

# HOUSE BILL REPORT

## HB 1227

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**As Reported by House Committee On:**  
Commerce & Labor

**Title:** An act relating to promotional contests of chance.

**Brief Description:** Concerning promotional contests of chance.

**Sponsors:** Representatives Pflug, Wood, Conway and Chandler.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/27/03, 2/6/03 [DPS].

**Brief Summary of Substitute Bill**

- Prohibits the use of vending machines that determine the outcome of a promotional contest.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Conway, Chair; Wood, Vice Chair; Chandler, Ranking Minority Member; Holmquist, Hudgins, Kenney and McCoy.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Condotta, Assistant Ranking Minority Member; and Crouse.

**Staff:** Matt Cooper (786-7106).

**Background:**

Promotional contests are games or contests to promote a business activity where a part of the outcome is determined by chance. Promotional contests are regulated by consumer protection laws and are exempt from gambling regulations. Sponsors of promotional contests may not require a person to pay for the chance to participate in a contest. Sponsors may give additional chances to participate in contests when a person makes a purchase of goods or services. However, sponsors must offer alternate methods for additional chances that do not require a purchase. (This requirement does not apply to

sponsors of contests conducted through direct mail solicitations.)

Recently a distributor of a particular type of vending machine sought a declaratory judgment that its vending machine was a promotional contest. The vending machine itself determined the outcome of the contest. The administrative law judge held that the vending machine was not a promotional contest, but a gambling device. As such, the vending machine was subject to gambling laws and regulation by the Gambling Commission.

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**Summary of Substitute Bill:**

Vending machines that determine the outcome of a promotional contest are prohibited from use in a contest.

**Substitute Bill Compared to Original Bill:**

The substitute bill clarifies vending machines that determine the outcome of a promotional contest are prohibited, rather than prohibiting contestants from entering promotional contests through purchases made at vending machines.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** In the past few years, the Gambling Commission (Commission) has dealt with applications involving machines that people wanted to use as part of a promotional contest. These machines have looked and acted like slot machines, not traditional vending machines. These machines sell sports cards or phone cards and allow a person to play a slot machine-type game. People play these types of machines to gamble, not to get the sports card or phone card.

This bill will clarify the law in this area and make it easier for the Commission and the public to know what is allowed as part of a promotional contest and what is a gambling device.

**Testimony Against:** None.

**Testified:** (In support) Representative Pflug, prime sponsor; Representative Wood, sponsor; and Edward Fleisher, Gambling Commission.