
SUBSTITUTE SENATE BILL 5878

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Prentice, Oke, Haugen, Benson, Franklin, Shin, Pridemore, Rockefeller, Hargrove, Fraser, Stevens, Kline, Rasmussen, Mulliken and McAuliffe)

READ FIRST TIME 03/02/05.

1 AN ACT Relating to reaffirming and clarifying the prohibition
2 against internet gambling; amending RCW 9.46.240 and 67.70.040; and
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** It is the policy of this state to prohibit
6 all forms and means of gambling, except where carefully and
7 specifically authorized and regulated. With the advent of the internet
8 and other technologies and means of communication that were not
9 contemplated when either the gambling act was enacted in 1973, or the
10 lottery commission was created in 1982, it is appropriate for this
11 legislature to reaffirm the policy prohibiting gambling that exploits
12 such new technologies.

13 **Sec. 2.** RCW 9.46.240 and 1991 c 261 s 9 are each amended to read
14 as follows:

15 Whoever knowingly transmits or receives gambling information by
16 telephone, telegraph, radio, semaphore, the internet, or similar means,
17 or knowingly installs or maintains equipment for the transmission or
18 receipt of gambling information shall be guilty of a gross misdemeanor

1 subject to the penalty set forth in RCW 9A.20.021: PROVIDED, HOWEVER,
2 That this section shall not apply to such information transmitted or
3 received or equipment installed or maintained relating to activities
4 authorized by this chapter or to any act or acts in furtherance thereof
5 when conducted in compliance with the provisions of this chapter and in
6 accordance with the rules and regulations adopted pursuant thereto.

7 **Sec. 3.** RCW 67.70.040 and 1994 c 218 s 4 are each amended to read
8 as follows:

9 The commission shall have the power, and it shall be its duty:

10 (1) To (~~promulgate such~~) adopt rules governing the establishment
11 and operation of a state lottery as it deems necessary and desirable in
12 order that such a lottery be initiated at the earliest feasible and
13 practicable time, and in order that such lottery produce the maximum
14 amount of net revenues for the state consonant with the dignity of the
15 state and the general welfare of the people. Such rules shall include,
16 but shall not be limited to, the following:

17 (a) The type of lottery to be conducted which may include the
18 selling of tickets or shares. The use of electronic or mechanical
19 devices or video terminals which allow for individual play against such
20 devices or terminals shall be prohibited. Approval of the legislature
21 shall be required before entering any agreement with other state
22 lotteries to conduct shared games;

23 (b) The price, or prices, of tickets or shares in the lottery;

24 (c) The numbers and sizes of the prizes on the winning tickets or
25 shares;

26 (d) The manner of selecting the winning tickets or shares;

27 (e) The manner and time of payment of prizes to the holder of
28 winning tickets or shares which, at the director's option, may be paid
29 in lump sum amounts or installments over a period of years;

30 (f) The frequency of the drawings or selections of winning tickets
31 or shares. Approval of the legislature is required before conducting
32 any on-line game in which the drawing or selection of winning tickets
33 occurs: (i) More frequently than once every twenty-four hours; or (ii)
34 in advance of the purchase of a ticket or share;

35 (g) Without limit as to number, the type or types of locations at
36 which tickets or shares may be sold;

1 (h) The method to be used in selling tickets or shares. If an
2 electronic or mechanical device is used to initiate a transaction to
3 purchase or sell tickets or shares, or to communicate any other means
4 of becoming eligible to win a prize, including authority to expend
5 credit or funds held on account, the transaction must be initiated by
6 or in the physical presence of the player using an electronic or
7 mechanical device that is (i) owned by, or leased to, and (ii) located
8 on the premises of a licensed sales agent or the state lottery;

9 (i) The licensing of agents to sell or distribute tickets or
10 shares, except that a person under the age of eighteen shall not be
11 licensed as an agent;

12 (j) The manner and amount of compensation, if any, to be paid
13 licensed sales agents necessary to provide for the adequate
14 availability of tickets or shares to prospective buyers and for the
15 convenience of the public;

16 (k) The apportionment of the total revenues accruing from the sale
17 of lottery tickets or shares and from all other sources among: (i) The
18 payment of prizes to the holders of winning tickets or shares, which
19 shall not be less than forty-five percent of the gross annual revenue
20 from such lottery, (ii) transfers to the lottery administrative account
21 created by RCW 67.70.260, and (iii) transfer to the state's general
22 fund. Transfers to the state general fund shall be made in compliance
23 with RCW 43.01.050;

24 (l) Such other matters necessary or desirable for the efficient and
25 economical operation and administration of the lottery and for the
26 convenience of the purchasers of tickets or shares and the holders of
27 winning tickets or shares.

28 (2) To ensure that in each place authorized to sell lottery tickets
29 or shares, on the back of the ticket or share, and in any advertising
30 or promotion there shall be conspicuously displayed an estimate of the
31 probability of purchasing a winning ticket.

32 (3) To amend, repeal, or supplement any such rules from time to
33 time as it deems necessary or desirable.

34 (4) To advise and make recommendations to the director for the
35 operation and administration of the lottery.

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