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## Commerce & Gaming Committee

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### HB 1975

**Brief Description:** Authorizing sports wagering subject to the terms of tribal-state gaming compacts.

**Sponsors:** Representatives Pettigrew, Walsh, Kirby, Riccelli, Fitzgibbon, Stonier, Tharinger and Pollet.

#### Brief Summary of Bill

- Authorizes sports wagering under the terms of tribal-state gaming compacts expressly addressing how sports wagering will be conducted, operated, and regulated.
- Provides that gambling information related to authorized sports wagering may be transmitted over the Internet, but requires a wager to be placed and accepted only while the customer is physically at the gaming facility.
- Defines terms including "sports wagering," "professional sport or athletic event," and "collegiate sport or athletic event."

**Hearing Date:** 2/14/19

**Staff:** Peter Clodfelter (786-7127).

#### Background:

In May 2018, in the case of *Murphy v. National Collegiate Athletic Association*, the U.S. Supreme Court ruled that the federal Professional and Amateur Sports Protection Act (1992) violates the Tenth Amendment to the U.S. Constitution by prohibiting states from authorizing sports betting. In the wake of this court decision ending the decades-long federal ban on sports betting, states throughout the country are examining their laws and policies pertaining to betting on sporting events. In anticipation of the court's decision, several states enacted legislation to legalize various forms of sports betting and began implementing that legislation as soon as the court issued its ruling. Since the court's ruling, additional states have enacted forms of sports betting or legislation proposing to do so is under consideration. States with legalized sports

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betting currently operating include Delaware, Mississippi, New Jersey, Nevada, West Virginia, Rhode Island, and Pennsylvania.

The federal Indian Gaming Regulatory Act (1988) (IGRA) affirmed tribal gaming rights and provides a framework for Indian tribes and states to negotiate, on a government-to-government basis, for how class III gaming will be conducted within a state and tribal lands. Types of gaming are separated into three classes under IGRA. Class III gaming is casino-style gaming including lotteries, roulette, and house-banked card games such as blackjack and baccarat. Whereas tribes and the state negotiate regarding Class III gaming and how it will be authorized and regulated, Class I and II gaming is regulated by tribes only. Class I gaming includes social games for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals as a part of, or in connection with, tribal ceremonies or celebrations. Class II gaming includes bingo and certain non-house banked card games.

In Washington state, the Washington State Gambling Commission (WSGC) negotiates compacts for class III gaming with federally recognized Indian tribes. There are 29 federally recognized Indian tribes in Washington state, all of whom have a gaming compact with the state. When a tentative agreement on a proposed compact is reached, the Director of the WSGC immediately transmits a copy to all voting and ex officio members of the WSGC and to the appropriate standing committees of the Legislature. For purposes of voting to approve a proposed compact, the ex-officio members of the WSGC are voting members.

Additionally, within 30 days after receiving a proposed compact from the Director of the WSGC, one standing committee from each house of the Legislature must hold a public hearing on the proposed compact and forward its respective comments to the WSGC. The House Commerce & Gaming Committee and the Senate Labor & Commerce Committee are the two committees currently designated by the Speaker of the House, and the President of the Senate, respectively, to fulfil this duty.

Also, the WSGC may hold public hearings on the proposed compact any time after receiving a copy of the compact from the Director. Within 45 days after receiving the proposed compact from the Director, the WSGC, including the four ex officio members, votes on whether to return the proposed compact to the Director with instructions for further negotiation or to forward the proposed compact to the Governor for review and final execution. If the Director forwards a proposed compact to the WSGC and the designated standing committees within 10 days before the beginning of a regular session of the Legislature, or during a regular or special session of the legislature, the 30-day time limit and the 45-day limit are each 45 days and 60 days, respectively.

Under Washington state law, transmitting or receiving gambling information by means of the Internet is illegal and punishable as a class C felony. Additionally, operating an unauthorized bookmaking operation is punishable by up to a class B felony. "Bookmaking" is defined as accepting bets, upon the outcome of future contingent events, as a business or in which the bettor is charged a fee or vigorish for the opportunity to place a bet.

### **Summary of Bill:**

Sports wagering is authorized when conducted by a federally recognized Indian tribe or entity owned by a federally recognized Indian tribe in accordance with the terms of a class III gaming

compact entered into by the tribe and Washington state that expressly addresses how sports wagering will be conducted, operated, and regulated.

Sports wagering as authorized under the terms of tribal-state gaming compacts does not constitute bookmaking and is not subject to civil or criminal penalties. Gambling information may be transmitted over the Internet for purposes of the new authorization, although a wager may be placed and accepted only while the customer placing the wager is physically present on the premises of the gaming facility of the Indian tribe or tribal entity.

The term "sports wagering" is defined as the business of accepting wagers on any of the following sporting events, athletic events, or competitions by any system or method of wagering:

- a professional sport or athletic event;
- a collegiate sport or athletic event;
- an Olympic or international sports competition or event;
- a combination of sporting events, athletic events, or competitions listed above;
- a portion of any sporting event, athletic event, or competition listed above.

The term "professional sport or athletic event" is defined as an event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in the event.

The term "collegiate sport or athletic event" is defined as a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers education services beyond the secondary level.

Sports wagering does not include the business of accepting wagers on horse racing authorized under state laws regulating horse racing.

**Appropriation:** None.

**Fiscal Note:** Requested on February 12, 2019.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.