

HOUSE BILL REPORT

HB 2281

As Reported by House Committee On:
Government Accountability & Oversight
Appropriations

Title: An act relating to state lottery efficiency.

Brief Description: Addressing state lottery efficiency.

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

Brief History:

Committee Activity:

Government Accountability & Oversight: 1/20/14, 1/27/14 [DP];
Appropriations: 2/10/14 [DPS].

Brief Summary of Substitute Bill

- Allows the probability of purchasing a winning ticket to appear on the front or back of lottery tickets and advertisements.
- Removes the requirement for sports-themed lottery scratch games to support baseball stadium construction.

HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

Majority Report: 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. All lottery tickets

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.

and promotional materials must include on the back of the ticket or share an estimate of the probability of purchasing a winning ticket.

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.

Before 2010 lottery revenues from Powerball were directed to the program of basic education. Another statute, enacted in 1997, required the creation of special sports-themed scratch games to support the construction of a baseball stadium. Legislation redirected revenues to the Washington Opportunity Pathways Account and eliminated funding for the baseball stadium.

The Director of the Lottery is required, among other things, to supervise and administer the operation of the Lottery, license agents to sell tickets, confer with the Lottery Commission on the operation and administration of the Lottery, certify quarterly to the State Treasurer a statement of Lottery revenues and expenses, and to continuously monitor the operation of the lottery in Washington and in other states.

Summary of Bill:

The bill:

- requires probability of purchasing a winning ticket appear anywhere on tickets and promotional material, rather than only on the back of tickets and promotional material;
- changes the required reporting of revenues and expenses to the State Treasurer annually rather than quarterly;
- eliminates the requirement that remaining net revenues from Powerball be distributed to the general fund to support the program of basic education after disbursement to the Washington Opportunity Pathways Account, and the Problem Gambling Account; and
- repeals statute requiring the creation of special sports-themed scratch games to support construction of a baseball stadium.

Appropriation: None.

Fiscal Note: Available.

Effective Date: 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 is primarily a housekeeping bill. It also provides the option to print the probability of purchasing a winning ticket on the front where most tickets are sold in such a way that the back of the ticket is not visible until after purchase. The annual reporting requirement is great for efficiency and the bill has no fiscal impact.

(Opposed) None.

Persons Testifying: (In support) Representative Vick, prime sponsor; and Jana Jones, Washington Lottery.

Persons Signed In To Testify But Not Testifying: None

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 30 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Carlyle, Christian, Cody, Dunshee, Fagan, Green, Haigh, Haler, Harris, Hudgins, G. Hunt, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Schmick, Seaquist, Springer, Sullivan, Taylor and Tharinger.

Staff: Melissa Palmer (786-7388).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Government Accountability & Oversight:

The provision that would have changed the Washington Lottery reporting to an annual report was removed, retaining the quarterly reporting time frame. The provision that would have transferred net revenues from the Powerball game to the Washington Opportunity Pathways Account was removed, retaining the transfer to the State General Fund.

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) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.