

SENATE BILL REPORT

SB 6560

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 5, 2002
Ways & Means, February 26, 2002

Title: An act relating to the shared game lottery revenues for education purposes.

Brief Description: Allowing the lottery commission to participate in a shared game lottery.

Sponsors: Senator Prentice; by request of Governor Locke.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/4/02, 2/5/02 [DPS-WM, DNP].

Ways & Means: 2/25/02, 2/26/02 [DP2S, DNP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 6560 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Fairley, Franklin, Gardner, Rasmussen and Regala.

Minority Report: Do not pass.

Signed by Senators Hochstatter and Honeyford.

Staff: David Cheal (786-7576)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6560 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Poulsen, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Minority Report: Do not pass.

Signed by Senators Honeyford and Parlette.

Staff: Chelsea Buchanan (786-7446)

Background: Current law precludes the Lottery Commission from entering into an agreement with other state lotteries to conduct shared or multi-state games. Prior legislative approval is required.

Forty states have state lotteries. Of those, 32 states have or are proposing a shared multi-state game such as PowerBall or The Big Game. Oregon and Idaho currently offer PowerBall. These games operate like Washington's current Lotto game, selling on-line tickets through commissioned vendors, and offering two draws per week. The shared nature of these multi-state games allows for multi-million dollar jackpots at every drawing.

Currently, revenue from Washington State lottery sales goes into the state lottery account, and then is apportioned to prizes (a minimum of 45 percent), administrative costs, and the student achievement and education construction accounts.

Summary of Second Substitute Bill: The Lottery Commission is given express authority to enter into an agreement with one or more states for the purpose of creating a shared game lottery. "Shared game lottery" is defined as any lottery activity in which the commission participates under written agreement between the commission, on behalf of the state, and any other state or states. A new "shared game lottery account" for multi-state game lottery revenues is created, managed by the Lottery Commission.

The Legislature recognizes that shared game ticket sales may reduce sales of existing lottery tickets, and that the two funds most impacted by this shift are the student achievement account and the education construction account. For fiscal year 2003 and thereafter, if the amount of lottery revenues for these two funds collectively falls below \$102 million, the Lottery Commission must transfer an amount from the shared game lottery account to the student achievement and the education construction accounts to meet the \$102 million level.

For fiscal year 2003, \$500,000 of the shared game revenues are transferred into the violence reduction and drug enforcement account (VRDE), exclusively for the treatment of pathological gambling. The Department of Social and Health Services is required to develop a treatment program for pathological gambling for persons amenable to but unable to afford treatment. Treatment is limited to funds available. The department must report to the Legislature by September 1, 2002, with a plan for implementing the program, and by November 1, 2003, with program participation and client outcomes.

The remaining shared game revenue is transferred to the general fund.

Second Substitute Bill Compared to Substitute Bill: The second substitute removes the annual dedication of revenue to the Gambling Commission, replaces the annual dedication to the Department of Social and Health Services with a one-time amount for treatment of pathological gamblers, and requires the Department to report to the Legislature with a plan for implementing the program.

Substitute Bill Compared to Original Bill: The substitute bill directs a portion of the revenue from the shared game lottery to the Department of Social and Health Services for a treatment program for pathological gamblers, and to the Gambling Commission for prevention of pathological gambling, youth education, public awareness, training and helpline services. The limitation on the general fund revenue from all lottery activities, that it be for the support of common schools, is removed.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 26, 2002.

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

Testimony For (Labor, Commerce & Financial Institutions): Most states participate in some kind of multi-state game, including our neighboring states. A shared game lottery will bring significant revenue to the state, much of it from nonresidents. Washington residents that purchase chances in neighboring state shared games may spend their money here instead.

Testimony Against (Labor, Commerce & Financial Institutions): None.

Testified (Labor, Commerce & Financial Institutions): PRO: Bob Benson, Lottery; Jim Hedrick, OFM.

Testimony For (Ways & Means): This bill will raise revenue for the general fund, and will hold harmless current revenues for the student achievement and education construction accounts.

(Concerns) Treatment money is more important than education or study money, and should be preserved in the bill. Any new gambling bill needs to have treatment money attached to it. There are not enough gambling treatment providers dispersed throughout the state. Treatment money would encourage more people to become certified in treating gambling problems.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Jim Hedrick, Office of Financial Management; Bob Benson, State Lottery Commission. CONCERNS: Gary Hansen, Charles Maurer, Washington State Council on Problem Gambling; George Volker, self; Sarajane Siegfriedt, Association of Alcoholism & Addiction Programs; Dolores Chiechi, Recreational Gaming Association; Steve Lindstrom, Washington State Association of Independent Outpatient Programs.