

HOUSE BILL REPORT

HB 2173

As Reported by House Committee On:

Commerce & Labor
Capital Budget

Title: An act relating to shared lottery games.

Brief Description: Authorizing the state lottery to participate in shared games.

Sponsors: Representatives Clements (co-prime sponsor), Conway (co-prime sponsor), B. Chandler, Wood, Kenney and Alexander.

Brief History:

Committee Activity:

Commerce & Labor: 2/26/01 [DP];
Capital Budget: 3/21/01, 4/9/01 [DPA].

Brief Summary of Amended Bill

- The lottery commission is authorized to participate with other states in shared lottery games for the purpose of generating funds for school construction.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 5 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; Wood, Democratic Vice Chair; Hunt and Kenney.

Minority Report: Do not pass. Signed by 3 members: Representatives B. Chandler, Republican Vice Chair; Lisk and McMorris.

Staff: Sydney Forrester (786-7120).

Background:

The Washington State Lottery Commission is authorized to regulate and conduct lottery games for the purpose of generating state funds to be used for the general welfare of the people. The commission adopts rules governing the type of games, price of tickets, number and size of prizes, location of sales, commission paid to sales agents, and other

matters necessary for the efficient and economical operation of the lottery.

Legislative approval is required before the commission may enter into agreements with other states for shared games.

Initiative 728 requires that moneys in the lottery account be used for purposes of prizes, administrative costs, state reserves, school construction and student achievement, and retirement of the baseball stadium bond.

Summary of Bill:

The lottery commission is authorized to participate with other states to conduct shared lottery games in Washington for the purpose of generating funds for school construction. Moneys generated from shared games will be deposited in the common school construction fund. The phrase moneys generated from shared lottery games– is added to the list of funding sources for K-12 school construction.

Appropriation: None.

Fiscal Note: Requested on February 26, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: State revenues for school construction are limited, and it is difficult to generate the expected amounts for education with the existing games. Neighboring states offer Power Ball and the lottery commission is always looking for ways to increase revenues for education. There are 5 million people on the borders of the state. Idaho directs all its lottery revenue to school construction. The commission gets requests regularly asking when a big game will be offered. States that participate in shared games regard the game as a state game with a bigger potential jackpot. Revenue anticipated from a shared game is between \$8 million and \$11 million annually. The need for school construction is growing and the multi-state games will generate more moneys to assist districts who are unsuccessful in passing construction bonds. No new equipment is needed and the software changes will be the same as for the new games added at the state-only level.

Testimony Against: The multi-state game would expand gambling and create an unfair advantage for the government, against which the nonprofit and private gambling groups can not compete. Rather than approving the big games, the Legislature should create an interim study to determine whether any group has an unfair advantage over another group in offering recreational gambling activities.

Testified: (In support) Robert Benson, Acting Director, Washington State Lottery Commission; Rebecca Bogard, G-Tech Corporation; and Charlie Brown, King County Schools Coalition.

(Opposed) Vito Chiechi, Recreational Gaming Association.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: Do pass as amended. Signed by 11 members: Representatives Alexander, Republican Co-Chair; Murray, Democratic Co-Chair; Barlean, Hankins, Hunt, O'Brien, Ogden, Poulsen, Reardon, Schoesler and Woods.

Minority Report: Do not pass. Signed by 7 members: Representatives Armstrong, Republican Vice Chair; Esser, Republican Vice Chair; McIntire, Democratic Vice Chair; Bush, Casada, Lantz and Veloria.

Staff: Charlie Gavigan (786-7340).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Commerce & Labor:

The capital budget amendment requires the lottery commission to include a statement on the dangers of gambling in its advertising.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: We are already a gambling state, so we should use this revenue source to provide more funding for K-12 school construction. Using lottery dollars is better than increasing taxes. We need to find additional sources of funding to pay for school construction.

Testimony Against: None.

Testified: (In support) Representative Clements, co-prime sponsor; Dan Steele, Washington State School Director's Association; Hank Armour, West Star Corporation; Becky Bogard, GTech Corporation; Bob Benson, Washington State Lottery; and Charlie Brown, King County Schools Coalition.