



WASHINGTON STATE
**GAMBLING
COMMISSION**

Budget update

January 11, 2024

Presented by:

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Overview of 2023 license fee discussion

First tribal consultation and stakeholder meetings

- Generate revenue sufficient for 23-25 biennium expenditures
- License fee increases: 10% base fee / 10% quarterly rate / 60% maximum annual license fee

Second tribal consultation and stakeholder meetings

- Generate revenue sufficient for fiscal year 24 (July 1, 2023 – June 30, 2024)
- License fee increases: 10% base fee / 6% quarterly rate / 60% maximum annual license fee
- Revisit license fees for fiscal year 25



2023 license fee change rollout

Assumptions

- 3% increase in gross gambling receipts (based on historical year-over-year growth rate)
- Increase would result in \$2 million in additional revenue
- Use available fund balance to supplement revenue / expenditure gap

Changes effective June 30, 2023

Renewal date (new base rate in effect)	Percentage of licenses renewing this quarter	First date new quarterly rate applies
July 1	31.4%	October 1, 2023
October 1	21.6%	January 1, 2024
January 1	22.7%	April 1, 2024
April 1	24.3%	July 1, 2024



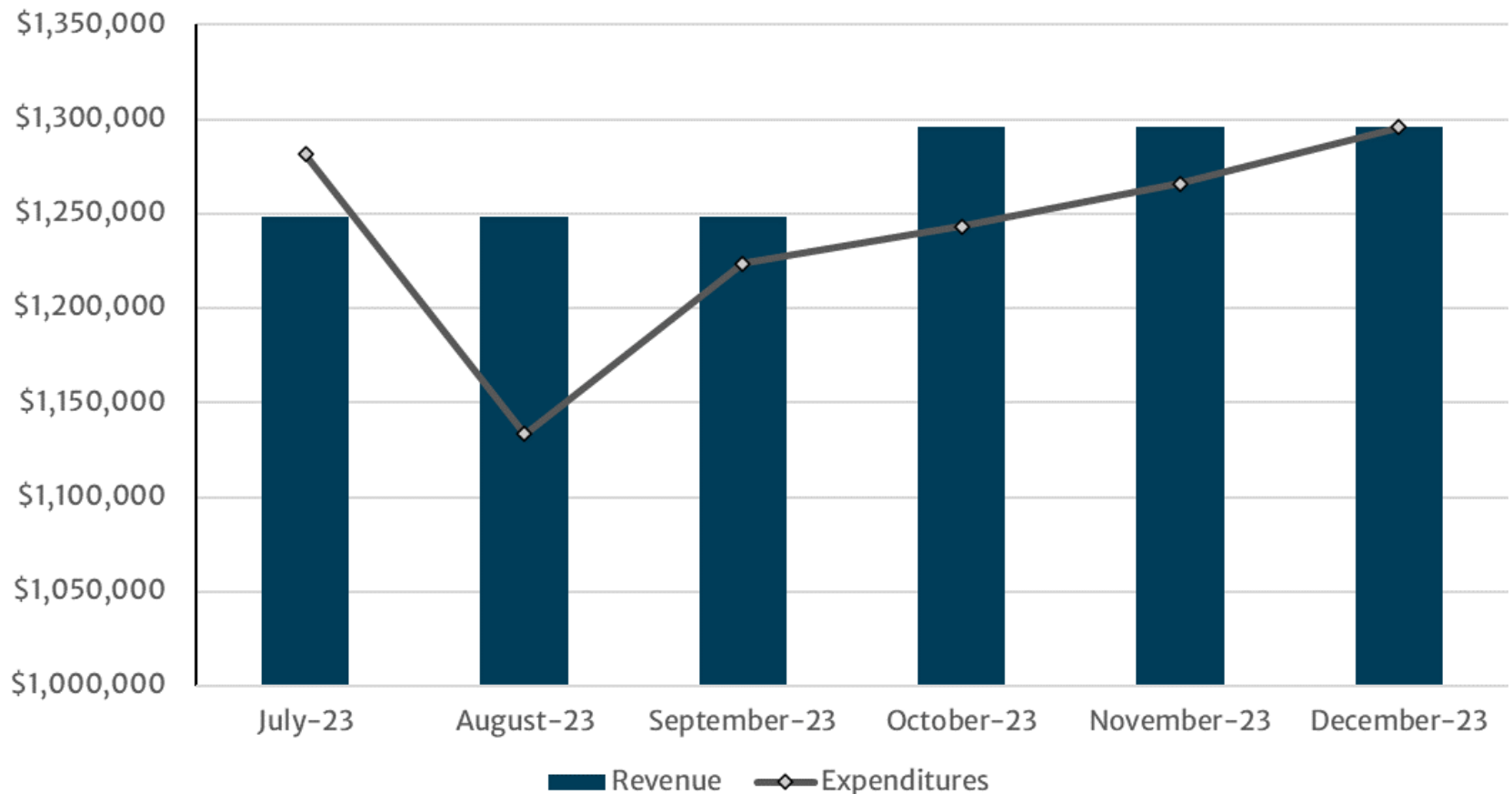
Impact of license fee changes

Filing period	Gross gambling receipts	# of licenses	License fee revenue for filing period
2022-3	\$ 269,576,191	2,592	\$ 2,332,441
2023-3	\$ 256,915,134	2,598	\$ 2,356,977
% change	-4.70%	0.23%	1.05%

*Calendar quarter 3 is used for comparison because it is the first quarter of the new quarterly rate



Fiscal year to date revenue* and expenditures**



* Monthly revenue displayed is the quarterly average.

** Expenditures do not include IT modernization or website redesign as there are funds reserved for those projects.



Fiscal year 24 expenditure information

Actual costs currently about 89% of budgeted costs

Savings:

- Staffing
 - 98 employees as of November 30; budgeted 107
- Travel
- Equipment
- Shift of timeline for acquisition of records management system



Fund balance review

Fund balance as of November 2023 (FY24 YTD)	
FY24 beginning balance	\$ 19,103,399
YTD revenue	\$ 6,261,581
YTD expenditures, excluding IT modernization	\$ (6,148,212)
IT modernization expenditures (reserved funds used)	\$ (301,479)
Website redesign (reserved funds used)	\$ (204,692)
Reserved funds	
Working capital reserve - OFM requirement	\$ (5,250,000)
IT Modernization* - \$8,975,064 minus expenditures to date	\$ (8,673,585)
Website redesign** - \$231,000 minus expenditures to date	\$ (26,308)
Access control replacement Lacey office - budgeted	\$ (80,000)
Records Management System - budgeted	\$ (300,000)
Available fund balance as of November 30, 2023	\$ 4,380,704



Budgeting fiscal year 25

Budget as approved is \$20.5 million and includes:

- 114 employees for full year
- 3% salary increase
- Central service increases from 23-25 budget as passed legislature
- General increase of 2% for all other expenditures



Budgeting fiscal year 25, continued

Expenditure unknowns

- Records management system annual license fee
- Supplemental budget for central service agencies
 - Governor's budget shows an increase for our agency – approx. \$800,000
- IT systems replacement (OCIO oversight project)
 - Costs above \$8.6 million to replace system
 - Annual license fees
- Additional IT systems to be replaced outside of current IT project – no funding set aside
 - Asset management
 - Fleet management



Questions

Kriscinda Hansen, Chief Financial Officer

