

SENATE BILL REPORT

SB 6373

As Reported By Senate Committee On:
Commerce, Trade, Housing & Financial Institutions, January 28, 2000

Title: An act relating to promotional contests of chance.

Brief Description: Clarifying promotional contests of chance.

Sponsors: Senators Gardner, T. Sheldon, Prentice, Rasmussen, Winsley, Hale, Deccio and Shin.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 1/25/2000, 1/28/2000 [DPS].

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 6373 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Gardner, Hale, Heavey, Rasmussen, T. Sheldon and Winsley.

Staff: Catherine Mele (786-7470)

Background: In 1973 the Legislature authorized promotional contests of chance. Businesses use promotional contests of chance to enhance sales of products and services. An example of a promotional contest of chance is when a restaurant gives a free lunch to someone who places his or her business card in a jar for a drawing.

The Gambling Commission monitors entry requirements for promotional contests of chance. Generally, businesses may not require a person to purchase anything in order to participate in a promotional contest of chance. The only exception is that businesses may ask customers to bring in a product container or only part of it, but only if the business accepts a plain piece of paper in its place. The law allows businesses to ask customers to engage in various activities in order to participate in a promotional contest of chance. For example, businesses may ask customers to fill out coupons and return them through the mail or businesses may ask consumers to attend a demonstration or tour a facility.

There are concerns that the current law regarding promotional contests of chance needs modernization because it does not permit persons to enter promotions electronically or participate in instant win games.

Summary of Substitute Bill: The statute regarding promotional contests of chance is repealed and replaced by a new statute. Promotional contests of chance are permitted as long as consideration or purchases are not required to participate. However, if a person

makes a purchase, the business may give additional entries or chances as long as the business provides a free alternative method of entering the promotional contest. This exemption does not apply to direct mail solicitations. Consideration is defined as money paid in order to participate in a promotional contest of chance. Equipment or devices for use in gambling activities are prohibited for use in promotional contests of chance unless authorized by the Gambling Commission.

Substitute Bill Compared to Original Bill: Technical changes are made. The substitute clarifies that direct mail solicitations are not a permissible method for a promoter to use when giving additional entries upon purchases made by a consumer.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is intended to modernize the laws, omit obsolete references, and eliminate portions already covered by federal trade laws. This bill brings the state of Washington in line with national standards. When the Legislature passed the law in 1973, there were not electronic ways to enter games or instant win games. The kinds of promotions that businesses use today have changed since 1973, and we need this change to keep up with modern methods of offering promotional contests.

Testimony Against: None.

Testified: Julie Porter, MA Nichols (pro); Ed Fleisher, Gambling Commission (pro).