

HOUSE BILL REPORT

HB 2280

As Reported by House Committee On:
Government Accountability & Oversight

Title: An act relating to scratch tickets as a promotional activity.

Brief Description: Authorizing the state lottery to provide scratch tickets as a promotional activity.

Sponsors: Representatives Condotta, Hurst, Holy and Ryu; by request of Washington State Lottery.

Brief History:

Committee Activity:

Government Accountability & Oversight: 1/20/14, 1/27/14 [DPS].

Brief Summary of Substitute Bill

- The Washington Lottery (Lottery) may distribute promotional scratch tickets worth \$1 to \$2.
- The Lottery must annually audit and suspend the use of promotional scratch tickets.

HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso, Shea and Vick.

Staff: David Rubenstein (786-7153).

Background:

The Washington Lottery (Lottery) was established in 1982. The Lottery sells a variety of products, including scratch-off ticket games, Keno, multi-jurisdictional number-picking games such as Powerball and Mega Millions, and other games of chance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Lottery revenues are used for the following purposes in addition to prizes and administrative expenses (these figures are amounts distributed in fiscal year 2012):

- Washington Opportunity Pathways Account - \$122 million;
- King County - \$2.3 million
- Stadium and Exhibition Center Account- \$13.3 million;
- Problem Gambling Education - \$0.3 million; and
- Economic Development Strategic Reserve Account - \$3 million.

In order to enhance ticket sales, the Lottery may market its products and activities and uses various means to do so including sponsorships, prize promotions, and promotional games of chance. All scratch tickets and promotional materials must include an estimate of the probability of purchasing a winning ticket.

Summary of Substitute Bill:

The Lottery may distribute, either free or for a charge, scratch tickets as promotions. Tickets may only be distributed to persons otherwise eligible to purchase a lottery ticket, and only tickets with a retail price of \$1 to \$2 may be distributed. The promotional tickets must comply with rules applicable to promotional activities.

The Lottery must limit promotional distributions to no more than 1 percent of the annual sales of \$1 or \$2 scratch tickets, and any rules adopted must include audit and reporting provisions.

The Lottery must annually review the scratch ticket promotional program, set quantity guidelines, and may suspend the program.

Substitute Bill Compared to Original Bill:

The substitute bill eliminates 10 percent trigger for review, and requires an annual review and quantity guidelines for promotional scratch tickets.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is a great idea, and 1 percent is an appropriate limit to how many promotional tickets can be distributed. This practice is not currently prohibited, but this would expressly allow it. Some players don't know how to play scratch, but this will allow

the Lottery to teach them. It is hard to get store clerks to ask for the sale of lottery tickets and this practice will help the Lottery do so to enhance sales, similar to the way Coca Cola would. This bill will not create a gift of public funds because the Lottery will create a special game for the purpose, and it will be more tightly controlled.

(Opposed) None.

Persons Testifying: Representative Condotta, prime sponsor; Bill Hanson and Jana Jones, Washington Lottery.

Persons Signed In To Testify But Not Testifying: None.