

HOUSE BILL REPORT

HB 2624

As Reported by House Committee On:

Commerce & Labor

Title: An act relating to the shared game lottery revenues for education purposes.

Brief Description: Allowing the lottery commission to participate in a shared game lottery.

Sponsors: Representatives Conway, Clements, Wood, Edwards and Hunt; by request of Governor Locke.

Brief History:

Committee Activity:

Commerce & Labor: 2/4/02, 2/7/02 [DPS].

Brief Summary of Substitute Bill

- Authorizes the Lottery Commission to enter into agreements with other states for a shared-game lottery.
- Requires shared-game lottery revenues be applied to support of the common schools, the Washington promise scholarship program, and the education and treatment of problem gambling and pathological gambling.
- Provides for an annual transfer of shared-game lottery revenues into the student achievement fund and the education construction fund prior to other transfers.
- Establishes a program in the Department of Social and Health Services for the treatment of pathological gambling.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Clements, Ranking Minority Member; Kenney and Lysen.

Minority Report: Do not pass. Signed by 1 member: Representative Chandler.

Staff: Sydney Forrester (786-7120).

Background:

The Washington State Lottery Commission is authorized to regulate and conduct lottery games for the purpose of generating state funds to be used for the general welfare of the people. The commission adopts rules governing the number and type of games, price of tickets, number and size of prizes, location of sales, commission paid to sales agents, and other matters necessary for the efficient and economical operation of the lottery. Legislative approval is required before the commission may enter into agreements with other states for shared games.

Under Initiative 728, contributions to the Student Achievement Fund and the Education Construction Fund from the state lottery account began July 1, 2001.

Summary of Substitute Bill:

The commission is granted approval to enter into agreements with other states for a shared-game lottery. A shared-game lottery account is created for receipt of all revenues from the sale of shared-game tickets.

Findings are made recognizing the potential for reduced revenues from the sale of state lottery tickets and the resulting decrease in contributions from the existing lottery account into the student achievement fund and the education construction fund under I-728. Provisions are made to ensure the student achievement fund and the education construction fund collectively receive a minimum of \$102 million annually.

Beginning in fiscal year 2003, if the amount of state lottery revenues available to the student achievement and education construction funds drops below \$102 million, the commission must transfer moneys from the shared-game lottery account into those funds in an amount to bring the total annual revenue up to \$102 million.

A program for the treatment of pathological gambling is established in the Department of Social and Health Services. To be eligible for treatment funded by shared-game revenues a person must need treatment, be unable to afford treatment, and be determined by the department to be amendable to treatment. Beginning in fiscal year 2003, the commission must transfer \$1,000,000 to the Department of Social and Health Services for the treatment of pathological gambling, and \$500,000 to the Gambling Commission for education and prevention of problem gambling from the shared-game account.

Until fiscal year 2008, the remaining net revenues in the shared-game account, after transfers, must be deposited in the general fund for support of K-12 schools. Beginning in fiscal year 2008, the revenues remaining in the shared-game account after transfers, shall be deposited into the Washington promise scholarship account established in HB 2807. This provision becomes null and void if HB 2807 is not enacted.

Substitute Bill Compared to Original Bill:

The substitute removes the requirement that shared-game revenues be used exclusively for support of the common schools, and directs shared-game revenues to be used also for higher education scholarships and for the education and treatment of problem gambling and pathological gambling.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original bill) Of the two multi-state games, The Big Game is the best because: 1) Washington would be the only state west of the Mississippi offering the game; 2) Big Game states are bigger states with bigger jackpots; and 3) Big Game drawings are on nights different from Powerball and from the state lottery. It is estimated that 20 percent of players would be from the cross-border market. Any cannibalization of the state lottery that could affect the I-728 education funds would be compensated by the guaranteed contribution to these funds from shared-game revenues. Offering The Big Game would allow Washington to retain some of the customer base that currently goes to Idaho or Oregon to play a multi-state game. This would reduce the amount of money leaving the state for Powerball and draw more out-of-state customers to Washington to play the Big Game.

Testimony Against: None.

Testified: Robert Benson, Washington State Lottery Commission; Jim Hedrick, Office of Financial Management; and Jeff Mason, 7-Eleven Stores, Inc.