelley Kloba (Via Teams)

Staff Present:

Tina Griffin, Director
Chris Wilson, Deputy Director
Lisa McLean, Legislative and Policy Manager
Tommy Oakes, Interim Legislative Liaison
Suzanne Becker, Assistant Attorney General (AAG)
George Schultz, IT
Julie Anderson, Executive Assistant

Staff Present Virtually:

Gary Drumheller, Assistant Director; Julie Lies, Tribal Liaison; Kriscinda Hansen, CFO; Jess Lohse, Special Agent

There were 11 people in the audience and 56 people attended virtually.

Chair Levy welcomed everyone to the Washington State Liquor and Cannabis Board for the Washington State Gambling Commission's March 9 & 10, 2023 meeting. The meeting began at 9:35AM and called the roll to ensure a quorum.

Tab 1

Consent Agenda

Chair Levy asked the Commissioners if they had any changes to the consent agenda. Commissioners had no changes.

Public Comment:

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

Commissioner Sizemore moved to approve the consent agenda as presented by staff.

Commissioner Patterson seconded the motion.

The motion passed unanimously. 4:0

Tab 2

Petition for Review – Chanmalaty Touch, Case No. CR 2021-01221

Doug Van de Brake, Assistant Attorney General (AAG) and Attorneys Frank Huguenin presented the materials for this tab. Assistant Attorney General (AAG) Matt Kernutt stated there was a motion to strike filed by Commission staff of certain exhibits filed by the petitioner. He also stated that this proceeding is before the Commission as a review of an initial Order, and so part of the appeal, petitioner submitted certain exhibits for consideration that were not included in the record for OAH, The Office of Administrative Hearings. The motion to strike is specifically dealing with that issue about whether or not the Commission in reviewing the initial Order can consider those extra filed exhibits. We have a motion to strike as well as the review of the initial Order.

Chair Levy stated that the Commissioners would hear the motion to strike first, then go into closed session to discuss and rule then come back to hear the petition for review giving each side five minutes for your discussion.

AAG Van de Brake representing the Commission staff stated that *“The basis for motion to strike is about the evidentiary hearing, which lasted nine days, provided the ample opportunity for the parties to submit exhibits and witness them. And despite this ample time and opportunity to do so and including an extension, the Judge granted to Mrs. Touch to file exhibits, she simply never did so prior to the hearing. And then during the hearing, at no point during the hearing did Mrs. Touch offer to admit any exhibits for the record. And the Judge noted that in the initial Order Mrs. Touch did not offer any exhibits.*

And the Petition for Review, Mrs. Touch submitted Exhibits A and B. Exhibit B contains 16 subparts, so essentially, they submitted 18 exhibits that were not part of the record before the Administrative Law Judge throughout the evidentiary hearing and should not be considered for that reason on a Petition for Review of the initial Order. It simply doesn't, it's not part of the record for review, and we respectfully request that those 18 exhibits be stricken and not be considered for purposes of the Petition for Review of the initial Order.”

Mr. Frank Huguenin, representing Ms. Chanmalaty Touch stated that Mr. Carl was unable to be present. Mr. Huguenin then asked if the Commissioners received the responsive rebuttal materials that were submitted yesterday afternoon in regard to both the motion to strike and the reply from the Commission staff.

Vice Chair Patterson and Commissioner Sizemore said they had not received anything.

AAG Kernutt said they are being distributed to the Commissioners currently.

Mr. Huguenin stated *“In light of that because I do think that it touches both on the response to the motion to strike as well as the Petition for Review. I would appreciate that my client, who I just appeared for in the context of this petition review and was not involved with the evidentiary hearing whatsoever, be afforded opportunity for the Commission to make an informed consideration of the presentation. And so, I would request that this hearing be continued to the next Commission time slot so that way they have an opportunity to review the materials.”*

Chair Levy asked AAG Van de Brake if he had any objections to that? **AAG Van de Brake** stated *“Yes. Staff objects to a continuance of this matter if filed the Petition for Review with 18 exhibits. Mrs. Touch was represented by Counsel through the evidentiary hearing and had ample opportunities to present exhibits and never did for nine days of testimony. Now she has filed a*

Petition for Review with 18 exhibits and then about 4:30 P.M. yesterday, she filed the reply to the response that staff replied to another Petition for Review. That should not be considered either. And there is no sound reason for continuing this for the purpose of deciding whether to continue to consider 18 exhibits that are simply not part of the record. The Commissioners are here to review the record from the Evidentiary Hearing and the findings and conclusions that the Administrative Law Judge issued as a result of the evidence and testimony that the Judge heard during those nine days. It is not to consider 18 exhibits that were never part of the proceeding. So, we object to a continuance of this matter.” **Commissioner Sizemore** replied by saying “*I'm glad I haven't seen anything yet as far as these new exhibits. So maybe a two-part question. It almost feels to me inappropriate for 18 new exhibits for us to consider at this point when we are doing a review. So, is it even appropriate for us to see those things at those junctures based on where we are? And my second question would be if the Commission upholds the initial order, what are the options available to the petitioner?*” **AAG Kernutt** answered Commissioner Sizemore by saying “*In relation to the second question, the options for the petitioner set forth in the Administrative Procedures Act should the Commission decide to uphold the initial order either now or at another date in the future. There are appeal rights to the Superior Court set forth in the Administrative Procedures Act available to the petitioner.*” **Commissioner Sizemore** reiterated at that time can new materials be considered at the Superior Court. **AAG Kernutt** replied, “*The Administrative Procedures Act does authorize a Superior Court Judge to consider those based on the Superior Court Judge's determination, but it is for very limited purposes and generally does not happen.*” **Commissioner Sizemore** asked again if it is even appropriate for the Commissioners to consider those new exhibits for review at this time. Whereas AAG Kernutt said that would be something to discuss in closed session.

Mr. Huguenin stated that “*I only made argument as to the request for continuance to review the material that was submitted yesterday afternoon. And I did not actually make a substantive argument with respect to that. It's actually in the material that was submitted yesterday afternoon, and so that's part of the reason why I want the Commission to consider the continuance so that way they can see my client's response to the motion to strike as well as the rebuttal to the WSGC's staff's reply. And so that is really what is -- before, first I have put together a motion to continue this matter in total. I have not put in for any argument against the motion to strike.*”

Chair Levy excused Commissioners to closed session for further discussion at 9:40AM. The Commissioners reconvened after closed session at 10:07AM.

Chair Levy announced that the Commissioners will grant the continuance so that Commissioners will have enough time to review all the materials. This item will be on either the April or May 2023 agenda.

Tab 3

Presentation – Perry Technical Foundation

Sandra Shah, Special Agent (SA); Cathy Sterbenz, VP of Finance and Administration and Tressa Shockley, Perry Tech Director of the Foundation presented the materials for this tab. **SA Shah** introduced Perry Technical Foundation to the Commissioners and stated that they are seeking approval to exceed the \$40,000 single prize and for the approval to exceed the \$300,000 annual prize. Perry Technical Foundation would like to Raffle off a house that is estimated at \$380,000. If approved, the Raffle will begin April 1, 2023, and conclude on

December 30, 2023. The drawing will be conducted on Saturday, January 27, 2024, at 12:00 P.M.

Perry Technical Foundation was issued a Raffle license in July 2019, and this will be their fourth time requesting approval from the Commissioners to conduct a Raffle exceeding the \$40,000 single prize and to exceed the \$300,000 annual prize. **SA Shah** introduced Tressa Shockley, Director and Cathy Sterbenz, CFO of Perry Technical Foundation to finish the presentation. **Director Shockley** thanks the Commissioners and gave a short PowerPoint presentation highlighting their work. She stated that they were not able to give away the house this last year. They hope to dramatically increase their marketing budget as a result to do more marketing during the final quarter. She wrapped up her presentation with a formal request that Perry Technical Foundation be able to continue this Raffle.

Chair Levy asked if the Commissioners had any questions. They did not.

Commissioner Sizemore moved to approve Perry Technical Foundation to offer a Raffle prize in excess of \$40,000 and to exceed the annual Raffle prize limit of \$300,000 for their license year ending June 30, 2024 so long as they have a valid license with the Gambling Commission.

Vice Chair Patterson seconded the motion.

The motion passed unanimously. 4:0

Commissioner Sizemore announced that a couple years ago he was concerned about Perry Technical Foundation and reached out to the building trades and asked them how they felt about the Raffle and the Foundation giving away a house. He even spoke to Legislators from Central Washington. He was pleased to hear the replies he got and he feels like this is a “top-notch” program. He also said that this program is truly building journeymen building trade folks in this industry. He will continue to make the motion on this every year as long as they keep running it well.

Chair Levy announced a five-minute break.

Tab 4

Budget Update

Kriscinda Hansen, Chief Financial Officer (CFO) presented the materials for this tab. CFO Hansen presented a short presentation on the agency’s financial position. This presentation shows the rise in expenditures.

Commissioners Sizemore asked if the number of organizations would show gross gambling receipts. CFO Hansen showed the active licenses in each category, not organizations.

Vice Chair Patterson indicated that it looks like the agency has fewer licensees but larger revenues. **CFO Hansen** answered that we don’t have larger revenues, but the licensees do.

In conclusion CFO Hansen stated that, the agency has to redesign our website, otherwise, we won't have one after November, the platform that our website is on is old enough that it won't be supported after November. And, that's about \$300,000. The rest of the sports-wagering loan is due in May as well as that interest, and the Treasury just sweeps that money from our account. So then our fund reimbursements for the actual sports-wagering startup expenditures and interest will be coming back into our fund. And then some of the purchases that we have made of goods and equipment are eligible for the use of federal forfeiture funds so we can transfer in \$375,000.

So at the end of January, that leaves us \$5.6 million, and I'm going to revisit that number a little later.

Chair Levy asked for further questions from Commissioners. They had none.

Chair Levy asked for public comment.

Tab 5

Petition for Discussion and Possible Filing – Staff proposed License Fee Adjustments

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) and Kriscinda Hansen, Chief Financial Officer (CFO) presented the material for this tab. At the January Meeting the Commissioners accepted a staff recommendation to initiate rulemaking to address licensees. LPM McLean gave an overview of the stakeholding by staff by holding separate meetings with tribal partners and stakeholders, both on February 13, 2023, and on February 27, 2023.

The cardroom licensees raised concerns about balancing the Commission's need to raise its license fees against their petitions to us to reduce their own costs through adoption of proposed system efficiencies. They felt that some of that was contributing to the reduction in licensees. Electronic Raffle Licensees ask the Commission to consider a slow ramp up of costs until the overall expansion of the Electron Raffle Program across all sports clubs was complete. Wendy Winsor, CFO of WOW Distributing, and a pull-tab distributor asked the Commission to review the cost of licensing and regulating pull-tab distributors.

submitted comments The Gambling Commission also received emails from Brian Keller at Let It Ride Casinos regarding the increased fee for fundraising events, Carolyn Kenyon from Freedom Flies related to the proposed fee increases had its impact on businesses. And then from Richard Fritton from Homeplate Clubs, and John Schaeffler from Swinging Doors, related to pull-tabs license fees. Commission's staff also met with representatives operating electronic raffles in February to hear their concerns about the proposed increases that were expected to be a barrier to expanding the Electron Raffle Program to additional teams in the state.

CFO Hansen said that staff had an initial proposal on the fee adjustments when we met with tribal partners and stakeholders. After hearing some concerns about raised costs gathering and being able to evaluate our revenue that was for December of 2022 that was due in January and re-evaluating revenue that would be required for a single fiscal year rather than the entire biennium. Staff evaluated our initial fee adjustments and are proposing a 10% base fee increase. This is across-the-board, except for electronic raffle. That was evaluated separately since it is a new activity, and also sports-wagering is a different rulemaking conversation.

Vice Chair Patterson asked for an explanation of why the average license fee for the house-banked card rooms is so much higher on a percentage basis than these other businesses. **CFO Hansen** answered that is because of the cap for House-banked card rooms is \$40,000. Its significantly higher than some of the other license types. **Director Griffin** reiterated that because the Gambling Commission statute requires or allows us to set license fees that recoup the costs of licensing, regulation, and enforcement. In 2018, the CFO determined the different gross gambling receipts rates, base fees and maximum license fees based on the actual costs of regulating, licensing, and providing enforcement each gambling activity.

CFO Hansen said staff looked at electronic raffle fees separately because they are a new activity. We have less than a year of information for them. But based on the level of effort that has been invested so far for this new activity, we found that the initial rates that were set are not supporting the cost to regulate them. After some information provided by our other units and some projection about what it might cost in terms of hours to regulate this activity after it's not new. We had initially proposed an \$8,000 base fee and then this same rate and same maximum. After some feedback from the electronic raffle folks, as Lisa mentioned, and some concerns about barriers to entry, we evaluated and found that we could propose that \$5,500 because we are already authorized in statute to bill them for these actual expenses related to verifying their operating and system requirements.

LLM McLean stated in conclusion staff is recommending filing for further discussion.

Chair Levy asked for further questions from the Commissioners. They had none. She then asked if there was any public comment.

Bill Tackett, Owner and Operator of the Buzz Inn Steakhouses addressed the Commissioners. He said, *"I think I was first licensed in May of 1973. And I've been in the industry steadily since then. And I also operate a house-banked card room in eastern Washington, Wenatchee. Well, I got to say that this industry has changed a lot since we first started. Frank Miller was my Director that I really did a lot of work with. And I got involved with the Compacts with the first one. Wayne Williams was the Tribal Chairman, and Frank Miller was the Director, and Bell & Ingram were the attorneys that put the first compact together. I was President of the Washington State Beverage Association at the time, and we had about 100 members, and we represented the punchboard/pull-tab people. The Governor directed us at the time to negotiate these contracts with the tribe.*

And the only money that we had at the Gambling Commission at the time, I think our first budget was \$3.4 million or something, was punchboard and pull-tab fees. And Frank told me, he said, "Just let us get these contracts done, and then we can move on, and we'll all prosper." So, basically, at the time he said that there's a lot of future in the pull-tab industry. We built that pull-tab industry. I think it was at \$1.2 billion. We had 1970 licensees. We did prosper. It saved the tavern industry back when you remember we used to have way more taverns. Now there are very few of them. But pull-tabs are a stimulus source. It does -- you got to establish the food and beverage program before you can apply for the license. And then however well you do in the food and beverage is how well you can do in the pull-tab industry. But it supports 795 families today and much more than that. And we are facing the same problem that you're facing.

The first thing I looked at with inflation is paper cost. My paper cost went up \$2000 per restaurant in one month. It was like To-go boxes were \$2.00. They used to be \$0.58. We got hit so bad that -- how do you recover from that? You immediately change your prices to-go items, and you add it on, and, hopefully, you can recapture. But before you do that it takes you 90 days to realize how bad off you were. And, and so there's what happened. So we're in an industry right now that, I mean, if we keep going, we should be completely gone in 15 to 20 years. I mean this, it's handwriting on the wall. I'm paying double for paper goods now than I used to pay half

for. And we only have two small manufacturers left in the state. The majority of them are out of state.

We have a product that we only use 30% of. We buy 100% of the product. We put it out. We market it the best we can. And we take 70% of it, and we throw it in landfill because you can't recycle it because of the security. And we've been doing it for years and years and years and years. And I've been coming down here for 45 years. And we buy this product. We used to count it by hand. We didn't get scales until 25 years ago. But if my scale goes down, guess what we would do. We go back to counting it by hand. You know, we should be able to figure out as an Agency and as operators some way to make this industry grow and not diminish. I mean, nobody -- a new operator, this is way too big to take on when you're trying to build a food and beverage program and then add pull-tabs. Well, it's asking for confusion and problems. We should be able to figure out some way just to put something into effect that we can all prosper for.

If we had a different type of a pull-tab industry, the state could prosper, the license fees could be so much. Nobody cares about paying a license fee if you're making money, but the time you take the fees for our licenses, then you take the fees for the extra paper goods, and pretty soon it's down to a point where, oh, and then by the way, another \$1.25 in minimum wage. It's getting to a point where it doesn't make sense anymore. And I mean we can either run this operation to the end and plan for it. Or we can all get together and try to come up with just another way to do the same business that we're doing under the regulatory terms without paying this great amount of money for paper and then throwing 70% of it away. I can't imagine how many millions of pounds of that paper that is, but I'll tell you, it must be great.

I just would like if there was any way the staff and some pull-tab operators -- and I know there's like I said 700 maybe left, there seems to be a way that we could get together and you guys could prosper, we could prosper, and we don't have to pay the great cost to the manufacturers in the other states. Thank you”.

Josh Herschlip representing Buzz Inn Steakhouses said, *“And just to kind of reiterate a couple points on that, as it was brought up by the Agency as to inflation, those are the same things as he was stating that we are dealing with. And it's tough because we can't just shift all that to the customer. We're already having them take our increase on the minimum wage and a lot of the other expenditures we have, so as those license fees go up, and we go from what was 98 rooms or near 100 rooms. 10-20 years ago, we were at 100 rooms. We are down to 38 rooms. I think it was stated 40, but I think we're at 38. On that scale, it showed we were losing slightly over 10% a year. I mean, it's one of those that if we just keep raising the fees, there are less people to collect the fees, right until we're out of business. I mean, that's just one that it doesn't make sense with the cost going up.*

So I was just made aware of the fee increases because I had been working the businesses. So I had been contacted and told they were going up. So I'd asked the Commission doesn't raise fees and re-looks at that and kind of finds another way of helping us generate revenue versus just

increasing our costs and running licensees out. Because, again, I've had several people call me in the last year or so with restaurants and bars that are about to go out of business that are seeing the writing on the wall, and they want to leave. And one of my answers because I've seen it through a lifetime of being a part of the Buzz Inns is like, well, you if you got pull-tabs and you put in pull-tabs, you could generate some revenue out of the same people that you have coming through your door and potentially save your business.

Well, taking that and saying that to someone who is already struggling already can barely pay their bills, doesn't understand the pull-tabs and how they work. And it's like it can be as much as I say that's an easy solution, it can be a detrimental decision if you don't operate them correctly and you open that door, and you have these bowls unmanaged, and theft goes out the window, and you're not controlling your poll percentages, and then it just becomes an added cost and helps you go out of the business quicker. So anyway we can modernize find revenue sources and not ways for us to spend money I think would increase [indistinct] licensees and, hopefully, keep the cardroom industry intact. So, I appreciate it. Thank you, Commissioners.”

Vice Chair Patterson replied that she doesn't hear opposition to the rule.

Josh Herschlip stated, *Well, I'm opposed to any increase, I guess, I would put on the record. I mean, just as that it's one I understand things have to go up and have to be covered. It just seems that that 60% increase is really, large. And although it may only really affect those top three, when we're in business, we all want to be the top three, and it's one of those that it shouldn't be so much always punishment for doing a good job. I mean, it's one of those that we've got to find a way that that I don't think it should just be hammered on those couple businesses and/or the businesses that are right at the bottom. I think we're right in the middle. We're in the top 10. We're in the top 10. We find ourselves in the middle. But it's still a challenge in a small community. We've had a lot of management increases across the board because the labor market has been really tough.*

So as these minimum wages goes up, it's not just minimum wage I'm taking. I mean, my management teams have went up enormously over the last little bit just to maintain my staffs and keep my people and keep the business afloat. So I mean, it seems like they're coming from all angles of increases and very little ways of revenue generating. So, I mean, again, I wish I was there for the discussions previous so I could have contributed to that. I was brought in a little late and didn't call, but I just wanted to voice my opinion of any increases are really detrimental. And it's tough to get new people operating as things go up. So, appreciate it.”

Drew Johnson, Director of Government Affairs and Compliance for the Seattle Seahawks addressed the Commissioners by saying, *“I want to submit a brief comment on behalf of the qualified sports teams to express our concerns of the significant fee hike that is unique to electronic 50/50 raffles. We do recognize the Agency costs have exceeded projections, and we appreciate the Agency working with us to slightly narrow those fees down. But the fact remains that this is a significant jump, especially on gross receipts, and will result in Washington having the highest 50/50 fees in the nation. So that leaves us concern for the long-term viability of the game and its ability to maximize max charitable benefits for Washingtonians. So we plan to submit a letter to further detail out those concerns and have*

some ideas as well as to how to grow the game and make this a long-running benefit for Washington.”

Chair Levy asked if there were any other questions.

Vice Chair Patterson asked about the statement that would make Washington the highest in the nation. Director Griffin said she had no comment in regard to what other states are doing. She said license fees must cover the actual costs that we are bearing right now in regulating and licensing this activity.

Commissioner Sizemore announced that *“In 2014, he expressed some frustration with an across-the-board fee increase at that point, and then the Agency delved into modifying the system to what we have today. and still to the point to where we do need to do this kind of global change to the fee structure for the entire industry. I intend to ask the staff to embark on a greater conversation and a more in-depth evaluation of activity-by-activity of every facet of the structure, base minimum, which when those of you that participated in stakeholder work in 2016-2017, I think that initial base fee was -- we want to make sure that people are invested in the activity that they're doing, so it's kind of the price to get in. And then we wanted the rates to reflect a rational kind of relationship to the total activity that we do in those particular things.*

And then for caps to just kind of knock off the real outliers so that we could kind of do that. I think the systems work well. I think those folks that used to shut down their bowls in mid-December or mid-June because they didn't want to go into the next class. I think those things have worked well. I think at the beginning of the pandemic, had people paid their entire license a year ahead of time in whatever, April of 2020, they would have been disappointed that they couldn't operate. I think because of the structure, it helped tremendously for folks. If they're not having any activity, they don't have to pay anything other than the base fee if they're coming up on a renewal. All of that to be said, I'm a little frustrated we're having to do it across the board, but I find that it's completely necessary for us to do this for now. But I am pledging to invest some time after this to be able to look at it a little more in-depth and a little bit more targeted in the future.”

Berry Murray, from Imperial Palace said, *“A couple of quick clarifications, I think, comments that was referenced like the top three, which I think is in the \$15-\$16 million revenue range. And really what that comes out to be, I think it was 0.25% to 0.3% when you really add the fee, even though there are 29 as you go down that are paying that capped fee, roughly. So when you do the math on that, I mean, when you're doing \$15-\$16 million, that doesn't really move the needle as far as it's a blip when you have \$10 million incremental in revenue of, say, the \$5 million or \$6 million revenue [indistinct], so something to keep in mind when there is a percentage basis like that, obviously. Or when it's capped, and it isn't based on a percentage, I guess. So that's one thing that we just need to keep in mind for the middle-of-the-road people and the bottom-third people, etc.*

That's who really is getting punched with this. So, yeah, we are certainly on record as opposing fee increases where we're struggling with all the reasons that Josh and Billy brought up, too, the cost of goods, etc., that I've already commented on previous meetings. And it's not going to go down. And I understand everybody has increased costs, but we got

to think about big picture because that 38 licensees are going to go to 28 sometime in the near future, then we're going to be right back here again, and there is only so much increase that can be done in my opinion before it's just not viable anymore for all of us. So, anyway, thank you very much.”

Commissioner Sizemore moved to file the proposed license fee adjustment for further discussion.

Commissioner Lawson seconded the motion.

The motion passed unanimously. 4:0

Chair Levy announced at 11:30AM that the Commissioners would be adjourning to Executive Session, which will last approximately one hour to discuss current potential Agency litigation with legal counsel, including travel negotiations.

Chair Levy reconvened the commission meeting at 12:32PM and called the roll to ensure a quorum.

Tab 6

Petition for Discussion and Possible Filing – Sports Wagering Vendor License Fee

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) presented the materials for this tab. In January 2023, the Commissioners accepted staff recommendation to initiate rulemaking to re-evaluate license fees for sports wagering. Based on our analysis of the costs related to licensing, regulation, and enforcement. The staff is proposing to decrease the major sports-wagering vendor fee from \$65,000 to \$30,000, mid-level from \$10,000 to \$5,000, and ancillary sports-wagering vendor from \$5,000 to \$2,000. Kriscinda is standing by to answer all your questions on that.

On February 13th and February 27th, we had two separate meetings, one for stakeholders and one for tribal partners to discuss the draft proposals for the adjusted sports-wagering vendor fees. There were a lot of questions about how the fees were calculated, but there were no specific concerns or objections expressed at that time. We did receive, and it is in your packet, a letter from Jeff Efra, General Counsel for iDEA Growth on February 13th. And then on February 27th, we received a letter from Ernest C. Matthews, the fourth Vice President and General Counsel for ISI Limited. In addition, in just the last couple of days, we got a letter from Chairman Dustin Klatush from the Confederated Tribes of Chehalis Reservation in support of lowering the sports-wagering vendor fees.

And we also got a letter from Shoalwater Bay, specifically Michael Rasmussen, CEO of the Willapa Bay Enterprise Corporation, also expressing his support for the ISI Limited letter. Both letters are in support of lowering the sports-wagering vendor fees. With that, the staff recommends that the Commission approve filing the proposed rules for discussion.

CFO Hansen showed a slide that represented the fee reductions that LLM McLean referred to.

Commissioner Sizemore asked for clarification on a new applicant applying for one of the three licenses. What would they pay?

CFO Hansen said, “All of our license applicants, the fee is meant to cover the cost of enforcing and regulating that activity, but in the event that the fee is not sufficient to cover the costs of investigating their application, the licensing unit estimates and ask for a deposit, and if it isn't used in full, a refund is issued, and that would stand for the sports-wagering vendors, as well.”

Commissioner Lawson moved to file for further discussion for proposed amendment sports-wagering vendor license fees.

Vice Chair Patterson seconded the motion.

The motion passed unanimously. 4:00

Tab 7

Petition for Discussion and Possible Filing – Wagering Limits for House-Banked Card Games

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) presented the materials for this tab. This tab is about increasing the maximum single wager limit from \$300 to \$500 for all house-banked gaming tables.

Chair Levy mentioned that there were additional materials on the website for this tab.

Commissioners discussed holding this tab over to the next meeting so that they have more time to review all the materials that were given to the commission. **AAG Suzanne Becker** told the commissioners that they had a couple options. They could move this item to later in the day or tomorrow. Or they could move this item to the next commission meeting.

Commissioners unanimously voted to move this item to the next meeting agenda.

Tab 8

Petition for Discussion and Possible Filing – Debit Card Rules ATOM

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) presented the materials for this tab. This petition was submitted in April 2022, and it was proposing to amend WAC 230-15-150 to allow chips to be sold using debit cards. In May 2022, the Commission agreed to initiate rulemaking, and at the time staff noted that other rules in addition to WAC 230-15-150 needed to be amended. Staff brought some draft language for amending rules, and in addition to that adding new rules.

Vice Chair Patterson has concerns with the individual not getting up from the table to rethink getting more money from an ATM Machine. **LLM McLean** said the petitioner feels that by allowing debit transactions at the tables may allow for more control over cash withdrawals. In Nevada, operators can set daily limits on the amount of cash patrons are allowed to withdraw from their accounts. Those limits are set for each patron and require a 24-hour waiting period prior to any change to their limits. Currently, any limits on ATM withdrawals will be imposed by a patron's bank in addition to a responsible gaming message displayed either near the system or on a printed item given to the patron.

Vice Chair Patterson would like to hear more about the proposed rule change that would result in there being more control over what their customers spend. **Commissioners Lawson** stated that the petitioner is the manufacturer. **Michael Vizzo**, Senior Product Manager with Light & Wonder addressed the Commissioners. He said, one of the benefits is limits based on regulatory guidance to prevent problem gambling and lower thresholds than what are available on an ATM

and we can set lower transaction limits. We can set time interval and daily limits. This will be implemented directly at the table and could limit the players from exceeding funds that they don't have.

Commissioner Sizemore asked staff if this AToM was considered gambling equipment.

Director Griffin answered yes, this is considered gambling equipment. **Commissioner Sizemore** asked if staff has already had one of these machines in the lab for evaluation.

Director Griffin answered yes. **Bill McGregor**, Special Agent Supervisor (SAS) stated, that this equipment is not in play currently. Their equipment that we have in the lab does have the ability to set limits, and in the rules, you will see that staff has purposed some daily limits on the amount that a patron would be allowed to withdraw at the table using that card.

Vice Chair Patterson asked what would be the limit staff is asking for. **Director Griffin** said \$500.00 for a single transaction and \$2,500 within a 24-hour period. **Commissioner Lawson** asked if it would possible to have a problem gambling tag line on the receipt that is printed out at the ATM? **Mr. Vizzo** said it cannot do that at this time. **Chair Levy** asked if the Commissioners could view the machine next month. **Vice Chair Patterson** has an uneasy feeling about this because she said *“it feels like a direct correlation between speed of play and problem gambling”*. And, in her opinion it feels like we are moving into a cashless transaction.

Tana Russell, Assistant Director with The Evergreen Counsel on problem gambling and a Certified Gambling Counselor stated, *“I have recently read about self-imposed limit-setting devices and tools versus agency-imposed limit-setting devices and tools. There is some evidence that suggests that setting limits is helpful for players in terms of a responsible gaming resource and tool. There are certain circumstances where it seems to have backfired in terms of increasing risk. Some of those include the agencies may set limits higher than what players tend to set for themselves. So an agency may set a limit for \$100 or \$500 but a player if given the opportunity to set it or themselves might set it at \$20 or \$50.*

There is also some consideration in terms of just how the tool displays options for limit-setting to a player if it sorts them in order of highest to lowest. And so, the player sees the highest limit option first. They just happen to see it first. That also can increase risks for the player in terms of spending more than they can afford just because of the way it was shown to them”.

Chair Levy asked if there were any further questions.

Vice Chair Patterson stated, *“I just wanted to say, Madam Chair, because of my experience over the last three years on the Problem Gambling Taskforce, I feel very uncomfortable about this. It feels like we're moving toward a cashless transaction system here. And I know that that break is sometimes lifesaving for people who have addiction. So I just wanted to let you know that I probably am not interested in moving forward”*.

Commissioner Sizemore moved to file the amended draft language for further discussion with the amendment being in WAC 230-15-506 (10) and change OR to AND on a printed item given to the patron.

Vice Chair Patterson seconded the motion.

The motion passed unanimously. 4:0

Tab 9

Petition To Initiate Rule-Making

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) presented the materials for this tab. In February, we received a petition from Tiffini Cox, representing Galaxy Gaming from Las Vegas, Nevada, who was proposing to amend WAC 230-15-685(4)(b) to allow house-banked card rooms licensees to connect more than one progressive jackpot of different card games. Currently, the rule only allows licensees to connect a progressive jackpot on different card games, so they are asking to connect more than one to different card games.

Chair Levy asked if Commissioners had any questions. **Chair Levy** asked the subject matter expert, what does this look like if I'm at a casino.

Steve Cvetkoski, Director of Product Development at Galaxy Gaming said, *“Essentially what this rule change would offer is, if we had a game type like Pai Gow game of ours, and we can have multiple tables connected with multiple jackpots on each table. So those say those two same jackpots would go across more than one table without any issues, as I currently allowed in the rule. What we also have now is, say a different Pai Gow variant, where there are some rule changes, but the parts that make up the probability of the game, say the number of cards, which cards are used for the evaluation do not change. So because of that, we can connect different game types as is currently allowed as long as they have the same probability and the same winning hand. And it's already allowed for one progressive”*.

Victor Mena, with the Last Frontier and New Phoenix stated that, *“The explanation is very confusing what was asked. I guess in its simplest terms, the two Pai Gow games that he is describing, one is called Exposed, where the dealer's hand is exposed to all the players, and you are dealt the same seven cards at the table. The other game is not exposed. The dealer's hands are concealed. You still get the same seven cards. The progressive jackpot is played off of your seven cards dealt. Right now, we can't put the same jackpot on those two games in the same property because they are considered different games. The probability of the jackpot that was identical to the player so there was no change to the player's outcome on the hand because you are still playing with the same seven cards, so the probability of the payouts are identical.*

And that is what this is trying to codify as to be able to do that exact thing. Could this pass over on multiple different games? It could as long as the cards dealt are the same to the player and the outcome is the same on the same cards”.

SAS McGregor stated, *“a little correction of what Victor just said. We already allow a jackpot to be connected on multiple tables as long as the probability of winning the hand is the same. What this petition is doing is, right now, it is limited so you can only connect one jackpot between tables. In recent history, when we remove the number of games that could be played on a game, what happened is we started getting games with multiple jackpots being offered. The most common that I have heard or seen is they offer a \$1 jackpot and a \$5 jackpot. And so right now, under the rules they could only connect that \$1 jackpot or one of those jackpots, the \$1 or*

the \$5 between tables. This amendment would allow them to connect both the \$1 and the \$5 jackpot between those tables, so all it is, is removing the limit of one. Back when this rule was written, typically we only had one jackpot on a table. We now have multiple jackpots available on a table, and so they want to be able to link. If you link the two tables together for the jackpot, it makes sense to link both the \$1 and the \$5 jackpot or both jackpots on the table. So that's what this rule is really addressing or fixing. Allowing them to link more than one jackpot on a table.

Director Griffin asked if SAS McGregor could answer the second part the Commissioner Sizemore's question regarding how many jackpots are currently offered on games. **SAS McGregor** said currently there is no limit in WAC anymore. **SAS McGregor** asked Steve Cvetkoski if he was aware of anything in their games. **Mr. Cvetkoski** stated that there is only two for progressives.

***Vice Chair Patterson moved to initiate rule-making for further discussion.
Commissioner Lawson seconded the motion.
The motion passed unanimously. 4:0***

The March commission meeting adjourned day-one at 1:34PM. The Commissioners will reconvene tomorrow at 9:30 AM at the same place.

**March Gambling Commission Meeting Minutes
Hybrid Meeting held at the
Washington Liquor and Cannabis Board
March 10th, 2023**

Commissioners Present:

**Chair Alicia Levy
Vice Chair Julia Patterson
Bud Sizemore
Sarah Lawson (Via Teams)**

Ex Officio Members Present:

Representative Shelley Kloba (Via Teams)

Staff Present:

Tina Griffin, Director
Chris Wilson, Deputy Director
Lisa McLean, Legislative and Policy Manager
Tommy Oakes, Interim Legislative Liaison
Suzanne Becker, Assistant Attorney General (AAG)
George Schultz, IT
Julie Anderson, Executive Assistant

Staff Present Virtually:

Gary Drumheller, Assistant Director; Julie Lies, Tribal Liaison; Kriscinda Hansen, CFO; SAS Tony Hughes; Jess Lohse, Special Agent and Acting Rules Coordinator

Chair Levy reconvened Day-Two of the March commission meeting on March 10, 2023, at 9:32AM and called the role to ensure a quorum. There were four people in the audience and 43 on Teams.

Tab 8

Petition for Discussion and Possible Rule Filing (Motion Correction)

Lisa McLean, Legislative and Policy Manager presented a formatting error regarding the Debit Card AToM Machine. **AAG Suzanne Becker** clarified the formatting error.

Commissioner Bud Sizemore withdraw amended language and recommend the draft language proposed by staff also to including signage and/or printed message on the debit receipt.

Vice Chair Patterson seconded the motion.

The motion passed unanimously. 4:0

Tab 10

Presentation – Problem Gambling Awareness Month

Roxane Waldron, MPA Problem Gambling Program Manager and **Maureen Greeley**, Executive Director, Evergreen Council on Problem Gambling presented the materials for this tab. March is national Problem Gambling Awareness month. Both Ms. Waldron and Ms. Greeley presented a PowerPoint presentation.

Vice Chair Patterson commented on the television commercials airing and that they were well done.

Tab 11

Petition to Initiate Rule Making

Lisa McLean, Legislative and Policy Manager presented the materials for this tab. Yuri Seyranovic Saaryan of Auburn, WA submitted a petition to amend WAC 230-23-015 and WAC 230-23-020 on January 13, 2023. Muhammad Aljadallah of Yakima, WA submitted a similar petition on January 24, 2023. In both cases, the individuals requested a change to the self-exclusion rules. Both individuals claim that they did not understand the full implications of putting themselves on the self-exclusion list and that the process was not completely explained to them. Both petitions request a change to the rules to allow removal from the self-exclusion list.

Vice Chair Patterson asked in other states who makes the determination of who can be excluded from the self-exclusion list. **LLM McLean** answered that in New Mexico there is a form that is submitted to their Board. **Chair Levy** stated her concerns with the distribution of the self-exclusion forms to self-exclude. **Maureen Greeley** announced that she had recently returned from a conference where self-exclusion was a topic of conversation. Washington's best practices might be changes. This is a tool for the individual to help themselves. Including the establishments that are helping to enroll the public to understand what they are signing. **Roxane Waldron**, stated that the problem with going back to the person the next day to ask if they were indeed serious about self-excluding themselves from gambling could be diluting the program's effectiveness. She also indicated that having two people out of 230 people complain about wanting to get off the list is pretty good.

Commissioner Sizemore recalls the effort of time staff did to work on this topic. He stated that we were very mindful of the policy before we went live with this program. He doesn't feel that we need to make big changes to this topic. **Dave Malone**, Evergreen Council stated that the cards are translated in several languages listed on the Gambling Commission website. **Director Griffin** reiterated that the cardrooms are giving out the cards in the

proper languages. **Commissioner Lawson** feels like this problem of not having the proper materials in the proper language falls to the operators, not necessarily to the Gambling Commission to make rule change. **Chair Levy** doesn't feel that we need to change the rule currently.

Vice Chair Patterson moved to deny the petition for the reasons of the rule in place now is working and a very small percentage of people are asking to be removed from the self-exclusion list.

Commissioner Sizemore seconded the motion.

The motion passed unanimously. 4:0

Chair Levy asked staff to keep an eye on this topic. **Commissioner Sizemore** also suggested attending conferences to help educate staff.

Tab 12

2023 Legislative Update

Tommy Oakes, Interim Legislative Liaison (ILL) presented the materials for this tab. ILL Oakes gave an update on the our agency request legislation SHB 1132 Relating to the oversight and training requirements for limited authority peace officers. He also updated the Commissioners on bills with direct gambling industry impacts.

- HB 1824, Authorizing bona fide charitable or nonprofit organizations.
- 2SHB 1681/2SSB5634 Relating to Problem Gambling.
- HB 1707 Relating to bingo conducted by bona fide charitable or nonprofit organizations.

He congratulated Commissioner Lawson, who was confirmed by the Senate unanimously this month.

Commissioner Sizemore asked if both the Problem Gambling bills were identical. **ILL Oakes** confirmed that was true. **Maureen Greeley**, mentioned in the chat that the two Problem Gambling bills were not the same.

Chair Levy adjourned the meeting at 11:00AM so that Commissioners could go into Executive Session to discuss current and potential litigation with legal counsel, including tribal negotiations.

Chair Levy adjourned the meeting at 1:15 PM.



COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)

April 2023

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Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 24.

TW

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS

RAFFLE

BACK COUNTRY HORSEMEN OF WA/GRAYS HARBOR
00-25068 02-21307

251 WEST BEEVILLE RD
MATLOCK WA 98560

ELLENSBURG RODEO HALL OF FAME ASSOCIATION
00-25065 02-21304

414 N PEARL ST
ELLENSBURG WA 98926

LYDIA PLACE A NONPROFIT CORPORATION
00-24347 02-20982

1701 GLADSTONE ST
BELLINGHAM WA 98229

NORTHWEST ASSOCIATION FOR BLIND ATHLETES
00-24723 02-21159

703 BROADWAY ST STE 600
VANCOUVER WA 98660

SKOOKUM KIDS
00-24317 02-21107

316 E MCLEOD RD
BELLINGHAM WA 98226

SUPPORTERS OF OLYMPIA COMMUNITY SAILING
00-25076 02-21310

201 SIMMONS ST NW
OLYMPIA WA 98501

PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT

THE PUB AT PIPERS CREEK
00-25063 05-21811

10527 GREENWOOD AVE N
SEATTLE WA 98133

ELECTRONIC RAFFLE

MARINERS CARE
00-25049 12-00005

1250 1ST AVE S
SEATTLE WA 98134

COMMERCIAL AMUSEMENT GAMES OPERATOR

LEGENDS ARCADE
00-24988 53-21563

109 STATE AVE NE
OLYMPIA WA 98501

ROXBURY LANES AND CASINO
00-20113 53-20680

2823 SW ROXBURY ST
SEATTLE WA 98126

CARD GAME NON HOUSE-BANKED

FOE 00001
00-00314 60-00420

8201 LAKE CITY WAY NE
SEATTLE WA 98115

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS

MAJOR SPORTS WAGERING VENDOR

UNIBET
10-00133 81-00012

853 BROADWAY STE 1406
NEW YORK NY 10003

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

DISTRIBUTOR REPRESENTATIVE

COUROUNES, NICK M
22-01326

WOW DISTRIBUTING
MUKILTEO WA 98275

MURRAY, CADE J
22-01325

WOW DISTRIBUTING
MUKILTEO WA 98275

POSTON, KEITH J
22-01324

INTERBLOCK USA LLC
LAS VEGAS NV 89119

MANUFACTURER REPRESENTATIVE

ARAGON, TIMOTHY J
23-03636

IGT
LAS VEGAS NV 89113

BASHA, MOHAMADRAFY
23-03632

LIGHT & WONDER
LAS VEGAS NV 89119

DATO, JOSE CARLO J
23-03638

PASSPORT TECHNOLOGY USA INC
GLENDALE CA 91203

DHANDAPPANI, MAADHUNITHAA
23-03633

LIGHT & WONDER
LAS VEGAS NV 89119

DOHERTY DEPEW, AMANDA A
23-03626

IGT
LAS VEGAS NV 89113

HICKS, AUSTIN Z
23-03629

IGT
LAS VEGAS NV 89113

LARSON, CHRISTOPHER M
23-03628

ECLIPSE GAMING SYSTEMS
DULUTH GA 30096

LATOUCHE, JEFFREY
23-03637

IGT
LAS VEGAS NV 89113

LOGAN, BRIAN C
23-03624

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

MCDONALD, SAMANTHA A
23-03639

TCS JOHN HUXLEY AMERICA INC
LAS VEGAS NV 89120

MEDINA, MARCO A
23-03621

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

NUNEZ, ROBERTO D
23-03625

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

PANNEERSELVAM, KARTHICK
23-03622

LIGHT & WONDER
LAS VEGAS NV 89119

QUINN, GALEN N
23-02571

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

RANJITH KUMAR, ANASUYAMMA
23-03634

LIGHT & WONDER
LAS VEGAS NV 89119

REDISKE, CHAD E
23-03630

LIGHT & WONDER
LAS VEGAS NV 89119

ROBERTSON, WILLIAM A III
23-02885

IGT
LAS VEGAS NV 89113

RODRIQUEZ, STEPHEN A
23-03623

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

SAKTHIVEL, KARTHICK
23-03631

LIGHT & WONDER
LAS VEGAS NV 89119

WILLIAMS, JERRY J
23-01786

ECLIPSE GAMING SYSTEMS
DULUTH GA 30096

YADIKI, JAVED H
23-03635

LIGHT & WONDER
LAS VEGAS NV 89119

CALL CENTER REPRESENTATIVE

BARUTH, CHARLENE H
32-00076

INCEPT CORPORATION
CANTON OH 44718

WORTHEY, JENNIFER L
32-00077

INCEPT CORPORATION
CANTON OH 44718

MAJOR SPORTS WAGERING REPRESENTATIVE

BEHRE, THOMAS R
33-00105

UNIBET
NEW YORK NY 10003

BORREGO, HANSEL A
33-00528

FANDUEL SPORTSBOOK
LOS ANGELES CA 90045

CLARK, KYLE J
33-00524

IGT
LAS VEGAS NV 89113

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

MAJOR SPORTS WAGERING REPRESENTATIVE

GOBELJIC, NEMANJA
33-00523

IGT
LAS VEGAS NV 89113

IVANOVIC, FILIP
33-00526

IGT
LAS VEGAS NV 89113

LAVAN, PATRICK J
33-00521

DRAFTKINGS
BOSTON MA 02116

MORTON, JOHN S
33-00522

DRAFTKINGS
BOSTON MA 02116

NELSON, KEVIN S
33-00513

DRAFTKINGS
BOSTON MA 02116

TROXLER, KWAME J
33-00507

DRAFTKINGS
BOSTON MA 02116

WALTERS, ROBERT R
33-00520

DRAFTKINGS
BOSTON MA 02116

YERUSHALMY, MAAYAN
33-00525

DRAFTKINGS
BOSTON MA 02116

ZAGAR, PATRICK
33-00475

DRAFTKINGS
BOSTON MA 02116

NON-PROFIT GAMBLING MANAGER

BOSLEY, PEGGY S
61-04827

FOE 02622
MOSES LAKE WA 98837

MAKI, MIRANDA M
61-04834

FOE 01555
KELSO WA 98626

NEWCOMER, NOVA A
61-04831

MARINERS CARE
SEATTLE WA 98134

SERVICE SUPPLIER REPRESENTATIVE

CORTEZ, ANDREA D
63-01105

MAVERICK WASHINGTON
KIRKLAND WA 98034

FUA, RYAN P
63-00588

RELIABLE SECURITY SOUND & DATA
EVERETT WA 98206-1295

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

SERVICE SUPPLIER REPRESENTATIVE

JARVIS, MARSHALL E JR
63-01085

MAVERICK WASHINGTON
KIRKLAND WA 98034

KRUCHTEN, ROBERT L
63-01091

CBN LOTTERY & GAMING INC
WILMINGTON DE 19808

KURLAND, DAVID A
63-01092

CBN LOTTERY & GAMING INC
WILMINGTON DE 19808

MABILANGAN, JOY ANTOINETTE F
63-01097

MAVERICK WASHINGTON
KIRKLAND WA 98034

MEDINA, FABIAN
63-01101

CBN LOTTERY & GAMING INC
WILMINGTON DE 19808

MURRAY, CHRISTOPHER D
63-01103

TECHNOLOGENT
IRVINE CA 92618

ROTHWELL, MARCUS C
63-01093

MAVERICK WASHINGTON
KIRKLAND WA 98034

SCHULTZ, JEFFREY R
63-01102

CBN LOTTERY & GAMING INC
WILMINGTON DE 19808

VIRDEE, SUKHDEEP S
63-01087

TECHNOLOGENT
IRVINE CA 92618

CARD ROOM EMPLOYEE

AGONOY, MICHAELANGELO G
68-37128

B

CHIPS CASINO/LAKEWOOD
LAKEWOOD WA 98499

AKKERMAN, MARK J
68-29056

B

HOLLYWOOD CARDROOM
SHORELINE WA 98133

ALVARADO CUEVAS, FRANCISCO
68-37145

B

IMPERIAL PALACE CASINO
AUBURN WA 98002

AMBROSE, PEGGY A
68-14601

B

NOB HILL CASINO
YAKIMA WA 98902

ARNTSON, DAREL R
68-06185

B

PAPAS CASINO RESTAURANT & LOUNGE
MOSES LAKE WA 98837

BARKEY, RHONDA L
68-37108

B

RIVERSIDE CASINO
TUKWILA WA 98168

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

BAUTISTA, CHRISTIAN B 68-34518	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
BORASH, DANIEL F 68-36049	B	FORTUNE POKER RENTON WA 98057
BOYD, WILLIAM B 68-37116	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804:
BROWN, JUSTIN T 68-37106	B	IMPERIAL PALACE CASINO AUBURN WA 98002
BURG, MARTY J 68-37103	B	THE PALACE LA CENTER WA 98629
CABO, KIMBERLEI A 68-03421	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
CANNON, DESTINY D 68-37067	B	CASINO CARIBBEAN YAKIMA WA 98901
CARDENAS RODRIGUEZ, VICTOR M 68-37113	B	RIVERSIDE CASINO TUKWILA WA 98168
CHETH, NAVY 68-37111	B	PALACE CASINO LAKEWOOD LAKEWOOD WA 98499-8434
COLE, COLTON R 68-37123	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
COREY, MIRANDA L 68-37136	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
COSTELLO, TOMMY 68-18915	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
CUERVO, NICOLAS P 68-37131	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804:
DEMAMMOS, ALEXANDER C 68-37147	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
DOHERTY, BENJAMIN S 68-37115	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804:
DRUZHCHENKO, OLHA 68-37117	B	IMPERIAL PALACE CASINO AUBURN WA 98002

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

ESPINOSA DE LOS MONTEROS, AIMEE E 68-37139	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
FADAIE, KEVIN S 68-37094	B	IMPERIAL PALACE CASINO AUBURN WA 98002
FLETCHER, JASON N 68-21695	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
GILBERTSON, CASSIE Y 68-37133	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
GOLDEN, KALEB A 68-36529	B	ALL STAR CASINO SILVERDALE WA 98383
GONG, YUANYUAN 68-37124	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 98044
HALL, ROSEALEE A 68-37114	B	NOB HILL CASINO YAKIMA WA 98902
HALL, SUMMER S 68-37095	B	IMPERIAL PALACE CASINO AUBURN WA 98002
HOANG, TAN D 68-35954	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
HOFER, LACEY M 68-37125	B	WILD GOOSE CASINO ELLENSBURG WA 98926
HUGHES, TONY J 68-26612	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
JOHNSTON, SCOTT K JR 68-04636	B	PALACE CASINO LAKEWOOD LAKEWOOD WA 98499-8434
KANG, MARY S 68-14146	B	CRAZY MOOSE CASINO II/MOUNTLAK MOUNTLAKE TERRACE WA 98044
KEOPASEUTH, VILASACK 68-34922	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
KIRBYSON, BRITTANY A 68-37088	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
LEAMER, JASON M 68-37144	B	ROMAN CASINO SEATTLE WA 98178

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

MATIAS, SHARON V 68-37135	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
MATZ-HUTCHINSON, DEANNE M 68-37143	B	MACAU CASINO TUKWILA WA 98188
MAU, MICHAEL V 68-02633	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
MAUIGOA, TENNY J 68-37127	B	GOLDIES SHORELINE CASINO SHORELINE WA 98133
MINEKE, SCOTT D 68-10753	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
MONROE, KYLE N 68-37149	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 98044
NGUYEN, RICKY 68-03589	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
NIEBUHR, MICAH D 68-37104	B	RIVERSIDE CASINO TUKWILA WA 98168
NIEMERG, EMILY R 68-37099	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
ORLANDI, CRISTA N 68-37142	B	IMPERIAL PALACE CASINO AUBURN WA 98002
PANKEY, MYRIN D 68-37109	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
PHAM, DUY T 68-37140	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
PHAM, QUOCLONG N 68-04696	B	FORTUNE POKER RENTON WA 98057
PRASEUTH, TONY 68-36150	B	FORTUNE CASINO - RENTON RENTON WA 98055
QI, JINGWEI 68-37146	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
RAMELOW, ROBERT K 68-37120	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719

PERSON'S NAME
 LICENSE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

RHODES, IRA L 68-34817	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
ROCKWELL, ETHAN A 68-37097	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
RUCKER, ALYSSA L 68-37134	B	CRAZY MOOSE CASINO II/MOUNTLAK MOUNTLAKE TERRACE WA 9804
SATH, CHANTHOL 68-34325	B	RIVERSIDE CASINO TUKWILA WA 98168
SCHUMAKER, RENATE C 68-31691	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
SEARLS, KATHLEEN R 68-22235	B	BLACK PEARL RESTAURANT & CARD I SPOKANE VALLEY WA 99206-4719
SERRATO, JAYDE M 68-37098	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
SETTELMAYER, CHRISTOPHER W 68-37129	B	ALL STAR CASINO SILVERDALE WA 98383
SMITH, CRYSTAL J 68-15738	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
STROTHER, CHRISTINE D 68-37105	B	IMPERIAL PALACE CASINO AUBURN WA 98002
TAN, LYJING 68-37122	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
TORELLI, EBIN R 68-37137	B	CRAZY MOOSE CASINO/PASCO PASCO WA 99301
TRACY, BEN 68-04653	B	LAST FRONTIER LA CENTER WA 98629-0000
TURNER, LINDSEY E 68-37101	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
VETH, SOPHAL 68-31614	B	FORTUNE CASINO - LACEY LACEY WA 98516
WALTER, KARLA E 68-33798	B	JOKER'S CASINO SPORTS BAR & FIESTA RICHLAND WA 99352-4122

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

WASHINGTON, SULKANUM U 68-37141	B	IMPERIAL PALACE CASINO AUBURN WA 98002
WESLEY, STEPHANIE K 68-29064	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804:
WOLF, ALEXANDER M 68-24412	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
WONG, JUSTIN 68-37112	B	PALACE CASINO LAKEWOOD LAKEWOOD WA 98499-8434
YORUW, ASHLEY M 68-37096	B	ROMAN CASINO SEATTLE WA 98178
YOUNG, SHONDA M 68-37118	B	ZEPPOZ PULLMAN WA 99163
ZOLFAGHARY, AMIR 68-07780	B	RED DRAGON CASINO MOUNTLAKE TERRACE WA 9804:

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

CHEHALIS CONFEDERATED TRIBES

ADAMS, NATHANIEL B
69-54320

FORTNER, RICKY J JR
69-54238

HUWE, TAMMY K
69-54364

JONES-BAKER, JEREMIAH T
69-54477

MIDDAUGH, BRYCE D
69-30376

NAKANO-JUAREZ, CHANCE M
69-54262

PETERSON, BRENDA S
69-27322

PICKERNELL, HAROLD E
69-13677

SHELTON GARIBAY, DORRIS L
69-54476

UNDERWOOD, LARRY E
69-50460

COLVILLE CONFEDERATED TRIBES

DALTON, ZACHARY E
69-54498

ESQUIVEL, JOSEPH P
69-35516

GARSIA, JESSE R
69-54499

HARRIS, LYLE M
69-48565

LANDERS, DAMEON J
69-54317

MANDA, MONICA L
69-24895

MILLER, BRYON M
69-30459

ROSE, TAKEYLA S
69-54316

ST PETER, JACOUELYNN A
69-54314

STAM, ALLISON N
69-54501

VALDEZ-VIRRUETA, MARIN A
69-54500

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

AGARA, JEREMIAH J
69-54402

AHO, DALANCEY R
69-54393

ALANIS GONZALEZ, HILDA E
69-54469

ALMY, DANIEL G
69-54347

ARMSTRONG, JOHN T
69-54318

BACKMAN, RENA L
69-54375

BORGAARD, MARKUS G
69-54273

BORJA, EDMUNDO S
69-54307

BRATCHER, KATIE I
69-54256

BRIGGS, CHRISTOPHER C
69-54394

BUSCH, TIMOTHY J JR
69-42602

BUSH, JOSEPH M
69-54508

CARABELLO, DANIEL F
69-54445

CEPEDA, VANESSA M
69-54404

CLAPP, KURT T
69-54359

CORCORAN, GAVIN M
69-54406

CURTIS, JACOB J
69-41764

DALTON, TIMOTHY R
69-54420

DENTON, JUDE A
69-54457

EMMONS, LAINE R
69-54396

GONZALEZ HERNANDEZ, SANDRA G
69-54510

GOODMAN, TRENTON S
69-54387

GOODWIN, SAMUEL T
69-54432

GOULD, DANIELLE R
69-26710

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

GRAICHEN, MICHAEL S
69-54309

GRANTHAM, RAYMOND D
69-54336

GUERRA, MICHAELA A
69-54447

HERRMAN, TIMOTHY E
69-54419

HUANG, YUYOU
69-54478

HUBBARD, JADEN R
69-54388

HUST, DAWN M
69-54506

JESSEN, NATHAN E
69-54507

KADY, DEBORAH R
69-44565

KING, ANGELINA K
69-54421

KNOX, TIMOTHY I
69-54275

LAURSEN, DENISE L
69-45408

LEJANO, AZZARIAH M
69-54505

LUBBERT, PAULINA E
69-54472

MAKAROWSKY, MEGAN M
69-54310

MANDAGUIT, DIANNE S
69-54399

MANUEL, BERNARDO
69-54378

MANUEL, VIRGINIA M
69-54368

MARTINEZ, DAISY M
69-54386

MASON, SHARON L
69-54489

MC NAMARA, ANNIKA D
69-54397

MCELHONE, SAMUEL J
69-54418

MCFALL, CONNIE A
69-54178

MCKUNE, ALEXA M
69-54463

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

MCWILLIAMS, FRANCES MARIE B
69-54398

MORGAN, DANETTE
69-46224

NOSLER, ADACUS O
69-54449

ORTIZ, EDWARD C
69-54422

RAFFELSON, JENNA D
69-42109

RENTERIA, ANGELA C
69-54295

REYNA, ALMA P
69-54395

RIEDEL, AMANDA S
69-54308

RIEDEL, MICHAEL R
69-54355

RIGGS, BENJAMIN R
69-54346

ROBINSON, JOSHUA M
69-46263

RUBIN, SANDI L
69-54456

SAGARANG, BRISTY K
69-54448

SAIDOV, ILYA E
69-54376

SALVADOR, SARAH A
69-54464

SAYSANGKHY, VIRADA
69-54400

SCHUBERT, JULIE A
69-54276

SHAY, RICHARD A
69-54513

SHEEHY, KATHLEEN M
69-54465

SORENSEN, HAILEY R
69-54392

SUMMER, JANICE M
69-54277

SWIFT, RONDA L
69-54470

TAYLOR, NOELLE M
69-54338

TRUONG, DAVID N
69-54491

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

TURNER, GRANT W
69-54401

TUTTLE, JOSEF R
69-54274

VELASQUEZ, ANAKIN J
69-54492

VU, YVONNE T
69-54403

WAHL, TAYLER D
69-54391

WINCHELL, DONNA L
69-54304

WOOLFORD, SYDNEY L
69-54369

YAMAGUCHI FOREMAN, GRACI S
69-54511

ZHOU, FENGZHEN
69-54390

ZUNDEL, CORINNE M
69-54380

KALISPEL TRIBE

BIGSMOKE, REDBONE
69-49366

BLEDSAW, NOEL L
69-54461

BORDELON, BAILEY M
69-51482

BRUEGGEMAN, DANTE M
69-54358

CANADY, TONI L
69-54460

HENDRICKS, STEVEN A
69-54319

HOLMES, CURT A
69-13763

IAKOPO, PELETISALA R
69-54459

NELSON, FORREST J
69-40946

SMITH, JOHN R IV
69-49736

SPARKS, JAIME E
69-26905

THARP, LEWIS A
69-54468

WENTLING, GARY C
69-54458

ZANCK, HOD H
69-54288

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

LUMMI NATION

BAILEY, YANET
69-54428

BROWN, DAVID P
69-54427

JACOBSON-JOHNSON, CECELIA A
69-40296

JOSE-PORTES, KENDRA L
69-54429

MARTIN, JAYCOB M
69-39766

SMITH, JAYMIE P
69-54261

SYLVAS, SKYLAR G
69-54260

UNDERHILL, MICHAEL E
69-54426

MUCKLESHOOT INDIAN TRIBE

ANULAO, KALEB I
69-54541

ARETA, SALA S
69-54440

CAMPBELL, TYLER J
69-54352

CHALMERS, CATHARINE L
69-54351

CRUMPLER, DANIEL B
69-54292

HEBDON, EVAN O
69-54483

JAKE, JOAQUIN D
69-54482

JERRY, CHARLOTTE J
69-29232

LALAU, EDWARD T
69-54350

LOONEY, LEANNE M
69-54540

LUDWICK, ANDREW J
69-54438

MAUAI, AVEI V
69-54439

PO-CHING, MARLAINA E
69-54539

QUAN, JACK F
69-54437

STRONG, TYLER M
69-54349

TAYLOR, TERRICK C
69-54436

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

MUCKLESHOOT INDIAN TRIBE

THEUY, KUNTHETH
69-39292

TRAN, WINSTON
69-35694

UMI-TUATOO, THADDEUS U
69-54326

VAILOLO, MAILENE T
69-54327

WALKER, DERRICK A
69-54538

WRIGHT, ERICA L
69-54537

YEOELL, SARAH M
69-54293

NISQUALLY INDIAN TRIBE

BRUNO, ALVIN S
69-25175

CHOUN, SOKPHIAP
69-54302

COOK, VICTORIA M
69-54348

FOWLER, AURORA D
69-54453

KNIGHT, BOBBY J
69-54385

MAHONEY, BILLIE A
69-50759

OYA, MADENA E
69-20981

PARRY, DANIEL A
69-54532

REYES, JACQUELYN J
69-54515

ROLLINS, ALEXANDRIA R
69-40531

SKAGGS, WESLEY A
69-54423

TRIBBETT, LYLE S
69-54301

WILLIAMS, TROY O
69-41044

WOLD, RICHARD R
69-15661

YUNKER, TREVOR C
69-54467

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

NOOKSACK INDIAN TRIBE

BERNAL, JORDAN D
69-54379

BORDEN-STEWART, HELMIRA A
69-22614

CORD, JOSHUA K
69-38234

JOHNSON, JAYMIE B
69-54424

OLSON, GEORGE W
69-54389

TAUZIER, STONE H
69-54263

TOTTEN, COLLIN N
69-54291

PORT GAMBLE S'KLALLAM TRIBE

DANNENBERG, SYRENA A
69-54433

MCCLAIN, JONATHAN R
69-54434

SKINNER, BETTY J
69-54435

STEINFORT, BAILEY R
69-54325

PUYALLUP TRIBE OF INDIANS

AVAK, KATHERINE A
69-54294

BLANKENSHIP, JON A
69-08412

BRYANT, KOBE A
69-54371

CARPENTER, BAILEY T
69-54542

CIGARROA, ELLY E
69-54454

DUENAS, GREGORY G
69-54484

FOSTER, CHRISTOPHER P
69-33095

HOFFMAN, STEVEN D
69-54370

JOHNSTON, AVERY D
69-54328

LARSON, GARY W
69-15604

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

MCCRIGHT, MARCEL M
69-54345

MILLER, AMANDA L
69-54344

NIX, RAYMOND E JR
69-54374

PALMA, MOCTEZUMA S
69-54331

REED, MICHAEL A
69-54441

SAUNDERS, JAMES D
69-54485

SEIGAFO, MANU L
69-54353

SIAU, MATTHEW A
69-50208

TAUPAU, SELENALANCE
69-54306

WESLEY, PAUL J
69-54502

WIERSMA, KELLEY J
69-54329

WILLIAMS, CHRISTIAN A
69-54354

YOUNG, DOMINIC S
69-54343

YOUNG, NATHAN N
69-48443

ZWEEKHORST, DONNA L
69-54342

QUINULT NATION

CHAMBERLAIN, ANTHONY B II
69-54495

DANIEL, ALEXANDER J
69-54493

FIGG, JAYNIE M
69-17251

KUSHNER, MATTHEW J
69-54496

LAUBER, KENNETH B
69-54321

PRENTICE, RYAN J
69-54381

SHERWOOD, ERICA L
69-54443

VACKNITZ, DALE R JR
69-54494

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SNOQUALMIE TRIBE

ANTOCH, KAILEY E
69-54278

BOSMA, JOSHUA A
69-54411

BRUNER, ALISA R
69-54452

CAO, NINA
69-54281

CARLSON, NICHOLAS A
69-54280

CHAN, NANCY
69-36823

CLARK, CHRISTOPHER L
69-54356

COLON PENA, JULY K
69-54450

DU, JIE
69-28793

DUNN, TYLER M
69-54282

DUONG, ALEXANDER N
69-54405

FORTUNE, CHARLES F
69-54451

GEZGIN OZTURK, HATICE
69-54473

GIBSON, CODY J
69-54408

GUO, WEILIANG
69-38283

HOANG, LONG
69-54279

HORNE, JASMINE R
69-54409

KIMUHU, BOBBY B
69-54407

LANDRY, CONOR L
69-54360

LAW, MICHAEL O
69-54415

MARTIN, ARES
69-54412

MOLINA, LORENZO A
69-54474

NGUYEN, MARIA H
69-54362

OLMETTI, RONNIE
69-54417

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SNOQUALMIE TRIBE

PAOPAO, MAHZIN P
69-54475

PUM, JASON H
69-54410

SEBASTIAN, ORION W
69-54416

SITU, BAI C
69-14602

SOUTH, JUDE T
69-54413

SU, ZAIHAO
69-39635

ZHANG, LIHONG
69-54357

ZHENG, YI
69-54283

SPOKANE TRIBE

MILLIKEN, CHRISTOPHER L
69-54324

STEWART, ALEXANDER P
69-54382

SUDA, FOREST R
69-54373

SQUAXIN ISLAND TRIBE

AL SHAIBANI, WALID
69-54363

BOND, KERI L
69-54444

FINNELL, DAVID M
69-54431

JACOUES, MARGUERITE M
69-54365

KENYON, SHEILA M
69-54287

LARSON, MICHAEL J
69-54466

SIMON, DYLAN C
69-46165

SMILEY, ISAAC T
69-54258

SPERLING, JONATHAN L
69-54257

THOMS, MICHAEL L
69-54312

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SUQUAMISH TRIBE

COULL, DARON C
69-54311

GONZALES, NEVEAH R
69-54430

HARRIS, FLORA M
69-54490

LA MAGNA, ASHLEY C
69-54305

OCAMPO, ERNALDO M
69-54425

SANTIAGO, ARIANNE C
69-54340

WELTON, ALICIA MARIA F
69-54289

SWINOMISH INDIAN TRIBAL COMMUNITY

GODINEZ, MARTIN B
69-54462

KINSLOW, CODY J
69-54284

KONING, JULIE A
69-40612

PARKER, JADE A
69-54384

SEARS, CHRISTOPHER R
69-25692

THE TULALIP TRIBES

COMBES, DEVLIN C
69-13320

ELLEDGE, KIAN J
69-54303

HARO, JESUS A
69-54339

HATCH, JENNIFER R
69-54488

OVERVOLD, JASON E
69-54299

RABANG, JENNY L
69-14104

SCOTT, JAYDEN A
69-54300

WALL, ALBERT
69-54296

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

THE TULALIP TRIBES

WANGERIN, ROBYN R
69-48660

WILSON, LEE S
69-54298

UPPER SKAGIT INDIAN TRIBE

BEALS, TAVISH S
69-54367

CLAY, TERRI L
69-54323

DE GLORIA, RICHARD J III
69-54534

LAMOTHE, ERIKA D
69-54372

MARTINEZ, LIZETTE B
69-54377

SURRATT, BROOKE E
69-54514

YAKAMA NATION

AXTELL, JAY LYNN D
69-54335

HALEY, DANE J
69-54332

MARTINEZ, MARLON A
69-54487

QUINTANA PRADO, JESSICA
69-54486

SUTTERLICK, LUCILLE I
69-11284



Washington State Gambling Commission

Pre-Licensing Report

Electronic Raffles

Part I

Licensing/Organization Information

Type of Approval Electronic Raffle	Premises/Trade Name/Address Mariners Care 1250 1st Avenue S Seattle, WA 98134
Date of Application December 17, 2022	

APPLICANT INFORMATION

Name Mariners Care	License Application # 00-25049	Business Phone # (206) 346-4001
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Mailing Address 1250 1 st Avenue S Seattle, WA 98134
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ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class Electronic Raffle	Exp. Date 12/31/2023	License Number(s) 12-00005
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COMMISSION STAFF

Elizabeth O'Hara, Licensing Specialist Jamie Doughty, Electronic Gambling Lab Logan Blazian, Electronic Gambling Lab Rodney Joubert, Electronic Gambling Lab	Chris Dauwalder, Licensing Special Agent Tony Hughes, Regulation Special Agent Supervisor Sonja Dolson, Regulation Special Agent Supervisor Dan Frey, Regulation Special Agent Supervisor
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Background/Structure

General Information:

On December 17, 2022, the Washington State Gambling Commission (the Commission) received an application from Mariners Care for an electronic raffle license.

Mariners Care is the Seattle Mariners' non-profit charitable organization. Mariners Care's mission is to provide equal access to youth sports so all children could play regardless of their financial situation. They also back initiatives fighting homelessness, supporting health and education, and raising funds and offering in-kind support for scores of local organizations.

Mariners Care is planning on hosting electronic raffles at Seattle Mariners home games at T-Mobile Park.

Foundation Structure Information:

Title	Name
President	Catharine Griggs
Raffle Manager/Director	Nova Newcomer
Secretary	Frederick Rivera
Treasurer	Timothy Kornegay

**Part II
Licensing Investigations Summary**

Staff from the Commission’s Licensing Unit ensured the applicant met the definition of “Bona fide charitable or nonprofit organizations” in relation to gambling activity and conducted criminal records investigations in accordance with RCW 9.46 and WAC 230. The investigations found:

- No unreported people or businesses involved (i.e., substantial interest holders).
- No undisclosed involvement in other activities/businesses.
- All substantial interest holders qualify.

**Part III
Pre-Operational Review and Evaluation Summary**

Special Agents from the Commission’s Regulation Unit and the Commission’s Electronic Gambling Lab completed an investigation to determine that the gambling operation complies with the requirements of RCW 9.46 and WAC 230. The review found that:

- The foundational structure supports the proposed accounting and administrative controls.
- Controls are in place to closely monitor the gambling activity and accurately record financial information.
- The physical location (arena) can support the proposed operational plan, activity and gambling equipment including onsite servers and Wi-Fi.
- Mariners Care is in compliance with all rules and laws associated with the activity.

**Part IV
Staff Recommendations**

Based upon the licensing and regulation investigations, staff recommends licensing Mariners Care with an electronic raffle license.

Prepared By
Jennifer LaMont, Agent in Charge
Licensing Unit

Signature

Tyson Wilson For Jennifer LaMont

Date
4/3/2023



Washington State Gambling Commission
Pre-Licensing Report
Sports Wagering

Part I
Licensing/Organization Information

Type of Approval Major Sports Wagering Vendor License	Premises/Trade Name/Address Unibet Washington LLC 853 Broadway Suite #1406 New York, NY 10003
Date of Application 9/9/2022	

APPLICANT INFORMATION

Name Unibet	License Application # 10-00133	Business Phone # (929) 300-5095
Address 853 Broadway Suite #1406 New York, NY 10003		

ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class Major Sports Wagering Vendor License	Exp. Date 12/31/2023	License Number 81-00012
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COMMISSION STAFF

Licensing Specialist Elizabeth O'Hara	Special Agents Julie Sullivan Nathan Kresse
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Background/Structure

General Information:

Unibet Washington LLC, doing business as Unibet, is a wholly owned subsidiary of Unibet Interactive Inc., which is a U.S.-centered subsidiary of Kindred Group plc. Unibet applied for a Major Sports Wagering Vendor License for a consulting and services agreement with a Tribe for the operation of the Tribes' retail sportsbook in accordance with Washington Administrative Code (WAC) 230-03-229.

Organizational/Ownership Structure:**Unibet Washington, LLC:**

Title	Name	% Ownership
Director	Cristian “Manuel” Stan	0%
Vice President North America, Director	Christopher White	0%
Shareholder	Unibet Interactive, Inc.	100%
	Total	100%

Unibet Interactive, Inc.

Title	Name	% Ownership
Senior Vice President, Director	Cristian “Manuel” Stan	0%
Vice President Finance, Director	Christopher White	0%
Shareholder	Kindred Group, plc	100%
	Total	100%

Kindred Group, plc:*

Title	Name	% Ownership
CEO	Erik Gustav “Henrik” Tjärnström	0%
CFO	Per Johan Wilsby	0%
Chairman of the Board	Evert Carlsson	0%
Institutional Investor	Corvex Management LP	15.0%
Institutional Investor	The Capital Group Companies	13.3%
Shareholder	Kindred Group plc	5.4%
Shareholders	Various Public with less than 5%	66.3%
	Total	100%

* Ownership is as of January 31, 2023. Kindred is publicly traded on the Stockholm NASDAQ Nordic under KIND SDB.

Affiliated Companies:

Unibet is part of a larger corporate umbrella under Kindred Group plc, including Unibet Interactive Inc. which in turn has multiple jurisdiction-centric companies under it, including Unibet Washington LLC, Unibet Indiana LLC, Unibet Arizona LLC, and others.

Other Jurisdictions Licensed:

Unibet is licensed through its parent companies in multiple other jurisdictions in the U.S., including Indiana, Iowa, Illinois, and Arizona, with a pending application in Ohio. Additionally, the company is licensed internationally through its sister companies in Germany, Italy, and Denmark, among others.

Special Agents from the Commission’s Licensing Unit conducted a criminal history and financial investigation focusing on funding sources and beneficiaries for suitability in accordance with RCW 9.46 and WAC 230. Staff went on-site to New York, NY, to conduct their investigation, which included verifying the ownership structure, reviewing financial and business records. The investigation found:

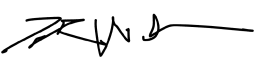
- No unreported people or businesses involved (i.e. substantial interest holders).
- No undisclosed ownership or undisclosed involvement in other activities/businesses.
- No disqualifying administrative history.
- All funding sources were disclosed; and
- All substantial interest holders qualify to hold a license.

Source of Funds:

The company’s source of funds for bringing their business to Washington State came from cash on hand from operations, including investments from their parent organizations, Unibet Interactive Inc., and Kindred Group plc.

**Part III
Staff Recommendations**

Based upon the criminal history and financial background investigations, staff recommends approving Unibet for a Major Sports Wagering Vendor License.

Prepared By Jennifer LaMont, Agent in Charge Licensing Unit	Signature  Tyson Wilson for Jennifer LaMont	Date April 3, 2023
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STATE OF WASHINGTON
GAMBLING COMMISSION

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

DATE: March 28, 2023

TO: **COMMISSIONERS**
Alicia Levy, Chair
Julia Patterson, Vice-Chair
Bud Sizemore
Sarah Lawson

EX OFFICIO MEMBERS
Senator Steve Conway
Senator Jeff Holy
Representative Shelley Kloba
Representative Skyler Rude

FROM: Jennifer LaMont, Agent in Charge, Licensing Unit

SUBJECT: Non-Profit Individual Working for Multiple Organizations Approval List

<u>Individual</u>	<u>Organizations</u>	<u>License No.</u>
Carol Wright	FOE WA State AUX/Elma FOE AUX 01550 Chehalis	00-23800 00-02197



HOUSE-BANKED PUBLIC CARD ROOM REPORT

Licensed and Operating			38		
	City	Commission Approval Date	License Expiration Date	Org #	License #
ALL STAR CASINO	SILVERDALE	Jan 14, 1999	Jun 30, 2023	00-18357	67-00058
BLACK PEARL RESTAURANT & CARD ROOM	SPOKANE VALLEY	Jan 10, 2013	Sep 30, 2023	00-22440	67-00321
BUZZ INN STEAKHOUSE/EAST WENATCHEE	EAST WENATCHEE	Oct 10, 2002	Dec 31, 2023	00-11170	67-00183
CARIBBEAN CARDROOM	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24515	67-00343
CASINO CARIBBEAN	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24512	67-00341
CASINO CARIBBEAN	YAKIMA	Nov 14, 2019	Sep 30, 2023	00-24513	67-00342
CHIPS CASINO/LAKEWOOD	LAKEWOOD	Apr 8, 1999	Dec 31, 2023	00-17414	67-00020
CLEARWATER SALOON & CASINO	EAST WENATCHEE	Feb 14, 2019	Dec 31, 2023	00-24296	67-00339
COYOTE BOB'S CASINO	KENNEWICK	Jul 10, 2009	Mar 31, 2024	00-21848	67-00282
CRAZY MOOSE CASINO II/MOUNTLAKE TERRACE	MOUNTLAKE TERRACE	Jul 10, 2009	Mar 31, 2024	00-21849	67-00283
CRAZY MOOSE CASINO/PASCO	PASCO	Jul 10, 2009	Mar 31, 2024	00-21847	67-00281
FORTUNE CASINO - LACEY	LACEY	Jul 14, 2022	Mar 31, 2024	00-24868	67-00347
FORTUNE CASINO - RENTON	RENTON	Jan 8, 2015	Sep 30, 2023	00-23339	67-00327
FORTUNE CASINO - TUKWILA	TUKWILA	Oct 8, 2015	Jun 30, 2023	00-23465	67-00329
GOLDIES SHORELINE CASINO	SHORELINE	May 13, 1999	Dec 31, 2023	00-17610	67-00016
GREAT AMERICAN CASINO/EVERETT	EVERETT	Nov 12, 1998	Dec 31, 2023	00-19513	67-00194
GREAT AMERICAN CASINO/LAKEWOOD	LAKEWOOD	Aug 14, 2003	Jun 30, 2023	00-19258	67-00184
GREAT AMERICAN CASINO/TUKWILA	TUKWILA	Jan 15, 1998	Sep 30, 2023	00-12554	67-00012
IMPERIAL PALACE CASINO	AUBURN	Jan 9, 2003	Dec 31, 2023	00-19477	67-00192
JOKER'S CASINO SPORTS BAR & FIESTA CD RM	RICHLAND	Nov 12, 1998	Dec 31, 2023	00-15224	67-00006
LANCER LANES/REST AND CASINO	CLARKSTON	Nov 13, 2008	Sep 30, 2023	00-21681	67-00276
LILAC LANES & CASINO	SPOKANE	Jul 12, 2007	Jun 30, 2023	00-21305	67-00267

Licensed and Operating			38		
	City	Commission Approval Date	License Expiration Date	Org #	License #
MACAU CASINO	TUKWILA	Nov 14, 2019	Sep 30, 2023	00-24514	67-00344
MACAU CASINO	LAKEWOOD	Nov 14, 2019	Sep 30, 2023	00-24516	67-00345
NEW PHOENIX	LA CENTER	Oct 6, 2022	Jun 30, 2023	00-24981	67-00349
NOB HILL CASINO	YAKIMA	Sep 12, 2001	Dec 31, 2023	00-13069	67-00173
PAPAS CASINO RESTAURANT & LOUNGE	MOSES LAKE	Aug 13, 1998	Jun 30, 2023	00-02788	67-00004
RC'S AT VALLEY LANES	SUNNYSIDE	Nov 16, 2017	Mar 31, 2024	00-16220	67-00336
RIVERSIDE CASINO	TUKWILA	Aug 14, 2003	Jun 30, 2023	00-19369	67-00187
ROMAN CASINO	SEATTLE	Feb 10, 2000	Mar 31, 2024	00-17613	67-00057
ROXBURY LANES AND CASINO	SEATTLE	Nov 18, 2004	Jun 30, 2023	00-20113	67-00231
SILVER DOLLAR CASINO/MILL CREEK	BOTHELL	Sep 9, 2010	Jun 30, 2023	00-22131	67-00302
SILVER DOLLAR CASINO/RENTON	RENTON	Sep 9, 2010	Jun 30, 2023	00-22134	67-00305
SILVER DOLLAR CASINO/SEATAC	SEATAC	Sep 9, 2010	Jun 30, 2023	00-22128	67-00299
SLO PITCH PUB & EATERY	BELLINGHAM	Aug 12, 1999	Jun 30, 2023	00-16759	67-00038
THE PALACE	LA CENTER	Apr 9, 1998	Jun 30, 2023	00-16903	67-00010
WILD GOOSE CASINO	ELLENSBURG	Apr 8, 2004	Dec 31, 2023	00-20009	67-00212
ZEPPOZ	PULLMAN	Nov 13, 2008	Mar 31, 2024	00-18777	67-00209

Licensed but Not Currently Operating			4		
	City	Commission Approval Date	License Expiration Date	Org #	License #
EMERALD DOWNS	AUBURN	May 11, 2017	Mar 31, 2024	00-23814	67-00335
LUCKY DRAGONZ CASINO	SEATTLE	Mar 10, 2022	Jun 30, 2023	00-23001	67-00323
ROYAL CASINO	EVERETT	Sep 9, 2010	Jun 30, 2023	00-22130	67-00301
WIZARDS CASINO	BURIEN	Feb 11, 2010	Dec 31, 2023	00-21998	67-00287

Applications Pending**2**

	City	Commission Approval Date	License Expiration Date	Org #	License #
IMPERIAL PALACE CASINO	TUKWILA			00-24893	67-00348
RED DRAGON CASINO	MOUNTLAKE TERRACE			00-22459	67-00315

WASHINGTON STATE GAMBLING COMMISSION
Proposed 2023 Commission Meetings Schedule

January 5th & 6th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

February 9th & 10th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

March 9th & 10th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

April 13th & 14th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

May 11th & 12th
Thursday & Friday

Hampton Inn & Suites
4301 Martin Way E.
Olympia, WA (Hybrid)

June

NO MEETING

July 20th and 21st (New Date)
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

August 10th & 11th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

September 14th & 15th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

October 19th & 20th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

November 16th & 17th
Thursday & Friday

Liquor Cannabis Board
1025 Union Avenue SE
Olympia, WA (Hybrid)

December

NO MEETING



STATE OF WASHINGTON
GAMBLING COMMISSION

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

DATE: April 5, 2023

TO: **COMMISSIONERS** **EX OFFICIOS**
 Alicia Levy, Chair Senator Steve Conway
 Julia Patterson, Vice Chair Senator Jeff Holy
 Bud Sizemore, Commissioner Representative Shelley Kloba
 Sarah Lawson, Commissioner Representative Skyer Rude

FROM: Tina Griffin, Director

SUBJECT: Director's Report - April

Self-Exclusion Program Update

Special Agent Supervisor Tony Hughes has provided an update on the self-exclusion program, see the attached memo. Over the next few months, SAS Hughes will meet with each house-banked card room licensee to reinforce the importance of the program and make sure they know how to access the eleven translated enrollment forms.

At the July meeting, SAS Hughes will provide you with details and metrics on the program's first year.

2022 Employee Survey Results

Each year the Washington State Employee Engagement Survey solicits feedback from executive branch agency state employees on job satisfaction and overall employee engagement. This year two higher education institutions also participated.

Four questions about pro-equity and anti-racism (PEAR) culture were included this year's survey. The PEAR questions were designed to gauge how well agencies were equipping employees to identify power differences related to bias, prejudice, racism, and empowering employees to take PEAR actions in the workplace.

A chart showing the percentage of positive responses (a score of 4 or 5 on a 5-point rating scale) to the survey questions for the state and the WSGC is attached.

Overall state employee survey participation was 66% while WSGC participation was 72%. The WSGC results were the same or higher (percent positive) for all questions with the exception of, "I find meaning in my work." For this question, the WSGC response was 77% compared to the overall state's response of 79%.

In April, agency leaders will review the results to identify any areas where we can improve (employee engagement and productivity, management practices, or workplace culture). We will develop action plans to address the improvement opportunities identified. This survey also gives us information on our successes and areas we should acknowledge and celebrate.



STATE OF WASHINGTON
GAMBLING COMMISSION

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

Mobile Sports Wagering

At the end of March, the Tulalip Tribe began offering mobile sports wagering. They are the third gaming facility to offer mobile wagering in the state.

Attachment

Self-Exclusion Program Update Memorandum

2022 State of Washington Employee Engagement Survey Results



STATE OF WASHINGTON
GAMBLING COMMISSION

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

April 13, 2023

TO: Tina Griffin, Director

FROM: Tony Hughes, Special Agent Supervisor, Jim Nicks, Agent in Charge

SUBJECT: Self-Exclusion Program Update

On May 1, 2022, the Washington State Gambling Commission implemented a centralized, statewide self-exclusion program, allowing a person with a gambling problem or gambling disorder to voluntarily exclude themselves from licensed house-banked card rooms (HBCR's) and participating tribal gaming facilities.

During the months leading up to the implementation date (March-April 2022), Agents from the Regulation Unit provided education and training on the internal control requirements for self-exclusion at all the HBCR's.

During the months of May-June 2022, Agents from the Regulation Unit conducted spot inspections at all the HBCR's in the state to verify the cardrooms were prepared and ready to operate this new program.

As of March 21, 2023, 422 persons have entered into a self-exclusion agreement. Of these participants, agents have investigated 73 incidents involving individuals violating the terms of the exclusion agreement.

During the months of February-March 2023, Agents are in the process of completing compliance inspections at the HBCR's, which involves verifying compliance with WAC rules and internal controls. If exceptions are noted then Agents work with the HBCR's to gain compliance. These compliance inspections will be completed on an annual basis moving forward.

To further stress the importance of the program and to ensure consistency throughout the state, Special Agent Supervisor Tony Hughes will personally visit each HBCR in the state. He along with the assigned agent, will meet with HBCR staff providing copies of all versions (multiple languages) of the enrollment form, and copies of the resource cards, and provide education as needed. We anticipate these visits to occur between April-July 2023.

2022 State of Washington Employee Engagement Survey Results*

	Statewide	Gambling Commission
Percent Response Rate	66	72
Total Responses	45,713	61
1) I have the opportunity to give input on decisions affecting my work.	64	84
2) I receive helpful communication from my agency.	62	72
3) I find meaning in my work.	79	77
4) I know what is expected of me at work.	86	93
5) I have opportunities at work to learn and grow.	67	75
6) I have the tools and resources I need to do my job effectively.	73	90
7) My supervisor treats me with dignity and respect.	90	97
8) My supervisor gives me helpful feedback.	77	87
9) I receive recognition for a job well done.	62	80
10) A spirit of cooperation and teamwork exists in my work group.	77	87
11) I know how my agency measures its success.	55	59
12) My agency supports a diverse workforce.	77	77
13) My agency helps me navigate change.	56	70
14) I am encouraged to come up with better ways of doing things.	59	67
15) At my job, I have the opportunity to make good use of my skills.	75	84
16) At my workplace, I feel valued for who I am as a person.	68	77
17) How satisfied are you with your flexibility?	77	90
18) How satisfied are you with your mobility?	77	88
20) In general, I'm satisfied with my job.	74	84
21) I would recommend my agency as a great place to work.	65	78
22) My agency equips me to identify power differences related to racism in my workplace.	66	68
23) My agency equips me to identify power differences related to prejudice in my workplace.	63	66
24) My agency equips me to identify power differences related to bias in my workplace.	62	62
25) My agency encourages belonging in the workplace.	65	72
26) My agency empowers me to take pro-equity antiracism (PEAR) actions in the workplace.	66	68
27) I know the process to request American with Disabilities Act (ADA) reasonable accommodations from my employer.	64	78
28) As an employee living with a disability/disabilities, I would recommend my agency as a place to work to other people living with disabilities.	58	59
29) My agency clearly communicates safety protocols including the use of person protective equipment (PPD) in the workplace.	75	82

*Percent of positive responses



Rule Petition to Amend

- WAC 230-03-200 – Defining “gambling equipment.”
- WAC 230-06-035 – Credit, loans, or gifts prohibited.
- WAC 230-15-150 – Selling and redeeming chips.
- WAC 230-15-280 – Surveillance requirements for house-banked card games
- WAC 230-15-500 – Accounting for table inventory.
- WAC 230-15-505 – Selling gambling chips to players.
- WAC 230-15-585 – Using drop boxes.
- WAC 230-15-615 – Conducting the count.
- WAC 230-15-620 – Concluding the count.

Rule Petition for New Rules

- WAC 230-06-006 – Defining “debit card.”
- WAC 230-15-151 – Accepting checks in exchange for chips at non-house-banked card games.
- WAC 230-15-506 – Using debit cards to purchase chips on house-banked card games.
- WAC 230-15-507 – Debit card reading devices used on house-banked card games.

April 2023 – Discussion Only

March 2023 – Discussion and Possible Filing

May 2022 – Commission Review

April 2022 – Rule-Making Petition Received

Tab 4: APRIL 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Jan Espejo, Light and Wonder, Las Vegas, Nevada

Background

BOLD = Changes made after the March 2023 Commission Meeting.

Jan Espejo, Light and Wonder, of Las Vegas, Nevada, is proposing to amend WAC 230-15-150, Selling and redeeming chips, to allow chips to be sold using debit cards.

The petitioner feels this change is needed because Light and Wonder has a new product called AToM, which is a tabletop ATM (automated teller machine) that allows players to pay for chips using a debit card without leaving the table.

The petitioner feels the effect of this rule change would be the ability to purchase chips at the gaming table using a debit card.

Currently, only cash is allowed to purchase chips at gaming tables. WAC 230-06-035(3) allows for debit card transactions (i.e., electronic point-of-sale bank transfer), however, at cardrooms, all other transactions are taking place at the cashier’s cage or at an ATM. There are no requirements regarding where an ATM is located within each cardroom. Players may obtain cash or cash advances from their debit or credit cards at an ATM.

Allowing debit card transactions at tables may allow for more control over cash withdrawals. In Nevada, operators can set daily limits on the amount of cash patrons are allowed to withdraw from their accounts. Those limits are set for each patron and require a 24-hour waiting period prior to any change to their limits. Currently, any limits on ATM withdrawals would be imposed by the patron’s bank. In addition, a responsible gaming message is displayed either near the system or on a printed item given to the patron.

Other potential controls with the use of debit transactions may be less cash being transferred between patrons and operators and less chance of operators accepting counterfeit bills.

Staff noted that other rules in addition to WAC 230-15-150 may need to be amended to allow for debit transactions.

Before you today is draft language which:

- Classifies debit card reading devices as gambling equipment; and
- Defines debit card; and
- Describes procedures regarding how debit cards can be used to purchase chips on house-banked-card games; and
- Describes technical controls related to debit card reading devices on house-banked card games; and
- Updates language on authorized payment methods for gambling to include debit cards; and
- Updates language on how chips may be sold to players at house-banked gaming tables; and
- Clarifies payment methods utilizing checks for nonhouse-banked card gaming tables; and
- Requires surveillance coverage for debit card reading devices at gaming tables; and
- Updates language on how table inventory is accounted for; and
- Clarifies what items are placed in drop boxes to include debit card transactions receipts; and
- Updates language related to soft count procedures, which includes debit card transactions receipts.

At the March 2023, Commissioners directed staff to file amended and new rules for further discussion.

Attachments:

- Petition
- Draft “amended” rules to include: WAC 230-03-200, 230-06-035, 230-15-150, 230-15-280, 230-15-500, 230-15-505, 230-15-585, 230-15-615, and 230-15-620.
- Draft “new” rules to include: WAC 230-06-006, 230-15-151, 230-15-506, and 230-15-507.
- **Petitioner-provided photos of device**

Stakeholder Feedback

On September 28, 2022, staff held a stakeholder meeting to discuss the debit card petition. There were 14 participants from the gaming industry. The consensus was support for the petition to authorize debit cards as a payment method to receive gaming chips on house-banked card gaming tables. No participant in the meeting was against the petition.

On September 28, 2022, staff held a meeting with tribal partners to discuss three outstanding petitions, including the debit card petition.

On September 29, 2022, staff received an email from Paul Milbourn, no affiliated organization noted. Milbourn was against the petition to authorize debit cards to purchase gaming chips. Per Milbourn, *“This change would further abstract a gambler’s conception of money they own vs. money they can afford to lose. With the existing system one is allowed a brief moment of reflection during the process, reducing that threshold of effort to tap on a screen would be a small convenience with a massive cost – particularly for problem gamblers lost in the moment and especially for their families at home.”*

Attachment:

- Milbourn Email

Policy Considerations

Pursuant to RCW 9.46.070 (11), the Commission has the power and authority to “*establish the type and scope of and manner of conducting gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or thing of value which may be wagered or contributed or won by a player...*”

Staff has the following policy considerations:

- Will need to put controls in place to account for debit card transactions in gaming records (calculating win/loss for table (i.e., gross gambling receipts)).
- Changing current practice of cash-only at tables and allowing debit card transactions.
- Address responsible gaming with daily transfer limits, messaging, and other industry best practices.

Problem Gambling Implications

Staff reached out to the Evergreen Council on Problem Gambling for feedback and further resources to determine the impacts of problem gambling should the purchase of playing chips at gaming tables through the use of a debit card be allowed. ECPG were not aware of any research on the specific device, however referenced studies on the correlation between speed of play and problem gambling. ECPG noted that, having access to an ATM at the table allows players to continue to play without a break to have to go to the cage – and thereby increases the speed of play.

Staff Recommendation

Staff recommends further discussion. The earliest Commissioners can take final action would be at the May 2023 Commission meeting.

Laydon, Ashlie (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Wednesday, April 6, 2022 2:50 PM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Wednesday, April 6, 2022 - 2:50pm Submitted by anonymous user: 208.78.228.100 Submitted values are:

Petitioner's Name: Jan Espejo

Mailing Address: 6601 Bermuda Road

City: Las Vegas

State: NV

Zip Code: 89119

Phone:

Email: jespejo@lnw.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: 230-15-150

I am requesting the following change: In addition to cash and checks, Light and Wonder would like to request that chips may be sold using debit cards.

This change is needed because: Light and Wonder has an upcoming product called AToM, which is a tabletop ATM. This product will allow players to pay for chips with a debit card without having to leave the table.

The effect of this rule change will be: Debit cards will be allowed to purchase chips.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3287&data=04%7C01%7Crules.coordinator%40wsgc.wa.gov%7C17885753901e46b7665c08da1817776c%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637848786312945252%7CUnknown%7CTWFpbGZsb3d8eyJWljiM C4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCI6Mn0%3D%7C3000&odata=qqiUZRloGnxyVCC3FT0QzL5V pm5gOJlbnJIPTBEfall%3D&reserved=0>

WAC 230-03-200 Defining "gambling equipment." "Gambling equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible. "Gambling equipment" includes, but is not limited to:

(1) Amusement games;
(2) Punch boards and pull-tabs;
(3) Devices for dispensing pull-tabs;
(4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities including, but not limited to:

(a) Components of a tribal lottery system;
(b) Electronic devices for reading and displaying outcomes of gambling activities; and

(c) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:

- (i) Bet totalizers; or
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;
- (5) Bingo equipment;
(6) Electronic raffle systems;

(7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:

- (a) Gambling chips;
- (b) Cards;
- (c) Dice;
- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; and
- (i) Tables manufactured exclusively for gambling purposes;

(8) Debit card reading devices used at gambling tables to sell chips to players.

WAC 230-06-035 Credit, loans, or gifts prohibited. (1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.

(2) Gifts are items licensees give to their customers. Licensees must not connect these gifts to gambling activities we regulate unless the gifts are:

- (a) Gambling promotions; or
- (b) Transportation services to and from gambling activities; or
- (c) Free or discounted food, drink, or merchandise which:
 - (i) Costs less than (~~five hundred dollars~~) \$500 per individual item; and
 - (ii) Must not be traded back to you for cash; and
 - (iii) Must not give a chance to participate further in an authorized gambling activity.

(3) You must collect the price required to participate in the gambling activity in full before allowing someone to participate. (~~Licensees must collect~~) Authorized payment methods include cash, check, gift certificate, gift card, or (~~electronic point-of-sale bank transfer~~) debit card.

(4) If the price paid for the opportunity to play a punch board or pull-tab series is (~~ten dollars~~) \$10 or less, licensees may collect the price immediately after the play is completed.

(5) If a charitable or nonprofit organization has a regular billing system for all of the activities of its members, it may use its billing system in connection with the playing of any licensed activities as long as the organization limits play to full and active members of its organization.

(6) Charitable or nonprofit organizations may allow credit cards, issued by a state regulated or federally regulated financial institution, for payment to participate in raffles.

AMENDATORY SECTION (Amending WSR 07-10-034, filed 4/24/07, effective 1/1/08)

WAC 230-15-150 Selling and redeeming chips. (~~((1))~~) Card game licensees must:

~~((a))~~ (1) Sell chips and redeem chips at the same value; and
~~((b))~~ (2) Sell chips for cash at gambling tables. Provided that house-banked card game licensees may allow players to use debit cards to purchase chips at house-banked card game tables in accordance with WAC 230-15-506 and 230-15-507; and

~~((e))~~ (3) Keep all funds from selling chips separate and apart from all other money received; and

~~((d))~~ (4) Not extend credit to a person purchasing chips, including to card room employees playing cards (~~;~~ and

~~(2) Licensees may accept checks, if the checks meet the requirements of WAC 230-06-005. They must:~~

~~(a) Deposit any check retained after the close of business no later than the second banking day after the close of business. Checks deposited to an armored car service no later than the second banking day after the close of business meet this requirement; and~~

~~(b) Count each transaction for the purchase of chips as a separate transaction. (Example: They must not allow a player's check to be altered after it is exchanged for chips.)~~).

AMENDATORY SECTION (Amending WSR 07-09-033, filed 4/10/07, effective 1/1/08)

WAC 230-15-280 Surveillance requirements for house-banked card games. House-banked card game licensees must use a closed circuit television system (CCTV) to closely monitor and record all gambling activities and areas, including, at least:

(1) Each table, including:

(a) Cards; and

(b) Wagers; and

(c) Chip tray; and

(d) Drop box openings; and

(e) Table number; and

(f) Card shoe; and

(g) Shuffling devices; and

(h) Players; and

(i) Dealers; and

(j) Debit card reading devices at gambling tables; and

(2) The designated gambling areas; and

(3) The cashier's cage, including:

(a) Outside entrance; and

(b) Fill/credit dispenser; and

(c) Customer transactions; and

(d) Cash and chip drawers; and

(e) Vault/safe; and

(f) Storage cabinets; and

(g) Fill or credit transactions; and

(h) Floor; and

(4) The count room, including:

- (a) The audio; and
- (b) Count table; and
- (c) Floor; and
- (d) Counting devices; and
- (e) Trolley; and
- (f) Drop boxes; and
- (g) Storage shelves/cabinets; and
- (h) Entrance and exit; and
- (5) The movement of cash, gambling chips, and drop boxes; and
- (6) Entrances and exits to the card room.

AMENDATORY SECTION (Amending WSR 07-09-033, filed 4/10/07, effective 1/1/08)

WAC 230-15-500 Accounting for table inventory. (1) House-banked card game licensees must establish procedures to ensure proper accounting for chips and coins stored at gambling tables, known as the "table inventory."

(2) Licensees must not add or remove chips or coins from the table inventory except:

(a) In exchange for cash from players; or

(b) In exchange for debit card transactions from players according to WAC 230-15-506; or

(c) To pay winning wagers and collect losing wagers made at the gambling table; or

~~((e))~~ (d) In exchange for chips received from a player having an equal total face value (known as "coloring up" or "coloring down"); or

~~((d))~~ (e) In compliance with fill and credit procedures.

AMENDATORY SECTION (Amending WSR 14-11-021, filed 5/9/14, effective 7/1/14)

WAC 230-15-505 Selling gambling chips to players. House-banked card game licensees must accurately account for all chips, debit card transaction receipts, and cash when they sell chips to players. Licensees must sell chips only at the gambling table.

AMENDATORY SECTION (Amending WSR 07-09-033, filed 4/10/07, effective 1/1/08)

WAC 230-15-585 Using drop boxes. (1) House-banked card game licensees must use a drop box to collect all cash, chips, coins, debit card transaction receipts, requests for fill, fill slips, requests for credit, credit slips, and table inventory forms.

(2) The dealer or the floor supervisor must deposit these items in the drop box.

WAC 230-15-615 Conducting the count. (1) All house-banked card room licensees must have a three person count team except as set forth in subsections (2) and (3) of this section. The three person count team must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) Count team member(s) must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and ~~((currency))~~ cash and by type of form, record, or document; and

(f) At least two count team members must count, either manually or mechanically, each denomination of coin, chips, ~~((and currency))~~ cash, and debit card transaction receipts separately and independently. Count team members must place individual bills and coins of the same denomination and debit card transaction receipts on the count table in full view of the closed circuit television cameras, and at least one other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, ~~((and currency))~~ cash, and debit card transaction receipts counted (the drop) on the master games report; and

(h) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(i) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(2) The two person count team for licensees with card game gross gambling receipts of less than \$5 million in their previous fiscal year must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable,

loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) A count team member must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and ~~((currency))~~ cash and by type of form, record, or document; and

(f) One count team member must count, either manually or mechanically, each denomination of coin, chips, ~~((and currency))~~ cash, and debit card transaction receipts separately and independently. The count team member must place individual bills and coins of the same denomination and debit card transaction receipts on the count table in full view of the closed circuit television cameras, and the other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, ~~((and currency))~~ cash, and debit card transaction receipts counted (the drop) on the master games report; and

(h) As the count is occurring, a surveillance employee must record in the surveillance log the total chip ~~((and currency count of))~~ cash, and debit card transaction receipts counted for each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(i) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(j) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(3) The two person count team for licensees with card game gross gambling receipts between \$5 million and \$15 million in their previous fiscal year and use a currency counter must conduct the count as follows:

(a) The currency counter to be used must meet the following requirements:

(i) Automatically provides two separate counts of the funds at different stages in the count process. If the separate counts are not in agreement during the count process and the discrepancy cannot be resolved immediately, the count must be suspended until a third count team member is present to manually complete the count as set forth in subsection (1) of this section until the currency counter is fixed; and

(ii) Displays the total bill count and total dollar amount for each drop box on a screen, which must be recorded by surveillance.

(b) Immediately prior to the count, the count team must verify the accuracy of the currency counter with previously counted currency for each denomination actually counted by the currency counter to ensure the counter is functioning properly. The test results must be recorded on the table games count documentation and signed by the two count team members performing the test; and

(c) The currency counter's display showing the total bill count and total dollar amount of each drop box must be recorded by surveillance during the count; and

(d) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(e) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and be recorded by the audio recording equipment; and

(f) A count team member must empty the contents onto the count table; and

(g) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to the other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(h) Count team member(s) must combine all ((~~currency~~)) cash into one stack and separate the contents of each drop box into separate stacks on the count table by denomination of coin and chips, by type of form, record, or document; and

(i) Count team members must place all of the ((~~currency~~)) cash from a drop box into the currency counter which will perform an aggregate count by denomination of all of the currency collected from the drop box; and

(j) One count team member must count each denomination of coin ((~~and~~)), chips, and debit card transaction receipts separately and independently by placing coins and chips of the same denomination on the count table in full view of the closed circuit television cameras, and the other count team member must observe and confirm the accuracy of the count orally or in writing; and

(k) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, ((~~and currency~~)) cash, and debit card transaction receipts counted (the drop) on the master games report; and

(l) As the count is occurring, a surveillance employee must record in the surveillance log the currency counter accuracy information in (b) of this subsection, currency verification amount, debit card transaction receipt amount, total bill and dollar count of each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(m) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(n) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

AMENDATORY SECTION (Amending WSR 14-11-021, filed 5/9/14, effective 7/1/14)

WAC 230-15-620 Concluding the count. (1) After the count team finishes their count, the cage cashier or accounting department employee must verify the contents of the drop boxes.

(2) In the presence of the count team and before looking at the master game report, the verifier must recount the cash, coin, chips, and debit card transaction receipts either manually or mechanically.

(3) The verifier must sign the master game report verifying that the cash (~~count is~~) and debit card transaction receipt counts are accurate.

(4) Each count team member must sign the report attesting to the accuracy of the information recorded.

(5) After the report is signed, the master game report must be taken directly to the accounting department, along with the debit card transaction receipts, requests for fills, the fill slips, the requests for credit, the credit slips, and the table inventory slips removed from drop boxes. The cage cashiers must not be allowed access to any of these records.

NEW SECTION

WAC 230-06-006 Defining debit card. "Debit card," as used in this title, means a physical payment card linked to and issued by a bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial institution, for the purposes of making payments for purchases or services electronically in place of cash. Debit cards must be linked to checking or savings accounts with funds on deposit and available to be withdrawn.

NEW SECTION

WAC 230-15-151 Accepting checks in exchange for chips at non-house-banked card games. Nonhouse-banked card game licensees may accept checks for the purchase of chips if the checks meet the requirements of WAC 230-06-005. Licensees must:

(1) Deposit any check retained after the close of business no later than the second banking day after the close of business. Checks deposited to an armored car service no later than the second banking day after the close of business meet this requirement; and

(2) Count each transaction for the purchase of chips as a separate transaction. Licensees must not allow a player's check to be altered after it is exchanged for chips.

NEW SECTION

WAC 230-15-506 Using debit cards to purchase chips on house-banked card games. House-banked card game licensees may allow a player to use a debit card to purchase chips at house-banked card games under the following conditions:

(1) The licensee must use approved debit card reading devices to process the debit card transactions; and

(2) The debit card transaction must be initiated at an approved gambling table; and

(3) A supervisor must be present at the gambling table during the debit card transaction; and

(4) The dealer or supervisor must examine the player's identification to confirm the player's identity. The dealer or supervisor must verify that the name on the identification matches the name on the debit card; and

(5) Verify the player is not on the state-wide self-exclusion list; and

(6) Not execute a debit card transaction upon notification from the player's financial institution that the available funds in the player's account associated with the debit card are less than the amount requested by the player; and

(7) A single debit card transaction is limited to \$500 or less. Furthermore, aggregated debit card transactions at gambling tables for a single player cannot exceed \$2,500 during a 24-hour period; and

(8) The licensee must prominently post all fees charged by the gaming establishment or system provider associated with the transfer at the gambling table or on the approved debit card reading device; and

(9) The debit card transaction receipt must be deposited into the drop box attached to the gambling table; and

(10) Licensees are required to post at all tables in which the debit transaction may be completed signage with the problem gambling helpline and how to register for the state-wide self-exclusion program at the licensee's establishment. The signage must be in at least the same font as all other signage on the table; and

(11) Conspicuously display on or at the gaming device or game, and on a printed item given to the patron, notice that funds may be approved for transfer from sources other than the account associated

with the patron's debit instrument, as determined by the patron's financial institution; and

(12) Licensees must submit internal controls to us in the format we require.

NEW SECTION

WAC 230-15-507 Debit card reading devices used on house-banked card games. House-banked card game licensees may use approved debit card reading devices on house-banked card games to sell chips to players in accordance with WAC 230-15-506. Licensees must use debit card reading devices that:

- (1) Are approved and documented in internal controls; and
- (2) Execute all transactions in accordance with all applicable state and federal electronic funds transfer requirements including, receipting and fee disclosure requirements; and
- (3) Provide real-time accounting reports for each debit card reading device to include patron transaction history by date and time; and
- (4) Do not interfere with gaming system interfaces and device operations; and
- (5) Do not accept signature debit, credit, and EBT cards; and
- (6) Are not used for the purchase of live gaming vouchers that can be used for other authorized gambling activities at the card room; and
- (7) Do not execute a transaction for funds that exceed the available amount of funds from the linked bank account; and
- (8) Provide a daily monetary transfer limit per patron that does not exceed the limits in WAC 230-15-506. A fee charged by the gaming establishment or system provider associated with a transfer does not contribute to the transfer limit; and
- (9) Employ data encryption that meets or exceeds current industry standards for all data that is transmitted.

Lohse, Jess (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Thursday, September 29, 2022 5:08 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Thursday, September 29, 2022 - 5:08pm Submitted by anonymous user: 98.225.54.72 Submitted values are:

Select a Topic: Petition for Rule Change: Use of debit cards to purchase chips
Name: Paul Milbourn
Organization:
Comments:

This change would further abstract a gambler's conception of money they own vs money they can afford to lose . With the existing system one is allowed a brief moment of reflection during the process, reducing that threshold of effort to taps on a screen would be a small convenience with a massive cost - particularly for problem gamblers lost in the moment and especially for their families at home.

If this change must go through please consider a requirement for win/loss statements to be automatically snail-mailed to the gamblers that choose to use the service, to be sent for every monthly period their debit card is used in this manner. The data already exists , promotional mailings are already being sent and there must be some kind of balance afforded - those families at home deserve your consideration.

The results of this submission may be viewed at:

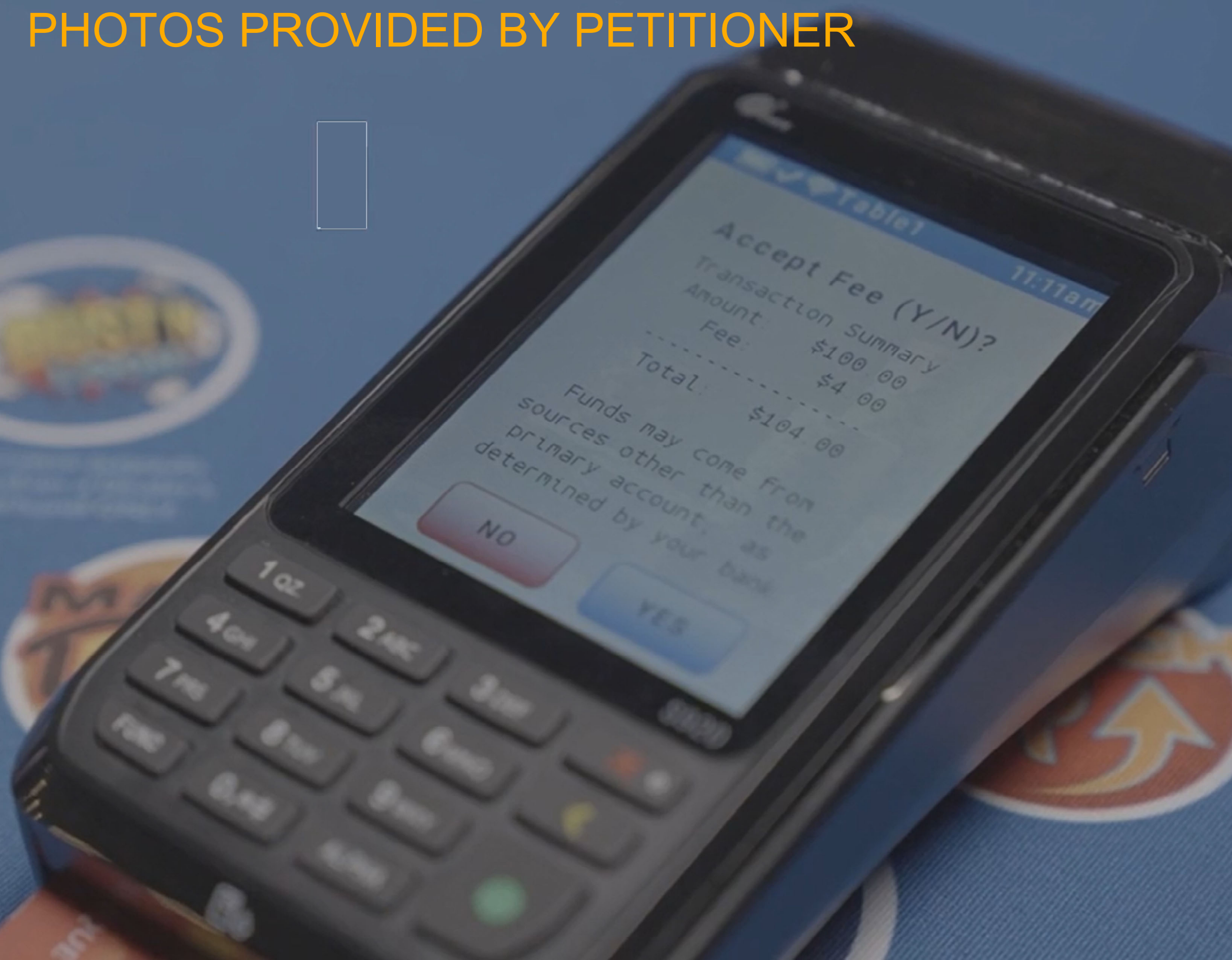
<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3564&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C7c301918a2d84fe8886f08daa277dd37%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638000932951607179%7CUnknown%7CTWFpbGZsb3d8eyJWljoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Iik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=n8w6jQwUc5Q07MLNh2Nh68fziF4XIQsrST1H%2BsWaGQ4%3D&reserved=0>

PHOTOS PROVIDED BY PETITIONER

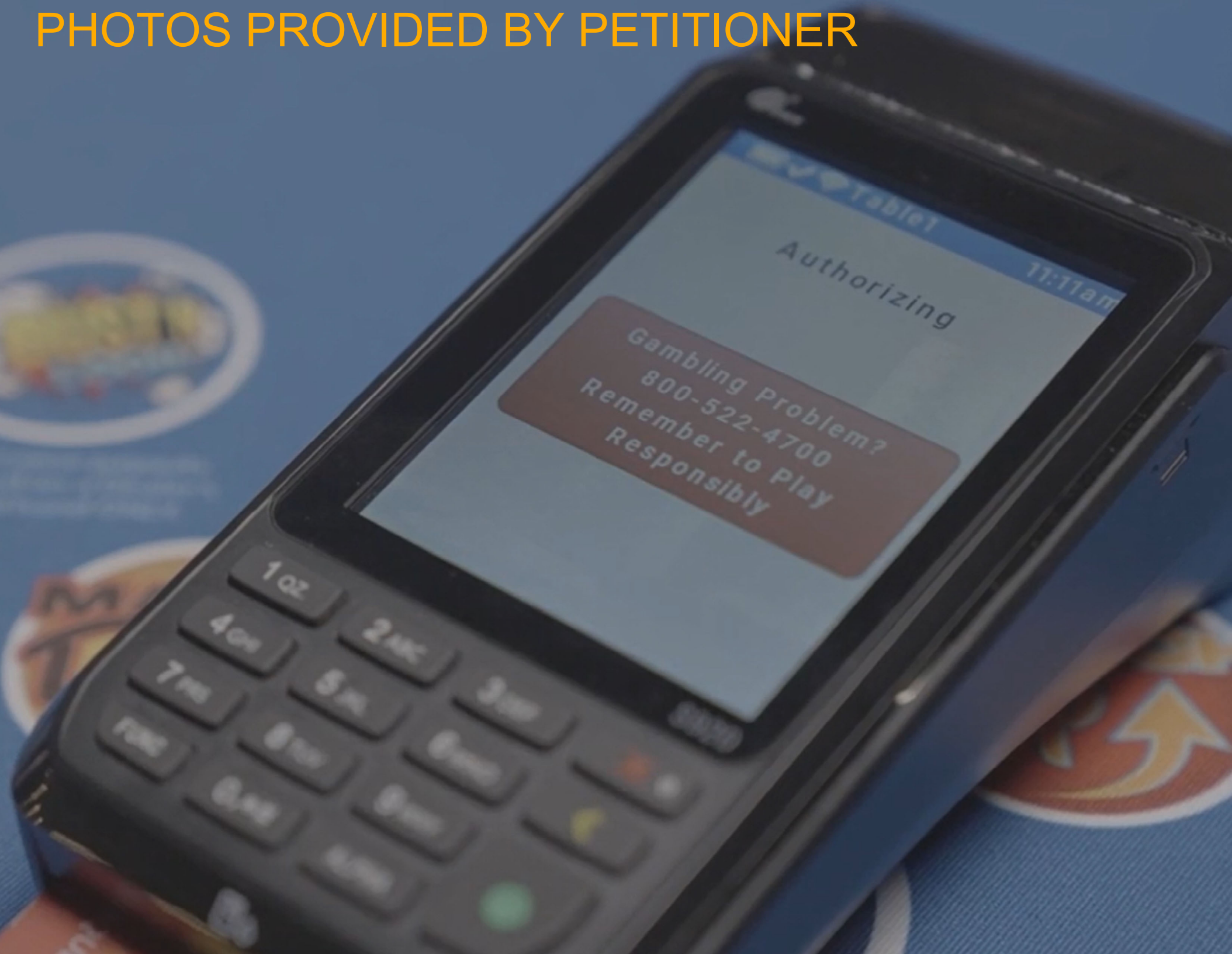
Quick and Easy to Install



PHOTOS PROVIDED BY PETITIONER



PHOTOS PROVIDED BY PETITIONER





Rule Petition to Amend

Chapter WAC 230-15-685 – Restrictions on progressive jackpots.

April 2023 – Discussion Only

March 2023 – Initiate Rule Making

February 2023 – Rule-Making Petition Received

Tab 5: APRIL 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Tiffini Cox, representing Galaxy Gaming, Inc of Las Vegas, NV

Background

BOLD = Changes made after March 2023 Commission Meeting

Tiffini Cox, representing Galaxy Gaming, Inc., is proposing to amend WAC 230-15-685(4)(b) to allow house-banked card room licensees to connect more than one progressive jackpot on different card games. Currently, the rule only allows licensees to connect one progressive jackpot on different card games.

According to WAC 230-15-685(4):

- Progressive jackpots are considered “connected” when jackpot prize displays at gaming tables incrementally increase at the same time after players place jackpot wagers.
- Connected progressive jackpot displays must show the same prize amounts.
- Licensees may only connect progressive jackpots when:
 - Offered on the same card game on multiple tables within the same licensed location; or
 - Offered on different card games on multiple tables within the same licensed location. One progressive jackpot may be operated on a card game at a time, and the card games must have:
 - The same probability of winning the jackpot prize; and
 - The same winning hand.

Currently, licensees can connect multiple progressive jackpots when operated on the same card game. However, licensees can only connect one progressive jackpot when operated on different card games.

The petitioner feels this change is needed for several reasons:

- WAC 230-15-685(4)(a) already allows licensees to connect multiple progressive jackpots when offered on the same game. The proposed amendment in section (4)(b) would agree with what is already authorized in subsection (4)(a).
- WAC 230-15-685(4)(b) already establishes requirements for connected progressive jackpots on different card games. If a licensee connected more than one progressive jackpot to different card games, they would still need to ensure that each jackpot had the same probability of winning the jackpot and the same winning hand.
- Many approved house-banked card games offer multiple progressive jackpots. However, operators are limited to utilizing only one progressive jackpot when they want to connect jackpots across different games. This limits the games operators can offer to their customers.

The petitioner feels the effect of this rule change will enable operators to offer and connect more than one jackpot per table across different card games in the same fashion as is currently allowed across the same card games.

At the March 2023 Commission meeting, Commissioners agreed to initiate rule making on the petition for further discussion.

Progressive jackpots currently authorized include (see attached photos):

- 1) A single gambling table with multiple progressive jackpots;**
- 2) Multiple progressive jackpots connected to the same game across multiple gambling tables;
and,**
- 3) Different gambling tables offering different card games connected to one progressive jackpot.**

Attachments:

- Petition
- WAC 230-15-685
- **Photos of progressive jackpots currently authorized**
- **Galaxy Gaming Powerpoint**

Policy Considerations

The current language in WAC 230-15-685(4)(b) became effective in November 2015 when the commission authorized progressive jackpots on different card games on multiple tables. There was no specific policy discussion on the issue raised in the current petition; and when the WAC provision was amended in 2021, there were no specific policy concerns raised.

From a regulatory standpoint, the commission already has approved recordkeeping processes for progressive jackpots that this petition would not alter in any way.

At the March 2023 meeting, Commissioners inquired about whether there should be a limit on the number of progressive jackpots that can be connected to different card games (if more than one). Staff does not have any specific regulatory concerns about allowing more than one progressive jackpot to be connected to different card games. WAC rules currently do not restrict the number of progressive jackpots that can be offered on a single table. Furthermore, WAC rules do not restrict the number of progressive jackpots that can be connected across multiple tables for the same game.

The Commission must review and approve progressive jackpot systems. Furthermore, the Commission must review and approve all card games offering progressive jackpots. The Commission requires card rooms to keep detailed records related to progressive jackpots, and regulatory agents conduct annual inspections of all progressive jackpot games in play.

Staff Recommendation

Staff recommends further discussion. The earliest commissioners can file language for further discussion would be at the May 2023 commission meeting.

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, February 7, 2023 5:12 PM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, February 7, 2023 - 5:12pm Submitted by anonymous user: 24.120.171.202 Submitted values are:

Petitioner's Name: Tiffini Cox - Galaxy Gaming, Inc.

Mailing Address: 6480 Cameron St., Suite 305

City: Las Vegas

State: NV

Zip Code: 89118

Phone: 702-938-1748

Email: tcox@galaxygaming.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-15-685

I am requesting the following change:

To remove the portions of section 4b that limit linked progressive jackpots on different card games to only one progressive jackpot per table. Specifically, the following language: “Only one progressive jackpot may be operated on a card game at a time and”

Section 4b will now read: “When offered on different card games on multiple tables within the same licensed location when the following requirements are met. The card games must have:”

This change is needed because:

The requirements to link progressive jackpots on different games are currently set in WAC 230-15-685, section 4b (i) and (ii). If the requirements are followed, there should not be a limitation to operating a single jackpot only when linking on different games. Currently, operators that are interested in adding new games to link to their existing multi-jackpot tables, must decide whether to remove a jackpot, create standalone jackpots for the new game, or reconsider adding the new game in general.

In general, if the requirements for section 4b (i) and (ii) are met, there is no difference between a linked jackpot on the same game or on a different game. Likewise, as linking different games is already allowed with one jackpot, adding more jackpots that follow the requirements, does not alter any requirement, probability, etc.

The effect of this rule change will be:

Operators will be able to link more than one jackpot per table, when linking across different games, in the same fashion as is currently allowed across the same games.

Thank you for your time and consideration. Please feel free to reach out to me anytime with questions.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3791&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Cda569e7f0eb348e163b408db097181dc%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638114155336291101%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6Ikl1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=fzoyB8qJf2TsnHkiQx48JdP%2FnLBkZWAUuu3ou8vYd18%3D&reserved=0>

WAC 230-15-685 Restrictions on progressive jackpots. House-banked card room licensees operating progressive jackpots must follow these restrictions and procedures:

(1) Progressive jackpot funds must accrue according to the rules of the game.

(2) At each gambling table, licensees must prominently post the amount of the progressive jackpot that players can win along with any associated pay tables.

(3) Licensees may establish a maximum limit on a progressive jackpot prize. If licensees establish a limit, they must make the amount equal to, or greater than, the amount of the jackpot when they imposed the limit. They must prominently post a notice of the limit at or near the game.

(4) Licensees may connect progressive jackpots. Progressive jackpots are considered "connected" when jackpot prize displays at gaming tables incrementally increase at the same time after players place jackpot wagers. Connected progressive jackpot displays must show the same prize amounts. Licensees may only connect progressive jackpots:

(a) When offered on the same card game on multiple tables within the same licensed location; or

(b) When offered on different card games on multiple tables within the same licensed location when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card games must have:

(i) The same probability of winning the jackpot prize; and

(ii) The same winning hand.

(5) When gambling equipment will allow a progressive jackpot between different manufacturers, the gambling equipment must be submitted for testing for interoperability in accordance with WAC 230-06-050.

[Statutory Authority: RCW 9.46.070. WSR 21-11-057, § 230-15-685, filed 5/14/21, effective 6/14/21. Statutory Authority: RCW 9.46.070 and 9.46.0282. WSR 15-21-005 (Order 715), § 230-15-685, filed 10/8/15, effective 11/8/15; WSR 13-13-060 (Order 688), § 230-15-685, filed 6/18/13, effective 7/19/13. Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-685, filed 4/10/07, effective 1/1/08.]

WAC 230-15-685 Restrictions on progressive jackpots. House-banked card room licensees operating progressive jackpots must follow these restrictions and procedures:

(1) Progressive jackpot funds must accrue according to the rules of the game.

(2) At each gambling table, licensees must prominently post the amount of the progressive jackpot that players can win along with any associated pay tables.

(3) Licensees may establish a maximum limit on a progressive jackpot prize. If licensees establish a limit, they must make the amount equal to, or greater than, the amount of the jackpot when they imposed the limit. They must prominently post a notice of the limit at or near the game.

(4) Licensees may connect progressive jackpots. Progressive jackpots are considered "connected" when jackpot prize displays at gaming tables incrementally increase at the same time after players place jackpot wagers. Connected progressive jackpot displays must show the same prize amounts. Licensees may only connect progressive jackpots:

(a) When offered on the same card game on multiple tables within the same licensed location; or

(b) When offered on different card games on multiple tables within the same licensed location when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card games must have:

(i) The same probability of winning the jackpot prize; and

(ii) The same winning hand.

(5) When gambling equipment will allow a progressive jackpot between different manufacturers, the gambling equipment must be submitted for testing for interoperability in accordance with WAC 230-06-050.

[Statutory Authority: RCW 9.46.070. WSR 21-11-057, § 230-15-685, filed 5/14/21, effective 6/14/21. Statutory Authority: RCW 9.46.070 and 9.46.0282. WSR 15-21-005 (Order 715), § 230-15-685, filed 10/8/15, effective 11/8/15; WSR 13-13-060 (Order 688), § 230-15-685, filed 6/18/13, effective 7/19/13. Statutory Authority: RCW 9.46.070. WSR 07-09-033 (Order 608), § 230-15-685, filed 4/10/07, effective 1/1/08.]

Multiple Progressive Jackpots on Single Table



Progressive Jackpots

BONUS 21	
7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Connecting Multiple Progressive Jackpots to the Same Game

Table 1

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27

\$1 JACKPOT \$27,932.72

MONSTER MATCH

USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Suit)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind (Same Suit)	\$10	\$50
Pair (Suited)	\$2	\$10

BONUS 21

7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Table 2

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27

\$1 JACKPOT \$27,932.72

MONSTER MATCH

USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Suit)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind (Same Suit)	\$10	\$50
Pair (Suited)	\$2	\$10

BONUS 21

7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Table 3

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27

\$1 JACKPOT \$27,932.72

MONSTER MATCH

USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Suit)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind (Same Suit)	\$10	\$50
Pair (Suited)	\$2	\$10

BONUS 21

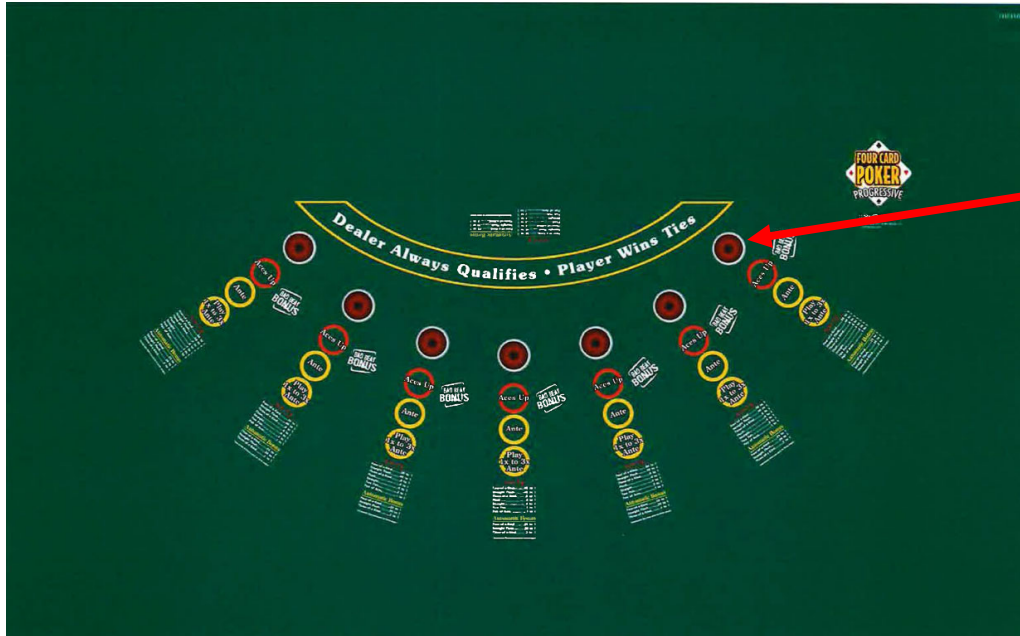
7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Connecting One Progressive Jackpot to Different Card Games

Four Card Poker

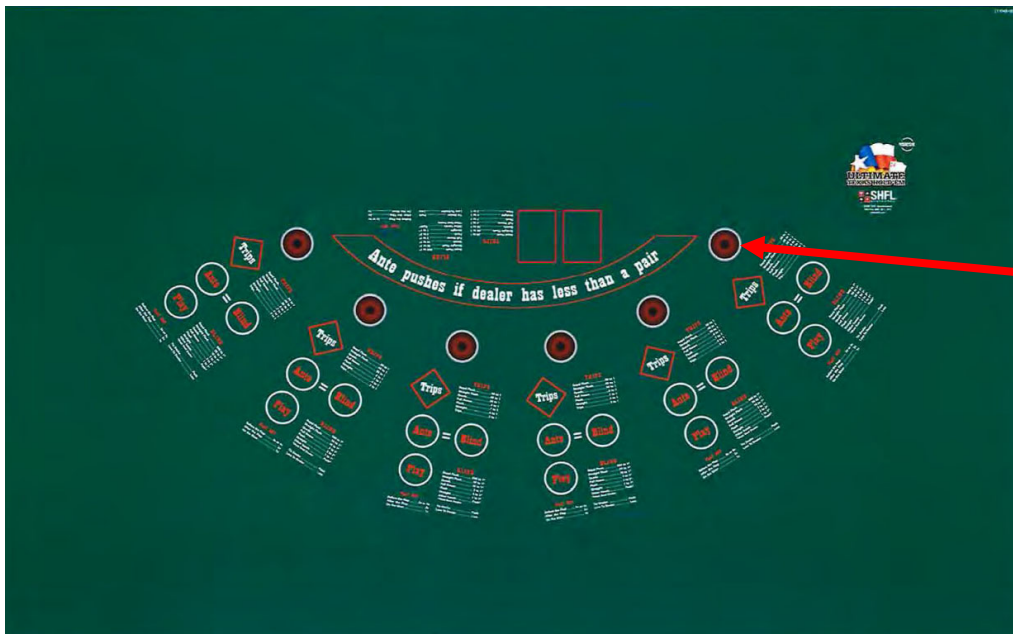


Progressive Jackpot (only one)

Must use same pay table for progressive jackpot.

Paytable 01		
Hand	Pays*	Envy**
Royal Flush	100%	\$1,000
Straight Flush	10%	\$300
Four of a Kind	300 For 1	
Full House	50 For 1	
Flush	40 For 1	
Straight	30 For 1	
Three of a Kind	9 For 1	
*Original wager is NOT returned		
**Envy payouts are multiplied by Wager Amount		

Ultimate Texas Hold 'Em



Progressive Jackpot (only one)

RULE PETITION TO AMEND

WAC 230-15-685 – RESTRICTIONS ON PROGRESSIVE JACKPOTS

Steve Cvetkoski, Tiffini Cox

4/13/23



AGENDA

1. Current rules
2. Examples
3. Proposed change
4. Questions

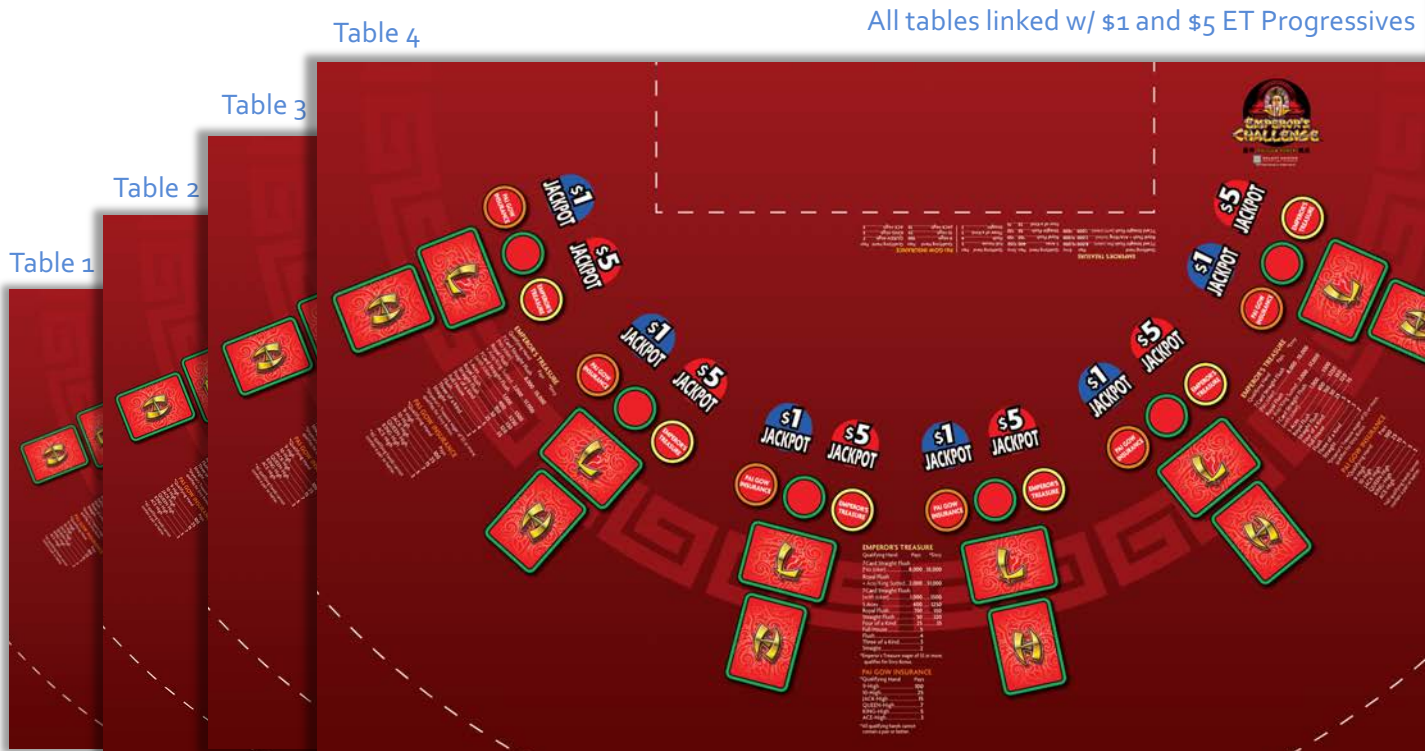
WAC 230-15-685 (4b)

Current Rule

- When offered on different card games on multiple table within the same licensed location when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card game must have:
 - (i) The same probability of winning the jackpot prize; and
 - (ii) The same winning hand.

Emperor's Challenge (EC)

- 2 jackpots linked across multiple tables (Multi-Denom)



All tables linked w/ \$1 and \$5 ET Progressives



皇帝 PAI GOW POKER 挑战

\$5 JACKPOT \$1,234,567.89

\$1 JACKPOT \$13,768.75

WINNING HAND	\$1 JACKPOT	\$5 JACKPOT
7 Card Straight Flush (No Joker)	100%	100%
Royal Flush (with Natural Ace/King suited)	50%	50%
7 Card Straight Flush (with Joker)	25%	25%
5 Aces	\$2,500	\$12,500
Royal Flush	\$200	\$1,000
Straight Flush	\$100	\$500
Four-of-a-Kind	\$75	\$375
Full House	\$6	\$30

Must place a \$1 and/or \$5 Progressive Jackpot Wager to be eligible.
Only the highest payout is paid per hand, per wager. Progressive Jackpot Wager not returned.

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Emperor's Challenge Exposed (ECE)

- 2 jackpots linked across multiple tables (Multi-Denom)



All tables linked w/ \$1 and \$5 ET Progressives

EMPEROR'S CHALLENGE

\$5 JACKPOT \$1,234,567.89

\$1 JACKPOT \$13,768.75

WINNING HAND	\$1 JACKPOT	\$5 JACKPOT
7 Card Straight Flush (No Joker)	100%	100%
Royal Flush (with Natural Ace/King suited)	50%	50%
7 Card Straight Flush (with Joker)	25%	25%
5 Aces	\$2,500	\$12,500
Royal Flush	\$200	\$1,000
Straight Flush	\$100	\$500
Four-of-a-Kind	\$75	\$375
Full House	\$6	\$30

Must place a \$1 and/or \$5 Progressive Jackpot Wager to be eligible.
 Only the highest payout is paid per hand, per wager. Progressive Jackpot Wager not returned.

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Emperor's Challenge (EC)

- 2 jackpots linked across multiple tables (Dual-Game)

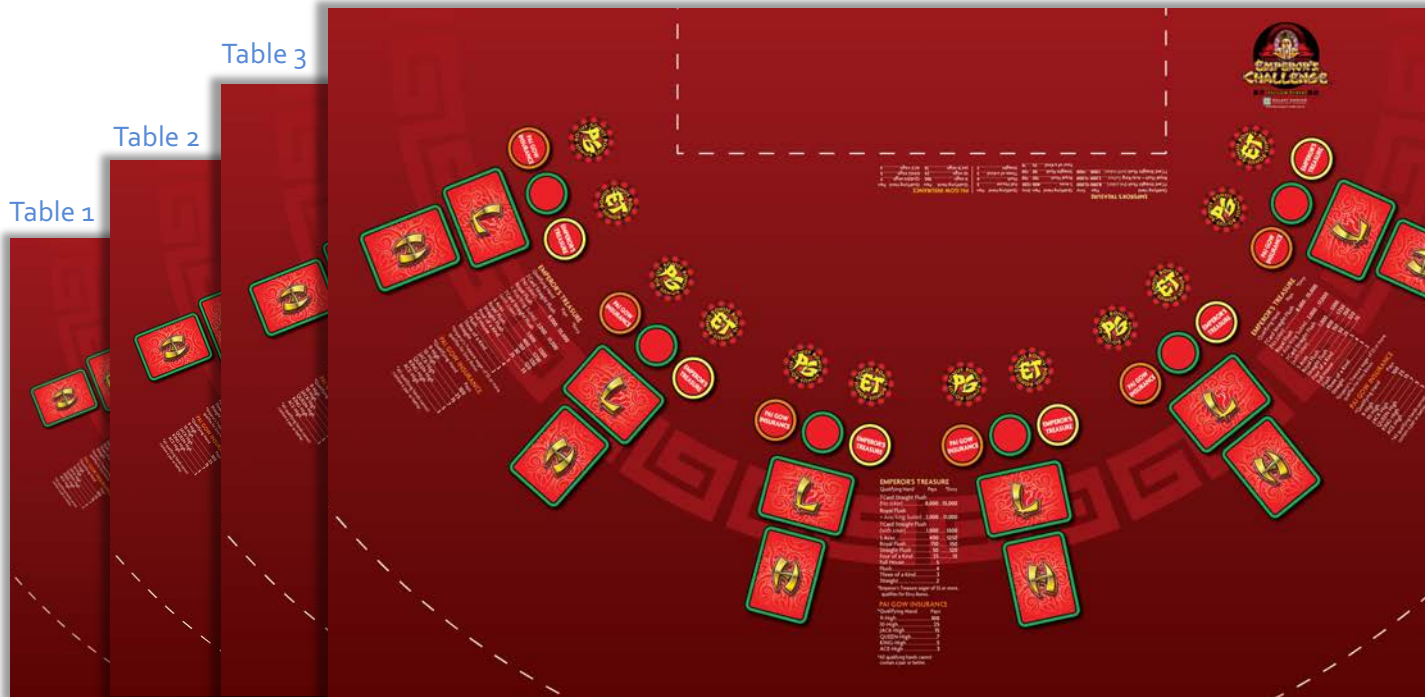
Table 4

All tables linked w/ ET and PG Progressives

Table 3

Table 2

Table 1





皇帝 PAI GOW POKER 挑战



\$1,234,567.89



\$1,234,567.89

WINNING HAND	
7 Card Straight Flush (No Joker)	100%
Royal Flush (w/Natural Ace/King Suited)	50%
7 Card Straight Flush (w/ Joker)	25%
Five Aces	\$2,500
Royal Flush	\$200
Straight Flush	\$100
Four-of-a-Kind	\$75
Full House	\$6
9 High Pai Gow (Same Color)	100%
9 High Pai Gow (Other)	\$500
10 High Pai Gow	\$125
Jack High Pai Gow	\$25
Queen High Pai Gow	\$5

Must place a \$1 Progressive Jackpot Wager to be eligible.
Only highest payout paid per hand. Progressive Jackpot Wager not returned.

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Emperor's Challenge Exposed (ECE)

- 2 jackpots linked across multiple tables (Dual-Game)



All tables linked w/ ET and PG Progressives

EXPOSED

EMPEROR'S CHALLENGE

\$1,234,567.89

\$1,234,567.89

WINNING HAND

7 Card Straight Flush (No Joker)	100%
Royal Flush (w/Natural Ace/King Suited)	50%
7 Card Straight Flush (w/ Joker)	25%
Five Aces	\$2,500
Royal Flush	\$200
Straight Flush	\$100
Four-of-a-Kind	\$75
Full House	\$6
9 High Pai Gow (Same Color)	100%
9 High Pai Gow (Other)	\$500
10 High Pai Gow	\$125
Jack High Pai Gow	\$25
Queen High Pai Gow	\$5

Must place a \$1 Progressive Jackpot Wager to be eligible.
Only highest payout paid per hand. Progressive Jackpot Wager not returned.

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Linking Across EC and ECE

- Both progressive games (ET and PGI) can be used on either game as shown.
- These are approved optional bonus wagers on both games, and meet linked progressive criteria:
 - Use the same hand evaluations
 - Same paytables
 - Same probabilities
 - Same winning hands
- **However**, when linking across EC and ECE, regardless of whether it is Dual-Game or Multi-Denom, operators must choose **ONLY ONE PROGRESSIVE** option on each table.



WAC 230-15-685 (4b)

Proposed Language

- When offered on different card games on multiple table within the same licensed location when the following requirements are met. The card game must have:
 - (i) The same probability of winning the jackpot prize; and
 - (ii) The same winning hand.



QUESTIONS





Staff Proposed Rule-Making

WAC 230-05-160 - Charitable or nonprofit organization fees.

WAC 230-05-165 - Commercial stimulant organization fees.

WAC 230-05-170 - Fees for other businesses.

April 2023 – Discussion Only

March 2023 – Discussion and Possible Filing

January 2023 – Initiate Rule-Making

Tab 6: April 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

BOLD = Changes made after March 2023 Commission Meeting

This rules summary incorporates the rules summary related to adjusting fees for sports wagering vendors. The reason for this incorporation is that both fee adjustment rule packages propose to change WAC 230-05-170, which requires a single and unified code revision process.

At the January 2023 meeting, Commissioners accepted a staff recommendation to initiate rule-making to **adjust** license fees. Based on a thorough analysis of the agency’s anticipated costs related to its licensing, regulatory, and enforcement roles, staff proposes the following increases for all licenses, except electronic raffles:

- 10% increase in the base fee;
- 6% increase in gross gambling receipt rate;
- 60% increase in the maximum fee; and,
- 10% increase in fees for changes and duplicate licenses.

Electronic raffles are a new type of raffle, which were first granted licenses in September 2022. After a re-evaluation of the actual costs associated with the electronic raffle regulatory program, staff proposes to change the fees as set out below with billing for actual expenses related to verifying and investigating electronic raffle operating and system requirements (i.e., pre-operational expenses). Billing for actual costs incurred in verifying equipment compliance reduces the base rate so it is not a barrier to entry but allows us to recoup the actual costs for the inspections based on the licensee’s set-up.

	Current	Proposed
Base Fee	\$5,000	\$5,500
Gross Gambling Receipts Rate	0.043%	3.583%
Maximum Annual License Fee	\$32,000	\$51,200
		The commission will bill for actual expenses related to verifying/investigating electronic raffle operating and system requirements.

Sports wagering was also a new gambling activity in 2021, requiring the establishment of fees for three types of sports wagering vendors. Effective August 30, 2021, the Commission amended WAC 230-05-170 (1) to add license fees for three different types of sports wagering vendors:

- Major Sports Wagering Vendor - \$65,000
- Mid-Level Sports Wagering Vendor - \$10,000
- Ancillary Sports Wagering Vendor - \$5,000

A major sports wagering vendor provides integral sports wagering goods or services. A mid-level sports wagering vendor provides services or equipment related to data, security, and integrity. An ancillary sports wagering vendor provides necessary sports wagering support services.

At the time of adoption, Tribal partners and stakeholders expressed concern regarding the high license fees. Due to the concerns expressed, the Commission agreed to reevaluate the license fees for sports wagering vendors before the second year of renewal at the end of June 2023 since there was not enough data on the actual costs incurred before the first renewal period.

Based on a thorough analysis of the first year of agency costs related to licensing, regulation, and enforcement of the sports wagering vendors, staff proposes to adjust vendor fees downward as follows:

- Major Sports Wagering Vendor - ~~\$65,000~~ \$30,000
- Mid-Level Sports Wagering Vendor - ~~\$10,000~~ \$5,000
- Ancillary Sports Wagering Vendor - ~~\$5,000~~ \$2,000

The proposed changes regarding license fees for charitable or nonprofit organizations, commercial stimulant organizations, **sports wagering vendors**, and other businesses are reflected in the attached amended WACs 230-05-160, 230-05-165, and 230-05-170. **All adjusted fees would be assessed at the time of license renewal.**

RCW 9.46.070(5) requires the Commission to set fees to generate funds necessary to cover all costs of regulation, licensing, and enforcement. **Tribal compacts generally stipulate that Tribes are to reimburse the Gambling Commission for all reasonable costs and expenses actually incurred by the Commission in carrying out its responsibilities authorized under the compacts and their appendices.**

In the last 20 years, the Commission has increased fees approximately every five years (1998, 1999, 2002, 2003, 2007, and 2014). The last fee increase was an across-the-board increase of 6 percent effective November 2014.

At its inception, a license fee structure was created primarily based on a “class” system with 25 fees. By 2017, the fee structure had grown to approximately 194 different fees for commercial organizations, nonprofit organizations, and individuals. In September 2017, staff introduced to the Commissioners several new and amended rules designed to simplify the fee structure and eliminate the “class” system and advance payment of annual fees. Commissioners voted to file the draft rules for further discussion.

In January 2018, Commissioners approved the new and amended rules, creating a new license fee structure. The simplified license fee structure established base fees by license type, set fee rates as a percentage of gross gambling receipts, and established maximum annual fees. This new license fee structure became effective in May 2018.

Although the gambling industry has largely recovered from a significant contraction due to the COVID-19 pandemic, the number of licensees has decreased. While there were 2,920 organizational licensees as of

September 30, 2019, the number has declined to 2,545 as of September 30, 2022. This decline in licensees has caused revenues to flatten. At the same time, operating costs continue to increase in this inflationary period to include increases in salaries and benefits, supplies and equipment, and government services from agencies such as the Attorney General's Office and Department of Enterprise Services.

Attachments:

1. **WAC 230-05-160 - Charitable or nonprofit organization fees, WAC 230-05-165 - Commercial stimulant organization fees, and WAC 230-05-170 - Fees for other businesses as filed for amendment**
2. **Rules Summary for non-sports wagering vendor license fee adjustment from March 2023 meeting**
3. **Rules Summary for sports wagering license fee adjustment from March 2023 meeting**

Stakeholder Feedback

Commission staff held meetings with Tribal partners and stakeholders February 13, 2023 and February 27, 2023. There were a number of questions related to fees and their correlation to level of effort.

Specific issues raised included:

1. Card room licensees raised concern about balancing the Commission's need to raise its license fees against the card rooms' petitions to reduce their own costs through adoption of proposed system efficiencies, which they said have contributed to the reduction in licensees.
2. Electronic raffle licensees asked the Commission to consider a slower ramp up of costs until the overall expansion of the electronic raffle program across all sports clubs is complete.
3. A pull-tab distributor asked the Commission to review the costs of licensing and regulating pull-tab distributors.

There were no specific objections or concerns raised at any of the meetings regarding the proposed adjustments in sports wagering vendor fees.

The Commission received written commentary in the form of letters and emails from the following individuals and organizations (listed in the order they were received).

- **Jeff Ifrah, General Counsel for iDEA Growth, related to the need to decrease sports wagering vendor fees (letter)**
- Wendy Winsor, CFO, WOW Distributing, related to the proposed increased license fee for pull tab distributors (letter)
- Brian Keller, Let It Ride Casinos, Inc., related to the proposed increased fee for fundraising events (email)
- **Ernest C. Matthews IV, Vice President & General Counsel for ISI, Ltd., related to the need to decrease sports wagering vendor fees (letter)**
- Carolyn Kenyon, Freedom Flies LLC, related to the proposed fee increases and its impact on businesses (email)
- Richard E. Fritton II, Home Plate Clubs, Inc. (email)
- John Schoeffler, Swinging Doors (email)
- Bob Materne, Jr., Swinging Doors (email)

Finally, Commission staff met with representatives operating electronic raffles on February to hear their concerns about the proposed increases that were expected to be a barrier to expanding the electronic raffle program to additional teams in the state.

Commission staff received the following additional feedback on the proposed fee adjustment:

- **Dennis Stanger, Stangcorp, related to decreasing profit margins for pull-tab operators (email)**
- **Dustin Klatush, Chairman of the Confederated Tribes of the Chehalis Reservation, supporting the proposal to reduce license fees for sports wagering vendors (letter)**
- **Michael Rasmussen, CEO of Willapa Bay Enterprises Corporation, supporting the proposal to reduce license fees for sports wagering vendors (letter)**
- **Todd Phelps, Screaming Yak, Morty's Tab & Grille, and Fieldhouse Pizza & Pub, objecting to the proposed license fee increase for pull-tab operators (email)**
- **Barbara Jones, unidentified affiliation, expressing concern regarding pull-tab fee increase on top of increased price of pull tab games (email)**
- **Mari Horita, Fred Rivera, Drew Johnston, and Maya Mendoza-Exstrom, respectively representing the Seattle Kraken, Seattle Mariners, Seattle Seahawks, and Seattle Sounders FC, welcoming dialogue with the Commission, asking for Commission to track its licensing costs, and cautioning against high fees that could make the activity cost prohibitive (letter)**

Attachments:

1. **February 13, 2023 letter from Jeff Ifrah, General Counsel, iDEA Growth**
2. February 14, 2023 letter from Wendy Winsor, WOW Distributing
3. February 14, 2023 email from Brian Keller, Let It Ride Casinos, Inc.
4. **February 27, 2023 letter from Ernest C. Matthews IV, Vice President & General Counsel for ISI, Ltd.**
5. February 28, 2023 email from Carolyn Kenyon, Freedom Flies LLC
6. February 28, 2023 email from Richard E. Fritton II, Home Plate Clubs, Inc.
7. March 1, 2023 email from John Schoeffler, Swinging Doors
8. March 1, 2023 email from Bob Materne, Jr., Swinging Doors
9. **March 1, 2023 email from Dennis Stanger, StangCorp**
10. **March 7, 2023 letter from Dustin Klatush, Chairman of the Confederated Tribes of the Chehalis Reservation**
11. **March 8, 2023 letter from Michael Rasmussen, CEO of Willapa Bay Enterprises Corporation**
12. **March 10, 2023 email from Todd Phelps, Screaming Yak, Morty's Tab & Grille, and Fieldhouse Pizza & Pub**
13. **March 28, 2023 email from Barbara Jones, affiliation unknown**
14. **April 5, 2023 letter from Seattle Kraken, Seattle Mariners, Seattle Seahawks, and Seattle Sounders FC**

Policy Considerations

The current license fees **for charitable or nonprofit organizations, for commercial stimulant organizations, and for other businesses** are not projected to be sufficient to cover the agency's costs of licensing, regulation, and enforcement beginning in fiscal year 2024.

As sports wagering is an authorized Class III gambling activity, the costs to the Gambling Commission for licensing and enforcement must be supported by licensing fees collected from sports wagering vendors. The expenses related to licensing and enforcement should not be passed on to the licensees not benefiting from the activity. The amount of the vendor fees established in 2021 was based on the Commission's best estimate of the costs associated with both licensing and enforcement of a new gambling activity and its best guess of the number of vendors who would apply for each license type. Now that the Commission has experienced a year of licensing and enforcement of these vendors, it has the necessary information to propose an adjustment to vendor fees.

Staff Recommendation

Staff recommends further discussion. The earliest commissioners can take final action would be at the May 2023 commission meeting.

WAC 230-05-160 Charitable or nonprofit organization fees. Bona fide charitable and nonprofit organizations must pay the following fees:

(1) Annual licenses:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Amusement games	(\$65) \$70 plus (\$65) \$70 per approved location	(0.730%) 0.774%	(\$1,000) \$1,600
Bingo	(\$65) \$70	(0.460%) 0.488%	(\$11,000) \$17,600
Card games - House-banked	(\$10,000) \$11,000	(1.462%) 1.550%	(\$40,000) \$64,000
Card games - Nonhouse-banked	(\$65) \$70	(0.430%) 0.456%	(\$1,000) \$1,600
Combination	(\$125) \$140	-	-
Fund-raising equipment distributor	(\$270) \$295	(1.430%) 1.516%	(\$700) \$1,120
Punch board/pull-tabs	(\$650) \$715	(1.430%) 1.516%	(\$10,000) \$16,000
Raffles	(\$65) \$70	(3.380%) 3.583%	(\$2,000) \$3,200
Raffles - Credit Union	(\$65) \$70	(3.380%) 3.583%	(\$2,000) \$3,200
Raffles - Enhanced (raffles)	(\$5,000) \$5,500	(0.430%) 0.456%	(\$32,000) \$51,200
Raffles - Electronic* (raffles)	(\$5,000) \$5,500	(0.430%) 3.583%	(\$32,000) \$51,200

* Commission will bill for actual expenses related to verifying/investigating electronic raffle operating and system requirements.

(2) Event licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Fund-raising event	(\$180) \$200	(3.130%) 3.318%	(\$1,000) \$1,600
Recreational gaming activity	(\$65) \$70	-	-
Special property bingo/change of bingo premises	(\$30) \$35	-	-

(3) Change fees:

Change of:	Fee
Name	(\$100) \$110
Location	(\$100) \$110
Fund-raising event location, date, or time	(\$50) \$55

(4) Other fees:

Transaction	Fee
Add a new amusement game location	(\$65) \$70
Duplicate license	(\$50) \$55
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, or schemes	Deposit and cost reimbursement

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-165 Commercial stimulant organization fees. All commercial stimulant organizations must pay the following fees:

(1) Annual licenses:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Card games - Nonhouse-banked	((\$65) <u>\$70</u>)	((1.462%) <u>1.550%</u>)	((\$20,000) <u>\$32,000</u>)
Card games - House-banked	((\$10,000) <u>\$11,000</u>)	((1.462%) <u>1.550%</u>)	((\$40,000) <u>\$64,000</u>)
Punch boards/pull-tabs	((\$700) <u>\$770</u>)	((1.430%) <u>1.516%</u>)	((\$13,000) <u>\$20,800</u>)

(2) Change fees:

Change of:	Fee
Name	((\$100) <u>\$110</u>)
Location	((\$100) <u>\$110</u>)
Business classification (same owners)	((\$100) <u>\$110</u>)
Corporate stock/limited liability company shares/units	((\$100) <u>\$110</u> , and cost reimbursement for <u>investigating the transaction and qualification of each substantial interest holder</u>)
License transfers	((\$100) <u>\$110</u>)

(3) Other fees:

Transaction	Fee
Duplicate License	((\$50) <u>\$55</u>)

AMENDATORY SECTION (Amending WSR 21-16-072, filed 7/30/21, effective 8/30/21)

WAC 230-05-170 Fees for other businesses. All other business organizations must pay the following fees:

(1) Annual licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Agricultural fair bingo (annual permit)	((\$200) <u>\$220</u>)	-	-
Call centers for enhanced raffles	((\$4,800) <u>\$5,280</u>)	-	-
Commercial amusement games	((\$500) <u>\$550</u> plus ((\$65) <u>\$70</u> per approved location)	((1.130%) <u>1.198%</u>)	((\$11,000) <u>\$17,600</u>)
Distributor	((\$700) <u>\$770</u>)	((1.430%) <u>1.516%</u>)	((\$7,000) <u>\$11,200</u>)
Fund-raising event distributor	((\$280) <u>\$310</u>)	((1.430%) <u>1.516%</u>)	((\$1,000) <u>\$1,600</u>)
Linked bingo prize providers	((\$1,500) <u>\$1,650</u>)	((.046%) <u>0.048%</u>)	((\$20,000) <u>\$32,000</u>)

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Manufacturer	((\$1,500) <u>\$1,650</u>)	((1.430%) <u>1.516%</u>)	((\$25,000) <u>\$40,000</u>)
Manufacturer's special sales permit	((\$250) <u>\$275</u>)	-	-
Punch board/pull-tab service business permit	((\$250) <u>\$275</u>)	-	-
Gambling service supplier	((\$300) <u>\$330</u>)	((1.430%) <u>1.516%</u>)	((\$7,000) <u>\$11,200</u>)
Major sports wagering vendor	((\$65,000) <u>\$30,000</u>)	-	-
Mid-level sports wagering vendor	((\$10,000) <u>\$5,000</u>)	-	-
Ancillary sports wagering vendor	((\$5,000) <u>\$2,000</u>)	-	-

(2) Events or permits:

License or Permit Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Recreational gaming activity	((\$65) <u>\$70</u>)	-	-
Special property bingo	((\$30) <u>\$35</u>)	-	-

(3) Change fees:

Change of:	Fee
Name	((\$100) <u>\$110</u>)
Location	((\$100) <u>\$110</u>)
Business classification (same owners)	((\$100) <u>\$110</u>)
Corporate stock/limited liability company shares/units	((\$100) <u>\$110</u> , and cost reimbursement for <u>investigating the transaction and qualification of each substantial interest holder</u>)
License transfers	((\$100) <u>\$110</u>)

(4) Other fees:

Transaction	Fee
Add a new amusement game location	((\$65) <u>\$70</u>)
Defective punch board/pull-tab cost recovery fees	Up to ((\$100) <u>\$110</u>)
Duplicate license	((\$50) <u>\$55</u>)
Pre- and post-licensing investigations	Cost reimbursement
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement



Staff Proposed Rule-Making

WAC 230-05-160 - Charitable or nonprofit organization fees.

WAC 230-05-165 - Commercial stimulant organization fees.

WAC 230-05-170 - Fees for other businesses.

March 2023 – Discussion and Possible Filing

January 2023 – Initiate Rule-Making

Tab 5: March 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

BOLD = Changes made after January 2023 Commission Meeting

At the January 2023 meeting, Commissioners accepted a staff recommendation to initiate rule-making to address license fees. Based on a thorough analysis of the agency’s anticipated costs related to its licensing, regulatory, and enforcement roles, staff proposes the following increases for all licenses, except electronic raffles:

- 10% increase in the base fee;
- 6% increase in gross gambling receipt rate;
- 60% increase in the maximum fee; and,
- 10% increase in fees for changes and duplicate licenses.

Electronic raffles are a new type of raffle, which were first granted licenses in September 2022. After a re-evaluation of the actual costs associated with the electronic raffle regulatory program, staff proposes to change the fees as set out below with billing for actual expenses related to verifying and investigating electronic raffle operating and system requirements (i.e., pre-operational expenses). Billing for actual costs incurred in verifying equipment compliance reduces the base rate so it is not a barrier to entry but allows us to recoup the actual costs for the inspections based on the licensee’s set-up.

	Current	Proposed
Base Fee	\$5,000	\$5,500
Gross Gambling Receipts Rate	0.043%	3.583%
Maximum Annual License Fee	\$32,000	\$51,200
		The commission will bill for actual expenses related to verifying/investigating electronic raffle operating and system requirements.

The proposed changes regarding license fees for charitable or nonprofit organizations, commercial stimulant organizations, and other businesses are reflected in the attached amended WAC 230-05-160, 230-05-165, and 230-05-170.

RCW 9.46.070(5) requires the Commission to set fees to generate funds necessary to cover all costs of regulation, licensing, and enforcement.

In the last 20 years, the Commission has increased fees approximately every five years (1998, 1999, 2002, 2003, 2007, and 2014). The last fee increase was an across-the-board increase of 6 percent effective November 2014.

At its inception, a license fee structure was created primarily based on a “class” system with 25 fees. By 2017, the fee structure had grown to approximately 194 different fees for commercial organizations, nonprofit organizations, and individuals. In September 2017, staff introduced to the Commissioners several new and amended rules designed to simplify the fee structure and eliminate the “class” system and advance payment of annual fees. Commissioners voted to file the draft rules for further discussion.

In January 2018, Commissioners approved the new and amended rules, creating a new license fee structure. The simplified license fee structure established base fees by license type, set fee rates as a percentage of gross gambling receipts, and established maximum annual fees. This new license fee structure became effective in May 2018.

Although the gambling industry has largely recovered from a significant contraction due to the COVID-19 pandemic, the number of licensees has decreased. While there were 2,920 organizational licensees as of September 30, 2019, the number has declined to 2,545 as of September 30, 2022. This decline in licensees has caused revenues to flatten. At the same time, operating costs continue to increase in this inflationary period to include increases in salaries and benefits, supplies and equipment, and government services from agencies such as the Attorney General’s Office and Department of Enterprise Services.

Attachments:

- 1. Proposed Amended WAC 230-05-160 - Charitable or nonprofit organization fees.**
- 2. Proposed Amended WAC 230-05-165 - Commercial stimulant organization fees.**
- 3. Proposed Amended WAC 230-05-170 - Fees for other businesses.**

Stakeholder Feedback

Commission staff held meetings with Tribal partners and stakeholders February 13, 2023 and February 27, 2023. There were a number of questions related to fees and their correlation to level of effort.

Specific issues raised included:

- Card room licensees raised concern about balancing the Commission’s need to raise its license fees against the card rooms’ petitions to reduce their own costs through adoption of proposed system efficiencies, which they said have contributed to the reduction in licensees.**
- Electronic raffle licensees asked the Commission to consider a slower ramp up of costs until the overall expansion of the electronic raffle program across all sports clubs is complete.**
- A pull-tab distributor asked the Commission to review the costs of licensing and regulating pull-tab distributors.**

The Commission also received a letter and several emails (attached) from:

- Wendy Winsor, CFO, WOW Distributing, related to the proposed increased license fee for pull tab distributors (letter)**
- Brian Keller, Let It Ride Casinos, Inc., related to the proposed increased fee for fundraising events (email)**

- **Carolyn Kenyon, Freedom Flies LLC, related to the proposed fee increases and its impact on businesses (email)**
- **Richard E. Fritton II, Home Plate Clubs, Inc. (email)**
- **John Schoeffler, Swinging Doors (email)**
- **Bob Materne, Jr., Swinging Doors (email)**

Finally, Commission staff met with representatives operating electronic raffles on February to hear their concerns about the proposed increases that were expected to be a barrier to expanding the electronic raffle program to additional teams in the state.

Attachments:

- 1. February 14, 2023 letter from Wendy Winsor, WOW Distributing**
- 2. February 14, 2023 email from Brian Keller, Let It Ride Casinos, Inc.**
- 3. February 28, 2023 email from Carolyn Kenyon, Freedom Flies LLC**
- 4. February 28, 2023 email from Richard E. Fritton II, Home Plate Clubs, Inc.**
- 5. March 1, 2023 email from John Schoeffler, Swinging Doors**
- 6. March 1, 2023 email from Bob Materne, Jr., Swinging Doors**

Policy Considerations

The current license fees are not projected to be sufficient to cover the agency's costs of licensing, regulation, and enforcement beginning in fiscal year 2024.

Staff Recommendation

Staff recommends filing for further discussion.



Staff Proposed Rule-Making
WAC 230-05-170 – Fees for other businesses.

March 2023 – Discussion and Possible Filing
January 2023 – Initiate Rule-Making

Tab 6: March 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

BOLD = Changes made after January 2023 Commission Meeting

At the January 2023 meeting, Commissioners accepted a staff recommendation to initiate rule-making to reevaluate license fees for sports wagering vendors. Based on a thorough analysis of the first year of agency costs related to licensing, regulation, and enforcement of the sports wagering vendors, staff proposes to adjust vendor fees downward as follows:

- Major Sports Wagering Vendor - ~~\$65,000~~ **\$30,000**
- Mid-Level Sports Wagering Vendor - ~~\$10,000~~ **\$5,000**
- Ancillary Sports Wagering Vendor - ~~\$5,000~~ **\$2,000**

On March 25, 2020, Governor Jay Inslee signed House Bill 2638, authorizing sports wagering for Class III Tribal facilities under terms negotiated in Tribal-State Compacts.

Effective August 30, 2021, the Commission amended WAC 230-05-170 (1) to add license fees for three different types of sports wagering vendors:

- Major Sports Wagering Vendor - \$65,000
- Mid-Level Sports Wagering Vendor - \$10,000
- Ancillary Sports Wagering Vendor - \$5,000

A major sports wagering vendor provides integral sports wagering goods or services. A mid-level sports wagering vendor provides services or equipment related to data, security, and integrity. An ancillary sports wagering vendor provides necessary sports wagering support services.

At the time of adoption, Tribal partners and stakeholders expressed concern regarding the high license fees. Due to the concerns expressed, the Commission agreed to reevaluate the license fees for sports wagering vendors before the second year of renewal at the end of June 2023 since there was not enough data on the actual costs incurred before the first renewal period.

Attachment:

- 1) **Proposed Amended WAC 230-05-170 - Fees for other businesses.**

Stakeholder Feedback

On February 13, 2023 and February 27, 2023, commission staff held meetings with Tribal partners and stakeholders to present and discuss the staff's draft proposal for adjusted sports wagering vendor fees. There were questions about how the fees were calculated, but there were no specific objections or concerns raised at any of these meetings.

The Commission received a letter from Jeff Ifrah, General Counsel for iDEA Growth, on February 13, 2023 and from Ernest C. Matthews IV, Vice President & General Counsel for ISI, Ltd., on February 27, 2023.

Attachments:

- 1) February 13, 2023 letter from Jeff Ifrah, General Counsel, iDEA Growth**
- 2) February 27, 2023 letter from Ernest C. Matthews IV, Vice President & General Counsel for ISI, Ltd.**

Policy Considerations

As sports wagering is an authorized Tribal-only gambling activity, the costs to the Gambling Commission for licensing and enforcement must be supported by licensing fees collected from sports wagering vendors. The expenses related to licensing and enforcement should not be passed on to the licensees not benefiting from the activity. The amount of the vendor fees established in 2021 was based on the Commission's best estimate of the costs associated with both licensing and enforcement of a new gambling activity and its best guess of the number of vendors who would be applying for each license type. Now that the Commission has experienced a year of licensing and enforcement of these vendors, it has the necessary information to determine vendor fees.

Staff Recommendation

Staff recommends filing for further discussion of the proposed amended sports wagering vendor license fees.

February 13, 2023

Via Email (lisa.mclean@wsgc.wa.gov)

Ms. Lisa McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Dear Ms. McLean,

The iDevelopment and Economic Association (iDEA Growth) is grateful for the opportunity to comment as the Washington State Gambling Commission (WSGC) considers whether to modify its previously-established sports wagering vendor license fees set forth in WAC 230-05-170 (1). By way of background, iDEA Growth was founded to advocate for responsible internet gaming policies that spur economic growth and protect consumers. Our membership – 33 companies and growing – represents every segment of this industry and has vast experience in regulated jurisdictions across the United States. Drawing from the successes of other states that have built strong sports betting markets, our association is uniquely positioned to provide a 360-degree perspective on sports betting policy issues.

As to WAC 230-05-170 (1), iDEA Growth respectfully recommends that the WGPU reduce the base license fee for all three levels of sports wagering vendors. The fees currently in effect are not only higher than fees for vendors in similar on-premises wagering jurisdictions but also higher than the fees many states use for mobile sports wagering. This is important to note as the total potential market in jurisdictions allowing mobile sports wagering is significantly larger than the potential market in states only permitting retail/on-premises wagering.

When looking at other states for comparison, Virginia and Arizona are similarly populated states with sports betting, and their fees are as follows:

VIRGINIA	ARIZONA
<p>Supplier License:</p> <ul style="list-style-type: none"> Initial license: \$50,000 (valid for 3 years) Renewal license: \$50,000 (valid for 3 years) <p>Vendor Registration:</p> <ul style="list-style-type: none"> Initial registration: \$500 (valid for 3 years) Renewal registration: \$500 (valid for 3 years) 	<p>Management Services Provider License:</p> <ul style="list-style-type: none"> Initial license: \$10,000 (valid for 2 years) Annual license fee: \$5,000 <p>Supplier / Ancillary Supplier License:</p> <ul style="list-style-type: none"> Initial license: \$1,500 (valid for 2 years) Renewal license: \$500 (valid for 2 years)

iDEA Growth and WSGC share the common goal of helping the State of Washington strengthen its sports wagering market. To achieve this goal, we recommend reducing the license fees for all three categories and putting them in line with comparable fees in other states with successful sports wagering markets. Thank you for your attention to this issue.

Sincerely,



Jeff Ifrah
General Counsel, iDEA Growth
jeff@ifrahlaw.com



4424 Chennault Beach Rd
Suite B
Mukilteo, Washington 98275
425-315-8815
425-315-8844 fax

Provider of quality pull tab games and merchandise prizes since 1990.

February 14, 2023

Lisa C McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Re: Public comment on proposed license fee rule change

To Lisa:

I attempted to submit this online, but it was declined, so here are my thoughts on the proposed license fee rule changes.

I am a pull tab distributor. Unfortunately, there is no differentiation between pull tab distributors and other types of distributors. Pull tab distributors sell paper purchased from licensed manufacturers and we may only sell these paper tickets to licensed operators. It is a significant difference from the other distributors in this license class. This was discussed during the last license fee changes (I was on the committee, representing the pull tab distributor stakeholders). The dramatic changes in calculating license fees were overwhelming. The pull tab distributor category was not given the attention it should have received as a unique subset in the distributor class.

The pull tab tickets are essentially included twice in the license fee categories (double "taxed"). The manufacturer pays on their sale of the paper tickets to the distributor, and we (the distributor) pay our license fee on our sales of the same paper tickets to the operators; amounting to double dipping of 3.146% being collected on the sale of the paper tickets. The operator pays on the gambling revenue. The department of revenue allows for a deduction of tax paid on items for resale to account for the double taxation. I understand this is not a tax we are discussing but a license fee. I encourage us to find a way to pay a flat license fee or allow the pull tab distributors to deduct the amount paid by the manufacturer (which will be passed onto distributors, as another price increase) from our license fees. I know this is a complicated issue and the pull tab distributors are in a unique situation. It calls for a unique solution.

In the previous discussions it was mentioned that the license fees should reflect the work required by the WSGC in relation to the license class. The pull tab distributors do not require WSGC staff interaction, unless it is to provide information TO the WSGC regarding a manufacturing or operator. Our company spends a significant amount of time confirming licensing status of operators, educating individuals on the rules, documenting and sending documentation of sales and purchases of licensed products. We do not charge for these services, but we do pay a high license fee for the honor.

Other distributors in our license category sell products with high profit margins and control over their own costs. We have little control in the industry and have spent the last several years being crushed by the manufacturers price increases. We have passed on the price increases which has increased our sales dollars but not the quantity of games sold. We will in turn have to pass an additional license fee increase onto the operators.

Sincerely,

Wendy Winsor

CFO

wendyw@wowdistributing.com

425-870-9741 mobile

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, February 14, 2023 11:39 AM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, February 14, 2023 - 11:39am Submitted by anonymous user: 73.109.149.165 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Brian Keller

Organization: Let It Ride Casinos, Inc.

Comments: We are opposed to the increase in charges to the non-profit companies for a Fund Raising Event license. They are already limited to a \$10,000 maximum by legislative rule and asked to jump through an enormous amount of hoops. Increasing the fee and the maximum fee to \$1,600 from \$1,000 (a 60% increase!) is punitive to the people that are trying to raise money where government funds fall short. We are also opposed to the raising of the licensing fees for the companies that run Fund Raising Events for these non-profits as, without them, they would have to stick to bake sales and auctions etc.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3829&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C03a495501dc347bdd3b008db0ec3278e%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638120003575067454%7CUnknown%7CTWFpbGZsb3d8eyJWljoIMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6Ik1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=umjtkZpndt6PoKr5WEecZk5uyX7uABngxd4tBukrpi8%3D&reserved=0>



February 27, 2023

***VIA E-MAIL TO RULES.COORDINATOR@WSGC.WA.GOV
& POSTAL SERVICE TO¹***

Ms. Lisa McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, Washington 98504

RE: Preproposal Statement of Inquiry - Sports Wagering License Fees

Dear Ms. McLean:

Please accept this correspondence as the response of Internet Sports International, Ltd. (“ISI”) to the Washington State Gambling Commission’s (WSGC) *Preproposal Statement of Inquiry* regarding the agency’s intent to “review and adjust license fees” for sports wagering vendors. WSR 23-03-078. In sum, ISI supports the WSGC’s pending rule making effort and believes the sports wagering license fees should be significantly reduced. While discussed in greater detail below, the current license fees are (a) not rationally related to the costs incurred by the agency for licensing and enforcement purposes; (b) exorbitant compared to license fees charged to other WSGC-licensed commercial vendors; and (c) so high the fees make sports book operations cost-prohibitive for tribes with smaller venues and/or remote locations in Washington State.

A. ISI Sports. ISI commenced its operations as a research and development Company in 1999, developing self service sports betting kiosks along with technology which was patented for use in that sector. Through a subsidiary, it commenced the

7250 Peak Drive, Suite 210
Las Vegas, NV 89128
www.isiraceandsports.com

distribution of sport betting related equipment and provided risk management in regulated international retail markets in 2005.

Subsequent to the PASPA US Supreme Court decision in 2018, ISI started providing its equipment and risk management/consulting to US based commercial and tribal casinos. Throughout its history, ISI has worked with casino operations of all sizes, although its specialty has been to offer smaller and mid-sized casinos the opportunity to add sports betting to their inventory of gaming services through its more economical cost template.

ISI has worked in a myriad of regulatory environments and is familiar with the variety of licensing requirements in international and domestic markets. It is licensed as both a major and a mid-level sports wagering vendor in Washington State. Accordingly, in addition to special investigation fees paid as part of its initial application process, the company has paid annual license fees of \$65,000 and \$10,000, respectively, a figure which is substantially larger than that found in other jurisdictions for retail sports betting operations.

B. Sports Wagering Vendor Fees Should be Significantly Reduced.

The WSGC's sports wagering license fees, particularly the major sports wagering vendor fees, are unconscionably high and appear to exceed the agency's actual cost of licensing and enforcement. Further, at \$65,000 per year, the major sports wagering vendor fee exceeds the next closest commercial vendor fee by 260% *i.e.*, the maximum annual license fee for a gambling equipment manufacturer is \$25,000. While large sports book operations can offset or absorb higher overhead costs and license fees due to the higher volume of customer traffic and larger handle, many mid-size and smaller venues do not have such a luxury. Consequently, the WSGC's fees have contributed to pricing smaller and/or remote tribal venues out of the sports wagering market, something that was probably not considered when sports betting was first awarded exclusively to tribal casino facilities in Washington.

a. Special Investigation Fees, Annual License Fees, and Tribal Reimbursements.

The *Preproposal Statement of Inquiry* states, “the costs to the gambling commission for licensing and enforcement must be supported by the fees collected from sports wagering vendors.” However, the WSGC collects various fees to cover agency costs related to its role licensing tribal sports wagering vendors. In addition to the \$65,000 annual license fee, major sports wagering vendor applicants are routinely assessed five-figure special investigation fees as part of the initial licensing process. Special investigation fees are represented as necessary to cover the costs of the WSGC’s licensing investigation, and applicants are required to submit a deposit to cover the agency’s expected special investigation fees.

In addition to the initial special investigation fees assessed sports wagering applicants, the Tribal-State Compacts contain provisions for tribal reimbursement of the WSGC’s initial sports wagering start-up costs associated with tribal sports books in operation as of March 31, 2023. According to a WSGC budget presentation at the January 5, 2023, Gambling Commission meeting, the “estimated tribal reimbursement for SW expenditures and interest” was over \$1.6 million. Regarding ongoing or future sports wagering enforcement, the costs to the WSGC should be minimal given the respective Tribal Gaming Agencies are intended to serve as the primary regulators of the sports wagering activities. The agency’s sports wagering license fees were developed in conjunction with the WSGC’s original regulatory proposal that envisioned a more robust regulatory and enforcement role for the agency. However, the original rules package was modified, and significantly reduced the WSGC’s role regarding regulation of tribal sports book operations.

b. Major Sports Wagering License Fees are Dramatically Higher Than Other WSGC Licensees.

The license fee for a major sports wagering vendor is an annual flat fee of \$65,000. (The annual license fees for mid-level and ancillary vendor categories are \$10,000 and \$5,000, respectively.) However, unlike tribal sports wagering vendors, the majority of WSGC license fees are based on a percentage of licensee’s revenue. Consequently, the

license fees for similarly situated commercial vendors are dramatically lower than their sports wagering counterparts. For example, gambling equipment manufacturers represent the next highest WSGC possible license fee category of commercial vendors, and their fees are linked to the volume of their business in Washington. In addition to potential special investigation fees as part of the initial license application, a gambling equipment manufacturer pays an annual base fee of \$1,500 and a quarterly license fee based on 1.43% of the licensee's gross gambling receipts, up to an annual maximum of \$25,000. Consequently, regardless of the volume of their business, all major sports wagering vendor licensees pay a fee of \$65,000, which is 260% higher than that of the closest commercial non-sports wagering vendor.²

c. Higher License Fees Have a Disproportionate Adverse Impact on Some Tribes.


Many tribal casino locations are located in areas with a lower population customer base and/or are in remote parts of the state. Vendors providing the sports betting tools to operate a sports book are faced with these draconian fees in amounts that reduce those companies which could otherwise compete in the market, given high licensing fees and ongoing operational costs imposed by the need for penetration testing and GLI review. In these types of markets it is hard to justify the provision of the services given the lower handle that accompanies the traditional hold in sports betting.

This means that the tribe will have to absorb some of these license fees and costs to secure the necessary services. It is clear that when the sports betting rights were first granted to tribal casino operations in Washington, the thought was that there would be an economic benefit to all tribes, not just those strategically linked to large population centers. A major reduction in the ongoing fees and costs is mandated to give all tribes the right to participate in the provision of sports betting to their respective customers. This reduction can occur as well given the limited risks associated with this retail activity requiring the wagerer to be on site.

² House-banked cardrooms, operating as a commercial stimulant retail business, pay an annual base fee of \$10,000 and quarterly rate of 1.462%, up to an annual maximum of \$40,000.

Thank you in advance for your assistance. We look forward to working with you and the WSGC staff on how best to lower the sports wagering vendor license fees. Please let us know if you have any questions or need more information.

Sincerely,
INTERNET SPORTS INTERNATIONAL, LTD.

DocuSigned by:

670754FE4451499...

Ernest C. Matthews IV
Vice President/General Counsel

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, February 28, 2023 12:04 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, February 28, 2023 - 12:03pm Submitted by anonymous user: 73.169.164.165 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Carolyn Kenyon

Organization: Freedom Flies LLC

Comments: How do you expect business to pay the fee increase? Do you have any proposals to reduce the taxation? Maybe make it so the payouts are deducted all across the board?

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3869&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C9d24870ad3ae437d51fc08db19c6ebd3%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638132114394629797%7CUnknown%7CTWFpbGZsb3d8eyJWljojoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=gJwer90KLfNFWTkhXWlYjtrRr5psGO2ekpyaNIH6eUA%3D&reserved=0>

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, February 28, 2023 3:47 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, February 28, 2023 - 3:47pm Submitted by anonymous user: 50.34.133.0 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Richard E. Fritton II

Organization: Home Plate Clubs Inc., dba Home Plate Pub

Comments:

Hi Lisa,

RE: Proposed Fee Changes

I strongly object to the proposed 10% base fee increase and 6% quarterly gross gambling receipt rate increase. That alone is going to cost my business nearly 5k.

With the recent addition of Sports betting I would think that the WSGC should see a significant increase in revenue without having to further strap the mom and pop small business owners.

Prices have risen 15% for our pull tabs games.

Food costs have risen upwards of 60% on most all items.

Minimum wage just increased dramatically.

Cost of all goods acquired have increased.

Yet the state is collecting new fees of; Major sports wagering vendor. Initial fee of \$65,000.00 Mid-level sports wagering vendor. Initial fee of \$10,000.00 Ancillary sports wagering vendor. Initial fee of \$5,000.00 The anticipated tax would be 10 percent of the gaming revenue under SB 5212. I could not find the actual revenue numbers, but I would hedge a bet that they are huge.

Washington State University reviewed several possible scenarios for what sports betting in WA could look like. They also do analysis for what potential revenue and economic impacts could be in WA under each scenario. This is a method of measuring the total economic benefit to the state, not just the revenue, but the jobs created.

Retail sports betting at tribal casinos. No online betting. Projected economic impact of \$93.8 million.

Retail sports betting at tribal casinos. Online via apps after in-person registration. Projected economic impact of \$192 million.

Retail sports betting at tribal casinos. Online via apps after remote registration. Projected economic impact of \$322 million.

So I really do not think that it is reasonable to increase our fees and taxes for pull tabs when there is all this other new revenue being generated. Please reconsider. Neighborhood service businesses such as ours are as important to the communities we serve as are the Casinos.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3872&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Cdde2854562724d81fe1e08db19e619a7%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638132248287096275%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwM>

DAiLCJQJjoiV2luMzliLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=uiJ486mHVSP%2FW6b1mAHr3it%2FVNZQ9zR0wwpu7tNdjDk%3D&reserved=0

McLean, Lisa (GMB)

From: John Schoeffler <johnschoeffler@comcast.net>
Sent: Wednesday, March 1, 2023 10:28 AM
To: McLean, Lisa (GMB)
Subject: Re: Materials from 2nd Gambling Commission Stakeholder Meeting on Fee Adjustments (02.27.23)

External Email

Hi Lisa. I'm hoping you can forward this on to the proper people. I tried sending it through the link provided but each time it was kicked back. Thanks!!

My wife and I own and operate a dead game service in Spokane called Games A Weigh. We have roughly 50 accounts that we service in Eastern Washington and can testify to the struggles that most are undergoing. Higher costs for their food and beverage products, higher costs on pull tab games, staffing shortages, increased taxes, higher labor, etc.... I am also a manager at the Swinging Doors and have worked at the Doors for over 25 years. We are a high volume pull tab licensee by today's standards but nowhere near our heyday in terms of gross sales.

I would like to propose an idea to help generate additional revenue for the WSGC while increasing compliance and knowledge. I believe that the pull tab industry in Washington State could greatly benefit from a Pull Tab Dealer license. This license would be similar in nature to obtaining a Food Handler's permit or a Class 12/13 Liquor Service permit. Basically individuals that deal pull tabs at any licensed operator would be required to obtain a Pull Tab Dealer permit. In order to obtain the permit, the individual would have to attend an in person or online training class every 1-2 years. The class would convey important rules and regulations to each permit holder while touching on the impact of problem gambling. Another benefit to requiring pull tab dealers to have a valid permit to deal tabs is that individuals that are caught stealing can have their permits revoked. Finally, the fees collected for the permit would help offset rising costs for the WSGC without adding further costs to the licensees.

I would recommend a cost of \$50-\$100 to the dealer to obtain a permit and for each time it is renewed. I would also recommend that the term of each permit be no more than 2 years so that pull tab rules and regulations are covered often and so that the revenue for the WSGC is more substantial. In closing, as someone who his immersed in pull tabs, I am confident that pull tab dealers would benefit from this permit and that the fees would not be burdensome to them. Thanks for you time.

John Schoeffler
Swinging Doors
1018 W Francis Ave.
Spokane, WA 99208
(509) 326-6794 Work
(509) 599-1698 Cell

On 02/28/2023 10:49 AM McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov> wrote:

Good morning!

On behalf of the Washington State Gambling Commission and as a follow up to the discussion yesterday, please find attached:

1. The PowerPoint presentation
2. A draft of rules related to fees to be amended

We appreciate all those who attended today's meeting, and we welcome any comments you might have on the proposals related to license fee and sports wagering vendor fee adjustments. Please visit this link to submit a comment: [Request for Public Comment | Washington State Gambling Commission](#).

With best regards,

Lisa

Lisa C McLean

Legislative and Policy Manager

Washington State Gambling Commission

P.O. Box 42400

Olympia, WA 98504

Office Cell: (360) 878-1903

lisa.mclean@wsgc.wa.gov



McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Wednesday, March 1, 2023 9:40 AM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Wednesday, March 1, 2023 - 9:39am Submitted by anonymous user: 96.93.106.134 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Bob Materne, Jr.

Organization: The Swinging Doors

Comments: The increase in license fees to pull-tab operators is to ensure regulation and enforcement in the coming years? There will be NO pull-tab operators in the coming years if our fees keep increasing. The cost of games has gone up, the cost of labor has gone up, the cost of our dead game service has gone up and our margins are shrinking to next to nothing. We FINALLY are able to charge \$2 and \$5 per ticket, but that is after over 20 years of increases without being able to raise our "prices" from \$1 per tab maximum. Our license fees should be based on gross less payouts. If a customer buys \$20 worth of pull-tabs and wins \$500, we are \$480 in the hole and have to pay fees on the \$20! We have survived COVID shut-downs, are dealing with inflation like we've never experienced, there are supply chain issues and product shortages, and yet our state does not allow tip credit. Pull-tab operators will not survive if we don't get some sort of reprieve--sports gaming, perhaps? Some may argue they don't want "expansion of gambling" but our sales have gone from over 3 million per year in the mid-late 90's to now just over 1 million per year. Take 2 million dollars per year out of any small business and increase every aspect of their financial operation except profits and see how many survive. Thank you for the opportunity to speak about this.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3873&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Ce680abd69ebe4d3b77f108db1a7bee7e%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638132891812467901%7CUnknown%7CTWFpbGZsb3d8eyJWljiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEkaWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=kkLrcovUCRdYtVFIIg1dUR84qCHZHRF%2B0W59feG9Vkc%3D&reserved=0>

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Wednesday, March 1, 2023 6:52 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Wednesday, March 1, 2023 - 6:51pm Submitted by anonymous user: 174.165.13.230 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Dennis Stanger

Organization: Stangcorp inc

Comments: Pulltab operators continue to get their margins squeezed. Cost of games are up as much as 50 percent in the last few years. My city increased the gambling tax by 20 percent on the gross a few years ago. WSGC increased my license by 38 percent a couple of years ago even though the claim was it would be a small increase to operators. We have been allowed \$2 and \$5 games but the cost of these games are well over \$100 and many small operators don't have the funds to cover the large payouts. We have no way to make up the lost margins, we can't raise the cost of individual pulltabs. Every time there is some sort of increase it is the operator who takes the hit with no way to pass it on to the customer.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3876&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C6065554e063c457bcf3408db1ac907c0%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638133222985956962%7CUnknown%7CTWFpbGZsb3d8eyJWlJoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6lk1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=hf0nPMBLmoc52EVyzA%2FQf6THCSTfWJhzkGxZolAlh2w%3D&reserved=0>

McLean, Lisa (GMB)

From: Casey Riddle <Casey.Riddle@luckyeagle.com>
Sent: Tuesday, March 7, 2023 2:47 PM
To: Rules Coordinator (GMB)
Subject: Letter of Support
Attachments: ISI Letter 03.07.2023.pdf

External Email

Ms. McLean

Please see the attached. Thank you for your assistance.

Casey

Casey Riddle
CFO

luckyeagle
CASINO & HOTEL

<http://www.luckyeagle.com>

12888 188th Avenue SW | Rochester, WA 98579
360-287-6688 Fax



CONFEDERATED TRIBES of the CHEHALIS RESERVATION

Ms. Lisa McLean

Legislative and Policy Manager

Washington State Gaming Commission

Sent: EMAIL

Ms. McLean

I am writing you today to support the effort to reduce the adverse impact of certain Higher Licensing Fees on tribal casino locations, including Lucky Eagle Casino & Hotel, which have a lower population customer base, and/or are in more remote parts of the state which are unable to offer a competitive product to the market. The high level of these fees, along with the technical requirements in the state have significantly limited competition for operating consulting partners for smaller locations. This along with the costs imposed by required annual penetrations testing, GLI Review, and technical requirements to have the servers/wagerer be on site have limited the options for many tribes in the state.

These costs have largely been passed on to the tribes, and while it is clear that when they agreed, the thought was that sports betting would provide an economic benefit to the tribal casino operations, not just the operations linked to large population centers. A major reduction in ongoing fees and costs would allow for all tribes to participate in a more even playing field for respective customers. This reduction is easily justified given the limited risk to the activity as all retail activity is required to be on site.

Thank you in advance for your assistance and consideration.

Sincerely,

Dustin Klatush

Chairman

**P.O. BOX 536 • OAKVILLE, WA. 98568
AC 360-273-5911 • FAX 360-273-5914**



Willapa Bay Enterprises Corporation

"A wholly owned Section 17 Corporation of the Shoalwater Bay Indian Tribe"



VIA E-MAIL TO RULES.COORDINATOR@WSGC.WA.GOV

Ms. Lisa McClean

Legislative and Policy Manager

Washington State Gambling Commission

P.O. Box 42400

Olympia, Washington 98504

RE: Proposal Statement of Inquiry - Sports Wagering License Fees

Dear Ms. McClean,

Please accept our letter in support of the fee reduction request submitted February 27, 2023 by Ernest C. Matthews IV, Vice President/General Counsel of Internet Sports International, Ltd., a licensed sports betting vendor in Washington. A copy of that letter is attached hereto for your convenience.

The high fees make tribal access to potential sports betting suppliers and the casino's own overhead difficult to take advantage of this new gaming activity which was made available to the Washington state tribal casino operations. Tribes in remote locations or surrounded by areas of low population density are hard pressed to participate in providing sports betting services to their respective customers.

Accordingly, please note our approval of this effort to lower the fees.

Sincerely,

WBE Enterprises

A handwritten signature in blue ink, appearing to read "Michael Rasmussen", with a long horizontal line extending to the right.

By Michael Rasmussen

, its CEO

Ph: 360-268-7613
4115 State Route 105-PO Box 95 / Tokeland, WA 98590



February 27, 2023

***VIA E-MAIL TO RULES.COORDINATOR@WSGC.WA.GOV
& POSTAL SERVICE TO¹***

Ms. Lisa McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, Washington 98504

RE: Preproposal Statement of Inquiry - Sports Wagering License Fees

Dear Ms. McLean:

Please accept this correspondence as the response of Internet Sports International, Ltd. (“ISI”) to the Washington State Gambling Commission’s (WSGC) *Preproposal Statement of Inquiry* regarding the agency’s intent to “review and adjust license fees” for sports wagering vendors. WSR 23-03-078. In sum, ISI supports the WSGC’s pending rule making effort and believes the sports wagering license fees should be significantly reduced. While discussed in greater detail below, the current license fees are (a) not rationally related to the costs incurred by the agency for licensing and enforcement purposes; (b) exorbitant compared to license fees charged to other WSGC-licensed commercial vendors; and (c) so high the fees make sports book operations cost-prohibitive for tribes with smaller venues and/or remote locations in Washington State.

A. ISI Sports. ISI commenced its operations as a research and development Company in 1999, developing self service sports betting kiosks along with technology which was patented for use in that sector. Through a subsidiary, it commenced the

7250 Peak Drive, Suite 210
Las Vegas, NV 89128
www.isiraceandsports.com

distribution of sport betting related equipment and provided risk management in regulated international retail markets in 2005.

Subsequent to the PASPA US Supreme Court decision in 2018, ISI started providing its equipment and risk management/consulting to US based commercial and tribal casinos. Throughout its history, ISI has worked with casino operations of all sizes, although its specialty has been to offer smaller and mid-sized casinos the opportunity to add sports betting to their inventory of gaming services through its more economical cost template.

ISI has worked in a myriad of regulatory environments and is familiar with the variety of licensing requirements in international and domestic markets. It is licensed as both a major and a mid-level sports wagering vendor in Washington State. Accordingly, in addition to special investigation fees paid as part of its initial application process, the company has paid annual license fees of \$65,000 and \$10,000, respectively, a figure which is substantially larger than found in other jurisdictions for retail sports betting operations.

B. Sports Wagering Vendor Fees Should be Significantly Reduced.

The WSGC's sports wagering license fees, particularly the major sports wagering vendor fees, are unconscionably high and appear to exceed the agency's actual cost of licensing and enforcement. Further, at \$65,000 per year, the major sports wagering vendor fee exceeds the next closest commercial vendor fee by 260% *i.e.*, the maximum annual license fee for a gambling equipment manufacturer is \$25,000. While large sports book operations can offset or absorb higher overhead costs and license fees due to the higher volume of customer traffic and larger handle, many mid-size and smaller venues do not have such a luxury. Consequently, the WSGC's fees have contributed to pricing smaller and/or remote tribal venues out of the sports wagering market, something that was probably not considered when sports betting was first awarded exclusively to tribal casino facilities in Washington.

a. *Special Investigation Fees, Annual License Fees, and Tribal Reimbursements.*

The *Preproposal Statement of Inquiry* states, “the costs to the gambling commission for licensing and enforcement must be supported by the fees collected from sports wagering vendors.” However, the WSGC collects various fees to cover agency costs related to its role licensing tribal sports wagering vendors. In addition to the \$65,000 annual license fee, major sports wagering vendor applicants are routinely assessed five-figure special investigation fees as part of the initial licensing process. Special investigation fees are represented as necessary to cover the costs of the WSGC’s licensing investigation, and applicants are required to submit a deposit to cover the agency’s expected special investigation fees.

In addition to the initial special investigation fees assessed sports wagering applicants, the Tribal-State Compacts contain provisions for tribal reimbursement of the WSGC’s initial sports wagering start-up costs associated with tribal sports books in operation as of March 31, 2023. According to a WSGC budget presentation at the January 5, 2023, Gambling Commission meeting, the “estimated tribal reimbursement for SW expenditures and interest” was over \$1.6 million. Regarding ongoing or future sports wagering enforcement, the costs to the WSGC should be minimal given the respective Tribal Gaming Agencies are intended to serve as the primary regulators of the sports wagering activities. The agency’s sports wagering license fees were developed in conjunction with the WSGC’s original regulatory proposal that envisioned a more robust regulatory and enforcement role for the agency. However, the original rules package was modified, and significantly reduced the WSGC’s role regarding regulation of tribal sports book operations.

b. *Major Sports Wagering License Fees are Dramatically Higher Than Other WSGC Licensees.*

The license fee for a major sports wagering vendor is an annual flat fee of \$65,000. (The annual license fees for mid-level and ancillary vendor categories are \$10,000 and \$5,000, respectively.) However, unlike tribal sports wagering vendors, the majority of WSGC license fees are based on a percentage of licensee’s revenue. Consequently, the

license fees for similarly situated commercial vendors are dramatically lower than their sports wagering counterparts. For example, gambling equipment manufacturers represent the next highest WSGC possible license fee category of commercial vendors, and their fees are linked to the volume of their business in Washington. In addition to potential special investigation fees as part of the initial license application, a gambling equipment manufacturer pays an annual base fee of \$1,500 and a quarterly license fee based on 1.43% of the licensee's gross gambling receipts, up to an annual maximum of \$25,000. Consequently, regardless of the volume of their business, all major sports wagering vendor licensees pay a fee of \$65,000, which is 260% higher than that of the closest commercial non-sports wagering vendor.²

c. Higher License Fees Have a Disproportionate Adverse Impact on Some Tribes.

Many tribal casino locations are located in areas with a lower population customer base and/or are in remote parts of the state. Vendors providing the sports betting tools to operate a sports book are faced with these draconian fees in amounts that reduce those companies which could otherwise compete in the market, given high licensing fees and ongoing operational costs imposed by the need for penetration testing and GLI review. In these types of markets it is hard to justify the provision of the services given the lower handle that accompanies the traditional hold in sports betting.

This means that the tribe will have to absorb some of these license fees and costs to secure the necessary services. It is clear that when the sports betting rights were first granted to tribal casino operations in Washington, the thought was that there would be an economic benefit to all tribes, not just those strategically linked to large population centers. A major reduction in the ongoing fees and costs is mandated to give all tribes the right to participate in the provision of sports betting to their respective customers. This reduction can occur as well given the limited risks associated with this retail activity requiring the wagerer to be on site.

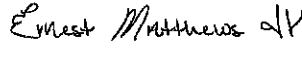
² House-banked cardrooms, operating as a commercial stimulant retail business, pay an annual base fee of \$10,000 and quarterly rate of 1.462%, up to an annual maximum of \$40,000.

February 27, 2023

Thank you in advance for your assistance. We look forward to working with you and the WSGC staff on how best to lower the sports wagering vendor license fees. Please let us know if you have any questions or need more information.

Sincerely,

INTERNET SPORTS INTERNATIONAL, LTD.

DocuSigned by:

670754FE4451499...

Ernest C. Matthews IV
Vice President/General Counsel

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Friday, March 10, 2023 2:37 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Friday, March 10, 2023 - 2:37pm Submitted by anonymous user: 50.251.212.22 Submitted values are:

Select a Topic: Staff Initiated Rule Change: License fees

Name: Todd Phelps

Organization: Screaming Yak, Morty's Tap & Grille, Fieldhouse Pizza & Pub

Comments: We've spent the last 3 years trying to recover from the COVID closures. We are still struggling due to slow business, high wages, significant employee turnover and trouble finding employees. Increasing taxes on small businesses would be another hit to our bottom line. Businesses can't continue to experience tax increases from every agency in Washington State. At one point it will cease to be worth continuing to sell pull-tabs.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3901&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C39760e840eb746983ce708db21b8024a%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638140846422524551%7CUnknown%7CTWFpbGZsb3d8eyJWljoIMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6k1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=vgTBB5QA8dsQ0GO%2Bg9mlrWOPvzkrLdqPX%2F9CAw5itM%3D&reserved=0>

From: barbarawjones@aol.com
To: [McLean, Lisa \(GMB\)](#)
Subject: Gambling Cost Increases
Date: Tuesday, March 28, 2023 12:07:06 PM

External Email

Hello, I was given your name by Aaron Hutchinson in response to my question below. Thank you for your time.

Barbara Jones

-----Original Message-----

From: barbarawjones@aol.com
Sent: Sat, Mar 11, 2023 1:34 pm
Subject: Gambling Cost Increases

Hello Aaron. I'm not sure if you are the ocrrect person to address this. I have recently been informed yet again of an increase in the prices for Pull Tabs games. This increase is in excess of 11%. This is passed directly on to us the purchasers. Coupled with the new increases in licensing fees, dead game services etc. it is getting increasingly difficult to keep up with the costs. We as sellers have no recourse to adjust for these increases as we cannot charge any additional monies for games as these are set by law. Does the Gambling Commission have any authority over how much retailers can continue to increase their costs to consumers who cannot raise their prices? Thanks for your help. Barbara Jones



April 5, 2023

Washington State Gambling Commission
P.O Box 42400
Olympia, WA 98504
PUBLIC COMMENT VIA ELECTRONIC SUBMISSION

Dear Washington State Gambling Commissioners:

Thank you for the opportunity to add perspective on proposed agency fee increases specifically as they relate to electronic 50/50 raffles. As representatives of nonprofits affiliated with qualified sports teams, we write to express our concerns for the singular fee hike on electronic 50/50 but also optimism for a sustainable solution over the long run that grows the game for the charitable benefit for Washingtonians.

From the start, we recognize the Commission's regulatory costs for this new program in electronic 50/50 exceeded projections and that the Commission is obligated to match agency costs to operator fees. While new to Washington, 50/50 raffles are a safe and honest mainstay at sporting events across North America – translating the passion of fans into beneficial community charitable activity. It is our hope and expectation that as the game matures in Washington, the regulatory cost to the agency decreases and with it the corresponding fees. As such, we respectfully ask the Commission to track and routinely share logged hours relating to electronic 50/50 enforcement.

Should the electronic 50/50 fees remain inflexibly high, there's a significant risk that it will lead to fewer teams offering the game as consistently or at all – reducing agency collection along with charitable benefits. With a 733% increase in the gross gambling receipts rate, Washington will have the highest overall 50/50 fees in the country. The next closest state, California, offers a cautionary tale. Its original fees were similar to Washington's original fees before jumping to annual base of \$14,000 plus \$200 per raffle. The net effect has been to reduce the number of sports teams offering the game from 17 in 2018 to nine in 2021.

Operating electronic 50/50 raffles according to Washington's regulations is already a challenging and costly proposition. In addition to state fees there are Seattle taxes (5%), IRS unrelated business income taxes (21%), vendor fees, credit card fees, over/under costs, hardware purchases and rentals, specialized printer paper, kiosks, customized storage and security, foregone in-

stadium ad revenue, and volunteer recruitment and training. We have concerns that the increased fee structure will inequitably impact the two remaining eligible sports teams – Seattle Storm and OL Reign – and change the calculus for the other qualified teams.

We are grateful the Commission has recognized some of these concerns. The decision to qualify that the Commission will bill for actual pre-operational review expenses gives us some optimism that the gross receipts rate will be revised down in the future. It signals the kind of collaboration that will be needed to ensure the long-term future of this game and its charitable benefits. Other ideas for growing this game and the resulting agency fees collected include broadening the number of qualified sports teams beyond the elite professional level and operational changes that lead to cost savings such as random number generation. We look forward to continuing our partnership with you to ensure the viability of electronic 50/50 raffles.

We appreciate the opportunity to provide input on the fee escalation on electronic 50/50 raffles. Despite the risks posed by the high fees we are cautiously optimistic that through transparency in costs and increasing familiarity between regulators and operators, we will avoid the most detrimental impacts to the game and its beneficiaries.

Sincerely,

Seattle Kraken

Mari Horita

Senior Vice President, Social Impact and Government Relations

Seattle Mariners

Fred Rivera

Executive Vice President & General Counsel

Seattle Seahawks

Drew Johnston

Director, Government Affairs and Compliance

Seattle Sounders FC

Maya Mendoza-Exstrom

Chief Operating Officer



Rule Petition to Amend

WAC 230-15-140- Wagering limits for house-banked card games

APRIL 2023 – Discussion and Possible Action
MARCH 2023 – Discussion and Possible Action
FEBRUARY 2023 – Discussion Only
JANUARY 2023 – Discussion and Possible Filing
AUGUST 2022 – Initiate Rule-Making
JULY 2022 – Rule-Making Petition Received

Tab 7: APRIL 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Vicki Christophersen, Representing Maverick Gaming in Kirkland, Washington

Background

BOLD = Changes made after March 2023 Commission Meeting.

Vicki Christophersen, representing Maverick Gaming, is proposing to amend WAC 230-15-140 as follows:

- Increase the maximum single wagering limit from \$300 to \$500 for all house-banked gaming tables. Provided that if the licensee has a “high limit room” they may increase the single wagering limit to \$1,000 for a select number of high limit tables as follows:
 - Cardrooms with 1-5 total tables – no more than 1 high limit table; or
 - Cardrooms with 6-10 total tables – no more than 2 high limit tables; or
 - Cardrooms with 11-15 total tables – no more than 3 high limit tables.
- Add a definition of “high limit room” meaning a clearly identified area of the gaming facility separated by a permanent physical barrier or a separate room in the gaming facility.
- Restrict access to high limit tables in the high limit room to only prescreened players and players who are not self-excluded from gambling or exhibit problem gambling behaviors.

The petitioner feels this change is needed for several reasons:

- To reflect current economic conditions and customer demand; and
- Wagering limits have not been increased since 2009 and operating costs have increased significantly since then; and
- Minimum wage has nearly doubled since 2009 and supply chain issues and inflation has had a negative impact on card room revenue; and
- To keep the wagering limits for card rooms fair and consistent with competitors, specifically Tribal casinos. Tribal compacts have been steadily amended to increase wagering limits at their casinos.

The petitioner feels the effect of this rule change will allow house-banked card rooms to compete on a more level playing field with Tribal casinos. The petitioner also believes the rule change will allow for the preservation of family wage jobs and economic contributions to the communities they are part of. Lastly, the petitioner feels that the rule change will provide increased tax collection for the local jurisdictions they operate house-banked card rooms in.

At the August 2022 meeting, Commissioners accepted a petition and chose to initiate rule making to amend WAC 230-15-140 related to wagering limits for house-banked card games. At the meeting, the Commissioners expressed several questions they had and information they felt they needed before proceeding forward.

Before you in January 2023 were four draft language options to consider, in no particular order:

- Option A: Allows for wagering limits over the current maximum limit of \$300 but not to exceed \$500 under certain conditions. Conditions include: 1) limits over \$300 must be approved in internal controls; 2) only three tables are authorized to have limits greater than \$300; 3) the licensee must establish a designated space (i.e. a high limit room/area) for tables where limits over \$300 will be played; 4) problem gambling signage must be posted in the high limit room/area; and 5) verification that players are not on the self-exclusion list prior to them gambling at limits greater than \$300.
- Option B: Increases the maximum wagering limit from \$300 to \$500 for a single wager.
- Option C: Increases the maximum wagering limit from \$300 to \$400 for a single wager.
- Option D: Increases the maximum wagering limit from \$300 to \$500 for a single wager. In addition, it allows for wagering limits up to \$1,000 under certain conditions. Conditions include: 1) limits over \$500 must be approved in internal controls; 2) only three tables are authorized to have limits greater than \$500; 3) the licensee must establish a designated space (i.e. a high limit room/area) for tables where limits over \$500 will be played; 4) problem gambling signage must be posted in the high limit room/area; and 5) verification that players are not on the self-exclusion list prior to them gambling at limits greater than \$500.

At the January 2023 commission meeting, Commissioners filed Option B for further discussion.

At the February 2023 commission meeting, Commissioners directed staff to do additional research on the history of commission discussion and public commentary on wager limits and of the number of house-banked card rooms from 1997 to the present. In this package, staff provides a graphic representation of the number of house-banked card rooms from 1997 to the present.

At the March 2023 commission meeting, Commissioners deferred decision-making after staff provided research requested by Commissioners at the February 2023 meeting (relating to Commission discussion around the 2008 decision to increase maximum wagering limits and the history of the changed framework related to commercial stimulant in law and in rule).

Attachments:

- Petition
- WAC 230-15-140
- Option B as filed by the Commissioners at the January 2023 meeting
- Draft Language Options
- Transcript of the HBCR wager increase discussion from the August 2022 commission meeting
- Questions and WSGC responses from the August 2022 commission meeting
- Transcript of the HBCR wager increase discussion from the January 2023 commission meeting
- Transcript of the HBCR wager increase discussion from the February 2023 commission meeting

- Number of House-Banked Card Rooms from 1997 to present
- **Historical overview of the definition and application of “commercial stimulant” (provided to commissioners at the March 2023 commission meeting)**
- **Discussion of 2008 HBCR Wager Increase petition (provided to Commissioners at the March 2023 commission meeting)**

Stakeholder Feedback

On August 10, 2022, Tony Johns, General Manager of Chips/Palace Casino in Lakewood, WA, sent a letter to the Commission on behalf of Evergreen Gaming in support of the petition to raise wagering limits. The letter in question is attached in the Commission Meeting packet.

On September 28, 2022, staff held a stakeholder meeting to discuss the wagering limit petition. There were 14 participants from the gaming industry. The consensus was support for the petition to raise wagering limits for house-banked card games. No participant in the meeting was against raising wagering limits.

On September 28, 2022, staff held a meeting with tribal partners to discuss three outstanding petitions to include the wagering limit petition.

On October 26, 2022, the petitioner submitted two documents to the WSGC:

- Document titled “Follow up to questions posted by WSGC member to Maverick Gaming petition to increase wager limits.” Note: The petitioner submitted this document in response to the Commissioner’s questions at the August 2022 meeting.
- Document titled “A Brief History of Gambling in Washington State.”

Both documents referenced above are attached. WSGC staff has not independently verified the alleged facts contained in either document.

On December 1, 2022, the petitioner submitted an untitled document to the WSGC describing various wagering limits for different states. The document is attached. WSGC staff has not independently verified the alleged facts contained in the document.

Further stakeholder and Tribal partner outreach will occur following the filing of the rules for further discussion.

On January 27, 2023, we received an email from Jerry Howe, owner of Wild Goose Casino in Ellensburg, in support of the petition.

On February 13, 2023, staff held a stakeholder meeting to discuss the wagering limit petition, as well as two staff-initiated rules changes. There were 48 participants from the gaming industry as well as the nonprofit sector. The consensus was support for the petition to raise wagering limits for house-banked card games. No participant in the meeting was against raising wagering limits.

On February 13, 2023, staff held a meeting with Tribal partners to discuss the wagering limit petition, as well as two staff-initiated rules changes. Discussants felt \$500 was an excessive limit that did not correlate to the definition of “commercial stimulant” in RCW 9.46. There was interest in understanding how this provision was applied after licensure.

On February 17, 2023, we received an email from Kris O. Murray in support of the petition.

On February 24, 2023, we received a letter from Michael D. McKay of K&L Gates, on behalf Maverick Washington LLC, in support of the petition.

Attachments:

- Stakeholder Letter
- Documents submitted by Maverick Gaming (3)
- Email from Jerry Howe
- Email from Kris O. Murray
- Letter from Michael D. McKay of K&L Gates, on behalf of Maverick Washington, LLC

Policy Considerations

Pursuant to RCW 9.46.070 (11), the Commission has the power and authority to “*establish the type and scope of and manner of conducting gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or thing of value which may be wagered or contributed or won by a player...*”

RCW 9.46.0282 defines a “social card game” as a “*card game that constitutes gambling and is authorized by the Commission under RCW 9.46.070.*” Authorized card games include house-banked games. Furthermore, RCW 9.46.0282 states that “*the card game must be played in accordance with the rules adopted by the commission under RCW 9.46.070, which shall include but not be limited to rules for the collection of fees, limitation of wagers and management of player funds.*”

Pursuant to RCW 9.46.0282, the number of tables in a card room shall not exceed a total of fifteen separate tables. The petitioner is not requesting to operate more than fifteen tables. Rather, the petitioner is requesting that the wagering limits be increased from \$300 to \$500 on all tables with the ability to raise limits to \$1,000 for a select number of high limit tables.

House-banked card rooms opened in 1997 where wagering limits for games were set at \$25. In 2000, wagering limits increased to \$100, in 2004 to \$200, and lastly in 2009 to the current limit of \$300.

In 2016, the Commission received a petition from the Recreational Gaming Association (RGA) requesting the Commission to increase wager limits to \$500 that would match the limits of Tribal gaming operations at that time. The Commission accepted the petition for further discussion, but the RGA eventually withdrew their request after hearing Commissioner concerns about increasing the wager limit and problem gambling.

In January 2022, the Commission received a petition from Tim Merrill with Maverick Gaming requesting the Commission to increase wagering limits to \$500 with the ability to raise the limit to \$1,000 on 25% of tables. The petition was withdrawn by Tim Merrill prior to the Commissioners taking any action.

Additional rulemaking will be needed to address policy concerns, new definitions, and possible new requirements.

At the February meeting, Commissioners asked staff to provide rule language on problem gambling signage for consideration. It should be noted that presently RCW 9.46.071(1)(b) explicitly requires

signage directed at individuals with a gambling problem or gambling disorders: “The Washington state gambling commission, the Washington horse racing commission, and the state lottery commission shall jointly develop problem gambling and gambling disorder informational signs which include a toll-free hotline number for individuals with a gambling problem or gambling disorder. The signs shall be placed in the establishments of gambling licensees, horse racing licensees, and lottery retailers.”

As the current petition relates to wager limits, and the Commissioners have a separate, but related, interest in detailed rules related to problem gambling signage in house-banked card rooms, one option would be for the Commissioners to initiate rule making for problem gambling signage separate from this rules petition. The benefit of having a separate rule for problem gambling signage is that the new rule could apply to licensees other than house-banked card rooms.

Staff offer potential language for a new rule in the attachments of this rule package (see Proposal for amended language to file for discussion).

Attachments:

- Transcript for January 2023 Commission Meeting
- Transcript for August 2022 Commission Meeting
- Summary of Questions
- Summary of the 2016 RGA Petition to Increase HBCR Wager Limits to \$500
- History of Laws and Rules
- Chain Inflation Document
- **Proposal for amended language to file for discussion**

Problem Gambling Implications

Staff reached out to the Evergreen Council on Problem Gambling for feedback and/or for further resources to determine the impacts of problem gambling should table game wager limits be increased. As of December 29, 2022, no feedback had been received indicating increasing wager limits would impact those who had a problem with gambling.

Staff reviewed the Massachusetts Gambling Impact Cohort Study of April 16, 2021, entitled “A Six-Year Longitudinal Study of Gambling and Problem Gambling in Massachusetts” and the “New Zealand National Gambling Study Wave 4 (2015) Report Number 6” from March 29, 2018, for information on the impact of higher table game wager limits on players who have a problem with gambling.

Neither report indicated that higher table game wager limits were predictors of problem gambling.

The studies can be found at:

- https://massgaming.com/wp-content/uploads/MAGIC-Six-Year-Longitudinal-Study-of-Gambling-and-Problem-Gambling-in-Massachusetts_Report-4.16.21.pdf
- https://phmhri.aut.ac.nz/_data/assets/pdf_file/0019/193123/Final-Report-National-Gambling-Study-Report-6-29-March-2018.pdf

Staff Recommendation

Your options are to:

- 1) Take final action;
- 2) **Take final action and direct staff to initiate a separate rule-making process related to problem gambling signage;**
- 3) **Direct staff to devise amended rule language to include problem gambling signage, including re-filing the notice of rule making;**
- 4) Request staff to continue to its research; or
- 5) Withdraw the petition in writing, a) stating the reasons for the withdrawal, specifically addressing the concerns stated in the petition, or b) indicating alternative means by which the agency will address the concerns raised in the petition.

Suggested Language for New Rule related to problem gambling and signage in house-banked card rooms

(1) Licensees must conspicuously post gambling disorder informational signs, which include a toll-free hotline number for individuals with a gambling problem or gambling disorders, at the card room entrance, on ATMs, by the cashier's cage, and at the gambling table.

(2) The informational signs will be provided to house-banked card rooms by the Gambling Commission, the state's problem gambling program, or a nonprofit problem gambling organization.

Option B

WAC 230-15-140 Wagering limits for house-banked card

games. (1) A single wager must not exceed ~~three~~five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

(a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or

(b) Tip wagers made on behalf of a dealer; or

(c) As authorized in approved card games rules.

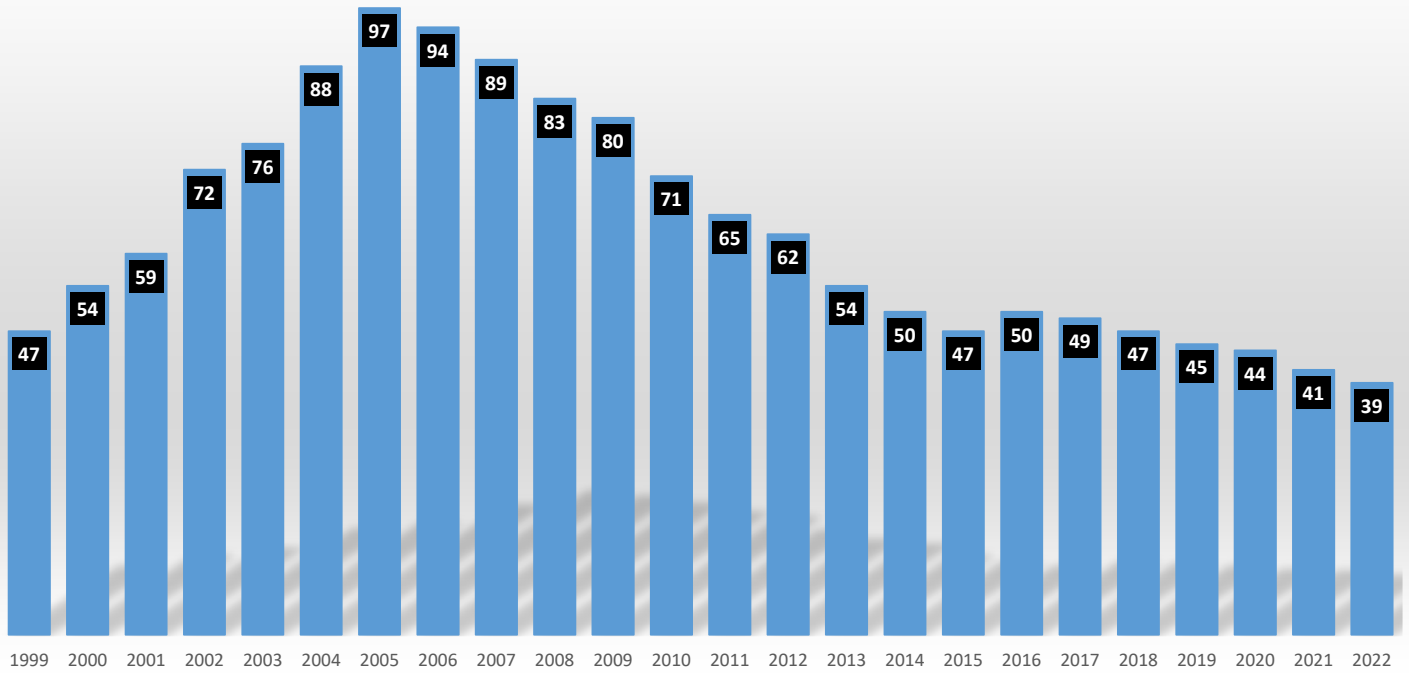
[Statutory Authority: RCW 9.46.070. WSR 21-11-057, § 230-15-140, filed 5/14/21, effective 6/14/21; WSR 08-20-025 (Order 631), § 230-15-140, filed 9/19/08, effective 1/1/09; WSR 07-09-033 (Order 608), § 230-15-140, filed 4/10/07, effective 1/1/08.]

Materials from

MARCH 2023

Commission Meeting

HOUSE-BANKED CARD ROOMS 1999 TO 2022



- 1997 RCW 9.46.0232 authorized house-banked card games.
- 1998 to May 2000 Enhanced card room test program
- June 2000 Wager limits for house-banked card games \$25 (initial) and \$100 (experienced)
- 2003 Wager limits increased to \$100
- 2004 Wager limits increased to \$200 for limited tables
- 2006 Wager limits increased to \$200
- 2009 Wager limits to \$300

Historical Overview of Commercial Stimulant Language and Rule on Wagering Limits for House-Banked Card Games (WAC 230-03-175) (WSGC Staff Research)

Between 1977 and 1994, RCW 9.46.020 defined “commercial stimulant” as follows:

“(5) ‘Commercial stimulant’. An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.” **See Attachment A.**

During this time period, there were also many WAC rules related “commercial stimulant” as noted in **Attachment B** and below:

- **WAC 230-02-350 Commercial stimulant defined.**

“Commercial stimulant” means all licensed gambling activities when operated by an established food and/or drink business with the primary purpose of increasing the volume of food and/or drink sales for “on premise” consumption. **For the purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined “adjusted net gambling receipts” from punchboards, pull-tabs, and public card rooms are less than the total “gross” sales from the food and/or drink business.**

Note: The highlighted section required gross sales for food and beverage to be more than adjusted net gambling receipts.

- **WAC 230-02-370 Food and/or drink business defined.**

"Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises. **Provided, That for the purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a “food and/or drink business” when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises...**

- **WAC 230-02-125 Adjusted net gambling receipts.**

WAC 230-12-075 Commercial stimulant compliance.

Note: Both of these WAC rules required net gambling receipts to be less than gross food and drink sales.

In 1993, the legislature set up a Task Force on Gambling Policy (see **Attachment C** for the House Bill report on EHCR 4403 for a discussion of the rationale for establishing the Task Force and

Attachment D for actual bill language in EHCR4403.E). The most comprehensive summary of the findings of the Task Force can be found in **Attachment E** (House Bill Report on 2SHB 2228), which is the legislation that clarified the state’s public policy on gambling, adding the specific statement “the public policy of the state of Washington on gambling is...”

- One of the recommendations of the report was to streamline **“the reporting requirements for commercial stimulant operators, to the extent that this can be accomplished consistently with the public policy of the state toward gambling.”**

In 1994, the Legislature the definition of “commercial stimulant” was codified in RCW 9.46.0217 (**Attachment F**). However, the definition was materially amended in a couple sections as follows:

- “‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an ~~incidental~~ activity operated in connection with ~~and incidental to,~~ an established business, with the ~~primary~~ purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”
- **Note:** The intent of this change was that an activity (e.g., social card games) no longer had to be incidental to the established business and no longer had to have a “primary” purpose of increasing food and beverage.
- The House Bill Report on the bill that changed RCW 9.46.0217 noted that **testimony in favor of the bill mentioned that each commercial stimulant operator has “to document food and liquor sales versus gambling revenue. This is burdensome on both the operators and the commission.” No one testified against the bill (Attachment G).**

After the amendment to RCW 9.46.0217, the Commission amended the rules noted above to align with the new definition of “commercial stimulant” in the RCW.

According to the Meeting Minutes for the February 1995 Meeting (**Attachment H, pages 10-11**):

“These changes are to comply with the 1994 legislative change to RCW 9.46.0217. **The primary concern here is to determine whether a business is engaged in the sale of food and drink for on-premises consumption as opposed to measuring the gambling activities against the sale of food and drink.**”

According to the Meeting Minutes for the March 1995 Meeting (**Attachment I, pages 20-21**):

“...This is a group of rules that amend the commercial stimulant rules to comply with a 1994 Legislative change to RCW 9.46.0217. These have been discussed with licensees and **essentially take the Commission's staff time away from measuring the food and drink sales against the gambling activity and allow staff to focus on other priorities. The primary concern of the Commission is simply whether a business is engaged in the**

sale of food and drink for on-premise consumption. This is up for possible final action today. Director Miller said the term now is "established business." This will be the test in the future, ensuring it's a legitimate, established business..."

The amendments were as follows (**Attachment J**):

- **WAC 230-02-350 Commercial stimulant defined.**
"Commercial stimulant" means all licensed gambling activities when operated by an established food and/or drink business with the primary purpose of increasing the volume of food and/or drink sales for "on premise" consumption. ~~For the purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.~~
- **WAC 230-02-370 Food and/or drink business defined.**
"Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises. ~~Provided, That for the purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises...~~
- ~~**WAC 230-02-125 Adjusted net gambling receipts.**~~
~~**WAC 230-12-075 Commercial stimulant compliance.**~~
Note: Both of these WAC rules were repealed. Net gambling receipts were no longer required to be less than gross food and drink sales. **Attachment K.**
- **WAC 230-04-080 Certain activities to be operated as a commercial stimulant only-Licensing of food and/or drink businesses.**
"The commission may issue a license to operate punchboards and pull tabs or public card rooms, licensed for use as a commercial stimulant as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:..."

The total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application..."

In 1999, WAC 230-04-080 was amended in as follows:

The commission may issue a license to operate punchboards and pull tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated.

In 2006, we conducted rules simplification. WAC 230-04-080 was repealed and WAC 230-03-175 was formed (**Attachment L**). Part of the new language in WAC 230-03-175 read as follows:

“Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in RCW 9.46.0217. That evidence includes, but is not limited to:

(2) Proof that it is ‘primarily engaged in the selling of food or drink for consumption on premises’ as used in RCW 9.46.070 (2). ‘Primarily engaged in the selling of food or drink for consumption on premises’ means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.”

In 2007, WAC 230-03-175 was amended with nonmaterial changes. The language adopted here is the current language of the rule to date.

Attachment A

Ch. 325

WASHINGTON LAWS, 1977 1st Ex. Sess.

state government and its existing public institutions, and shall take effect July 1, 1977.

Passed the House June 19, 1977.

Passed the Senate June 19, 1977.

Approved by the Governor June 30, 1977.

Filed in Office of Secretary of State June 30, 1977.

CHAPTER 326

[House Bill No. 1133]

GAMBLING

AN ACT Relating to gambling; amending section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020; amending section 3, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.030; amending section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070; amending section 8, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 7, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.080; amending section 10, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.100; amending section 1, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.115; amending section 14, chapter 218, Laws of 1973 1st ex. sess. as amended by section 8, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.140; amending section 18, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.180; amending section 19, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.190; amending section 21, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 10, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.210; amending section 23, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 5, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.230; adding new sections to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; prescribing penalties; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020 are each amended to read as follows:

- (1) "Amusement game" means a game played for entertainment in which:
 - (a) The contestant actively participates;
 - (b) The outcome depends in a material degree upon the skill of the contestant;
 - (c) Only merchandise prizes are awarded;
 - (d) The outcome is not in the control of the operator;
 - (e) The wagers are placed, the winners are determined, and a distribution of prizes or property is made in the presence of all persons placing wagers at such game; and
 - (f) Said game is conducted or operated by any agricultural fair, person, association, or organization in such manner and at such locations as may be authorized by rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended.

Cake walks as commonly known and fish ponds as commonly known shall be treated as amusement games for all purposes under this chapter.

- (2) "Bingo" means a game in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of said game, when said game is conducted by a bona fide charitable or nonprofit organization which does not conduct or allow its premises to be used for conducting bingo on

Attachment A

more than three occasions per week and which does not conduct bingo in any location which is used for conducting bingo on more than three occasions per week, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game.

(3) "Bona fide charitable or nonprofit organization" means: (a) any organization duly existing under the provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or (b) any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the Internal Revenue Code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

(4) "Bookmaking" means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

(5) "Commercial stimulant". An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

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to be used by only members and guests ((only)) to play social card games authorized by the commission, when licensed, conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed five thousand dollars; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

(3) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(a) Such activities are held in accordance with all other requirements of chapter 9.46 RCW as now or hereafter amended, other applicable laws, and rules of the commission; and

(b) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of RCW 9.46.020(2) as now or hereafter amended: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days; and

(c) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities; and

(d) Gross revenues to the organization from all the activities together does not exceed five thousand dollars during any calendar year; and

(e) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization; and

(f) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(g) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and

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enables him or her to play or results in or from his or her playing: PROVIDED, That this subparagraph (ii) shall not preclude collection of a membership fee which is unrelated to participation in gambling activities authorized under this subsection.

The penalties provided for professional gambling in this chapter shall not apply to sports pools as described in ((this)) subsection (6) of this section, the wagering described in subsection (7) of this section, social card games, bingo games, raffles, fund raising events, punch boards, pull-tabs, ((or)) amusement games, or to the use of facilities of a bona fide charitable or nonprofit organization for social card games or dice games, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 3. Section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games~~((f+))~~, to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate

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(8) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(9) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character, and scope of the activities of the licensee; (ii) the source of all other income of the licensee; and (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(10) To regulate and establish the type and scope of and manner of conducting ~~((social card games permitted to be played, and))~~ the gambling activities authorized by RCW 9.46.030, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in ((a social card game)) any such activities;

(11) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter;

(12) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended;

(15) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

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WSR 95-07-093

Washington State Register, Issue 95-07

March 17, 1995
Patricia Norman-Cole
Rules Coordinator

following the drawing: *Provided*, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations that do not have an administrative or business office located within Washington state structured to include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff. *Provided*, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

WSR 95-07-094 PERMANENT RULES GAMBLING COMMISSION

[Filed March 17, 1995, 3:36 p.m., effective July 1, 1995]

Date of Adoption: March 10, 1995.

Purpose: Packet of rules clarify commercial stimulant in accordance with amendments to RCW 9.46.0217. Net gambling receipts are no longer required to be less than gross food and drink sales.

Citation of Existing Rules Affected by this Order: Amending WAC 230-02-350, 230-02-360, 230-02-370, 230-02-380, 230-04-080, 230-08-130, and 230-08-160.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Pursuant to notice filed as WSR 95-04-038 on January 25, 1995.

Effective Date of Rule: July 1, 1995.

AMENDATORY SECTION (Amending Order 165, filed 3/16/87)

WAC 230-02-350 Commercial stimulant defined. "Commercial stimulant" means ~~((a))~~ a licensed gambling ~~((activities, when))~~ activity operated by an established food and/or drink business with the ~~((primary))~~ purpose of increasing the volume of food and/or drink sales for "on-premises" consumption. ~~((For purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.))~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-360 Licensed premises defined. "Licensed premises" means the physical building and property, upon which the licensed gambling activity occurs, as set out ~~((and approved))~~ on the license application and approved by the commission: *Provided*, That ~~((where))~~ when only a portion of a building is ~~((leased))~~ utilized for purposes of operating a food and/or drink business or for conducting gambling or related activities, only that portion set out in the ~~((lease document))~~ application on file with the commission, shall be considered the licensed premises ~~((: *Provided further*, That when owners or holders of a substantial interest, of a food and/or drink business, licensed to conduct gambling activities, also operate additional and separate businesses in the same building or on the same property, only the gross sales from the licensed food and/or drink business, as set out and approved on the license application, shall be included for commercial stimulant purposes))~~.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-370 Food and/or drink business defined. "Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises ~~((: *Provided*, That for purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises. *Provided further*, That food and drink items furnished to employees, without their actually paying for it, shall be treated as sales only if:~~

- ~~(1) Detailed records are maintained;~~
- ~~(2) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and~~
- ~~(3) No more than one meal per employee is recorded during any four hour work shift).~~

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AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined.

"Established business" means any business (~~(who)~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses.

The commission may issue a license to operate punchboards and pull tabs (~~(, or)~~) or public card rooms (~~(, licensed for use as a commercial stimulant)~~) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

(i) It is a tavern that holds a valid Class "B" liquor license; or

(ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:

(A) Prepared by the licensed business; or

(B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

(A) Detailed records are maintained;

(B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and

(C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:

(a) January 1st through March 31st;

(b) April 1st through June 30th;

(c) July 1st through September 30th; and

(d) October 1st through December 31st.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made ~~((:))~~;

(4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report ~~((:))~~;

ATTACHMENT C

HOUSE BILL REPORT

EHCR 4403

As Passed Legislature

Brief Description: Advocating the creation of a task force to study issues on gambling.

Sponsors: Representatives Heavey, Veloria, Long, Shin, Forner, Schmidt, R. Meyers, Johanson, Leonard, Chandler, Lisk, Pruitt, Ballasiotes and Morris.

Brief History:

Reported by House Committee on:
Commerce & Labor, January 26, 1993, DPA;
Passed House, February 8, 1993, 95-0;
Amended by Senate;
Passed Legislature, April 20, 1993.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Franklin; Horn; King; Springer; and Veloria.

Staff: Jim Kelley (786-7166).

Background: In recent years, the level of legalized wagering in Washington and across the nation has increased significantly. Gross receipts from legal gaming have nearly doubled since 1985. In addition, with the passage of the Indian Gaming Regulatory Act, tribal gaming has expanded into casino style games. Under the Indian Gaming Regulatory Act, the state is required to negotiate in good faith with any tribe wishing to conduct gambling activities that are not prohibited by the public policy of the state as reflected in its criminal laws and constitution. These and other factors have focused attention on the state's public policy regarding gambling.

Summary of Bill: The State Gambling Policy Task Force is established to examine: (1) The current nature and scope of authorized gambling in the state; (2) the future of gambling in the state; (3) the need for defining a clear public policy on gambling; and (4) the feasibility of merging the Gambling Commission, Lottery Commission, and Horse Racing Commission into one state agency.

ATTACHMENT C

The task force will be made up of 14 members, 11 of whom will be voting members. The voting members will include the governor or the governor's designee, three members from the majority caucus and two members from the minority caucus of the Senate, appointed by the President of the Senate and three members from the majority caucus and two members from the minority caucus of the House of Representatives, appointed by the Speaker of the House of Representatives. The three nonvoting members will be representatives of the Washington State Gambling Commission, the Washington State Horse Racing Commission, and the Washington State Lottery Commission. The task force will appoint a chair and vice chair from among its membership.

The task force may consult with individuals from the public or private sector or ask them to establish an advisory committee. The task force shall use legislative staff and facilities and expenses shall be paid jointly by the Senate and the House of Representatives.

The task force shall submit a report summarizing its findings and recommendations to the Legislature by January 1, 1994.

Fiscal Note: Not requested.

Effective Date: Upon filing with the Secretary of State.

Testimony For: The Gambling Commission has been involved in this issue and is very supportive. It is imperative that we not "back into" a whole new public policy on gambling. There are many major gambling issues that must be dealt with today. The tribes generally support the task force concept. It will provide more clarity in negotiations and in the regulatory arena. The resolution is fine as long as there is no moratorium on new gambling proposals.

Testimony Against: A task force would be fine, but there is a fear that it would be accompanied by a moratorium on new gambling proposals. A moratorium would be unacceptable. The tavern owners need help now. We cannot afford to wait for the results of a study. Eight cardrooms have already gone out of business in the Tulalip area.

Witnesses: Frank Miller, Director, Washington State Gambling Commission (in favor); Jim Metcalf, Tulalip Tribes (in favor); Bill Fritz, Washington Charitable and Civic Gaming Association (in favor); Frank Warnke, Thoroughbred Racing Industry (in favor); Vito Chiechi, Washington State Licensed Beverage Association (opposed); Randy Scott, Lummi Tribe (in favor); Sharon Foster, Community Charities (opposed); and Becky Bogard, RDC Consultants (opposed).

ATTACHMENT D

ENGROSSED HOUSE CONCURRENT RESOLUTION 4403

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Heavey, Veloria, Long, Shin, Forner, Schmidt, R. Meyers, Johanson, Leonard, Chandler, Lisk, Pruitt, I. Ballasiotes and Morris

Read first time 01/13/93. Referred to Committee on Commerce & Labor.

1 WHEREAS, Legalized wagering in Washington State has increased
2 significantly during the past two decades; and

3 WHEREAS, Legalized wagering in neighboring states is expanding into
4 such games as keno and video poker and is expected to continue
5 increasing during the coming years; and

6 WHEREAS, Under Federal law, tribal gambling has expanded into
7 casino gambling; and

8 WHEREAS, The United States Congress recently authorized coastal
9 gambling on cruise ships; and

10 WHEREAS, The State's public policy has been to prevent organized
11 crime from infiltrating legalized gambling; and

12 WHEREAS, Increased competition for the gambling dollar will result
13 in pressure to legislate increases in the nature and scope of gambling
14 currently authorized in the State; and

15 WHEREAS, The State's public policy on gambling, in many respects,
16 has not been clearly defined;

17 NOW, THEREFORE, BE IT RESOLVED, By the House of Representatives of
18 the State of Washington, the Senate concurring, That a legislative task
19 force on Washington state gambling policy be established to examine:
20 (1) The current nature and scope of legal gambling within the State;
21 (2) the future of gambling in the State, in light of recent expansion,

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1 the authorization of tribal and coastal gambling, and increased
2 competition for the gambling dollar; and (3) the need for more clearly
3 defining the State's public policy on gambling; and

4 BE IT FURTHER RESOLVED, That the task force consist of ten voting
5 members, three members from the majority caucus and two members from
6 the minority caucus of the Senate, appointed by the President of the
7 Senate; at least one member from each caucus shall be a member of the
8 Senate labor and commerce committee; and three members from the
9 majority caucus and two members from the minority caucus of the House
10 of Representatives, appointed by the Speaker of the House of
11 Representatives; at least one member from each caucus shall be a member
12 of the House commerce and labor committee. In addition, the Washington
13 state gambling commission, the Washington state horse racing
14 commission, and the Washington state lottery commission shall cooperate
15 with the task force and maintain a liaison representative, who shall be
16 a nonvoting member. The task force shall choose its chair and vice-
17 chair from among its membership; and

18 BE IT FURTHER RESOLVED, That the task force, where feasible, may
19 consult with individuals from the public and private sector or ask such
20 persons to establish an advisory committee; and

21 BE IT FURTHER RESOLVED, That the task force shall use legislative
22 staff and facilities. All expenses of the task force, including
23 travel, shall be paid jointly by the Senate and the House of
24 Representatives; and

25 BE IT FURTHER RESOLVED, That the task force report its findings and
26 recommendations to the legislature by January 1, 1994; and

27 BE IT FURTHER RESOLVED, That the task force shall expire July 1,
28 1994.

--- END ---

ATTACHMENT E

SHB 2226

Part-time dealership employees are permitted to drive vehicles bearing dealer license plates.

The fixed load capacity fee and the circus vehicle fee are eliminated.

The combined licensing fee is reduced by \$90 for trucks registered at 42,000 pounds or more that do not haul trailers or are used exclusively for hauling logs.

Votes on Final Passage:

House	95	0
Senate	44	1

Effective: June 9, 1994
July 1, 1994 (Sections 8 and 28)

SHB 2226

C 161 L 94

Requiring cities and towns to provide notice for rate increases for solid waste handling services.

By House Committee on Environmental Affairs (originally sponsored by Representatives Horn, Rust and Cooke).

House Committee on Environmental Affairs
Senate Committee on Ecology & Parks

Background: Solid waste collection companies operating in the unincorporated areas of a county are regulated by the Utilities and Transportation Commission (UTC). A city has the options of allowing the UTC to regulate collection, operating a city collection service, or regulating a private collection company.

A solid waste collection company regulated by the UTC is required to provide 45 days notice to the UTC and the public before changing rates or service levels.

Summary: Cities that do not opt for UTC-regulated collection are required to notify the public of a change in solid waste rates 45 days prior to the proposed date of the rate change. Notification may occur through the mail or through the newspaper.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House			(House refused to concur)
Senate	42	2	(Senate receded)

Effective: June 9, 1994

2SHB 2228

C 218 L 94

Clarifying the state's public policy on gambling.

By House Committee on Revenue (originally sponsored by Representatives Heavey, Lisk, Springer, Schmidt, Van Luven and Roland).

House Committee on Commerce & Labor

House Committee on Revenue
Senate Committee on Labor & Commerce

Background:

Public policy statement. The Washington State Gambling Code contains a series of legislative policy declarations. For the purpose of negotiating tribal gaming compacts, the Gambling Commission has summarized these declarations into the following statement of public policy on gambling: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling by limiting the nature and scope of gambling activities and by strict regulation and control."

Frequency of Lottery games. The frequency with which the Lottery offers any of its games is strictly within the agency's discretion.

Problem and compulsive gambling. In 1992, the Lottery Commission contracted with Rachel Volberg, Ph.D., to conduct both an adult and an adolescent prevalence study of problem and compulsive gambling in this state. These studies were conducted in the spring and summer of 1992. Dr. Volberg estimated that between 14,400 and 49,800 Washington residents can be classified as current probable compulsive gamblers. In addition, an estimated 43,300 to 93,700 Washington residents can be classified as current problem gamblers. Among adolescents, an estimated 23,000 to 33,700 can be classified as at-risk gamblers and an additional 950 to 4,700 adolescents in Washington can be classified as problem gamblers. There are a limited number of treatment options for problem and compulsive gamblers in Washington.

The Gambling Commission and the Lottery Commission have each adopted policies on compulsive gambling. These policies recognize that compulsive gambling exists in this state and pledge the resources of the agencies to assist in public awareness and education and research activities related to compulsive gambling. The Gambling Commission has developed a compulsive gambling education and awareness training program; entered into a contract with the State Council on Problem Gambling to provide public education and awareness programs, information and referral services, and training seminars for mental health professionals; and included in all of the tribal gaming compacts a provision that requires any civil fines collected by the Gambling Commission or Tribal Gaming Agency as a result of infractions of gambling laws be paid to the State Council on Problem Gambling.

The Lottery Commission provides funding for the 1-800 information and referral hotline operated by the State Council on Problem Gambling. The Lottery Commission, Gambling Commission and Horse Racing Commission, in cooperation with the State Council on Problem Gambling, jointly developed an informational brochure on compulsive gambling. This brochure is distributed state-wide to gambling licensees, lottery retailers, state and local government offices and other appropriate locations.

Enforcement of gambling laws. The Washington State Gambling Code includes procedures for the seizure and forfeiture of illegal gambling-related assets. This section of the gambling code has not been substantively amended since 1981, despite subsequent court decisions interpreting the drug forfeiture statute upon which the gambling forfeiture statute was modeled. The Gambling Commission and the Attorney General have expressed concerns about whether the commission can effectively administer this statute. Proceeds realized from the enforcement of this statute are paid into the state general fund if the property was seized by a state agency or to the local government if the property was seized by a local government law enforcement agency.

"Gambling devices" are prohibited in Washington. The gambling code definition of "gambling device" describes the characteristics of the machines, but does not specifically list the types of gambling devices. The Gambling Commission has uniformly applied the prohibition to slot machines and electronic gambling devices.

The provisions defining the criminal offenses of first and second degree professional gambling include as an element of the offenses that a certain volume of illegal activity must have occurred in any "calendar month." Courts have interpreted this to mean, for example, that if certain activities began on the 25th day of a certain month, then only those activities occurring before the first of the next month are counted toward the volume of illegal activity.

The director of the Gambling Commission may only appoint two assistant directors.

Recommendations of the Gambling Policy Task Force. In 1993, the Legislature adopted EHCR 4403, creating the State Gambling Policy Task Force. The task force was made up of 11 voting members: 10 legislators and the Governor's designee, and three nonvoting members: one representative each from the Horse Racing Commission, the Lottery Commission and the Gambling Commission. The purpose of the task force was to examine: (1) The current nature and scope of authorized gambling in the state; (2) the future of gambling in the state; (3) the need for defining a clear public policy on gambling; and (4) the feasibility of merging the Gambling Commission, Lottery Commission, and Horse Racing Commission into one state agency. The task force submitted its final report to the Legislature on January 1, 1994. The final report made several major recommendations, including:

- (1) "The Legislature should codify the following statement of Washington's public policy toward gambling in statute: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

- (2) The Legislature should amend the state lottery statute to require prior legislative approval of any on-line game operated more frequently than once every 24 hours.
- (3) Services for problem and compulsive gamblers should continue to be offered. The Gambling Commission, the Lottery Commission, and the Horse Racing Commission should continue to provide resources for the support of these services. The Gambling Commission, Horse Racing Commission and Lottery Commission should jointly develop informational signs concerning problem gambling which include the toll free hot line number to be placed in the establishments of gambling licensees and lottery retailers.
- (4) The Legislature should amend the gambling code to aid the Gambling Commission in enforcing the public policy of the state and in fighting illegal gambling. These changes should include: (1) clarifying the unconditional ban on slot machines and video gaming devices in Washington; (2) strengthening the Gambling Commission's authority to seize illegal gambling-related assets; and (3) streamlining the reporting requirements for commercial stimulant operators, to the extent that this can be accomplished consistently with the public policy of the state toward gambling.

Summary:

Public policy statement. The following statement of Washington's public policy toward gambling is codified: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

Frequency of Lottery games. Prior legislative approval is required before the Lottery may conduct any on-line game more frequently than once every twenty-four hours. "On-line game" is defined as a game in which the player pays a fee to a lottery retailer and selects a combination of numbers or symbols, and the Lottery separately selects the winning combination or combinations.

Problem and compulsive gambling. The Legislature recognizes that some people in Washington are problem or compulsive gamblers and that the state has the responsibility to continue to provide resources for the support of services for problem and compulsive gamblers. The Gambling Commission, Horse Racing Commission, and Lottery Commission are required to jointly develop informational signs about problem and compulsive gambling to be placed in gambling establishments.

Enforcement of gambling laws. Procedures for the seizure and forfeiture of gambling-related assets are updated. The changes are patterned after recent changes in the drug forfeiture statute. The changes provide greater protection for property owners who are unaware of the illegal activities being conducted on their property. The net proceeds of gambling-related property seizures are retained exclusively by the Gambling Commission to defray enforcement costs.

ATTACHMENT E

SHB 2235

Gambling devices on cruise ships are exempt from the penalty and seizure provisions if the devices are not operated for gambling purposes within the state of Washington.

Slot machines, video pull-tabs, video poker, and electronic games of chance are specifically added to the definition of "gambling device."

References to "calendar month" in the provisions defining the crimes of first and second degree professional gambling are amended to read "thirty-day period."

The director of the Gambling Commission may appoint three assistant directors.

Votes on Final Passage:

House	91	5	
Senate	39	0	(Senate amended)
House	90	5	(House concurred)

Effective: April 1, 1994

SHB 2235 PARTIAL VETO C 112 L 94

Clarifying the business and occupation tax on periodicals and magazines.

By House Committee on Revenue (originally sponsored by Representatives Cothorn, Foreman, Thibaudeau, J. Kohl, L. Johnson, Ogden, Rust, Chappell, Van Luven, Brough, Brown and Cooke).

House Committee on Revenue
Senate Committee on Ways & Means

Background: Washington's major business tax is the Business and Occupation (B&O) tax. This tax is imposed on the gross receipts received by a business. Although there are several different B&O tax rates, the rates for most businesses range from 0.471 percent to 2.5 percent.

Before July 1993, publishers of newspapers, magazines and periodicals paid B&O tax at a rate of 0.484 percent of gross income. Legislation enacted in 1993 restricted this special rate to newspaper publishers. As a result, the rate for other types of publishers was increased to 2.13 percent. The rate for newspaper publishers was raised to 0.515 percent.

Cities and towns have general licensing powers that include the power to impose a fee or tax for the privilege of doing business within the city or town. These fees and taxes are often called "business and occupation taxes" and are often based on gross receipts.

Summary: The Business and Occupation tax rate for publishers of periodicals or magazines is reduced from 2.13 percent to 0.515 percent. "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months,

including any supplement or special edition of the publication.

Juvenile newspaper carriers are exempt from state business and occupation taxes. They are also exempt from city and town licensing requirements. Persons employing juvenile newscarrriers must notify each carrier that the exemptions will expire when the carrier reaches 18 years of age.

Votes on Final Passage:

House	87	0	
Senate	48	0	(Senate amended)
House	95	0	(House concurred)

Effective: June 9, 1994

Partial Veto Summary: The veto removes the sections that exempt juvenile newspaper carriers from state business and occupation taxes. The veto also removes the section that requires employers to notify carriers that the exemption will expire when the carrier reaches 18 years of age.

VETO MESSAGE ON HB 2235-S

March 28, 1994

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 2 and 4, Substitute House Bill No. 2235 entitled:

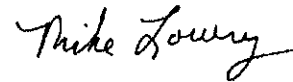
"AN ACT Relating to business and occupation taxes for periodicals and magazines;"

This bill relates to reducing the business and occupation tax rate for publishers of newspapers, magazines, and periodicals and provides an exemption from state, city, and town business and occupation taxes for juvenile newspaper carriers.

Sections 2 and 4 of the bill provide a state business and occupation exemption for newspaper carriers under the age of eighteen. Another bill which passed this session, Substitute House Bill No. 2671, provides B&O tax relief for small businesses, and will effectively relieve juvenile newspaper carriers of all B&O tax liability. In addition, under Substitute House Bill No. 2671, these carriers will not have to pay a \$15 fee to register with the Department of Revenue. As a result of this general tax relief for small businesses, sections 2 and 4 of Substitute House Bill No. 2235 are redundant and unnecessary.

With the exception of sections 2 and 4, Substitute House Bill No. 2235 is approved.

Respectfully submitted,



Mike Lowry
Governor

ATTACHMENT E

Attachment F

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2382

Chapter 120, Laws of 1994

53rd Legislature
1994 Regular Session

GAMBLING--COMMERCIAL STIMULANTS

EFFECTIVE DATE: 6/9/94

Passed by the House February 14, 1994
Yeas 95 Nays 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Passed by the Senate March 4, 1994
Yeas 35 Nays 14

JOEL PRITCHARD

President of the Senate

Approved March 28, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2382** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

Chief Clerk

FILED

March 28, 1994 - 11:26 a.m.

**Secretary of State
State of Washington**

Attachment F

HOUSE BILL 2382

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer

Read first time 01/14/94. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to gambling; and amending RCW 9.46.0217 and
2 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0217 and 1987 c 4 s 6 are each amended to read as
5 follows:

6 "Commercial stimulant," as used in this chapter, means an activity
7 is operated as a commercial stimulant, for the purposes of this
8 chapter, only when it is an ~~((incidental))~~ activity operated in
9 connection with~~((, and incidental to,))~~ an established business, with
10 the ~~((primary))~~ purpose of increasing the volume of sales of food or
11 drink for consumption on that business premises. The commission may by
12 rule establish guidelines and criteria for applying this definition to
13 its applicants and licensees for gambling activities authorized by this
14 chapter as commercial stimulants.

15 **Sec. 2.** RCW 9.46.0281 and 1987 c 4 s 21 are each amended to read
16 as follows:

17 "Social card game," as used in this chapter, means a card game,
18 including but not limited to the game commonly known as "Mah-Jongg,"

ATTACHMENT G

HOUSE BILL REPORT

HB 2382

As Passed Legislature

Title: An act relating to gambling.

Brief Description: Changing gambling provisions.

Sponsors: Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 4, 1994, DP;
Passed House, February 14, 1994, 95-0;
Passed Legislature.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 9 members:
Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer and Veloria.

Staff: Jim Kelley (786-7166).

Background: In its final report to the Legislature, the Task Force on Washington State Gambling Policy included a recommendation that the reporting requirements for commercial stimulant operators should be streamlined, to the extent that this can be accomplished consistently with the public policy of the state toward gambling. The task force agreed to the following description of the state's public policy on gambling: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

The gambling code provides that an activity is operated as a commercial stimulant only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on the premises. The commission has the authority to establish guidelines and criteria for applying this definition.

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Card rooms may be operated by either commercial stimulant or bona fide charitable or nonprofit operators. The operators' gross receipts are generated through collection for time, not through the level of wagering at the tables. Card rooms may charge up to two dollars per half hour of playing time.

Summary of Bill: The sections of the gambling code defining "commercial stimulant" and providing the maximum fee for play at a card room are amended.

An activity is operated as a commercial stimulant only when it is an activity operated in connection with an established business, with the purpose of increasing the volume of sales of food or drink for consumption on the premises.

Card rooms may charge up to three dollars per half hour of playing time.

Fiscal Note: Requested January 25, 1994.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The increase in the card room fee is merely to keep up with inflation. The commercial stimulant definition is very important. Washington has 2,300 commercial stimulant operators. Each one has to document food and liquor sales versus gambling revenue. This is burdensome on both the operators and the commission.

Testimony Against: None.

Witnesses: (In favor) Representative Velma Veloria, prime sponsor; Frank Miller, Gambling Commission; Fred Steiner, Diamond Lils Restaurant; Dave Pardey, Skyway Park Bowl; and George Teeny, New Phoenix Restaurant.

ATTACHMENT H

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, FEBRUARY 9, 1995

Acting Chair Mosbarger called the meeting to order at 1:45 p.m. at the Ramada Governor House Hotel, Olympia, Washington.

MEMBERS PRESENT: WANDA MOSBARGER, Vice Chair, PATRICK GRAHAM and EDWARD HEAVEY.

OTHERS PRESENT: FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; CARRIE SUTHERLAND, Special Assistant, Public Affairs; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; PATTI COUMERILH, Financial Investigations; SHARON TOLTON, Assistant Director, Special Operations; and SUSAN GREEN, Executive Assistant.

Acting Chair Mosbarger asked if there were any staff reports. **Director Miller** stated the staff reports would be given tomorrow. **Acting Chair Mosbarger** called for License approvals.

LICENSE APPROVALS NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Commissioner Graham moved for approval of the list as printed; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said there is a petition package of rules for final action that relates to the local taxing issues; there are three rules as part of that petition. There will be a discussion on a package relating to the licensing of gambling managers, on a package relating to commercial stimulant rules, and on raffle rules. In addition, there is one housekeeping rule for discussion. For discussion and possible filing are two housekeeping changes. There is an addendum to the agenda, which is a petition by the Recreational Gaming Association to change the card room closure hours from 2:00 a.m. to 6:00 a.m. to 4:00 a.m. to 8:00 a.m. One other note for today's agenda, the formal review of Big Brothers and Big Sisters of Tacoma will be moved to the March meeting. Also tomorrow, the WCCGA would like to make a 10 minute presentation. There will be an Executive Session today and tomorrow. **Acting Chair**

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Mosbarger asked for any questions or comments on Friday's agenda.

HEARING

The Shed, Inc., d/b/a The Pine Shed Restaurant, Spokane
CR 93-0691 -- Request for Reconsideration

Ms. Sutherland said that Bob Racicot came before the Commission in Spokane at the November (1994) meeting and requested reconsideration of his fine. He asked for a reduction or restructuring of the fine. Currently, the fine has been paid to date. Half of the last payment was made and he would like to restructure the second half or ask that it be reduced. Staff recommends lowering the payments from \$2,000 a month to \$1,000 a month, which would allow Mr. Racicot to extend the fine over a longer period of time with the total fine remaining unchanged. Final payment would be due January of 1998. The fine was based on agency cost so staff feels strongly that the fine should remain the same. **Director Miller** said looking at the present amount of business Mr. Racicot is generating in his card room, it would be easier to reduce the monthly payment amount and extend the term. **Mr. McCoy** said when the issue was raised in November, the Commission asked him to look at the possibility of doing this; however, there is no formal procedure under the rules of the Commission for reopening an order. The appeal period was past so he suggested to Mr. Racicot that he request to reopen based on a change in circumstances. **Mr. McCoy** said this is not something the Commission has done in the past. It would be a unique decision and the Commission may want to consider making a rule change to handle cases like this in the future.

Ms. Sutherland stated that Mr. Racicot is present and would like to approach the Commission. **Mr. Racicot** of The Shed Restaurant in Spokane, said he came before the Commission in November in Spokane and stated at that time that, with the fine assessed upon him, he could not operate the card room properly. He was fined \$58,000 over the two-year period with the \$10,000 down. He has currently paid \$21,000. This last quarter he was unable to pay the \$6,000 so he called the Gambling Commission and it was suggested to him that he pay \$3,000 until he could come before the Commission. He thanked Mr. Miller for suggesting that the fine be extended over a longer period of time. He said he has a hard time because he is being held solely responsible. He said his pit bosses were the ones arranging games and now he is responsible for paying the Gambling Commission's expenses as a result of the investigation. He said the court in Spokane is near throwing out the cases.

Director Miller said Mr. Racicot is referring to the criminal cases pending in Spokane. There were quite a few arrests. There have been comments in the media lately about a judge questioning the player definition as being too vague and may be dismissing some of the charges. He said the case against The Shed was an administrative action and should be treated separately from the criminal case. There were still problems regarding hidden ownership. **Director Miller** said staff does not support a reduction of the fine. **Mr. Racicot** said he would appreciate the Commission looking at this issue with an open mind.

Commissioner Graham asked if the judge recommended that the license be taken away. **Director Miller** said the original order summarily suspended both the pull tab and the card room licenses. It

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went to a hearing and the Commission overturned the judge's ruling of revocation and Mr. Racicot was fined. This was a very lengthy undercover investigation. He said it was the largest fine against a licensee.

Acting Chair Mosbarger noted the Commission isn't prepared to make a decision of reducing the fine but the Commission could consider lowering the payment. **Commissioner Graham** moved to accept the recommendation of staff and extend the payments at the lower amount. **Mr. McCoy** asked for clarification on the deferred period of time, and if extending the payments also extends the suspension deferral period as well. **Director Miller** stated the suspension deferral period would have to be extended. **Commissioner Heavey** seconded the motion; **Commissioner Heavey** offered an amendment stating that if the licensee is in default for more than two months, then the fine payment amount would go back up to \$2,000. **Commissioner Graham** seconded the amendment. **Mr. Racicot** asked if he had to close the card room, would he be able to keep his pull tabs and fishbowls. **Director Miller** said the action was taken on all licenses and he would not be able to keep his licenses because he would have to fulfill the penalty. Vote taken on the motion as amended; motion carried as amended with three aye votes. **Director Miller** requested that Mr. McCoy draft an amended order.

DEFAULT HEARING

James G. Warner, d/b/a The Place, Battleground
CR 94-1154 -- Punchboard/Pull Tab License

Ms. Sutherland said this licensee is no longer in business and did not respond to notification that they were delinquent in submitting activity reports. Staff recommends a one year revocation. **Commissioner Heavey** asked why the Commission doesn't just revoke their license indefinitely since there was a death. **Ms. Sutherland** said if someone else in the business might apply for a gambling license, perhaps they shouldn't be penalized since the underlying charge was just failure to submit reports on time. **Commissioner Heavey** asked if these individuals could reapply for a license. **Mr. Bishop** explained that if they were to apply within the year period of time, the staff would probably deny the application for that first year. **Ms. Sutherland** further explained that usually the basis for recommendation is based on the underlying charge in a default and the seriousness of the charge. **Commissioner Heavey** moved for one year revocation; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

QUALIFICATION REVIEWS

Ms. Coumerilh said that Big Brother/Big Sisters of Tacoma will be presenting its formal review in March instead of at this meeting.

SEATTLE JAYCEES, Seattle

Ms. Coumerilh said this is a civic organization with a Class "M" bingo license, a Class "L" punchboard/pull tab license, and a Class "E" raffle license. The organization was formed in 1936 and currently has 404 voting members. The organization maintains a full-time administrative office in

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Seattle; they also operate two other nonprofit subsidiary organizations. The organization also has three youth programs: Clients served were 36 individuals including 5 members of the organization and approximately 1,500 members of the general public. Contributions totaled \$71,903; scholarships were \$39,282. Net gambling revenues totaled \$426,362; bingo net income was \$381,583. The organization spent \$495,861 in support of its stated purpose. The organization continued its support of the Woodland Park Zoo. Staff recommends approval as a civic organization.

Commissioner Graham said that he noted that John Tilsborrow, who is the business manager, also has a second job as the financial officer and asked for whom. **Ms. Coumerilh** said his job is with a fishing company and he only works 40 hours there, and between the two positions works 7 days a week.

SEATTLE JUNIOR HOCKEY ASSOCIATION

Ms. Coumerilh said this is an athletic organization with a Class "M" bingo license, a Class "O" punchboard/pull tab license, and licenses for Class "E" amusement games and Class "A" raffles. The organization was first formed in 1974 and currently has 44 voting members. The organization maintains a full-time administrative office in Mountlake Terrace. Office expenses are shared with Northwest Amateur Hockey Association. Clients served during the year totaled 1,025. Contributions totaled \$96,917; Scholarships totaled \$49,374, for 11 students, and Sponsorships totaled \$3,616. Net gambling revenues totaled \$1,211,941. Bingo net income totaled \$1,650,000. The organization spent \$1,377,520 in support of its purposes. The group completed its Olympic-size ice arena project. Staff recommends approval as an athletic organization.

B.P.O.E. #823, Vancouver

Ms. Coumerilh said this is a fraternal organization with a Class "H" bingo license, and a Class "G" license in punchboards/pull tabs. First formed in 1902, there are currently 1,427 voting members. The organization maintains a facility that serves as an activity center for members and is open 7 days per week. Clients served were 5,000 members of the general public and 1,427 members of the organization. Contributions totaled \$36,753. Scholarships totaled \$15,500. Net gambling was \$158,398. Net bingo income was \$108,376. The organization continues to provide charitable contributions to youth activities in its community. Staff recommends approval as a fraternal organization.

SILVER BUCKLE RODEO CLUB, Vancouver

Ms. Coumerilh said this is an athletic organization with a Class "H" bingo license, and a Class "H" license in punchboards/pull tabs. The organization was first formed in 1978 and there are 52 voting members. The organization maintains two arenas, livestock barns on a fenced 60 acre parcel in Vancouver. Clients served were 4,553 members of the general public. Contributions totaled \$12,127. Scholarship totaled \$2,500. Sponsorships totaled \$22,210. Net gambling revenues totaled \$263,097. Bingo net income was \$221,171. This organization spent \$250,198 in support of its stated purposes. The organization

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renovated the riding arena and livestock barns in 1993, added a watering system and a state-of-the-art lighting system for safety. With these improvements, Silver Buckle was able to able to conduct many more programs and fund raising activities. Staff recommends qualification as an athletic organization for the purposes of conducting gambling in the state of Washington. **Commissioner Graham** asked about the number of clients served and how much the number has increased; **Michelle Bernhardt**, Silver Buckle Rodeo Club, said the number of general public has increase by approximately 1,500 clients in the last three years. **Commissioner Graham** also asked if any of the present board members are related. **Ms. Bernhardt** said no they are not. **Director Miller** commented that Silver Buckle has had some problems in the past and staff is very pleased with their improvements.

Acting Chair Mosbarger called for a motion for certification of the above organizations; **Commissioner Graham** moved for qualification of these groups as presented; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

GENERAL DISCUSSION

Director Miller said a group of distributors met this morning with Commission staff. At the meeting last month, some concerns were raised about the pricing policies. One option discussed was to change the whole regulatory scheme or create new rules to make it even tighter. The distributors agree that the pricing rules should be changed. The Commission will try in the short term to put more emphasis on regulation again with regard to pricing to see if it can be brought under control. There were a lot of complaints. The Commission will be kept informed.

Commissioner Heavey asked if Commission staff is taking any positions on legislation; **Director Miller** said that will be a discussion item during other business tomorrow, because some of the licensees requested that the Commission support some of the bills. He will give a report tomorrow.

Acting Chair Mosbarger called for Executive Session and adjourned the public meeting.

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compacts before forwarding them to the Governor. There had been a hearing but members of the Commission were not asked to testify. Senate Bill 5301 sets limits for tribal casinos back to the limits set in 1991. This bill does nothing to those compacts currently in effect. This bill has had a hearing. Senate Bill 5468 allows for golfing sweepstakes, or "Calcutta" events, which is a player auction. Senate Bill 5602 would authorize gambling devices if they are authorized on Indian or federal lands.

Director Miller explained that basically, if the federal courts by judgment or decree authorize gambling devices for tribes, all other licensees in the state would get them also. This bill directs the Gambling Commission to implement the rules for doing this and would have a significant impact on the agency. Senate Bill 5603 removes pull tabs out of the sight of children in bowling alleys. This bill did have a hearing but hasn't gone anywhere else. The Washington Charitable and Civic Gaming Association also has proposed a bill to reduce the pull tab taxes to 10 percent of the net as opposed to 5 percent of the gross. A presentation will be given later in the meeting. Senate Joint Memorial 8004 by Senator Heavey requests that Congress and the National Indian Gaming Commission not approve the Puyallup Tribes grandfather clause request. The Commission has opposed this and sent letters to the NIGC. There are two gubernatorial appointments, Commissioners Mosbarger and Heavey, that will come up for hearing but have not yet been scheduled. Another bill regarding Problem Gambling would take \$150,000 per year from the Lottery to go to DSHS to help educate in the problem gambling area. So far, there doesn't seem to be any support. **Vice Chair Mosbarger** noted that several names are on every one of the bills discussed; she asked if these people are opposed to Indian gaming or just gambling in general. **Director Miller** said that the legislators have traditionally been opposed to gambling and the expansion of gambling.

TRIBAL GAMING

Director Miller said that on January 26, 1995, Governor Lowry signed the Suquamish compact and the Port Gamble compact, along with seven tribal gaming compact amendments. The Jamestown S'Klallam Tribe opened its Seven Cedars Casino on February 3rd. He gave special notice to Mike Tindall and Fred Wilson, who worked very closely with the Tribe. **Director Miller** also shared that the Commission is close to completing three more compacts; the Nisqually, the Hoh and the Skokomish Tribes are close to tentative agreements.

((Chairman Tull arrived at this time))

ADOPT OR AMEND RULES

PETITION

Amendatory Section WAC 230-04-280 ~~((Notification to law enforcement.))~~ Licensees must notify law enforcement and local taxing authorities.

Amendatory Section WAC 230-04-400 Denial, suspension or revocation of licenses

Amendatory Section WAC 230-50-010 Adjudicated proceedings--Hearings

Ms. Sutherland said the three rules that are up for final action include one that requires the licensees to notify the local taxing authorities, one provides for revocation of gambling licenses for failure to pay gambling taxes and the third is simply to allow the Commission to use the brief adjudicative proceedings process for the revocation of those licenses. One of the concerns raised by the Commission is the cost

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that the agency would incur in pursuing these cases. She said that the concern of staff is the importance of getting reimbursed for expenses incurred. **Ms. Sutherland** noted a draft rule had been prepared that includes reimbursement of the agency costs and that copies are available at the back of the room.

Commissioner Heavey said he is not ready to support this rule change even though they initially requested that this item be given consideration. He said it is important that people who don't pay their taxes should not be allowed to conduct gambling activities. He doesn't think it's fair to pass on the cost of that to the rest of the licensees. He said if the costs to the Commission could be recouped somehow, then he may support the change. He said he spoke with Ms. Johnston (Gaming Inspector, City of Bremerton), who has some objections to the rule. He said the Commission shouldn't be giving a blank check in helping out the counties. Both issues should be addressed at the same time and the two groups should cooperate without passing the cost on to the licensees.

Commissioner Graham said he was the one who proposed holding this petition off until this meeting. He said the portion he opposes is the requirement of licensees to notify the taxing authority when they receive a gambling license. He said licensees shouldn't have to waste their time notifying the local authorities when the Gambling Commission is already notifying local law enforcement and taxing authorities by policy. He said he doesn't see why this rule is needed.

Ms. Sutherland said that, in the past, the policy on interpreting this was that if the taxing authority had received a judgment or some sort of settlement that showed the people were in fact delinquent, then the case would be pursued. **Commissioner Graham** also addressed the cost. He said he gets the feeling that the Commission will be flooded with a bunch of back tax cases. The immediate expense in just receiving their request in the mail would be \$500. **Ms. Sutherland** said one of the Commission's concerns was to set a threshold level for the amount that was owed before the Commission would pursue a case. **Commissioner Graham** said the Commission has already probably spent more on a case in Seattle than the man owed in taxes. **Director Miller** said that, in the past, the Commission has had the policy that if the taxing authority had a judgment against the licensee, then it's a simple case and the Commission will take the case.

Chairman Tull stated that at an early point in this process, the Commission had discussed changing the application or reapplication form to include an affirmative representation by the licensee that they were in fact current with all local requirements. The Commission would have a fraudulent representation and the Commission could pursue that type of case. **Director Miller** responded that there are two problems in this issue. The first is the licensee could be delinquent on the taxes but before staff get the word, the license renewal has been mailed out. The Commission can change the application form to say "Are you current with your taxes?" If the licensee answers "yes" and then the Commission finds out they are delinquent, the Commission could then pursue fraudulent charges and that would be a basis for denial. **Chairman Tull** asked if the Commission would support that type of screening and also work with the petitioners in the event the Commission would go into an enforcement-type of mode. He suggested this be deferred until the Commission has had an opportunity to review this issue. **Commissioner Heavey** asked if this could be deferred again until next month. **Mr. McCoy** said this has 180 days from the day it was filed, which would be May since it was filed in November. **Commissioner Heavey** asked if the cost issue could be added to this rule.

Chairman Tull said the application could just be amended to say the licensee has a dispute with such-

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and-such and enclosed is a copy of the letter, or that the licensee is paying under protest. **Director Miller** said that could be done immediately. This would weed out some of the problems like King County had mentioned. It would be helpful to have input from the Commission on this. If the commissioners agree, the Commission could start a policy change and then work this month on how to get the expenses reimbursed. **Chairman Tull** said there is a concern that the law-abiding licensees should not be penalized for these particular costs. **Director Miller** said that an area to explore is requiring the licensee to pay the Gambling Commission's expenses for taking action in order to get their license back. The Commission has done this in the past as in when cases are brought before the commissioners, the fine is increased to cover expenses.

Acting Chair Mosbarger asked if holding this over another month would be enough time to explore the cost reimbursement issue. **Ms. Sutherland** said she thought it would be reasonable. **Commissioner Heavey** said he thought staff ought to look at the reimbursement issue and the rule changes at the same time. **Director Miller** said the Commission's usual timeframe is to have rules become effective July 1 and January 1. These rules will still be complete in time for the July 1 timeframe.

Chairman Tull moved that this be held over until next month's meeting to give staff time to investigate an application change and continue to work with the petitioners to see if the reimbursement cost recovery issue can be solved. **Commissioner Heavey** asked if one month is enough time to work this out with the counties, have a proposed rule ready to go and not hold it over again. **Ms. Sutherland** thought that one month would be fine. **Commissioner Heavey** seconded the motion.

Doug Lasher, Clark County Treasurer, said he'd like to speak to Commissioner Graham's comment on the licensee having to notify the local taxing authority. He said new licensees claim that they don't know they are suppose to notify the local taxing authority. He'd like to be able to have the licensee notify the city or county by phone to indicate they are doing business. He said in Clark County, there have been a couple of incidences where the licensees have found out much later that they owed taxes and by then have a sum of money that is behind. **Commissioner Graham** asked whether, if the taxing authority is already getting the information that this person has started business, why would the licensee have to also notify the taxing authority. **Mr. Lasher** said it would be helpful if the licensees knew what is expected. The taxing authorities are trying to make it very clear to the licensees.

Linda Nelson, King County Finance in Seattle, said the one thing that really bothers people is that the legitimate licensees are paying taxes and the guy down the street might not be. That's the part that's unfair. She would like an affidavit issued. It is unfair to have one business paying taxes and another not. She thinks the change in the application form is a very good idea. Also, the taxing authority should verify what the licensee says regarding their local taxes. She said the Gambling Commission and the taxing authorities should definitely work together to find an equitable solution. She thinks the violator should pay the penalties imposed.

Barbara Corey, Whatcom County Treasurer, said she agrees with the previous two speakers. If this becomes a WAC rule, it will be a rule that is written down and must be followed year after year. She said they are willing to work with the Commission on cost reimbursement. She thanked the Commission for considering this petition.

Chuck Russell, Valley Tavern, said the Commission should think long and hard before it becomes

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involved in enforcing tax collection for local taxing agencies. He believes it is up to the taxing agencies to collect the taxes.

Paula Johnston, license inspector and local gambling enforcement officer in Bremerton, said there are more than 40 gambling licensees and there have only been a couple cases involving delinquent taxes. This petition tells the licensees that the Commission will start proceedings at the start of a delinquency rather than at the end. Currently, by the time the Gambling Commission gets a case, the amount owed has quadrupled or even more. Counties and cities would be more than happy to assist with cost recovery.

Chairman Tull said the motion is still on the table to hold this over until next month; vote taken, motion carried with three aye votes; **Commissioner Graham** voted nay.

LICENSING OF GAMBLING MANAGERS

- Amendatory Section WAC 230-02-240** Commercial gambling manager defined.
- Amendatory Section WAC 230-02-418** ((Bingo)) Charitable or nonprofit gambling manager defined.
- Amendatory Section WAC 230-04-145** Licensing of charitable or nonprofit gambling managers ((of bingo games))--Application procedures.
- Amendatory Section WAC 230-04-147** Notification to the commission upon beginning, terminating, or changing responsibilities ((as bingo game)) of charitable or nonprofit gambling managers.
- New Section WAC 230-12-079** Duties and responsibilities of a charitable or nonprofit gambling manager.
- Amendatory Section WAC 230-20-070** Regulation of managers, operators, and other employees--Charitable or nonprofit organizations.

Ms. Sutherland said Item 4 is for discussion only and final action in March. This is a rules package regarding the licensing of gambling managers or executive directors. The staff discussed this package for a number of months with the charitable/nonprofit study group. These rules provide for the licensing of individuals who have the highest level of authority over the gambling activity, the funds earned from the gambling activity and their disbursement, or those who supervise or manage the gambling activities of charitable or nonprofit organizations.. Staff recommends further discussion.

Chairman Tull called for anyone who wanted to testify on this proposed rule; no one came forward. He said there will be another hearing opportunity at the meeting next month in Tacoma. **Director Miller** said this proposal is a result of a loophole in the existing regulation regarding the regulation of charitable and nonprofit gaming.

COMMERCIAL STIMULANT RULES

- Amendatory Section WAC 230-02-350** Commercial stimulant defined.
- Amendatory Section WAC 230-02-360** Licensed premises defined.
- Amendatory Section WAC 230-02-370** Food and/or drink business defined.
- Amendatory Section WAC 230-02-380** Established business defined.
- Amendatory Section WAC 230-04-080** Certain activities to be operated as a commercial stimulant only--Licensing of food and/or drink businesses.

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Amendatory Section WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs.

Amendatory Section WAC 230-08-160 Quarterly activity reports by operators of social and public card rooms.

Repealer WAC 230-02-125 Adjusted net gambling receipts defined.

Repealer WAC 230-12-075 Commercial stimulant compliance.

Ms. Sutherland said Items 5 A through I are for discussion today with final action possible in March. These changes are to comply with the 1994 legislative change to RCW 9.46.0217. The primary concern here is to determine whether a business is engaged in the sale of food and drink for on-premises consumption as opposed to measuring the gambling activities against the sale of food and drink. This is for further discussion with final action next month.

Chairman Tull asked for anyone who wanted to testify; no one came forward.

RAFFLE RULES

Amendatory Section WAC 230-02-183 Active member defined

Amendatory Section WAC 230-08-070 Raffle records

Amendatory Section WAC 230-12-040 No firearms as prizes--Exceptions

Amendatory Section WAC 230-20-300 Control of raffle prizes

Amendatory Section WAC 230-20-325 Manner of conducting a raffle

New Section WAC 230-20-335 Raffles conducted among members of an organization--
Procedures--Restrictions

Ms. Sutherland said Item 6 A-F is a group of rules that apply to raffles and is proposed by staff in conjunction with organizations that hold raffle licenses. The rules basically simplify the record keeping requirements for raffles, allow simplified procedures for members-only raffles, and various other rule changes that help organizations with their raffles. This is for discussion only with final action next month.

Frank Lockhard, Ducks Unlimited, said his group has met with the Gambling Commission quite frequently. They have formed a task force of seven separate nonprofit organizations: Rocky Mountain Elks Foundation, Ducks Unlimited, Foundation for North American Wild Sheep, Mule Deer Foundation, National Wild Turkey Federation, Pheasants Forever, and Trout Unlimited. The task force was formed to hopefully liberalize some of the paperwork. He said one thing the groups all have in common is they all have volunteers so any one day there could be a whole new set of volunteers. He would like to request one change in Item 6B subsection (6). Records shall be maintained at the main administrative or business office of the organization that is located within Washington State. The organizations realized later that not everyone has the same structure so he wanted to propose one change. Reading on, "...If the organization does not have an administrative or business office within Washington State, or if the organization is structured to include more than one chapter or sub-unit that conducts raffles, they shall designate a records custodian that resides in Washington State who shall be responsible for retaining all original records." He would like to change the word "retaining" for "obtaining." He could not follow the letter of the law if this rule reads "retaining." He is proposing that each sub-unit would retain its own records.

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Commissioner Heavey said this is something the staff would need to answer. **Director Miller** said this has been a difficult area. The Commission has found that conservation groups have chapters all over the state that are part of a parent organization. This rule would require the custodian be listed on the application and the Commission would contact that individual to get the records. **Mr. Lockhard** said they are not looking for any lessening of accountability. **Commissioner Graham** suggested striking out "retaining." **Director Miller** explained that the Commission needs a central focal point and somebody to help get the documents together. **Mr. Lockhard** further asked the Commission to keep the paperwork at a minimum for the nonprofit organizations. Between the seven groups of the task force, there are approximately 25,000 members represented.

Rance Block, Washington Field Director of Rocky Mountain Elks Foundation, said staff differed with their opinion on a couple of the rules. His organization has a 50-page volunteer package that explains all the regulations. All of their records are maintained in Missoula, Montana. He said Washington state is the only state that has a supplement to their 50-page regulation packet. He said he has a steady toll of volunteers. On members-only raffles, he said the requirement (pertaining to the threshold level for recording prize winners) should be raised from zero to \$50 to alleviate the requirement that records be kept on prizes as small as a 50-cent key chain. He said the Commission does not agree with him. A substantial number of the prizes awarded average in cost of about \$20.00.

Chairman Tull asked how they deal with the audit requirements with regard to the lower cost prizes. **Mr. Block** said they keep records of anything donated or purchased and where it was used within an event. They also require a list of the items that are used for the prizes for raffles or amusement games. They don't keep a list of every person that wins a prize. **Director Miller** asked how the organization verifies the winners. The Commission has seen in the past that sometimes prizes are not awarded and there is no real way to track that. The \$50 threshold was a way to compromise for members-only raffles.

Commissioner Heavey asked what a members-only raffle is. **Mr. Block** said there are fund raising events that are only open to members. **Commissioner Heavey** asked if a members-only raffle is where people are required to be present to win; **Mr. Bishop** said yes, that's how they do it at their events. In one of the new rules in this section, 6F, the preamble defines a members-only raffle. **Commissioner Heavey** said if the prize isn't given away, then it goes back to the organization. He said he doesn't understand why records need to be kept unless the prize is given to someone who is not present. **Director Miller** said what the Commission had tried to do was structure a simplified system for these types of systems. Under section 6F, this talks about simplified procedures and does require members to be present to win. **Mr. Bishop** said that subsection 2(e) applies to all raffles. Under RCW 9.46.070, Duties and Responsibilities of the Commission, subsection (9) requires that all income from bingo, raffles, and amusement games be recorded and reported. For members-only raffles, the new rule reduces the record retention requirement from three years to one year. **Director Miller** said the threshold prize area needs to be explored. These meetings and negotiations have been quite complex.

Don Kaufman, Big Brothers and Sisters of Spokane, commented on Senate Bill 5269 which proposes to raise the allowed cost of raffle tickets to \$10.00. He said none of these rule changes address the issue of people under age 18 buying and/or selling raffle tickets. Kids often sell raffle tickets when the amount generated is under \$5,000 with no license. He would like raffle tickets that children are selling be limited to \$1.00. **Director Miller** said this brings up an area that hasn't been discussed by the Commission much. Kids have sold raffle tickets for years. **Chairman Tull** asked if most legitimate

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organizations would have the same argument. **Mr. Kaufman** said there may be situations where an exemption should be granted. There are controllable situations for raffle tickets.

Commissioner Heavey said this is not an automatic exemption. The provisions that are being discussed are provisions that may take place if the Director approves it. **Chairman Tull** asked if it's an unlicensed raffle (under \$5,000) today, is a person under 18 allowed to sell tickets. **Mr. Bishop** said that people under the age 18 who are members of a group have been allowed by policy to sell the raffle tickets but by law they cannot buy them. **Director Miller** said this rule is not necessarily directed at the under \$5,000 raffles.

Lynn Melby, Director of the Washington State Federation of Clubs, asked about the maintenance of records by fraternal organizations that have bingo operations. He said if the records are not required to be maintained, then there's the risk that the records will not be kept in the first place. Merely being able to call all of the records up from some chapter would not satisfy the Commission's necessity for accountability.

Housekeeping Changes

Amendatory Section WAC 230-02-010 Washington state gambling commission--Purpose and organization.

Ms. Sutherland said Item 7 is a housekeeping change; an amendment to 230-02-010 that just reflects the current number of assistant directors on staff.

Amendatory Section WAC 230-20-130 Operation of bingo upon retail business--Conditions

Amendatory Section WAC 230-20-620 Amusement games--Objects to be thrown to be uniform--similar games not to use different object unless designated

Ms Sutherland said Item 8 is two housekeeping rules to correct typographical errors.

Addendum -- PETITION

Amendatory Section -- WAC 230-40-400

Ms. Sutherland stated there is an addendum to the agenda, which is the petition submitted by the Recreational Gaming Association. Ron Porter will testify on behalf of the petitioners.

Ron Porter, President of the Recreational Gaming Association, represents the 109 card rooms licensees around the state. He said this rule change is to change the closure hours from 2:00 a.m. to 6:00 a.m. to 4:00 a.m. to 8:00 a.m. This would not be an expansion but a change in the closing hours. This is necessary due to the tribal operations that are open until 4:00 a.m. and it has already caused considerable business loss to card rooms in the area. **Mr. Porter** said there is one additional advantage to this change. Individuals who have been drinking in the card room would have two hours to be in a position where there wouldn't be alcohol served. Because of this change and the impacts it is having on the card rooms in Seattle, they are asking for an emergency adoption of the amendment.

Steve Downen, Riverside Inn in Tukwila, said the problem is with the casino that is now operating in Anacortes, which is probably 75 miles away from his establishment and is open to 4:00 a.m., the card room players are carpooling from his establishment to the tribal operations. This affects his weekend

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business. He would certainly like to see the rule changed immediately.

Mark Mitchell, owner of the Drift-on-Inn and Blackjack Cafe in North Seattle, said the Blackjack Cafe had five black jack games day and night before the Tulalip Tribe opened in Marysville and now he has none. He said his customers leave to go play cards on the Indian reservations. He really thinks an emergency ruling would help.

Rick Davis, Charlie Macks and the 21 Club, said the Tulalips are growing and he anticipates losing even more business. He said his customers are also leaving his establishments to drive to the Swinomish Casino and the Lummi's. He believes his business is down about 20 percent.

Sam Lanteau, Hideaway in North Seattle, said he sees many of his long-time customers who have stopped coming to play cards at his place, and are instead going straight to the casinos. The longer hours would help.

Director Miller said this is a very sensitive issue. He said Class II card games at tribal facilities are not under the same restrictions as licensed card rooms in the state of Washington. In order to go beyond 2 a.m., the Tribe must either have no objection from the local law enforcement agencies, or approval. He said there are 115 card rooms in the state. The same standard should be applicable. The level of regulation is commensurate with the wagering taking place.

Commissioner Heavey moved for filing of the rule; **Commissioner Graham** seconded the motion; **Chairman Tull** said this motion and second is based on the petition as written and not as an emergency. **Commissioner Heavey** said the emergency status should be considered and an answer brought by staff to the March meeting to determine whether or not emergency status will be given. **Chairman Tull** asked Mr. McCoy if it is possible for a petition to be transformed into an emergency. **Mr. McCoy** said that at the time of filing it must be designated as emergency or not an emergency. He said in determining emergency status, the rule change must be necessary for the preservation of the public health, safety, or general welfare. If staff determines an emergency does exist, they must submit an explanation along with the rule filing. **Chairman Tull** said the only problem he has in determining this as an emergency is that at the present time it does not contain the requirement to obtain approval from local law enforcement. He said he would be comfortable in taking this as an emergency because it is a direct result of action this Commission has taken previously. He would be comfortable taking emergency action but the commissioners would have to draft a provision that even during the emergency period, the director would have to receive confirmation or the lack of objection or approval from the relevant local jurisdictions. **Chairman Tull** moved that the motion be amended to be filed as an emergency subject to inclusion of the requirement that hours not be implemented except in those instances where the licensee has supplied to the director a written statement from local law enforcement jurisdictions containing no objection to the hourly change. **Commissioner Heavey** accepted this amendment to his motion. **Chairman Tull** called for a brief recess so that staff has time to consider the possible Liquor Board requirements and other things.

Mr. Davis said his understanding is that all tribes have to do is notify the local law enforcement of their hours. He asked why it couldn't be the same way; just notify the local law enforcement agency to the new hours. He said it would be difficult to gain approval if they have to get it from local law enforcement in order to stay open different hours.

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Chairman Tull said that since Commissioner Heavey has a time problem and there are other items on the agenda, the card room issue will have to be brought up in a few moments. **Director Miller** noted there may be an additional rule and there is also a presentation by the Washington Charitable and Civic Gaming Association. He said he also needed to spend some time with the commissioner on some legislation and tax bills.

Ms. Sutherland said that Items 8A and 8B need to be filed. **Chairman Tull** said that there is a motion to file the items 8A and 8B; proposed housekeeping changes to correct typographical errors. **Commissioner Mosbarger** moved to file these rules. **Commissioner Graham** seconded the motion. Vote taken on the filing of the housekeeping changes; motion carried.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Don Kaufman said the Washington Charitable and Civic Gaming Association is taxed at full rates of 10 percent on gross profit for bingo and 5 percent of absolute for pull tabs; the nonprofit licensees are paying more than their fair share in taxes. He said the Commission has the right to endorse needed legislative tax changes and that the Commission could fulfill the Gambling Task Force's recommendations in doing so. Under the current system, only the distributors who sell pull tabs and the cities or counties who collect the taxes are the real winners. He said he will also show how the Commission could help reform the tax structure on pull tabs.

Mr. Kaufman said that in establishing the case for a rewrite of RCW 9.46.110, it is important to review two of the ten recommendations made by the Washington State Legislative Task Force on Gaming Policy in December, 1993: Under Recommendation #6, the Task Force recommends that the Legislature continue to explore ways for charities to improve the current gambling system of raffles, bingo, and casino nights to enable them to raise more money more efficiently. Under Recommendation #10, the Task Force recognizes that some charities have experienced a reduction in revenues due to increased gambling activity in the state. Therefore, the task force encourages the representatives of the tribes currently under compact or involved in active negotiations with the state, representatives of charitable organizations and the Gambling Commission to continue to develop solutions that would increase charitable dollars and make recommendations regarding whether the solutions should be adopted via legislation, agency rule making, or tribal compact. We know that taxes have to be done legislatively.

Mr. Kaufman said the next question in the mind of the Commission may be - whether the Commission will support Legislation, initiated by nonprofits. The answer is an emphatic YES. In RCW 9.46.090, under section (4), "...the Gambling Commission may periodically come before the legislature to talk about the type and the amount of tax that ought to be applied to each type of permitted gambling activity." Under section (5), "...any changes which may be made to the law of this state which furthers the purpose and policies set forth in RCW 9.46.010 as now or hereafter amended." He said the Commission has every right to endorse legislation and the WCCGA hopes to convince the Commission of that today.

Mr. Kaufman said page 4 of the packet shows that the nonprofit organizations are heavily taxed. One line that was left out is that the nonprofit organizations are not currently having to pay federal unemployment tax which is a very small tax. Nonprofit organizations are obligated to pay every other tax of every other business with the exception that they do not pay income tax on the bingo operation.

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Nonprofits do have to pay income tax on pull tabs and kitchen if there is a net profit. The tax that nonprofit organizations are paying on bingo and pull tabs far exceeds what we would be paying if we were a profit making entity.

Four of the licensees have volunteered some information that Mr. Kaufman believes is fairly impressive as to the amount of taxes being paid in the state and community. Big Brothers and Sisters in Spokane paid \$471,851 in taxes, licenses, and permits in 1994. The Imperials paid \$275,206, Spokane Youth Sports paid \$261,064 and Big Brothers of King County paid \$336,937. These amount to between 15 and 18 percent of gross profit. When it came down to net, they range from 48 percent of dollars to the charity up to 99 percent.

The next example on page 6 is comparing Big Brothers and Sisters of Spokane to "XYZ widget company." "XYZ" wouldn't have paid any gambling tax so the gambling tax was added back into their bottom line so their bottom line was \$977,709 but they had a tax burden of 20 percent of that to the federal government. Big Brothers and Sisters had gambling tax of \$291,541 while the income tax to the widget company was \$195,542, so Big Brothers and Sisters of Spokane paid almost \$100,000 more in taxes than "XYZ" would have paid. The gambling taxes should not be any higher than the federal income tax structure in this state.

The next page is a comparison to tribal compacts. He said bingo games and pull tabs on tribal lands are not paying any taxes at this time. The compacts that Director Miller has negotiated have a two percent fee on net. Comparing the four licensees that have given this information, it is clear that the Big Brothers of Spokane is spending about \$272,000 more in taxes than a comparable casino, the Imperials spent \$202,000 more for comparable size casino, SYSA paid \$153,000 more, and Big Brothers of King County paid \$205,000 more than a comparable casino.

Mr. Kaufman said bingo taxes are 10 percent of gross profit, which is taxed on dollars after payout. He said they feel that although it is too high a rate, it is at least a reasonable tax. Depending on the payout structure, and it varies between 3.2 percent and 3.5 percent of gross, pull tabs are five percent of absolute gross, which they feel is a pretty unfair tax. The problem is that pull tabs and punchboards are being taxed on gross receipts. This was established primarily because of the stimulant aspects of pull tabs; however, proper recognition wasn't given to the fund raising aspects for nonprofits. Likewise, the stimulant licensees now have minimum stimulant requirements and they do need the net income from punchboards and pull tabs to remain in business today. This detailed information is on the back. For one month of operation from the four licensees that volunteered this information; losses on pull tabs ranged from 4.2 percent to 31 percent. This amounts to the licensees losing between \$16,000 and \$59,000 in actual bottom line losses. The taxes being paid range from \$4,100 to \$9,400.

Page 10 is the WCCGA's proposal, which puts the tax the same as bingo. This chart shows if pull tab taxes were different and they were put on the gross profit, the tax would be on the dollars actually being deposited into their bank accounts. There would be similar savings across-the-board. These are charitable dollars that are going to go back into the community. The pull tab tax is not a value-added tax, nor is it a sales tax. It comes from gross sales, which are fixed. Everyone is faced with the excise tax already on pull tabs.

Paying more taxes than similar for-profit businesses is not fair. Paying taxes on losses is not fair. Losing

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revenues to tribal gaming while they only pay two percent of net on casinos and zero percent on bingo and pull tabs is not fair. The WCCGA has formulated a legislative bill to revise RCW 9.46.110 to make the pull tab tax the same as bingo. This legislation does not level the playing field for tribal games, it does not bring the taxes down to a level that speaks to the appropriateness for nonprofits that serve the communities of Washington State, but what it does do is put fairness back into the tax and if at full tax, will reduce the pull tab taxes between 30 and 40 percent. In supporting this legislation the Commission would help fulfill the legislative task force's recommendations. Most nonprofits will raise more money from the same operation, which makes them more efficient. The House Bills have been inserted in the documents in the back on the addendum - the House Bill is now 1826 and the Senate Bill is 5829.

Chairman Tull thanked Mr. Kaufman for the excellent presentation. **Chairman Tull** asked if the legislation had been shared with staff previously. **Mr. Kaufman** answered yes. He said the problem is one of timing; all the bills have to be out before the next Commission meeting. Both bills have been filed and should come up for a hearing next week. **Director Miller** said these particular bills reduce taxes. He said tribes pay two percent of the net win, not the net income, which is vastly different. The bill has no impact on the Commission; fees stay the same. Staff has no objection to this legislation. **Director Miller** pointed out there are two other bills that are similar by the commercial industry that reduce taxes to a lower percentage if they are within so many miles of an Indian casino. The Licensed Beverage Association suggested that if the Commission makes a statement on one, they need to make a statement on both.

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UNFINISHED BUSINESS

Chairman Tull asked for Director Miller's view on the amendatory language for the card room petition.

Director Miller said the language staff proposes for WAC 230-40-400 -- Hours limited for card games: "Licensees shall not allow use of their premises for card playing between the hours of 2:00 a.m. and 6:00 a.m. Provided, a licensee may extend hours of operation up to 4:00 a.m. upon application to the Commission and so long as no objection is raised by a local law enforcement entity. In any event, a licensee must observe a four-hour period of closure before beginning the next period of operation."

Sergeant John Lindner, King County Police Department, said he and his colleagues looked this over and they don't think there's a problem with enforcement on their part. One of the benefits may be that it would have an effect on the "sneak" games that occur at 2:00 a.m.

Chairman Tull said if this is passed, then during the next 30 days or so until the next Commission meeting, licensees could apply to the Commission to adjust their hours and the Commission staff would determine whether they would make their own phone calls to local law enforcement. During that same time period, the rest of this issue could be flushed out. If staff comes back with problems, the petition could be un-filed. This is not a long term commitment if it doesn't work out. After hearing how much gambling taxes the licensee spoke about paying, the Commission is actually helping that municipality, at least temporarily, to protect that revenue stream. There is no serious likelihood, initially, that there would be a law enforcement problem.

Chairman Tull said he accepts the language Director Miller read, and he moved to accept this amendment to Commissioner Heavey's previous motion; **Commissioner Mosbarger** seconded the motion. **Commissioner Heavey** asked if that means card rooms can begin applying to stay open these hours tomorrow; **Mr. McCoy** said they would have to wait until the rule has been filed with the Code Reviser and actually published, which takes approximately one week.

Mr. Davis asked if they would have to apply or would just have to give notification; **Director Miller** added the language that they may extend their hours "...with the consent of the director..." He said if there are some card rooms that are currently having problems, it is important to have discretion.

Mr. Davis asked what the timeframe will be on application processing; **Director Miller** said the rule must be filed first, and once the application is received by the Commission, staff will have to notify local law enforcement and make sure there's no objection, so this could take two to three weeks from now, if all goes well.

Chairman Tull deemed the motion amended as indicated by Director Miller. **Commissioner Heavey** said he is reluctant to make this change so quickly and without considering the full implications of what is being done by changing hours. He said local law enforcement should have a chance to look at the implications fully. He said he has no problem with holding this over the next 30 days to the March meeting. He said he has no philosophical objections to this but he does not think the card rooms are going out of business tomorrow if this is not passed immediately. **Chairman Tull** said the Commission has been extremely cooperative in terms of implementation timing with compacted tribes in reflection of their extreme cooperativeness and the special nature of those relationships. In this particular situation, it is still within Director Miller's discretion to grant a particular hour change request. He

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personally is very comfortable with taking this action today and if any problems surface, the petition would disappear in March. He said it's very unlikely there will be problems.

Director Miller said the Gambling Commission is the primary regulatory body out there on this issue. By contacting local law enforcement as staff has always done, we can see what law enforcement have in the way of staffing in the area and other problems they may be dealing with in the area. If law enforcement objects, there will not be an extension of hours.

Commissioner Heavey clarified that this action is not taken to force the director to approve applications unless he thinks he should. The Commission is not saying this is something the director must do but should take the time necessary to adequately address the issues that may be involved in terms of enforcement by the local police, etc. **Chairman Tull** concurred with Commissioner Heavey's remarks and said the director has a significant amount of discretion given to him by the Commission and that will continue, particularly during an emergency period.

Chairman Tull stated the motion to adopt an emergency rule with the provisions that have been read and slightly revised by Director Miller over the last few minutes; **Commissioner Heavey** accepted the motion as stated by Chairman Tull; motion carried with three aye votes; **Commissioner Graham** voted against the passage of this emergency rule change. **Chairman Tull** said this required and received three aye votes and is passed.

Chairman Tull said he is comfortable with recommending the passage of the legislation as explained by Mr. Kaufman.

Commissioner Heavey said he has no problem with the suggestion by Chairman Tull. **Commissioner Mosbarger** agreed that she has no problem with the suggestion and that information may be provided to the Legislature. **Chairman Tull** moved that a letter in concert with the Director be authorized in support of legislation with the concurrence of the other commissioners. **Director Miller** said that one point to keep in mind is given the increase in competition of the gambling dollar and given the task force especially, the Commission needs to look at ways to make it more profitable. **Chairman Tull** noted that, give the activities of the various licensees, it makes him wonder if there shouldn't be a substantial reduction. **Director Miller** asked if this would apply to the other legislation. **Chairman Tull** answered only for the nonprofit organizations at this time. Vote taken, motion carried.

He called for an executive session, provided that Commissioner Mosbarger is able to return in a few moments. (No executive session was held)

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Assistant

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WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, MARCH 9, 1995

Chairman Tull called the meeting to order at 1:35 p.m. at the Sheraton Hotel, Tacoma, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; WANDA MOSBARGER, Vice Chair (via speaker phone); PATRICK GRAHAM; and EDWARD HEAVEY.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; CARRIE SUTHERLAND, Special Assistant, Public Affairs; SHARON TOLTON, Assistant Director, Special Operations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; TINA GRIFFIN, Investigative Audit Unit; PATTI NORMAN-COLE, Rules Coordinator; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said there will be no action taken on any licensing matter until Commissioner Heavey arrives. Reports that need no action will be heard first.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said there is a change on the agenda; one of the default hearings (Matthew Moore CR 94-1123) has been cancelled. Tomorrow there is a special review of CAYA, which was requested by the Commissioners. There are a total of 25 rules up for final action on the agenda; three have to do with the treasurer's petition; however, there will be another rule accompanying the petition, which is on the addendum, and deals with the agency being reimbursed for costs. There are six rules up for final action having to do with the licensing of gambling managers, there are nine rules up for final action having to do with commercial stimulant rules pursuant to the legislative change last year and there are six rules up for final action having to do with raffles and changes to raffle procedures. One housekeeping change is up for final action tomorrow. For discussion, there are some housekeeping changes and the Recreational Gaming Association's petition that was filed as an emergency at the last Commission meeting. For possible filing there are a number of housekeeping changes that are simply typographical errors. There are also three rules on the licensing of manufacturers or issuing of sales permits. There are addendums to the agenda; one is a cost rule relating to the taxing authorities petition and one is an amendment to a raffle rule, which is item 6(b). There is also a rule prepared by staff for emergency regarding setting forth the process for going from Phase I to Phase II as described in the tribal-state compacts. **Director Miller** said staff is requesting a new section of the WAC rules manual for tribal gaming regulation. He said

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this is a sound way to go through the procedural requirements, and will result in a Class III section in the WAC Rule Manual. Staff is starting the review process with the tribes and it is possible there could be some proposals next month. The other emergency rule deals with licensing of manufacturers. This rule would require a permit for some types of manufacturing, which would make a much less difficult process than having to obtain a manufacturing license.

Chairman Tull announced that copies of the addenda proposed rules would be available tomorrow for anyone who would like a copy.

STAFF REPORTS

TRIBAL GAMING IMPLEMENTATION

Ms. Tolton gave an update on the tribal casino openings. Currently, there are four casinos open; Jamestown is the most recent and opened in February. All four casinos are at Phase I as far as scope. Chehalis and the Muckleshoot Tribes anticipate they will open their facilities around May 1, 1995. Following that, Upper Skagit and Squaxin Island are projecting opening around November 1, 1995.

TRIBAL GAMING INITIATIVE

Director Miller said that three Indian tribes have filed an initiative. This initiative as filed reduces the 55 page compacts down to six pages. It would allow these tribes to have unlimited casino gambling; no limit on number or size of facilities, wagering limits, types of games, or credit. He said it is of great concern that this action would make the state of Washington the third largest gambling state in the nation with little to no state involvement in the regulation. In addition to having no limits, it also takes the state of Washington out of regulation completely. There are statements in the initiative that the state would have a role to do backgrounds but it's a very minor role; there is no veto authority, the Gambling Commission or whoever the Governor designates would have to give 12 hours notice to go to any place that isn't open to the public. It also requires a 48 hour notice to copy any document. In reality, what this would be is wide open, unregulated gaming. What makes this a unique proposal is the fact that in exchange for voting in this next general session, there would be a rebate from the slot machine revenues back to the voters. It is an initiative, which means they have to collect 220,000 for it to go on the ballot. The staff has been receiving quite a few calls.

Commissioner Graham asked about the Puyallup request that their operation be grandfathered. **Director Miller** said that issue is presently before the National Indian Gaming Commission and that no decision is a good decision at this point. **Commissioner Graham** asked about the suit presently in federal court on the slot machines being operated in the state. **Director Miller** responded that the first suit in Spokane is a result of an injunction and is stayed pending the appeal to the ninth circuit. The Rumsey case decision said that states only negotiate those activities that are authorized in that state, and there is a motion for reconsideration that is still pending. If that is upheld and the Court does not change its position, hopefully, there will be some action in Eastern Washington. There is one other lawsuit, the 11th Amendment case that the Supreme Court has decided to take in which the Spokane Tribe is alleging the state has negotiated in bad faith. The defense is that the state of Washington is a sovereign nation and

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therefore cannot be sued absent consent to suit. A decision should be made in early 1996.

Director Miller said tentative agreements have been reached with three additional tribes: the Nisqually Tribe, the Skokomish Tribe and the Hoh Tribe. Amendments have been reached with the Muckleshoot and Lower Elwha tribes. There may be a need for a special meeting of the Gambling Commission in late April or early May. The Nisqually meeting could be held in Olympia, but the Hoh Tribe is located in Forks. The Quileute Tribe apparently has resubmitted their compact and the Secretary of the Interior, which has approved the Compact. The Quileutes are now asking for an amendment like the other tribes. This would bring the total to 15 compacts. **Chairman Tull** asked what kind of local support had been received in the Forks area. **Director Miller** said there will be a local caucus meeting soon. There were some discussions early on with the Lower Elwha when those compacts came forward. The only concern regarding the Hoh compact so far was the community contribution aspect; to make sure that the proper portion was given to the city.

LEGISLATIVE UPDATE

Director Miller said there were quite a few bills relating to gambling that were introduced into the Legislature this year. The ones remaining include HB 1447, which would reduce taxes for those licensed gambling establishments that are within 50 miles of a tribal casino. It is still in the House; the companion bill in the Senate has died. HB 1562, relating to fund raising events, is sponsored by the private clubs of this state and proposed by Commissioner Graham, did pass the House yesterday. The bill, which would amend the law to allow for four events per year, make up to \$30,000, and have five paid helpers. The raffle bill would raise the maximum price of raffle tickets to \$25. There is some thought of adding a provision to give the Commission the authority to go beyond that. An example would be if an organization wanted to raffle off a house, they could sell fewer tickets at \$100 each and the Commission would have the ability to come forward and make the decision as to whether the organization could do this. It appears to have some good support. The charitable tax bill that was discussed at the last meeting died. **Director Miller** said there was a lot of input received regarding Chairman Tull's letter to the Legislature on the taxing issue.

CARD ROOM HOURS

Ms. Bishop said there are a total of 113 licensed card rooms in the state and 30 have requested the alternative hours so far. He said staff mailed a letter to local law enforcement requesting comments within 10 days; only two comments have been received. San Juan County Sheriff's Office objected, as did Kennewick's Chief of Police, who is opposed to any increase that would go toward funding gambling enterprises. Kennewick is very opposed to any increase in gambling. Tomorrow is the deadline for the ten-day comment period. Other areas that will be taken in account prior to final approval will be Commission staff recommendations as far as any cases pending and compliance problems that are on-going as well as input from any other state or local agency. He said four of the groups that requested staying open the new hours have not turned in their last quarterly activity reports.

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Chairman Tull called for a recess in order to give more time for Commissioner Heavey to arrive or to hook up a speaker phone for Commissioner Mosbarger.

***** R E C E S S *****

Chairman Tull said that Commissioner Mosbarger is in attendance via speaker phone now.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Commissioner Tull moved for approval of the list as printed; **Commissioner** Graham seconded the motion; motion carried with three aye votes..

PRE-LICENSING/CERTIFICATION SUMMARIES

THE BUD JONES COMPANY, INC., CLASS III SUPPLIER

Ms. Fischer said the company is located in Las Vegas, Nevada, and was started in 1965 by Bud Jones and his wife, Carolyn. It has been a family-owned and operated business since that time. It is currently owned by Bud Jones and his daughter, Kathleen Steel. The company manufactures casino dice, chips, and roulette wheels, and sells other items that are available through the company 's catalog. It holds licenses in Connecticut, Illinois, Iowa, Louisiana, Mississippi and New Jersey. Tribal licenses are also held in Arizona, Louisiana and North Dakota. Personal background investigations were completed on the company's officers and their spouses. Based on the investigation by Special Agent Tim McGuire, staff recommends certification of the Bud Jones Company as a distributor of gaming equipment in Washington State.

Chairman Tull moved for certification; **Commissioner Mosbarger** seconded the motion, motion carried with three aye votes.

SHANAYON INDUSTRIES, INC., MANUFACTURER

Ms. Fischer said the company is located in Norwalk, California, and was started in 1980 by it's owner, Christopher Nipp. The company manufactures roulette and Big-6 wheels primarily for sale to Paul-Son Card and Dice Company in Las Vegas, Nevada. The company is licensed in Iowa and Nevada, and checks with these regulatory agencies revealed no derogatory information. A complete personal background investigation was conducted on Mr. Nipp. Agent Elmer Holland conducted an investigation and, based on his investigation, staff recommends certification as a manufacturer of gaming equipment.

Chairman Tull moved for approval; **Commissioner Mosbarger** seconded the motion; motion carried with three aye votes.

HEARINGS

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Ms. Sutherland said Matthew Moore's case has been withdrawn.

Wallingbull III, George, Marysville
CR 94-1104; Class III Tribal Employee

Chairman Tull moved that the Commission approve the staff's recommendation for denial of the application of certification with his ability to reapply after August of 1995.

Ms. Sutherland stated that, as of August of 1995, Mr. Wallingbull's probation will have been served. **Commissioner Mosbarger** seconded the motion. Motion carried with three aye votes.

QUALIFICATION REVIEWS

BIG BROTHERS/BIG SISTERS OF TACOMA, Tacoma

Ms. Patti Norman-Cole introduced Ms. Sylvia Anderson, Executive Director of Big Brothers and Big Sisters of Tacoma, who made a presentation.

Ms. Anderson brought some of the board members with her. In the last year there have been changes in executive directorship, the bingo manager and the snack bar manager due to people moving on. They have experienced a decline in the bingo revenue because they are about five minutes away from the Bingo Palace (Puyallup Tribe); however, they have seen an increase in their fund raising. At the time of their last review, they had four employees making over \$30,000. They have decreased their staff and currently have two employees in that category. Staff has been reduced by one in the program and 1 1/2 administratively. More matches have been served this year even with the decrease in staff than has been served in the last five years. They have recently hired a fund raiser in the hopes of off-setting the decline in bingo revenues. She also addressed that they are showing a deficit in the snack bar revenue. They hope that will change with the new manager; if not, they will look into leasing the snack bar to curtail any losses.

((Commissioner Heavey arrived at this time))

Ms. Anderson introduced a board member who was a big brother for eight years. **Rob Ogburn** said his little brother recently graduated from high school, got his first job and is taking electronics through a Voc-tech school. He said he enjoyed what he got out of the match and hopes that his little brother got something positive from the match, too. He said he's only been on the Board a short time but feels that it is a very good program for both children and adults.

Ms. Anderson introduced Board President Jim Matthies, public relations officer for the Tacoma Police Department; Treasurer Ed Loughrey, with the Tacoma Police Department and an attorney; Marsha Longs, an insurance agent; Denise Newman, Vice President of U.S. Bank; Dan Foley, with Key Bank Insurance; Rob Ogborn, an operations supervisor; and Jim Self, with Seattle Health Department.

Chairman Tull said it is fascinating to see the variety of people who are on the boards of these organizations.

Ms. Norman-Cole said Big Brothers/Big Sisters is licensed for a class "K" bingo, class "K"

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punchboard and pull tabs, and class "A" amusement games. The organization served 395 clients last year; contributions total \$6,951, and staff recommends qualification as a charitable organization.

Commissioner Heavey apologized for being late. He said he recently spoke with Senator Wojohn regarding Big Brothers and Sisters and the impact of Indian gaming on the bingo operation. She had indicated to him there had been a substantial decline of income with the advent of the compacts with the tribes and their gaming activities. He asked whether this is accurate and, if so, to what extent.

Director Miller noted the handout packet included a section on tribal bingo in the Pierce County region. He said the Puyallup Tribe has had three to four operations in the area. In 1992, they opened their Bingo Palace. Gross receipts for Big Brothers and Big Sisters of Tacoma were \$3.2 million in 1992, \$3.4 million in 1993, and \$3.2 in 1994. It's gone down roughly eight percent overall in sales, so their claim could be legitimate. For all of Pierce County, the situation is similar. There has been a slight decrease in overall gross revenues.

Commissioner Heavey asked the organization what effect, if any, this has had on the groups' activities. **Ms. Anderson** said 1.5 administrative staff and one program staff have been eliminated. Overhead is primarily for staff to oversee matches. If bingo revenues continue to decline, they will be focusing on another activity, like the Bowl-A-Thon, to raise funds. **Mr. Bishop** said it is important to note that tribal bingo is a Class II activity and the Commission could not have done anything to avoid this problem. **Commissioner Heavey** asked if the IGRA covers any Class II gaming; **Director Miller** said that IGRA addresses Class II gaming, which is under the regulatory authority of the tribe and federal government only, with no state involvement. **Ms. Norman-Cole** reminded the Commission that the recommendation was to approve this group as a charitable organization.

Chairman Tull said the opportunity to speak to the board members helps the Commission get across the importance of the burden placed on board members to pay attention and recognize they are playing with fire when they undertake gambling, which must be kept under control. He said it is extremely important to keep on top of what is going on in the gambling operation because someday they will have to answer questions about the operation. He said that in the several years of Commission reviews, it has been a good reminder of the wonderful work of these organizations that benefit from gambling, which makes it even more worthwhile.

Commissioner Graham moved for qualification; **Commissioner Mosbarger** seconded the motion; motion carried with four aye votes.

PROGRAM REVIEW:

SEATTLE SKATING CLUB, Seattle

Ms. Norman-Cole said the next review is the Seattle Skating Club and **Special Agent Rick Swanson** will give the presentation. **Ms. Winslow** said this was a program review, which is slightly different than a formal review. Staff actually went to the organization and

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interviewed members.

Mr. Swanson, Special Agent working out of the Lynnwood office, said this is an athletic organization with a Class "M " bingo license, a Class "O " punchboard/pull tab license, and licenses for amusement games and raffles. They were first formed in 1937 and have been licensed since 1974. They are overseen by a board of 4 officers and 6 trustees. The voting membership consists primarily of the parents and children who skate with the Club. The primary purpose of this organization is to provide opportunities for skaters to participate in the sport of amateur figure skating. This is accomplished by buying ice time at the Olympic View Ice Arena, and then charging the members only a minimal fee to skate, and by reimbursing some of the costs incurred during a competition. They sponsor ice shows for their skaters, an awards banquet, and provide three scholarships yearly. One area reviewed was the independent management control structure to verify compliance with WAC 230-12-078. The review also ensured that gambling activities are closely supervised, that gambling proceeds are used solely to advance the purpose of the organization, that all assets are protected from mis-use and that the Board of Directors policies are implemented. One concern noted is that there was no real oversight of the bingo manager or operation by the Board. This was caused when the organization eliminated the position of executive director at the end of 1993. They have since created a finance committee and are working on developing procedures. Another area of concern was the organization reimbursing skaters for competition expenses. Although the organization has limited assurance that costs were actually incurred, no documentation was maintained. Commission staff has worked with the organization and they will submit a plan to ensure that proper documentation is kept in the future. Seattle Skating Club currently has two employees making over \$30,000. One is Carla Stanford, who is the primary bingo manager. Since she was hired in 1992 she has made their bingo hall one of the most profitable in the state. The second person is Bernard Ford, who is their training director. He is a five-time world champion ice dancer hired last October to help develop a strong winning program for the club. Based on the review, staff recommends qualification as an athletic organization for the purpose of conducting gambling.

Colleen Parke introduced the Board. She said she became involved with this group in 1977 and a lot has changed. For seven or eight years, the bingo operation didn't work out very well, but it began to improve in the eighth year. She said they recently formed a partnership with Seattle Junior Hockey to build an ice arena, which she said is possibly the best in the country. The executive director left in December of 1993 and they chose not to replace him yet, although she said they are aware of the importance of having someone in that position. They hired a consulting firm comprised of world and international figure skating professionals, who led them to their present director, Bernie Ford. Right now, they are working on expanding their program.

Ms. Parke said they have produced a brochure of their programs and is being mailed across the country to invite more kids into the skating program. They have 20-25 committees of volunteers who meet quite often to get the job done and bring suggestions back to the board. The newly-formed finance committee is working on getting a better handle on the bingo operation. The scholarship committee makes sure scholarships are

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given out fairly. They have session monitors who collect money from the skaters who come to take session. They disburse punch cards which are now used for skaters. Volunteers also judge skating events and don't even charge back their mileage, which under WSFSA rules they could do. Ballet classes were held in the ballet room last summer and will be held again. The sports therapy clinic, which has leased the weight room, is working on programs with them to make this affordable to the skaters. She said they are working on a process to better track the funds spent by skaters who go to competitions. There are only three competitions they reimburse for and these are called qualifying competitions; regional, sectional, and national, which advance the skaters to world class level.

VIDEO WAS SHOWN of skaters and coaches.
((Commissioner Mosbarger disconnected at this time)).

Ms. Parke said some of the Commission's agents (Rick Swanson, Bill Kesel and Kristi Tellefson) came out to the rink and saw skaters. **Director Miller** said that our agents are there to verify what the agency is being told; the agency is very proud of this organization.

Mr. Swanson said staff recommends approval as an athletic organization. **Commissioner Graham** moved for recertification; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

SPECIAL REPORT:

PUGET SOUND RUGBY EDUCATION FOUNDATION, Seattle

Ms. Norman-Cole said this group was before the Commission in October in Leavenworth, and at that time they were granted temporary certification. During that meeting, the Commission voiced concern regarding a \$155,000 net loss for the year that was reviewed. There has been a change in the Board and they also have a new bingo manager. Of the seven quarters the organization has run a bingo game, they have not been in compliance with prize payout or net income compliance.

Ben Allgood, Executive Director, said the Board's president is also a doctor who could not be present because he is working at the Fred Hutchinson Cancer Research Center. He introduced Vince Schmidt, the organization's treasurer and secretary for the organization who is also CEO and principal financial officer of R.W. Smith and Associates and a CPA by training, **Launa Hoy** is the bingo manager and in the short time she's been working with them has won the hearts and minds of the new Board as well as the players. Nu Faala, is a world-class rugby player and is the number four body builder/weight lifter in the world for Natural Athletes Strength Association. He trains without any drug enhancement. He spent over 500 hours this year alone talking to children and high school students regarding not using drugs.

Mr. Allgood said certain members of the rugby community and representatives of Dick Smith who is a major contributor to rugby discovered the bingo operation was in poor shape. They were in a long downward spiral in attendance and the relationship between the former bingo manager and staff was not good. In January 1995, he became involved

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as executive director. They needed a new board of directors and they now have three new members. They were directed by Patti Norman-Cole and Jacki Fischer, who were both extremely helpful. He said they have a problem with significant negative reaction in the community with the players as a result of the past-manager's behavior. He said in the last two weeks they have reconfigured the games, attendance is up 36 percent, and requested to be changed to a Class H game. Staff is going to recommend one step lower, but he disagrees with that because their approval rate is moving along well.

Mr. Allgood said they have more bookings and he feels they will increase. The snack bar problems were noted by the Commission staff a long time ago, and the snack bar has been reconfigured and is showing a profit. They are in the process of seeking a vendor who would provide a lease. The local retail and commercial neighbors are very pleased that their operation is there and is getting better. He said working with the Commission staff has been enlightening for him, and he has found high quality expertise in the people who have helped him with the bingo operation management, especially Ms. Norman-Cole and Ms. Fischer have been immensely helpful. He said outreach is a major part of their program; they have raised half a million dollars to fund many of these funds aside from the bingo. He said a team went to Bermuda and Mr. Smith paid for all food and lodging for the players.

Chairman Tull said he is pleased that there is positive news and that the group is taking some serious steps to improve.

Director Miller asked how long this organization is willing to keep losing money. **Mr. Allgood** said the President's Committee has met and he believes they will move into positive cash flow this month. The President's Committee is working toward total integration of all of the rugby activity in the Puget Sound area.

Director Miller said groups that lose a lot of money over a period of time have been suspended in the past. The Mountlake Terrace Lions Club was one such group. Now groups are downgraded to the level being performed. There are rules now that the Commission has to follow as a matter of law. **Mr. Allgood** asked if there was a mechanism for managing the process of the group exceeding the class "G" level. He believes they will exceed this in April or May. **Ms. Norman-Cole** said that staff is recommending downgrading two classes to a "G". **Mr. Bishop** said there was a rule passed that makes the downgrade automatic and there is no way to change that process unless they were to petition the Commission. He explained that, should they achieve the net return for the level above that for two consecutive quarters, they can ask for and receive above that level. Otherwise they have to come before the Commission and petition the Commission. The net return will be what Mr. Allgood needs to watch.

Commissioner Heavey asked what the relationship is between the Rugby Association and the bingo game. **Mr. Allgood** answered they were estranged brothers. The Board envisions a time when the bingo hall can also be used by the youth for activities other than bingo. **Commissioner Heavey** noted the minutes from PSRA's meetings; it refers to West Seattle Bingo. **Mr. Bishop** said the point is that West Seattle Bingo is Puget Sound Rugby Education Foundation's bingo game. The business name for it is West Seattle

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Bingo. **Commissioner Heavey** asked if the Commission is going to see attention paid to this bingo game on an on-going basis. **Mr. Allgood** answered that he felt within six months they would know whether to continue or not.

Commissioner Graham moved for temporary recertification as an athletic organization for six months only. **Director Miller** said they would be downgraded to a Class "G"; **Commissioner Heavey** seconded the motion with emphasis that it be for six months only. **Chairman Tull** said the six months is with the understanding that the class change will take place pursuant to the rule. Vote taken; motion carried with three aye votes.

Chairman Tull said the scheduled Follow-up review and the Group II reviews will be heard tomorrow due to a time problem. He called for a short recess.

***** RECESS *****

Petition for Review:

Preston, Michael, Seattle

CR 94-0064; Bingo Manager

((TO OBTAIN A TRANSCRIPT OF THIS PROCEEDING, CONTACT THE WSGC DIRECTOR'S OFFICE AT (306) 438-7640; THE DECISION AND ORDER WAS ANNOUNCE AT THE 3/10/95 MEETING))

Chairman Tull called for Executive Session and adjourned the public meeting.

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MINUTES COMMISSION MEETING FRIDAY, MARCH 10, 1995

Chairman Tull called the meeting to order at 10:10 a.m. at the Sheraton Hotel, Tacoma, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; PATRICK GRAHAM, and EDWARD HEAVEY.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHERRI WINSLOW, Assistant Director, Field Operations; SHARON TOLTON, Assistant Director, Special Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; PATRICIA NORMAN-COLE, Rules Coordinator; TINA GRIFFIN, Investigative Audit Unit; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said the public portion of this meeting was convened a little late so that the commissioners could spend a few minutes working on an appeal. There are a few addenda to the published agenda, which were discussed yesterday; one is a proposed rule from staff regarding cost recovery in certain tax collection licensing matters, and one is a rule regarding a process for certain Phase II reviews in connection with Class III casinos that are operating through compacts with various Indian tribes throughout the state. He said there are a couple of reviews that had to be held over from yesterday; the Boys and Girls Club of King County and the Boys and Girls Club of Wallingford.

Director Miller requested an executive session today since there was not enough time yesterday. Discussion will include litigation and investigations.

APPROVAL OF THE MINUTES FROM THE FEBRUARY 9-10, 1995, MEETINGS

Commissioner Graham moved for acceptance of the minutes from the February 9-10, 1995, Commission meeting in Olympia, Washington, as set forth and printed in the agenda packet; **Commissioner Heavey** seconded the motion; motion carried.

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SPECIAL REPORT

Central Area Youth Association, Seattle Special Scope Audit

Tina Griffin gave a report on the special scope audit of CAYA. In March 1994, CAYA's Board of Directors contacted the Gambling Commission staff with many areas of concern they had regarding employees' misuse of the organization's assets. She said the audit, begun in April 1994, focused on these concerns. The findings of the audit are summarized in a report provided to the Commissioners, and the warning letter that was issued is also contained in that report. She said last month she went back to CAYA to see if the original findings had been corrected. With one exception, all violations have been materially resolved. The exception is a major area of concern; they have failed to develop a formal written internal control policy as required by WAC 230-12-078. She said it should be noted that the Board has made efforts to alleviate some of the related party conflicts. She introduced the Brenda Little, vice president of the Board.

Brenda Little said she is an attorney with Seattle School District and was previously with the Attorney General's Office where she represented three community colleges. She said anyone who has been in Washington state during the last year knows about their program. The main focus today is to answer some of the Gambling Commission's concerns and express some of the work they've done to alleviate the problems. At the time the CAYA Board approached the Gambling Commission, she was the treasurer and has a fair understanding of the internal controls and the financial outlook. She introduced the CAYA board members and staff present: Emory Bundy, who works for the Bullett Foundation, was the vice president at the time the Board approached the Gambling Commission and is now the treasurer-elect; Tony Ward-Smith, new chairman of the bingo commission, is a long-time board member who is also a small business owner; Mr. Brown, who has been on the CAYA Board for 25 years and recently retired from the Parks Department; Mr. Russell, who is the newest board member and works for the National Parks Department; and Mr. Little, a founding father of CAYA. **Ms. Little** introduced staff members, Mr. Lewis Clark, new executive director and Princeton graduate; Sandra Little-Berthe', deputy director; Gracie Miller, bingo manager, who was with the bingo operation when it was on the corner of 23rd and Union (she said the bingo game has improved financially under Ms. Miller's direction) and Shannon Hunter, assistant bingo manager.

Ms. Little said CAYA was founded 30 years ago with the primary purpose of helping to form the minds, bodies, and intellects of inner-city kids. She said they are especially

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proud of their tutoring program and they are closely aligned with the Seattle School District. They interface in terms of students, records and systems in identifying those students who really need help. The pivotal program is their sports program; she said she ran track and her brothers were also involved in the basketball program. They have the basic sports for guys, and they are trying to expand the sports program to include women. They hope to have women's soft ball and track. There is a cultural arts program, a teen parent program to keep the mothers in school and teach them parenting skills, and the Inner City Outings program that involves taking kids out to the wilderness. CAYA is a community-run organization with volunteer and board members who put in a lot of time, effort and care into the programs. She said they have been working vigorously with the Gambling Commission to change some of their past practices so they can come up to the 21st century. She said when Sandra Little-Berthe' first came to CAYA, they didn't have a computer or an accounting system. Now, more of the Board members have college degrees and know more about business standards. They are updating accounting procedures. She said that Director Miller has informed her that staff is recommending a provisional license, which is fine with CAYA. She introduced Tony Ward-Smith to help answer any questions of the Commission.

Director Miller said that the Gambling Commission appreciates the cooperation of CAYA and said this has been a long-term situation. The Commission staff has not had problems with CAYA's programs; the problems were with its bingo operation. The fundamental principles and objectives of the organization have always been truly beneficial to the community. They have made great strides in the bingo operation. The investigation resulted in a life-time ban of the former bingo manager from bingo in this state, a one-year revocation of the assistant bingo manager and a six-month suspension of another bingo manager who was also the executive director. The initial review found there were also some short-comings in the oversight by the Board and too much authority given to the executive director position. Since there was a commitment to change, the organization received a warning letter instead of penalizing the program. The follow-up review found compliance with virtually all of the concerns except for internal controls, which are quite important and is the reason Commission staff is recommending temporary certification. The internal controls are required to be submitted to the Commission in a timely fashion. Upon review and successful implementation of those internal controls, staff will come before the Commission to resolve the issue. **Mr. Bishop** said not only internal accounting controls, but also a management control system that internal accounting controls would be a part of.

Commissioner Heavey said his questions should not be viewed as hostile, but in the current political climate, those who provide services to the disadvantaged are being placed under a microscope; things that are acceptable in other activities of life are totally unacceptable within the operations of those that provide services for the disadvantaged.

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The Commission has a responsibility to be sure this organization is above reproach, even if that standard is unfair. He asked about the trip to Las Vegas, which was under particular scrutiny by the hearing examiner, and said that some of the same people who took the trip are in positions of great control now. He questioned the wisdom of placing individuals who came under particular criticism by the hearing examiner in the same role where they are in a position of approving expenditures, which is where that same type of misconduct could take place. He asked how he, as an individual commissioner, can be assured that those individuals are not going to engage in that same lax bookkeeping and same lax attitude that was the problem leading to the substantial criticism of an organization that has provided 30 years of outstanding service to the community. He said it would be very inappropriate that the programs could be hindered because of not responding to this criticism. It does not appear to him that CAYA has overreacted to the extent that it should have in light of the criticism and the fact that it is now being placed under a microscope.

Mr. Ward-Smith asked Commissioner Heavey whether he is asking about policies and programs or about specific individuals and a particular instance where a trip was taken by staff and management. **Commissioner Heavey** said he is not concerned about the trip; he is concerned about the people who are still with the organization and who were also present on that trip. **Mr. Ward-Smith** said some of the people organized that trip and eagerly went on the trip, and then some were asked to go along because of their responsibilities to the agency and to the bingo operation. The Board sorted the particulars of that situation and figured out what was right and what was wrong and got rid of the wrong and kept the right. The person who went on the trip is still an important person in the organization, and they strongly defend that person's abilities, performance, and ethical behaviors. That person was crucial in the organization coming to terms with the problems they had and in helping solve those problems, and is now helping to develop and manage the ongoing system of management solutions. With very good reason, he said they are willing and eager to count on that person.

Chairman Tull asked if, on that particular trip, the person was part of the problem or whether she prevented the problem. **Mr. Ward-Smith** said she did go along on the trip but made no decisions about the trip other than she was asked to go. **Chairman Tull** said the problem is not with the trip; the Commission understands the value conferences can provide. He said apparently no one on that trip found it necessary to question whether the group needed to be gone that long or if they needed to be doing the things they did. The absence of control is the essence of the problem. He said this group is not the first to come under scrutiny. He said it's unfortunate that a criminal activity was involved and he knows it has hurt CAYA in lots of ways. It hurts the cause of charitable fund raising throughout the state, which is the Commission's big concern right now. He concurred with Commissioner Heavey that it is less than clear that this issue has been addressed.

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Ms. Little said it is difficult to talk about the specific issue without talking about past practice. CAYA had past practices that would not pass the "sniff" test. When she came on the Board four years ago, she was appalled at the past practices, but it was difficult for the long-timers to hear from the new board members that their practices may not pass muster. The trip was taken annually for years and was never questioned. The Las Vegas trip is symbolic of Director Miller's concerns. The internal controls by the Board were so lax in the past that it allowed four people to go on a trip and charge alcohol to their rooms and use agency money for kids to go see the Cirque de Soleil.

Ms. Little said she was told when she was hired that this Las Vegas trip was a mandatory trip that the Gambling Commission told them to go on. When they came to Director Miller, he explained that wasn't true. She said she isn't disagreeing with the provisional license, because the Las Vegas trip symbolizes where they were, but looking at where they are now, she said no one will ever go to Las Vegas on CAYA's dime. Now every trip is scrutinized and all invoices are looked at. They are putting internal controls in place and taking responsibility for their actions. **Chairman Tull** asked if there has been any attempt to gain reimbursement for the expenses from the trip; **Ms. Little** said they have been taken for amounts of money here and there, and last month the Board authorized expenditures for general counsel, which will help them get reimbursement.

Commissioner Heavey said he doesn't see anything reflecting that they're tightening up to the degree that they ought to. He'd like to see evidence of overreacting, such as developing a code of conduct to address these particular issues. He said he is not interested in removing someone from a position; his concern is that this person took the trip and is still in the position they held at the time. He noted problems are still occurring with the accounting system, although to a much lesser degree. There are four or five instances out of 13 that indicate there is a lack of monetary control. Besides the code of conduct, they also need to make sure the financial controls are really tight so they won't face the problem of a very valuable organization coming under undue criticism. **Ms. Little** said she often tells the Board, in terms of the members personally, they were shielded, but if anything else happens, they won't be able to blame it on an over-zealous executive director or anyone but the Board. She's slowly and surely pushing for internal controls being put into place. **Commissioner Heavey** congratulated CAYA on 30 years of valuable service to the entire community and said service to their community is service to all.

Mr. Ward-Smith said the response to the problems has turned around the organization dramatically and the Board has become totally involved with the organization, including the bingo side, in a way that they weren't before. There is a new executive director and a new relationship between the Board and the executive director with new approaches and practices coming out of these relationships. They have outside auditors and CPA firms

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working for them. They have taken the everyday management of the financial affairs in-house full-time instead of on a part-time basis. When they look over the guidelines they were given to improve the bingo operation, the same guidelines apply to them in the overall and they have acted on them in that broader sense. He said although the organization has been in existence for 30 years, the bingo operation is only ten years old. He said he suggested shutting down the bingo operation when he came on the Board in 1988, but instead the Board changed it and opened the Aurora Bingo operation. He said the agency had a budget of \$200,000, at that time, to run youth programs and only ten percent came from bingo. Now agency has a budget of \$1.5 million for the programs they run and 52 percent of the program money comes from the bingo operation. They are optimistic because of everything they've been through and see these things as making them better performers.

Commissioner Heavey asked if the executive director plays any role in recruiting new board members; **Ms. Little** said there are two positions he can nominate people for, but it is completely up to the Board as to who can serve on the Board. She said Mr. Clark thought the Board was too saturated with community activist/volunteer types who didn't have expertise in running businesses.

Commissioner Heavey said he was involved in an organization where the founder dominated the Board and the organization was hers and not independent. When he became involved on the Board he was recruited by her, but they changed to where she had no right to recruit members for the Board because she was dominating the Board, which is his concern about CAYA. He said that under Gambling Commission rules, the Board must be independent. The executive director cannot play a principle role in the selection of the Board, because then it may be just a matter of time before they get into the same position to where the Board is dominated by the executive director instead of being independent. **Ms. Little** said that the experience with Mr. Preston was so unpleasant that now her greatest fear is that they may not be letting the executive director breathe. The executive director now has less power and less authority than Mr. Preston, did, and at this point in time, the Board is more comfortable with the arrangement.

Chairman Tull said that during the ten years he's served on the Commission, he's had his eyes opened to a number of things and has become increasingly committed to the idea that the history being reviewed shows there is an opportunity for disaster and the Commission has seen these situations result in disaster before. The Commission has made steady progress toward institutionalizing the types of controls that have always been known about but only occasionally implemented.. The signal Chairman Tull wanted to send to CAYA is that they came very close to no longer being a bingo licensee in this state had CAYA not impressed the Commission staff with its willingness to take massive

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and immediate corrective measures. He said the message has to go out to other licensees that this may have been the last warning to the bingo community in the state of Washington. That doesn't mean the Commission won't assist organizations that are in trouble. He said the only people who embezzle money from an organization are people who are trusted with the money.

Commissioner Heavey moved that the qualification be continued on a temporary basis for six months. **Commissioner Graham** seconded the motion. **Chairman Tull** said he is a little disturbed that it has taken as many months as it has to clear up all of the problems but the size of the organization is a factor. He thanked CAYA for the cooperation shown. All in favor; motion carried with three aye votes for temporary qualification.

Chairman Tull thanked Tina Griffin for a very good report; it was very clear and the general quality was very good.

ADOPT OR AMEND RULES TREASURERS' PETITION

Amendatory Section WAC 230-04-280 -- (~~Notification to law enforcement.~~) Licensees must notify law enforcement and local taxing authorities.

New Section WAC 230-04-405 -- Commission may seek reimbursement for costs incurred in pursuing license revocation for failure to pay gambling taxes.

Amendatory Section WAC 230-04-400 -- Denial, Suspension or Revocation of Licenses

Amendatory Section WAC 230-50-010 -- Adjudicated proceedings--Hearings

Ms. Sutherland said Item 3 is a petition by the Taxing Associations and there are three rules involved. This petition has been on the agenda for a number of months and Commission staff has worked with the Taxing Associations on the changes. One of the rules requires the licensee to notify the taxing authority when they receive a license or renewal. Another rule provides for the revocation of licenses for failure to pay taxes, and the third rule provides for the brief adjudicative proceeding procedure to be used in the revocation procedure. Also, the Commission discussed issues regarding to the cost to the agency and the Commission asked staff to bring forward a rule that might deal with that issue. She met with a number of the taxing authorities in February and created something that was felt all could agree on, which, is in the form of an addendum to the agenda and is up at this time for filing. It essentially states that when pursuit of taxes is begun, the Commission will attempt to get reimbursement for costs from the delinquent licensee out of a settlement. If the Commission is unable to get that reimbursement, the taxing authority will reimburse the Commission. When a case is referred to the Commission, it will be agreed at that point to be responsible for the costs. **Commissioner Graham** said it says, "...The Commission may seek to be reimbursed." He asked why it doesn't say, "...The Commission will be reimbursed." **Ms. Sutherland** said the rule says

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first what the Commission will try to do is seek reimbursement from the licensee. If the Commission is unable to do that, then the Commission will seek reimbursement from the taxing authority. **Commissioner Graham** said all through the rule it says the Commission will seek reimbursement. **Ms Sutherland** said it was the intent of the rule. The reference to "in part" was if, perhaps, the licensee had paid a portion of the Commission's costs and then defaulted, the Commission could seek the remainder of the costs from the taxing authority. **Commissioner Graham** said he didn't want the Commission to be in a position where if the taxing authority loses, the Commission loses too.

Commissioner Heavey said he has a problem with this approach because it provides that someone has the right to petition the Commission for revocation of a license based on actual or perceived violation of the law. He has a problem with conditional exercise of authority. **Director Miller** said the intent was that if the county came forward for help, they would sign a contractual agreement that costs would be reimbursed. If that were not the case, the Commission probably wouldn't take on any more cases. **Chairman Tull** said Commissioner Heavey has a good point that could be remedied by adding language. **Director Miller** said the difficulty would be in anticipating the costs. The other thing would be if the Commission has to go through a hearing after the charges are filed, the costs would increase. The approach taken was more of recouping costs after the fact. **Commissioner Heavey** said the other way it could be done would be a filing fee which would be at the conclusion of the proceedings. He has a real concern about the rule saying the Commission will do something if the taxing authority does something. **Director Miller** said the Commission has not done this before; it is a service the Commission is providing for the counties. One of the dilemmas on this is that the Commission has always taken cases when the city has received a judgment. The Commission has always had the ability to assess a fine. What this rule does is give the Commission the ability to recover costs in the event the Commission is not able to from a licensed entity. He also said he isn't sure the cities can collect fines on the Commission's behalf. The cities have no licensing authority. **Chairman Tull** said this is a very complex issue.

Director Miller suggested that if the Commission cannot go forward with this today, that they may just vote no instead so the agenda can be relieved for next month. **Chairman Tull** said this should not be rushed. He asked if this new section could be filed and continue the other package. **Director Miller** asked if the concern is the procedure or the legality; **Commissioner Heavey** said his concern is legality and suggested that the language be amended to the first sentence be left as is and then the local taxing authority, "...shall reimburse the Commission for costs incurred." He said he has a problem with continuing this again and with the time the treasurers are having to spend coming to the meetings. **Director Miller** said the Commission does go after delinquent tax payers such as the case in King County. This would have been a good example that

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the Commission should have gotten some of the investigation monies back. The Commission does currently assist, it's just not done until the taxing authorities take the first step.

Commissioner Heavey seconded Chairman Tull's motion to file the proposed new section and to continue the rest of this section; vote taken, motion carried with three aye votes.

LICENSING OF GAMBLING MANAGERS

Amendatory Section WAC 230-02-240 -- Commercial gambling manager defined.

Amendatory Section WAC 230-02-418 -- ~~((Bingo))~~ Charitable or nonprofit gambling manager defined.

Amendatory Section WAC 230-04-145 -- Licensing of charitable or nonprofit gambling managers ~~((of bingo-games))~~ -- Application procedures.

Amendatory Section WAC 230-04-147 -- Notification to the commission upon beginning, terminating, or changing responsibilities ~~((as bingo-game))~~ of charitable or nonprofit gambling managers.

New Section WAC 230-12-079 -- Duties and responsibilities of charitable or nonprofit gambling manager.

Amendatory Section WAC 230-30-070 -- Regulation of manager, operators, and other employees -- Charitable or nonprofit organizations.

Ms. Sutherland said these are rule changes up for possible final action today. They provide for the licensing of executive directors or those people with the highest level of authority over the gambling activity and the funds earned and disbursed. Staff recommends final adoption. **Chairman Tull** said this is an opportunity for public testimony and asked if anyone wished to be heard.

Jim Williams said he is confused about the license for the charitable nonprofit organizations. He said the rule states that a charitable or nonprofit manager is one who oversees any gambling activity. He said he doesn't see an exemption for any license classes. He said organizations holding raffles would be required to obtain permission.

Director Miller said the purpose is to define what a gambling manager is and what the duties and responsibilities are for of that position. Someone should be responsible for the gambling operation.

Mr. Williams asked how he gains the Commission's permission if he wants to manage a raffle. **Mr. Bishop** said the same way that it is currently done. On the application to run that activity it requires the name of the manager and certain information for the background to be done on this person. This is part of the license approval process currently for the activity. There is a separate license for higher level activity for those

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people. The rule summary should have said this affects all licenses in this particular case. **Director Miller** said there is a packet put out by the Commission for the licensees. He said Mr. Williams has raised a very valid point. The Commission doesn't know all the unlicensed activities out there and yet the licensees are still required to maintain certain records under state law. The intent was not to burden the small operations and he thinks the language works.

Mr. Bishop said that in the preamble, "each charitable," etc., etc., "licensed to conduct gambling activities shall designate..." It does not apply to unlicensed activities.

Chairman Tull said the syntax in 145 is still unclear. He said the responses were helpful. "Managers responsible for the following functions shall be licensed." Then it lists a primary manager. He asked if "Manager" is a person or a function. They discussed clarifications and the solution discussed was to remove the word "function" and say "the following gambling managers." **Director Miller** suggested "primary" manager be taken out and to say "for class D and above bingo games." He asked Mr. Bishop if this would work. **Mr. Bishop** said yes.

Commissioner Heavey suggested saying "the following individuals of charitable or nonprofit organizations shall be designated as gambling managers and shall be licensed by the Commission." **Mr. Bishop** said he thought that would work and could certainly see what the Commissioners were talking about.

Chairman Tull said this should be readable and understandable by the licensee community. He continued this rule until the April meeting.

COMMERCIAL STIMULANT RULES

Amendatory Section WAC 230-02-350, Commercial stimulant defined.

Amendatory Section WAC 230-02-360, Licensed premises defined.

Amendatory Section WAC 230-02-370, Food and/or drink business defined

Amendatory Section WAC 230-02-380, Established business defined.

Amendatory Section WAC 230-04-080, Certain activities to be operated as a commercial stimulant only--Licensing of food and/or drink businesses.

Amendatory Section WAC 230-08-130, Quarterly activity reports by operators of social and public card rooms

Repealer WAC 230-02-125, Adjusted net gambling receipts

Repealer WAC 230-12-075, Commercial stimulant compliance

Ms. Sutherland said this is a group of rules that amend the commercial stimulant rules to comply with a 1994 Legislative change to RCW 9.46.0217. These have been discussed with licensees and essentially take the Commission's staff time away from measuring the

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food and drink sales against the gambling activity and allow staff to focus on other priorities. The primary concern of the Commission is simply whether a business is engaged in the sale of food and drink for on-premise consumption. This is up for possible final action today. **Director Miller** said the term now is "established business." This will be the test in the future, ensuring it's a legitimate, established business. **Commissioner Graham** moved to accept the rules in section five. **Commissioner Heavey** seconded the motion, motion carried with three aye votes. **Chairman Tull** said this is effective July 1 1995.

RAFFLE RULES

Amendatory Section WAC 230-02-183, Active member defined

Amendatory Section WAC 230-08-070, Raffle records

Amendatory Section WAC 230-12-040, No firearms as prizes--Exceptions

Amendatory Section WAC 230-20-300, Control of raffle prizes

Amendatory Section WAC 230-20-325, Manner of conducting a raffle

**New Section, WAC 230-20-335, Raffle conducted among members of an organization--
Procedures--Restrictions**

Ms. Sutherland said Item 6 A-F is also a package up for final action. These raffle rules have been proposed by staff in conjunction with a number of organizations that hold raffle licenses. This package essentially simplifies the record keeping requirements for raffles. There is an addendum to item 6 B in the handout packet and the change sets forth (on the second page of the rule) more details that must be provided to the Commission in a request to maintain the records in alternative location. Staff recommends final adoption of this package with the amendment.

Kevin Crum spoke on behalf of the Washington Charitable and Civic Gaming Association. He said the Association knows that currently the raffle ticket price is limited to \$5. They understand there is legislation that could change this and they have a concern regarding the age of the ticket sellers for raffle tickets with a value of \$5 or more. The Association would like these limited to persons 18 years of age and older. The concern is for the youth and the larger cash handling. **Chairman Tull** said that the rule currently says 18 years of age. The director must grant a waiver for ticket sellers under 18. **Director Miller** said the state has had youth selling raffle tickets for years. Youth cannot be involved in the management operation but youth do sell raffle tickets. The Commission has not had many complaints on this.

Chairman Tull asked what the statute says now about selling raffle tickets. **Director Miller** said that it doesn't. **Mr. Bishop** said it is only under the section on coin flipping or dice rolling that says they shall be 18 years old. **Chairman Tull** stated the Commission's current rule defines an active member using an 18 year old proviso. **Director Miller** said

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that these rules encompass years of experiences. The issue of who can sell could be a separate issue in the future.

Director Miller said the wildlife organizations that have worked with the Commission would like to see higher limits, and quite a few people are promoting raising the limit from five dollars. Right now, a book of 20 tickets is sold for \$5 each. The law requires a patron to buy one ticket only. The concern is, when the wager goes up, there is a danger to youth, because they will have to handle larger sums of money.

Rance Block, field director for the Rocky Mountain Elks, said he wants to be sure the issues of the rule changes they have been working with the Commission on are separate from the house bill and are handled separately. He said he appreciates the support of Commission staff in working out these rules.

Mr. Williams thanked Deputy Director Bishop for recognizing that members-only raffles need to be changed and for putting together those changes. In the future, he suggests the Commission look at some recordkeeping changes. He also suggested some new rules, i.e., that these raffles are only open for the attendees at that night's session, the raffles are a "must be present to win," the raffle tickets are not available until the individual gets through the door that evening, the attendees in most cases deposit their raffle tickets for the prize they want to attain, the winning tickets are drawn in front of all attendees, the winning tickets are verified in front of all attendees, and the attendees then see the individual who wins that prize.

Commissioner Heavey moved to adopt 6A-F; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

HOUSEKEEPING CHANGES

Amendatory Section WAC 230-02-010 -- Washington state gambling commission -- Purpose and organization.

Ms. Sutherland said Item 7 is a housekeeping change up for final action and it just represents the current number of assistant directors on staff at the Gambling Commission. Staff recommends final adoption.

Commissioner Graham moved to adopt, **Commissioner Heavey** seconded the motion; motion carried.

Amendatory Section WAC 230-20-130 -- Operation of bingo upon retail business -- Conditions

Amendatory Section WAC 230-20-620 -- Amusement games -- Objects to be thrown to be

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uniform -- similar games not to use difference object unless designated

Ms. Sutherland said Item 8 A and B are simply housekeeping changes to correct typographical errors and they are up for further discussion.

CARD ROOM PETITION

Amendatory Section -- WAC 230-40-400 - Hours limited for card games

Ms. Sutherland stated that Item 9 was brought forward to the Commission last month as a petition by the Recreational Gaming Association and the Commission filed it as an emergency rule, which made it effective upon filing. The rule allows card rooms to change their closure period from between 2:00 a.m. and 6:00 a.m. to 4:00 and 8:00 a.m. if the director approves this and local law enforcement has no objection. Staff recommends further discussion. This will be on the agenda this month and next month.

Mr. Bishop said 31 card rooms requested using these new hours of the 113 total licensed card rooms. On February 28, 1995, the Commission mailed letters with a copy of the new rule to all of the sheriffs and police chiefs in Washington State. The letters included the licensed card rooms within their jurisdictions and asked them to comment whether these businesses had their approval to go forward with these hours. As of this morning, five responses were received from law enforcement; four were opposed, and one said they would not approve two particular card rooms. The criteria for allowing the change in hours would be primarily law enforcement input, Gambling Commission staff input, and any input the Commission might receive from other state or local authorities.

Commissioner Heavey said it says "...No objection is raised by a local enforcement entity." He asked if that means King County can object to a card room in another city being open until 4:00 a.m. **Director Miller** said the intent was to notify law enforcement in the area of the card room. **Commissioner Heavey** suggested changing the wording to "...local law enforcement entity having jurisdiction." **Chairman Tull** asked what that would mean if the prosecuting attorney had objections. **Director Miller** noted that the prosecuting attorneys were not contacted. **Mr. Bishop** said he felt Commissioner Heavey's suggestion would cover it. **Director Miller** said that it was the intent of the Commission to mirror this after the tribal gaming situation because that was the argument for extending the hours.

Rick Davis, Charlie Macks and the 21 Club, asked how many letters were mailed; **Mr. Bishop** said of the 113 card rooms, every law enforcement agency that had a card room in their jurisdiction was contacted; either the chief of police or the sheriff. **Mr. Davis** said he thought that four negative responses was not much. **Mr. Bishop** said that the letter stated if the Commission did not hear from the law enforcement entities, the Commission would assume they had no objections. **Director Miller** added the Commission planned to give

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conditional permission in writing, commencing next week. **Chairman Tull** asked about the procedural effects of the emergency rule. **Director Miller** said approval is to be granted with the discretion of the director.

Ms. Tolton said there may be additional costs for her division to monitor the hour changes. She has also been questioned by some law enforcement people; i.e., should the sheriff or chief of police change their position, could these people write to the Commission regarding their concerns and position. **Director Miller** said yes to both questions. **Commissioner Heavey** moved to amend this rule to say, "that has primary jurisdiction." **Chairman Tull** said it could be spelled out to say "local law enforcement entity," and it is an issue that should be addressed by staff. Motion denied due to no second. **George Teeny** asked about the question of the enforcement agents being concerned regarding two of the card rooms in the town. **Chairman Tull** said that question could be taken up with staff.

HOUSEKEEPING CHANGES

Amendatory Section WAC 230-04-075 - No license required for certain bingo, raffles, and amusement games.

Amendatory Section WAC 230-20-090 - Limits on compensation paid to members or employees.

Amendatory Section WAC 230-20-170 - Bingo operation date limitations

Amendatory Section WAC 230-20-190 - Bingo card prices

Amendatory Section WAC 230-20-220 - Operators shall not play

Amendatory Section WAC 230-25-070 - Fund raising events--Central accounting system required

Amendatory Section WAC 230-20-630 - Amusement games--Fees, rules, prizes and variations in objects to be posted--Fees to be paid in cash or scrip((¢))--Prizes not to differ from those posted

Amendatory Section WAC 230-25-055 - Use of chips, scrip((¢)) or similar items at fund raising event

Amendatory Section WAC 230-25-330 - Recreational gaming activity--Rules for play

Amendatory Section WAC 230-46-010 - Purpose

Ms. Sutherland said rules under Item 10 are up for discussion and possible filing. **Commissioner Heavey** moved for filing; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

LICENSING OF MANUFACTURERS/SALES PERMITS

Amendatory Section WAC 230-04-110 - Licensing of Manufacturers

New Section WAC 230-04-115 - Licensing of manufacturers--Exceptions--Special sales permit

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Amendatory Section WAC 230-04-203 - Fee--Commercial stimulant and other business organizations

Ms. Sutherland said Item 11 A-C is a rules package proposed by staff. This package allows the director to grant a special sales permit that would allow manufacturers to sell to a distributor gambling equipment on a limited basis. The justification for this is when demand for equipment is relatively low and it is not economically feasible for the licensee or applicant to go through the process, or if the licensing process is really not necessary for the protection of the public. Staff recommends emergency filing of this package.

Commissioner Heavey moved for filing and adoption as an emergency; **Commissioner Graham** seconded the motion; motion carried.

ADDENDUM

WAC 230-48-010 Tribal-state compacts--Phase II commission review

Chairman Tull said that WAC 230-48-010 is a new section proposed by Staff. This rule provides tribal casinos a mechanism to increase wagering limits, wagering stations and hours of operation through a Phase II investigative review and Commission approval process. This rule was referred to yesterday and is available to everyone this morning.

Ms. Sutherland said the Commission has created a new section of WACs and this is the first of hopefully many WACs pertaining to tribal gaming. **Chairman Tull** said he has had numerous conversations with the director regarding the implementation of the more recent compact amendments and it was his recommendation that a process be identified and be approved by the Commission. His suggestion would ultimately approve Phase II review. He also noted there are a number who are eligible for consideration for going to Phase II. He said there are copies of the check list in the commissioner's packets.

Commissioner Heavey moved for adoption as an emergency rule with ongoing rule discussion; **Commissioner Graham** seconded the motion; motion carried with three aye votes. **Chairman Tull** said that a separate chapter is a good idea and more things will come up over time.

UNFINISHED BUSINESS **QUALIFICATION REVIEWS**

FOLLOW-UP REVIEW:

BOYS AND GIRLS CLUBS OF TACOMA PIERCE COUNTY

Ms. Norman-Cole said Boys and Girls Clubs of Tacoma Pierce County came before the Commission in January and at that time a review regarding their structure was

ATTACHMENT I

requested. The staff has concluded that only the administrative group can conduct gambling. There are several other groups that are listed in the packet but under the this organization's present structure, only the primary organization can operate gambling. **Mr. Bishop** gave a brief overview of the previous structure of this organization and said in 1992 they changed their organization. Under the by-laws the members elect the officers. He said they will only be allowed one bingo game and two fund raising events. Staff has discussed this with them and they are aware of the new limitations. Qualification was temporary in January and recommendation by staff is to certify this group.

Commissioner Heavey moved for qualification; **Commissioner Graham** seconded the motion. Vote taken, motion carried with three aye votes.

GROUP II's

BOYS AND GIRLS CLUB OF KING COUNTY, Seattle

Ms. Norman-Cole said an analysis was done of Boys and Girls Club of King County and Boys and Girls Club of Wallingford because it was thought they were linked. However, it was found that these two organizations are separate.

Boys and Girls Club of King County is located in Seattle and is classified as a charitable organization. They are licensed for class "I" bingo and class "H" punchboard and pull tabs. The organization was first formed in 1943 and currently has 70 voting members. Program services have increased approximately six percent in providing programs to the youth of King County. Total number clients served was 14,100. Net gambling revenue totaled \$244,387; bingo net income was \$198,234. This organization spent \$3,939,834 in support of its stated purposes. Staff recommends qualification as a charitable organization for the purposes of conducting gambling in the state of Washington.

BOYS AND GIRLS CLUB OF WALLINGFORD, Seattle

Ms. Norman-Cole said Boys and Girls Club of Wallingford is also located in Seattle and is classified as a charitable organization as well. They are licensed for class "H" bingo and class "F" punchboard and pull tabs. This organization was first formed in 1948 and currently has 24 voting members. The organization maintains a full time administrative office in Seattle and also operates child care programs at various locations within the city. Clients served were: 1,100 boys and girls. Sponsorships totaled \$13,119, net gambling revenues were \$155,274, and bingo net income was \$125,765. This organization spent a total of \$367,863 in support of its stated purposes. The organization was able to expand its child care facility by adding another building in Lake City, which has enabled them to serve 16 more children each day at this day care facility. Staff recommends qualification as a charitable organization for purposes of conducting gambling in the state of Washington.

ATTACHMENT I

Commissioner Graham moved for qualification of both organizations; **Commissioner Heavey** seconded the motion, motion carried with three aye votes.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Anthony Passanate, Assistant Manager, Lakewood City Bingo, said his union was in the forefront in 1972 of getting gambling legalized in the state of Washington. He is appealing on his own behalf to the intent of gambling in the state and that it was intended for nonprofit. He asked the Commission to explore lowering the taxes on pull tabs to help the smaller bingo halls that may go out of business due to all the taxing on gambling.

Chairman Tull said it would be nice to receive the specific views of those who say the statutes of the state can be altered by the Commission, because the Commission is not aware of any option it has to lower taxes. **Mr. Passante** said he has worked with Commission staff and they have been nice to work with. **Chairman Tull** said the charities should get a hold of their legislators in every district throughout the state. **Director Miller** said Chairman Tull wrote a letter on behalf of the Commission to support a reduction in taxes. **Chairman Tull** said the meeting is adjourned and called for executive session. He asked Mr. McCoy whether the Commission can make a decision on the appeal and send out notification; **Mr. McCoy** said the decision must be announced in public session.

Chairman Tull said the Commission will convene in Executive Session after recessing for a few minutes. **Director Miller** said the executive session would be brief. **Chairman Tull** stated anyone wishing to hear the outcome of the appeal should wait.

*****RECESS*****

Chairman Tull reconvened the meeting after executive session. Regarding the Case Number 94-0064, he said he would summarize the first two parts, which were basically that the Commission adopted the Findings and Conclusions of Administrative Law Judge Heller. The Commission did reach a somewhat different final decision and order regarding sanction. He read, "It is clear from the record that Mr. Preston was both aware of and condoned misconduct of staff members under his direct supervision and control and personally participated in a pattern of misconduct which resulted in substantial inurements of CAYA gambling funds to his and his staff's benefit. Such behavior cannot be tolerated of a Gambling Commission licensee. Now, therefore, in accordance with the recommendation of the initial order, the license of Michael R. Preston is hereby suspended for a period of six months; the Commission notes that as a result of the application of WAC 230-04-145, paragraph 2(c), Mr. Preston's license has already expired by operation of law. No credit is therefore appropriate for the period of voluntary

ATTACHMENT I

suspension already served as a result of Mr. Preston's surrender of his license prior to the hearing of this matter. In order to give affect to this order, Mr. Preston is deemed ineligible for licensing from the Commission for a period of six months from the entry of this order. Following this period of ineligibility, Mr. Preston may again seek licensure but is still required to demonstrate his qualification for licensure in accordance with RCW 9.46 and WAC 230-04-400. Dated this 10th day of March" and it bears the signatures of the three Commissioners present. **Chairman Tull** said he was aware of no other business before the Commission this morning, meeting is adjourned.

Note: These printed minutes plus the tapes constitute the full minutes.

Susan D. Green
Executive Assistant

following the drawing: Provided, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations that do not have an administrative or business office located within Washington state structured to include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff. Provided, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

WSR 95-07-094
PERMANENT RULES
GAMBLING COMMISSION

[Filed March 17, 1995, 3:36 p.m., effective July 1, 1995]

Date of Adoption: March 10, 1995.

Purpose: Packet of rules clarify commercial stimulant in accordance with amendments to RCW 9.46.0217. Net gambling receipts are no longer required to be less than gross food and drink sales.

Citation of Existing Rules Affected by this Order: Amending WAC 230-02-350, 230-02-360, 230-02-370, 230-02-380, 230-04-080, 230-08-130, and 230-08-160.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Pursuant to notice filed as WSR 95-04-038 on January 25, 1995.

Effective Date of Rule: July 1, 1995.

March 17, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 165, filed 3/16/87)

WAC 230-02-350 Commercial stimulant defined. "Commercial stimulant" means ~~((a))~~ a licensed gambling ~~((activities, when))~~ activity operated by an established food and/or drink business with the ~~((primary))~~ purpose of increasing the volume of food and/or drink sales for "on-premises" consumption. ~~((For purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.))~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-360 Licensed premises defined. "Licensed premises" means the physical building and property, upon which the licensed gambling activity occurs, as set out ~~((and approved))~~ on the license application and approved by the commission: Provided, That ~~((where))~~ when only a portion of a building is ~~((leased))~~ utilized for purposes of operating a food and/or drink business or for conducting gambling or related activities, only that portion set out in the ~~((lease document))~~ application on file with the commission, shall be considered the licensed premises~~((: Provided further, That when owners or holders of a substantial interest, of a food and/or drink business, licensed to conduct gambling activities, also operate additional and separate businesses in the same building or on the same property, only the gross sales from the licensed food and/or drink business, as set out and approved on the license application, shall be included for commercial stimulant purposes))~~.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-370 Food and/or drink business defined. "Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises~~((: Provided, That for purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises. Provided further, That food and drink items furnished to employees, without their actually paying for it, shall be treated as sales only if:~~

- ~~(1) Detailed records are maintained;~~
- ~~(2) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and~~
- ~~(3) No more than one meal per employee is recorded during any four hour work shift).~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined.

"Established business" means any business (~~(who)~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses.

The commission may issue a license to operate punchboards and pull tabs (~~(-)~~) or public card rooms (~~(- licensed for use as a commercial stimulant)~~) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

- (i) It is a tavern that holds a valid Class "B" liquor license; or
- (ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:

- (A) Prepared by the licensed business; or
- (B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

- (A) Detailed records are maintained;
- (B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and
- (C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:

- (a) January 1st through March 31st;
- (b) April 1st through June 30th;
- (c) July 1st through September 30th; and
- (d) October 1st through December 31st.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made~~((-))~~;

(4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report~~((-))~~;

PROPOSED

Purpose: Amendment will allow card room licensees to extend hours of operation to 4:00 a.m. with the consent of the director providing local law enforcement does not object.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: New rule will allow card room licensees to extend hours of operation to 4:00 a.m. with the consent of the director providing local law enforcement does not object.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 301; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: Recreational Gaming Association, Skyway Bowl, 11819 Renton Avenue South, Seattle, WA 98178, private.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: Allow card room licensees to extend hours to 4:00 a.m.

Proposal Changes the Following Existing Rules: Allow card room licensees to extend hours from 2:00 a.m. to 4:00 a.m. with the consent of the director.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Red Lion Inn, Yakima Valley, 1507 North 1st, Yakima, WA 98901, on April 14, 1995, at 10:00 a.m.

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by April 10, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by April 12, 1995.

Date of Intended Adoption: April 14, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 118, filed 1/22/82)

WAC 230-40-400 Hours limited for card games.

Licensees shall not allow the use of their premises for card playing between the hours of 2:00 a.m. and 6:00 a.m. Provided, a licensee may extend, with the consent of the Director, hours of operation up to 4:00 a.m. upon application to the Commission and so long as no objection is raised by a local law enforcement entity. In any event, a licensee must observe a four hour period of closure before beginning the next period of operation.

No card games shall be allowed in any public card room at any time the profit seeking retail business to be stimulated thereby is not open to the public for business.

At all times during the hours of operation of a Class E card room, the operator or a licensed card room employee must be on duty and in the licensed card room area.

WSR 95-06-012
PROPOSED RULES
GAMBLING COMMISSION
[Filed February 16, 1995, 4:13 p.m.]

Original Notice.

Title of Rule: WAC 230-02-125 Adjusted net gambling receipts defined; and 230-12-075 Commercial stimulant compliance.

Purpose: Net gambling receipts are no longer required to be less than gross food and drink sales. Definition of commercial stimulant compliance has been incorporated into WAC 230-04-080 allowing WAC 230-02-125 and 230-12-075 to be repealed.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: WAC 230-02-125 and 230-12-075 are being repealed due to changes in requirements and consolidation of commercial stimulant compliance definition into WAC 230-04-080.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 301; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: [Gambling Commission], governmental.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: Packet of amendments filed under WSR 95-04-038 will clarify commercial stimulant in accordance with amendments made to RCW 9.46.0217. Net gambling receipts will no longer be required to be less than gross food and drink sales which allows WAC 230-12-075 to be repealed. WAC 230-02-125 has been incorporated into WAC 230-04-080.

Proposal Changes the Following Existing Rules: Packet of amendments filed under WSR 95-04-038 will allow these two rules to be repealed.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Red Lion Inn, Yakima Valley, 1507 North 1st, Yakima, WA 98901, on April 14, 1995, at 10:00 a.m.

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by April 10, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by April 12, 1995.

Date of Intended Adoption: April 14, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-02-125 Adjusted net gambling receipts defined.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-12-075 Commercial stimulant compliance.

WSR 95-06-013 PROPOSED RULES GAMBLING COMMISSION [Filed February 16, 1995, 4:20 p.m.]

Continuance of WSR 95-04-040.

Title of Rule: WAC 230-04-280 (~~Notification to law enforcement~~) Licensees must notify law enforcement and local taxing authorities; WAC 230-04-400 Denial, suspension or revocation of licenses; and WAC 230-50-010 Adjudicated proceedings—Hearings.

Purpose: WAC 230-04-280, sets out the guidelines for notification to law enforcement and local taxing authorities; WAC 230-04-400, to include failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010, to include hearings held due to failure to pay required gambling taxes.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: WAC 230-04-280, amendment sets out the guidelines for notification to law enforcement and local taxing authorities; WAC 230-04-400, amendment includes failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010, amendment includes hearings held due to failure to pay required gambling taxes.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 302; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: [Gambling Commission], governmental.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: WAC 230-04-280 sets out guidelines for notification to local law enforcement and local taxing authorities; WAC 230-04-400 amendment will include failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010 amendment includes hearings held for failure to pay required gambling taxes.

Proposal Changes the Following Existing Rules: WAC 230-04-280 amendment sets out guidelines to notifying local law enforcement and local taxing authorities; WAC 230-04-400 amendment includes failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010 amendment includes hearings held for failure to pay required gambling taxes.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Sheraton Hotel, 1320 Broadway Plaza, Tacoma, WA 98405, on March 10, 1995, at 10:00 a.m.

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by March 6, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by March 8, 1995.

Date of Intended Adoption: March 10, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 5, filed 12/19/73)

WAC 230-04-280 ((Notification to)) Licensees must notify law enforcement and local taxing authorities. ~~((Each licensee for the operation of an authorized gambling activity, within ten days after issuance of the license and before initially conducting any activity under the license, shall notify, in writing, the law enforcement agencies set forth below of the name and address of the licensee, the address where the activity will be conducted, the type of activity licensed, the date the activity shall first be conducted, and if the activity is planned to be conducted on a regular basis, the proposed schedule for the operation of the activity:~~

~~When the activity is to be conducted within a city or town, the local police agency shall be notified, and when the activity is to be conducted within a county, then the sheriff's office shall be notified.~~

No activity shall be initially conducted until such notification has been made:)) In accordance with RCW 9.46.070, the commission will continue to cooperate, and

PROPOSED

Attachment L

WSR 06-07-157

PERMANENT RULES GAMBLING COMMISSION

[Order 457 -- Filed March 22, 2006, 9:35 a.m. , effective January 1, 2008]

Effective Date of Rule: January 1, 2008.

Purpose: The gambling commission is rewriting its rules manual using plain English techniques. The rules manual has been divided into sections and is being rewritten a section at a time. The first sections reviewed are the licensing chapter. As part of the rewrite, some items from other chapters (chapter [230-02](#) WAC, General provisions and definitions; chapter [230-04](#) WAC, Licensing; chapter [230-08](#) WAC, Records and reports; and chapter [230-12](#) WAC, Rules of general applicability), may be incorporated into the new licensing chapter. Following are rules regarding licensing and permitting which are rewritten in plain English and numbered as chapter [230-03](#) WAC. Fees related to permits, licenses, and identification stamps are numbered as chapter [230-05](#) WAC.

Statutory Authority for Adoption: [RCW 9.46.070](#).

Adopted under notice filed as WSR 06-04-057 on January 27, 2006, with a published date of February 15, 2006.

Changes Other than Editing from Proposed to Adopted Version: [WAC 230-03-020](#) and [230-03-210](#) were updated to reflect changes to current rules filed under WSR 06-04-040 with a published date of February 15, 2006, and adopted under WSR 06-07-084. The amendment increased the threshold to qualify for a punchboard/pull-tab business permit from \$20,000 to \$25,000.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 76, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 76, Amended 0, Repealed 0.

Date Adopted: March 22, 2006.

Susan Arland

Rules Coordinator

OTS-8542.3

Chapter [230-03](#) WAC

Attachment L

NEW SECTION

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

(a) Provides us with a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Food or drinks for "on-premises" eating and drinking; and

(B) Food or drinks "to go"; and

(C) All other business activities; and

(b) Is ready to conduct food or drink sales; and

(c) Passes an inspection by us; and

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

Summary of HBCR Wager Increase - 2008

- In March 2008, the RGA submitted a number of petitions to the Commission for consideration, including a proposed amendment to WAC 230-15-140- wagering limits. They specifically requested to raise wagering limits from \$200 to \$500. Petition attached.
- The petition was heard at the May, July, August, and September 2008 Commission Meetings. The transcripts of these discussions are attached.
- The only rule/law discussed at these meetings was RCW 9.46.010- Legislative Declaration.
- At the September Meeting, the Commissioners approved amended language to adopt \$300 limits instead of \$500 with an effective date of 1/1/2009.



**Proposed Amendment to
WAC 230-15-140 Wagering limits for house-banked card games.**

Filed - May 2008

No Commission Meeting – June 2008

Discussion – July and August 2008

Final Action – September 2008

ITEM 7 (a) on the September 12, 2008, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Dolores Chiechi, representing the Recreational Gaming Association.

Proposed Change

The Recreational Gaming Association (RGA) is requesting to increase the maximum amount of a:

1. Single wager or bonus wager for an odds-based pay out from \$200 to \$500; and
2. Bonus wager for progressive jackpots from \$1 to \$500 or to limits imposed by a manufacturer's game rules.

The RGA states that Tribal casinos are authorized to offer \$500 betting limits while house-banked card room licensees have been held to a lower level of \$200 limits. The RGA states that the strict regulations and controls required in security, surveillance and licensing of employees in these establishments are more than adequate to protect the public.

Attachments:

Spreadsheet dated July 18, 2008, outlining increases in card game activity. This document was included in the agenda packet after the August 2008 Commission meeting.

Letter dated March 14, 2008, from Dolores Chiechi to the Commission.

Petition for rule change dated March 14, 2008.

Proposed amendment to WAC 230-15-140.

RCW 9.46.010

Letter from Andy Kimmerlee dated June 25, 2008, stating he supports the wager increases.

E-mail from Brian Tervo dated May 1, 2008, stating he supports the wager increases.

Commission meeting minutes for wager increases:

- 1) August, September, October, and November 2003, and February 2004
- 2) September, October and November 2005, and January 2006.

History of Rule

This rule has been amended twice in the past four years.

- In August 2003, the Commission filed a petition submitted by the RGA requesting the wagering limits for house-banked games (single and bonus wager for odds based pay outs) be increased from \$100 to \$300. At their February 2004 meeting, the Commission approved an amendment made by a Commissioner to allow wagering limits to be increased to \$200 on a limited basis. Effective July 1, 2004, house-banked card game licensees licensed for:
 - Five or fewer tables were allowed to have a \$200 wagering limit for one table.
 - Six to ten tables were allowed to have \$200 wagering limits for two tables.
 - Eleven to fifteen tables were allowed to have \$200 wagering limits for three tables.
- In September 2005, the Commission filed a petition submitted by the RGA requesting that wagering limits for house-banked games be increased from \$100 to \$200 for all tables regardless of how many

tables an establishment was licensed for. At their January 2006 meeting, the Commission approved this amendment to become effective February 17, 2006.

Progressive Jackpots

House-banked card game licensees may operate progressive jackpot prizes with certain approved house-banked card games. To participate in a progressive jackpot, a player places a separate wager (up to \$1), part of which accrues to the progressively increasing prize. Manufacturer's game rules determine the winning patterns or combinations of cards. The \$1 bonus wager limit for progressive jackpots has been in place since approximately 1997.

Tribal Limits

- Tribal casinos offer \$500 maximum wagering limit (single and bonus wager for odds based pay outs).
- Progressive wager limits are not regulated in Tribal – State Gaming Compacts and are determined by manufacturers in their house rules; typically it is \$1.
- Tribal casinos are required to have Tribal Gaming Agents on site during all times games are operated.

Impact of the Proposed Change

Impact on House-Banked Card Game Licensees

Some house-banked card game licensees may see an increase in gross receipts due to an increase in wagering limits. Some may not want to offer the higher limits due to the potential of having to pay out higher jackpots.

The minimum cash on hand requirements could increase if licensees offer higher wagering limits (WAC 230-15-050).

Impact on Agency

The higher wagering limits may make the games more attractive to professional cheaters. However, we would continue to regulate house-banked card games the same way as we currently do if the new limits were approved. We don't anticipate that all licensees will offer the higher wager limits and most players will not wager at the higher limits.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on businesses.

Regulatory Concerns

Minimal.

Resource Impacts

Minimal.

Policy Consideration

The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010 (attached).

Statements Supporting the Proposed Rule Change

At the August 2008 Commission meeting:

- **Dawn Mangano, Casino Caribbean of Yakima, testified that higher wagering limits would allow her to pursue a different demographic (for example, the local orthodontist or farmer) that have more disposable income. These customers give her the opportunity to stimulate food and beverage business, as they would patronize the restaurant and purchase high end food and drink.**
- **Gary Murray, Great American Casino, testified in support of the increase.**

Letter dated June 25, 2008, from Andy Kimmerle supporting the increases.

E-mail dated May 1, 2008, from Brian Tervo supporting the increases.

At the May 2008, Commission meeting, Chris Kealy, Iron Horse Casino, and Gary Murray, Great

American Casino, testified in support of the increase.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
House-banked card room licensees.
Staff Recommendation
Final Action.
Proposed Effective Date for Rule Change
The petitioner requests an effective date of January 1, 2009.

May 2008 Transcript Excerpt on Item 13, Petition for Rule Change to Increase HBCR wager limits, Pasco, WA

13. **Petition for Rule Change** – Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots

a) **Amendatory Section WAC 230-15-140**

Wagering limits for house-banked card games

Chair Niemi: And now we're on 13.

Commissioner Parker: You're going to work us to death.

Chair Niemi: Not if I keep walking these people through.

Assistant Director Mark Harris: Commissioners, Chair Niemi, item number 13 is a petition for rule change by the Recreational Gaming Association. And prior to getting into the content of this I just wanted to point out there was two loose handouts that should be included in there that covers all of the RGA petitions. One is a cover letter from the RGA specifically stating all the reasons why they are proposing these packages all together. So you might want to take a second to look through that and look at the highlights.

Chair Niemi: Do you have any clue as to where it is?

Ms. Hunter: You found it.

Chair Niemi: Oh, in the back? Oh no, I have that.

Ms. Hunter: Yep, there you go.

Chair Niemi: Yes, okay, thank you.

Ms. Hunter: You're welcome.

Chair Niemi: All right, go ahead.

Assistant Director Harris: And the second item was an email that was submitted by a member of the public commenting on all of the 15 rule proposals for the RGA. And that should also be a loose handout.

Chair Niemi: Yes.

Assistant Director Harris: Again item 13 is a petition for rule change by the Recreational Gaming Association. And the item is up for discussion and possible filing today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager in an odd-based game from \$200 to \$500, and the bonus wager for a progressive jackpot from \$100 to \$500 for house-banked card games.

In the petition the RGA states that tribal casinos are authorized up to \$500 betting limit while house-banked card rooms have been held to a lower level of a \$200 limit. In the State of Washington, tribal casinos may offer a \$500 wagering limit for a single and a bonus wager. And the progressive limits are based on the Tribal State Compact. And it's determined by the manufacture and is included in their house game rules. And it's typically \$1, but it can go higher. And tribal casinos are required to have a tribal gaming agent on-site during all hours that gaming is offered.

Higher wagering limits may make the games more attractive for professional cheaters. And we don't anticipate that all licensees will offer the higher wager limits. And most players will not wager at the higher level. The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010.

The Commission has three options with petitions; file, deny and state reasons, or file an alternative. Staff recommends filing the petition for discussion only if the petitioner can justify why the increase is necessary and consistent with RCW 9.46.010. And the petitioner has requested that if it is passed, that the effective date be January 1, 2009. And the petitioner is present.

Chair Niemi: Does anyone have any questions for Mr. Harris? Okay, 14.

(A number of other petitions were reviewed and discussed. This is where the discussion picks up on on the petition, item #13.)

Mr. Faulkner: Thank you, Madam Chairman, Commissioners, staff, and ex-officios. For the record, my name is Max Faulkner, President of the Recreational Gaming Association. And Dolores Chiechi and myself would like to talk about all nine of these proposals in the form of a background, philosophy, kind of where we're coming from on these petitions for rule changes. I'd like to address the –

Chair Niemi: All four?

Mr. Faulkner: Nine of them.

Chair Niemi: All nine.

Mr. Faulkner: Yes.

Chair Niemi: The remaining ones.

Mr. Faulkner: Yes, as a way of explaining why we are submitting nine at this time and our thought content behind this.

Chair Niemi: All right.

Mr. Faulkner: One of the things we're looking for is a unification of card game rules. We're not tribal casinos. We know we're not tribal casinos and we probably won't ever be. They have craps, we don't. They have roulette, we don't. They have the video lottery terminals and we don't. They can extend credit, I think, on the X2 Compact, we can't. If our patrons go to a tribal casino, they can

smoke cigarettes on their facilities and ours can't. We're a lot closer to neighborhood bars, and social rooms, than we are big casinos.

And this whole footprint of gambling in the State, though we are allowed card games, a small part of the footprint. And what we're looking for is some unification in the rules for card games, the little part of the gambling footprint that we're allowed.

In looking at the RCWs pertaining to gambling, the declaration, the Commission's powers, social card game rules, I don't see anything in there as far as the Commission distinguishing between a tribal facility and a house-banked card room facility. They're all treated the same in the language. There's no differentiation.

So what we're asking for is that you file all nine of these petitions for further discussion, but under the philosophy and the idea of unification of card game rules.

Commissioner Parker: I'm confused. You said under the WAC there's no difference, is that correct?

Mr. Faulkner: No, I was looking at the RCWs, Commissioner Parker, the legislative declaration, powers of the Commission, as far as setting betting limits and choosing games like the baccarat and things like that. And it doesn't make any distinction between tribal facilities and house-banked card rooms that I could see in RCW 010, I think.

Commissioner Parker: So can you comment on that? Help us understand the point?

Director Day: I think the staff included a summary as you started through the RGA petitions because we were attempting to make sure that there was clarification that essentially would agree that 9.46 doesn't – Max is not going to find anything regarding tribal gambling in there. And the only thing it's going to be is that in the end, the Commission has authority to negotiate Compacts and regulate under Compacts. But the controlling information, or the controlling Statute is the Compacts, and IGRA. And IGRA does have a substantial policy difference, and we covered that yesterday in the Compacting process; that in fact under IGRA economic development and funds to government and those kind of

things are part of the federal policy that governs the operation and negotiation of those Compacts, as opposed to the RCW which governs the operation of the laws and licensed gambling in the State of Washington. So there is a policy difference there. It comes from two different sides of the equation.

Mr. Faulkner: I guess my point is where they intersect is our little area of house-banked card games.

Commissioner Parker: Okay.

Mr. Faulkner: Yes. Thank you.

Ms. Chiechi: Maybe I can clarify. Max's point is the legislative declaration that was included in your packet in 9.46.010, it relays what the policy of gambling is in the State of Washington. And nowhere in that RCW does it state this is the policy for non-tribal gambling and tribal gambling is held to a different policy level of what has limited the nature and scope of gambling, essentially.

So what our position is is the Commission has reaffirmed its belief that the levels of gambling that are market driven out in the market of Washington State have been set. And the tribal venues are sort of the – and that's the limit that the Commission has agreed to; that the betting limits should be \$500, that the number of spots, the number of tables, and what not at tribal casinos. So what we're arguing is that for the games that we're allowed with cards, we should be allowed at the same levels. There's nothing in the legislative intent that says hold the non-tribal card rooms to a lower limit, limit that nature and scope of gambling, but the bigger tribal casinos can have a larger expansion, a larger venue.

By way of the Compacts, the craps and the roulette all fall in line with what was allowed for Reno Nights, and that's how the tribal casinos came to be. Card rooms are allowed blackjack and poker. And what we're saying is those games that we're allowed to be played with cards, we should be allowed to be playing them at the same levels.

The argument that staff presents regarding tribal gaming agents on premise, I'd like to touch on that basically to say that our members as well have controllers on site that are part of their casino, part of their management, part of their employees that watch and monitor. Some of them even do modules,

ID checking, and walking through and making sure the security and the surveillance is all in check. So we would argue that many of our members do have that tribal gaming agent, or their own gaming agent on site 24 hours, or whenever their card rooms are open. For those that don't, perhaps we could discuss a negotiated rule that would state that they should, or even an independent entity could come in and say that you have an additional oversight. It's not in our members best interest to cheat the customer or do things that are not going to bring that customer back. So essentially it's in the licensees best interest to make sure that the game is protected, that the players are protected, and they are going to come back and have fun at their facility.

It's unique that we've been asked to justify why the rules should be filed. Prior to these petitions it has been filed for further discussion. The justification of passing the rule, we agree, will come back at a future time and make arguments as to why the Commission should pass the rule. We feel that the Commission has been accepting of filing rules to have the discussion. And we hope that you will do that as well with these rules we presented.

We intend to ask that the rules relating to items number 19 – oh, for the record, my name is Dolores Chiechi, Executive Director of the Recreational Gaming Association. Item number 19 relating to tournaments, removing the limits; we see that staff has suggested that you deny the petition. But if we were to come back with an alternative, they would suggest that we file the petition. We'd ask that you file the petition and let us work with staff on what those changes would be and bring that back at the July meeting so that we could continue the discussion rather than starting from ground zero and re-coming up with our petition. We ask for that consideration on items 19, 20, 21 and 23.

So essentially we would ask that you file the petitions that we have presented and give us the opportunity to argue the points. Thank you.

Commissioner Parker: Can I ask an additional question?

Chair Niemi: Go ahead, yes.

Commissioner Parker: I'm sorry, Madam Chair. So I hear you saying that you're considering including some provision, some language in here that would in effect require a gaming agent on the premises, comparable to what tribal gaming has with a tribal gaming agent.

Ms. Chiechi: I believe that would be a negotiation that we would be willing to have, if that's what Commissioners would like to see for these rules to go forward. And I would argue as well that essentially some licensees do that, just for their own protection. They already have that position in place.

Chair Niemi: Maybe you want to answer this question, or let someone else answer it. But I think staff mentioned when they were going over these suggested rule changes, especially when it comes to increasing the wager, that we really didn't know how much, how often that would happen, how many casinos would be involved in doing that. And if you or anyone else can expand on that, I think it would make a difference in how we feel about the petitions.

Ms. Chiechi: Right, and I'm not the best person to answer that.

Chair Niemi: All right, fine.

Ms. Chiechi: So I would be happy to have someone else come up and speak to that issue, if there's no more questions?

Chair Niemi: Any other questions of Dolores? Okay.

Ms. Chiechi: Thank you very much.

Mr. Kealy: For the record my name's Chris Kealy, and I am the VP of the RGA, and have been involved in the process to come forward and submit these rule changes to you guys and ask your consideration on that. Did you want me to answer that question you just asked?

Chair Niemi: Go ahead.

Commissioner Parker: Sure.

Mr. Kealy: On the \$200 limit, when we went from \$100 to \$200, there was a lot of discussion whether one club, two clubs, ten clubs, would ever bother with that limit. And as it turned out, basically I would say 90% of the clubs have employed that limit because what they discovered was the point I was making back then, and I'm still making now on the \$500, is it's just a decision by a customer, not the facility. It doesn't have a great deal of impact on overall revenue, it's a demographic decision. That you have a person willing to gamble at that level, and that's what makes it interesting to them, and they're able to afford that.

Problem gamblers burn out no matter what. I mean you could have a \$5 limit and they will lose all their money. You can have a million dollar limit and they're going to lose all their money, because a problem gambler is an addicted person that's going to figure out a way to lose all their money. This is a demographic issue based on where your facility is and whether a guy that owns a winery wants to come down and stop at your place and gamble at this level. So it applies east to west, north and south that the betting limit has to do with demographics and product mix. That's the answer to that question.

To back up and try to frame this whole package concept here. I listened to the presentation by staff and I started to wonder during that presentation whether or not this package was bent on destroying the industry because when you read the minutes to this meeting next month, and when future commissioners that are not here now, and ones that are not here, who are going to make the decision on this package look at this, that presentation paints a picture of pretty desperate. And I was just like wow, am I trying to destroy the industry with this; no. What we're trying to do is perfect our product mix. We are what we are and that's all we are. We're card rooms, we're social card rooms. We've been in business for over 10 years now. Legislatures have come and gone, governors have come and gone, and we are here paying taxes.

And there is no accident that this package is here today because we trust in Chair Niemi. And I specifically would like to ask Chair Niemi to enter her comments into this record when this is over today of why she did or did not decide to file what she did or didn't do because she's been here for

seven years. You've been here and watched the process. And we have accepted who we are, but we're only asking that we can continue to be who we are and pay the taxes, and employ the people, and do what we're doing, and be regulated on a consistent and fair manner.

And I found the staff's presentation of this package to be not appropriate in my opinion. And I'm putting that in the public record for sure because I'm very disappointed that this letter put forward by Brian Trevino, or whoever, was referred to numerous times only in the negative.

Commissioner Parker: You mean the email letter?

Mr. Kealy: Yes.

Commissioner Parker: Yes.

Mr. Kealy: Not once was any of the positive paragraphs even pointed out. And if you again reflect on that record that is there, all we heard was the negative components of this package. The positive components are that we're just looking to be regulated in a consistent and fair manner. And we ask you guys to govern that process. Any questions?

Chair Niemi: Well maybe this is just a comment. And this also goes to Ms. Chiechi's comment. I think one of the things you're asking is rather than just simply deny filing, that we file many of these so that you can come in later and explain, and clear up some of the staff objections. Some of them are pretty narrow objections that can be cleared up, and the other ones are somewhat major as far as wage increases. But it's my impression that you simply want these filed so that it can be discussed by five commissioners.

Mr. Kealy: Chair Niemi, we pulled back five or six of these items.

Chair Niemi: Yes.

Mr. Kealy: Because we thought we had enough common ground on the ones we submitted that we could enjoy a process of filing them and then finishing the discussion, and hopefully working over the next couple months on a few of those to “tune them up” and get them into a more acceptable version. And that the rest of the non-submitted ones would come forward in July or August on a more changed-up format, or admittedly agree to disagree format. But I thought there was a consensus on the ones we brought forward today enough for filing. And I thought that’s where we were going with this.

Either way I’m hopeful that you would enter your comments into the record overall.

Chair Niemi: They’re in the record.

Mr. Kealy: No, but in completion of this, what you might maybe have done if you were still here in August or September. By filing them, maybe that will be an indication. By denying them, that will be an equal indication. Thank you.

Chair Niemi: Thank you. Anything else?

Mr. Gary Murrey: Members of the Commission, ex-officio, staff, my name is Gary Murrey. I’m with the Recreational Gaming Association. I’m up here specifically to answer direct questions about the content of the rule, why we changed certain parts of it, if you need to. I’ll answer any questions of each rule as you go forward. They’ve already addressed the overall concept of why this is here.

I’d just like to clarify on rule number 1 why I think we’re referencing the RCW 9.46.010 is the public safety policy; keeping gambling honest, and what is allowed the public to have access to as a level of gambling to keep it as a social past time. I think that is the important point to look at. When the Commission looked at what Compacts are and what the public has access to that gambling, is the same policy I would like you to look at as what the public has access to a card room gambling level. Not that they’re equal by any means of who has what, and what their duties are. We understand that the tribal government has a responsibility to their government and their people, and we have a responsibility to our owners and stakeholders. They differ in their policy and what you have to look at.

However when you bring it back into the public safety element, that is where we have common ground. And that is where we hope the Commission looks at if you believe that the public safety is adequate when you have \$500 limits at a tribal, then I hope that you look at that as the same activity and would regulate it and have the same levels. So that is where we come back to a common ground on RCW 9.46.010, I hope.

Commissioner Parker: And that goes to my question with Dolores about are you proposing then that there be equal playing field in terms of gaming agents or having the equivalent of a gaming agent on premises?

Mr. Murrey: If it takes that to make the Commission feel comfortable enough to say if you want this level, then you must have this level of security, then absolutely. If the Commission feels that that's what it takes to insure the public safety, then yes. I employ a full-time internal auditor who goes through and does all of that that we're talking about to double-check to make sure we're following the rules, that we have the supervision in place, that the game rules are being followed, on top of what the Commission looks at.

We understand the Commission's problem with their budget to some degree. And we understand that the manpower may not be there to put a full-time agent in there. If you came back and said yes, we'll do this only if you have this designated supervision on top of what you have, then each operator can decide whether or not they want to put those levels in. So I hope that answers your question.

Commissioner Parker: Thank you.

Mr. Murrey: The other piece on the limit. If you look at the amount of gaming activity in the non-tribal card room sector from the time it went from \$100 limit to \$200 limit, you would not see a massive change. And actually from the day, I believe there's been a decline in the net gambling revenues in the non-tribal sectors since then. What we're looking at is that 1% or ½% that like to gamble at a certain level, that they be allowed to have access to that.

So I'll answer specific questions as we go on each section, Chair, as you deem appropriate. Thank you.

Chair Niemi: Well, are we ready to vote on whether to file for discussion number 13? I would comment about one thing. I can't say that I know what Commissioner Ellis or Commissioner Bierbaum would do in this case. I have a pretty good idea, but I'm not going to say what it is. But I really feel reluctant with just three people here about not filing so that they can say what they want to say when they come back to Commission meetings. Is that clear?

Commissioner Parker: Sure, I agree with that, Chair. I think our process should require that there be a full discussion.

AAG Ackerman: Madam Chair – Madam Chair –

Chair Niemi: Yes.

AAG Ackerman: Procedurally on this, I think Mr. Murrey has made the offer to address any individual questions that Commissioners may have about however many rules we have proposed at this point, nine or 10. It seems appropriate to take him up on that offer at this point if the Commissioners have questions about any of the rules individually. And if not, to then proceed through the rules one at a time and make a decision on whether to file or not to file.

Chair Niemi: Oh, I agree, I agree. I'm not suggesting we do it –

AAG Ackerman: My comment is offered mainly because Gary's sitting here waiting to answer questions.

Chair Niemi: Well he can just stand up there. Let's start with 13. Do I have a motion?

Commissioner Parker: I would –

AAG Ackerman: Excuse me, Commissioner Parker. I guess the other comment I would have is we've heard from the proponents of the petition. I don't know if there are other public comments that folks may wish to make. I don't think we provided that opportunity to the rest of the audience.

Chair Niemi: All right. Is there anyone else that wants to say anything about number 13, which is the wager increase? All right, go ahead. Do you want to move, or not?

Commissioner Parker: Sure. I'll move that we proceed to file item number 13.

Commissioner Rojecki: I'll second that, second.

Chair Niemi: Second. All right. It's been moved and seconded that we file the petition for the Amendatory Section of WAC 230-15-140. All those in favor?

Commissioner Rojecki: Aye.

Commissioner Parker: Aye.

July 2008 Transcript Excerpt on Item 12, Petition for Rule Change to Increase HBCR wager limits, Vancouver, WA

12. Petition for Rule Change – Recreational Gaming Association

Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots

a) **Amendatory Section WAC 230-15-140**

Wagering limits for house-banked card games

Chair Bierbaum: And we're going to have a pretty quick agenda this morning. We have five petitions for rule change up for discussion. The first one is submitted by Monty Harmon about gambling promotions. The second one is submitted by the Recreational Gaming Association and it involves wager increase from \$200 to \$500 for house-banked card games. There's also a petition for rule change which we discussed yesterday submitted by the Recreational Gaming Association to allow mini-baccarat and allowing nickels and dimes to be used in all commission games. We have a petition for rule change submitted by PokerTek for electronic poker tables. And we have a petition for rule change submitted by the staff incorporating activity report definitions, resident agent and reporting period for amusement game licensees. And they are behind their respective tabs.

And what I thought we would do, rather than go through each of the rules one-by-one is to ask for public comment on any of the rules at any time. And we're including the ones that we discussed yesterday, just in case there's anyone here that wasn't here yesterday that wants to make a comment. So is there anyone here that wants to make a comment on any of those rules? This is going to be even shorter than we anticipated. Mr. Rojecki, do you have any? Mr. Rojecki wants Dave to talk. What do you want him to say?

Assistant Director Trujillo: Well good morning, Commissioner Rojecki. How are you?

Vice Chair Rojecki: You're standing up there so I assume you wanted to say something.

Assistant Director Trujillo: I was up here to present item under tab number 7, if there were any questions or comments, or if a member of the public had a question or comment. And the petitioner is not here today, so I would expect to see him in August. So I am available if there are any questions.

Chair Bierbaum: That's the gambling promotions one?

Assistant Director Trujillo: Yes, Madam Chair.

Chair Bierbaum: Do you have any questions?

Commissioner Rojecki: I don't.

16. Other Business/General Discussion/Comments from the Public/Adjournment

Chair Bierbaum: Okay. So we're moving on to the next agenda item which is general comments from the public about anything. Oh, heavens. Okay. This meeting's adjourned.

August 2008 Transcript Excerpt on Item 7, Petition for Rule Change to Increase HBCR wager limits, Wenatchee, WA

7. **Petition for Rule Change – Recreational Gaming Association – Wager increase from \$200 to \$500 for house banked card games and remove \$1 limit on bonus wagers for progressive jackpots**

a) Amendatory Section WAC 230-15-140 – Wagering limits for house banked card games

Assistant Director Mark Harris: Chair Bierbaum, Commissioners. Item number 7 is a petition for rule change by the Recreational Gaming Association and is up for discussion today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager on an odd based payout from \$200 to \$500 and for a bonus wager for progressive jackpots from \$1 to \$500, or whatever limits are imposed by the manufacturer's game rules. The RGA states that tribal casinos are authorized to offer \$500 betting limits while house banked card room licensee have been held to the lower \$200 limit. Tribal casinos offer \$500 maximum wager limits for single and bonus wagers, but for the progressives that is not regulated by Tribal State Compact and are determined by the manufacturer's game rules and posted in their house rules. And it is typically \$1. Tribal casinos are also required to have tribal gaming agents on site at all times when games are operated.

Higher wagering limits may make the games more attractive to professional cheaters, but we don't anticipate all licensees will offer the higher wager limits. And most players will not wager at that higher level.

The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010. The petitioner has requested an effective date of January 1, 2009. And the petitioner is present. Do you have any questions of myself or the petitioner?

Chair Bierbaum: Commissioners? Okay, that's what I was just going to do Jerry, thank you. Do we have any comment from the public? Thank you.

Commissioner Parker: Oh, I was hoping she would come forward.

Dawn Mangano: Be kind to me. Staff, ex-officos, I'm Dawn Mangano with Casino Caribbean Yakima. And I just felt it was important I come forward this morning and try to explain in a real way why this would make a difference for our casino in Yakima.

We open up our casino with an extensive menu with seafood, and wine, and we're not able to sustain that. And this would allow me to go off to a different demographic that has more disposable income so that I could have a \$9 martini, so I could have Yakima wines from the local wineries, and then I could have more than one steak, I could offer several. And in raising limits from \$200 to \$500 would allow me to do that to pursue the orthodontist that put my daughter's braces on, or the hog farmers that come in. And that they would make more visits, that they would bring their friends, and that I could go after a different group of customers.

I just appreciate you considering this change. And it would make a large impact on our smaller casino in a rural area. If you have any questions, I just felt it was important to come forward today.

Chair Bierbaum: Thank you.

Ms. Mangano: Thanks.

Chair Bierbaum: Does anyone have any questions?

Commissioner Ellis: I do. I think that what you say is very helpful to us. And I'm wondering if you have actually done any kind of a study, or analysis, or even a discussion on how many customers you think might be attracted by the higher limit. How many people might we be talking about in the Yakima area that would be willing to make a \$500 bet?

Ms. Mangano: I haven't done as far as the number, but I am speaking specifically to customers. It is the orthodontist, and he goes to a different venue where he's accustomed to playing \$500 limits. He has the money to spend, he likes that kind of play, and so he frequents not my place. So these are very

real examples. As far as like a number of people, it's more a personal contact. Since I live in Selah, just outside of Yakima, it's from personal contact with the customers; what can I offer you to come here and not continue down the road, what is it lacking.

And it would just be an opportunity for me to stimulate the food and beverage business. We have a great facility that's tropical themed and they like the atmosphere. But they are looking for those two components. And so that different level of gaming for them, that's what they're looking for. And then I can offer the rest of it to increase that food and beverage business. Does that answer your question? I don't know.

Commissioner Ellis: It does.

Ms. Mangano: It's not numbers, I have like specific people.

Commissioner Ellis: It must be extremely frustrating for you to know that that orthodontist is out there playing with your money and not in your casino.

Ms. Mangano: That was just one example.

Commissioner Ellis: Thank you.

Ms. Mangano: All right, thanks.

Commissioner Parker: You did a good job.

Ms. Mangano: Thank you.

Mr. Gary Murrey: Madam Chair, members of the Commission, my name is Gary Murrey. I'm with Great American Gaming Corporation. And I'm not quite as nervous as Dawn, I've been up here a few times obviously. But I'd like to talk to the petition on the policy side that was mentioned; that we have to remain within the policy considerations.

And specifically the \$500 limit has become sociably an acceptable level in the State. \$500 limits have been around for quite awhile in the State. I see no public concern over it – has been brought up. We don't see a large uproar from anybody coming up here. We've seen e-mails in support of this limit that there be players that are interested in that. So from a policy standpoint, myself, I look at any disagreements between it, what has become a sociably acceptable level in the State over the years. And from that standpoint, I think that it would be a good thing to raise that level across the State to all the people participating and offering those games of chance.

Chair Bierbaum: Thank you.

Mr. Murrey: Thank you.

Chair Bierbaum: Are there any other members of the public that would like to comment on this proposed rule change? Hearing none other, do any of the Commissioners want to weigh in on this proposed rule change?

Commissioner Parker: No.

Chair Bierbaum: Okay, so I guess it's up –

Commissioner Parker: I support it.

Chair Bierbaum: Pardon me?

Commissioner Parker: I'm in favor.

Chair Bierbaum: For the record, I am too. It's up for final action next month in Gig Harbor. Okay, mini-baccarat.

September 2008 Transcript Excerpt on Item 7,
Petition for Rule Change to Increase HBCR wager limits,
Gig Harbor, WA

7. **Petition for Rule Change – Recreational Gaming Association – Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots**

a) Amendatory Section WAC 230-15-140 – Wagering limits for house-banked card games

Assistant Director Mark Harris: Chair Bierbaum, Commissioners, ex-officios. Item number 7 is a petition for rule change by the Recreational Gaming Association. The item is up for final action today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager for an odds based payout game from \$200 to \$500 and a bonus wager from a progressive jackpot from \$1 to \$500. Tribal casinos offer \$500 wagering limits on single and bonus wagers, but progressive wager limits are not regulated by Tribal State Compact and are usually \$1 or what is limited by the manufacture in their internal controls.

Higher wagering limits may make the games more attractive to professional cheaters. We don't anticipate all licensees will offer the higher limits, and most players will not wager at the higher limits.

The proposed rule change is a policy decision. And the Commission may wish to consider whether or not the proposal is consistent with the legislative intent of 9.46.010. The petitioner has requested an effective date of January 1, 2009, and they are present today. Do you have any questions of myself?

Chair Bierbaum: Does anyone have any questions?

Commissioner Parker: Can you hold one second here?

Commissioner Ellis: If I may in the meantime, Madam Chair. I assume that when the staff indicates there may be an issue under RCW 9.46.010, is that the question of whether or not wagering at the higher limits would be within or outside the concept of a social pastime?

Assistant Director Harris: I believe that is part of it, and then I also believe part of it is the expansion issue that comes up, quite frankly.

Commissioner Ellis: Expansion of gambling?

Assistant Director Harris: Correct.

Commissioner Ellis: Okay.

Director Day: Commissioners, excuse me.

Commissioner Parker: Go ahead.

Director Day: I was just going to make sure, because there are some items on your table in front of you, some letters that have come in that aren't in your packet. You should have a letter from Representative Brendan Williams, and also from Hawks Prairie Casino, Robert Dayton is there. I believe both those are in support. You should also have, and I think it's in the lavender, would that be the appropriate color – there's a letter from Representative Steve Kirby, and then also one from Skyway Park Bowl and an e-mail essentially from a Christopher Handy. Those items should have been separately included for you. I believe all those are in support.

Commissioner Ellis: Well let me follow-up on my last question to Mark and ask Mark or perhaps Rick or Jerry, is there anything more than can be said – well, Mark has referred to both the social pastime issue and the expansion of gambling issue. And I think we all have a sense of how elusive the definition of expansion of gambling may be, except in a very specific context which may not help here. We haven't heard as much about the legislature's expressed intent in the legislative declaration to restrict gambling to social gambling. Is there any authority or positions that the Commission has

taken in the past that are not reflected in the minutes of past meetings that we've been given that bear on whether or not a poker game with a maximum bet of \$500 would be inside or outside the concept of a social pastime? I can certainly see an argument, and we see this reflected in comments by some groups that opposed increases in betting limits in the past that that kind of a dollar amount takes the game from a social game into more of a profit making game, but that's just an argument. I'm wondering if there's anything more there that we could rely on as Commissioners?

AAG Ackerman: Commissioner Ellis, if the question is addressed to me, I'm not aware of anything other than the plain language of 9.46.010 to the extent that it discusses the legislative preference for social past times and the opposition to for-profit gambling. To the extent this has been discussed previously, I think it is contained – I hope I'm remembering correctly the various minutes that have been provided to the Commission as part of the packet behind this tab. Obviously over the years there have been a succession of requests for the Commission to increase the wagering limits. The Commission, as far as I know, has normally provided some kind of increase. The magnitude historically has appeared to be less than what is being requested this time, but maybe that's just because it logically will stair step up as the petitioners are successful in gaining incremental increases. But as far as I know, this is the information that's available to the Commission as a historical reference to aid in your determination.

Commissioner Ellis: Thank you. And to my mind, both of these concepts, social pastime as well as expansion of gambling are right in there with the concept of pornography, as Justice Potter Stewart once referred to it as being something that he couldn't define, but he knew it when he saw it. And it seems to be the best that we can do with these two concepts, outside the context of specific legislative rulings, for example, on what constitutes an expansion of gambling.

Director Day: Commissioner Ellis, I think in kind of our research when we were looking at the policy statement in 9.46, I think we found a most recent edition in 1994 was an addition of keeping the criminal element out of gambling. And then the sentence promote social welfare by limiting the nature and scope of gambling activities and by strict regulation and control. So at least as far as I understand, that's the most recent change to the policy statement itself.

Commissioner Ellis: Thank you.

Chair Bierbaum: Do any of the Commissioners have more comment?

Commissioner Parker: I'm trying to think of how to formulate this question. So if we agree to this proposed rule change at this meeting – it's an up or down issue at this meeting, is that correct?

Assistant Director Harris: Correct, it's up for final action today.

Commissioner Parker: Okay. Is there anything projected where we would revisit this down the road to assess the impacts?

AAG Ackerman: If I might address that. I'm not completely sure that I understood the thrust of the question. But if the question was do you have to accept these dollar amounts or reject it in toto, I don't believe you are so limited. I mean you could chose to enact a rule and set the dollar limit at whatever number you chose. You're not limited to the number that's been proposed by the petitioners. And that would take the form of a motion to authorize the increase, but to authorize the increase at the number that the Commission chose. You're not obligated to accept the number that's before you.

Commissioner Parker: Okay.

Director Day: Chair Bierbaum –

Chair Bierbaum: Yes.

Director Day: And we have a clarification because there's two petitions on the bet limit that is still under consideration. This one is with house-banked games. The poker bet limit increase is still active and will likely be on the Commission's agenda in October. So there's two separate petitions.

Senator Margarita Prentice: I was having to reach back to the '94 statement. And that was the year after we'd had the 1993 task force where there had been a group that went all over the State; we went

into Canada and went down to Oregon. And at that time, it was all five table card rooms. And the decision when we came back was that then they would go up to 15 tables. But the whole notion when we were talking about criminal element – I remember the discussion now because we said big time crime is not going to be coming in when you've got these kinds of limits. They can't be big casinos, so we felt safe in doing that.

But we also were just seeing the first of the tribal casinos. I think the Lummi's were grandfathered in, and the Tulalip's were already starting when we went around, Nooksack had been open like six months. I mean it was all new to us and we were in very unchartered territories. So that was how the world looked then. But the idea was if this is their world, we wanted to give them some relief beyond the five tables because that was extremely limiting. But that was what that statement reflected.

Commissioner Parker: Okay. I don't have any more.

Chair Bierbaum: Does either the proponent of the petition or any other members of the public want to make any comment?

Ms. Dawn Mangano: Commissioners, Chairman, staff, ex-officios, I'm Dawn Mangano. I'm representing Yakima Casino Caribbean. I live there and operate that casino. I came before you last month and talked about asking for you to consider a limit increase so that I might have an opportunity to go after a different demographic of customers that would allow me to increase and stimulate my food and beverage business by revamping my bar, by changing up my menu, adding more steaks, better steaks, seafood. It's something we opened with. We weren't able to sustain some of that, and some things we haven't had a chance to try like a pomegranate martini, a \$9 drink. And I guess I'm asking for your approval today on those limits to give me an opportunity to try that at our casino. And this would give me an opportunity. There are certain individuals that enjoy that level of gaming, have an opportunity to go other places for it, and have the disposable income to support that kind of play. And I just want to be able to have an atmosphere and give them the things that they want so that they'll want to come to my establishment. So I'm asking for your approval today. Thank you for your consideration.

Commissioner Parker: So you're representing Hawks Prairie?

Ms. Mangano: No, Casino Caribbean in Yakima.

Commissioner Parker: Oh, okay.

Ms. Mangano: Do you have any questions for me?

Commissioner Parker: What would you think about increasing the wage limit to \$300 instead of \$500?

Ms. Mangano: I'm asking for the \$500 today because that's the level that the specific customers I'm thinking of are able to play not very far away. And so to be able to be in direct competition with that, and that's the level they play at. So the change to just \$300 I don't think would really make the impact that I'd be able to make those changes.

Commissioner Ellis: I'm guessing that you have more specific customers in mind beyond your orthodontist?

Ms. Mangano: Yes, I do. I'm not a great larger group public speaker, but this is something I feel very motivated about, and that's why I've come before you today. Yes, there's the bed and breakfast gentleman that likes three card. He's a chef and the owner. And the Ray's Meat – I probably shouldn't say any names specifically – but the owner of our local distributor, and then there's a lady who owns several shops, and she enjoys that as her form of entertainment. So these are just people that are out, have the extra money, and this is what they enjoy doing.

Commissioner Ellie: Thank you.

Chair Bierbaum: Do we have any other comments, feedback?

Commissioner Ellis: Let me –

Chair Bierbaum: Chris can't help himself, there you go.

Mr. Chris Kealy: My name's Chris Kealy with Iron Horse Casino in Auburn and Everett. And I'm not sure if I can't help myself, or I'm going to wreck something, or help something, or whatever, but I'll give it a go. The \$500 request, we're going around this expansion of gambling issue and we're right on the edge of it again. And yet when I look at the situation in the State, I think that we have confidence that the socially acceptable gaming limit in the State is at \$500. And we feel like in our product mix that makes sense for us to offer that with what we have.

I definitely have the same antidotal stories that Dawn has. Just since we've gone to 24 hour gaming we have a fellow that was over at the racetrack. He spends his weekends at the racetrack. He parks his '09 Bentley under the (unintelligible) at my place. He has definitely enough money to do what he wants to do. And he wants to gamble at that level. He wants a range, really. He doesn't really want to play \$500 every hand, he wants a chance to start out at \$50 or \$100 a hand and as he's playing along for a few hours, if he gets stuck it's pretty typical for a gambler that just wants to win out, and they do. You'll see the win percentage on a higher limit gaming goes down because players tend to play out. And it just happens to be the way he likes to participate in the gaming activities.

Commissioner Parker: What do you mean "play out"?

Mr. Kealy: So let's say he cashed in \$2000 to start with and just gets going and is playing along and pretty soon he's down to \$500. It's not uncommon at all to see him pull out another \$3000 and then just spread across the table and take his chances on coming back. And he does. And some nights we're like, oh.... It's gaming, it goes both ways. And there are winners. And when they're winning, we're losing. But it's just a product mix and a demographic that we're really interested in trying to tap because I have fine dining restaurants in Auburn, I have all the tools to be able to do that, but it's not utilized as often. And it just adds energy to the room.

When people see that kind of action, they just kind of like to watch it. It's fun. In Las Vegas when I walk by a table and I see it at \$2500 to \$3000, when I see a guy playing \$3000 a hand, I stop and

watch for awhile because it's interesting to me. It's just a demographic of what we have going on in the State.

Commissioner Ellis: Chris, I don't have an answer to this question, but it just occurred to me as you're describing this situation and having listened to Dawn. From our point of view and looking at the policies reflected in RCW 9.46.010, should we be considering whether we should be gearing the maximum betting limit that is proposed here to a gambler like the one you're describing with his Bentley and his wealth, or if we gear the limit to that kind of a bettor, what are we doing to bettors that don't have that kind of money? Even if they may not be psychopathic gamblers, or sociopathic gamblers, nevertheless is there a category of gamblers that can't afford those kinds of stakes but would unfortunately fall into playing games at that level and do themselves and their families real damage?

Mr. Kealy: The classic statement related to addictive behavior – and addiction being different than habit. Habit is something that you're doing just because you chose to do it and it doesn't impact your mortgage or your kids school tuition or otherwise. The addictive behavior component, you're never going to get away from that in the classic saying that one bet's too many and a million is not enough. But at \$5, \$10 a hand, any level at all, the addictive personality is going to get themselves into trouble. And the \$500 limit is not even remotely going to appeal to that person because they want more activity anyway. And they recognize that if they put \$500 down three times in a row, two out of three times they're likely to lose it. So they're just not going to do it.

But what they will do is they'll blow their money at \$10 at a time. You can't stop that. And 5% of the population is stuck in that mode, where with alcohol it's more like 30%. So it's a pretty detailed situation to watch a person who is doing that. And you'll see the signs through check bouncing and credit card machines allegedly not working, over beating on it, and whatever. Then it's time to talk to those people. We deal with that now. And everybody that's responsible in gaming does deal with that now. And we work our best to make sure those people are not impacting their families. We have self-barring statements, we have the tools in place to help these people stay away from gaming.

Commissioner Ellis: Thank you.

Commissioner Parker: So let me ask because it seems like the discussion has really gone from the nature of the proposal, that is to raise a betting limit from the point of view of its impact on social behavior of the public or patrons of the establishment, and we kind of skirted around the question of competitive edge. And you refer to the fact that you have customers come in that perhaps you would get more of those customers on a more regular basis if you're offering the same betting scheme as the competition over at the tribal casino in effect. So I'm wondering, how do you assess the policy question?

I mean when we discuss that issue of competitive edge when we deliberate over Tribal Compact amendments that impact the type of gaming that they're offering, or the type of enterprises that they're doing, our discussions have revolved around a question of most favored nation principle. But the term itself refers to the fact that we're talking about people who are governmental entities engaged in this enterprise. And when they're debating issues of competition, that's in the context then of the issue of the rules in relation to how it should apply to these governmental entities. And now I'm kind of uncertain as to how to treat that question when we talk about it in relation to the card room enterprises in competition with the tribal card room enterprises. Would you share a view on that?

Mr. Kealy: Sure. The policy considerations involved in your guy's position to determine whether or not we should compete – at what level we should compete with the most favored nation status of tribal Americans. My most favorite nation is the United States of America, and that's what I'm part of. And I like being a citizen in the State of Washington, I like paying my taxes, I like doing my job, and being a business person. And I like to be able to compete in a socially acceptable level that we've defined. And Dawn's presentation is accurate in that we are not going to be able to appeal to a higher clientele if we don't have the tools to do so with the product mix that we have.

So am I going to be able to make any dent in the Muckleshoot's bottom line with \$500 limit on my blackjack? No. They have 2000, 2500 machines in one building and another thousand or so in another, and hundreds of tables and all kinds of things going on. It's just a small Cheers like mentality for what we are in our social card room setting that we can have a demographic that is broader.

And another example of that is I had some business people in town last week from Florida that I'm doing a mini-storage business with. And we go down to my mini-casino, or card room. They want to see it, they want to – you know, how's this thing, they're interested in it. And none of them want to gamble at the level that we had to offer. They wanted to go to the Muckleshoot and play there, and we did. So it's interesting that I can't even appeal to my own business partners and friends from Florida.

Senator Prentice: You went to the Muckleshoot?

Commissioner Ellis: You're concerned about doing business with people like that?

Mr. Kealy: No, they're not concerned with doing it with me. Anyway, I thank you guys for your time and consideration on this matter. You guys look at \$500 like it's the top end of the world. And honestly when you go to Vegas and otherwise, it's not. \$500 is still a very conservative limit, and I hope that you guys can understand it that way.

Commissioner Ellis: Chris, knowing your usual practice of doing an excellent job of maintaining facts and figures regarding the implications on the bottom line of your business at various proposals, \$500 in the context of looking at it as kind of a price increase for a member of the industry, do you have any data on what the implications of that kind of a price increase would be? What would that do to your bottom line? Dawn has talked a little bit on what it would allow her to do on kind of an antidotal basis in offering better steaks or better wines. But how do you see that in dollars and cents, if you have that kind of data available?

Mr. Kealy: Well, I guess I will lean on a little bit of my previous success in this area. When we went from \$100 to \$200, some people were trying to do the math that we were going to go from \$4 hundred million a year in gaming through the card rooms to \$8 hundred million. And that just wasn't going to happen. And what I was testifying to then was we would see a smaller erosion of our market share. And we have seen erosion, even going from \$100 to \$200. We've gone backwards to I think \$385 million in gross receipts for the card rooms. And we're still drifting south by most conversations I've had.

So this isn't really going to do anything to boost it. It's going to keep the erosion factor at a slower pace. But that's all we're going to continue to experience in the card room industry is an eroding fact. And that's okay, because we're businesses that are selling food and beverage and we're doing other things. And we're creative business people and we're trying to do what we can do. This won't have an increase at all. It will still be less of an erosion.

Commissioner Ellis: I understand your idea of the erosion on an industry wide basis, but let's go to the micro analysis on a card room-by-card room basis. As I recall the numbers that I've seen, and I haven't seen them for a while, the average card room that is still in business in this State is doing very well. And I assume that if we looked at the data over time, particularly if we extended our analysis back into the late '90's before the 15 table rule went into effect etcetera, we did see a huge increase in the per card room net and gross revenue. So on a card room-by-card room basis, what do you think this proposal would do?

Mr. Kealy: Well again, on a card room-by-card room basis, over half the card rooms today do not make money, do not show a black bottom line. The ones that do, and mine do, on a case-by-case basis, this stands the best chance of keeping that erosion factor at bay. As we all know, inflation is running. And with the minimum wage tied to inflation, the index is going to jump on us January 1st, my estimate is between 50 and 75 cents an hour. It's going to be the biggest jump we've seen. And that times the 7000 hours it effects, becomes the payroll demand increase. And then you multiply that times the tax overburden, which is about a 1.19 factor, blah, blah, blah. I'm looking at something in the neighborhood of \$10,000 to \$15,000 every two weeks as an increase to the wages alone.

So on a card room-by-card room basis, this is still not going to do an amazing amount, it will just give us a different demographic to concentrate on and maybe have some successes in those areas.

Commissioner Ellis: Thank you.

Mr. Kealy: Thank you.

Mr. Monty Harmon: Good morning Commissioners and staff of the Commission. Monty Harmon, Harmon Consulting, Incorporated. I just wanted to add a little of the insights that I see as I go out amongst the industry. I am working with a couple of failing card rooms trying to help them with their tax burdens. They're not all well, and I think Chris Kealy mentioned that.

But after I work during the day, maybe I'll go out and have a beer and relax amongst the crowds. I have seen and heard customers say I'm going some place else where I can bet at higher limits. That I have personally experienced. And therein lies a situation where a customer would stay, would enjoy food and drink, and stimulate that business. I have also been in locations in this State that do not want to go to higher limits. Even though they have a \$200 ceiling, they stay at the \$100 limit because they feel that's where they are safe and where their customer base is best held.

So increasing this limit does not mean that statewide everyone is going to use the higher limits. And I just wanted to bring that to your attention. Thank you for your time. If you have any questions –

Chair Bierbaum: Thank you. Mr. Ackerman.

AAG Ackerman: Madam Chair, I guess I'd just like to offer a note to the Commissioners, having heard the discussion today. This is far more discussion and consideration than I recall being given at the earlier meetings. I think that may be due to people's schedules and inability for all of you to be at various meetings. But with that I'm sensing some continued thought being given by the Commissioners to this topic. I would just point out that you do have the ability to set this over for a month, if you wish to obtain additional information, or just to give it further thought. My reading of the record would indicate that you're within the time limit to consider this next month, if you would rather do it then, or even to delay it as much as to November. So that's an option for you if you feel that you're not prepared to vote at this time.

Commissioner Ellis: May I ask a question?

Chair Bierbaum: Of course.

Commissioner Ellis: Jerry, since you have the floor for the moment, and I think that's a good proposal. The definition of Class II gaming includes card games that are played in conformity with the laws of the State regarding hours or periods of operation and limitations on wagers or pot sizes. Do we necessarily, or potentially, if we were to approve the petition to increase the limit to \$500, bring current tribal card games into the realm of Class II gaming rather than Class III gaming? Is that an issue that we should be concerned about?

AAG Ackerman: No. Commissioner Ellis, no, I don't think that is an issue. The Class II gaming essentially for tribal purposes is poker. And the other types of card games are – I'm trying to think if I'm missing anything or if there are any exceptions. But generally Class II for tribal purposes is poker, and the other types of card games that we offer in house-banked card rooms are Class III.

Commissioner Ellis: Well I'm looking at a page of the Manual on Indian Gaming Law that I was given, and it doesn't distinguish between poker and other card games. That doesn't mean for a second that there isn't a definition somewhere else other than on this page that I have. But it simply indicates that the term Class II gaming means, and then (2) is card games which are played in conformity with State laws as I read a minute ago. So I don't see that distinction here. Is there a distinction elsewhere in the rules that indicates that within the definition of Class II the only card game that is covered is poker?

AAG Ackerman: I'm not sure what you're referencing. My understanding under IGRA is that Class II covers poker. And in fact all of our current Compacts with tribes address the other types of card games, and specifically list them out as Class III gaming in the Compacts. So I'll take a look at this, but I'm not quite sure what it's referring.

Director Day: And I think for one clarification maybe I can help out because I believe house-banked card games are specifically defined and identified. So it's kind of the reverse situation as a Class III game so that poker would end up Class II, and is a Class II game. So this particular petition wouldn't have any impact on that differentiation directly.

Commissioner Ellis: Thank you.

Director Day: But the one with poker limits, most likely would.

Commissioner Ellis: Okay, thank you.

Chair Bierbaum: Commissioner Parker –

Commissioner Parker: Well Madam Chair, I think we've heard a suggestion that we defer action on this until the next meeting. But I'd like to see what people think about an amendment to the proposal to propose that the limit be amended from \$500 to \$300. Because it seems to me that speaks to the question about what card games are trying to offer, but it doesn't jump to the \$500 limit, which I think is causing me at least a little hesitation to jump into it.

Commissioner Rojecki: Madam Chair, I would also agree with Commissioner Parker and would second that.

Chair Bierbaum: Well I agree with the notion that it might be a good idea to defer final action on this. And reserving the right to change my mind, I'll just share my thinking on it right now since maybe we're not going to vote today.

The arguments that we've heard from the proponents have to do primarily with two arguments. One has to do with the health of the industry, and the other has to do with tribal parity. Neither one of those arguments in my mind are compelling. It's not our job to ensure the health of the industry, and isn't something that I would ordinarily consider in deciding whether or not to enact a rule change.

Similarly I agree with Commissioner Parker that the notion of tribal parity is not on the table for all the reasons that he articulated. However having said that, I think that the Commission has an obligation to ensure that its rule making has a rational basis, and it can't be arbitrary and capricious. The goal of the Commission is to ensure that gambling is legal and honest. And our staff has told us that the regulatory concerns are minimal, that the resource impacts are minimal.

I listened to Commissioner Parker talk about does this take this out of the social pastime. Clearly it doesn't, and I'd cite the tribes, not because there's any notion of tribal parity but the tribes have had \$500 limits for a very long time now. And experience has shown that that has not changed the game from a social pastime to something else. So I think that to just pick a number out of the hat, whether it's \$200, or \$300, or \$400, or whatever, in my mind that's arbitrary and capricious. There has to be some rational basis for our decision. And the tribes have had \$500 tables. And again, this argument is not about tribal parity. It has to do with is the Commission able to perform its function, which is to ensure that gambling is legal and honest at the \$500 limit. And the answer is clearly yes.

And so to not approve the petition would have to have some rational basis, and I haven't heard one yet. So that's my thinking today. Reserving the right to change my mind.

Commissioner Ellis: Well let me say, since I haven't expressed an opinion yet, that I tend to agree with Commissioner Parker and Commissioner Rojecki. I do think that I have some reservations about the \$500 limit, and I don't agree that the situation is really clear cut that moving from a \$200 limit to a \$500 limit would not potentially take the game out of the clear context of being a social game and something more of a profit making game for those people that would care to bet that much.

And I am concerned about the health of the industry. Certainly our primary responsibility is to regulate the industry to ensure that gambling is fair and honest. But once we have done that, many of the things that we can do can affect the industry, and the industry involves investment by Washington citizens, and it involves the employment of many Washington citizens. And so I don't think that we can ignore the implications of what we do with regard to the health of the industry. But I do think that moving from a \$200 to a \$300 level would be a nice "price increase" for members of the industry. So it seems to me that that is a reasonable step to take. And if there were a motion to that effect, I would vote in favor of it.

Commissioner Parker: Well I will so move to amend the proposed rule to provide for an increase from \$200 to \$300.

Commissioner Rojecki: I'll second that.

Chair Bierbaum: Any discussion? So are we moving forward with this?

Director Day: (Inaudible) I'm going to get in trouble now because I didn't have that there. There's two limits, so Commissioner Parker, would your motion apply to both?

Commissioner Parker: Yes.

Commissioner Ellis: And as I recall, isn't that the structure of the petition essentially; that the number that we're changing is in one portion of the section, and then the progressive jackpot limit cross references that same section. So if we change the number from \$200 to \$300 for the purposes of the general limit, then the progressive jackpot limit is automatically thereby changed.

Director Day: We have legal nodding heads to that effect, so you're correct, sir.

Commissioner Ellis: Good.

Chair Bierbaum: So we have a motion on the table. Any discussion? So for the record I'll say I'll vote in favor of it only because it's better than no increase at all. But again, I think that we completely open ourselves up to the argument that that's completely arbitrary and capricious. It sounds like, Commissioner Ellis, you just picked a number out of a hat that you say "represents a nice price increase". And I'm not sure that that's a rational basis upon which to enact a rule change. So having said that, all in favor?

Commissioner Parker: Aye.

Commissioner Rojecki: Aye.

AAG Ackerman: Madam Chair --

Commissioner Ellis: Aye.

Chair Bierbaum: Aye. Whoops, whoa, sorry about that.

AAG Ackerman: I guess I would need to point out, given the issue of the progressive jackpots, that there is a problem with the way the amendment is currently listed if you pass the motion that you currently have before you. And the problem is if you take a look at the amendatory section that's in your packet, it's WAC 230-15-140 --

Chair Bierbaum: Is it behind the same --

AAG Ackerman: It's about four pages behind your rule summary.

Chair Bierbaum: Okay.

AAG Ackerman: (3) says bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits in number (1) above. I interpret what the motion would do would be to change (1) from its current language of "must not exceed \$200" to "must not exceed \$300". I think the problem with (3) is it appears to say that a manufacturer could set a limit higher than \$300, and that that would be permissible. Currently it says manufacturer's rules or limits listed in (1) above.

Chair Bierbaum: Right.

Commissioner Parker: Or you could just amend it by striking the "or". Would that do it?

Commissioner Ellis: Or you could do it by saying whichever is less.

AAG Ackerman: Exactly.

Commissioner Parker: Uh huh.

AAG Ackerman: I think that would be the way to address it.

Commissioner Parker: Okay, whichever is less than.

AAG Ackerman: Yes, manufacturer's rules or limits listed in (1) above, whichever is less, would probably cure that issue. So I guess if Commissioner Parker's motion would encompass that additional language, and if it was acceptable to a second, you would then have a motion that I think would achieve the intent of the offeror.

Chair Bierbaum: Are you going to amend your motion to that effect?

Commissioner Parker: Yes.

Chair Bierbaum: Okay. And what's the effective date?

Commissioner Rojecki: January 1st.

Director Day: Would be according to petition, January 1, 2009.

Chair Bierbaum: Do we have to vote again?

AAG Ackerman: I think you should, since we've amended the motion.

Chair Bierbaum: All in favor?

Commissioner Parker: Aye.

AAG Ackerman: Was there a second to the amended motion? I'm sorry.

Chair Bierbaum: I think Commissioner Parker –

Commissioner Parker: Yes.

Chair Bierbaum: No, Commissioner --

Commissioner Rojecki: Yes, second.

Commissioner Parker: Rojecki.

Chair Bierbaum: Commissioner Rojecki.

Commissioner Ellis: Right.

Chair Bierbaum: All in favor?

Commissioner Parker: Aye.

Commissioner Rojecki: Aye.

Commissioner Ellis: Aye.

Chair Bierbaum: Aye.

Commissioner Rojecki: I said aye.

Chair Bierbaum: Okay.

Assistant Director Harris: Thank you.

Chair Bierbaum: Ms. Hunter, are these yours?

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Friday, February 17, 2023 11:25 AM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Friday, February 17, 2023 - 11:25am Submitted by anonymous user: 24.234.65.169 Submitted values are:

Select a Topic: Petition for Rule Change: Wagering limits for house-banked card games

Name: Kris O Murray

Organization:

Comments: As a long-time player and resident of Washington, raising the caps would be much appreciated and look forward to the commission's work on the matter.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3839&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C7383f06b3da0409686a908db111cb65b%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638122587245673682%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLCJQJjoiV2luMzliLCJBTiI6Ikh1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=rXPRg9FViKfJ0H5LYA4cSoYW984JxBIt0J4cd4V1G14%3D&reserved=0>



K&L GATES

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February 24, 2023

Via Email and US Mail

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

Re: *Petition for Rule Change: WAC 230-15-140*

Dear Commissioners:

We write on behalf of Maverick Washington LLC concerning the proposed rule change to WAC 230-15-140: Wager limits for house-banked card games currently before the Washington State Gambling Commission (“Commission”). In particular, we write with respect to the Commission’s legal authority to increase wager limits for house-banked card games from \$300 to \$500 pursuant to the Gambling Act of 1973, RCW 9.46 *et seq.* The Commission has the authority to and should amend WAC-15-140 to account for the change in economic conditions since the wager limit was last increased in 2008.

House-banked card games are authorized under the Act.

Card games are authorized under the Act subject to regulation by the Commission:

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control . . .
. ***The legislature further declares that the conducting of . . . card games and***

other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

RCW 9.46.010 (emphasis added). In fact, card rooms or card games have been authorized under the Act since 1974. See Washington Laws, 1974 1st Ex. Sess., Ch. 218 § 1 (authorizing “card games . . . when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto . . .”). House-banked card games are also expressly authorized under the Act, subject to wager limitations set by the Commission:

"Social card game" as used in this chapter means a card game that constitutes gambling and is authorized by the commission under RCW 9.46.070. **Authorized card games may include a house-banked** or a player-funded banked card game The card game must be played in accordance with the **rules adopted by the commission under RCW 9.46.070, which shall include** but not be limited to rules for the collection of fees, **limitation of wagers**, and management of player funds.

RCW 9.46.0282 (emphasis added). The Commission has the authority to promulgate rules setting wager limits pursuant to RCW 9.46.070 as follows:

To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, **the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;**

RCW 9.46.070(11). It is under this statutory authority that the Commission promulgated WAC 230-15-140, which provides that “[a] single wager must not exceed three hundred dollars” for house-banked card games. The Commission can and should amend this regulation and the wager limitation subject to the same statutory authority.

Card rooms are authorized commercial stimulant operators under the Act.

The legislature authorized card rooms such as the ones operated by Maverick through the creation of a class of “commercial stimulant” operators. RCW 9.46.0325 (card games may be conducted by “any person, association or organization operating an established business primarily engaged in the selling of food or drink for consumption . . . as a commercial stimulant to such business . . .”). A commercial stimulant is defined as “an activity operated in connection with an established business, with the purpose of increasing the volume of sales of food or drink for consumption on that business premises.” RCW 9.46.0217. Significantly, the legislature amended the definition of commercial stimulant in 1994 and re-defined it more broadly:

"Commercial stimulant," as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an (~~incidental~~) activity operated in connection with(~~, and incidental to,~~) an established business, with the (~~primary~~) purpose of increasing the volume of sales of food or drink for consumption on that business premises

House Bill 2382, Sec 1 (1994). When amending this definition, the legislature emphasized that the prior definition "provides that an activity is operated as a commercial stimulant only when it is an incidental activity" and that needed to be changed. HB 2382, House Bill Report, House Committee on Commerce & Labor. It needed to be changed so that there was a clear understanding that a commercial stimulant, in this case card games, need no longer be an incidental activity or primarily there to increase food and beverage sales. Testimony was offered in support of this change because "[t]he commercial stimulant definition is very important." Washington has 2,300 commercial stimulant operators." *Id.* Thus, it was clearly the intent of the legislature to include card rooms, such as those operated by Maverick, within the scope of the Act, regardless of whether gambling is merely incidental to the sale of food and drink. Moreover, the Commission monitors compliance with the commercial stimulant requirement through the in-depth process set forth in WAC 230-03-175.

Finally, it is important to note that these changes in the law took place in 1994, well before the Commission's last wage increase in 2008. Thus, the Commission's decision in 2008, made under the same statutory construct that exists today, clearly gives the Commission authority to recognize the economic changes in these intervening 15 years and increasing the wage limit from \$300 to \$500.

The Commission should continue its practice of increasing wager limits to account for changes in economic conditions.

This is not the first time the Commission has considered increasing the wager limits for house-banked card games. In fact, the wager limit has been increased several times, the last time occurring in 2008 when the Commission amended WAC 230-15-140(1) through rulemaking and increased the wager limit by 50% from \$200 to \$300. See WSR 08-20-025. The amendment was approved and filed on September 19, 2008. *Id.* Applying a cumulative inflation rate of 39%, the \$300 wager limit from 2008 amounts to \$416.86 in 2023.¹ This inflation rate further fails to account for increases to the minimum wage, which under Washington law has increased by 84% since 2008 from \$8.55/hr to \$15.74.² The costs of food and drink, gaming equipment, and payroll have likewise substantially increased during this period.

It is furthermore entirely consistent with the legislative intent of the Act that wagering limits be updated to reflect inflation and the increased cost of economic conditions. In fact, testimony

¹ Calculated using <https://www.usinflationcalculator.com/>.

² See Washington Department of Labor & Industries, *History of Washington State's Minimum Wage*: <https://lni.wa.gov/workers-rights/wages/minimum-wage/history-of-washington-states-minimum-wage>.

was given on this subject when the legislature increased what card rooms can charge in 1994. This testimony noted that the increase was necessary “to keep up with inflation.” HB 2382, House Bill Report, House Committee on Commerce & Labor. The Commission is therefore acting squarely within its statutory and regulatory authority by once again adjusting the wager limit to account for the substantial increase in the costs of operating a commercial stimulus card room in 2023.

We are grateful for this opportunity to share with you our assessment. Should you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



Michael D. McKay

cc: Eric Persson ep@maverickgaming.com
Vicki Christophersen vicki@christopherseninc.com

Materials from

**FEBRUARY
2023**

Commission Meeting

Lohse, Jess (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Tuesday, July 12, 2022 11:47 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, July 12, 2022 - 11:47am Submitted by anonymous user: 24.56.241.117 Submitted values are:

Petitioner's Name: Vicki Christophersen

Mailing Address: P.O. Box 3329

City: Kirkland

State: WA

Zip Code: 98083

Phone: 3604852026

Email: vicki@christopherseninc.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-15-140

I am requesting the following change:

Request changes to WAC 230-15-140 to update and reflect current economic conditions. Suggested changes for consideration include:

1. Amend requirements to allow a maximum bet at cardrooms of five hundred dollars (\$500)
2. Amend requirements to allow a designated high limit room consisting of a limited number of tables.
 - a. Tables could be limited in the following manner:
 - i. Cardrooms with 1-5 total tables – no more than 1 high limit table
 - ii. Cardrooms with 6-10 total tables – no more than 2 high limit tables
 - iii. Cardrooms with 11-15 total tables – no more than 3 high limit tables
3. Recommend that the single wager at a high limit table must not exceed one thousand dollars (\$1000).
4. Suggested definitions:
 - a. "High Limit Room" means a clearly identified area of the Gaming Facility separated by a permanent, physical barrier or a separate room in the Gaming Facility.
 - b. "Permanent, physical barrier" includes a partial wall, fence or similar separation. Stanchions or similar movable barriers are not considered a permanent, physical barrier.
5. Suggested requirements:
 - a. Access to the tables in a High Limit Room will be

subject to prescreening qualifications and screening process.

b. Require that no customers may participate in gaming in a High Limit Room if they are known to the Gaming Operation to have

a history of problem gambling or currently barred for self-exclusion, or known by the Gaming Operation as demonstrating

significant characteristics associated with problem gambling.

This change is needed because:

Wager limits need to be updated to reflect current economic conditions and customer demand. Wager limits for House banked card rooms have been set at three hundred dollars (\$300) since 2009. In the 13 years since the limit was established, operating costs have increased dramatically. Since 2009, Washington minimum wage has nearly doubled. Additionally, supply change issues and inflation have an impact on revenue. Once a significant driver of revenue and employment at our properties, our food & beverage business is not sustainable on a standalone basis in the current cost inflation environment without the support of stronger gaming revenues.

Tribal compacts have been steadily being amended to increase the wager limits at their properties. This proposal is modeled after those changes and reflects the same protections. Although a small percentage of the guests that visit cardrooms (less than 3%) would take advantage of the increase, these customers are a critical component of financial stability.

The effect of this rule change will be: The impact of allowing higher wagers will allow cardrooms to operate on a more level playing field. This will allow for the preservation of family wage jobs and economic contributions to the communities we are a part of. Additionally, it will provide increased tax collection for our local jurisdictions.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3434&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Ce7997907911b45dced108da6436f0d7%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637932484382140670%7CUnknown%7CTWFpbGZsb3d8eyJWlIjojMC4wLjAwMDA%7C%7C%7C&sd=kvwaszgnEUHfsvon4rID3Y7D%2FhtMa2wxMZVYL%2BMvqB4%3D&reserved=0>

WAC 230-15-140 Wagering limits for house-banked card games. (1)

A single wager must not exceed three hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
- (b) Tip wagers made on behalf of a dealer; or
- (c) As authorized in approved card games rules.

[Statutory Authority: RCW 9.46.070. WSR 21-11-057, § 230-15-140, filed 5/14/21, effective 6/14/21; WSR 08-20-025 (Order 631), § 230-15-140, filed 9/19/08, effective 1/1/09; WSR 07-09-033 (Order 608), § 230-15-140, filed 4/10/07, effective 1/1/08.]

OPTION B

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

- WAC 230-15-140 Wagering limits for house-banked card games.** (1)
A single wager must not exceed (~~three hundred dollars~~) \$500.
- (2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:
- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
 - (b) Tip wagers made on behalf of a dealer; or
 - (c) As authorized in approved card games rules.

OPTION A

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

WAC 230-15-140 Wagering limits for house-banked card games. (1)

A single wager must not exceed (~~three hundred dollars~~) \$300. Provided that licensees may allow a single wager up to \$500 under the following conditions:

(a) All wagering limits greater than \$300 must be approved by us and included in the internal controls; and

(b) Only three house-banked tables may offer wagering limits greater than \$300; and

(c) The licensee must establish a designated space on the licensed premises for house-banked tables with wagering limits greater than \$300. The designated space must:

(i) Be separated from the main gaming space by a permanent structure or physical barrier; and

(ii) Function like a separate gaming pit from the main gaming space; and

(iii) Have a floor supervisor present at all times tables are open for play; and

(iv) Have a gambling disorder informational sign conspicuously posted which includes a toll-free hotline number for individuals with a gambling problem or gambling disorder; and

(d) Verify players are not on the self-exclusion list prior to allowing wagers greater than \$300.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

(a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or

(b) Tip wagers made on behalf of a dealer; or

(c) As authorized in approved card games rules.

OPTION C

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

- WAC 230-15-140 Wagering limits for house-banked card games.** (1)
A single wager must not exceed (~~three hundred dollars~~) \$400.
- (2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:
- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
 - (b) Tip wagers made on behalf of a dealer; or
 - (c) As authorized in approved card games rules.

OPTION D

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

WAC 230-15-140 Wagering limits for house-banked card games. (1)

A single wager must not exceed (~~three hundred dollars~~) \$500. Provided that licensees may allow a single wager greater than \$500 but not to exceed \$1,000 under the following conditions:

(a) All wagering limits greater than \$500 must be approved by us and included in the internal controls; and

(b) Only three house-banked tables may offer wagering limits greater than \$500; and

(c) The licensee must establish a designated space on the licensed premises for house-banked tables with wagering limits greater than \$500. The designated space must:

(i) Be separated from the main gaming space by a permanent structure or physical barrier; and

(ii) Function like a separate gaming pit from the main gaming space; and

(iii) Have a floor supervisor present at all times tables are open for play; and

(iv) Have a gambling disorder informational sign conspicuously posted which includes a toll-free hotline number for individuals with a gambling problem or gambling disorder; and

(d) Verify players are not on the self-exclusion list prior to allowing wagers greater than \$500.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

(a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or

(b) Tip wagers made on behalf of a dealer; or

(c) As authorized in approved card games rules.

Madam Chair:

We will next move to petition for rule change with ~~Just Los~~ [Jess Lohse] again, and I believe Vicky ~~Christofferson~~ [Christopherson] from Maverick Gaming and Eric Peterson from Maverick Gaming are here as well.

Commissioner Sizemore:

Eric Persson.

Madam Chair:

Oh, Persson. I'm sorry. I pronounced Eric's last name incorrectly. ~~Just~~ [Jess], I'll hand it over to you.

~~Just~~ [Jess]:

Thank you, Chair. Again for the record. ~~Just Los~~ [Jess Lohse], acting rules coordinator. If you please turn to tab five in your commission meeting packet. Vicky ~~Christofferson~~ [Christopherson], she's representing Maverick Gaming in Kirkland, Washington and is proposing to amend WAC 230-15-140, which is our rule on wagering limits for house bank[ed] card games. And they are suggesting changes to increase the maximum single wagering limit from 300 to 500 for all house bank[ed] gaming tables. Provide that if the licensee has a high limit room, they may increase a single wagering limit to \$1,000 for a select number of high limit tables. They're also suggesting to add a definition of a high limit room, and they provided a suggested definition of a clearly identified area of the gaming facility separated by a permanent physical barrier or a separate room in the gaming facility. They're also proposing to restrict access to high limit tables in the high limit room to only pre-screen[ed] players and players who are not self-excluded from gambling or exhibit problem gambling behaviors.

The petitioner feels this change is needed for several reasons. One to reflect the current economic conditions and customer demand. They also note that wager[ing] limits have not been increased since 2009 and operating costs have increased significantly since then. They noted that the minimum wage has nearly doubled since 2009 and supply chain issues and inflation has had a negative impact on card room revenue. And to keep the wagering limits for card rooms fair and consistent with competitors, specifically tribal casinos, they note that tribal compacts have been steadily amended to increase wagering limits at their casinos. The petitioner feels that the effectiveness [of this] rule change will allow house bank[ed] card rooms to compete on a more level playing field with tribal casinos. The petitioner also believes a rule change will allow for the preservation of family wage jobs and economic contributions to the communities they're a part of. Lastly, the petitioner feels that the rule change will provide increased tax collection for the local jurisdictions they operate house bank[ed] card rooms in.

A little bit of historical background on this rule and related to just the number of tables and house bank[ed] card rooms. To start, RCW 9.46.0282 determines how many authorized tables a house bank[ed] card room can have, which is limited to 15. The petitioner's [is] not looking to add more than 15 tables, rather as they noted in their petition, they're looking at increasing the wagering limits from 300 to 500 with the ability to go up to 1,000 for a select number of tables. House bank[ed] card rooms opened up in 1997, where wagering limits for games were set at \$25. In 2000, wagering limits increased to 100, and [in] 2004 to \$200, and lastly, in 2009, the current limit of \$300. In 2016, the commission received a petition from the Recreational Gaming Association, requesting the commission to increase wagering limits to \$500 that would match the limit of tribal gaming operations at the time.

The commission accepted the petition for further discussion, but the RGA eventually withdrew their request after hearing some commissioner concerns. In January 2022, earlier this year, the

commission received a petition from Tim Merrill with Maverick Gaming, requesting the commission to increase wagering limits from up to 500 with the ability to raise to 1,000 on 25% of the tables, but the petition was withdrawn by Tim Merrill prior to the commissioners taking any action. Staff feels that additional rule making will be needed to address policy concerns, new definitions, and possible new requirements. Under the APA, the commission must take action on the petition within 60 days of receiving it. Your options are to initiate rulemaking proceedings or deny the petition in writing. And I believe Ms. ~~Christofferson~~ [Christopherson] and Mr. Persson are here to give a presentation. I'll stay on the line if you have any questions. Thank you.

Madam Chair:

Great. Thank you, ~~Just~~ [Jess]. Is Ms. ~~Christofferson~~ [Christopherson] here or Mr. Persson? Do you see them as the list of attendees?

~~Speaker 20~~ [Julie Anderson/Director Griffin]:

They were on earlier.

~~Just~~ [Jess]:

I did see them earlier. They had informed me they were planning on being in person. I think Aaron Wong, he's one of their executives, he has his hand raised.

Madam Chair:

Okay. Yeah, I did see a hand raised. Is that Mr. Wong, you said, the name? You can go ahead.

Eric:

Hi. This is actually Eric Persson. I'm the owner of Maverick Gaming. Can you guys hear me?

Madam Chair:

Yes.

Eric:

Oh, thank you. Vicky's walking in. We were under the impression this was happening at 12:30. She's coming into the building right now, so I apologize for the delay we're causing. We just thought this for some reason was coming on the agenda in another hour. So sorry about that. We'll be right there.

Madam Chair:

Okay.

~~Commissioner~~ [Vice Chair] Patterson:

Can I ask a question?

Madam Chair:

Sure. Commissioner Patterson, you a question?

~~Commissioner~~ [Vice Chair] Patterson:

Thank you, Madam Chair. While we are waiting for them, **1** I wondered if staff could remind us of why the petition was withdrawn previously, what the commission's concerns were? We expressed concerns some time ago, I think in 2016, and then a similar petition was withdrawn. Can anyone remind me of what our concerns were at that time? And if not now, I just at some point would like to understand that.

~~Madam Chair~~ [Director Griffin]:

The rule[s] summary states that, for the 2016 petition, the RGA eventually withdrew the request after hearing commissioner concerns about increasing the wager limit and problem gambling.

~~Commissioner~~ [Vice Chair] Patterson:

~~Madam Chair~~ [Director Griffin]:

I'm sorry. I did not go back and read the transcripts from previous meetings.

~~Commissioner~~ [Vice Chair] Patterson:

Okay.

~~Madam Chair~~ [Director Griffin]:

I'm not able to answer that right now.

~~Commissioner~~ [Vice Chair] Patterson:

Maybe it was just generic like that.

~~Madam Chair~~ [Director Griffin]:

I would have to go back and read the transcripts. Sorry.

~~Commissioner~~ [Vice Chair] Patterson:

But then we went forward and raised the limits for the tribes and worked through that. I don't know how... What were our... Okay. Do you remember, Bud?

Commissioner Sizemore:

No.

~~Madam Chair~~ [Vice Chair Patterson]:

Okay.

Commissioner Sizemore:

Not specifically. I do have a question for the chair.

Madam Chair:

Yes?

Commissioner Sizemore:

I know what it's like to rush into a room and be expected to be on point. And that's usually pretty difficult and I see Vicky walking in. Could I suggest that maybe we table this topic and do... I'll put our staff on the spot and not necessarily a petitioner, but maybe we could do the next agenda item first and then come back to this.

Madam Chair:

That was my plan already.

Commissioner Sizemore:

Alrighty. I like it.

[Commissioners move to the Legislative Update at 1 hour and 11 minutes into recording.]

[Transcript resumes at 1 hour and 18 minutes and 14 seconds.]

So now we will go back to petition tab five, which was the petition for rule change from Ms. ~~Christofferson~~ [Christopherson] and Eric Persson from Maverick Gaming. This [Jess] already presented, but he's still available for questions, and we'll go ahead and allow Ms. ~~Christofferson~~ [Christopherson] to... # [do] you want to come to podium.

Vicky:

Absolutely. First of all, let me apologize. We had looked at the agenda and 12:30 was what we had seen, so that's what we were working off of. So my apologies, you guys are being very efficient today. Eric is on his way, I think probably five minutes out. I'll do my best to cover all the pieces. Actually, he might be here. Initially we were planning I would do the introduction and then he would jump in. We have a PowerPoint and what I don't remember... [so] We're good to go. Okay, great. First of all, my name is Vicky ~~Christofferson~~ [Christopherson]. I represent Maverick Gaming here in Washington state, and we have brought a petition forward for the commission to consider rule changing around wager limits for card rooms. I'm trying to see where the PowerPoint... Oh, sorry.

And I'll just say next slide when it's... Great. So I'm going to intro and then you can come up.

Eric:

Okay.

Vicky:

~~Here~~ [There] we go. We'll go to the next slide. I think most people know Maverick Gaming operates 19 card rooms here in the state of Washington. Proud member with Teamster workers in our facilities and an investment of 500 million into the state, committed to the success of the card room industry in Washington state and doing it in a responsible way to make sure that we keep our communities safe. Next slide. Just by comparison, most jurisdictions in this area, this part of the United States actually don't have limits on wagers. We're the only one with one. And to be clear, we are not asking for no wager limits, we're just asking for an update. Next slide.

This is the part I wanted to just briefly discuss and then invite Mr. Persson up to give the rest of the presentation. We wrote the petition specifically with the acknowledgement that it was the commission that will work on rulemaking. Should you choose to open rulemaking, we understand that

will be a robust stakeholder process, lots of discussion about what the appropriate wager limits would be, how to construct those. So what we've provided here is really an outline of the concepts that we'd like you to consider, should you decide to move forward including [opening] rule making. And that is, at what level should the wager limit be? Should there be a high limit area? We believe yes. We'd like to discuss that.

And then the definitions and how you make sure you put the appropriate restrictions and regulations around that. But again, want to state, we are not wedded to these words in particular. We've taken examples out of tribal compacts that have been amended in the last few years with some of these definitions feeling like that's probably a good place to start in looking at these regulations, but really hope today that we can convince you to open rule making so we can start that ~~sequel to~~ [stakeholder] process and bring everybody to the table to figure out the best way to move forward. So with that, I'll hand it over to Eric to walk through the rest of the slides and talk a little bit about why we're here with this request for you. Thank you. Next slide.

Eric:

I'm Eric Persson, the owner of Maverick Gaming. Thanks for your time. This slide just shows that the history of house bank[ed] card rooms in Washington, shows their progression of the minimum wage laws and also how the bet limits increased. [As] I think ~~it~~ was stated earlier that the last time the limits were increased was 2009. And I think that, with the inflation and everything, it's almost doubled since then. It's really hard for me to see the whole slides, I don't know about you guys. Kind of tough thing to admit, but that's really the purpose of this slide. So maybe we'll go to the next slide.

Speaker 11:

There we go.

Eric:

It's a little better. Yeah, we already hit that one. This slide basically just shows... We all know about the pandemic and we all know that it was tough on card rooms and pretty much everywhere else, but it really just speaks to the efforts of Maverick. We're partners with Teamsters 117, we didn't lay anybody off. We kept benefits on through the whole time, even though we were shut down, as everybody knows for some period of time. We're still recovering, frankly. Revenues are just now getting to a place where they were in 2019. But we've endured a lot. And at the same time card rooms are continuing to decline from, I think there's over 100 at one time and now there's actually 39 active card rooms. I know another one just shut down about a month ago. So really just shows you what's going on with the card rooms, what the pandemic did, and what we did to the pandemic, which I think is a little bit different than a lot of other places. And so with that, we'll go to the next slide.

Really, this shows you inflation. And I don't need to speak about a lot. I think everybody's talking about inflation, at least anytime I go on the news, it's hitting everybody and it's making everything harder. There's a lot of wage compression. We're paying more. Unemployment's actually got back to historical low again. We're having to pay more wages, which we happily do, but in relation to that, things that make gaming a little bit different than other commodities is, you can't change the rules and just take people's money faster[, right?]. And you can't force people to bet more. You can, but then at some point there's, "This isn't fun for me. This game doesn't make sense," and you choose not to play. So what happens is you have this commodity, which is blackjack or Baccarat and you have customers who are the consumers who dictate what they're comfortable spending.

And so unlike Tide or food or something else where people say, "Hey, I'm just going to charge more for a hamburger," you can't do that with gambling because if you do, you end up just losing the customer. And that's sort of the tough part we make, but we have this artificial limitation, which is the bet cap is... there are some consumers, not a lot, but there are some consumers who would prefer to gamble more than, say, \$300. And they can't because of the bet limits. And so what happens is, they're left with choices. One is to just bet \$300 with us or go to a ~~travel~~ [Tribal] facility where they can bet up to five or 10,000, even in their [inaudible 00:32:57 high-limit] rooms.

And that's something tough for us to compete [with]. And what it ends up meaning is we just lose high-end customers. And that's sort of what this is about, for that small segment of customers who like to bet more, but just can't. They have the ability to [, the] wherewithal, and so they end up just choosing a different consumer product, which is the tribal facilities where they're allowed to gamble at those limits. And so we can hit the next slide.

This slide is just the same thing. Look, COGS have gone up. It's no secret, everything costs more. And this is a big part of this ask, because I'm trying to figure out, "How do I protect these jobs? How do I help the card rooms thrive, my card rooms and the rest of the card groups [rooms] in the state?" I have a pretty big investment in the state, have a pretty big investment in card rooms, and we're trying to figure out how do we make it be vibrant. We [already] don't have sports betting. It already hurts our business on the weekends, but what can we do? And for us, requesting to raise the bet limits to 500 and [with, like,] maybe three tables at 1,000 was one of the things we could do.

~~We worked~~ [Work] with the WAC[, work] with the rules, ~~worked~~ with the commission and help us compete. And really at the end of the day, all we're trying to do is compete. And we're trying to compete in a marketplace that is saturated with competition. And the competitors sometimes have different rules and different tax structures and just different benefits. But allowing us to at least go to 500 and 1,000 in our high limit will at least give us a fighting chance. And that's what we're asking for. And this is part of the reason, everything costs more. You go back to 2009, nothing costs less and everything costs more. And obviously right now, we're in an exacerbated situation where inflation's obviously in the presence of mind to [of] everybody, but even previous to that labor was costing more, food was costing more. And at the same time, revenues are basically flat. And that's the challenge card rooms ~~have~~ [overall] on a macro level. So with that, we can hit the next slide.

This, again, just goes back to show you, over time we pay more in wages. It's sort of common sense and it's pretty obvious. In 2019, it was 12 as the minimum wage. And obviously in '22 it goes up to 14.49. That being said, some of our wages, depending on the job type, pay a lot more than that. It's no secret an average dealer in our facility, including tips making over 120,000 a year. So these are very good paying jobs and they're important jobs, I think, in this community. And at the same time, the bottom side, so support staff, cleaning, kitchen, where they're closer to the minimum wage, that piece is just going up. And it's one of the expenses we have to eat and we happily do, but it's also one of the ways we have to, on us, figure out how to create more revenue. And that's the reason we're here. So with that, we'll go to the next slide.

And this just hits it another way, showing the CPI, it shows hourly minimum wage. It shows going back all the way to 2008, what the maximum wagger could be. It's going up one time, I think, from 200 to 300, but [it shows you] the minimum wage, shows you how everything's gone up ~~with~~ [but] the bet limits. And so I'm hoping today is the day that we get this into rules and we start to work towards it, because we have an overall macro economy that's really making the card room struggle right now. So with that ~~and~~ [we] go to the next slide.

This is wager limit comparison. And so these are just things I already covered a few minutes ago. Card rooms were [at] 200, they got to go to 300. And it shows you over time from 2008 to 2021. And

now it shows you as high as 5,000 ~~are~~ on approved compacts. And as we know, there's another compact that's approved to be 10,000, but yet the card rooms are still at 500. And that's where we have to compete for that small segment of customers who wants to bet more, but they can't. And so they're left with no choice, but to leave our facility and gamble at a ~~travel~~ [Tribal] facility. And that's the challenge for us and that's where we're hoping to remediate today. With that and go to the next slide.

Product offering. I think everybody knows that tribes have a much more complete gambling offering. Facilities aren't comparable. They're going to have hotel rooms. They're going to have slot machines. They're going to have tables. They're going to have sports betting. They're going to have many more restaurants, parking garage. Ours are more like a neighborhood [inaudible 00:37:19]. We're 10,000 square feet and we're 15 table games and bar revenue and food revenue is a significant portion of our revenue. It can even be 30% in some of our cases.

And so we already have limited offers, ~~which~~ we offer table games. We don't offer slots. We don't offer sports betting. We don't offer a lot of the other gambling products that are allowed in the state, but what we do have is tables. And so this place where we have to cross over and compete directly with other competitors, we're forced to compete with people who have much larger robust offering in gaming than we do, and also much higher limit, which doesn't allow us to compete with the [same ...] ~~segment that~~ you know it's pretty lucrative and it's important to both the tribes and important to us. And of course important to the consumer because they're not allowed to choose us if they want to bet more than \$300. With that, you can go to the next slide.

This just shows you, how much are we really talking about? Basically 97 and half percent of our customers, their average bet's going to be under \$300. In fact, it's going to be significantly under \$300, but it represents 80% of our overall revenue. That next two and a half percent of the customers who bet \$300, they represent 20% of our revenue. And this shows you the impact of the top segment. And it shows you that what that bet constraint does, because if we're able to generate 20% of our revenues with two and a half percent of our consumers, knowing that we already don't get a lot of those consumers who want to bet more than 300, it can be very important and meaningful to the jobs, to the card rooms in the state, to all the support staff who work in Maverick Gaming, and to our companies and to our competitors ~~and~~ [in] the card rooms as well. We should have a chance to compete for that consumer that the tribes are having a monopoly room. And with that, go to the next slide.

And this just shows you the last thing. It's a very small [inaudible 00:39:23] customers who bet more than 300, it's two and a half percent, and it shows you the meaningfulness of those customers. But it also shows you when you think[ing] about one of the responsible things to talk about, and this is responsible gaming. And sometimes there's a misperception that, if people bet more, they're more likely to be problem gamblers. It's not really true at all. If you look to the data and you look at the customers and you look for people who self-exclude, the average self-exclusion person is going to bet less than \$75. What they have is other challenges in their life. They've lost their job, or maybe they'd have an addiction problem or whatever it is, but it's not directly correlated to the \$300 bet or to the wage[r] at all.

In fact, most of the customers who bet more are not the people [who] end up excluding themselves, they just have more discretionary income. And so it's incumbent on, I think, all of us. The gambling commission all the way down to Maverick, and we're a cheerleader, we're the biggest supporter of responsible gaming in the state of Washington. I think that's no secret and we're all about it. And so what we propose, we think it's a pretty modest request. We don't offer credit like the tribes do, so these are cash paying customers, I think which also helps remediate problem gaming issues because people don't get extended on credit in which case they can't get out. But it's very important to

us that you [sorta] size the consumer we're talking about. We think it'll probably add three or 4% to our consumer database, but it'll be very meaningful to us. So with that, you can go to the next slide.

This shows you, in detail, what I was just talking about. We have seven players with a bet of \$300 or greater. We have 104 people that was under. And so you got basically 99.8% of the people bet under 300. But if you were to break this down even further, I think it's 80% bet less than \$75. And so if you take a look at the total overall active database, we're not talking about an extra two or 300 customers per property. We're talking about 10, 20 players who can potentially come in with the ability to bet more. But those consumers sold 80/20 business in rule, could be very meaningful to us we were able to compete and get them to choose our property versus our competitor's properties. So with that, you can go to the next slide.

And this is responsible gambling. Look, we have linked all of our card rooms. If you self-excluded one of our properties, you self-excluded all. The gaming commission is very close, I think, to enacting an overall program where all the card rooms will be linked. So if you exclude yourself in one card room, you've excluded from all card rooms, whether the[y're are our] companies or not, which is great. Hopefully the next step is the tribes will plug into that and if you exclude yourself in the ~~travel~~ [Tribal] facility, you'll exclude yourself in card rooms[, which is]#s not currently the case. I'm not sure why not, because I don't think that if someone has a problem gambling issue at any casino, another casino should probably want them.

We're the biggest partner to Evergreen Council on problem gambling. And we have extensive training to identify problem gamblers and to get to them before gambling becomes a serious issue for them and their family. And that's what this slide's about. Next slide.

And this quantifies what we think will happen if, in fact, we were able to get the wager limits we're requesting today. We think that there'll be a lift of maybe on a macro level, across our 19 properties, about \$4 million, which would be result in another 400 in tax. If you take a look at the total of this, it ends up being around \$6.6 million after about a predicted seven and a half percent growth in high end play, resulting in about 660,000 in taxes. So if you take a look at 19 properties, 6.6 million, you're looking around 330,000 property, which is very meaningful to a card room. When a card room makes on average between, I'd say, 702 million of total EBITDA, it could be substantial for at least smaller card rooms, not just myself. With that, you can go to the next slide. I think that's it, I guess.

Vicky:

I'll just close out and then if there are questions... Again, just to reiterate, the rule making process, we're not asking you to take a vote on a particular wager limit or a structure for that today. We are asking that the commission embark on a rule making process to have that discussion and include everyone in that to arrive at the right change in wage[r] limits. The other thing I would add that we have left out of our slide and we want to put it back in there is, we haven't talked about the increase to the problem gambling account at the state level.

As you know, we pay an extra B&O tax that goes into the problem gambling account. Obviously an increased wage[r] limit will increase revenue- into that account. And we know that there is potentially still a shortfall for problem gambling in the state. And that's something that Maverick is very committed to working with the commission and the legislature to make sure that account is fully funded, and we hope to be a partner in that work. I had one last thing, but- it's flown out of my mind. Anyway, we're happy to answer any questions and thank you for consideration today.

Madam Chair:

Great. Commission Patterson, do you have a comment about that list?

~~Commissioner~~ [Vice Chair] Patterson:

I have a comment and a question. The problem gambling task force, I'm guessing that within the next month or so, will be able to provide the public with data that will indicate that the amount that's currently being invested in problem gambling is not adequate to meet the need in order to treat people with their addictions or to prevent. We can stand behind that with data that we have collected from a prevalence study that was done, and that information is going to be presented probably within a month or so. I might be wrong about this, so don't quote me, but it's possible that it might indicate that we may need to actually come close to doubling the amount, which is currently being invested in problem gambling. And I wanted to let you know that I'm hoping that the state legislature will work with you, and I'm hoping that you will be cooperative and open to that proposal that that increase occur. You don't have to say anything, but I just want to say that publicly.

Vicky:

I would like to say something publicly, because I know I speak for Eric and everybody at Maverick, that that is a top priority. Eric said to me once when I first took this client on, "I don't want a problem gambler in my seat [casino]. It's not the customer I want. I want somebody who's going to come enjoy a couple hours in the card room and have a good time with their friends." So it is 100% a commitment of ours and that's why Maverick was the first to institute a systemwide self-exclusion program. And we absolutely stand ready to work with the commission and the legislature to make sure the funding is adequate and play our part in that, for sure.

~~Commissioner~~ [Vice Chair] Patterson:

Appreciate that. And again, I just want to make sure I heard you correctly. You're saying that if someone excludes at one of your casinos, that they are excluded across the state of Washington?

Vicky:

For all of our casinos, at this point. And there was legislation a few years ago that would've required the statewide self-exclusion, and we've supported that since day one. And I know there's continuing work on that, and we hope that we're very close to a systemwide self-exclusion that includes ~~travel~~ [Tribal] properties and private card rooms so that we cannot have people shopping who have a problem.

~~Commissioner~~ [Vice Chair] Patterson:

Which is what they do.

Vicky:

Yes.

~~Commissioner~~ [Vice Chair] Patterson:

All right. Thank you, Madam Chair.

Madam Chair:

Great. Thank you for the presentation. I just want to say for me, personally, I appreciate the fact that you came in and aren't stuck to the numbers that you put forward, that you understand this could be a

conversation that were opening and moving from that. And [in] that same line, one thing that I'm not really appreciative, I guess, is the continual comparison to what the tribes have, because I just think these are two totally different things. The tribes come under IGRA, they have a different negotiation process. And I get maybe, from your perspective, it is competition, but that's just not how I'm going to look at this. This is something totally separate of what you might get and then what the tribes have. These are not conversations for me that are going to be productive if we continue with that [sort of] comparison game of, "Look what they have, look what they have," because that's just not ~~the~~ where I'm at on this.

But for me personally, I am open to potentially having that further conversation and understanding. And just so everybody is aware, not saying we're going to do this, but if we did open rule making, that doesn't necessarily mean anything. We have time to then go over everything, get together with stakeholders. And at the end of it, we could not pass anything or we could prove different numbers just so we're all on the same page there. So now, are there any other comments or questions from commissioners ex officios? Oh, Representative ~~Cloba~~ [Kloba].

Representative ~~Cloba~~ [Kloba]:

Yes, good morning. Thank you very much. I appreciate the opportunity to add a comment. And I'm very gratified to know that your support of the self-exclusion concept and being more broadly applied, very glad to have that. And just wanted to update you that we do, in fact, have that system fully operational now. And we've had people doing the self-exclusion across all of the non-tribal gaming and just wanted to make sure that you knew that tribes do have their own self-exclusion systems and they fully have the opportunity if they so choose to engage in the statewide self-exclusion, but as sovereign nations cannot be compelled to do so, that is something that I think we will continue to make it friendly. There are some infrastructure, like computer IT infrastructure hurdles that we have to get over before I think that that would be entirely practical, but certainly conversations that we are always open to.

And then I had a question if I may, Madam Chair. I represent a very small slice of Kirkland, not where one of your card rooms is located there in the Kings Gate area, but I noticed you were saying you're headquartered there in Kirkland and you have a number of corporate entities listed on the secretary of state's office. And many of them, which are headquartered in Kirkland are foreign limited liability corporations, like your Maverick Caribbean, Maverick Gold, Maverick All Star, Maverick

American, Indianola, Kirkland Two, Kirkland, all of those as foreign LLCs. **2** And I don't know enough about corporate structure to understand the difference between a foreign LLC and just a regular LLC. So can you help me out with that a little bit?

Eric:

Maverick Gaming is an overall company that has 27 casinos in three states. Our headquarters is in Kirkland, Washington. All of our LLCs are domestic LLCs, meaning that they're all based in the United States, all of them. And the LLCs are likely to be individual to each card room, basically for liability reasons. But they all roll up ultimately to our parent Maverick Gaming, which is based in Kirkland, Washington, whether they're casinos in Nevada or whether they're casinos in Colorado.

Vicky:

And what I would add to that and the commission staff could probably assist as well, but in order for any of these entities to be licensed in ~~of~~ [the] state of Washington, they have to do pretty specific and detailed forensic financial information and the gambling commission has to approve that. Be happy to

look further into what you're looking at, but you can feel safe knowing that these are all companies located here, Washington, Colorado, and Nevada, and the headquarters of Maverick Gaming is right there in Kirkland and happy to have you come visit our corporate offices anytime. To the first comment about self-exclusion, I did want to add, I completely understand the logistical hurdles. Still, for us, we would like to know if somebody self-excludes, let's say, at Emerald Queen so that we [don't] let them into our card room.

That's our ultimate goal and we'd like them to know as well when we self-exclude. And I liken it, Representative ~~Cloba~~ [Kloba], you might remember this. It's been a little over a decade or so ago when hospitals all came together with the state to work with the state to create a centralized prescription drug monitoring program, meaning all the hospitals are linked now through electronic systems. So if somebody is prescription shopping for opioids and they go to Valley Medical Center and then go over to Swedish, that is something that they know at Swedish. Those are different entities with different structures, different IT, and they were able to work it out. So from our perspective, that's something the state should be able to work out with our partners in the tribes and with our card rooms so that we can make sure we're keeping people with problems gambling out of all gambling activity in the state.

Representative ~~Cloba~~ [Kloba]:

Yes. And as the sponsor of the bill that created the system that is, as you all [well] know, a goal of mine as well, and again, with the IT infrastructure challenges that we have, it's helpful to remember that we are far behind the hospital and medical industry in terms of electric medical records. On their case and in our case it would be just a self-exclusion record, but we will continue to move along that spectrum and invite our tribal partners to work with us.

Madam Chair:

Okay. I see another hand raised, but I'm not sure who it is yet. Commissioner Lawson.

Commissioner Lawson:

Yes. Thank you, Madam Chair. I am like everyone else, I think, on this call, very sensitive to the concerns with inflation and the increased costs of doing business right now. And I appreciate the information that petitioner has provided. What I'm missing though is, under RCW 9.46.0325, social card games are authorized for a business that is primarily engaged in the selling of food or drink. And so I know other restaurants are also dealing with these pressures from increased costs of goods and increased wages. So they've had to compensate by increasing their prices to handle those increased pressures.

My question then is... How do I put this? **3 a** Wouldn't it be sort of special treatment to the house bank[ed] card rooms if you're allowed to keep those food and beverage prices low by subsidizing it with the increased wager limits where everyone else that's also a restaurant that doesn't have the card room experience available in their restaurant is having to raise their prices anyway? And then along

those same lines, **3 b** also under RCW 9.46.0325, and this is echoed in WAC 230-15-005, card games are meant to be a commercial stimulant. But the information that I'm seeing here looks more like it is that the wager limit is not being asked of us to stimulate your food and beverage business. It's being asked to offset the costs or to subsidize your food and beverage business, which I don't think is the intent of the legislation. So would you like to speak to that?

Vicky:

Yeah. I'll start and then I'll let Eric speak to the specifics on the pricing. Here's the deal. The max wager was \$200 for all those years. And now we're at 13 years ago, the commission [saw fit] [inaudible 00:57:03] that to adjust it based on the economics of the business. And so we're back 13 years later to ask the commission to consider adjusting it again. It's been something that the commission has done to account for the change in business over that time. You are correct, it is a commercial stimulant and I'll let Eric speak to the specifics on pricing. But it is also a robust business and we have to draw customers in. And that is where we are. It's been 13 years since it's been raised and we're asking for the commission to take the time to look at what the appropriate adjustment would be after that 13 years. You want to speak to the food prices?

Eric:

Sure. Our food and beverage prices, I think, along with most everyone have increased over 20% year over year, subsidizing. That's one of the areas in our business where we're able to actually charge more for beer or charge more for the food that we get. What we need is more people in the building who then will buy food and buy alcohol and spend more time in our facility. And so you can't just charge more to a gamer who comes to gamble because they get to choose the amount that they want to wage[r]. And you also can't just arbitrarily change the rules so you just take people's money faster. One, it would destroy the gaming experience, you'd probably lose your customers anyway. But two, you have to have obviously a fair game for your consumer. So by allowing a particular small segment of customers to bet more who want to bet more, we expect to see an overall lift corresponding to the seven and a half percent increase in our food and beverage as well throughout our ~~home~~ [whole] facility.

And so the food and beverage revenue is very important to our facilities. Like I said earlier, it can be upwards of 30% of our revenues in the building. And that has to do with the size and scope and scale. We're about overall across all the card [room]s, we're a 50 million [dollar] business compared to other ~~travel~~ [Tribal] facility, it'd be 2.2 billion. So we're much smaller. And so at the end of the day, we need to figure out a way to get every consumer we can into our building and compete in the ways that we can compete. And when I say compete, I'm not necessarily talking about competing with tribal facilities. What I'm saying is compete for a consumer who wants to gamble more, compete for a consumer who'd like to find a reason com[e into] ~~ing to~~ our building. That's ultimately what we're trying to do.

How do we find more people to come and spend more time in our facility? And we were thinking bet limits is one of the ways that we can do that. And so that's why we're requesting this because we're trying to have a robust, healthy card room to support the 80% of our business employees who work on the gaming side. And those jobs are important to us, they're important to the state. I think they're important to their families and everybody else. And so they're important to me because obviously I'm a [in] business for profit, hopefully. And ultimately I have 2,200 team members who have, I don't know, three or four family members as well, and it's very important to them. We don't subsidize our food and beverage so that we can get people to gain. We actually had to raise our price in food and beverage. We're just trying to identify new consumers who'd like to come in and ~~be~~ [bet] more and allow them a chance to [inaudible 01:00:18] come to our facility].

Vicky:

And unfortunately, we've seen a lot of restaurants that have had to close their doors because of the increased costs. Luckily, we haven't laid off a single person, even though we were closed for all those times. The cost of operating the tents, which many of you will remember the tents, cost Maverick about \$735,000 a month to keep those tents open. And that was done to keep our employees in their jobs, to

keep the business going. Because as anybody knows who's ever been in a business, if you shutter, it's really hard to reopen. So it's all about the commitment to keep these jobs, to keep the businesses whole and allow us to continue to provide that neighborhood experience to our consumers.

~~Representative Cloba~~ Commissioner Lawson:

Thank you.

Vicky [Madam Chair]:

Okay. Senator Conway, I believe you are next. You might be muted.

Senator Conway:

I muted, I see that. Can we have the slides that you presented made available to us? I thought they were very interesting. If you can give those out to us... It's hard for me to read the slides on these screens.

Vicky:

Yeah. I think they were in your packet, but we will also forward them, for sure.

Senator Conway:

Okay. If you'll forward those to us, that'd be great.

Vicky:

Yeah.

Senator Conway:

The other question I have is more for staff. And we know that the wager limit has been raised in some tribal casinos and not all. That's what the compact process has been, is [it's] not generic. It's really been specific to the compacts of particular tribes. And I'm curious how back in the late parts of this...

4a When we move[, increased] the wager limit to 300, did we do that through legislative work or was that done through the gambling commission? And did it apply to all gambling establishment? What is the history of the increase in wager limits that seemed to apply to everyone in the late period of this century or in, what is it, 2007 or '08, whenever that was done, how did we do that?

And how does our process differ today in terms of raising wager limits? Because that's an objective question, really, for staff. Because I think that right now our wager limits have been going up in our compacts, people are embracing by different tribes, these wager limits are going up. So it's not across the board in any way. And I'm just curious, how did we do this in the late part of the 2007 and '08? Do you remember, Tina? I guess that's a question for you or Julie. One or the other.

~~Speaker 8~~ [Director Griffin]:

Thank you, Senator. I can't speak to the timing, but the raffle wager limit is set by statute. And the punch for- [board/]pull tab wager limit is set by statute. Those are the only ones that are coming to my mind at this particular moment.

Senator Conway:

The card rooms were allowed to move to 300 in that period of time, I'm just curious how it was achieved. In their presentation, they point out that they got the same increase in that period of time to 300. Was it by legislative action or was it by... How was it achieved that? Sorry, I don't have a memory of it. I've been around a long time, but it would be interesting to know ~~could~~ [because] we increase the betting limit to \$300 and how did it happen?

~~Speaker 8~~ [Director Griffin]:

Okay. The house bank[ed] card room increase to \$300 would've been by rule.

Senator Conway:

Was by rule.

~~Speaker 8~~ [Director Griffin]:

Right. There is no wager limit for house bank[ed] card rooms in statute.

Senator Conway:

Right. And that applied also... Was compacted as well, it sounds like.

~~Speaker 8~~ [Director Griffin]:

Tribes... Just a moment, sir.

Senator Conway:

You don't need to answer the question today, but I think it is an open question as to how we got everyone to 300 at the same moment. And I'm just curious... We got recognized and not all tribes have the \$500 betting limit. Am I right on that?

~~Speaker 8~~ [Director Griffin]:

No. If I may, the \$300 was raised in 2008, 2009 for house bank[ed] card rooms by rule. It's my understanding that, and I'm trying to pull it up, the wager limits for ~~class three~~ [Class III] gaming activities, that is all set by compact first and foremost. And I believe that was set then in the original compacts as early as 1995 at \$500 limits. So we've only started increasing those \$500 limits through negotiations within the last few years.

Senator Conway:

Right. And it doesn't apply to all the gambling in this state either, does it, for the tribal gambling? They have the ability to do that if they choose through compact associations.

~~Speaker 8~~ [Director Griffin]:

Right.

Senator Conway:

4b If you can do me a favor and re-look at the history of when this happened, I'd be interested. We did raise the wager limits for the card rooms at one point, so let's figure out how we did it and why. I

think the request here to go to 500 is not something that's universal. That's my assessment anyway. Of course, the other piece of this that is interesting to me is that we've raised wager limits in conjunction with raising contributions on problem gambling with our tribes. And so they have been okaying that particular compact. So I think it pays all to try to think about wager limits, not as it has happened in our state. So with that, I'll look forward for a more conversation on that. Thank you.

Speaker 8 [Director Griffin]:

I have pulled up some information here if I may continue. I believe the statute went into effect in around 1997, 1998, establishing house bank[ed] card rooms. I wasn't in [L]icensing at the time, but I do recall that it took a period of time for those to get open. My information in front of me indicates that new house bank[ed] card rooms around 2000 had wager limits at \$25 where they experienced the ability to have \$100 wager limits. And then there was a rule change in 2004 for limited tables at 200. And then the most recent rule change 2008, 2009 increasing from 200 to 300. So that's just a brief summary of the history for wagering, all set by rule for house bank[ed] card rooms. Tribal would all be through tribal negotiations, \$500 being set at the time in 1995. And all tribes at this time that have not entered into the higher wagering appendix that nine tribes have, the other 13 are operating at \$500 limits. Thank you.

Madam Chair:

Commissioner Reeds [Reeves]?

Commissioner Reeds [Reeves]:

Thank you, Madam Chair. I have a couple questions if you'll indulge. And I asked these questions in the context of my background working in national security efforts and government[-to-government] relations as well as being an economic developer. One, I just want to say thank you for bringing the economic impact information. I think one of the things that I would like to request further understanding on, which is why I'll be voting to move this to rule making, because I think asking our staff to do this work with you all without the authorizing environment creates an undue burden on our staff who's already tasked with a lot of work, but would like to understand the difference, quite frankly. Tribes in my mind are a government to government much like when the Department of Defense negotiates with other groups, they're not negotiating against their best self interest.

And so I think much like Commissioner Levy said, I don't think of tribes as your competitor because I don't think they're regulated on the same level or in the same way that we are regulating a

private for-profit industry. **5** So one of the questions that I would have for you all is a better understanding when you talk about both inflation, are you tying this request from 300 to \$500 to change [chain] inflation? Because at the current change [chain] inflation rate, the CPI rate, it would only equate to \$398 rather than \$500. So just curious to understand how you got from three to five.

6 Secondly, understanding your tier one, tier two, tier three supplier impact. So we talk obviously as an industrial base that, Mr. Persson, you describe it as wanting to bring more gamblers into your establishment with a recognition that Commissioner Lawson just highlighted, the RCW that really says that this started as a supplementary activity for restaurants and beverage organizations.

So one of the questions I'd like to understand is in that impact, that economic impact that you're talking about, you've done a great job of identifying how many workers this impacts, inflation rates, all

of that. What I guess I'm not seeing in your ripple impact is what those tier one, tier two, tier three suppliers look like and what that ripple into these communities really means when we use that language. So we'd [would] love to see some of that. And again, I think this will come out in the course of rule making conversation. And then the last question that I have for you all, and this is more directed to staff, but in the short time that I have been on the commission, it seems very much to me like we actually have three categories of gaming institutions here. One being tribal institutions, which again, are government to government tribal sovereignty regulated for the purposes of their economic wellbeing.

It seems to me like somewhere along the line, we shifted from really focusing on that restaurant retail, organizational base with a supplementary card room, or card activity, punch boards, whatever, to now actually having a full blown gambling industry. So kind of a second tier, if you will. And **7** I would love for staff as we go through this rule making process to identify those establishments that really market themselves as card rooms first versus the establishments that market themselves as bars. And an example, I use, I have a small local establishment that I go into in Federal Way called Scoreboard. And it markets itself as a restaurant bar retail space. It does not necessarily publicly market, "Come here for punch boards, et cetera." But when you go into the establishment, you then find there are punch boards and other gambling activities that you can participate in.

Whereas I think about places like the Silver Dollar or others where they're absolutely marketing themselves as a gambling establishment first, and then you go in and you can find out you can have Coke and Pepsi and all of that good stuff. So I guess I would really like to also use this rule making process to [understand] more distinctly where that division between restaurant and retail with a supplementary gambling activity versus a gambling activity with a supplementary restaurant in retail. Because I think that distinction needs to get made somewhere in this rulemaking process as a determination for how we're actually driving economic output and regulation around economic output in the conversation. Does that make sense? I hope I explained that okay.

~~Speaker 8~~ [Vicky]:

I'll step in on your questions and data interest and I share that interest and I appreciate, Commissioner... I think we view this again as the beginning of a conversation and have provided some basic information around wage increases, inflation, cost of goods. So all those things as part of the basis for asking the commission to move forward with this conversation. Everything you're talking about and the details that need to be explored further, that's exactly what we hope we can embark on with staff and with the commissioners and all stakeholders as we hopefully go forward with the rule making conversation. So appreciate all those. I think they're really good questions.

Madam Chair:

Commissioner Patterson.

~~Commissioner~~ [Vice Chair] Patterson:

I just want to say that I do think that, when the state of Washington negotiates with sovereign entities, when they negotiate with the Canadians over the border about, I don't know, fish or when they negotiate with the state of Oregon and work with them with regard to the impact of our different tax structures, or when they work with our [sovereign] Native American nations, I do think that it is relevant for the state of Washington to be considering how those negotiations impact their small businesses. I've been listening carefully here. I look forward to more conversation about that.

Madam Chair:

Commissioner Sizemore.

Commissioner Sizemore:

Good discussion, for sure. And I suppose as much as I've talked the last eight years on this commission, I'd probably better talk on this issue as well. And I'm not even sure if there is a question at the end of this, but I'm having a little bit of trouble with some of the comparisons or some of the rationale. In my mind, the rationale to initiate rule making is that the last time it was raised was 13 or 14 years ago. So that, in my mind, is probably adequate for us to take a look at the topic. Where I run into a little gritting of my teeth is, I look at our legislative declaration that talks about limiting the nature and scope of gambling activities by strict regulation and control.

I'm going to bet that the slide that showed California, Colorado, Nevada in comparison with Washington probably don't have that same legislative declaration. And I believe that legislative declaration there and the entire statute set of statutes determine how this commission can move forward and what we can and can't consider. So for me, I want to make sure that we're making these decisions or are given evidence to try to come to a new level of wagers that it's with the legislative declaration in mind. Cost of goods sold is, yes, going up for everyone. We understand that, but for me, it's not super compelling as far as why we should do this, because the rest of the food and beverage industry has those same sort of things. I understand that.

I look at when card rooms were okay. And you know what, from what I can tell the legislature didn't push back at the creation of them. And I think when they started, they had very low limits. And it ballooned up pretty substantially from what those initial limits were from what it started to 300 that's... And again, this is where you get into selection bias of the data. You can make things look really positive or really bad based on the data that you select to highlight. So I am supportive of going ahead and

initiating this rule making, but **8** I want, for me, to be convinced it's going to require to fit within our legislative declaration and for the legislature to essentially indicate that they're supportive that we're still within our statute.

And I think that the legislature has done that to this point because they haven't passed a law or whatever to limit our ability to do this or consider a wager increase. So I'm supportive. I definitely want to make my decision based on some other things that aren't here. And I would imagine you all will be back. My old friend, Victor Mena and other operators will be back, because this is not just Maverick Gaming. This is all of the [inaudible 01:20:01] industry. I look forward to more conversation, but I may need some convincing before I can get there.

Madam Chair:

Great. Thank you, Commissioner Sizemore. Do we have any other commissioners or ex officios comments, questions? Okay. Is there any public comments? Is there anything in the email?

~~Speaker 11~~ [Barry Murray]:

I would like to make a [inaudible 01:20:34].

Madam Chair:

Yep, please.

~~Speaker 11~~ [Barry Murray]:

Do you want me to go up there or just do it right here?

Madam Chair:

I think you go up here, yeah.

~~Speaker 11~~ [Barry Murray]:

It's a small room so I could go [inaudible 01:20:41].

Madam Chair:

[inaudible 01:20:41] be on camera for everybody with a microphone up here. And if you could state your name and who you're with as well.

~~Speaker 11~~ [Barry Murray]:

Thank you, Madam Chair, commissioners, ex officios, representative, senators, everybody. Appreciate the moment to just express our support for this rule making going forward. And Eric, Vicky, Mavericks-

Madam Chair:

Can you identify yourself?

Barry:

Oh, I'm sorry. Barry Murray. I'm the owner's liaison for the Iron Horse casino.

Madam Chair:

Thank you.

Barry:

And again, echoing what the points they made, whether it's costs, I think I mentioned to Director Griffin this morning that I can't hire a cook for less than 22, \$23 an hour at this point. And it's becoming very challenging. Staffing's challenging everywhere, let's face it, but this is a nice step moving forward. And so we just wanted to echo the support for this moving forward. Thank you.

Madam Chair:

Thank you. Is there any other public... Okay. Tony Johns, I think your hand is raised. You might be muted.

Tony:

Okay. Can you hear me now?

Madam Chair:

Yes.

Tony:

Okay. Hi, my name is Tony Johns. I'm coming to you on behalf of Evergreen Gaming. I'm the general manager at both Chips and Palace Casinos in Lakewood. I just wanted to come to you and let you know that on behalf of Evergreen Gaming, we do support this rule change and really to echo what the representatives from Maverick are saying, with the increased costs of wages, the skyrocketing increases and inflation, really, it's become a challenge to kind of keep up with... Competitive wages is really what it comes down to from our perspective. We talk about competition, certainly when it comes to the tribal casinos from our perspective, when we talk about competing, we're talking about for similar jobs, similar positions.

Floor supervisor wages, wages with cooks, security staff, surveillance staff, that's where we see the competitive end of things, where we have to compete to be able to offer higher wages or competitive wages to those staff members. And that's where a lot of our challenges fall. So really, that's our take on that. And certainly we support the thought of bringing this petition forward for further discussion to really iron out the details and come to what everyone can agree is a workable solution to a lot of these problems that we face. And really, just dial in the details where everyone is comfortable with a wage increase, whatever that ends up looking like. And I thank you for your time.

Madam Chair:

Thank you. Is there any other public comments? Is there any [in]email? No? Okay.

~~Speaker 14~~ [Julie Anderson]:

Excuse me. We did have an email come in this morning. It was from him. We received an email from Mr. Johns this morning and he basically said everything that we have in writing. I can read it into the record if you want me to.

Madam Chair:

Oh, yes please. [Read it into the record.]

~~Speaker 14~~ [Julie Anderson]:

[inaudible 01:24:55] read it into the record? Okay. Tony Johns, general manager of Chips Casino and Palace Casino sent a letter through our website and it says: "Evergreen Gaming wishes to support the submitted rules petition requesting that the maximum wager limits be increased to \$500 and 1,000 limited to no more than three table games. Evergreen Gaming believes that this rule change is necessary to continue to keep up with the increasing wage growth and skyrocketing inflation. Evergreen Gaming wishes to remain competitive with its pay and benefits offering throughout the food and entertainment industry. The \$500 table limits will play a vital role [role] in doing this and the \$1,000 limits on up to three table games will allow us to provide a desirable option to the top 3% of guests who currently go out of state where comparable limits are [inaudible 01:26:03]." Run on sentence. "We thank you for your consideration for this rule change and look forward to participating in future discussions on how to implement the most effectively in a way that promotes safe and responsible gaming."

Madam Chair:

All right. Thank you. Okay. I think that wraps up public comments. So we can now go to a motion, if there is one.

Commissioner Sizemore:

I'll make a motion. I move to initiate rule making proceedings regarding wager limits for further discussion.

Madam Chair:

Okay. Is there a second?

~~Speaker 8~~ [Vice Chair Patterson]:

I'll second it.

Madam Chair:

Great. Any discussion on a motion? Commissioner Lawson.

Commissioner Lawson:

Yeah. I would prefer to see a petition that is more narrowly tailored to the specific needs of the business and that addresses the legislative intent and the legislative declarations that we have from our state legislature in the statutes. I think a more narrowly tailored position would really help us focus our further discussion on rule making, because this petition that's been submitted appears to me to be more at an everything-including-the-kitchen-sink petition with a specific theme, we'll say, of wanting the gambling commission to level the playing field with tribes where that's not necessarily within our purview because of the...{very unique relationship we have with tribes ~~end up in getting~~ [under the Indian Gaming] Regulatory Act. And so I would prefer to see a more narrowly ~~bracket~~ [drafted] petition from the petitioners.

Madam Chair:

Ok, thank you. Commissioner Reeves.

Commissioner Reeves:

Thank you, Madam Chair. So I think just in terms of comment, I want to make it clear at least my position ~~again~~ I, I do not like that we are, that it has been referenced that this is competition with the tribal market, and I just don't see that, at least [in] my personal opinion, [as who] ~~to~~ our competitors in this particular market are. I do believe that, as a regulatory agency, independent of what tribes, what our government[~~-to-~~]government relationship is [with Tribes], ~~we've tried~~ it is our job as a regula[tory] ~~rate~~ agency to regulate ~~the~~ [this] private sector market as a directed [in statute] ~~and thought you~~ and to really think about the economic impacts that it's having in community.

I do think that, in this rule making process, **5** I would like to see staff as I, as I mentioned, really take into consideration the economic factors. Things like raising the ~~major when it's~~ [wager limits] based on ~~change~~ [chain] inflation. **6** Thinking about how the tier one, tier two, tier three suppliers are impacted by ~~that~~ [this]. And then I really would like staff as part of this process to be thinking about the fact that I do think the commission needs to play a role in partnership with the legislature in redefining this this ~~after~~ [effort.] I really do think somewhere along the way we lost sight of the fact that it was not the legislature's intent for card rooms to market themselves as card rooms first and as restaurants and bars second, but rather the other way around. And so ~~we'd~~ [would] really like us to be thinking about as we

go through this weight or [wager] limit our conversation, ⁹ what are the triggers? What are the strings, if you will? What are the centers of influence that should determine, beyond the economic factors, when and why we raised the limits in card rooms or Huffman cover [house-banked card rooms]. And so I leave those three items again, want to just think [thank] the petitioners for their thoughtful discussion leading up to the the [this] petition today and for their willingness to understand our staff needs and being able to engage in the log [this dialogue].

Madam Chair:

Thank you. Commissioner Sizemore.

Commissioner Sizemore:

Thank you, chair. So I want to thank my ~~my~~ [fellow commissioners] Reeves and Lawson for their comments and perspective and, and I couldn't agree more, I think, on the tenor of what, what they're proposing. I would like to point out that my motion was intentional to not say "as proposed by the proponents," but simply to bring it around to the topic of wager limits.

So I think I think our staff is going to need we need to initiate rule making for them to invest the time and energy to do the research, engage the stakeholders and partners and bring forward, you know, potential proposals. So for that reason, I'll be supporting the motion, and I ask for support from the rest of the commissioners and realize that, yes, I am not suggesting that what was proposed should be ~~or~~ [our final product.]

Madam Chair:

Thank you. [I see Commissioner Lawson's hand.]

Commissioner Lawson:

Thank you. Commissioner Sizemore can you restate for us what your motion is so that we can just, based on the comments you just gave, have you just repeat what your motion is?

Commissioner Sizemore:

Sure. Chair, is that alright?

Madam Chair:

Yeah.

Commissioner Sizemore:

Ok, I believe my motion – and staff will correct me if I was wrong – was to initiate rule making proceedings regarding wager limits for further discussion. Chair, is that alright?

Commissioner Lawson:

Thank you.

Madam Chair:

Ok, so we have a motion. It was moved and seconded. There is a motion on the table so I'm going to ask Director Griffin to take a vote, do the roll call, please.

Director Griffin:

Certainly, Vice Chair, Patterson?

Vice Chair Patterson:

Aye.

Director Griffin:

Commissioner Reeves?

Commissioner Reeves:

Aye.

Director Griffin:

Commissioner Sizemore?

Commissioner Sizemore:

Aye

Director Griffin:

Commissioner Lawson?

Commissioner Lawson:

Aye

Director Griffin:

And, Chair Levy?

Madam Chair:

Aye

Director Griffin:

Five "ayes".

Madam Chair:

Thank you. Ok, so the motion passes. We'll move into... [2:25:57]}

**Questions on HBCR Wager Increase Rules Petition
From the August 2022 Commission Meeting**

1. Why was the request in 2016 for increased HBCR wager limits withdrawn? What were the commission's concerns?

See WSGC's Response to Question 1

2. What is the difference between a foreign LLC and a regular LLC?

See WSGC's Response to Question 2

3. a. "Wouldn't it be sort of special treatment to the HBCRs if you're allowed to keep those food and beverage prices low by subsidizing it with increased wager limits where everyone else that's also a restaurant that doesn't have the card room experience available in their restaurant is having to raise their prices anyway?"

b. "...under RCW 9.46.0325 and WAC 230-15-005, card games are meant to be commercial stimulant. But the information I'm seeing here looks more like it is that the wager limit is not being asked of us to stimulate your food and beverage business. It's being asked to offset the costs or to subsize your food and beverage business, which I don't think is the intent of the legislation. So would you speak to that?"

These questions appear to be directed to Maverick Gaming to respond to. Refer to the transcript for response by Vicky Christopherson and Eric Perrsons. See also Maverick's written materials in the rules packet.

See WSGC's Response to Questions 3 and 8

4. a. "When we moved the wager limit to \$300, did we do that through legislative work or was that done through the Gambling Commission? And did it apply to all gambling establishments? What is the history of the increase in wagering limits that seemed to apply to everyone in the later period of this century or in, what is it 2007 or '08, whenever that was done, how did we do that?"

b. "If you can do me a favor and re-look at the history of when this happened, I'd be interested. We did raise the wager limits for the card rooms at one point, so let's figure out how we did it and why."

See WSGC's Response to Question 4

5. “So one of the questions that I would have for you all is a better understanding when you talk about both inflation, are you tying this request from 300 to \$500 to ~~change~~ [chain] inflation? Because at the current ~~change~~ [chain] inflation rate, the CPI rate, it would only equate to \$398 rather than \$500. So just curious to understand how you got from three to five.”

This question appears to be directed to Maverick Gaming to respond to. See Maverick’s written materials in the rules packet. See also WSGC’s Response to Question 5.

6. Understanding of the tier one, tier two, and tier three supplier impacts. What is the ripple impact to the tier one, tier two and tier three suppliers look like and what that ripple into these communities really means when we use that language?

WSGC will need to engage a contractor, most likely an economist, to determine the economic impact with increasing the HBCR wager limit to \$500 in the: value-added or produced into the community, employee compensation or earnings paid in compensation, and total employment via new jobs created or sustained.

7. “I would love for staff as we go through this rule making process to identify those establishments that really market themselves as card rooms first versus the establishments that market themselves as bars.”

WSGC staff needs more time to compile social media, print and commercial marketing materials for each of the 38 HBCRs.

8. Does this fit within our legislative declaration “and for the legislature to essentially indicate that they’re supportive that we’re still within our statute.”

See WSGC’s Response to Question 3 and 8

9. What are the triggers? What are the strings, if you will? What are the centers of influence that should determine, beyond the economic factors, when and why we raise the limits in card rooms or house-banked card rooms?

This seems to be a policy question that the Commissioners rather than staff responds to.

WSGC's Response to Question 1

Summary of the 2016 RGA Petition to Increase HBCR Wager Limits to \$500

The RGA submitted a rules petition seeking to increase the HBCR wager limit from \$300 to \$500. The petition was heard at the September and October 2016 commission meetings.

At the September 8, 2016, meeting, a motion was made to file the petition for further discussion, but the motion did not initially receive a second. The following is a summary of the discussion amongst the Commissioners and Ex-Officios:

- Potential impacts on those people that have a problem with gambling;
- Raising the HBCR wager increase would lead to extreme limits in Washington;
- Number of wagers per hand and how that tie into the single wager limit;
- Parity with the tribes;
- How much the wager increase would afford the HBCRs; and
- Problems the private sector is having and attrition within the industry.

It was suggested that the Commissioners file the petition to allow for a deeper discussion on the topic in the future and then decide on a solid rationale for denying or approving the petition.

The vote was 5-0 to file the petition for further discussion.

Prior to the October 14, 2016, meeting, the petitioner withdrew their request for rulemaking. When asked to further explain why the RGA was withdrawing their petition, Victor Mena stated, "Mainly we don't want to be told no as an industry, and not have the opportunity to ask in the future. And that's really our fear."

After further discussion and public comment, the Commissioners voted 5 – 0 to withdraw the rule change.

Attached:

- September 8, 2016, Transcript of the HBCR wager limit increase petition
- September 8, 2016, Rules Summary package
- October 14, 2016, Transcript of the HBCR wager limit petition
- October 14, 2016, Rules Summary package

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

7. Recreational Gaming Association Petition

Wagering Limits for House-Banked Card Games

WAC 230-15-140 - Wagering limits for house-banked card games

Director Trujillo: Yes. Thank you, Mr. Chair. This is a requested amendment to WAC 230-15-140, wagering limits for house-banked card games. This is before you for the first time today for discussion and possible filing. We talked a little bit about it at study session last month, and again this morning.

It is only a one word change. It would change “3” to “5”. At this point currently, the wager limit is \$300. This is asking the wagering limit to be increased to \$500. In 1997, house-banked card rooms opened up with wagering limits of \$25, which increased to \$100 a little bit later. The last wagering increase was in 2009 which put a limit at \$300, which is almost seven years ago now.

I have to share a typo with you that is on page 2. The very first sentence at the top says, “There will be an increase in time spent by staff reviewing internal controls and games rules and answering questions.” I typed this and it was my mistake. It should say “may” as we don’t know for sure.

The legislature has clearly said that you can set wagering limits. If you contrast that with the number of tables, that is clearly in Statute up to 15 tables. Wagering limits is within your jurisdiction. If you look at the policy consideration, you should consider if this is consistent with the legislative declaration which defines social card games. Right now we have wagering limits in tribal gaming operations which have been \$500 since 1995, almost a quarter century. That is something to consider.

I would like to read a late arriving statement of support because I think there might be something to glean from this in light of our earlier discussion. This was written by Dave Fretz. He asks that we accept this note of support for the rule change, but more specifically he says, it’s been many years since the wagering limit has been increased. Initiative 1433 will be on the November ballot, and it is likely to pass. The Initiative will increase the minimum wage 16% from \$9.47 to \$11 on January 1, 2017. That is in part, part of the consideration when you look to why the petition was submitted;

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

they're planning for the future. Are there any questions for me? If so, I'd be happy to answer them. Otherwise we can turn it over to the petitioner.

Chair Sizemore: Yeah. Any – Chris?

Director Trujillo: Commissioner Stearns?

Commissioner Stearns: It seems like what we're doing is in response to the request we would be increasing the limit so that the card rooms could make more money, is that right?

Director Trujillo: Yes.

Commissioner Stearns: So based on that assumption, do we have any sense of how much more money they would make?

Director Trujillo: At this point, no. I think what they're looking for is an option to increase the wager limits. They're like all businesses, the market will only bear certain increases. Not all house-banked card rooms would be able to operate all tables at \$500, let alone operate 24/7 at \$500. But I think they are looking for – and we'll double check this with the industry – is to have an option. If good nights happen to be Thursdays, that might be the time to do it. If they can never take advantage of it, they won't. But they might be able to go up to \$320 or \$450, or something like that. I'm only guessing, so I think we should hear from the petitioner and the public on specifics.

Chair Sizemore: Yep. All right, any other questions for Dave?

Commissioner Gray: No.

Chair Sizemore: If the petitioner would like to –

Mr. Mena: Commissioners, staff, ex-officio, Victor Mena again, President of the RGA. The RGA did submit this rule in light of the upcoming increase of expenses that we see in the future. It's not an

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

easy thing for us to be able to pick up additional revenues. As you've seen before over the last two petitions that we've discussed from the RGA, they are things that hopefully could provide some stimulus to businesses. Unfortunately the card rooms and poker rooms don't have a real good mechanism to be able to do a price increase, unlike a coffee shop or a restaurant. It's not as direct, and it's not as easy to track how it would affect us.

Even with us acquiring a higher limit, it's still an unknown as far as if it will really do anything for us. We're really kind of grasping as an industry.

One of the things that is before you on this petition is that we would like to see if it is proved to be approved 31 days after filing. That's all I have.

Chair Sizemore: Okay, any questions? I'm trying to understand. An increase in the wagering limit from \$300 to \$500, so are we thinking that we're going to get new players that aren't coming in because the limits aren't high enough? Or are people going to just lose more money?

Mr. Mena: It's possible that we could attract different players, it's very possible. It's also possible that we might not. It's hard to say. Most of our card room businesses are local neighborhood bars, so most of our clientele are local regulars. There are some local regulars that would like to play at a higher limit.

I have nine locations. Of those nine locations, I can see maybe a couple of locations getting any benefit from this. But there are pockets in high metropolitan areas where there are more affluent players that this would actually be a benefit to those locations. I do have locations also in rural areas where this probably wouldn't even come into play.

Chair Sizemore: Okay.

Mr. Mena: Again, we don't see this as being a major piece, but we need to look at anything.

Chair Sizemore: Okay. Any other questions or further comments?

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Ms. Chiechi: Thank you, Mr. Chair. Again, Dolores Chiechi of the Recreational Gaming Association. We did send out a questionnaire to our members, and we have about 27 of the 50 card rooms that are members. We told them we submitted the petition and asked for the number of members that may offer a higher wager, on how many games, and how frequently. The responses we received back ranged from we'd make all tables \$500 all the time, to we don't have the market for it, but we hope that you are successful so that others can enjoy that option. We've had some say we might do it on a Friday and Saturday, or do it occasionally. So there is a range. But the consensus was we'd like to have the option. It may be a \$350 limit one day, or it may be a \$400 limit. It doesn't have to be \$500. It will help some operators, and other operators support it just because they like the idea of having the option. Thank you.

Chair Sizemore: All right. What is the pleasure?

Commissioner Gray: I'll move to file the petition for further discussion.

Chair Sizemore: Is there a second? No second. Our options are either to file, we can propose an alternative version of the rule, or we need to deny the petition in writing stating the reasons for the denial. Does anybody have some rationale for denial? Am I correct on that, Director?

Director Trujillo: Yes. Are you asking for reasons for denial or reasons for possible alternatives?

Chair Sizemore: I just laid out what we need to do next. And correct me if I'm wrong, it seems like if we can't get a second, that we are denying.

Director Trujillo: That's correct, sir.

Chair Sizemore: Or somebody can propose an alternative.

Commissioner Patterson: I don't have an alternative. I am torn by this because I don't know the effects that this potentially may have on people with problem gambling issues. It may just give them

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that much more of an opportunity to very quickly lose a tremendous amount of money. That's my hesitation. I understand that it will provide, or may provide, some of our businesses with additional revenue, but I just don't know that the trade off would be worth it when considering what the affects might be on people who are inclined to gamble irresponsibly. That's why I did not choose to second, Mr. Chair.

Chair Sizemore: Okay.

Commissioner Troyer: No, go ahead if you have something.

Senator Mike Hewitt: I can't vote on this, but can I weigh in on it?

Chair Sizemore: Absolutely.

Senator Hewitt: I'm hoping you at least take a look at this because we've had a pretty lengthy discussion, and a good discussion today, about the problems that the private sector is having. And I think we need to afford them every tool we can possibly give them. Senator, I agree with you that gambling is a problem. But they can walk into a big casino and stick as many tokens into those machines as they possibly want to and there is nobody there to stop them. So I'm hoping that the Commission will consider this and give these people another tool, if they so choose to use it, to allow them to have a higher stake if they want. That's all they're asking for. We talked this morning about the attrition in this industry, and it's pretty significant. That's my weigh in.

Chair Sizemore: Okay, and then –

Commissioner Troyer: I understand now, and correct me if I'm wrong, because I just wanted to talk about this before we move forward with it. You can play three hands at once, is that correct, and play the minimum? At this point, anybody that's playing the \$500/\$300 tables and the table is empty, somebody could go and play \$900 a hand the way the rule is set right now, right? \$300, \$300, \$300. So if your tables aren't that full, we're really not at a \$300 limit, we're at a \$900 limit, because people

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can play three hands all at once and have \$900 out there. If we change it, then all of a sudden we have \$1,500 out there. Am I right on that?

Director Trujillo: That's correct, Commissioner.

Commissioner Troyer: Okay. So I'm just being me, and I apologize for throwing a big wrench in this. What if you had a \$500 table limit and you only allowed one person one hand per play and got rid of the three hand thing? That would take money away from you because then all of a sudden a person is not going to be able to bet \$900, they're only going to be able to bet \$500. Is that good or bad? They can bet \$900 right now.

Mr. Mena: If the table is not full.

Commissioner Troyer: Which it's not going to be --

Mr. Mena: Right, yeah.

Commissioner Troyer: -- at \$300 and \$500 limits. Am I right on that? Or do you have full tables at \$300 limits?

Director Trujillo: Commissioner, I might be able to lend some clarity --

Commissioner Troyer: All right.

Director Trujillo: -- or perhaps confusion.

Chair Sizemore: Right.

Director Trujillo: It's not a matter or a function of whether or not the table is full to determine whether or not somebody has -- but right now the current rules allow for four separate games within a single hand of cards. Some of the proprietary games have multiple times in which you can place a bet.

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At this point our rules currently allow for four separate games, and one of those games has to be no more than \$5, and the other three can be the wager limit. So that would be \$905.

Commissioner Troyer: \$5 more.

Director Trujillo: Yeah. But that's within a game. It's not based upon whether or not you have empty spots on a table.

Commissioner Troyer: But if there are empty spots on the table, you can play three positions at \$300 each, right?

Mr. Mena: Yes, yes.

Director Trujillo: You can play more spots.

Chair Sizemore: Yeah.

Director Trujillo: You could fill in all the spots, yes.

Chair Sizemore: Yeah.

Commissioner Troyer: You can fill it in. If somebody wants to go bet that much money, they can.

Director Trujillo: Yes.

Male Voice: I didn't realize that.

Commissioner Troyer: Yeah.

Chair Sizemore: Mister –

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Director Trujillo: Now I understand your point, thank you, sir.

Commissioner Troyer: Yeah.

Chair Sizemore: Did you have a clarification there, Mr. Teeny?

Mr. George Teeny: Good afternoon, Commission, ex-officios, staff. Yeah, my name is George Teeny. I have a couple clubs in La Center, Washington. I'm 16 miles from the Oregon border off of I-5. As for me, it would help my business because we draw heavily from the Portland area. We guesstimate about 70% of our players come from the Portland area, Eugene, and the surrounding areas.

To answer the question about do we have tables full with \$300 limits, yeah, we do. On Friday and Saturday nights, if you come to the Frontier, I would say out of the eight house-banked games, we would have maybe seven or all eight full, every seat covered. Would each of them be betting \$300 a whack; probably not. But a percentage of those players would do it. In fact if you want to stay until 8:00 tonight and go to the Frontier, since it is up the road about 20 minutes and it has a great restaurant and you'll love the place, you could actually take view of that.

As for will we create problem gambling, worst case scenario for the 3% to 5% that have the problems, it's certainly possible. I'm not saying it won't happen. But we're more apt to bring in more players. If a person has a gambling problem, there are so many ways that their money can be taken, not just from these clubs, but from other casinos or the slot machines/lottery machines they have in Oregon. They will take all your money without any problem.

There is a concern with that, I don't want to minimize it. But I think overall it would help the industry. It would certainly help my room. As Victor says, he's got nine clubs and there's probably a percentage of them that wouldn't have it. I know that we would.

One of the things that was done around 2006 or 2007, and possibly Dave or Dolores can help me. There was a discussion about raising limits from \$100 to a higher limit. What they ended up doing is

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they gave 5 out of the 15 tables that are in play, or one-third of them, to a \$200 limit and the rest stayed at the \$100 limit for a period of time. When they found out that it didn't create any problems per se, and of course, you can define problem any way you want, the Commission allowed all tables to have the higher limits. But they did give them a period of time to monitor it to see if it caused any problems.

There's a variety of ways of judging this. I know that in poker, when we went to a higher limit and had the six month study group with Commissioner Ellis and others, they had us create a program, a sheet, that would denote how many players were playing in the higher limits. If there was an F&B increase, there was a list of qualifiers. I'm not necessarily saying that you would do that, but it gives maybe a little bit of comfort to can these problems be resolved by seeing actual data. That's all I have to say, unless you have any questions.

Chair Sizemore: Okay, thank you. We didn't implement the speak once on a topic, did we?

Ms. Chiechi: May I speak, Commissioner?

Chair Sizemore: Yes, you may, please.

Ms. Chiechi: Thank you. I just wanted to respond to your concern, Commissioner Patterson. I appreciate your attention to that issue 'cause it's important to me as well. I would remind you that our industry is the only segment who has actually proactively trained 2,000 employees across the State on the issue of problem gambling awareness and responsible gaming. I just had a meeting the other day with the Evergreen Council and staff, and they're implementing online training that they are expecting to launch in March. so any employee can go online and take the training and be aware of the issues. If anybody in the industry has awareness about problem gambling, it would be the card room industry's employees to note and take attention to anybody who appears to have an issue with problem gambling. Thank you.

Commissioner Patterson: Uh huh.

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Chair Sizemore: Okay, thank you.

Commissioner Gray: I guess my only comment is that I believe that the tribes have a \$500 limit.

Chair Sizemore: Uh huh.

Commissioner Gray: And that would provide some parity.

Chair Sizemore: Yeah. My preference would be that we file the petition. I'm unable to second the motion. But I think that if we file it, the RGA has heard our concerns. I don't think it would preclude us from putting constraints, reporting, or delving down a little deeper on the topic in the future. We could then make a determination over the next few months that there is a solid rationale for denying or approving the petition. So I would be a proponent for filing.

Commissioner Troyer: For discussion.

Chair Sizemore: For discussion, yes.

Commissioner Troyer: For further discussion.

Chair Sizemore: Yes, and it goes through the few months process.

Commissioner Troyer: And it could be months and months, if we're making changes.

Chair Sizemore: Sure.

Commissioner Troyer: You guys are used to it. Okay, I'll second.

Chair Sizemore: Okay. So we do have a second. Did I do that right?

AAG Meader: That was just fine. You got your second, so all is well.

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Chair Sizemore: Okay, all right.

Commissioner Patterson: Mr. Chair –

Chair Sizemore: Yes.

Commissioner Patterson: So we would essentially be voting to continue the discussion?

Chair Sizemore: To continue the discussion. To file the petition.

Commissioner Patterson: Right.

Chair Sizemore: And then that starts the petition process.

Commissioner Patterson: Okay. I will support a continued discussion about the topic.

Chair Sizemore: And file it.

Commissioner Patterson: And filing. But I do feel uneasy about expanding that limit.

Chair Sizemore: Understood.

Commissioner Patterson: So if we're talking about it, and maybe amending it, or seeing what we can do, then I will support moving forward.

Chair Sizemore: Okay.

Commissioner Stearns: Yeah. I do share the same concerns that Julia has about problem gambling. And I do appreciate all the work that the RGA has done on that. I'd like to continue some kind of

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discussion on that, and work with staff to get a better sense of how much money would be involved. Maybe there is a way to work on some alternative streams too.

Chair Sizemore: All right.

Commissioner Patterson: You know, I'm concerned that we increase it here, and then the tribes request an increase, and it would just seesaw back and forth, and then before long we would have limits that are extreme. So let's talk more about it.

Chair Sizemore: Okay. Any further discussion before we vote? All right, those in favor of filing for further discussion say aye.

Commissioner Stearns: Aye.

Commissioner Gray: Aye.

Commissioner Troyer: Aye.

Commissioner Patterson: Aye.

Chair Sizemore: Aye. Those opposed? All right, clear as mud? All right.

Commissioner Patterson: Thank you for your patience.



Amend

WAC: 230-15-140 Wagering Limits for House Banked Card Games

September 2016 – Up for Discussion and Possible Filing
August 2016 – Study Session

Tab 7: September 2016 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Executive Director Dolores Chiechi on behalf of the Recreational Gaming Association.	
Describe the Proposed Change	
<p>This change would authorize house-banked card game licensees to allow patrons to make wagers up to \$500 on house-banked card games.</p> <p>The current limitation set by the Commission of \$300 has been in place since early 2009. Before that, in 2004, the Commission limitation was increased to \$200 up from \$100. Before that (1997) house-banked card games opened up at \$25 dollars but increased to \$100 at a later date.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • OTS version • Petition • 9.46.010 • 9.46.0282 • 9.46.070 	
Background	
<p>Currently, wagers on house-banked card games are limited to \$300. Most gambling revenues in house-banked card game licensees are derived from these same games. House-banked card game licensees are commercial entities that pay local gambling taxes. The Legislature authorized card games as a social past time as long as they were strictly controlled.</p> <p>Tribal Gaming Operations are limited to \$500. In contrast most class III gaming revenues are derived from Tribal Lottery Systems. Class III gaming revenues support Tribal government operations and support local economies and community impacts. The Indian Gaming Regulatory Act of 1988 authorized class III gaming for the purpose of promoting Tribal self-sufficiency.</p>	
Licensees Impacted Regulatory and Resource Impacts	
This change would impact approximately fifty house-banked card game licensees.	

There will be an increase in time spent by staff in reviewing internal controls and game rules and answering questions.

For licensees that increase wagering limits, there may be an increase in cheating cases that must be investigated by the Commission. In 2008, the total number of cheating cases investigated by us was 65. In 2009, the total number of cheating cases investigated by us was 45. In 2010, the total number of cheating cases investigated by us was 56.

Policy Considerations

Whether this increase is consistent with the Legislative Declaration. The legislature defined “social card game” in RCW 9.46.0282 and this same RCW limits the number of tables per establishment to fifteen and the Commission will set a limit on wagers.

Statements supporting and opposing

None

Staff Recommendation

File for further discussion

Proposed Effective Date for Rule Change

The petitioner did not specify an effective date.

AMENDATORY SECTION (Amending WSR 08-20-025, filed 9/19/08, effective 1/1/09)

WAC 230-15-140 Wagering limits for house-banked card games. (1) A single wager or a bonus wager for an odds-based pay out must not exceed ((three)) five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.



Post Office Box 1787 ♦ Olympia, WA 98507-1787 ♦ 360-352-0514

July 20, 2016

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

**RE: Petition for Rule Change:
WAC 230-15-140 - Wagering limits for house-banked games**

Dear Commissioners:

On behalf of our members, we respectfully submit the attached rule change for your review and consideration.

This change would authorize licensees to allow patrons to make wagers up to \$500 on house-banked games offered in licensed, house banked card rooms.

Come January 2017, our members will need a mechanism to increase gambling receipts as they are unable to pass on the inevitable increased expenses:

- Proposed restructure and increase of WSGC license fees which may result in some HBCR licensees seeing up to a 150-200% increase;
- Passage of Initiative 1433 raising the minimum wage January 2, 2017 to \$11.00/hour; \$11.50 in 2018; \$12.00 in 2019 and \$13.50 in 2020 respectively; and,
- Mandated benefits: health care, paid sick/safe leave, and predictive scheduling initiatives

We anticipate letters of support from house banked card room patrons and licensees will ensue once the petitions appear on the Commission's formal agenda.

We request that the Commission consider filing this petition for further discussion.

Thank you in advance for your attention and consideration.

Sincerely,

Dolores A. Chiechi
Dolores A. Chiechi
Executive Director

Attachment

UNITED WE STAND – DIVIDED WE FOLD
WWW.RGA-WA.ORG

WAC 230-15-140 - REVISED

Wagering limits for house-banked card games.

(1) A single wager or a bonus wager for an odds-based pay out must not exceed ~~three~~ five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.

From: [Dolores Chiechi](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Cc: [Trujillo, Dave \(GMB\)](#)
Subject: RGA Rules Petition - HBCR Wager Limits
Date: Wednesday, July 20, 2016 1:26:54 PM
Attachments: [HBCR Wager Limits.docx](#)

Tina/Amy,
Please find the attached petition for rule change to WAC 230-15-140: wager limits for house-banked card games.

Please let me know anything more is required.

Thank you for your attention.

Dolores A Chiechi
Executive Director
Recreational Gaming Association
PO Box 1787
Olympia, WA 98507-1787
360-352-0514 office
WWW.RGA-WA.ORG

UNITED WE STAND - DIVIDED WE FOLD

RCW 9.46.010**Legislative declaration.**

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

The legislature further declares that fishing derbies shall not constitute any form of gambling and shall not be considered as a lottery, a raffle, or an amusement game and shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder.

The legislature further declares that raffles authorized by the fish and wildlife commission involving hunting big game animals or wild turkeys shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder, with the exception of this section and RCW 9.46.400.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

[1996 c 101 § 2; 1994 c 218 § 2; 1975 1st ex.s. c 259 § 1; 1974 ex.s. c 155 § 1; 1974 ex.s. c 135 § 1; 1973 1st ex.s. c 218 § 1.]

NOTES:

Findings—1996 c 101: See note following RCW 77.32.530.

Effective date—1994 c 218: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 1, 1994]." [1994 c 218 § 20.]

Severability—1974 ex.s. c 155: "If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the

application of the provision to other persons or circumstances is not affected." [**1974 ex.s. c 155 § 13; 1974 ex.s. c 135 § 13.**] Section 14 of the act, which provided for an effective date and that the act would be subject to referendum petition, was vetoed by the governor. The veto and the related message can be found in chapter 155, Laws of 1974 ex. sess.

RCW 9.46.070**Gambling commission—Powers and duties.****The commission shall have the following powers and duties:**

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted

with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, or (b) participating as an employee in the operation of any gambling activity, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account (a) the nature, character, and scope of the activities of the licensee; (b) the source of all other

income of the licensee; and (c) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;

(18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;

(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

(21) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(22) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

[**2012 c 116 § 1; 2007 c 206 § 1; 2002 c 119 § 1; 1999 c 143 § 6; 1993 c 344 § 1; 1987 c 4 § 38; 1981 c 139 § 3.** Prior: **1977 ex.s. c 326 § 3; 1977 ex.s. c 76 § 2; 1975-'76 2nd ex.s. c 87 § 4; 1975 1st ex.s. c 259 § 4; 1974 ex.s. c 155 § 4; 1974 ex.s. c 135 § 4; 1973 2nd ex.s. c 41 § 4; 1973 1st ex.s. c 218 § 7.**]

NOTES:

Effective date—1993 c 344: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect June 1, 1993." [**1993 c 344 § 2.**]

Severability—1981 c 139: "If any provision of this amendatory act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [**1981 c 139 § 19.**]

Severability—1974 ex.s. c 155: See note following RCW **9.46.010.**

*Enforcement—Commission as a law enforcement agency: RCW **9.46.210.***

RCW 9.46.0282**"Social card game."**

"Social card game" as used in this chapter means a card game that constitutes gambling and is authorized by the commission under RCW 9.46.070. Authorized card games may include a house-banked or a player-funded banked card game. No one may participate in the card game or have an interest in the proceeds of the card game who is not a player or a person licensed by the commission to participate in social card games. There shall be two or more participants in the card game who are players or persons licensed by the commission. The card game must be played in accordance with the rules adopted by the commission under RCW 9.46.070, which shall include but not be limited to rules for the collection of fees, limitation of wagers, and management of player funds. The number of tables authorized shall be set by the commission but shall not exceed a total of fifteen separate tables per establishment.

[1997 c 118 § 1.]

8. Petition from Recreational Gaming Association - Wagering Limits for House-Banked Card Rooms

WAC 230-15-140 Wagering limits for house-banked card games

Director Trujillo: Yes, Commissioners. Thank you. The next item in your packet is up for discussion. And it is the wager increase petition by the Recreational Gaming Association to increase the wager limits to WAC 230-15-140 from \$300 to \$500. The rule itself hasn't changed from when you filed it last month. Again, it's just simply replacing "3" in the rule language with "5".

What has happened since the last Commission meeting is the Recreational Gaming Association has submitted a request for the petition to be withdrawn. I did have a chance to speak with Dolores a little bit about that request this morning. I believe that she would like to share some thoughts with you, if you're open to that. Otherwise the rule petition is up for discussion this month. You can hold any action to November's meeting, but there is the request to withdraw the petition today.

Chair Sizemore: All right, thank you. Dolores or Victor.

Mr. Mena: Yeah, Dolores, she bowed out on me on this one.

Chair Sizemore: Yeah.

Mr. Mena: Victor Mena again. I think I'm on the record, right? We saw the discussion at the last meeting and were very cognitive of the fact that there is some angst with filing the rule. So at this point we felt it would be in our best interest to pull the rule, based on what we saw at the last meeting. That was our discussion.

Chair Sizemore: Okay, okay.

Mr. Mena: Okay.

Chair Sizemore: Thank you, sir. Any further public input? All right. So there are some options. What is the pleasure of the Commission?

Commissioner Patterson: Mr. Chair, I'd like to ask some questions. What are the pros and cons associated with allowing this to move forward with further discussion versus accepting the request for withdrawal from my colleagues' point of view? I'm interested in what you think about that.

Commissioner Troyer: Well if they don't have anything else to say, I don't think there's anything more to talk about.

Commissioner Patterson: Yeah.

Commissioner Troyer: They want to withdraw it.

Commissioner Gray: My understanding is that they want to withdraw it because we might not pass it.

Commissioner Patterson: I wish that you would come back up and explain once again why you want to withdraw it. Would you mind – is that all right, Mr. Chair?

Chair Sizemore: Sure.

Commissioner Patterson: Yeah, could you just be a little bit more direct?

Chair Sizemore: Within limits.

Mr. Mena: Within limits, yes.

Commissioner Patterson: Thank you, Mr. Chair.

Mr. Mena: You know, I guess history has taught us some things. In the past, and I mean way back in the past, we've filed for certain rules and sometimes they've met opposition and they were denied.

And then trying to file the rule later on, even within a couple of year's time, we have found that the answer was why are we talking about this again. And that is our fear, to be frank.

Commissioner Patterson: So there are things going on that might affect this particular request in a way that maybe we don't know all the answers to right now?

Mr. Mena: No, no, no. Mainly we don't want to be told no as an industry, and not have the opportunity to ask in the future. And that's really our fear.

Commissioner Patterson: I see.

Mr. Mena: Yeah. I mean there's really not too much more than that.

Commissioner Patterson: Okay.

Chair Sizemore: So with time, there may be a more robust rationale for making --

Mr. Mena: Well there could be an economic change.

Chair Sizemore: Right.

Mr. Mena: There could be an industry change we're not aware of. But I just think that it's better to pull something that we felt that Commissioners were not willing to do. So --

Chair Sizemore: Okay.

Mr. Mena: Yeah.

Chair Sizemore: All right, thank you. Monty, you had a comment?

Mr. Harmon: Good morning, Commissioners. Monty Harmon of Evergreen Gaming. I was not privileged to be here last month, but when the petition was filed, I was encouraged, and I would like to see further discussion, especially with the upcoming election and the initiative for minimum wage that's on the ballot. If that passes, the impact might sway the Commissioners decision to consider the future of the industry. And with that minimum wage increase, how our operations will be impacted.

I would be prepared next month to come forward and provide some financial information, given the status quo, what I see the impact of that initiative being. I don't see any reason to do that until it's passed. If it does, there's a 60% chance. That would be one reason to continue the discussion into the future.

One other point. We do have players that will play \$300 maximums, and then bet a second spot. So the market is there for customers that might want to just buy \$500 on a single hand. And that would impact operations as well.

Chair Sizemore: Okay.

Mr. Harmon: Thank you, sir.

Chair Sizemore: Thank you.

Commissioner Patterson: I have a question for Monty.

Chair Sizemore: For – yeah.

Commissioner Patterson: Monty, you're saying that because of the proposal on the ballot regarding minimum wage, it might be a good idea to allow this particular proposal to continue to move forward for another month because we might want to have some discussion regarding it after the election, as opposed to the other notion, and that is to withdraw this particular proposal and perhaps file it again, maybe in the same way or maybe in a different way, at a later time. We have to decide what we want

to do here. Are you saying hold on for another month, or are you agreeing that maybe we should just withdraw this particular proposal and hold open the opportunity for submitting it again in the future?

Mr. Harmon: My request was to go ahead and go forward. I'm not with the RGA, and I don't necessarily appreciate all of the innuendos with the filings and re-filings. But I do understand the timing. The minimum wage impact would be January 1, as I understand it. So for filing purposes, the timing on this particular petition works for being considered in November.

Chair Sizemore: Okay.

Mr. Harmon: Thank you.

Chair Sizemore: I guess my thoughts are –

Commissioner Troyer: Why don't you guys work together more on these things, to be honest. I mean they'd like to withdraw their petition, and everybody saw what direction we were going in, and they should be allowed to withdraw their petition.

Commissioner Gray: I agree. I understand that the RGA really wants to move ahead on this, or they would like to have a \$500 limit. I also understand that with timing, that by withdrawing this motion, it allows them to come back again at a later date. And I think we're going to see it. I think we're going to have that proposal back on our plate. And I think we should just go ahead and allow them to withdraw it. This is what they want to do.

Chair Sizemore: Okay.

Commissioner Patterson: So I would say that I agree. I also wanted to express the fact that I had some concerns that weren't particularly well articulated about whether or not we should be looking at, or thinking about, how this might affect problem gambling. Maybe discussing together whether or not we thought that it was relevant to make a connection there. And we really haven't had an opportunity to do that. So I had that concern.

So I would have to say that I'm glad to see that they're asking for this petition to be withdrawn. It gives us more time to do, maybe the right way.

Chair Sizemore: Sure.

Commissioner Troyer: Chair –

Chair Sizemore: Yes.

Commissioner Troyer: I make a motion that we accept the withdrawal of their petition.

Chair Sizemore: Okay. Is there a second?

Commissioner Stearns: I'll second.

Chair Sizemore: All right. And the rationale is they're asking to withdraw the wagering questions as not ready for prime time, maybe. All right, any further discussion on it?

Commissioner Patterson: I would just like to say when it comes back, I would like to talk to you all about the extent to which making changes like this might be affecting the problem gambling issue in the State of Washington. Thank you.

Chair Sizemore: Okay, all right. Dave, any more input before we decide this?

Director Trujillo: No, just a slight point of clarification for Commissioner Troyer. The Recreational Gaming Association represents many house-banked card rooms, but many are not members. Mr. Harmon is not a member of the –

Commissioner Troyer: I understand.

Director Trujillo: -- Recreational Gaming Association, and that may share with you why they might be at odds occasionally.

Commissioner Troyer: Oh, I'm aware.

Director Trujillo: Okay, sir. With that, Mr. Chair, I have no more input, unless you have specific questions.

Chair Sizemore: Okay, thank you. If there's no more discussion, then there's been a motion to accept the withdrawal from RGA, and it's been seconded. All those in favor say aye.

Commissioner Gray: Aye.

Commissioner Patterson: Aye.

Commissioner Stearns: Aye.

Commissioner Troyer: Aye.

Chair Sizemore: Aye. Those opposed? Motion is passed to withdraw the rule change.

Director Trujillo: Thank you, Mr. Chair.



Amend

WAC: 230-15-140 Wagering Limits for House Banked Card Games

October 2016 – Discussion
September 2016 – Filed for Further Discussion
August 2016 – Study Session

Tab 8: October 2016 Commission Meeting Agenda. Statutory Authority 9.46.070

Who Proposed the Rule Change?

Executive Director Dolores Chiechi on behalf of the Recreational Gaming Association (RGA).

Describe the Proposed Change

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

This change would authorize house-banked card game licensees to allow patrons to make wagers up to \$500 on house-banked card games.

The current limitation set by the Commission of \$300 has been in place since early 2009. Before that, in 2004, the Commission limitation was increased to \$200 up from \$100. Before that (1997) house-banked card games opened up at \$25 dollars but increased to \$100 at a later date.

Attachments:

- Petition received from RGA
- 9.46.010
- 9.46.0282
- 9.46.070
- **Email(s)**

Background

Currently, wagers on house-banked card games are limited to \$300. Most gambling revenues in house-banked card game licensees are derived from these same games. House-banked card game licensees are commercial entities that pay local gambling taxes. The Legislature authorized card games as a social past time as long as they were strictly controlled.

Tribal Gaming Operations are limited to \$500. In contrast most class III gaming revenues are derived from Tribal Lottery Systems. Class III gaming revenues support Tribal government operations and support local economies and community impacts. The Indian Gaming Regulatory Act of 1988 authorized class III gaming for the purpose of promoting Tribal self-sufficiency.

Licensees Impacted
Regulatory and Resource Impacts

This change would impact approximately fifty house-banked card game licensees.

There **may** be an increase in time spent by staff in reviewing internal controls and game rules and answering questions.

For licensees that increase wagering limits, there may be an increase in cheating cases that must be investigated by the Commission. In 2008, the total number of cheating cases investigated by us was 65. In 2009, the total number of cheating cases investigated by us was 45. In 2010, the total number of cheating cases investigated by us was 56.

For licensees that increase wagering limits, there may be an increase in the amount of money paid to the WA Department of Revenue (DOR) for problem gambling. Since 2005, persons operating contests of chance (including card games) are subject to DOR's B&O tax on the gross income of the business derived from contests of chance. There are two classifications. Effective August 2015, the rate was 0.015% if less than \$50,000 a year and 0.0163% if more than \$50,000. These revenues are used for the purposes of the Problem and Pathological Gambling Treatment Program administered by the Department of Social and Health Services.

Policy Considerations

Whether this increase is consistent with the Legislative Declaration. The legislature defined "social card game" in RCW 9.46.0282 and this same RCW limits the number of tables per establishment to fifteen and the Commission will set a limit on wagers.

Statements supporting and opposing

At the September Commission Meeting, Dolores Chiechi, Executive Director of the RGA, Victor Mena and George Teeny, officers of the RGA and HBCR operators testified in favor of the petition. See attachments.

Staff Recommendation

Further Discussion

Proposed Effective Date for Rule Change

Effective 31 days from filing

AMENDATORY SECTION (Amending WSR 08-20-025, filed 9/19/08, effective 1/1/09)

WAC 230-15-140 Wagering limits for house-banked card games. (1) A single wager or a bonus wager for an odds-based pay out must not exceed ((three)) five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.



Post Office Box 1787 ♦ Olympia, WA 98507-1787 ♦ 360-352-0514

July 20, 2016

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

**RE: Petition for Rule Change:
WAC 230-15-140 - Wagering limits for house-banked games**

Dear Commissioners:

On behalf of our members, we respectfully submit the attached rule change for your review and consideration.

This change would authorize licensees to allow patrons to make wagers up to \$500 on house-banked games offered in licensed, house banked card rooms.

Come January 2017, our members will need a mechanism to increase gambling receipts as they are unable to pass on the inevitable increased expenses:

- Proposed restructure and increase of WSGC license fees which may result in some HBCR licensees seeing up to a 150-200% increase;
- Passage of Initiative 1433 raising the minimum wage January 2, 2017 to \$11.00/hour; \$11.50 in 2018; \$12.00 in 2019 and \$13.50 in 2020 respectively; and,
- Mandated benefits: health care, paid sick/safe leave, and predictive scheduling initiatives

We anticipate letters of support from house banked card room patrons and licensees will ensue once the petitions appear on the Commission's formal agenda.

We request that the Commission consider filing this petition for further discussion.

Thank you in advance for your attention and consideration.

Sincerely,

Dolores A. Chiechi
Dolores A. Chiechi
Executive Director

Attachment

UNITED WE STAND – DIVIDED WE FOLD
WWW.RGA-WA.ORG

WAC 230-15-140 - REVISED

Wagering limits for house-banked card games.

(1) A single wager or a bonus wager for an odds-based pay out must not exceed ~~three~~ five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.

From: [Dolores Chiechi](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Cc: [Trujillo, Dave \(GMB\)](#)
Subject: RGA Rules Petition - HBCR Wager Limits
Date: Wednesday, July 20, 2016 1:26:54 PM
Attachments: [HBCR Wager Limits.docx](#)

Tina/Amy,
Please find the attached petition for rule change to WAC 230-15-140: wager limits for house-banked card games.

Please let me know anything more is required.

Thank you for your attention.

Dolores A Chiechi
Executive Director
Recreational Gaming Association
PO Box 1787
Olympia, WA 98507-1787
360-352-0514 office
WWW.RGA-WA.ORG

UNITED WE STAND - DIVIDED WE FOLD

RCW 9.46.010**Legislative declaration.**

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

The legislature further declares that fishing derbies shall not constitute any form of gambling and shall not be considered as a lottery, a raffle, or an amusement game and shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder.

The legislature further declares that raffles authorized by the fish and wildlife commission involving hunting big game animals or wild turkeys shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder, with the exception of this section and RCW 9.46.400.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

[1996 c 101 § 2; 1994 c 218 § 2; 1975 1st ex.s. c 259 § 1; 1974 ex.s. c 155 § 1; 1974 ex.s. c 135 § 1; 1973 1st ex.s. c 218 § 1.]

NOTES:

Findings—1996 c 101: See note following RCW 77.32.530.

Effective date—1994 c 218: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 1, 1994]." [1994 c 218 § 20.]

Severability—1974 ex.s. c 155: "If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the

application of the provision to other persons or circumstances is not affected." [**1974 ex.s. c 155 § 13; 1974 ex.s. c 135 § 13.**] Section 14 of the act, which provided for an effective date and that the act would be subject to referendum petition, was vetoed by the governor. The veto and the related message can be found in chapter 155, Laws of 1974 ex. sess.

RCW 9.46.070**Gambling commission—Powers and duties.****The commission shall have the following powers and duties:**

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted

with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, or (b) participating as an employee in the operation of any gambling activity, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account (a) the nature, character, and scope of the activities of the licensee; (b) the source of all other

income of the licensee; and (c) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;

(18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;

(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

(21) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(22) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

[**2012 c 116 § 1; 2007 c 206 § 1; 2002 c 119 § 1; 1999 c 143 § 6; 1993 c 344 § 1; 1987 c 4 § 38; 1981 c 139 § 3.** Prior: **1977 ex.s. c 326 § 3; 1977 ex.s. c 76 § 2; 1975-'76 2nd ex.s. c 87 § 4; 1975 1st ex.s. c 259 § 4; 1974 ex.s. c 155 § 4; 1974 ex.s. c 135 § 4; 1973 2nd ex.s. c 41 § 4; 1973 1st ex.s. c 218 § 7.**]

NOTES:

Effective date—1993 c 344: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect June 1, 1993." [**1993 c 344 § 2.**]

Severability—1981 c 139: "If any provision of this amendatory act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [**1981 c 139 § 19.**]

Severability—1974 ex.s. c 155: See note following RCW **9.46.010**.

*Enforcement—Commission as a law enforcement agency: RCW **9.46.210**.*

RCW 9.46.0282**"Social card game."**

"Social card game" as used in this chapter means a card game that constitutes gambling and is authorized by the commission under RCW 9.46.070. Authorized card games may include a house-banked or a player-funded banked card game. No one may participate in the card game or have an interest in the proceeds of the card game who is not a player or a person licensed by the commission to participate in social card games. There shall be two or more participants in the card game who are players or persons licensed by the commission. The card game must be played in accordance with the rules adopted by the commission under RCW 9.46.070, which shall include but not be limited to rules for the collection of fees, limitation of wagers, and management of player funds. The number of tables authorized shall be set by the commission but shall not exceed a total of fifteen separate tables per establishment.

[1997 c 118 § 1.]

From: [David Fretz](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: Wager Limit Increase to \$500
Date: Thursday, September 01, 2016 9:51:23 AM
Attachments: [image001.jpg](#)

Tina,

Please accept this note as support for the rule change increasing wagering limits from \$300 to \$500. It has been many years since the wager limit has been increased. Initiative 1433 will be on the November ballot and is likely to pass. This Initiative will increase minimum wage 16% from \$9.47 to \$11.00 on January 1, 2017 and includes step increases to \$13.50 by 2020. The impact to our businesses will be significant since the compression effect of this increase will require us to raise wages in other area such as janitorial, cooks, security, surveillance and floor supervision. The total impact of this wage increase for a typical House Banked Card Room is likely to exceed \$200,000 in 2017. Our food and beverage prices will need to increase. However, without this bet limit adjustment, we'll be unable to increase our revenues enough to cover the impact of this change to minimum wage.

Regards,



David Fretz

President - Great American Gaming Corporation

12715 4th Ave W.

Everett, WA 98204


253.480.3000 Ext. 100

Notice Regarding Confidentiality of Transmission

This message is intended only for the person to whom it is addressed and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this is prohibited. Please notify us of the error in communication by telephone (604) 303-1000 or by return e-mail and destroy all copies of this communication. Thank you.

WSGC's Response to Question 2

Maverick Gaming LLC is a Washington Limited Liability Company, per a search of the Washington Secretary of State's website on January 29, 2023, <https://ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation>.

 Corporations and Charities Filing System

Business Information

BUSINESS INFORMATION

Business Name: MAVERICK GAMING LLC	UBI Number: 604 465 046
Business Type: WA LIMITED LIABILITY COMPANY	Business Status: ACTIVE
Principal Office Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	Principal Office Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Expiration Date: 05/31/2023	Jurisdiction: UNITED STATES, WASHINGTON
Formation/ Registration Date: 05/21/2019	Period of Duration: PERPETUAL
Inactive Date:	Nature of Business: ANY LAWFUL PURPOSE

REGISTERED AGENT INFORMATION


Registered Agent Name: PHYLLIS ERMEY	Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		ERIC	PERSSON

Maverick Kirkland II, LLC dba Caribbean Cardroom in Kirkland, WA is listed as a “foreign limited liability company” per the Secretary of State's website, <https://ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation>.

Maverick Kirkland II, LLC is a foreign LLC because it is a “business that was created outside of Washington State”, per the Washington Secretary of State’s website, <https://www.sos.wa.gov/corporations-charities/business-entities/download-forms>. Whereby a domestic LLC is a “business that has registered under the laws of the State of Washington.”

 Corporations and Charities Filing System

Business Information

BUSINESS INFORMATION

Business Name: MAVERICK KIRKLAND II LLC	UBI Number: 604 454 787
Business Type: FOREIGN LIMITED LIABILITY COMPANY	Business Status: ACTIVE
Principal Office Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	Principal Office Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Expiration Date: 07/31/2023	Jurisdiction: UNITED STATES, NEVADA
Formation/ Registration Date: 07/02/2019	Period of Duration: PERPETUAL
Inactive Date:	Nature of Business: ANY LAWFUL PURPOSE

REGISTERED AGENT INFORMATION

Registered Agent Name: PHYLLIS ERMEY	Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	ENTITY	MAVERICK CARIBBEAN LLC		

The Washington State Department of Revenue's website indicates that Maverick Kirkland II, LLC is incorporated in Nevada, https://secure.dor.wa.gov/gteunauth/_/#3.

Secretary of State Information ×

Business name:	MAVERICK KIRKLAND II LLC
UBI #:	604-454-787

Active/Inactive:	Active
State of incorporation:	NEVADA
WA filing date:	7/2/2019
Expiration date:	7/31/2023
Inactive date:	

For more information, visit the [Secretary of State website](#).

Response to Questions 3 and 8

History of Laws and Rules (Prepared by Commission Staff as of January 18, 2023)

The purpose of this document is to provide a historical review of the following laws and rules:

- RCW 9.46.010- Legislative declaration.
- RCW 9.46.070 (11)- Gambling commission- powers and duties.
- RCW 9.46.0217- “Commercial stimulant.”
- RCW 9.46.0282- “Social card game.”
- WAC 230-03-175- Requirements for commercial stimulant businesses.

1. RCW 9.46.010- Legislative declaration.

History

1974 (HB 473- Attachment A)- RCW 9.46.010 was amended to authorize “card games.” Prior to this, “card games” were not authorized.

1994 (HB 2228- Attachment B)- RCW 9.46.010 was amended to add an introductory statement as follows:

“The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.”

2. RCW 9.46.070 (11)- Gambling commission- powers and duties.

History

1974 (HB 473- Attachment A)- RCW 9.46.070 (11) (formerly subsection (9)) was amended to give the commission the power and duty to regulate social card games, including wagering limits. Specifically:

“To regulate and establish the type and scope of and manner of conducting social card games permitted to be played, and the extent of the wager, money or other thing of value which may be wagered or contributed or won by a player in a social card game.”

1977 (HB 1133- Attachment C)- RCW 9.46.070 (11) (formerly subsection (9)) was amended as follows:

“To regulate and establish the type and scope of and manner of conducting ~~social card games permitted to be played, and the gambling activities authorized by RCW 9.46.030, including but not limited to,~~ the extent of the wager, money or other thing of value which

may be wagered or contributed or won by a player in ~~a social card game~~ any such activities.”

1987 (HB 6- Attachment D)- RCW 9.46.070 (11) (formerly subsection (9)) had a minor amendment replacing “RCW 9.46.030” noted in the language above with “this chapter.”

3. Commercial Stimulant

Applicable RCW’s Reviewed (WAC rule history noted in separate section)

- RCW 9.46.0217 (formerly RCW 9.46.020)- “Commercial stimulant.”
- RCW 9.46.0325 (formerly RCW 9.46.030)- Social card games, punchboards, pull-tabs authorized.
- RCW 9.46.070- Gambling commission- powers and duties.

History

1974 (HB 473- Attachment A)- RCW 9.46.0325 (formerly 030) and RCW 9.46.070 specifically authorized social card games “*as a commercial stimulant.*” Up to this point in time, both RCW’s in question only referenced punchboards and pull-tabs. Although “commercial stimulant” was referenced in both RCW’s, no definition of “commercial stimulant” existed yet.

1977 (HB 1133- Attachment C)- A new definition of “commercial stimulant” was created in RCW 9.46.0217 (formerly 020) to read as follows:

“(5) ‘Commercial stimulant’. An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”

Furthermore, RCW 9.46.0325 (formerly 030) was amended as follows:

“(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed...”

The definition above for RCW 9.46.0325 is the current definition to date.

Furthermore, RCW 9.46.070 was amended as follows:

“(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the

selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter...”

The definition above for RCW 9.46.070 is the current definition to date.

1987 (HB 6- Attachment D)- Repeal of RCW 9.46.020 which became RCW 9.46.0217 (i.e. definition of “commercial stimulant”). The definition did not change (same as noted above).

1994 (HB 2382- Attachment E)- The definition of “commercial stimulant” in RCW 9.46.0217 was amended as follows:

“‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an **incidental** activity operated in connection with ~~and incidental to~~, an established business, with the **primary** purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”

The definition above for “commercial stimulant” is the current definition to date.

4. RCW 9.46.0282- “Social card game” (formerly RCW 9.46.0281 and RCW 9.46.020).

History

1974 (HB 473- Attachment A)- The definition of “social card game” was first introduced in RCW 9.46.020 (18), which later became RCW 9.46.0281 and then 0282. The definition was long with multiple subsections. The definition prohibited house-banked games and referred to RCW 9.46.070- Gambling commission- powers and duties, as the authority to determine what card games were authorized along with the associated wagering limits.

1987 (HB 6- Attachment D)- RCW 9.46.020 (18) became RCW 9.46.0281.

1997 (SB 5560- Attachment F)- Repealed RCW 9.46.0281- “Social card game” definition in RCW 9.46.0281. Recodified new definition in RCW 9.46.0282. The new definition specifically authorized “house-banked” games. The new definition also set a limit of 15 tables. The revised definition continued to refer to RCW 9.46.070 as the authority to determine what card games were authorized along with the associated wagering limits.

5. WAC 230-03-175- Requirements for commercial stimulant businesses (formerly WAC 230-04-080).

History

Note: WAC archive does not go back past 1977.

1974- WAC 230-04-080- *Certain activities to be operated as a commercial stimulant only.* This rule was simple at the time noting "...punchboards and pull-tabs or public card rooms, licensed for use as a commercial stimulant shall not be operated other than as a commercial stimulant."

1995 (95-07-094- Attachment G)- Amended WAC 230-04-080 significantly. Multiple subsections added to rule to include for example:

"The commission may issue a license to operate punchboards and pull tabs or public card rooms, licensed for use as a commercial stimulant as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:..."

The total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application..."

1999 (99-18-002- Attachment H)- Amended WAC 230-04-080. Main change noted below:

"The commission may issue a license to operate punchboards and pull tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated."

2006 (06-07-157- Attachment I)- Rules simplification. WAC 230-04-080 was repealed and WAC 230-03-175 was formed. Part of the new language in WAC 230-03-175 read as follows:

"Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in RCW 9.46.0217. That evidence includes, but is not limited to:

(2) Proof that it is 'primarily engaged in the selling of food or drink for consumption on premises' as used in RCW 9.46.070 (2). 'Primarily engaged in the selling of food or drink for consumption on premises' means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis."

2007 (07-21-116- Attachment J)- Amended WAC 230-03-175. No material changes to commercial stimulant definition. The language adopted here is the current language of the rule to date.

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1973 1st ex. sess. and to chapter 9.46 RCW; repealing section 28, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.280; prescribing penalties; declaring an emergency and prescribing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.010 are each amended to read as follows:

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punch boards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

Sec. 2. Section 2, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.020 are each amended to read as follows:

(1) "Amusement game" means a game played for entertainment in which:

- (a) The contestant actively participates;
- (b) The outcome depends in a material degree upon the skill of the contestant;
- (c) Only merchandise prizes are awarded;
- (d) The outcome is not in the control of the operator;

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said tickets by the person or persons conducting the game, when said game is conducted by a bona fide charitable or nonprofit organization, no person other than a bona fide member of said organization takes any part in the management or operation of said game, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game, or to the winner or winners of said prize or prizes.

(18) "Social card game" means a card game, including but not limited to the game commonly known as 'Mah Jongg', which constitutes gambling and contains each of the following characteristics:

(a) There are two or more participants and each of them are players; and

(b) A player's success at winning money or other thing of value by overcoming chance is in the long run largely determined by the skill of the player; and

(c) No organization, corporation or person collects or obtains or charges any percentage of or collects or obtains any portion of the money or thing of value wagered or won by any of the players; PROVIDED, That this item (c) shall not preclude a player from collecting or obtaining his winnings; and

(d) No organization or corporation, or person collects or obtains any money or thing of value from, or charges or imposes any fee upon, any person which either enables him to play or results in or from his playing; PROVIDED, That this item (d) shall not apply to the membership fee in any bona fide charitable or nonprofit organization or to an admission fee allowed by the commission pursuant to section 4 of this 1974 amendatory act; and

(e) The type of card game is one specifically approved by the commission pursuant to section 4 of this 1974 amendatory act; and

(f) The extent of wagers, money or other thing of value which may be wagered or contributed by any player does not exceed the amount or value specified by the commission pursuant to section 4 of this 1974 amendatory act.

(19) "Thing of value" means any money or property, any token, object or article exchangeable for money or property, or any form of credit or promise, directly or indirectly, contemplating transfer of money or property or of any interest therein, or involving extension of a service, entertainment or a privilege of playing at a game or scheme without charge.

(20) "Whoever" and "person" include natural persons, corporations and partnerships and associations of persons; and when any corporate officer, director or stockholder or any partner authorizes, participates in, or knowingly accepts benefits from any violation of this chapter committed by his corporation or

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partnership, he shall be punishable for such violation as if it had been directly committed by him.

Sec. 3. Section 3, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.030 are each amended to read as follows:

(1) The legislature hereby authorizes bona fide charitable or nonprofit organizations to conduct bingo games, raffles, amusement games, fishing derby, ((and)) to utilize punch boards and pull-tabs and to allow their premises and facilities to be used by members and guests only to play social card games authorized by the commission, when licensed ((and)), conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed \$5000; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: PROVIDED, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

((2)) (3) The legislature hereby authorizes any person, association or organization to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant when licensed and utilized or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

((3)) (4) The legislature hereby authorizes the management of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW to conduct amusement games when licensed and operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto as well as authorizing said amusement games as so licensed and operated to be conducted ((upon any property of a city of the first class devoted to uses incident to a civic center; worlds fair or similar exposition)) as a part of and upon the site of:

(a) A civic center of a city with a population of twenty thousand or more persons as of the most recent decennial census of the federal government; or

(b) A worlds fair or similar exposition which is approved by the Bureau of International Expositions at Paris, France; or

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(c) A community-wide civic festival held not more than once annually and sponsored or approved by a city or town.

The penalties provided for professional gambling in this chapter, shall not apply to bingo games, raffles, punch boards, pull-tabs, amusement games, or fishing derby, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 4. Section 7, chapter 218, Laws of 1973 1st ex. sess. as amended by section 4, chapter 41, Laws of 1973 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, fishing derby, raffles, amusement games, and social card games to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That ((any license issued under authority of this section shall be legal authority to engage in the gambling activity for which issued throughout the incorporated and unincorporated areas of any county unless a county, or any first class city located therein with respect to such city, shall prohibit such gambling activity: PROVIDED, FURTHER, That)) the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association or organization approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the

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oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission may require fingerprinting and background checks on any persons seeking licenses under this chapter or of any person holding ((an)) a managerial or ownership interest in any gambling activity, building or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity: PROVIDED FURTHER, That fingerprinting shall be required only in those cases where the commission or the director has cause to believe that information gained thereby may disclose criminal or other relevant activity.

((7)) (6) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

((8)) (7) To require that all income from bingo games, raffles, and amusement games be ((received for at the time the income is received from each individual player and that all prizes be received for at the time the prize is distributed to each individual player and to require that all raffle tickets be consecutively numbered and accounted for: PROVIDED, That in lieu of the requirements of this subsection, agricultural fairs as defined herein shall report such income not later than thirty days after the termination of said fair;)) recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

((9)) (8) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character and scope of the activities of the licensee; (ii) the source of all other income of the licensee; (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(9) To regulate and establish the type and scope of and manner of conducting social card games permitted to be played, and the extent of wager, money or other thing of value which may be wagered or contributed or won by a player in a social card game;

(10) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become

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a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter:

V- ((11)) To regulate and establish for bona fide charitable nonprofit corporations and organizations reasonable admission fees which may be imposed by such organizations for the purpose of defraying the expenses incident to a social card or other game or fund raising endeavor and the balance over and above such expenses it to be used solely for the charitable purposes of the corporation or organization:

~~((10))~~ (12) To cooperate with and secure the cooperation of county, city and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

~~((11))~~ (13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

~~((12))~~ (14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended; ~~((and))~~

~~((13))~~ (15) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee; and

~~((14))~~ (16) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

Sec. 5. Section 23, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.230 are each amended to read as follows:

(1) All gambling devices as defined in ~~((REW 9.46.020 (9)))~~ section 2 (9) of this 1974 amendatory act are common nuisances and shall be subject to seizure, immediately upon detection by any peace officer, and to confiscation and destruction by order of a superior or district justice court, except when in the possession of officers enforcing this chapter.

(2) No property right in any gambling device as defined in ~~((REW 9.46.020 (9)))~~ section 2 (9) of this 1974 amendatory act shall exist or be recognized in any person, except the possessory right of officers enforcing this chapter.

(3) All furnishings, fixtures, equipment and stock, including without limitation furnishings and fixtures adaptable to nongambling uses and equipment and stock for printing, recording, computing,

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compliance with the provisions of this chapter and in accordance with the rules and regulations adopted pursuant thereto. In the enforcement of this subsection direct possession of any such gambling record shall be presumed to be knowing possession thereof.

NEW SECTION. Sec. 6. There is added to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW a new section to read as follows:

Any license to engage in any of the gambling activities authorized by this chapter as now exists or as hereafter amended, and issued under the authority thereof shall be legal authority to engage in the gambling activities for which issued throughout the incorporated and unincorporated area of any county, except that a city located therein with respect to that city, or a county with respect to all areas within that county except for such cities, may absolutely prohibit, but may not change the scope of license, any or all of the gambling activities for which the license was issued:

PROVIDED, That a county or city may not prohibit a bona fide charitable or nonprofit organization from conducting social card games when licensed to do so and when the terms of the license permit only members of such organization to play at such games and when the terms of the license specifically prohibit the organization from imposing or collecting any admission fee.

Sec. 7. Section 8, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.080 are each amended to read as follows:

The department of motor vehicles, subject to the approval of the commission, shall employ a full time employee as director respecting gambling activities, who shall be the administrator for the commission in carrying out its powers and duties and who, with the advice and approval of the commission shall issue rules and regulations governing the activities authorized hereunder and shall supervise departmental employees in carrying out the purposes and provisions of this chapter. ((In addition the department shall make available to the commission such of its administrative services and staff as are necessary to carry out the purposes and provisions of this chapter.)) In addition, the department shall furnish two assistant directors, together with such investigators and enforcement officers and with such of its administrative services and staff as are necessary to carry out the purposes and provisions of this chapter. The director, both assistant directors, and personnel occupying positions requiring the performing of undercover investigative work shall be exempt from the provisions of chapter 41.06 RCW, as now law or hereafter amended. Neither the director nor any departmental employee working therefor shall be an officer or

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Section 2 (1) (f) (iii) contains a proviso that provides that participants in amusement games are not gamblers and that such amusement games are not to be defined as gambling.

The effect of the proviso is to take all amusement games as defined in the statute and participants in such games out of the gambling laws and thus preclude enforcement of criminal penalties where there have been criminal violations. I have accordingly vetoed the referenced item.

2. Definition of "bona fide charitable or nonprofit organization."

Section 2 (3) contains an item striking existing language which creates a presumption that an organization is not a bona fide charitable or nonprofit organization if contributions to the organization do not qualify as charitable contributions for tax purposes. The present language is a necessary element in the operation of the Gambling Commission as it places a strict burden of proving the qualifying status on an applicant. This is a necessary safeguard in the law to prevent the doors from being opened to professional gambling activities. I have therefore vetoed the referenced item.

3. Definition of "raffle."

Section 2 (17) contains amendatory language attempting to clarify that proceeds of a raffle may indeed inure to the benefit of the winner or winners or prizes. I have vetoed the item consisting of such language because I believe it is redundant and that it further raises a problem in other sections of the bill by creating a presumption that proceeds may not go to winners of amusement games (Section 2 (1)) and bingo games (Section 2 (4)) since the same amendatory language was not placed in those subsections.

4. Definition of "social card game." [Ed. note: This item veto was overridden.]

Section 2 (18) (d) contains a proviso that would allow a bona fide charitable or nonprofit organization to charge a membership fee or admission fee for the playing of social card games. This would open the way for such an organization to increase its membership fee or admission fee to such an extent as to collect, in effect, a charge for allowing members to engage in social card games. Such a charge is prohibited in the first part of subsection (d) in Section 2 (18). Accordingly, I have vetoed the referenced proviso.

5. Authorization of social card games. [Ed. note: These items vetoes were overridden.]

Sections 3 and 4 of the bill contain three items that would unduly and unwisely broaden the authorization of social card games which is the heart of the amendatory language in Section 3. The item "and guests" in Section 3, subsection 1 on page 12, would open the way for any outsiders to participate in social card games on the premises of a licensed organization so long as they are characterized as guests.

Section 3 (3) and Section 4 (2) contain items which would allow any person, association, or organization to conduct social card games as a commercial stimulant.

These items all have the effect of paving the way for public card rooms which pose serious problems of enforcement to local police officials and foster a climate of open tolerance and/or clandestine payoffs for non-enforcement of gambling laws and regulations. Accordingly, I have vetoed these items.

6. Gambling Commission powers and duties.

Section 4 (5) of the bill contains two items restricting the investigative powers of the Commission in requiring fingerprints for background checks. One item restricts such a check to persons holding "a managerial or ownership" interest in the gambling activity. This provision would encourage those persons who do not wish to reveal their backgrounds to set up sham corporations or organizations to evade this requirement.

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Another item restricts the power of fingerprinting to only those cases where there is reason to believe a background check would disclose criminal activity. This restriction creates a situation where an unwarranted presumption of past criminal activity exists each time the Commission sees fit to require fingerprinting.

I do not believe that the Commission has exercised or is about to exercise its fingerprinting power in an arbitrary and capricious manner or in any manner for the sole purpose of harassing an applicant. The items creating the restrictions are not warranted and I have therefore vetoed the same.

7. Admission fees for social card games. [Ed. note: Item veto of subsection (10) was overridden.]

Subsections 10 and 11 in Section 4 authorize the Gambling Commission to regulate and establish admission fees for playing in social card games. I have stated earlier that the admission fee can serve as a subterfuge against the prohibition of charging an amount for playing in social card games and have therefore vetoed the referenced subsections.

8. Local option on gambling.

Section 6 contains an item consisting of a proviso which precludes a county or city from prohibiting social card games in an organization licensed to conduct such games without imposing or collecting any admission fee.

I see no good reason why a county or city, if it chooses to prohibit bingo and raffle games, should not be allowed to prohibit social card games even if an organization has previously been licensed to conduct such games, and have therefore vetoed that item.

9. Punch board and pull-tab regulation.

RCW 9.46.110 presently requires the reporting of all winners of over five dollars in money or merchandise from punch boards and pulltabs. An item in Section 8 of the bill would raise the amount to fifty dollars.

This higher amount would cover most, if not all winning punches or pulls, and would therefore effectively remove this reporting requirement. This would thereby remove the safeguard in the law against an owner or licensee of punch boards and pull-tabs from punching or pulling the larger winning numbers before a player has taken his chance, since there would be no way of determining the person or persons who made winning plays.

10. Class actions for damages.

RCW 9.46.200 presently allows any civil action under that section to be considered a class action. Section 10 of the bill contains an item striking that provision of the law. Removal of that provision would have the effect of discouraging persons who have wrongfully suffered losses and damages from bringing suit against a wrongdoer unless the amount of his loss or damage were substantial enough to justify the costs and expenses attendant to a lawsuit. I believe the original intent of the law should be restored, and have therefore vetoed the referenced item.

11. Effective date.

Section 14 of the bill declares an emergency, sets an effective date, and provides that the bill is subject to referendum. Our State Constitution clearly states in Article II, Section 1 (b) that the right of referendum does not exist as to laws "necessary for the immediate preservation of the public peace, health or safety, support of the state government and its existing public institutions." Section 14 is therefore wholly inconsistent in its component parts. I believe the people must have a right of referendum on a bill of this nature, and the Legislature has not, in my opinion, preserved that right effectively in Section 14. I have therefore vetoed the entire section.

With the exception of the foregoing items, the remainder of Substitute House Bill No. 473 is approved."

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Note: Chief Clerk of the House's letter informing the Secretary of State that the Legislature has overridden certain items of the Governor's veto is as follows:

The Honorable A. Ludlow Kramer
Secretary of State
State of Washington

Dear Mr. Secretary:

On February 19, 1974, Governor Daniel J. Evans exercised partial vetoes on Substitute House Bill No. 473 entitled "AN ACT Relating to gambling". Included among those vetoes are the following:

1. The veto of the proviso on page 11 [herein page 543], Subsection 18(d) of Section 2.
2. The veto of the words "and guests" which appear on page 12 [herein page 544], Subsection (1) of Section 3.
3. The veto of the words "conduct social card games and to" which appear on page 12 [herein page 544], Subsection (3) of section 3.
4. The veto of the words "and to conduct social card games" which appear on page 14, [herein page 545], Subsection (2) of Section 4.
5. The veto of Subsection (10) of Section 4 which appears on pages 16 and 17 [herein pages 547 and 548].

The aforementioned vetoes were overridden by the House of Representatives on April 19, 1974 and by the Senate on April 23, 1974.

Respectfully submitted,

DEAN R. FOSTER
Chief Clerk

CHAPTER 156

[House Bill No. 188]

ADMINISTRATOR FOR THE COURTS—

SALARY

AN ACT Relating to the administrator for the courts; and amending section 1, chapter 259, Laws of 1957 as amended by section 1, chapter 93, Laws of 1969 and RCW 2.56.010.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 259, Laws of 1957 as amended by section 1, chapter 93, Laws of 1969 and RCW 2.56.010 are each amended to read as follows:

There shall be a state office to be known as the office of administrator for the courts who shall be appointed by the supreme court of this state from a list of five persons submitted by the governor of the state of Washington, and shall hold office at the pleasure of the appointing power. He shall not be over the age of sixty years at the time of his appointment. He shall receive a salary ((not to exceed twenty thousand dollars per year,)) to be

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SECOND SUBSTITUTE HOUSE BILL 2228

AS AMENDED BY THE SENATE

Passed Legislature - 1994 Regular Session

State of Washington **53rd Legislature** **1994 Regular Session**

By House Committee on Revenue (originally sponsored by Representatives Heavey, Lisk, Springer, Schmidt, Van Luven and Roland)

Read first time 02/08/94.

1 AN ACT Relating to clarifying the state's public policy on gambling
2 by restricting the frequency of lottery games, addressing problem and
3 compulsive gambling, and enhancing the enforcement of the state's
4 gambling laws; amending RCW 9.46.010, 67.70.010, 67.70.040, 67.70.190,
5 9.46.0241, 9.46.220, 9.46.221, 9.46.222, 9.46.080, 9.46.235, 9.46.260,
6 and 10.105.900; reenacting and amending RCW 9A.82.010; adding new
7 sections to chapter 9.46 RCW; creating new sections; repealing RCW
8 9.46.230; prescribing penalties; and declaring an emergency.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** The legislature intends with this act to
11 clarify the state's public policy on gambling regarding the frequency
12 of state lottery drawings, the means of addressing problem and
13 compulsive gambling, and the enforcement of the state's gambling laws.
14 This act is intended to clarify the specific types of games prohibited
15 in chapter 9.46 RCW and is not intended to add to existing law
16 regarding prohibited activities. The legislature recognizes that slot
17 machines, video pull-tabs, video poker, and other electronic games of
18 chance have been considered to be gambling devices before the effective
19 date of this act.

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1 **Sec. 2.** RCW 9.46.010 and 1975 1st ex.s. c 259 s 1 are each amended
2 to read as follows:

3 The public policy of the state of Washington on gambling is to keep
4 the criminal element out of gambling and to promote the social welfare
5 of the people by limiting the nature and scope of gambling activities
6 and by strict regulation and control.

7 It is hereby declared to be the policy of the legislature,
8 recognizing the close relationship between professional gambling and
9 organized crime, to restrain all persons from seeking profit from
10 professional gambling activities in this state; to restrain all persons
11 from patronizing such professional gambling activities; to safeguard
12 the public against the evils induced by common gamblers and common
13 gambling houses engaged in professional gambling; and at the same time,
14 both to preserve the freedom of the press and to avoid restricting
15 participation by individuals in activities and social pastimes, which
16 activities and social pastimes are more for amusement rather than for
17 profit, do not maliciously affect the public, and do not breach the
18 peace.

19 The legislature further declares that the raising of funds for the
20 promotion of bona fide charitable or nonprofit organizations is in the
21 public interest as is participation in such activities and social
22 pastimes as are hereinafter in this chapter authorized.

23 The legislature further declares that the conducting of bingo,
24 raffles, and amusement games and the operation of punch boards, pull-
25 tabs, card games and other social pastimes, when conducted pursuant to
26 the provisions of this chapter and any rules and regulations adopted
27 pursuant thereto, are hereby authorized, as are only such lotteries for
28 which no valuable consideration has been paid or agreed to be paid as
29 hereinafter in this chapter provided.

30 The legislature further declares that fishing derbies shall not
31 constitute any form of gambling and shall not be considered as a
32 lottery, a raffle, or an amusement game and shall not be subject to the
33 provisions of this chapter or any rules and regulations adopted
34 hereunder.

35 All factors incident to the activities authorized in this chapter
36 shall be closely controlled, and the provisions of this chapter shall
37 be liberally construed to achieve such end.

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Ch. 325

WASHINGTON LAWS, 1977 1st Ex. Sess.

state government and its existing public institutions, and shall take effect July 1, 1977.

Passed the House June 19, 1977.

Passed the Senate June 19, 1977.

Approved by the Governor June 30, 1977.

Filed in Office of Secretary of State June 30, 1977.

CHAPTER 326

[House Bill No. 1133]

GAMBLING

AN ACT Relating to gambling; amending section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020; amending section 3, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.030; amending section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070; amending section 8, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 7, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.080; amending section 10, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.100; amending section 1, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.115; amending section 14, chapter 218, Laws of 1973 1st ex. sess. as amended by section 8, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.140; amending section 18, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.180; amending section 19, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.190; amending section 21, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 10, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.210; amending section 23, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 5, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.230; adding new sections to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; prescribing penalties; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020 are each amended to read as follows:

- (1) "Amusement game" means a game played for entertainment in which:
 - (a) The contestant actively participates;
 - (b) The outcome depends in a material degree upon the skill of the contestant;
 - (c) Only merchandise prizes are awarded;
 - (d) The outcome is not in the control of the operator;
 - (e) The wagers are placed, the winners are determined, and a distribution of prizes or property is made in the presence of all persons placing wagers at such game; and
 - (f) Said game is conducted or operated by any agricultural fair, person, association, or organization in such manner and at such locations as may be authorized by rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended.

Cake walks as commonly known and fish ponds as commonly known shall be treated as amusement games for all purposes under this chapter.

- (2) "Bingo" means a game in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of said game, when said game is conducted by a bona fide charitable or nonprofit organization which does not conduct or allow its premises to be used for conducting bingo on

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more than three occasions per week and which does not conduct bingo in any location which is used for conducting bingo on more than three occasions per week, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game.

(3) "Bona fide charitable or nonprofit organization" means: (a) any organization duly existing under the provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or (b) any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the Internal Revenue Code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

(4) "Bookmaking" means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

(5) "Commercial stimulant". An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

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to be used by only members and guests ((only)) to play social card games authorized by the commission, when licensed, conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed five thousand dollars; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

(3) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(a) Such activities are held in accordance with all other requirements of chapter 9.46 RCW as now or hereafter amended, other applicable laws, and rules of the commission; and

(b) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of RCW 9.46.020(2) as now or hereafter amended: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days; and

(c) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities; and

(d) Gross revenues to the organization from all the activities together does not exceed five thousand dollars during any calendar year; and

(e) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization; and

(f) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(g) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and

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enables him or her to play or results in or from his or her playing: PROVIDED, That this subparagraph (ii) shall not preclude collection of a membership fee which is unrelated to participation in gambling activities authorized under this subsection.

The penalties provided for professional gambling in this chapter shall not apply to sports pools as described in ((this)) subsection (6) of this section, the wagering described in subsection (7) of this section, social card games, bingo games, raffles, fund raising events, punch boards, pull-tabs, ((or)) amusement games, or to the use of facilities of a bona fide charitable or nonprofit organization for social card games or dice games, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 3. Section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games~~((f))~~, to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate

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(8) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(9) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character, and scope of the activities of the licensee; (ii) the source of all other income of the licensee; and (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(10) To regulate and establish the type and scope of and manner of conducting ~~((social card games permitted to be played, and))~~ the gambling activities authorized by RCW 9.46.030, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in ((a social card game)) any such activities;

(11) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter;

(12) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended;

(15) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

NEW SECTION. Sec. 5. "Bookmaking," as used in this chapter, means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

NEW SECTION. Sec. 6. "Commercial stimulant," as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

NEW SECTION. Sec. 7. "Commission," as used in this chapter, means the Washington state gambling commission created in RCW 9.46.040.

NEW SECTION. Sec. 8. "Contest of chance," as used in this chapter, means any contest, game, gaming scheme, or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein.

NEW SECTION. Sec. 9. "Fishing derby," as used in this chapter, means a fishing contest, with or without the payment or giving of an entry fee or other consideration by some or all of the contestants, wherein prizes are awarded for the species, size, weight, or quality of fish caught in a bona fide fishing or recreational event.

NEW SECTION. Sec. 10. "Gambling," as used in this chapter, means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Gambling does not include fishing derbies as defined by this chapter, parimutuel betting as authorized by chapter 67.16 RCW, bona fide business transactions valid under the law of contracts, including, but not limited to, contracts for the purchase or sale at a future date of securities or commodities, and agreements to compensate for loss caused by the happening of chance, including, but not limited to, contracts of indemnity or guarantee and life, health, or accident insurance. In addition, a contest of chance which is specifically excluded from the definition of lottery under this chapter shall not constitute gambling.

NEW SECTION. Sec. 11. "Gambling device," as used in this chapter, means: (1) Any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance; (2) any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon

only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

NEW SECTION. Sec. 28. Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(1) Such activities are held in accordance with all other requirements of this chapter, other applicable laws, and rules of the commission;

(2) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of section 3 of this act: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days;

(3) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities;

(4) Gross revenues to the organization from all the activities together do not exceed five thousand dollars during any calendar year;

(5) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization;

(6) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(7) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

NEW SECTION. Sec. 29. The legislature hereby authorizes any person, association or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and utilized or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

Attachment D

WASHINGTON LAWS, 1987

Ch. 4

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by (~~RCW 9.46.030 as now or hereafter amended~~) this chapter;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission

Attachment D
WASHINGTON LAWS, 1987

Ch. 4

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by ~~((RCW 9.46.030))~~ this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with ~~((RCW 9.46.020(20)(d) as now or hereafter amended))~~ section 21(4) of this 1987 act;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized ~~((in RCW 9.46.030 as now or hereafter amended))~~ by this chapter;

(16) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do

Attachment E

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2382

Chapter 120, Laws of 1994

53rd Legislature
1994 Regular Session

GAMBLING--COMMERCIAL STIMULANTS

EFFECTIVE DATE: 6/9/94

Passed by the House February 14, 1994
Yeas 95 Nays 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Passed by the Senate March 4, 1994
Yeas 35 Nays 14

JOEL PRITCHARD

President of the Senate

Approved March 28, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2382** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

Chief Clerk

FILED

March 28, 1994 - 11:26 a.m.

**Secretary of State
State of Washington**

Attachment E

HOUSE BILL 2382

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer

Read first time 01/14/94. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to gambling; and amending RCW 9.46.0217 and
2 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0217 and 1987 c 4 s 6 are each amended to read as
5 follows:

6 "Commercial stimulant," as used in this chapter, means an activity
7 is operated as a commercial stimulant, for the purposes of this
8 chapter, only when it is an ~~((incidental))~~ activity operated in
9 connection with~~((, and incidental to,))~~ an established business, with
10 the ~~((primary))~~ purpose of increasing the volume of sales of food or
11 drink for consumption on that business premises. The commission may by
12 rule establish guidelines and criteria for applying this definition to
13 its applicants and licensees for gambling activities authorized by this
14 chapter as commercial stimulants.

15 **Sec. 2.** RCW 9.46.0281 and 1987 c 4 s 21 are each amended to read
16 as follows:

17 "Social card game," as used in this chapter, means a card game,
18 including but not limited to the game commonly known as "Mah-Jongg,"

Attachment F

SUBSTITUTE SENATE BILL 5560

Passed Legislature - 1997 Regular Session

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Prentice, Snyder, Anderson and Horn)

Read first time 02/27/97.

1 AN ACT Relating to social card games; amending RCW 9.46.0265;
2 adding a new section to chapter 9.46 RCW; and repealing RCW 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 9.46 RCW
5 to read as follows:

6 "Social card game" as used in this chapter means a card game that
7 constitutes gambling and is authorized by the commission under RCW
8 9.46.070. Authorized card games may include a house-banked or a
9 player-funded banked card game. No one may participate in the card
10 game or have an interest in the proceeds of the card game who is not a
11 player or a person licensed by the commission to participate in social
12 card games. There shall be two or more participants in the card game
13 who are players or persons licensed by the commission. The card game
14 must be played in accordance with the rules adopted by the commission
15 under RCW 9.46.070, which shall include but not be limited to rules for
16 the collection of fees, limitation of wagers, and management of player
17 funds. The number of tables authorized shall be set by the commission
18 but shall not exceed a total of fifteen separate tables per
19 establishment.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined.

"Established business" means any business (~~(who)~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses.

The commission may issue a license to operate punchboards and pull tabs (~~(, or)~~) or public card rooms (~~(, licensed for use as a commercial stimulant)~~) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

- (a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:
 - (i) It is a tavern that holds a valid Class "B" liquor license; or
 - (ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.
- (b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:

- (A) Prepared by the licensed business; or
- (B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

- (A) Detailed records are maintained;
- (B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and
- (C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

- (i) Legally in the form of a separate corporation or partnership; or
- (ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:

- (a) January 1st through March 31st;
- (b) April 1st through June 30th;
- (c) July 1st through September 30th; and
- (d) October 1st through December 31st.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made~~((:))~~;

(4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report~~((:))~~;

PERMANENT

Purpose: This rule was amended to require food and/or drink businesses to be open to the public at all times gambling activities are operated.

Citation of Existing Rules Affected by this Order: Amending WAC 230-04-080.

Statutory Authority for Adoption: RCW 9.46.070.

Adopted under notice filed as WSR 99-13-206 on June 23, 1999, with a publication of July 7, 1999.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 0, Amended 1, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 1, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Effective Date of Rule: Thirty-one days after filing.

August 18, 1999

Susan Arland

Rules Coordinator

AMENDATORY SECTION (Amending WSR 95-07-094, filed 3/17/95, effective 7/1/95)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses. The commission may issue a license to operate punch boards and pull-tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

(i) It is a tavern that holds a valid Tavern - No Persons Under 21 Allowed License (formerly referred to as a Class "B" liquor license); or

(ii) It is a restaurant with a cocktail lounge that holds a valid Spirits, Beer and Wine Restaurant License (formerly referred to as a Class "H" liquor license).

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: Provided, That food may be prepared at other locations and served on the premises if the food is:

(A) Prepared by the licensed business; or

(B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

(A) Detailed records are maintained;

(B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and

(C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

WSR 99-18-003

PERMANENT RULES

GAMBLING COMMISSION

[Order 376—Filed August 18, 1999, 12:25 p.m.]

Date of Adoption: August 13, 1999.

Purpose: Changes were made to maintain consistency with chapter 10.97 RCW. Language was added to clarify that licensee and applicant conviction data submitted or obtained during the investigative process can be released through public disclosure.

Attachment I

WSR 06-07-157

PERMANENT RULES

GAMBLING COMMISSION

[Order 457 -- Filed March 22, 2006, 9:35 a.m. , effective January 1, 2008]

Effective Date of Rule: January 1, 2008.

Purpose: The gambling commission is rewriting its rules manual using plain English techniques. The rules manual has been divided into sections and is being rewritten a section at a time. The first sections reviewed are the licensing chapter. As part of the rewrite, some items from other chapters (chapter [230-02](#) WAC, General provisions and definitions; chapter [230-04](#) WAC, Licensing; chapter [230-08](#) WAC, Records and reports; and chapter [230-12](#) WAC, Rules of general applicability), may be incorporated into the new licensing chapter. Following are rules regarding licensing and permitting which are rewritten in plain English and numbered as chapter [230-03](#) WAC. Fees related to permits, licenses, and identification stamps are numbered as chapter [230-05](#) WAC.

Statutory Authority for Adoption: [RCW 9.46.070](#).

Adopted under notice filed as WSR 06-04-057 on January 27, 2006, with a published date of February 15, 2006.

Changes Other than Editing from Proposed to Adopted Version: [WAC 230-03-020](#) and [230-03-210](#) were updated to reflect changes to current rules filed under WSR 06-04-040 with a published date of February 15, 2006, and adopted under WSR 06-07-084. The amendment increased the threshold to qualify for a punchboard/pull-tab business permit from \$20,000 to \$25,000.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 76, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 76, Amended 0, Repealed 0.

Date Adopted: March 22, 2006.

Susan Arland

Rules Coordinator

OTS-8542.3

Chapter [230-03](#) WAC

Attachment I

NEW SECTION

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

(a) Provides us with a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Food or drinks for "on-premises" eating and drinking; and

(B) Food or drinks "to go"; and

(C) All other business activities; and

(b) Is ready to conduct food or drink sales; and

(c) Passes an inspection by us; and

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

Attachment J

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine ~~((the business'))~~ their qualifications as a commercial stimulant as ~~((set forth))~~ required in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that:

~~(a)~~ Has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

~~((a) Provides))~~ (b) Passes an inspection by us, is ready to conduct food or drink sales, and gives us ~~((with))~~ a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Gross sales from food or drinks sold for "on-premises" eating ~~((and))~~ or drinking; and

(B) Gross sales from food or drinks sold "to go"; and

(C) Gross sales from all other business activities; and

~~((b) Is ready to conduct food or drink sales; and~~

~~(e) Passes an inspection by us; and))~~

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

[Statutory Authority: [RCW 9.46.070](#). 06-07-157 (Order 457), § 230-03-175, filed 3/22/06, effective 1/1/08.]

WSGC's Response to Question 4

Wager Limit Changes as of January 13, 2023 - Prepared by Commission Staff

Date/Year	POKER in:			HBCR	HBCR	Tribal
	Card room	Class F	HBCR			
1974	\$2					
1977	\$5					
1990	\$10					
1991-1995 Phase I					13 tables @	\$10
					10 tables @	\$25
1991-1995 Phase II					9 tables @	\$10
					13 tables @	\$25
					1 table @	\$100
1995 Phase I						\$250
1995 Phase II						\$500
2000	\$25	\$25	\$25	New HBCR	\$25	
				Exper HBCR	\$100	
2003					\$100	
2004				limited tables	\$200	
2006					\$200	
2008	\$40	\$40	\$40		\$300 *	
2013	\$40	\$40	\$40			
	Texas Hold'Em only	\$100	\$100			
Sept 2016	\$40	\$100	\$300*			
Dec 2016	\$40	\$300*	\$300*			
2021-current						\$500
Limitation Appendix					25% of tables @	\$1,000
					Limited, pre-screened	\$5,000

* No documentation was found indicating a basis for how the new wager limits were determined.

Poker (blue) and HBCR (green) wager limits are set by rules adopted by the commission based on the authority granted by the legislature in [RCW 9.46.070\(11\), Powers and duties, and](#) [RCW 9.46.0282, Definition of social card game.](#)

Tribal wager limits are set by the respective Tribal-State Compacts.

WSGC's Response to Question 5

<https://www.in2013dollars.com/us/inflation/2008?amount=300>

\$300 in 2008 is worth \$413.55 today

Amount	Start year	End year	Calculate
\$ 300	2008	2023	

[\\$300 in 2010 – 2023](#) [\\$300 in 2005 – 2023](#) [Inflation rate in 2023](#) [Future inflation calculator](#)

Inflation from 2008 to 2023	
Cumulative price change	37.85%
Average inflation rate	2.16%
Converted amount (\$300 base)	\$413.55
Price difference (\$300 base)	\$113.55
CPI in 2008	215.303
CPI in 2023	296.797
Inflation in 2008	3.84%
Inflation in 2023	6.45%
\$300 in 2008	\$413.55 in 2023

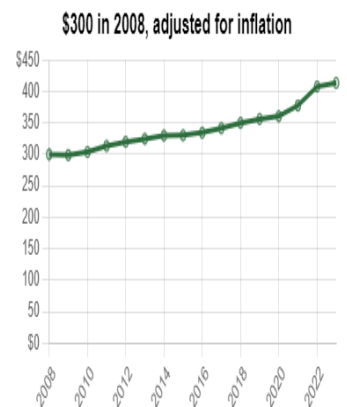
Value of \$300 from 2008 to 2023

\$300 in 2008 is equivalent in purchasing power to about \$413.55 today, an increase of \$113.55 over 15 years. The dollar had an average inflation rate of 2.16% per year between 2008 and today, producing a cumulative price increase of 37.85%.

This means that today's prices are 1.38 times as high as average prices since 2008, according to the Bureau of Labor Statistics consumer price index. A dollar today only buys 72.543% of what it could buy back then.

The inflation rate in 2008 was 3.84%. The current inflation rate compared to last year is now 6.45%. If this number holds, \$300 today will be equivalent in buying power to \$319.36 next year. The current inflation rate page gives more detail on the latest inflation rates.

Contents
1. Overview
2. Buying Power of \$300
3. Inflation by City / Country
4. Inflation by Spending Category
5. Formulas & How to Calculate



<https://www.in2013dollars.com/us/inflation/2008?amount=300>

Dollar inflation: 2008-2023

Year	Dollar Value	Inflation Rate
2008	\$300.00	3.84%
2009	\$298.93	-0.36%
2010	\$303.84	1.64%
2011	\$313.43	3.16%
2012	\$319.91	2.07%
2013	\$324.60	1.46%
2014	\$329.86	1.62%
2015	\$330.26	0.12%
2016	\$334.42	1.26%
2017	\$341.55	2.13%
2018	\$350.06	2.49%
2019	\$356.23	1.76%
2020	\$360.62	1.23%
2021	\$377.57	4.70%
2022	\$407.78	8.00%
2023	\$413.55	1.42%*

* Compared to previous annual rate. Not final. See [inflation summary](#) for latest 12-month trailing value.

Jess Losi:

Thank you, chair. Commissioners ex officios, for the record, my name's Jess Losi. I'm a special agent in the regulation unit. Feel free to turn to tab six and your commission meeting packet. We have a petition for discussion and possible filing regarding wagering limits for house bank card games. If you recall, at the August 2022 meeting, commissioners accepted a petition and chose to initiate rulemaking to amend WAC 230-15-140 related to wager limits for house bank card games. Before you today are four draft language options to consider in no particular order. We've labeled these as option A, B, C, and D. Option A will allow wagering limits over the current maximum limit of \$300, but not to exceed 500 under certain conditions. Conditions include limits over \$300 must be approved in internal controls. Only three tables will be authorized to have the higher limits. Licensees must establish a designated space such as like high limit room for the tables where limits over \$300 will be played.

Problem gambling signage must be posted in that room, and verification that players are not on the self-exclusion list will be required before players can wager over \$300. Option B increases a maximum wagering limit from \$300 to \$500 for a single wager. And option C increases the maximum wagering limit from \$300 to \$400 per a single wager. And then the last rule draft roll option increases the maximum wagering limit from \$300 to \$500. And in addition, it allows wagering limits up to a thousand dollars. Again, under certain conditions as I just referenced with regards to option A, the conditions are the same. You'll notice as one of your attachments staff completed a history of wagering limits document that outlines all the wagering limits for tribal casinos and house bank card rooms since the mid 1970s to current.

I also wanted to note for the commissioners, when we first received this petition along with all petitions, we create a link on our public website for the public to go in and provide comment on all our petitions. So we did that right away with this particular petition. After the August commission meeting, we did receive a letter from a general manager from Chips and Palace and Lakewood in support of raising the wagering limits as originally proposed by the petitioner. Staff, since the August commission meeting, also held a stakeholder meeting. We opened up to the industry, the gaming industry. We had 14 participants. The overall consensus in that stakeholder meeting was they were supportive of raising the wagering limits. Staff also held a meeting with our tribal partners to discuss this petition.

Over the last couple months, the petitioner, if you recall, Vicki Christopherson, she represents Maverick Gaming. She submitted three different documents that are also attached in your meeting packet. One of the documents addressed some of the questions that commissioners had at the August commission meeting. Another document they provided gave a brief history of gambling in Washington state. And then the last document was a review that they did of wagering limits and states other than Washington. It should be noted that WGC staff has not independently verified the facts contained in those documents, but they are attached for reference. Staff during the last couple months have reached out to the Evergreen Council on prom gambling for feedback or any further resources to see what type of impact higher wagering limits would have on prom gambling. We haven't received any specific information yet, but staff did find an impact study. Was that a Massachusetts? In the rule summary, there's a couple links that you can go to, to review what the findings were. Neither report that we saw indicated the higher wagering limits were predictors of prom gambling.

If the commissioners do choose to file one of the rule options that I mentioned earlier today, staff will begin seeking feedback from licensee tribal partners in the public again, once we have a better direction on potentially the rule version. And your options for today are to file one of the draft language options for further discussion, request staff to continue to work on draft language, file the amended language with changes you can make during this public meeting, or withdraw the notice of rulemaking and state any reasons for the withdrawal. One other note I will make for the commission is the earliest we could

bring this rule package back to you for final action would be at the March 2023 meeting. So I'll stay on for any questions you may have. And that concludes.

Commissioner Levy:

Thank you, Jess. Does anyone have any comments? Commissioners, any questions? I think maybe I'll start because I remember, and it might have been the August meeting, I think I requested the October meeting minutes, but we'll have to figure that out. But Commissioner Reeves had a lot of questions surrounding this and I don't recall what all those questions were, which is why I wanted to look at the minutes and review those. And I think that it looks like Maverick kind of went through and answered most of those questions, which I appreciate. That took a lot of work. It's very lengthy.

But I think what me personally would like to look back at some of the questions, see what Maverick put forward, pick out what's the most important now for trying to... I still don't feel like I have quite enough information, and well, I appreciate that Maverick put it all forward. And there could be bias, so maybe get the staff to pick out some of the things and continue to work on some of those answers and get some of more of the questions answered. Which I don't know that the staff can tackle all of those because it was a lot. But just to try to narrow it down some. So that's what I would like to do at this point. I don't know how the other commissioners feel. Commissioner Patterson.

Commissioner Patterson:

Thank you. Commissioner Levy, what questions are on are you talking? What things are you talking about? Can you give me some examples?

Commissioner Levy:

No. When we first opened this up, there was a lot of questions by not only her. I think Representative Kloba had quite a few questions as well. And then it was a lengthy discussion. I would just need to look back through the minutes. That's what, and determine exactly. And maybe we don't need them all answered. I just want to make sure because I remember thinking at that meeting that there was a lot of important discussion that occurred and a lot of things that were brought up.

Commissioner Patterson:

So procedurally, I'm a little confused. There were any questions that were asked. Maverick did respond. You're saying that they fully respond.

Commissioner Levy:

They did. The staff didn't get to verify everything, and so I just want a little bit of verification on some of the materials they brought forth. I'll do some of my own research on what they brought forth. It was a lot of information that Maverick brought forth. I read through it all. I just want to be able to verify it and make sure that I have a full understanding. And that if some of it needs to be clarified or verified by our own staff, that we can have the opportunity to do that.

Commissioner Patterson:

Okay. That sounds great. I just want to ask staff to be sure to include that information in the packet when we take this up next time.

Commissioner Levy:

Yeah.

Commissioner Patterson:

I mean if they're maybe the best way to do it is to outline questions were how [inaudible 00:32:38] answer and what is left that needs to be answered.

Commissioner Levy:

Right. Yeah. And I just personally think I need a little bit more time to do that before I feel comfortable just choosing one of these options. That's all.

Commissioner Sizemore:

Okay. And I guess you kind of answered it maybe towards the end, you feel like you need more time prior to choosing one of the options or any other option that we have. Okay. I think while I respect that, I think if we maybe go through public comment, certainly if there were any other commissioner questions, I think maybe at that point maybe we can see if we're still on that same spot and then maybe consider a motion and then see where that goes to whether that ends the matter or moves in along would be my proposal.

Commissioner Levy:

All right. That sounds good. Let's see. Commissioner Lawson, did you have any comments so far?

Commissioner Lawson:

Thank you Commissioner Levy or Chair Levy. No, I think that I'm in the same position where I would like to see some of the information that was provided. In support of the rule change, I would like to see that information verified by commission staff.

Commissioner Sizemore:

Okay. Thank you. So are we ready for public comment [inaudible 00:34:34] commissioners? Do we have any public comment on this?

Vicki Christopherson:

Yes. [inaudible 00:34:41] sign up share.

Commissioner Levy:

You're fine.

Vicki Christopherson:

Good afternoon, commissioners. Vicki Christopherson here today on behalf of Maverick Gaming. Thanks again for continuing to work on this important proposal. I guess what I want to start with is Lisa and your finance person basically made our case. The same reason that you are seeking to increase license fees, those issues with respect to the cost of doing business, it hasn't been since 2018 that our wager limits have been adjusted. It's been since 2009. We're now on 14 years without an adjustment to the wager limit in card rooms. So for the industry, when we look at the fact that it is in fact shrinking, it is a very difficult industry to be in, and making sure that the companies can remain solvent just as the

commission needs to do as well. I think it's important that these issues that we bring forward in rule petitions are addressed in a timely manner.

You're right, the hearing happened in August, and Jess will correct me, I'll have to go back and look at my email, but I'm pretty sure we provided all of this information in September-ish, maybe October, which seems to me to be enough time to get some verification about the information that we provided. The state's wager limits information we provided is publicly available and we only compared of states that had commercial wagering, commercial gaming like ours so that we could be doing an apples to apples comparison. I understand in talking to many folks over the last several months that there's some policy concerns or questions around whether high limit in the thousand dollars range is the right way to go. And to me that issue, it's fair to say that that issue needs some more discussion and something we would be willing to continue to do. But with respect to the adjustment from three to our suggested 500, honestly, to us, that seems fairly routine given that it's been since 2009, since our wager limits have been adjusted.

It does not out of the ordinary. And again, given the constraints and the realities that all businesses including state agencies are dealing with now, the cost of workers, the cost of benefits, the cost of supplies and goods, the cost of food, everything is going up. And you can see the consolidation happening in our industry, it's happening partly because of these issues. And in our opinion, the commission has an obligation to work with us to ensure that the industry can remain solvent.

We have a bit of frustration in that we have now four rule petitions before you, three of them have been 10 months with no discussion or action, this one since August. And so I understand the desire for more time. At the same time we really look to collaborate. We're not going to oppose fee increases. That's obviously something that comes with our work with the commission, but we just ask for the same consideration for our businesses as we continue to go forward. So I would hope that the commission could move forward with initiating rulemaking on the \$500 limit. That still gives you plenty of time because you wouldn't be adopting it now. You'd be directing staff to draft language, which then you could continue to get answers to your questions while that conversation is going on. A delay in initiating rulemaking until March then puts us again several months until some action can be taken. So that's our request. I appreciate the consideration, appreciate the complexities, and we stand ready to answer any questions. Thank you.

Commissioner Levy:

Thank you. Okay. Do we have any other comments or...? Hello?

Luke Esser:

Good afternoon. My name is Luke Esser. I speak on behalf of the Kalispel Tribe. And our interest in this rule's petition was initially drawn by the petitioner's reference to tribal gaming as was indicated on the first page of the staff report. The final bullet under the petitioner feels this changes as needed for several reasons. And the final bullet initially was to keep the wagering limits for card rooms fair and consistent with competitors, specifically tribal casinos. And I think we have hopefully put that issue to rests with the discussion about how fundamentally different tribal gaming is as created on and regulated under India Gaming Regulatory Act at the federal level versus the state structure for commercial gaming.

I am among those who thought that there was going to be a thorough review by staff in the lead up to this discussion as to the foundations of the authorization by the legislature for the card rooms in the

state of Washington. And while Maverick certainly has the right to present their response to that background, I think the commission would benefit from a more objective analysis.

And one point I'll make, but I don't think it's been addressed at all, is that it is still part of state law RCW 94, 946070 about the gaming commission. The commission shall have the following powers and duties sub two to authorize and issue licenses for a period not to exceed one year to any person association or organization operating a business primarily engaged in the selling of items and food or drink for consumption on the premises. And so I think the commission should, before even entertaining an increase in these betting limits, go back and take a look at the foundation that the legislature has provided to you for the whole construct of card room gaming in the state of Washington.

And the final point I want to make is regarding inflation and the suggestion that there's a merited increase, your staff has done a good job of pointing out that there's been four different benchmarks over time for the betting limits in the card rooms, the initial \$25 in 1997, up to \$100 in 2000, up again 2004 to \$200, up again in 2009 to \$300. And if you examine each of those and adjust for inflation, it's only the most recent of those for which there would be any argument that an inflationary adjustment is warranted. So I would encourage you to have staff verify that I took a look at my own numbers on usinflationcalculator.com, so I'm no expert in the field. But for most of those different benchmarks that have been adopted over time, you're already above with the current \$300 limit what inflation would've called for at this point in time. So I think there's a lot of unanswered questions for the commissioners to gather more information on before making a and rendering a judgment on this proposal. So thank you for the opportunity to share those thoughts.

Commissioner Levy:

Thank you very much. Is there any other comments?

Julie:

Okay. Commissioner Patterson.

Commissioner Levy:

Oh, commissioner Patterson.

Commissioner Patterson:

So, madam chair, I just wanted to say that I'm ready to take the vote today and it's the prerogative, the chair, I imagine to readjust the action on the agenda and that's what you signaled that you want to do. But I'm ready to take a vote today. I thought testimony was pretty compelling for how we've been delaying this. And then no explanation is to what the outstanding questions are that our staff have broadly addressed. So I wanted to put that on the record. I feel that unless we explain what [inaudible 00:43:08] we don't know or that we're uncomfortable about, which is what this [inaudible 00:43:12] is for, I'm ready to prove, or what it's-

Commissioner Levy:

All right. Does anyone else have any comments or we can open it up to a motion?

Commissioner Sizemore:

So the last public comment discussed RCW 9.46.070 sub two, which describes a business primarily engaged in the selling of items of food or drink. And yet I have also seen a different parts of the statute

9.46.02.17 that just is the definition of commercial stimulants and it doesn't include the term primary. So I think we have a conflicting statute it feels like, which doesn't give me any more confidence in whether, and I think it's a lot of it is certainly up to interpretation. I want to make sure that we're not outside of our lane, that we're staying within our authority. I think that with the definition of commercial stimulant being outlined and primary not being part of that, it lends itself to the fact that there's certainly a possibility that the legislature doesn't require that to be a primary function. And then you get into whether that's how do you define further define, which I think we have the authority to do by rule, which I don't know, director, whether we've done that by rule outside of the statute or if we have, I'd like to hear.

Director Griffin:

Yes. So there is a definition in rule of commercial stimulant, and it is WAC 230 03 175, excuse me. That's the requirements for commercial stimulant business. Give me a minute. I can see if we have a definition of commercial stimulants. We do not have a definition for commercial stimulant. Usually we don't have rules that when there's already an RCW because the RCW is authority language. So we do not have a definition of commercial stimulant in WAC. We only have the additional requirements for commercial stimulant business defined in WAC.

Commissioner Sizemore:

Okay. All right. Well, I guess that's conclusion of my remarks at this point.

Commissioner Levy:

Are there any other comments?

Commissioner Lawson:

This is Commissioner Lawson. I first would like to thank the petitioners for all the research and work that they've done here. There's a lot here to absorb and I want to thank you for taking the time to put this information together. I think I'd still like to see some analysis of the information that was put forward that would be done by commission staff that would be a bit more objective. And I would still like to see the minutes from our prior discussion to really be able to draw those lines linking the question that was asked by each commissioner and the answer that was provided by the petitioner in the materials. As well as have additional time to read and analyze the RCW and the WAC and come to some sort of conclusion about what those statutes and regulations say.

Commissioner Levy:

Thank you.

Commissioner Sizemore:

So I guess I have a question for my fellow commissioners of whether, sorry. So right now to get into the rulemaking process, right now we're at the 101 phase from what I understand. So 101 to start rulemaking has gone on, 102 is proposed language, and then certainly 103 is an up or down vote on adopting. Is that an accurate shorthand way of looking at it? So I guess from my fellow commissioners, I'm curious if folks feel like this is a conversation that can be had after adopting some proposed language today. And I think I heard Commissioner Patterson suggests yes, Commissioner Levy no, and Commissioner Lawson feels like maybe no. But I think that there may be some value in moving this along

to the 102 level. And maybe my first reason for that is that I would truly like to take the thousand dollars high limit proposal or aspect of this proposal off the table. I don't think that that's appropriate.

I think if we go back to the record back in August, I'm pretty sure that I made it pretty abundantly clear. I didn't feel like card rooms and tribal casinos were apples and apples and were not competitors in a sense as maybe as being suggested. So that record just will continue as long as this topic is before us, because our staff adds to that worksheet essentially, and those were contentions at the beginning. So all of that to say, I think that there may be some value in getting the thousand dollars high limit, part of the conversation off the table, go ahead and do a motion to do a 102, and then we're not limited to going forward, stopping, pausing, taking the time necessary to do what I think I'm hearing some folks need.

Commissioner Levy:

Okay. Just a question for staff, maybe. How long does the 102 period last?

Director Griffin :

Probably 180 days.

Commissioner Levy:

From like today or?

Director Griffin:

Nope, from when you file it. So we haven't filed anything with the code reviser's office. So 180 days from the filing of the document with the code revisers. So then you can renew that filing with the code reviser or another 180 days as well.

Commissioner Levy:

Okay. And then Commissioner Sizemore, not to put you on the spot, but what would be your proposal of, if you were to file that, what would the wager increases be?

Commissioner Sizemore:

Well, I think Commissioner Patterson had a motion that she wanted to make, so I don't want to step on that.

Commissioner Levy:

Okay.

Commissioner Patterson:

I was just going to express my opinion. I wasn't making a motion, but I mean, I'd be glad to put a motion forward that you can vote on. I don't know what good that would do because everyone's shown their cards, unless somebody's interested in changing. I can probably move forward with option B. If I were to make a motion, that's what I would move that we continue to consider option B.

Commissioner Levy:

And the only reason I was asking that, because I guess another question for staff, if we could stay B now 300 to 500, could we later lower it to 400 if we wanted to, or then you can still just do whatever?

Director Griffin:

Right. Any, because until you take final action, you can make changes. So if they're substantive or substantial, then you have to refile the 102. But yes, you can make changes.

Commissioner Levy:

Okay. Just want to make sure. Okay. Is there any other comments then?

Commissioner Sizemore:

I guess I have one more. Hopefully just one more. And this is to staff. So for our usual rules process, the 102 is really when we do the heavy duty stakeholder work generally?

Director Griffin:

Correct.

Commissioner Sizemore:

Okay.

Director Griffin:

Because there's nothing when there's no rule.

Commissioner Sizemore:

No potential language.

Director Griffin:

Well, at this point we've just initiated rulemaking and the petitioner has provided a suggested language. So that would be the only thing to talk about. I mean we could listen to feedback, but that is somewhat what we did in September is feedback on the petition because there was no language. And if I may, I will add that even if the rule is up for final action, you can decide not to move forward with rulemaking at that time. So you could withdraw the initiation of rulemaking at that time. So just because something is filed, even with the 102 and you're ready to come forward for final action, it can be removed.

Commissioner Levy:

Thank you. Hey, do we have any other comments? Yes, commissioner Patterson.

Commissioner Patterson:

So having listened to all that, I'm just curious if we move forward for rulemaking process, if I were to forward a motion that we move forward with option B, is that not enough time for commissioners to get their other questions answered so that they could be incorporated into discussion about that motion?

Commissioner Levy:

I think 180 days is probably enough time. Yeah.

Commissioner Patterson:

Okay.

Commissioner Lawson:

Yeah, I agree. 180 days is enough time. And I'm comfortable with moving forward with one of the options presented. My only caveat was that I just needed more time to digest everything that's been presented and wanted a little bit more counterpoint from commission staff. But given that that is still going to take place once we take action today, then I'm comfortable with taking a vote on one of the options.

Commissioner Patterson:

Okay. Well, having that'll forward a motion when you're ready [inaudible 00:56:57].

Commissioner Sizemore:

[inaudible 00:56:57] need to make a motion.

Commissioner Levy:

Okay. We have a motion then. Yes, go ahead.

Commissioner Patterson:

Are you ready for a motion?

Commissioner Levy:

Yes.

Commissioner Patterson:

Okay. So I'd like [inaudible 00:57:05] this time we move forward with option B, which will increase the maximum waging from, excuse me, yes, B, which will move the limit from 300 \$500 for a single wager.

Commissioner Levy:

Thank you. Do we have a second?

Commissioner Sizemore:

I'll second that.

Commissioner Levy:

Okay. All those, sorry, do we have any additional comments now that's been moved and seconded? Okay. Then all those in favor, please say aye.

Commissioner Sizemore:

Aye.

Commissioner Lawson:

Aye.

This transcript was exported on Jan 11, 2023 - view latest version [here](#).

Commissioner Levy:

Aye.

Commissioner Patterson:

Aye.

Commissioner Levy:

All right. The motion passes four commissioners.

Lohse, Jess (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Friday, January 27, 2023 2:19 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Friday, January 27, 2023 - 2:18pm Submitted by anonymous user: 74.82.229.35 Submitted values are:

Select a Topic: Petition for Rule Change: Wagering limits for house-banked card games

Name: Jerry Howe

Organization: Ellensburg Gaming, Inc.

Comments: We are a small room that caters to locals and we don't have very many customers that would utilize the higher limits, but it would be a nice option to have for those that are interested. It would allow us to keep more of the local customers at home rather than them leaving our area to seek out higher limits. These new proposed limits would merely catch us up to how much everything else has increased in recent years.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3776&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C6cc9ea8ddb2b49f351f808db00b476bc%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638104547350714236%7CUnknown%7CTWFpbGZsb3d8eyJWlJoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6lk1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=czXD47C2d%2FnhgT4Tu%2BgOFgYsj4urVmApZcFGmypONA8%3D&reserved=0>

Lohse, Jess (GMB)

From: Griffin, Tina (GMB)
Sent: Thursday, August 11, 2022 1:31 PM
To: Lohse, Jess (GMB)
Subject: FW: Wager limit rule change petition
Attachments: Wager limit rule change petition.pdf

Please put this with the HBCR rules file. It was read into the record of the Commission meeting on August 11, 2022.

From: AgencyWebsite (GMB) <agency.website@wsgc.wa.gov>
Sent: Thursday, August 11, 2022 8:05 AM
To: Anderson, Julie (GMB) <julie.anderson@wsgc.wa.gov>; Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>
Subject: FW: Wager limit rule change petition

Nicole Frazer
Administrative Assistant 3, CEU/Regulations
Agency Evidence Officer & Agency ACCESS TAC
Phone: 509-325-7905 Cell - 509-530-0743
Nicole.Frazer@wsgc.wa.gov

From: Tony Johns - Chips & Palace Casinos <tjohns@evergreengaming.com>
Sent: Wednesday, August 10, 2022 5:31 PM
To: AgencyWebsite (GMB) <agency.website@wsgc.wa.gov>
Subject: Wager limit rule change petition

External Email

To whom it may concern,

Please see the attached statement on behalf of Evergreen Gaming regarding the Table limit rule change petition on the agenda for the 8/11/22 meeting.

Thank you,

Tony Johns
General Manager
Chips/Palace Casinos
Lakewood, Wa
253-720-8369



Evergreen gaming wishes to support the submitted rules petition requesting that the maximum wager limits be increased to \$500 and \$1,000 limited to no more than three table games. Evergreen gaming believes that this rule change is necessary to continue to keep up with the increasing wage growth and skyrocketing inflation. Evergreen gaming wishes to remain competitive with its pay and benefits offerings throughout the food and entertainment industry. The \$500 table limits will play a vital role in doing this and the \$1,000 limits, on up to three table games will allow us to provide a desirable option to the top 3% of guests who currently go out of state where comparable limits are offered. We thank you for your consideration of this rule change and look forward to participating in future discussions on how to implement it most effectively in a way that promotes safe and responsible gaming.

Tony Johns

A handwritten signature in dark ink, appearing to read "Tony Johns", with a long, sweeping underline.

General manager

Chips Casino and Palace Casino

Lakewood, WA.

Follow up to questions posed by WSGC member to Maverick Gaming petition to increase wager limits

The following QA includes the queries mentioned in public meetings and other correspondence specific to Maverick Gaming's request for an update to regulations to allow a wager increase for Washington cardrooms.

Historical foundation:

The Washington State Legislature Passed [SHB 473](#) in 1974 to allow cardrooms. Significant updates to the initial law have occurred only four times since 1981.

- 1981 – Allowance for a local tax on card room revenue increased from 5% to 20% (there is no state tax on gambling). Fees from card rooms support the operations of its regulatory body, the Washington State Gambling Commission. [SB 3307](#)
- 1996 – Card rooms expanded from 5 tables to 15 tables. [SB 6430 bill page](#). Bill Text
- 1997 – Nontribal House-banked card rooms approved. [SB 5560 bill page](#).
- [Bill Text](#)
- 2006 – Wager limits for card rooms increased to \$200 at all tables. Previously, a \$200 wager limit was only allowed at three tables per card room.
- 2007 – Rules published in the [Washington State Register](#) by the Washington State Gambling Commission, defining the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts:
 - “If card game licensees prepare and provide food and drink as a part of the entry fee, they may treat the fair market value of the food and drink as commercial stimulant sales and not include it as gross gambling receipts.”
- 2008 – Card rooms allowed to expand hours to operate seven days a week, 24 hours per day. Previously, card rooms were only authorized to operate 20 hours per day.
- 2009 – Wager limits for card rooms increased to \$300 at all tables. Previously, a wager limit of \$200 was in place for all tables.
- 2012 – Card rooms authorized to offer carryover pots for up to 10 games. This was previously not authorized. Wager limits for “Texas hold ‘em” games raised from \$40 to \$100.

QA

How did you arrive at your request for \$500 limits from \$300 limits? How does chain inflation factor into this? What are the impacts of inflation on cardroom operations?

- Minimum wage in 2009 was \$8.55 when wager limit increased from \$250 to \$300.

- Minimum wage in 2022 is \$14.49 now which is 1.69x of 2009 would point to an the increase of close to \$508. We rounded it down to \$500.
- Minimum wage is going to be \$15.74 next year but we think \$500 is still reasonable.

Washington's card rooms are a legal, regulated participant in our state's economy and the laws and rules governing their operation should reflect the economic reality of the times.

- The impact of inflation has driven operating costs have been greatly affecting stability
 - Food & Beverage
 - Food, beverage, and liquor are significant in cost to our operations. Attached food items we paid in 2019 has now increased by +50% this year. The same buffet menu we offered in 2019 costs **60% more to do now**. **A list of current price sheet will be provided separately.**
 - Gaming Equipment
 - Two of our essential and most used gaming equipment, playing cards and gaming chips, have a significant jump on the price under the inflation
 - Playing cards up from \$0.80 per deck to now \$1.66 per deck, a **107.5% increase**
 - Gaming chips up from \$1.39 (qty 2,000) and \$0.78 (qty 3,000) to \$2.54 (qty 2,000) and \$2.28 (qty 3,000). **82.7% increase in cost**
 - Supply shortage
 - The shortage has been another factor to drive the cost increase because when we cannot receive, for example, ketchup in time from our supplier we will need to shop around wherever there's a supply. The imbalance in supply and demand naturally grants the product to whom pays more and that inevitably drove up our cost to supply products to our guests.
 - Freight is the other factor that has put more weight on the increase of product costs
 - Payroll
 - This data of min wage increase has been addressed in prior meeting and with another new 8.6% increase, effective January 2023, is going to make it harder to operate in a healthy margin
 - To get people hired, the cost is much higher than the min wage increase. We are competing with other employers for the same pool of workable source in WA, where the living costs is on the top list across the nation's 50 states. McDonald is hiring at \$23.00 while they were able to increase a Big Mac combo from \$9 to \$13.50 now to justify the payroll increase.
 - Due to COVID, the employee insurance cost has also increased from the claims and premium by insurance company.

How will tier 1, 2 and 3 supplies be impacted by this proposed increase in wager limits?

How have the statutes and rules evolved for "social card games" and "commercial stimulants"?

The laws and rules governing social card games have been updated by the Legislature and the Washington State Gambling Commission since their creation in 1974 to reflect the economic reality of the times. *Please see “A Brief History of Gambling in Washington” for a general timeline and contextual information.*

Social card games were first defined in statute in [SHB 473](#), adopted in 1974, as a regulated gaming option available for bona fide charitable or non-profit organizations. Social card games were also available to any person, organization or association when utilized as a commercial stimulant. In 1987, the Legislature in adopting [HB 6](#) determined the definition of “commercial stimulant” relating to social card games as: “an activity that is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

Following the opening of the first Tribal casinos in 1992, the Legislature in a 95-0 vote in the House and a 35-14 vote in the Senate defined “commercial stimulant” as no longer secondary or incidental to an established business. In adopting [HB 2382](#), the Legislature revised the definition of “commercial stimulant” relating to social card games, striking the two instances of the word “incidental” and one of “primary.” “‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an ~~incidental~~ activity operated in connection with, ~~and incidental to~~, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

In 1996 and 1997, the definition of social card games was again updated by the Legislature to increase the maximum number of tables from five to 15 and to allow for house-banked card rooms. According to legislative records, testimony, and a review of floor speeches by lawmakers, the Legislature was responding to a desire to allow card rooms to remain a competitive business. The Commission engaged in corresponding rulemaking to adopt the regulations governing the operation of house-banked card rooms.

Additional rulemaking after the creation of house-banked card rooms includes four updates to the wager limits allowed for house-banked card rooms from 2006 to 2012. Finally, in 2007, [rules](#) published by the Washington State Gambling Commission defined the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts.

When first created by the Legislature in 1974, social card games were defined as an ancillary operation to help stimulate the commercial or non-profit operations of a primary business or organization. Since 1974 – and especially since the opening of the first Tribal casinos in Washington - the Legislature has made multiple updates to the definition of social card games in statute so that they are now operated as primary for-profit commercial businesses, often with a corresponding secondary business of food and drink. The Commission has also reflected this definition in statute in its rulemaking, both in increasing wager limits to reflect the economic reality of the times and categorizing gross receipts for tax purposes.

Please provide more detail for the assertion that in the 1990’s the legislature chose expansion for card rooms (5-15 tables and allowance of house banked cardrooms).

In 1996, the state legislature approved the expansion from five tables to 15 tables for cardrooms. ([SB 6430 bill page](#). [Bill Text](#)) The Senate Bill report reads as follows:

This legislation as introduced in the Senate would expand tables from 5 to 15 and allow for house-banked card rooms. However, a substitute bill removed allowing house-banked card rooms and replaced that provision by allowing for player-supported progressive prize contests. After passing the Senate, the House attached an amendment to provide the Commission \$1 million from the General Fund. After passing the House, the Senate refused to concur, and the House receded from the amendment before again passing the bill (this time with 5 more yay votes).

Testimony against: Dick Dorsett, Pierce County; Maureen Morris, Association of Cities.

Testimony for: Senator Schow, prime sponsor; Steven Downen, Riverside Inn; George Teeney, card room operator; Dave Pardee, Skyway Bowl; Robert Saucier, Mars Hotel; Fred Steiner, Diamond Lil's; Art Lawerson, Cafe International; Lou Dales, Tower Inn

Senate sponsors: Schow, Spanel

House sponsors: Thompson, Quall, Thomas, L., Clements, Schmidt, Blanton, Buck, Schoesler, Cairnes, Conway

Senate approved 30-14-5, House approved 78-13-7 on first vote, 83-15-0 on second vote.

✓ Governor signed (Lowry)

In 1997 the state legislature established house-banked, nontribal cardrooms. ([SB 5560 bill page](#). [Bill Text](#))

House Bill Testimony Summary: "The house would make more money acting as the banker. The commission would still set wagering limits and establish the number of tables up to the maximum allowed under current law. This bill will allow card rooms to compete with the tribal casinos."

Relevant testimony from TVW's archives includes the following:

[Senate Floor Debate](#) - ~35:00 – Sen. Schow says that the update was so that the Commission would know everyone who is participating in a game.

[No mention of commercial stimulant.]

[House Floor Debate](#) - ~1:07:00 – Rep. McMorris says that the update is needed so not just anyone can bank a game and will allow owners of card rooms to make sure the games are run well. Rep. Wood says this will help a lot of the small card rooms

[House Bill report](#)

No testimony against. Pro Testimony: Steve Down, Recreational Gaming Association; Rob Saucier, Mars Hotel; and Julia Porter, Eddie's Diner.

Senate Sponsors: Schow, Prentice, Snyder, Anderson, Horn

House Sponsors: Cairnes, Hatfield, Conway, Fisher, Zellinsky

Senate Approved 44-1, House Approved 97-0

✓ Governor signed (Locke)

How are house-banked card rooms (HBCRs) marketing themselves currently?

Like restaurants, theaters, and sports, playing cards is one choice people have for entertainment. For those who gamble, playing cards at a neighborhood destination is marketable for a relaxed, convenient environment, programs that offer loyalty discounts, a good meal, community connection. We are the local Cheers bar.

Just as a movie theater markets itself as a destination for watching movies, house-banked card rooms market themselves as a destination for playing cards.

What triggers, strings, and centers of influence should determine, beyond the economic factors, when and why we raise limits in HBCRs?

For every sector in every industry, economic factors and time are key and determining factors for updates to regulation. An unchanging, stagnant environment over time is not a reality for any sector. That reality is fundamental for our request to increase wager limits. Customer choice, customer autonomy, the standard need for any business in the entertainment or hospitality industry to evolve to meet its customer's needs (or lose their business) is very much at the crux of increased wager limits at cardrooms.

A regulated utility raises rates to ensure its services meet the needs of its customers. A regulated sector such as liquor and spirits asks for permission to include tasting rooms in distilleries to respond to customer demand. Regulated providers for broadband access must ask for permission to build new infrastructure that responds to both consumer demand and the requirements of technology to function properly on its networks. Those with liquor licenses ask for the allowance to provide outdoor "café" service and food truck operators advocate for updates to parking regulations. In every instance, the needs of the people who use, enjoy, and rely on the service should be accommodated safely and responsibly in regulation. The *opposite* action, limited or reticent updates to the rules, affects the choice, control, and costs for consumers first and above everything else.

Historically the Gambling Commission has followed the Legislature's lead in updating wager limits to reflect the ongoing economic and competitive evolution of gambling in our state. Cardrooms are a legal participant in our state's economy and the laws and rules governing their operation should reflect the economic reality of the times. Updates that respect the cardroom industry have been updated a total of four times since 1981. In 2022, an update is reasonable.

Inflation impacts the operations of card rooms much like it impacts the operations of any commercial business. For card rooms, inflation drives up the cost of essential items such as poker chips and cards, the wages of employees, health care benefits and food costs.

Is there a comparison between Washington cardrooms and Tribal casinos?

No. Cardrooms do not compete with Tribal casinos on any aspect of business, except for the card players at the 15 tables they are allowed to host. 90% of cardroom customers live within 3 miles and can drop by to watch the game and meet friends for beers and burgers, or to play cards somewhere that is local and familiar. Washington cardrooms are modest both in physical footprint and gaming choices that we may offer local customers. Each property has a maximum of 15 card tables. In addition to state regulations,

card rooms have to comply with local requirements around zoning and taxes. Class III gaming, such as slots, are not available at our properties in Washington. Each card room is tailored for its neighborhood, often featuring a bar, kitchen, and regular events (such as a drag show brunch at a location in Tukwila), for its customers.

Except for the handful of card games that can be played at a Washington cardroom or at a Tribal casino, the enterprises are vastly different in scale and offerings.

Is Maverick Gaming owned by out-of-state, maybe even foreign investors from other countries?

No. Maverick's finances, and those of its owners, are required to be disclosed to and vetted in detail by the State Gambling Commission, a regulatory requirement designed to identify and prevent corruption in the industry. Maverick Gaming's \$500 million investment in the state, and each enterprise it owns and operates (including LLCs it purchased), does so under the Maverick Gaming umbrella, which is based in Kirkland, Washington. References to LLCs in the public record that are owned and operated by Maverick Gaming but based outside of Washington may be described as a "foreign entity LLC." This means that it is a property operating elsewhere in the United States, such as Colorado or Nevada. It does not mean that it is a business own or operated outside of the United States.

In addition to disclosing its source of funds as required by its regulator, Maverick Gaming also publicly shares information on its financing on its website via [press release](#): Deutsche Bank, Credit Suisse, Jefferies Group and US Bank. A review of records provided by the Washington State Gambling Commission confirms that Maverick Gaming's financing is analogous to financing of Tribal casinos in Washington.



A Brief History of Gambling in Washington State

1971-1986

When card rooms were first authorized by the Legislature, the parameters of their operations reflected their times: gambling was newly legal in Washington following a public vote and a cautious Legislature sought to bring gambling out of the corrupt shadows while stopping well short of Las Vegas style gambling.

1987-2006

When Tribal casinos first opened their doors and significantly changed the gambling sector in Washington, the Legislature again updated the parameters for commercial card rooms to reflect the times: additional tables and the ability for house-banked operations.

- "Commercial stimulant" definition revised by Legislature so that cardrooms no longer defined as a secondary business or "incidental" to another operation.

2006-TODAY

The Commission has subsequently followed the Legislature's lead in updating wager limits to reflect the ongoing economic and competitive evolution of gambling in our state.

Like restaurants, theatres and sports events, playing cards is one choice people have for entertainment. Over the past 50 years, the Legislature has adopted policy and the Washington State Gambling Commission has enacted rules that affirm the ability of cardrooms to operate in an evolving business environment, including after the launch of now several thriving Las Vegas style Tribal casinos.

1971 – The Legislature adopts HB 291 to create broad framework for legal gambling in Washington. Governor vetoes the legislation.

1972 – [SJR5](#) approved by WA voters (61.67-38.33), the measure repealed the prohibition against lotteries and instituted a requirement of a supermajority vote via the legislature or

a ballot measure to conduct one. The measure amended [Section 24 of Article II](#) of the Washington State Constitution.

1973 – Gambling Commission created. Legislature authorizes pull tabs, bingo, raffles, card rooms and "Las Vegas Night" fund-raisers. Governor vetoes card rooms [SHB 711](#).

As passed by the Legislature, SHB 711 included card rooms and social card games, but Governor Evans used his line item veto to strip the bill of card rooms and social card games. He argued that "It is clear from the last election that the people desire bingo and raffles. However, I believe that we should proceed to establish the gambling commission and allow it to experience in this area before moving further direction of allowing other activities."

1974 – Card rooms approved – [SHB 473](#) – (emergency clause attached but vetoed. Certain aspects of card games also vetoed e.g. entrance fee)

"The legislature hereby authorizes any person, association or organization to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant."

Governor Evans again used his line item veto for aspects of the bill concerning card rooms. While allowing the new authorization this time to proceed, he vetoed language that he believed would make it too easy to host a card game, saying "These items all for public card rooms which pose serious problems of have the effect of paving the way enforcement to local police officials and foster a climate of open tolerance and/or clandestine payoffs for non- enforcement of gambling laws and regulations."

The Legislatures bill also blocked any local jurisdiction from imposing a ban on card rooms. Evans vetoed this language. He also vetoed the emergency clause.

The Commission maintains a [list of local bans](#).

1980 - [Gamscam](#)

1981 – Allowance for a local tax on card room revenue increased from 5% to 20% (there is no state tax on gambling). Fees from card rooms support the operations of its regulatory body, the Washington State Gambling Commission. [SB 3307](#)

1982 – Legislature authorizes state lottery (budget crisis - \$235 million deficit). [HB 1251](#)

1987 – The Legislature recodifies existing statutes regulating gambling, creating new definitions and other updates. In a new section, the Legislature in adopting [HB 6](#) determined the definition of "commercial stimulant" relating to social card games as:

“an activity that is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

1988-92 – Congress authorizes Indian Gaming Regulatory Act, Tulalips and Lummi first Tribes in WA to complete compact negotiations and open their casinos in 1992.

1994 – Activities defined as a “commercial stimulant” are no longer defined as only secondary or incidental to an established business. By a 95-0 vote in the House and 35-14 vote in the Senate, the Legislature amends in [HB 2382](#) the definition of “commercial stimulant” relating to social card games, striking the two instances of the word “incidental” and one of “primary:”

“Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an ~~incidental~~ activity operated in connection with, ~~and incidental to,~~ an established business, with the ~~primary~~ purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

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[Bill Text](#)

[Senate Bill report](#)

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Senate sponsors: Schow, Spanel

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L., Clements, Schmidt, Blanton, Buck, Schoesler, Cairnes, Conway

Senate approved 30-14-5

House approved 78-13-7 on first vote, 83-15-0 on second vote.

Governor signed (Lowry)

1997 – Nontribal House-banked card rooms approved, adding “house-banked” to definition of social card games. [SB 5560 bill page](#).

[Bill Text](#)

[House Bill Testimony Summary](#): “The house would make more money acting as the banker. The commission would still set wagering limits and establish the number of tables up to the maximum allowed under current law. This bill will allow card rooms to compete with the tribal casinos.”

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Senate Approved 44-1, House Approved 97-0
Governor signed (Locke)

2006 – Wager limits for card rooms increased to \$200 at all tables. Previously, a \$200 wager limit was only allowed at three tables per card room.

2007 – Rules published in the [Washington State Register](#) by the Washington State Gambling Commission, defining the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts:

“If card game licensees prepare and provide food and drink as a part of the entry fee, they may treat the fair market value of the food and drink as commercial stimulant sales and not include it as gross gambling receipts.”

2008 – Card rooms allowed to expand hours to operate seven days a week, 24 hours per day. Previously, card rooms were only authorized to operate 20 hours per day.

2009 – Wager limits for card rooms increased to \$300 at all tables. Previously, a wager limit of \$200 was in place for all tables.

2012 – Card rooms authorized to offer carryover pots for up to 10 games. This was previously not authorized. Wager limits for “Texas hold ‘em” games raised from \$40 to \$100.

December 1, 2022 - Maverick-provided spreadsheet on wagering limits in other states

State	Table Limit	Craps	Roulette	Baccarat	Website	Notes
Alabama	NA	NA	NA	NA		
Alaska	NA	NA	NA	NA		
Arizona	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	https://gaming.az.gov/	Sports betting racetracks & OTBs
Arkansas	NA	NA	NA	NA	Arkansas Casino Gaming Rules Department of Finance and Administration	Horse racing only
California	Unlimited	Unlimited	Unlimited	Unlimited	http://www.cgcc.ca.gov/	
Colorado	Unlimited	Unlimited	Unlimited	Unlimited	https://sbg.colorado.gov/gaming/limited-gaming	
Connecticut	NA	NA	NA	NA		Sports betting Lottery retailers
Delaware	Unlimited	Unlimited	Unlimited	Unlimited	203 Video Lottery and Table Game Regulations (delaware.gov)	Wagers set by licensee and approved by th agents. Sports betting lottery retailers and Racinos
Florida	NA	NA	NA	NA	Statutes & Constitution :View Statutes : Online Sunshine (state.fl.us)	Pari-mutuel Betting not house banked
Georgia	NA	NA	NA	NA		Only one casino cruise ship
Hawaii	NA	NA	NA	NA		
Idaho	NA	NA	NA	NA		Illegal
Illinois	Unlimited	Unlimited	Unlimited	Unlimited	https://www.igb.illinois.gov/	Wagers set by the licensee
Indiana	1,000/2,000	1,000/2,000	1,000/2,000	1,000/2,000	Called French Lick casino	Main wager/ high limit respectively
Iowa	NA	NA	NA	NA	Gaming Fees Iowa Racing and Gaming Commission	Pari-mutuel betting race tracks and river boats
Kansas	Unlimited	Unlimited	Unlimited	Unlimited	20120213_112-108-38.pdf (ks.gov)	Set by licensee
Kentucky	NA	NA	NA	NA		Horse racing and slots only
Louisiana	Unlimited	Unlimited	Unlimited	Unlimited	http://lgcb.dps.louisiana.gov/	Set by licensee
Maine	NA	NA	NA	NA	Casino Statute and Rules - Gambling Control Unit (maine.gov)	Electronic table games only
Maryland	\$500	\$500	\$500	\$500	Called Rocky Gap Casino	
Massachusetts	\$1,000	\$1,000	\$1,000	\$1,000	Called MGM Springfield Casino	
Michigan	Unlimited	Unlimited	Unlimited	Unlimited	Called MGM Detroit Casino	Must be approved by their Agents
Minnesota	NA	NA	NA	NA	Home Minnesota Gambling Control Board (mn.gov)	Charitable gaming only
Mississippi	Unlimited	Unlimited	Unlimited	Unlimited	Pearl River Resort	Must be approved by their Agents
Missouri	Unlimited	Unlimited	Unlimited	Unlimited	MISSOURI GAMING COMMISSION (mo.gov)	
Montana	Poker - Pot Limit of \$800	NA	NA	NA	https://rules.mt.gov/gateway/ChapterHome.asp?Chapter=23%2E16	Non Tribal Poker Only
Nebraska					https://revenue.nebraska.gov/	Sports betting Racinos only
Nevada	Unlimited	Unlimited	Unlimited	Unlimited	https://gaming.nv.gov/	
New Hampshire	NA	NA	NA	NA	Welcome NH Racing and Charitable Gaming Commission	Sports betting, Lottery and Charitable gaming
New Jersey	Unlimited	Unlimited	Unlimited	Unlimited	Called Borgata Casino in Atlantic City	Gaming notified.
New Mexico	NA	NA	NA	NA	Regulations New Mexico Gaming Control Board (nm.gov)	
New York	NA	NA	NA	NA	NYS Gaming Commission : Gaming	Electronic table games only
North Carolina	NA	NA	NA	NA		Tribal, bingo, raffles and charitable
North Dakota	NA	NA	NA	NA	Gaming Attorney General (nd.gov)	Charitable, online tribal and lottery
Ohio	\$5,000	\$5,000	\$5,000	\$5,000	Jack Casino Cleveland	
Oklahoma	NA	NA	NA	NA		
Oregon	NA	NA	NA	NA	https://www.doj.state.or.us/charitable-activities/charitable-gaming/charitable-gaming-license-applications-and-reports/	Sports betting lottery retailers and online
Pennsylvania	Unlimited	Unlimited	Unlimited	Unlimited		In person and iGaming
Rhode Island	10000	200	200	10000		
South Carolina	1000	500	500	NA		Boat only
South Dakota	1000	1000	1000	1000	https://dor.sd.gov/businesses/gaming/sd-commission-on-gaming/	
Tennessee	NA	NA	NA	NA		Sports betting online only
Texas	NA	NA	NA	NA	https://statutes.capitol.texas.gov/Docs/CN/htm/CN.3.htm#3.47	
Utah	NA	NA	NA	NA		
Vermont	NA	NA	NA	NA		
Virginia	50000	50000	50000	50000		
Washington	300	NA	NA	300	https://www.wsgc.wa.gov/	
Washington, D.C.	NA	NA	NA	NA		
West Virginia	Unlimited	Unlimited	Unlimited	Unlimited	http://www.wvlegislature.gov/WVCODE/Code.cfm?chap=29&art=22C#22C	Must be approved by state lottery commission
Wisconsin	No	No	No	No		
Wyoming	No	No	No	No		Sports betting online only



**STATE OF WASHINGTON
GAMBLING COMMISSION**

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

DATE: April 13, 2023

TO: **COMMISSIONERS:**
Alicia Levy, Chair
Julia Patterson, Vice-Chair
Bud Sizemore, Commissioner
Sarah Lawson, Commissioner

EX OFFICIOS:
Senator Steve Conway
Senator Jeff Holy
Representative Shelley Kloba
Representative Skyler Rude

FROM: Tommy Oakes, Interim Legislative Liaison

SUBJECT: Tab 8 Legislative Update materials will be presented at the meeting