
HOUSE BILL 2900

State of Washington 57th Legislature 2002 Regular Session

By Representatives Kessler, DeBolt, Fromhold, Delvin and Clements

Read first time 02/04/2002. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to consistency in gaming provisions; amending RCW
2 9.46.010, 9.46.0273, 9.46.0325, 9.46.070, and 9.46.110; adding a new
3 section to chapter 9.46 RCW; and declaring an emergency.

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

5 **Sec. 1.** RCW 9.46.010 and 1996 c 101 s 2 are each amended to read
6 as follows:

7 (~~The public policy of the state of Washington on gambling is to~~
8 ~~keep the criminal element out of gambling and to promote the social~~
9 ~~welfare of the people by limiting the nature and scope of gambling~~
10 ~~activities and by strict regulation and control.~~

11 ~~It is hereby declared to be the policy of the legislature,~~
12 ~~recognizing the close relationship between professional gambling and~~
13 ~~organized crime, to restrain all persons from seeking profit from~~
14 ~~professional gambling activities in this state; to restrain all persons~~
15 ~~from patronizing such professional gambling activities; to safeguard~~
16 ~~the public against the evils induced by common gamblers and common~~
17 ~~gambling houses engaged in professional gambling; and at the same time,~~
18 ~~both to preserve the freedom of the press and to avoid restricting~~
19 ~~participation by individuals in activities and social pastimes, which~~

1 activities and social pastimes are more for amusement rather than for
2 profit, do not maliciously affect the public, and do not breach the
3 peace.))

4 The legislature finds that state control and regulation of gambling
5 since 1973 has been successful in regulating recreational gambling,
6 preventing encroachment by criminal influences, and encouraging
7 predictable and orderly participation by related businesses and
8 nonprofit entities in gambling. The legislature intends to maintain
9 the course regarding gambling policies through continued strict and
10 comprehensive oversight, continued regulatory diligence, providing
11 freedom of choice to those who choose to gamble, providing uniformity
12 and consistency in gambling opportunities, and providing reasonable
13 protection of the public and those engaged in the investment in,
14 promotion of, and operation of lawful gambling.

15 The legislature further declares that the raising of funds for the
16 promotion of bona fide charitable or nonprofit organizations is in the
17 public interest as is participation in such activities and social
18 pastimes as are hereinafter in this chapter authorized.

19 The legislature further declares that the conducting of bingo,
20 raffles, and amusement games and the operation of punch boards, pull-
21 tabs, electronic pull-tabs, card games, contests of chance, and other
22 social pastimes, when conducted pursuant to the provisions of this
23 chapter and any rules ((and regulations)) adopted pursuant thereto, are
24 hereby authorized, as are only such lotteries for which no valuable
25 consideration has been paid or agreed to be paid as hereinafter in this
26 chapter provided.

27 The legislature further declares that fishing derbies shall not
28 constitute any form of gambling and shall not be considered as a
29 lottery, a raffle, or an amusement game and shall not be subject to the
30 provisions of this chapter or any rules ((and regulations)) adopted
31 hereunder.

32 The legislature further declares that raffles authorized by the
33 fish and wildlife commission involving hunting big game animals or wild
34 turkeys shall not be subject to the provisions of this chapter or any
35 rules ((and regulations)) adopted hereunder, with the exception of this
36 section and RCW 9.46.400.

37 All factors incident to the activities authorized in this chapter
38 shall be closely controlled, and the provisions of this chapter shall
39 be liberally construed to achieve such end.

1 **Sec. 2.** RCW 9.46.0273 and 1987 c 4 s 19 are each amended to read
2 as follows:

3 (1) "Punch boards" and "pull-tabs," as used in this chapter, shall
4 be given their usual and ordinary meaning as of July 16, 1973, except
5 that such definition may be revised by the commission pursuant to rules
6 (~~and regulations promulgated~~) adopted pursuant to this chapter.

7 (2) "Electronic pull-tabs," as used in this chapter, are similar to
8 and consistent with the electronic scratch ticket game operated as part
9 of the tribal lottery system and authorized and adopted by the state of
10 Washington. Each electronic pull-tab game consists of a predetermined
11 number of electronic pull-tabs, a certain number of which, if drawn,
12 entitle a player to prize awards at various levels. Electronic pull-
13 tabs may only be accessed through a linked system of player terminals
14 that only allow players to compete against other players. Player
15 terminals do not allow for individual play against any such terminal.
16 Player terminals used in connection with approved electronic pull-tab
17 games do not constitute gambling devices pursuant to RCW 9.46.0241. An
18 electronic pull-tab game includes electronic pull-tabs that are played
19 by use of computer hardware and software to manufacture, store,
20 distribute, sell, and display electronic pull-tabs to players.

21 **Sec. 3.** RCW 9.46.0325 and 1987 c 4 s 29 are each amended to read
22 as follows:

23 (1) The legislature hereby authorizes any person, association, or
24 organization operating an established business (~~primarily~~) engaged in
25 the selling of food or drink for consumption on the premises to conduct
26 and promote raffles, amusement games, social card games, and contests
27 of chance, and to ((utilize)) use punch boards ((and)), pull-tabs ((as
28 a commercial stimulant to such business)), and electronic pull-tabs by
29 for-profit operators when licensed and ((utilized)) used or operated
30 pursuant to the provisions of this chapter and rules ((and
31 regulations)) adopted pursuant thereto. Contests of chance that are
32 similar to and consistent with those authorized and adopted by the
33 state of Washington may be conducted and promoted in addition to those
34 card games operated under this chapter.

35 (2) The number of electronic pull-tab player terminals for use by
36 each eligible licensee operating social card games with no fewer than
37 five house-banked, phase two card tables shall be no more than two

1 hundred terminals per license at no more than two hundred licensed
2 premises.

3 (3) Eligible licensees conducting and promoting activities under
4 this section may contract unused electronic pull-tab player terminals
5 to other eligible licensees for use at their premises, however no more
6 than five hundred terminals may be operated at a single licensed
7 premises.

8 (4) Eligible licensees conducting and promoting activities under
9 this section may contract with licensees under RCW 9.46.0311 and
10 fraternal organizations to operate activities authorized under RCW
11 9.46.0311.

12 **Sec. 4.** RCW 9.46.070 and 1999 c 143 s 6 are each amended to read
13 as follows:

14 The commission shall have the following powers and duties:

15 (1) To authorize and issue licenses for a period not to exceed one
16 year to bona fide charitable or nonprofit organizations approved by the
17 commission meeting the requirements of this chapter and any rules (~~and~~
18 ~~regulations~~) adopted pursuant thereto permitting said organizations to
19 conduct bingo games, raffles, amusement games, (~~and~~) social card
20 games, and other contests of chance, and to ((utilize)) use punch
21 boards ((and)), pull-tabs, and electronic pull-tabs that are similar to
22 and consistent with the electronic scratch ticket game operated as part
23 of the tribal lottery system and authorized and adopted by the state of
24 Washington, in accordance with the provisions of this chapter and any
25 rules ((and regulations)) adopted pursuant thereto and to revoke or
26 suspend said licenses for violation of any provisions of this chapter
27 or any rules ((and regulations)) adopted pursuant thereto: PROVIDED,
28 That the commission shall not deny a license to an otherwise qualified
29 applicant in an effort to limit the number of licenses to be issued:
30 PROVIDED FURTHER, That the commission or director shall not issue,
31 deny, suspend, or revoke any license because of considerations of race,
32 sex, creed, color, or national origin: AND PROVIDED FURTHER, That the
33 commission may authorize the director to temporarily issue or suspend
34 licenses subject to final action by the commission;

35 (2) To authorize and issue licenses for a period not to exceed one
36 year to any person, association, or organization operating a business
37 (~~primarily~~) engaged in the selling of items of food or drink for
38 consumption on the premises, approved by the commission meeting the

1 requirements of this chapter and any rules (~~((and regulations))~~) adopted
2 pursuant thereto permitting said person, association, or organization
3 to (~~((utilize))~~) use punch boards (~~((and)),~~ pull-tabs, and electronic
4 pull-tabs that are similar to and consistent with the electronic
5 scratch ticket game operated as part of the tribal lottery system and
6 authorized and adopted by the state of Washington, and to conduct
7 social card games (~~((as a commercial stimulant))~~) and other contests of
8 chance that are similar to and consistent with those authorized and
9 adopted by the state of Washington, for profit in accordance with the
10 provisions of this chapter and any rules (~~((and regulations))~~) adopted
11 pursuant thereto and to revoke or suspend said licenses for violation
12 of any provisions of this chapter and any rules (~~((and regulations))~~)
13 adopted pursuant thereto: PROVIDED, That the commission shall not deny
14 a license to an otherwise qualified applicant in an effort to limit the
15 number of licenses to be issued: PROVIDED FURTHER, That the commission
16 may authorize the director to temporarily issue or suspend licenses
17 subject to final action by the commission;

18 (3) To authorize and issue licenses for a period not to exceed one
19 year to any person, association, or organization approved by the
20 commission meeting the requirements of this chapter and meeting the
21 requirements of any rules (~~((and regulations))~~) adopted by the commission
22 pursuant to this chapter as now or hereafter amended, permitting said
23 person, association, or organization to conduct or operate amusement
24 games in such manner and at such locations as the commission may
25 determine;

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

32 (5) To establish a schedule of annual license fees for carrying on
33 specific gambling activities upon the premises, and for such other
34 activities as may be licensed by the commission, which fees shall
35 provide to the commission not less than an amount of money adequate to
36 cover all costs incurred by the commission relative to licensing under
37 this chapter and the enforcement by the commission of the provisions of
38 this chapter and rules (~~((and regulations))~~) adopted pursuant thereto:
39 PROVIDED, That all licensing fees shall be submitted with an

1 application therefor and such portion of said fee as the commission may
2 determine, based upon its cost of processing and investigation, shall
3 be retained by the commission upon the withdrawal or denial of any such
4 license application as its reasonable expense for processing the
5 application and investigation into the granting thereof: PROVIDED
6 FURTHER, That if in a particular case the basic license fee established
7 by the commission for a particular class of license is less than the
8 commission's actual expenses to investigate that particular
9 application, the commission may at any time charge to that applicant
10 such additional fees as are necessary to pay the commission for those
11 costs. The commission may decline to proceed with its investigation
12 and no license shall be issued until the commission has been fully paid
13 therefor by the applicant: AND PROVIDED FURTHER, That the commission
14 may establish fees for the furnishing by it to licensees of
15 identification stamps to be affixed to such devices and equipment as
16 required by the commission and for such other special services or
17 programs required or offered by the commission, the amount of each of
18 these fees to be not less than is adequate to offset the cost to the
19 commission of the stamps and of administering their dispersal to
20 licensees or the cost of administering such other special services,
21 requirements or programs;

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

24 (7) To require that applications for all licenses contain such
25 information as may be required by the commission: PROVIDED, That all
26 persons (a) having a managerial or ownership interest in any gambling
27 activity, or the building in which any gambling activity occurs, or the
28 equipment to be used for any gambling activity, or (b) participating as
29 an employee in the operation of any gambling activity, shall be listed
30 on the application for the license and the applicant shall certify on
31 the application, under oath, that the persons named on the application
32 are all of the persons known to have an interest in any gambling
33 activity, building, or equipment by the person making such application:
34 PROVIDED FURTHER, That the commission may require fingerprinting and
35 background checks on any persons seeking licenses under this chapter or
36 of any person holding an interest in any gambling activity, building,
37 or equipment to be used therefor, or of any person participating as an
38 employee in the operation of any gambling activity;

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

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

11 (10) To regulate and establish maximum limitations on income
12 derived from bingo. In establishing limitations pursuant to this
13 subsection the commission shall take into account (i) the nature,
14 character, and scope of the activities of the licensee; (ii) the source
15 of all other income of the licensee; and (iii) the percentage or extent
16 to which income derived from bingo is used for charitable, as
17 distinguished from nonprofit, purposes. However, the commission's
18 powers and duties granted by this subsection are discretionary and not
19 mandatory;

20 (11) To regulate and establish the type and scope of and manner of
21 conducting the gambling activities authorized and adopted by this
22 chapter and similar to and consistent with the games authorized and
23 operated in the state of Washington, including, but not limited to, the
24 extent of wager, money, or other thing of value which may be wagered or
25 contributed or won by a player in any such activities;

26 (12) To regulate the collection of and the accounting for the fee
27 which may be imposed by an organization, corporation, or person
28 licensed to conduct a social card game on a person desiring to become
29 a player in a social card game in accordance with RCW 9.46.0282;

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

33 (14) In accordance with RCW 9.46.080, to adopt such rules (~~and~~
34 ~~regulations~~) as are deemed necessary to carry out the purposes and
35 provisions of this chapter. All rules (~~and regulations~~) shall be
36 adopted pursuant to the administrative procedure act, chapter 34.05 RCW
37 and be similar to and consistent with the games authorized and operated
38 in the state of Washington;

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

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

13 In establishing these maximum limits the commission shall take into
14 account the amount of income received, or expected to be received, from
15 the class of activities to which the limits will apply and the amount
16 of money the games could generate for authorized charitable or
17 nonprofit purposes absent such expenses. The commission may also take
18 into account, in its discretion, other factors, including but not
19 limited to, the local prevailing wage scale and whether charitable
20 purposes are benefited by the activities;

21 (17) To authorize, require, and issue for a period not to exceed
22 one year such licenses or permits, for which the commission may by rule
23 provide, to any person to work for any operator of any gambling
24 activity authorized by this chapter in connection with that activity,
25 or any manufacturer, supplier, or distributor of devices for those
26 activities in connection with such business. The commission shall not
27 require that persons working solely as volunteers in an authorized
28 activity conducted by a bona fide charitable or bona fide nonprofit
29 organization, who receive no compensation of any kind for any purpose
30 from that organization, and who have no managerial or supervisory
31 responsibility in connection with that activity, be licensed to do such
32 work. The commission may require that licensees employing such
33 unlicensed volunteers submit to the commission periodically a list of
34 the names, addresses, and dates of birth of the volunteers. If any
35 volunteer is not approved by the commission, the commission may require
36 that the licensee not allow that person to work in connection with the
37 licensed activity;

38 (18) To publish and make available at the office of the commission
39 or elsewhere to anyone requesting it a list of the commission

1 licensees, including the name, address, type of license, and license
2 number of each licensee;

3 (19) To establish guidelines for determining what constitutes
4 active membership in bona fide nonprofit or charitable organizations
5 for the purposes of this chapter; and

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

8 **Sec. 5.** RCW 9.46.110 and 1999 c 221 s 1 are each amended to read
9 as follows:

10 (1) The legislative authority of any county, city-county, city, or
11 town, by local law and ordinance, and in accordance with the provisions
12 of this chapter and rules adopted under this chapter, may provide for
13 the taxing of any gambling activity authorized by this chapter within
14 its jurisdiction, the tax receipts to go to the county, city-county,
15 city, or town so taxing the activity. Any such tax imposed by a county
16 alone shall not apply to any gambling activity within a city or town
17 located in the county but the tax rate established by a county, if any,
18 shall constitute the tax rate throughout the unincorporated areas of
19 such county.

20 (2) The operation of punch boards and pull-tabs are subject to the
21 following conditions:

22 (a) Chances may only be sold to adults;

23 (b) ~~((The price of a single chance may not exceed one dollar;~~

24 ~~(e)))~~ No punch board or pull-tab license may award as a prize upon
25 a winning number or symbol being drawn the opportunity of taking a
26 chance upon any other punch board or pull-tab;

27 ~~((d)))~~ (c) All prizes available to be won must be described on an
28 information flare or electronic display. All merchandise prizes must
29 be on display within the immediate area of the premises in which any
30 such punch board or pull-tab is located. Upon a winning number or
31 symbol being ~~((drawn))~~ selected, a merchandise prize must be
32 immediately removed from the display and awarded to the winner. All
33 references to cash or merchandise prizes, with a value over twenty
34 dollars, must be removed immediately from the information flare or
35 electronic display when won, or such omission shall be deemed a fraud
36 for the purposes of this chapter; and

37 ~~((e)))~~ (d) When any person wins money or merchandise from any
38 punch board or pull-tab over an amount determined by the commission,

1 every licensee shall keep a public record of the award for at least
2 (~~ninety~~) sixty days containing such information as the commission
3 shall deem necessary.

4 (3)(a) Taxation of bingo and raffles shall never be in an amount
5 greater than five percent of the (~~gross receipts~~) net win from a
6 bingo game or raffle (~~less the amount awarded as cash or merchandise~~
7 ~~prizes~~)).

8 (b) Taxation of amusement games shall only be in an amount
9 sufficient to pay the actual costs of enforcement of the provisions of
10 this chapter by the county, city or town law enforcement agency and in
11 no event shall such taxation exceed two percent of the gross receipts
12 from the amusement game less the amount awarded as prizes.

13 (c) No tax shall be imposed under the authority of this chapter on
14 bingo or amusement games when such activities or any combination
15 thereof are conducted by any bona fide charitable or nonprofit
16 organization as defined in this chapter, which organization has no paid
17 operating or management personnel and has gross receipts from bingo or
18 amusement games, or a combination thereof, not exceeding five thousand
19 dollars per year, less the amount awarded as cash or merchandise
20 prizes.

21 (d) No tax shall be imposed on the first ten thousand dollars of
22 gross receipts less the amount awarded as cash or merchandise prizes
23 from raffles conducted by any bona fide charitable or nonprofit
24 organization as defined in this chapter.

25 (e) Taxation of punch boards, social card games, and pull-tabs
26 (~~for bona fide charitable or nonprofit organizations is~~) by a county,
27 city, or town shall be based on (~~gross receipts~~) net win from the
28 operation of the games (~~less the amount awarded as cash or merchandise~~
29 ~~prizes~~)), and shall not exceed a rate of ten percent. (~~At the option~~
30 ~~of the county, city-county, city, or town, the taxation of punch boards~~
31 ~~and pull-tabs for commercial stimulant operators may be based on gross~~
32 ~~receipts from the operation of the games, and may not exceed a rate of~~
33 ~~five percent, or may be based on gross receipts from the operation of~~
34 ~~the games less the amount awarded as cash or merchandise prizes, and~~
35 ~~may not exceed a rate of ten percent.~~)

36 (f) (~~Taxation of social card games may not exceed twenty percent~~
37 ~~of the gross revenue from such games~~) As used in this subsection (3),
38 "net win" means the amount of revenue retained by the licensee from
39 such games after prizes and the cost of the games, for games that are

1 a paper punch board or pull-tab series, have been paid out but before
2 any expenses have been paid.

3 (4) Taxes imposed under this chapter become a lien upon personal
4 and real property of the licensee used in the gambling activity in the
5 same manner as provided for under RCW 84.60.010. The lien shall attach
6 on the date the tax becomes due and shall relate back and have priority
7 against real and personal property to the same extent as ad valorem
8 taxes.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 9.46 RCW
10 to read as follows:

11 (1) The department of revenue shall adopt rules for the collection
12 of taxes generated from electronic pull-tab sales and from contests of
13 chance. The tax shall be set at ten percent of the net win from the
14 sales of electronic pull-tabs and from contests of chance. All
15 proceeds from taxes collected under this section shall be deposited in
16 an account in the custody of the state treasurer. This custodial
17 account is subject to allotment procedures under chapter 43.88 RCW, but
18 an appropriation is not required for expenditures. Five percent of the
19 proceeds from taxes collected under this section shall be allocated for
20 problem gaming prevention, youth education, public awareness, training,
21 helpline services, and to the division of alcohol and substance abuse
22 in the department of social and health services, for treatment.

23 (2) The legislative authority of any county, city-county, city, or
24 town, by local law and ordinance, and in accordance with this chapter
25 and rules adopted under it, may provide for the collection of taxes
26 generated from electronic pull-tab sales for terminals operated in the
27 county, city-county, or town and from contests of chance. The tax
28 shall be set at up to five percent of the net win from the sales of
29 electronic pull-tabs and from contests of chance. The amount of tax
30 authorized under this subsection shall be credited against the amount
31 of tax levied by the state under subsection (1) of this section.

32 (3) As used in this section, "net win" means the amount of revenue
33 retained by the licensee after prizes have been paid out but before any
34 expenses have been paid.

35 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
36 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect
2 immediately.

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