

---

HOUSE BILL 2281

---

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Vick, Holy, Hurst, and Condotta; by request of Washington State Lottery

Read first time 01/15/14. Referred to Committee on Government Accountability & Oversight.

1 AN ACT Relating to state lottery efficiency; amending RCW  
2 67.70.040, 67.70.050, and 67.70.340; and repealing RCW 67.70.042.

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

4 **Sec. 1.** RCW 67.70.040 and 2006 c 290 s 3 are each amended to read  
5 as follows:

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

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

14 (a) The type of lottery to be conducted which may include the  
15 selling of tickets or shares, but such tickets or shares may not be  
16 sold over the internet. The use of electronic or mechanical devices or  
17 video terminals which allow for individual play against such devices or  
18 terminals shall be prohibited. An affirmative vote of sixty percent of  
19 both houses of the legislature is required before offering any game

1 allowing or requiring a player to become eligible for a prize or to  
2 otherwise play any portion of the game by interacting with any device  
3 or terminal involving digital, video, or other electronic  
4 representations of any game of chance, including scratch tickets, pull-  
5 tabs, bingo, poker or other cards, dice, roulette, keno, or slot  
6 machines. Approval of the legislature shall be required before  
7 entering any agreement with other state lotteries to conduct shared  
8 games;

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

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

12 (d) The manner of selecting the winning tickets or shares, except  
13 as limited by (a) of this subsection;

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

17 (f) The frequency of the drawings or selections of winning tickets  
18 or shares. Approval of the legislature is required before conducting  
19 any online game in which the drawing or selection of winning tickets  
20 occurs more frequently than once every twenty-four hours;

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

23 (h) The method to be used in selling tickets or shares, except as  
24 limited by (a) of this subsection;

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

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

32 (k) The apportionment of the total revenues accruing from the sale  
33 of lottery tickets or shares and from all other sources among: (i) The  
34 payment of prizes to the holders of winning tickets or shares, which  
35 shall not be less than forty-five percent of the gross annual revenue  
36 from such lottery, (ii) transfers to the lottery administrative account  
37 created by RCW 67.70.260, and (iii) transfer to the state's general

1 fund. Transfers to the state general fund shall be made in compliance  
2 with RCW 43.01.050;

3 (1) Such other matters necessary or desirable for the efficient and  
4 economical operation and administration of the lottery and for the  
5 convenience of the purchasers of tickets or shares and the holders of  
6 winning tickets or shares.

7 (2) To ensure that in each place authorized to sell lottery tickets  
8 or shares, (~~on the back of the ticket or share, and in any advertising~~  
9 ~~or promotion~~)) there shall be conspicuously displayed an estimate of  
10 the probability of purchasing a winning ticket on the lottery ticket or  
11 share and in any advertising or promotion.

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

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

16 **Sec. 2.** RCW 67.70.050 and 2012 c 117 s 307 are each amended to  
17 read as follows:

18 There is created the office of director of the state lottery. The  
19 director shall be appointed by the governor with the consent of the  
20 senate. The director shall serve at the pleasure of the governor and  
21 shall receive such salary as is determined by the governor, but in no  
22 case may the director's salary be more than ninety percent of the  
23 salary of the governor. The director shall:

24 (1) Supervise and administer the operation of the lottery in  
25 accordance with the provisions of this chapter and with the rules of  
26 the commission.

27 (2) Appoint such deputy and assistant directors as may be required  
28 to carry out the functions and duties of his or her office: PROVIDED,  
29 That the provisions of the state civil service law, chapter 41.06 RCW,  
30 shall not apply to such deputy and assistant directors.

31 (3) Appoint such professional, technical, and clerical assistants  
32 and employees as may be necessary to perform the duties imposed by this  
33 chapter: PROVIDED, That the provisions of the state civil service law,  
34 chapter 41.06 RCW, shall not apply to such employees as are engaged in  
35 undercover audit or investigative work or security operations but shall  
36 apply to other employees appointed by the director, except as provided  
37 for in subsection (2) of this section.

1 (4) In accordance with the provisions of this chapter and the rules  
2 of the commission, license as agents to sell or distribute lottery  
3 tickets such persons as in his or her opinion will best serve the  
4 public convenience and promote the sale of tickets or shares. The  
5 director may require a bond from any licensed agent, in such amount as  
6 provided in the rules of the commission. Every licensed agent shall  
7 prominently display his or her license, or a copy thereof, as provided  
8 in the rules of the commission. License fees may be established by the  
9 commission, and, if established, shall be deposited in the state  
10 lottery account created by RCW 67.70.230.

11 (5) Confer regularly as necessary or desirable with the commission  
12 on the operation and administration of the lottery; make available for  
13 inspection by the commission, upon request, all books, records, files,  
14 and other information and documents of the lottery; and advise the  
15 commission and recommend such matters as the director deems necessary  
16 and advisable to improve the operation and administration of the  
17 lottery.

18 (6) Subject to the applicable laws relating to public contracts,  
19 enter into contracts for the operation of the lottery, or any part  
20 thereof, and into contracts for the promotion of the lottery. No  
21 contract awarded or entered into by the director may be assigned by the  
22 holder thereof except by specific approval of the commission:  
23 PROVIDED, That nothing in this chapter authorizes the director to enter  
24 into public contracts for the regular and permanent administration of  
25 the lottery after the initial development and implementation.

26 (7) Certify (~~(quarterly)~~) annually to the state treasurer and the  
27 commission a full and complete statement of lottery revenues, prize  
28 disbursements, and other expenses for the preceding (~~(quarter)~~) year.

29 (8) Carry on a continuous study and investigation of the lottery  
30 throughout the state: (a) For the purpose of ascertaining any defects  
31 in this chapter or in the rules issued thereunder by reason whereof any  
32 abuses in the administration and operation of the lottery or any  
33 evasion of this chapter or the rules may arise or be practiced, (b) for  
34 the purpose of formulating recommendations for changes in this chapter  
35 and the rules promulgated thereunder to prevent such abuses and  
36 evasions, (c) to guard against the use of this chapter and the rules  
37 issued thereunder as a cloak for the carrying on of professional

1 gambling and crime, and (d) to ensure that this chapter and rules shall  
2 be in such form and be so administered as to serve the true purposes of  
3 this chapter.

4 (9) Make a continuous study and investigation of: (a) The  
5 operation and the administration of similar laws which may be in effect  
6 in other states or countries, (b) the operation of an additional game  
7 or games for the benefit of a particular program or purpose, (c) any  
8 literature on the subject which from time to time may be published or  
9 available, (d) any federal laws which may affect the operation of the  
10 lottery, and (e) the reaction of the citizens of this state to existing  
11 and potential features of the lottery with a view to recommending or  
12 effecting changes that will tend to serve the purposes of this chapter.

13 (10) Have all enforcement powers granted in chapter 9.46 RCW.

14 (11) Perform all other matters and things necessary to carry out  
15 the purposes and provisions of this chapter.

16 **Sec. 3.** RCW 67.70.340 and 2012 1st sp.s. c 10 s 6 are each amended  
17 to read as follows:

18 (1) The legislature recognizes that creating a shared game lottery  
19 could result in less revenue being raised by the existing state lottery  
20 ticket sales. The legislature further recognizes that the fund most  
21 impacted by this potential event is the Washington opportunity pathways  
22 account. Therefore, it is the intent of the legislature to use some of  
23 the proceeds from the shared game lottery to make up the difference  
24 that the potential state lottery revenue loss would have on the  
25 Washington opportunity pathways account. The legislature further  
26 intends to use some of the proceeds from the shared game lottery to  
27 fund programs and services related to problem and pathological  
28 gambling.

29 (2) The Washington opportunity pathways account is expected to  
30 receive one hundred two million dollars annually from state lottery  
31 games other than the shared game lottery. For fiscal year 2011 and  
32 thereafter, if the amount of lottery revenues earmarked for the  
33 Washington opportunity pathways account is less than one hundred two  
34 million dollars, the commission, after making the transfer required  
35 under subsection (3) of this section, must transfer sufficient moneys  
36 from revenues derived from the shared game lottery into the Washington

1 opportunity pathways account to bring the total revenue up to one  
2 hundred two million dollars.

3 (3)(a) The commission shall transfer, from revenue derived from the  
4 shared game lottery, to the problem gambling account created in RCW  
5 43.20A.892, an amount equal to the percentage specified in (b) of this  
6 subsection of net receipts. For purposes of this subsection, "net  
7 receipts" means the difference between (i) revenue received from the  
8 sale of lottery tickets or shares and revenue received from the sale of  
9 shared game lottery tickets or shares; and (ii) the sum of payments  
10 made to winners.

11 (b) In fiscal year 2006, the percentage to be transferred to the  
12 problem gambling account is one-tenth of one percent. In fiscal year  
13 2007 and subsequent fiscal years, the percentage to be transferred to  
14 the problem gambling account is thirteen one-hundredths of one percent.

15 ~~(4) ((The commission shall transfer the remaining net revenues, if  
16 any, derived from the shared game lottery "Powerball" authorized in RCW  
17 67.70.044(1) after the transfers pursuant to this section into the  
18 state general fund for support for the program of basic education under  
19 RCW 28A.150.200.~~

20 ~~(5))~~) The remaining net revenues, if any, in the shared game  
21 lottery account after the transfers pursuant to this section shall be  
22 deposited into the Washington opportunity pathways account.

23 NEW SECTION. **Sec. 4.** RCW 67.70.042 (Scratch games--Baseball  
24 stadium construction) and 1997 c 220 s 207 & 1995 3rd sp.s. c 1 s 104  
25 are each repealed.

--- END ---