

HOUSE BILL REPORT

HB 2300

As Reported by House Committee On: Ways & Means

Title: An act relating to allowing the state lottery to enter into agreements to conduct multistate shared games.

Brief Description: Allowing the state lottery to enter into agreements to conduct multistate shared games.

Sponsors: Representatives Ericks, Condotta, Conway and Kenney.

Brief History:

Committee Activity:

Ways & Means: 3/25/09, 4/14/09 [DPS].

<h4>Brief Summary of Substitute Bill</h4>
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- Authorizes the state lottery to conduct Powerball.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Linville, Chair; Ericks, Vice Chair; Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Seaquist and Sullivan.

Minority Report: Do not pass. Signed by 8 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Hinkle, Priest, Ross and Schmick.

Staff: Serah Stetson (786-7109)

Background:

The Washington Lottery was established in 1982. The state Lottery Commission (Commission) has authority to determine the type of lottery to be conducted, the manner of selecting the winning tickets or shares, and the method to be used in selling tickets or shares.

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.

However, legislative approval is required before the Commission may enter any agreement with other state lotteries for shared games.

In 2002 the Legislature authorized the Commission to participate in the shared game known as "The Big Game" and now called "Mega Millions." The Mega Millions game is offered in 12 states. Another shared game, Powerball, is offered by 30 states, the District of Columbia, and the Virgin Islands.

Lottery revenues, after payment of prizes and administrative expenses, are used for education construction, paying off stadium bonds, problem gambling services, economic development, and the General Fund. When the Legislature authorized participation in Mega Millions, it created a Shared Game Lottery Account for receipt of revenues from the shared game lottery. After transfers for problem gambling services, shared game lottery revenues are transferred to the Education Construction Account to bring the total revenue from both in-state and out-of-state lottery games in the Education Construction Account up to \$102 million. Any amounts remaining in the Shared Game Lottery Account after the transfers to the Education Construction Account are deposited into the General Fund.

Summary of Substitute Bill:

The state lottery may enter into agreements to conduct the multi-state shared game "Powerball."

Substitute Bill Compared to Original Bill:

The original bill authorized the State Lottery to enter into multi-state agreements and removed the provision that they receive Legislative authorization before entering into those agreements. The Substitute bill deletes provisions changing references from "Commission" to "State Lottery," and restores current law requiring the Lottery Commission to obtain legislative approval before entering into multi-state agreements to conduct shared games. It also authorizes the Lottery Commission to enter into the shared game "Powerball," and reverses changes to the name of the Shared Game Lottery Account.

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) This bill coincides with ongoing conversations between Powerball and Mega Millions states. Oregon and Idaho are going forward to sell Mega Millions and do not need

legislative authority to do so. If the agreement takes place and Washington doesn't participate, the state could lose as much as \$4 million per year as a result of cross-border sales. The Senate version of this bill was amended to more clearly specify that the Lottery would not be able to enter into agreements with other states for games already prohibited by Lottery's statute and the House could do the same.

(With concerns) The Lottery is doing a great job and it would be fine for Lottery to enter into the Powerball game and it would be great to see this revenue. However, the concern is that the bill transfers the authority to authorize new lottery games from the Legislature to the Lottery Commission. There is a question regarding the constitutionality of the bill and whether that authority can actually be transferred. If this bill passes, a scenario could take place where there would be another lottery game other than Powerball (although there isn't one that currently exists) that the Lottery Commission could enter into without the currently required 60 percent vote in the Legislature.

(Opposed) None.

Persons Testifying: (In support) Representative Ericks, prime sponsor; and Arlen Harris, Washington State Lottery.

(With concerns) Martin Durkan Jr., Muckleshoot Tribe.

Persons Signed In To Testify But Not Testifying: None.