

SENATE BILL REPORT

SB 6613

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 1, 2006

Title: An act relating to reaffirming and clarifying the prohibition against internet and certain other interactive electronic or mechanical devices to engage in gambling.

Brief Description: Prohibiting internet gambling.

Sponsors: Senators Prentice, Keiser, Kline, Rasmussen and Shin.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/26/06, 2/1/06 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6613 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Brown, Honeyford, Keiser and Prentice.

Staff: John Dziedzic (786-7784)

Background: Since the Gambling Act was enacted in 1973, it has been a gross misdemeanor to knowingly send or receive by telephone, telegraph, radio, semaphore or similar means any wagers or any other information intended to be used for professional gambling. The Gambling Act does not apply to parimutuel wagering authorized by the Horse Racing Commission or the selling or purchasing of tickets or shares in the state lottery.

The state is a currently a defendant in a trial pending in Thurston County Superior Court in which the plaintiff has argued that existing state law empowers the Lottery Commission to authorize electronic gambling devices similar to the electronic scratch ticket machines described in Initiative 892 and currently offered at Class III tribal casinos.

Following the 1990 ruling in *Mashantucket Pequot Tribe v. Connecticut*, courts interpreting the Indian Gaming Regulatory Act have consistently held that when requested by a tribe, a state must engage in compact negotiations regarding the conduct of a gambling activity unless, as a matter of criminal law and public policy, the activity is prohibited.

Summary of Substitute Bill: The internet and telecommunications systems are added to the list of means over which a person is prohibited from knowingly transmitting or receiving wagers or other gambling information. The penalty for knowingly engaging in such illegal transmission or receipt is increased from a gross misdemeanor to a Class C felony. The Lottery Commission is prohibited from offering any game where the internet can be used to buy tickets or chances.

An affirmative vote of 60 per cent of both houses of the legislature is required before the Lottery Commission may offer any lottery game that allows or requires a player to use a device that electronically replicates any game of chance, including electronic scratch tickets.

Substitute Bill Compared to Original Bill: The bill as referred to committee was not considered.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Clearly prohibiting any form of internet gambling is needed to support the state's policy in this regard against lawsuits and challenges brought under various international trade agreements; in enforcement actions prosecuted in cooperation with federal law enforcement agencies; and in negotiations under the Indian Gaming Regulatory Act. At its regular January meeting, the Gambling Commission voted to support clarifying the Gambling Act's prohibition against internet gambling.

Testimony Against: None.

Testimony Other: Concerns were expressed that the bill as introduced may have inadvertently included the processing of credit card transactions by financial institutions.

Who Testified: PRO: Senator Prentice, Prime Sponsor; Norm Maleng, King County Prosecutor; Neal Nunamaker, Gambling Commission.

OTHER: Stacy Augustine, WA Credit Union League.