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**SUBSTITUTE SENATE BILL 6735**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Pelz, Sutherland, Hargrove, Schow, Smith and Fairley)

Read first time 02/02/96.

1       AN ACT Relating to disclosure requirements for campaign  
2 contributions by gambling interests; amending RCW 42.17.090, 9.46.075,  
3 and 9.46.070; adding a new section to chapter 42.17 RCW; and providing  
4 an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6       NEW SECTION.   **Sec. 1.** A new section is added to chapter 42.17 RCW  
7 to read as follows:

8       (1) A contribution of one hundred dollars or more in the aggregate  
9 to a candidate, a bona fide political party, political committee, or a  
10 caucus political committee by a gambling interest, as defined in  
11 subsection (2) of this section, must be accompanied by an affirmative  
12 disclosure that the contribution is from a gambling interest and set  
13 forth, in a form prescribed by the commission, the percentage of the  
14 contributor's annual gross revenues, earnings, or income attributable  
15 to gambling. A copy of the prescribed form must be filed with the  
16 commission within ten days from the date the contribution is made.

17       (2) For purposes of this section, "gambling interest" means (a) a  
18 licensee under chapter 9.46 RCW, other than organizations licensed  
19 under RCW 9.46.070 (1) and (3); (b) a business or individual licensed

1 under RCW 67.16.050; (c) an individual or business entity with which a  
2 federally recognized Indian tribe has a contractual agreement for  
3 financing, development, or operation of any class III gaming  
4 establishment on Indian lands as defined by the federal Indian Gaming  
5 Regulatory Act; (d) an Indian tribe that is party to a compact with the  
6 state of Washington under the federal Indian Gaming Regulatory Act; (e)  
7 a manufacturer or distributor of gambling devices, equipment, or  
8 paraphernalia; or (f) persons or businesses involved in the management  
9 or operation of gambling activities.

10 (3) The commission shall prescribe a form for the disclosure and  
11 reporting of percentage of gross earnings, income, or revenues required  
12 by subsection (1) of this section. The form must provide for the  
13 reporting of this information within specified ranges of percentages  
14 developed in consultation with the gambling commission and other  
15 appropriate parties.

16 **Sec. 2.** RCW 42.17.090 and 1993 c 256 s 6 are each amended to read  
17 as follows:

18 (1) Each report required under RCW 42.17.080 (1) and (2) shall  
19 disclose the following:

20 (a) The funds on hand at the beginning of the period;

21 (b) The name and address of each person who has made one or more  
22 contributions during the period, together with the money value and date  
23 of such contributions and the aggregate value of all contributions  
24 received from each such person during the campaign or in the case of a  
25 continuing political committee, the current calendar year: PROVIDED,  
26 That pledges in the aggregate of less than one hundred dollars from any  
27 one person need not be reported: PROVIDED FURTHER, That the income  
28 which results from a fund-raising activity conducted in accordance with  
29 RCW 42.17.067 may be reported as one lump sum, with the exception of  
30 that portion of such income which was received from persons whose names  
31 and addresses are required to be included in the report required by RCW  
32 42.17.067: PROVIDED FURTHER, That contributions of no more than  
33 twenty-five dollars in the aggregate from any one person during the  
34 election campaign may be reported as one lump sum so long as the  
35 campaign treasurer maintains a separate and private list of the name,  
36 address, and amount of each such contributor: PROVIDED FURTHER, That  
37 the money value of contributions of postage shall be the face value of  
38 such postage;

1 (c) Each loan, promissory note, or security instrument to be used  
2 by or for the benefit of the candidate or political committee made by  
3 any person, together with the names and addresses of the lender and  
4 each person liable directly, indirectly or contingently and the date  
5 and amount of each such loan, promissory note, or security instrument;

6 (d) All other contributions not otherwise listed or exempted;

7 (e) The name and address of each candidate or political committee  
8 to which any transfer of funds was made, together with the amounts and  
9 dates of such transfers;

10 (f) The name and address of each person to whom an expenditure was  
11 made in the aggregate amount of more than fifty dollars during the  
12 period covered by this report, and the amount, date, and purpose of  
13 each such expenditure. A candidate for state executive or state  
14 legislative office or the political committee of such a candidate shall  
15 report this information for an expenditure under one of the following  
16 categories, whichever is appropriate: (i) Expenditures for the  
17 election of the candidate; (ii) expenditures for nonreimbursed public  
18 office-related expenses; (iii) expenditures required to be reported  
19 under (e) of this subsection; or (iv) expenditures of surplus funds and  
20 other expenditures. The report of such a candidate or committee shall  
21 contain a separate total of expenditures for each category and a total  
22 sum of all expenditures. Other candidates and political committees  
23 need not report information regarding expenditures under the categories  
24 listed in (i) through (iv) of this subsection or under similar such  
25 categories unless required to do so by the commission by rule. The  
26 report of such an other candidate or committee shall also contain the  
27 total sum of all expenditures;

28 (g) The name and address of each person to whom any expenditure was  
29 made directly or indirectly to compensate the person for soliciting or  
30 procuring signatures on an initiative or referendum petition, the  
31 amount of such compensation to each such person, and the total of the  
32 expenditures made for this purpose. Such expenditures shall be  
33 reported under this subsection (1)(g) whether the expenditures are or  
34 are not also required to be reported under (f) of this subsection;

35 (h) The name and address of any person and the amount owed for any  
36 debt, obligation, note, unpaid loan, or other liability in the amount  
37 of more than two hundred fifty dollars or in the amount of more than  
38 fifty dollars that has been outstanding for over thirty days;

39 (i) The surplus or deficit of contributions over expenditures;

1 (j) The disposition made in accordance with RCW 42.17.095 of any  
2 surplus funds;

3 (k) Such other information as shall be required by the commission  
4 by rule in conformance with the policies and purposes of this chapter;  
5 (~~and~~)

6 (l) Funds received from a political committee not otherwise  
7 required to report under this chapter (a "nonreporting committee").  
8 Such funds shall be forfeited to the state of Washington unless the  
9 nonreporting committee has filed or within ten days following such  
10 receipt files with the commission a statement disclosing: (i) Its name  
11 and address; (ii) the purposes of the nonreporting committee; (iii) the  
12 names, addresses, and titles of its officers or if it has no officers,  
13 the names, addresses, and titles of its responsible leaders; (iv) the  
14 name, office sought, and party affiliation of each candidate in the  
15 state of Washington whom the nonreporting committee is supporting, and,  
16 if such committee is supporting the entire ticket of any party, the  
17 name of the party; (v) the ballot proposition supported or opposed in  
18 the state of Washington, if any, and whether such committee is in favor  
19 of or opposed to such proposition; (vi) the name and address of each  
20 person residing in the state of Washington or corporation which has a  
21 place of business in the state of Washington who has made one or more  
22 contributions in the aggregate of more than twenty-five dollars to the  
23 nonreporting committee during the current calendar year, together with  
24 the money value and date of such contributions; (vii) the name and  
25 address of each person in the state of Washington to whom an  
26 expenditure was made by the nonreporting committee on behalf of a  
27 candidate or political committee in the aggregate amount of more than  
28 fifty dollars, the amount, date, and purpose of such expenditure, and  
29 the total sum of such expenditures; (viii) such other information as  
30 the commission may prescribe by rule, in keeping with the policies and  
31 purposes of this chapter. A nonreporting committee incurring an  
32 obligation to file additional reports in a calendar year may satisfy  
33 the obligation by filing with the commission a letter providing  
34 updating or amending information; and

35 (m) Contributions governed by this chapter received during the  
36 reporting period from gambling interests and disclosed to the candidate  
37 or political committee and the commission under section 1 of this act,  
38 which must be designated as contributions from gambling interests.

1 (2) The treasurer and the candidate shall certify the correctness  
2 of each report.

3 **Sec. 3.** RCW 9.46.075 and 1981 c 139 s 4 are each amended to read  
4 as follows:

5 The commission may deny an application, or suspend or revoke any  
6 license or permit issued by it, for any reason or reasons((~~7~~)) it deems  
7 to be in the public interest. These reasons shall include, but not be  
8 limited to, cases wherein the applicant or licensee, or any person with  
9 any interest therein:

10 (1) Has violated, failed, or refused to comply with the provisions,  
11 requirements, conditions, limitations, or duties imposed by chapter  
12 9.46 RCW and any amendments thereto, or any rules adopted by the  
13 commission pursuant thereto, or when a violation of any provision of  
14 chapter 9.46 RCW, or any commission rule, has occurred upon any  
15 premises occupied or operated by any such person or over which he or  
16 she has substantial control;

17 (2) Knowingly causes, aids, abets, or conspires with another to  
18 cause, any person to violate any of the laws of this state or the rules  
19 of the commission;

20 (3) Has obtained a license or permit by fraud, misrepresentation,  
21 concealment, or through inadvertence or mistake;

22 (4) Has been convicted of, or forfeited bond upon a charge of, or  
23 pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud,  
24 willful failure to make required payments or reports to a governmental  
25 agency at any level, or filing false reports therewith, or of any  
26 similar offense or offenses, or of bribing or otherwise unlawfully  
27 influencing a public official or employee of any state or the United  
28 States, or of any crime, whether a felony or misdemeanor involving any  
29 gambling activity or physical harm to individuals or involving moral  
30 turpitude;

31 (5) Denies the commission or its authorized representatives,  
32 including authorized local law enforcement agencies, access to any  
33 place where a licensed activity is conducted or who fails promptly to  
34 produce for inspection or audit any book, record, document, or item  
35 required by law or commission rule;

36 (6) Shall fail to display its license on the premises where the  
37 licensed activity is conducted at all times during the operation of the  
38 licensed activity;

1 (7) Makes a misrepresentation of, or fails to disclose, a material  
2 fact to the commission;

3 (8) Fails to prove, by clear and convincing evidence, that he, she  
4 or it is qualified in accordance with the provisions of this chapter;

5 (9) Is subject to current prosecution or pending charges, or a  
6 conviction which is under appeal, for any of the offenses included  
7 under subsection (4) of this section: PROVIDED, That at the request of  
8 an applicant for an original license, the commission may defer decision  
9 upon the application during the pendency of such prosecution or appeal;

10 (10) Has pursued or is pursuing economic gain in an occupational  
11 manner or context which is in violation of the criminal or civil public  
12 policy of this state if such pursuit creates probable cause to believe  
13 that the participation of such person in gambling or related activities  
14 would be inimical to the proper operation of an authorized gambling or  
15 related activity in this state. For the purposes of this section,  
16 occupational manner or context shall be defined as the systematic  
17 planning, administration, management, or execution of an activity for  
18 financial gain;

19 (11) Is a career offender or a member of a career offender cartel  
20 or an associate of a career offender or career offender cartel in such  
21 a manner which creates probable cause to believe that the association  
22 is of such a nature as to be inimical to the policy of this chapter or  
23 to the proper operation of the authorized gambling or related  
24 activities in this state. For the purposes of this section, career  
25 offender shall be defined as any person whose behavior is pursued in an  
26 occupational manner or context for the purpose of economic gain  
27 utilizing such methods as are deemed criminal violations of the public  
28 policy of this state. A career offender cartel shall be defined as any  
29 group of persons who operate together as career offenders;

30 (12) Has failed to comply with section 1 of this act requiring the  
31 disclosure of information in connection with a campaign contribution.

32 For the purpose of reviewing any application for a license and for  
33 considering the denial, suspension, or revocation of any license the  
34 gambling commission may consider any prior criminal conduct of the  
35 applicant or licensee and the provisions of RCW 9.95.240 and of chapter  
36 9.96A RCW shall not apply to such cases.

37 **Sec. 4.** RCW 9.46.070 and 1993 c 344 s 1 are each amended to read  
38 as follows:

1 The commission shall have the following powers and duties:

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

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

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

1 games in such manner and at such locations as the commission may  
2 determine;

3 (4) To authorize, require, and issue, for a period not to exceed  
4 one year, such licenses as the commission may by rule provide, to any  
5 person, association, or organization to engage in the selling,  
6 distributing, or otherwise supplying or in the manufacturing of devices  
7 for use within this state for those activities authorized by this  
8 chapter;

9 (5) To establish a schedule of annual license fees for carrying on  
10 specific gambling activities upon the premises, and for such other  
11 activities as may be licensed by the commission, which fees shall  
12 provide to the commission not less than an amount of money adequate to  
13 cover all costs incurred by the commission relative to licensing under  
14 this chapter and the enforcement by the commission of the provisions of  
15 this chapter and rules and regulations adopted pursuant thereto:  
16 PROVIDED, That all licensing fees shall be submitted with an  
17 application therefor and such portion of said fee as the commission may  
18 determine, based upon its cost of processing and investigation, shall  
19 be retained by the commission upon the withdrawal or denial of any such  
20 license application as its reasonable expense for processing the  
21 application and investigation into the granting thereof: PROVIDED  
22 FURTHER, That if in a particular case the basic license fee established  
23 by the commission for a particular class of license is less than the  
24 commission's actual expenses to investigate that particular  
25 application, the commission may at any time charge to that applicant  
26 such additional fees as are necessary to pay the commission for those  
27 costs. The commission may decline to proceed with its investigation  
28 and no license shall be issued until the commission has been fully paid  
29 therefor by the applicant: AND PROVIDED FURTHER, That the commission  
30 may establish fees for the furnishing by it to licensees of  
31 identification stamps to be affixed to such devices and equipment as  
32 required by the commission and for such other special services or  
33 programs required or offered by the commission, the amount of each of  
34 these fees to be not less than is adequate to offset the cost to the  
35 commission of the stamps and of administering their dispersal to  
36 licensees or the cost of administering such other special services,  
37 requirements or programs;

38 (6) To prescribe the manner and method of payment of taxes, fees  
39 and penalties to be paid to or collected by the commission;

1 (7) To require that applications for all licenses contain such  
2 information as may be required by the commission: PROVIDED, That all  
3 persons (a) having a managerial or ownership interest in any gambling  
4 activity, or the building in which any gambling activity occurs, or the  
5 equipment to be used for any gambling activity, or (b) participating as  
6 an employee in the operation of any gambling activity, shall be listed  
7 on the application for the license and the applicant shall certify on  
8 the application, under oath, that the persons named on the application  
9 are all of the persons known to have an interest in any gambling  
10 activity, building, or equipment by the person making such application:  
11 PROVIDED FURTHER, That the commission may require fingerprinting and  
12 background checks on any persons seeking licenses under this chapter or  
13 of any person holding an interest in any gambling activity, building,  
14 or equipment to be used therefor, or of any person participating as an  
15 employee in the operation of any gambling activity;

16 (8) To require that any license holder maintain records as directed  
17 by the commission and submit such reports as the commission may deem  
18 necessary;

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

26 (10) To regulate and establish maximum limitations on income  
27 derived from bingo. In establishing limitations pursuant to this  
28 subsection the commission shall take into account (i) the nature,  
29 character, and scope of the activities of the licensee; (ii) the source  
30 of all other income of the licensee; and (iii) the percentage or extent  
31 to which income derived from bingo is used for charitable, as  
32 distinguished from nonprofit, purposes. However, the commission's  
33 powers and duties granted by this subsection are discretionary and not  
34 mandatory;

35 (11) To regulate and establish the type and scope of and manner of  
36 conducting the gambling activities authorized by this chapter,  
37 including but not limited to, the extent of wager, money, or other  
38 thing of value which may be wagered or contributed or won by a player  
39 in any such activities;

1 (12) To regulate the collection of and the accounting for the fee  
2 which may be imposed by an organization, corporation or person licensed  
3 to conduct a social card game on a person desiring to become a player  
4 in a social card game in accordance with RCW 9.46.0281(4);

5 (13) To cooperate with and secure the cooperation of county, city,  
6 and other local or state agencies in investigating any matter within  
7 the scope of its duties and responsibilities;

8 (14) In accordance with RCW 9.46.080, to adopt such rules and  
9 regulations as are deemed necessary to carry out the purposes and  
10 provisions of this chapter. All rules and regulations shall be adopted  
11 pursuant to the administrative procedure act, chapter 34.05 RCW;

12 (15) To set forth for the perusal of counties, city-counties,  
13 cities and towns, model ordinances by which any legislative authority  
14 thereof may enter into the taxing of any gambling activity authorized  
15 by this chapter;

16 (16) To establish and regulate a maximum limit on salaries or wages  
17 which may be paid to persons employed in connection with activities  
18 conducted by bona fide charitable or nonprofit organizations and  
19 authorized by this chapter, where payment of such persons is allowed,  
20 and to regulate and establish maximum limits for other expenses in  
21 connection with such authorized activities, including but not limited  
22 to rent or lease payments. However, the commissioner's powers and  
23 duties granted by this subsection are discretionary and not mandatory.

24 In establishing these maximum limits the commission shall take into  
25 account the amount of income received, or expected to be received, from  
26 the class of activities to which the limits will apply and the amount  
27 of money the games could generate for authorized charitable or  
28 nonprofit purposes absent such expenses. The commission may also take  
29 into account, in its discretion, other factors, including but not  
30 limited to, the local prevailing wage scale and whether charitable  
31 purposes are benefited by the activities;

32 (17) To authorize, require, and issue for a period not to exceed  
33 one year such licenses or permits, for which the commission may by rule  
34 provide, to any person to work for any operator of any gambling  
35 activity authorized by this chapter in connection with that activity,  
36 or any manufacturer, supplier, or distributor of devices for those  
37 activities in connection with such business. The commission shall not  
38 require that persons working solely as volunteers in an authorized  
39 activity conducted by a bona fide charitable or bona fide nonprofit

1 organization, who receive no compensation of any kind for any purpose  
2 from that organization, and who have no managerial or supervisory  
3 responsibility in connection with that activity, be licensed to do such  
4 work. The commission may require that licensees employing such  
5 unlicensed volunteers submit to the commission periodically a list of  
6 the names, addresses, and dates of birth of the volunteers. If any  
7 volunteer is not approved by the commission, the commission may require  
8 that the licensee not allow that person to work in connection with the  
9 licensed activity;

10 (18) To publish and make available at the office of the commission  
11 or elsewhere to anyone requesting it a list of the commission  
12 licensees, including the name, address, type of license, and license  
13 number of each licensee;

14 (19) To establish guidelines for determining what constitutes  
15 active membership in bona fide nonprofit or charitable organizations  
16 for the purposes of this chapter; (~~and~~)

17 (20) To inform licensees of the obligation to comply with section  
18 1 of this act when making campaign contributions; and

19 (21) To perform all other matters and things necessary to carry out  
20 the purposes and provisions of this chapter.

21 NEW SECTION. **Sec. 5.** This act takes effect January 1, 1997.

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