

FINAL BILL REPORT

2SHB 2228

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Synopsis as Enacted

Brief Description: 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 prevalency 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. 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