

HOUSE BILL REPORT

SSB 6844

As Reported by House Committee On: Ways & Means

Title: An act relating to streamlining lottery accounts by transferring local accounts into the treasury custodial accounts, directing transfers of unclaimed prize money, and eliminating obsolete provisions.

Brief Description: Streamlining lottery accounts by transferring local accounts into the treasury custodial accounts, directing transfers of unclaimed prize money, and eliminating obsolete provisions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Prentice).

Brief History:

Committee Activity:

Ways & Means: 3/10/10 [DP].

Brief Summary of Substitute Bill

- Eliminates two local accounts used by the State Lottery Commission (Commission) and replaces them with accounts in the custody of the State Treasurer.
- Requires the Commission to deposit two-thirds of unclaimed prize money to the Education Legacy Trust Account.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass. Signed by 12 members: Representatives Linville, Chair; Ericks, Vice Chair; Sullivan, Vice Chair; Cody, Darneille, Haigh, Hunt, Kagi, Kenney, Kessler, Pettigrew and Seaquist.

Minority Report: Do not pass. Signed by 10 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Conway, Hinkle, Hunter, Priest, Ross and Schmick.

Staff: Sara del Moral (786-7118).

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.

Background:

The State Lottery Commission (Commission) deposits all revenues received from the sale of shared game lottery tickets (from the two multistate games Megamillions and Powerball) into the Shared Game Lottery Account, which is a local account outside of the state treasury. All other revenues received from the sale of lottery tickets are deposited into the State Lottery Account, another local account outside of the state treasury. After paying prizes and administrative expenses, the Commission distributes revenues to several beneficiaries. The primary beneficiary is the Education Construction Account; for the 2009-11 biennium lottery revenues distributed to the Education Construction Account are then transferred to the State General Fund. Lottery revenues are also used for paying off stadium bonds, the Economic Development Strategic Reserve Account, and the Problem Gambling Account.

Within the State Lottery Account, "unclaimed prize money" is defined as prize money that is unclaimed 180 days after it is awarded. Of these moneys, one-third is deposited to the Economic Development Strategic Reserve Account. On June 30, 2010 and June 30, 2011, all unclaimed prize money in excess of \$3 million will be transferred to the State General Fund.

Summary of Bill:

The Shared Game Lottery Account and the State Lottery Account are created within the custody of the State Treasurer. No later than July 1, 2010, the Commission must transfer to the newly created accounts all unobligated balances of the Shared Game Lottery Account and the State Lottery Accounts. The new accounts will be used for the same purposes as the local accounts they replace.

On a daily basis, all funds received by the Commission, with the exception of petty cash, must be deposited to a depository approved by the State Treasurer and credited to the new accounts. Revenues from multistate games must be deposited to the new Shared Game Lottery Account. All other revenues must be deposited to the new State Lottery Account.

The Commission must deposit all unclaimed prize money, other than deposits into the Economic Development Strategic Reserve Account, into the Education Legacy Trust Account.

Appropriation: None.**Fiscal Note:** Available on original bill.**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) None.

(Opposed) The State Lottery Commission (Commission) has had ongoing conversations with the State Treasurer about the Lottery accounts, and the Commission is happy to continue that conversation. Lottery accounts have always been separate from the State Treasurer to ensure transparency. With local accounts, citizens know that tax money does not subsidize the Lottery. Moving accounts to the State Treasurer will reduce transparency. Keeping accounts with the Treasurer will also mean a delay in payouts to prizewinners.

Persons Testifying: Arlen Harris, Washington's Lottery.

Persons Signed In To Testify But Not Testifying: None.