
HOUSE BILL 2638

State of Washington

66th Legislature

2020 Regular Session

By Representatives Peterson, MacEwen, Stonier, Harris, Robinson, Young, Ortiz-Self, Stokesbary, Tharinger, Walsh, Riccelli, Appleton, Griffey, Hansen, Kloba, Lekanoff, Sells, Chapman, Gregerson, and Ramel

Read first time 01/16/20. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to authorizing sports wagering subject to the
2 terms of tribal-state gaming compacts; amending RCW 9.46.070,
3 9.46.240, and 9.46.090; adding new sections to chapter 9.46 RCW; and
4 creating a new section.

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

6 NEW SECTION. **Sec. 1.** It has long been the policy of this state
7 to prohibit all forms and means of gambling except where carefully
8 and specifically authorized and regulated. The legislature intends to
9 further this policy by authorizing sports wagering on a very limited
10 basis by restricting it to tribal casinos in the state of Washington.
11 Tribes have more than twenty years' experience with, and a proven
12 track record of, successfully operating and regulating gaming
13 facilities in accordance with tribal gaming compacts. Tribal casinos
14 can operate sports wagering pursuant to these tribal gaming compacts,
15 offering the benefits of the same highly regulated environment to
16 sports wagering.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 9.46 RCW
18 to read as follows:

19 (1) Upon the request of a federally recognized Indian tribe in
20 the state of Washington, the tribe's class III gaming compact must be

1 amended pursuant to the Indian gaming regulatory act, 25 U.S.C. Sec.
2 2701 et seq., and RCW 9.46.360 to authorize the tribe to conduct and
3 operate sports wagering on federal Indian lands, provided the
4 amendment addresses how sports wagering will be conducted, operated,
5 and regulated. Sports wagering conducted pursuant to the gaming
6 compact is a gambling activity authorized by this chapter.

7 (2) Sports wagering conducted pursuant to the provisions of a
8 class III gaming compact entered into by a tribe and the state
9 pursuant to RCW 9.46.360 is not bookmaking and is not subject to
10 civil or criminal penalties.

11 **Sec. 3.** RCW 9.46.070 and 2012 c 116 s 1 are each amended to read
12 as follows:

13 The commission shall have the following powers and duties:

14 (1) To authorize and issue licenses for a period not to exceed
15 one year to bona fide charitable or nonprofit organizations approved
16 by the commission meeting the requirements of this chapter and any
17 rules and regulations adopted pursuant thereto permitting said
18 organizations to conduct bingo games, raffles, amusement games, and
19 social card games, to utilize punchboards and pull-tabs in accordance
20 with the provisions of this chapter and any rules and regulations
21 adopted pursuant thereto and to revoke or suspend said licenses for
22 violation of any provisions of this chapter or any rules and
23 regulations adopted pursuant thereto: PROVIDED, That the commission
24 shall not deny a license to an otherwise qualified applicant in an
25 effort to limit the number of licenses to be issued: PROVIDED
26 FURTHER, That the commission or director shall not issue, deny,
27 suspend, or revoke any license because of considerations of race,
28 sex, creed, color, or national origin: AND PROVIDED FURTHER, That the
29 commission may authorize the director to temporarily issue or suspend
30 licenses subject to final action by the commission;

31 (2) To authorize and issue licenses for a period not to exceed
32 one year to any person, association, or organization operating a
33 business primarily engaged in the selling of items of food or drink
34 for consumption on the premises, approved by the commission meeting
35 the requirements of this chapter and any rules and regulations
36 adopted pursuant thereto permitting said person, association, or
37 organization to utilize punchboards and pull-tabs and to conduct
38 social card games as a commercial stimulant in accordance with the
39 provisions of this chapter and any rules and regulations adopted

1 pursuant thereto and to revoke or suspend said licenses for violation
2 of any provisions of this chapter and any rules and regulations
3 adopted pursuant thereto: PROVIDED, That the commission shall not
4 deny a license to an otherwise qualified applicant in an effort to
5 limit the number of licenses to be issued: PROVIDED FURTHER, That the
6 commission may authorize the director to temporarily issue or suspend
7 licenses subject to final action by the commission;

8 (3) To authorize and issue licenses for a period not to exceed
9 one year to any person, association, or organization approved by the
10 commission meeting the requirements of this chapter and meeting the
11 requirements of any rules and regulations adopted by the commission
12 pursuant to this chapter as now or hereafter amended, permitting said
13 person, association, or organization to conduct or operate amusement
14 games in such manner and at such locations as the commission may
15 determine. The commission may authorize the director to temporarily
16 issue or suspend licenses subject to final action by the commission;

17 (4) To authorize, require, and issue, for a period not to exceed
18 one year, such licenses as the commission may by rule provide, to any
19 person, association, or organization to engage in the manufacturing,
20 selling, distributing, or otherwise supplying (~~or in the~~
21 ~~manufacturing~~) of devices, equipment, software, hardware, or any
22 gambling-related services for use within this state for those
23 activities authorized by this chapter. The commission may authorize
24 the director to temporarily issue or suspend licenses subject to
25 final action by the commission;

26 (5) To establish a schedule of annual license fees for carrying
27 on specific gambling activities upon the premises, and for such other
28 activities as may be licensed by the commission, which fees shall
29 provide to the commission not less than an amount of money adequate
30 to cover all costs incurred by the commission relative to licensing
31 under this chapter and the enforcement by the commission of the
32 provisions of this chapter and rules and regulations adopted pursuant
33 thereto: PROVIDED, That all licensing fees shall be submitted with an
34 application therefor and such portion of said fee as the commission
35 may determine, based upon its cost of processing and investigation,
36 shall be retained by the commission upon the withdrawal or denial of
37 any such license application as its reasonable expense for processing
38 the application and investigation into the granting thereof: PROVIDED
39 FURTHER, That if in a particular case the basic license fee
40 established by the commission for a particular class of license is

1 less than the commission's actual expenses to investigate that
2 particular application, the commission may at any time charge to that
3 applicant such additional fees as are necessary to pay the commission
4 for those costs. The commission may decline to proceed with its
5 investigation and no license shall be issued until the commission has
6 been fully paid therefor by the applicant: AND PROVIDED FURTHER, That
7 the commission may establish fees for the furnishing by it to
8 licensees of identification stamps to be affixed to such devices and
9 equipment as required by the commission and for such other special
10 services or programs required or offered by the commission, the
11 amount of each of these fees to be not less than is adequate to
12 offset the cost to the commission of the stamps and of administering
13 their dispersal to licensees or the cost of administering such other
14 special services, requirements or programs;

15 (6) To prescribe the manner and method of payment of taxes, fees
16 and penalties to be paid to or collected by the commission;

17 (7) To require that applications for all licenses contain such
18 information as may be required by the commission: PROVIDED, That all
19 persons (a) having a managerial or ownership interest in any gambling
20 activity, or the building in which any gambling activity occurs, or
21 the equipment to be used for any gambling activity, or (b)
22 participating as an employee in the operation of any gambling
23 activity, shall be listed on the application for the license and the
24 applicant shall certify on the application, under oath, that the
25 persons named on the application are all of the persons known to have
26 an interest in any gambling activity, building, or equipment by the
27 person making such application: PROVIDED FURTHER, That the commission
28 shall require fingerprinting and national criminal history background
29 checks on any persons seeking licenses, certifications, or permits
30 under this chapter or of any person holding an interest in any
31 gambling activity, building, or equipment to be used therefor, or of
32 any person participating as an employee in the operation of any
33 gambling activity. All national criminal history background checks
34 shall be conducted using fingerprints submitted to the United States
35 department of justice-federal bureau of investigation. The commission
36 must establish rules to delineate which persons named on the
37 application are subject to national criminal history background
38 checks. In identifying these persons, the commission must take into
39 consideration the nature, character, size, and scope of the gambling
40 activities requested by the persons making such applications;

1 (8) To require that any license holder maintain records as
2 directed by the commission and submit such reports as the commission
3 may deem necessary;

4 (9) To require that all income from bingo games, raffles, and
5 amusement games be recorded and reported as established by rule or
6 regulation of the commission to the extent deemed necessary by
7 considering the scope and character of the gambling activity in such
8 a manner that will disclose gross income from any gambling activity,
9 amounts received from each player, the nature and value of prizes,
10 and the fact of distributions of such prizes to the winners thereof;

11 (10) To regulate and establish maximum limitations on income
12 derived from bingo. In establishing limitations pursuant to this
13 subsection the commission shall take into account (a) the nature,
14 character, and scope of the activities of the licensee; (b) the
15 source of all other income of the licensee; and (c) the percentage or
16 extent to which income derived from bingo is used for charitable, as
17 distinguished from nonprofit, purposes. However, the commission's
18 powers and duties granted by this subsection are discretionary and
19 not mandatory;

20 (11) To regulate and establish the type and scope of and manner
21 of conducting the gambling activities authorized by this chapter,
22 including but not limited to, the extent of wager, money, or other
23 thing of value which may be wagered or contributed or won by a player
24 in any such activities;

25 (12) To regulate the collection of and the accounting for the fee
26 which may be imposed by an organization, corporation, or person
27 licensed to conduct a social card game on a person desiring to become
28 a player in a social card game in accordance with RCW 9.46.0282;

29 (13) To cooperate with and secure the cooperation of county,
30 city, and other local or state agencies in investigating any matter
31 within the scope of its duties and responsibilities;

32 (14) In accordance with RCW 9.46.080, to adopt such rules and
33 regulations as are deemed necessary to carry out the purposes and
34 provisions of this chapter. All rules and regulations shall be
35 adopted pursuant to the administrative procedure act, chapter 34.05
36 RCW;

37 (15) To set forth for the perusal of counties, city-counties,
38 cities and towns, model ordinances by which any legislative authority
39 thereof may enter into the taxing of any gambling activity authorized
40 by this chapter;

1 (16) (a) To establish and regulate a maximum limit on salaries or
2 wages which may be paid to persons employed in connection with
3 activities conducted by bona fide charitable or nonprofit
4 organizations and authorized by this chapter, where payment of such
5 persons is allowed, and to regulate and establish maximum limits for
6 other expenses in connection with such authorized activities,
7 including but not limited to rent or lease payments. However, the
8 commissioner's powers and duties granted by this subsection are
9 discretionary and not mandatory.

10 (b) In establishing these maximum limits the commission shall
11 take into account the amount of income received, or expected to be
12 received, from the class of activities to which the limits will apply
13 and the amount of money the games could generate for authorized
14 charitable or nonprofit purposes absent such expenses. The commission
15 may also take into account, in its discretion, other factors,
16 including but not limited to, the local prevailing wage scale and
17 whether charitable purposes are benefited by the activities;

18 (17) To authorize, require, and issue for a period not to exceed
19 one year such licenses or permits, for which the commission may by
20 rule provide, to any person to work for any operator of any gambling
21 activity authorized by this chapter in connection with that activity,
22 or any manufacturer, supplier, or distributor of devices for those
23 activities in connection with such business. The commission may
24 authorize the director to temporarily issue or suspend licenses
25 subject to final action by the commission. The commission shall not
26 require that persons working solely as volunteers in an authorized
27 activity conducted by a bona fide charitable or bona fide nonprofit
28 organization, who receive no compensation of any kind for any purpose
29 from that organization, and who have no managerial or supervisory
30 responsibility in connection with that activity, be licensed to do
31 such work. The commission may require that licensees employing such
32 unlicensed volunteers submit to the commission periodically a list of
33 the names, addresses, and dates of birth of the volunteers. If any
34 volunteer is not approved by the commission, the commission may
35 require that the licensee not allow that person to work in connection
36 with the licensed activity;

37 (18) To publish and make available at the office of the
38 commission or elsewhere to anyone requesting it a list of the
39 commission licensees, including the name, address, type of license,
40 and license number of each licensee;

1 (19) To establish guidelines for determining what constitutes
2 active membership in bona fide nonprofit or charitable organizations
3 for the purposes of this chapter;

4 (20) To renew the license of every person who applies for renewal
5 within six months after being honorably discharged, removed, or
6 released from active military service in the armed forces of the
7 United States upon payment of the renewal fee applicable to the
8 license period, if there is no cause for denial, suspension, or
9 revocation of the license;

10 (21) To issue licenses under subsections (1) through (4) of this
11 section that are valid for a period of up to eighteen months, if it
12 chooses to do so, in order to transition to the use of the business
13 licensing services program through the department of revenue; (~~and~~)

14 (22) To provide to professional and collegiate sports teams and
15 leagues an opportunity to provide comment in the adoption of any
16 rules related to sports wagering; and

17 (23) To perform all other matters and things necessary to carry
18 out the purposes and provisions of this chapter.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 9.46 RCW
20 to read as follows:

21 The transmission of gambling information over the internet for
22 any sports wagering conducted and operated under this section and
23 section 2 of this act is authorized, provided that a wager may be
24 placed and accepted only while the customer placing the wager is
25 physically present on the premises of the gaming facility of the
26 Indian tribe or tribal entity.

27 **Sec. 5.** RCW 9.46.240 and 2006 c 290 s 2 are each amended to read
28 as follows:

29 Whoever knowingly transmits or receives gambling information by
30 telephone, telegraph, radio, semaphore, the internet, a
31 telecommunications transmission system, or similar means, or
32 knowingly installs or maintains equipment for the transmission or
33 receipt of gambling information shall be guilty of a class C felony
34 subject to the penalty set forth in RCW 9A.20.021. However, this
35 section shall not apply to such information transmitted or received
36 or equipment installed or maintained relating to activities
37 authorized by this chapter including, but not limited to, sports
38 wagering authorized under sections 2 and 4 of this act, or to any act

1 or acts in furtherance thereof when conducted in compliance with the
2 provisions of this chapter and in accordance with the rules adopted
3 under this chapter.

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 9.46 RCW
5 to read as follows:

6 (1) (a) For purposes of this chapter, "sports wagering" means the
7 business of accepting wagers on any of the following sporting events,
8 athletic events, or competitions by any system or method of wagering:

9 (i) A professional sport or athletic event;

10 (ii) A collegiate sport or athletic event;

11 (iii) An Olympic or international sports competition or event;

12 (iv) An electronic sports or esports competition or event;

13 (v) A combination of sporting events, athletic events, or
14 competitions listed in (a) (i) through (iv) of this subsection (1); or

15 (vi) A portion of any sporting event, athletic event, or
16 competition listed in (a) (i) through (iv) of this subsection (1).

17 (b) Sports wagering does not include the business of accepting
18 wagers on horse racing authorized pursuant to chapter 67.16 RCW.

19 (2) For purposes of this section:

20 (a) "Collegiate sport or athletic event" means a sport or
21 athletic event offered or sponsored by, or played in connection with,
22 a public or private institution that offers education services beyond
23 the secondary level, other than such an institution that is located
24 within the state of Washington.

25 (b) "Electronic or esports event" means a live event or
26 tournament attended or watched by members of the public where games
27 or matches are contested in real time by players and teams and
28 players or teams can win a prize based on their performance in the
29 live event or tournament.

30 (c) "Professional sport or athletic event" means an event that is
31 not a collegiate sport or athletic event at which two or more persons
32 participate in sports or athletic events and receive compensation in
33 excess of actual expenses for their participation in the event.

34 **Sec. 7.** RCW 9.46.090 and 1987 c 505 s 3 are each amended to read
35 as follows:

36 (1) Subject to RCW 40.07.040, the commission shall, from time to
37 time, make reports to the governor and the legislature covering such
38 matters in connection with this chapter as the governor and the

1 legislature may require. These reports shall be public documents and
2 contain such general information and remarks as the commission deems
3 pertinent thereto and any information requested by either the
4 governor or members of the legislature: PROVIDED, That the commission
5 appointed pursuant to RCW 9.46.040 may conduct a thorough study of
6 the types of gambling activity permitted and the types of gambling
7 activity prohibited by this chapter and may make recommendations to
8 the legislature as to: ~~((1))~~ (a) Gambling activity that ought to be
9 permitted; ~~((2))~~ (b) gambling activity that ought to be prohibited;
10 ~~((3))~~ (c) the types of licenses and permits that ought to be
11 required; ~~((4))~~ (d) the type and amount of tax that ought to be
12 applied to each type of permitted gambling activity; ~~((5))~~ (e) any
13 changes which may be made to the law of this state which further the
14 purposes and policies set forth in RCW 9.46.010 as now law or
15 hereafter amended; and ~~((6))~~ (f) any other matter that the
16 commission may deem appropriate.

17 (2) In addition to the reports under subsection (1) of this
18 section, the commission must provide an initial report by December 1,
19 2021, and a final report by December 1, 2022, to the governor and the
20 appropriate committees of the legislature. The reports must include,
21 but are not limited to, the following:

22 (a) The state of the gambling industry both within the state and
23 nationwide;

24 (b) Recommendations, if any, to the legislature concerning laws
25 that the commission determines require immediate amendment to prevent
26 abuses and violations of this act, including this chapter and
27 chapters 67.04 and 67.24 RCW, or any other state criminal law that
28 may be affected by sports wagering; and

29 (c) The value and cost of establishing a sports integrity unit to
30 prevent and detect competition manipulation through education and
31 enforcement of the criminal law provisions of this chapter and
32 chapters 67.04 and 67.24 RCW, or any other state criminal law that
33 may be needed to protect the integrity of sporting events and
34 contests within the state, including whether other states have
35 instituted similar units.

36 (3) Members of the commission and its staff may contact the
37 legislature, or any of its members, at any time, to advise it of
38 recommendations of the commission.

1 NEW SECTION. **Sec. 8.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

--- **END** ---