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HOUSE BILL 2953

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State of Washington

57th Legislature

2002 Regular Session

By Representatives Morris, Gombosky, Clements, Grant, Cairnes, Boldt, Delvin, Fromhold, Kessler and Eickmeyer

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1 AN ACT Relating to video pull-tabs; amending RCW 9.46.010,  
2 9.46.0273, 9.46.0311, 9.46.0325, 9.46.070, and 9.46.110; adding a new  
3 section to chapter 82.04 RCW; adding a new section to chapter 82.14  
4 RCW; adding new sections to chapter 9.46 RCW; and declaring an  
5 emergency.

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

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

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

13 It is hereby declared to be the policy of the legislature,  
14 recognizing the close relationship between professional gambling and  
15 organized crime, to restrain all persons from seeking profit from  
16 professional gambling activities in this state; to restrain all persons  
17 from patronizing such professional gambling activities; to safeguard  
18 the public against the evils induced by common gamblers and common  
19 gambling houses engaged in professional gambling; and at the same time,

1 both to preserve the freedom of the press and to avoid restricting  
2 participation by individuals in activities and social pastimes, which  
3 activities and social pastimes are more for amusement rather than for  
4 profit, do not maliciously affect the public, and do not breach the  
5 peace.

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

10 The legislature further declares that the conducting of bingo,  
11 raffles, and amusement games and the operation of punch boards, pull-  
12 tabs, video pull-tabs, card games, and other social pastimes, when  
13 conducted pursuant to the provisions of this chapter and any rules  
14 (~~and regulations~~) adopted pursuant thereto, are hereby authorized, as  
15 are only such lotteries for which no valuable consideration has been  
16 paid or agreed to be paid as hereinafter in this chapter provided.

17 The legislature further declares that fishing derbies shall not  
18 constitute any form of gambling and shall not be considered as a  
19 lottery, a raffle, or an amusement game and shall not be subject to the  
20 provisions of this chapter or any rules (~~and regulations~~) adopted  
21 hereunder.

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

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

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

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

36 (2) "Video pull-tabs" means a video display of a single pull-tab  
37 ticket, the face of which is initially covered or otherwise hidden from  
38 view to conceal a number, symbol, or set of symbols, a few of which

1 numbers or symbols out of every set of pull-tabs have been designated  
2 in advance and at random as prize winners, when, for the opportunity to  
3 view the numbers or symbols thereon and possibly obtain a prize, a  
4 person pays some consideration to an operator.

5 Each video pull-tab game consists of a finite number of video  
6 pull-tabs, a certain number of which, if drawn, entitle a player to  
7 prize awards at various levels. Video pull-tabs may only be accessed  
8 through a linked system of player terminals that only allow players to  
9 compete against other players. Player terminals do not allow for  
10 individual play against any terminal. The number of player terminals  
11 for use by each licensee must be as described in section 12 of this  
12 act. A video pull-tab system includes video pull-tab terminals that  
13 are played by use of computer hardware and software to manufacture,  
14 store, distribute, sell, and display video pull-tabs to players. This  
15 section does not authorize any form of slot machine.

16 **Sec. 3.** RCW 9.46.0311 and 1987 c 4 s 26 are each amended to read  
17 as follows:

18 The legislature hereby authorizes bona fide charitable or nonprofit  
19 organizations to conduct bingo games, raffles, amusement games, ~~((and))~~  
20 fund-raising events, and to ~~((utilize))~~ use punch boards ~~((and))~~, pull-  
21 tabs, video pull-tabs, and video pull-tab systems, and to allow their  
22 premises and facilities to be used by only members, their guests, and  
23 members of a chapter or unit organized under the same state, regional,  
24 or national charter or constitution, to play social card games  
25 authorized by the commission, when licensed, conducted, or operated  
26 pursuant to the provisions of this chapter and rules ~~((and~~  
27 ~~regulations))~~ adopted pursuant thereto.

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

30 The legislature hereby authorizes any person, association, or  
31 organization operating an established business primarily engaged in the  
32 selling of food or drink for consumption on the premises to conduct  
33 social card games and to ~~((utilize))~~ use punch boards ~~((and))~~, pull-  
34 tabs, video pull-tabs, and video pull-tab systems as a commercial  
35 stimulant to such business when licensed and ~~((utilized))~~ used or  
36 operated pursuant to the provisions of this chapter and rules ~~((and~~  
37 ~~regulations))~~ adopted pursuant thereto.

1       **Sec. 5.** RCW 9.46.070 and 1999 c 143 s 6 are each amended to read  
2 as follows:

3       The commission shall have the following powers and duties:

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

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

1 (3) To authorize and issue licenses for a period not to exceed one  
2 year to any person, association, or organization approved by the  
3 commission meeting the requirements of this chapter and meeting the  
4 requirements of any rules ((and regulations)) adopted by the commission  
5 pursuant to this chapter as now or hereafter amended, permitting said  
6 person, association, or organization to conduct or operate amusement  
7 games in such manner and at such locations as the commission may  
8 determine;

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

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

1 these fees to be not less than is adequate to offset the cost to the  
2 commission of the stamps and of administering their dispersal to  
3 licensees or the cost of administering such other special services,  
4 requirements or programs;

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

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

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

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

32 (10) To regulate and establish maximum limitations on income  
33 derived from bingo. In establishing limitations pursuant to this  
34 subsection the commission shall take into account (i) the nature,  
35 character, and scope of the activities of the licensee; (ii) the source  
36 of all other income of the licensee; and (iii) the percentage or extent  
37 to which income derived from bingo is used for charitable, as  
38 distinguished from nonprofit, purposes. However, the commission's

1 powers and duties granted by this subsection are discretionary and not  
2 mandatory;

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

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

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

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

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

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

32 In establishing these maximum limits the commission shall take into  
33 account the amount of income received, or expected to be received, from  
34 the class of activities to which the limits will apply and the amount  
35 of money the games could generate for authorized charitable or  
36 nonprofit purposes absent such expenses. The commission may also take  
37 into account, in its discretion, other factors, including but not  
38 limited to, the local prevailing wage scale and whether charitable  
39 purposes are benefited by the activities;

1 (17) To authorize, require, and issue for a period not to exceed  
2 one year such licenses or permits, for which the commission may by rule  
3 provide, to any person to work for any operator of any gambling  
4 activity authorized by this chapter in connection with that activity,  
5 or any manufacturer, supplier, or distributor of devices for those  
6 activities in connection with such business. The commission shall not  
7 require that persons working solely as volunteers in an authorized  
8 activity conducted by a bona fide charitable or bona fide nonprofit  
9 organization, who receive no compensation of any kind for any purpose  
10 from that organization, and who have no managerial or supervisory  
11 responsibility in connection with that activity, be licensed to do such  
12 work. The commission may require that licensees employing such  
13 unlicensed volunteers submit to the commission periodically a list of  
14 the names, addresses, and dates of birth of the volunteers. If any  
15 volunteer is not approved by the commission, the commission may require  
16 that the licensee not allow that person to work in connection with the  
17 licensed activity;

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

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

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

27 **Sec. 6.** RCW 9.46.110 and 1999 c 221 s 1 are each amended to read  
28 as follows:

29 (1) The legislative authority of any county, city-county, city, or  
30 town, by local law and ordinance, and in accordance with the provisions  
31 of this chapter and rules adopted under this chapter, may provide for  
32 the taxing of any gambling activity authorized by this chapter within  
33 its jurisdiction, the tax receipts to go to the county, city-county,  
34 city, or town so taxing the activity. Any such tax imposed by a county  
35 alone shall not apply to any gambling activity within a city or town  
36 located in the county but the tax rate established by a county, if any,  
37 shall constitute the tax rate throughout the unincorporated areas of  
38 such county.



1 (2) The operation of punch boards (~~and~~), pull-tabs, video pull-  
2 tabs, and video pull-tab systems are subject to the following  
3 conditions:

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

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

6 (c) No punch board (~~or~~), pull-tab (~~license~~), or video pull-tab  
7 system licensee may award as a prize upon a winning number or symbol  
8 being drawn the opportunity of taking a chance upon any other punch  
9 board (~~or~~), pull-tab, or video pull-tab;

10 (d) All prizes available to be won must be described on an  
11 information flare or video flare display. All merchandise prizes must  
12 be on display within the immediate area of the premises in which any  
13 such punch board (~~or~~), pull-tab, or video pull-tab terminal is  
14 located. Upon a winning number or symbol being (~~drawn~~) selected, a  
15 merchandise prize must be immediately removed from the display and  
16 awarded to the winner. All references to cash or merchandise prizes,  
17 with a value over twenty dollars, must be removed immediately from the  
18 information flare or video flare display when won, or such omission  
19 shall be deemed a fraud for the purposes of this chapter; and

20 (e) When any person wins money or merchandise from any punch board  
21 (~~or~~), pull-tab, or video pull-tab over an amount determined by the  
22 commission, every licensee shall keep a public record of the award for  
23 at least (~~ninety~~) sixty days containing such information as the  
24 commission shall deem necessary.

25 (3)(a) Taxation of bingo and raffles shall never be in an amount  
26 greater than five percent of the gross receipts from a bingo game or  
27 raffle less the amount awarded as cash or merchandise prizes.

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

33 (c) No tax shall be imposed under the authority of this chapter on  
34 bingo or amusement games when such activities or any combination  
35 thereof are conducted by any bona fide charitable or nonprofit  
36 organization as defined in this chapter, which organization has no paid  
37 operating or management personnel and has gross receipts from bingo or  
38 amusement games, or a combination thereof, not exceeding five thousand

1 dollars per year, less the amount awarded as cash or merchandise  
2 prizes.

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

7 (e) Taxation of punch boards and pull-tabs (~~((for bona fide  
8 charitable or nonprofit organizations is))~~) by a county, city, or town  
9 must be based on ((gross)) the net gambling receipts from the operation  
10 of the games (~~((less the amount awarded as cash or merchandise prizes)),~~  
11 and shall not exceed a rate of ten percent. (~~((At the option of the  
12 county, city-county, city, or town, the taxation of punch boards and  
13 pull-tabs for commercial stimulant operators may be based on gross  
14 receipts from the operation of the games, and may not exceed a rate of  
15 five percent, or may be based on gross receipts from the operation of  
16 the games less the amount awarded as cash or merchandise prizes, and  
17 may not exceed a rate of ten percent.))~~))

18 (f) Taxation of social card games may not exceed twenty percent of  
19 the gross revenue from such games.

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

26 NEW SECTION. Sec. 7. A new section is added to chapter 82.04 RCW  
27 to read as follows:

28 Upon every person engaging within the state in the business of  
29 selling video pull-tabs; as to such persons, the amount of tax with  
30 respect to such business shall be equal to the gross proceeds of sales  
31 of video pull-tabs, multiplied by five percent.

32 NEW SECTION. Sec. 8. A new section is added to chapter 82.14 RCW  
33 to read as follows:

34 The legislative authority of any county, city-county, city, or  
35 town, by local law or ordinance, and in accordance with this chapter  
36 and rules adopted under it, may provide for the collection of taxes

1 generated from video pull-tab sales. The tax may be set at up to five  
2 percent of the net gambling receipts from the sales of video pull-tabs.

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

5 The problem gaming prevention account is created in the custody of  
6 the state treasurer. All receipts from the tax collected under section  
7 7 of this act must be deposited into the account. Expenditures in this  
8 account may be used only for problem gaming prevention, youth  
9 education, public awareness, training, help-line services, and  
10 treatment under the division of alcohol and substance abuse in the  
11 department of social and health services.

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

14 The department of revenue must adopt rules to carry out sections 7  
15 and 8 of this act.

16 NEW SECTION. **Sec. 11.** A new section is added to chapter 9.46 RCW  
17 to read as follows:

18 Placement of video pull-tab terminals and video pull-tab systems is  
19 allowed only in areas and on premises classified by the Washington  
20 state liquor control board as minor-prohibited areas and facilities and  
21 premises licensed by the commission.

22 NEW SECTION. **Sec. 12.** A new section is added to chapter 9.46 RCW  
23 to read as follows:

24 The maximum number of video pull-tab terminals per licensed  
25 premises is twenty-five. A minimum of five video pull-tab terminals is  
26 required.

27 NEW SECTION. **Sec. 13.** A new section is added to chapter 9.46 RCW  
28 to read as follows:

29 License fees for video pull-tab system licensees must be  
30 established by the commission on a sliding scale basis. The fee  
31 schedule established by the commission must be based on the total  
32 number of video pull-tab terminals per licensed location and the amount  
33 net gambling receipts for each licensed premise.

1        NEW SECTION.    **Sec. 14.**    A new section is added to chapter 9.46 RCW  
2 to read as follows:

3        "Net gambling receipts" means all gross gambling receipts from any  
4 gambling activity, less the monetary value or, in the case of  
5 merchandise, the actual cost, of any prizes that were awarded.

6        NEW SECTION.    **Sec. 15.**    A new section is added to chapter 9.46 RCW  
7 to read as follows:

8        Unless play is conducted on premises which otherwise require  
9 surveillance for operation, no surveillance is required by video pull-  
10 tab system licensees.

11       NEW SECTION.    **Sec. 16.**    A new section is added to chapter 9.46 RCW  
12 to read as follows:

13       Video pull-tab systems must be approved by the commission subject  
14 to the following conditions:

15       (1) The system must:

16       (a) Produce accurate facsimiles of one or more standard series of  
17 pull-tabs;

18       (b) Randomly select a pull-tab before each round of play;

19       (c) Contain a backup system for recording and display of at least  
20 five previous plays;

21       (d) Contain security protocols that prevent unauthorized access;

22       (e) Provide a means of testing of computer software;

23       (f) Meet any additional technical standards required by the  
24 commission; and

25       (g) Be tested by a licensed game testing laboratory for compliance  
26 with these requirements.

27       (2) The costs of initial laboratory testing and any additional  
28 testing required by the commission will be paid for by the  
29 manufacturer.

30       NEW SECTION.    **Sec. 17.**    This act is necessary for the immediate  
31 preservation of the public peace, health, or safety, or support of the  
32 state government and its existing public institutions, and takes effect  
33 immediately.

--- END ---