



Concise Explanatory Statement

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

Notice of Permanent Rules to make changes to the Commission's licensing fee structure so that the structure is streamlined and so that licensees can pay a fee after receiving revenue instead of paying in advance.

This explanatory statement concerns the Washington State Gambling Commission's adoption of WSR 17-23-195 and WSR 17-23-198: Rule Changes / Fee Simplification (Package 1 and 2) including various rules in;

- **230-05 WAC – Fees and Chapter.**
- **230-03 WAC - Permitting and Licensing Rules.**
- **230-06 WAC – Rules for all licensees.**
- **230-07 WAC – Charitable and Nonprofit rules.**
- **230-09 WAC – Fund-raising event rules.**
- **230-10 WAC – Bingo rules.**
- **230-11 WAC – Raffles**
- **230-13 WAC – Amusement game rules.**
- **230-14 WAC – Punchboard and pull-tab rules.**
- **230-15 WAC – Card game rules.**
- **230-16 WAC – Manufacturer, distributor, and gambling service supplier rules.**
- **230-17 WAC – Brief Adjudicative Proceedings (hearings).**

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

Once persons who gave comment during this rulemaking have had an opportunity to receive this document, the Washington State Gambling Commission will file the [new/amended] rules with the Office of the Code Reviser. These changes will become effective 31 days after filing (approximately [5/31/2018]).

The Washington State Gambling Commission appreciates your involvement in the rule-making process. If you have any questions, please contact our Rules Coordinator, at rules.coordinator@wsgc.wa.gov or at (360) 486-3447.

What are the agency's reasons for adopting these rules?

This is the first and second package of four packages staff will bring forward to make changes to the Commission's licensing fee structure.

The Gambling Commission currently has approximately 194 different fees for commercial and Non-Profit organizations and individuals. This fee schedule is typically based on a "class" system, which can be cumbersome for licensees and agency staff. The Gambling Commission passed these rules to simplify this current licensing fee system to allow it to be easier to navigate and have a licensing fee schedule that is more predictable for both the agency and its licensees.

Summary of all public comments received on this rule proposal and consideration of the comments. If we responded to comments, add our response and how the final rule reflects consideration of the comments or why it fails to do so.

September 14, 2017 Spokane Commission Meeting

Rick Newgard, Seattle Junior Hockey, thanked the Commissioners and staff for the work on this process. Mr. Newgard acknowledged that at times the process was painful, but it was just nice being involved. He said that people may not be happy with the outcome, but they appreciate the opportunity to be involved in the final decision.

Dolores Chiechi, Recreational Gaming Association, thanked the Commissioners for involving stakeholders in the process.

October 12, 2017 Olympia Commission Meeting

No public testimony was given.

November 16, 2017 Olympia Commission Meeting

No public testimony was given.

September 8, 2017 via Email

John McSweeney, Shoreline Elks, thanked the Commission and said this would be a great improvement, which was an uplifting feeling, and the restructuring objectives were admirable.

September 13, 2017 via Email

Scott Johnson, Spokane Pulltab & Bingo Supply, expressed his preference for a "simple fee" as opposed to a percentage of sales. Deputy Director Amy Hunter replied to Mr. Johnson highlighting the now-revised proposal explaining that license fees would be based on a percentage of gambling activity. She also explained there would be a maximum fee, as well as a minimum fee, and gave examples of the fees associated with gambling activities.

October 5, 2017 via Email

Victoria Carlson, wrote the FeeWorkGroup email asking if the new fees would pertain to her company, as they install surveillance cameras. Heather Songer, Public Information Officer replied to Ms. Carlson stating that yes, as a service supplier the new fees would pertain to her company.

October 5, 2017 via Email

Michael T. Hurley, Law Enforcement Association of Southwest Washington, expressed his concern that it appeared the Commission was putting raffle fees out of reach for nonprofit charitable organizations. Director Trujillo personally met with Mr. Hurley to discuss.

October 5, 2017 via Email

Cory Thompson, licensed CRE, expressed his concerns about the percentage of gross revenue and the impact to the non-profit community. Director Trujillo responded and invited Mr. Thompson to attend the November or January Commission meeting to address the Commissioners.

October 11, 2017 via Email

Walt Antoncich, Tri-Focus Enterprises, a licensed pull-tab distributor, wrote of his concerns and the impact the revised license fee structure would have on his business. He stated that it appeared to give a significant break to larger distributors. He also encourage the Commission to re-visit and do what is fair and honest. Director Trujillo responded and highlighted the key points, and invited Mr. Antoncich to attend the November or January Commission meeting to address the Commissioners.

October 12, 2017 via Email

Aleena Schneider, Harlequin Productions, responded to email request for feedback on the redesigned fee structure sent to licensees. Ms. Schneider stated the fee restructure would cause an increase in their fees by 150% over what they had been paying. Director Trujillo met with Ms. Schneider on October 19, and responded with a recap of their conversation. He also invited Ms. Schneider to speak to the Commissioners at our November Commission meeting held in Olympia.

October 26, 2017 via Email

Mark Skoglund, Funtastic Shows, Inc., responded positively to email request for feedback on the redesigned fee structure sent to licensees.

October 31, 2017 via Email

John Wesley Fults, President, Bonanza Press, responded to email request for feedback on the redesigned fee structure sent to licensees, and included information regarding Bonanza's operations. He expressed his concerns that low revenue producers would be put at a competitive disadvantage in the market. He suggested a more equitable manner would be a set charge against all revenues produced.

Special Agent Tyson Wilson responded to Mr. Fults and explained the percentage of gross receipts would vary per licensee. SA Wilson gave Mr. Fults our Fee Work Group phone number and email should he have further comments.

November 2, 2017 via Email

David Thompson, President, Dave's Bar & Grill, shared his concerns about the fee restructure and the rising costs of operating and selling pull-tabs. He stated without a cost pass through option the new fees were completely unfair. Assistant Director Tina Griffin spoke with Mr. Thompson about his concerns and invited him to submit his concerns for the Commissioners consideration.

November 15, 2017 via Email

Aleena Schneider, Harlequin Productions, wrote again about her concerns and wanted to have them shared at the November Commission meeting. Executive Assistant Julie Anderson forwarded her request to Director Trujillo and Deputy Director Amy Hunter. As she was not able to attend the meeting, she requested a copy of the meeting minutes. Director Trujillo responded to Ms. Schneider and explained the individual license fees in package #3 would only increase \$1 to \$5. He also encouraged her to attend the Commission meeting in January where final action would be taken on packages #1 and #2, and package #3 would be up for further discussion.

November 20, 2017 in-person meeting

Michael T. Hurley, Law Enforcement Association of Southwest Washington, met with Director Trujillo in Chehalis at Fiddler's.

January 11, 2018 Olympia Commission Meeting

Aleena Schneider with Harlequin Productions gave public testimony regarding her concerns about the license fee increase of 150% for her company. She said that the real impact to her organization is that they are currently paying about \$680 a year, and the change would put them closer to \$1,700 a year; a 150% increase. And she said for a small nonprofit, \$1,000 is a huge expense. She added that she had sent in her comments, and was really pleasantly surprised when Mr. Trujillo called her to set up an appointment to come and talk to her. She stated that she understands things haven't changed, and the Commission is continuing forward so she wanted to come testify in person. She stated that she has an accounting background and thought the main problem was the decision to cap the fee at \$2,000. She added that the change serves to punish the small nonprofits and she can't imagine that was intentional. Chair Sizemore discussed the process and the key issues being addressed and that the 1973 structure was no longer reflective of today and the new structure more accurately reflected level of activity and effort. Director Trujillo offered to personally meet with her board. Chair Sizemore thanked Ms. Schneider for her testimony and asked her to come back and speak to the Commission after two quarters under the new structure and tell them how it is going.

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

No changes were made to the proposed rules in package #1. Changes were made to the proposed rules in package #2. Specifically, the agency need to revise several rules in package #2 and these rules were pulled from rules package #2 and added to rules package #4 (WSR 18-04-014). The following rules were removed from package #2 and added to proposed rule changes in package #4 (WSR 18-04-014):

- WAC 230-05-102 - All licensed organizations report activity quarterly beginning with the July 1, 2018 through September 30, 2018 quarter.
- WAC 230-07-155 - Reporting annual activities for raffles, enhanced raffles, amusement games, Class A, B or C bingo, or combination licenses;
- WAC 230-07-160 - Reporting annual activity for agricultural fairs; and
- WAC 230-09-056 - Activity reports for fund-raising events.
- WAC 230-10-457 – Activity reports for linked bingo prize providers.
- WAC 230-13-169 - Annual activity reports for commercial amusement game licensees.

No additional changes were made to the proposed rules in package #2.