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SENATE BILL 6735

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State of Washington

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By Senators Pelz, Sutherland, Hargrove, Schow, Smith and Fairley

Read first time 01/29/96. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to disclosure requirements for campaign  
2 contributions by gambling interests; amending RCW 42.17.090, 9.46.075,  
3 and 9.46.070; adding a new section to chapter 42.17 RCW; and providing  
4 an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 42.17 RCW  
7 to read as follows:

8 (1) A contribution to a candidate, a political party, or a caucus  
9 political committee by a gambling interest, as defined in subsection  
10 (2) of this section, must be accompanied by an affirmative disclosure  
11 that the contribution is from a gambling interest and set forth, in a  
12 form prescribed by the commission, the percentage of the contributor's  
13 gross revenues attributable to activities licensed under chapter 9.46  
14 RCW.

15 (2) For purposes of this section, "gambling interest" means (a) a  
16 licensee under chapter 9.46 RCW, other than organizations licensed  
17 under RCW 9.46.070 (1) and (3); and (b) an individual or business  
18 entity with which a federally recognized Indian tribe has a contractual  
19 agreement for financing, development, or operation of any class III

1 gaming establishment on Indian lands as defined by the federal Indian  
2 Gaming Regulatory Act and an Indian tribe that is party to a compact  
3 with the state of Washington under the federal Indian Gaming Regulatory  
4 Act.

5 (3) The commission shall prescribe a form for the disclosure and  
6 reporting of percentage of gross revenues required by subsection (1) of  
7 this section. The form must provide for the reporting of this  
8 information within specified ranges of percentages developed in  
9 consultation with the gambling commission and other appropriate  
10 parties.

11 **Sec. 2.** RCW 42.17.090 and 1993 c 256 s 6 are each amended to read  
12 as follows:

13 (1) Each report required under RCW 42.17.080 (1) and (2) shall  
14 disclose the following:

15 (a) The funds on hand at the beginning of the period;

16 (b) The name and address of each person who has made one or more  
17 contributions during the period, together with the money value and date  
18 of such contributions and the aggregate value of all contributions  
19 received from each such person during the campaign or in the case of a  
20 continuing political committee, the current calendar year: PROVIDED,  
21 That pledges in the aggregate of less than one hundred dollars from any  
22 one person need not be reported: PROVIDED FURTHER, That the income  
23 which results from a fund-raising activity conducted in accordance with  
24 RCW 42.17.067 may be reported as one lump sum, with the exception of  
25 that portion of such income which was received from persons whose names  
26 and addresses are required to be included in the report required by RCW  
27 42.17.067: PROVIDED FURTHER, That contributions of no more than  
28 twenty-five dollars in the aggregate from any one person during the  
29 election campaign may be reported as one lump sum so long as the  
30 campaign treasurer maintains a separate and private list of the name,  
31 address, and amount of each such contributor: PROVIDED FURTHER, That  
32 the money value of contributions of postage shall be the face value of  
33 such postage;

34 (c) Each loan, promissory note, or security instrument to be used  
35 by or for the benefit of the candidate or political committee made by  
36 any person, together with the names and addresses of the lender and  
37 each person liable directly, indirectly or contingently and the date  
38 and amount of each such loan, promissory note, or security instrument;

1 (d) All other contributions not otherwise listed or exempted;

2 (e) The name and address of each candidate or political committee  
3 to which any transfer of funds was made, together with the amounts and  
4 dates of such transfers;

5 (f) The name and address of each person to whom an expenditure was  
6 made in the aggregate amount of more than fifty dollars during the  
7 period covered by this report, and the amount, date, and purpose of  
8 each such expenditure. A candidate for state executive or state  
9 legislative office or the political committee of such a candidate shall  
10 report this information for an expenditure under one of the following  
11 categories, whichever is appropriate: (i) Expenditures for the  
12 election of the candidate; (ii) expenditures for nonreimbursed public  
13 office-related expenses; (iii) expenditures required to be reported  
14 under (e) of this subsection; or (iv) expenditures of surplus funds and  
15 other expenditures. The report of such a candidate or committee shall  
16 contain a separate total of expenditures for each category and a total  
17 sum of all expenditures. Other candidates and political committees  
18 need not report information regarding expenditures under the categories  
19 listed in (i) through (iv) of this subsection or under similar such  
20 categories unless required to do so by the commission by rule. The  
21 report of such an other candidate or committee shall also contain the  
22 total sum of all expenditures;

23 (g) The name and address of each person to whom any expenditure was  
24 made directly or indirectly to compensate the person for soliciting or  
25 procuring signatures on an initiative or referendum petition, the  
26 amount of such compensation to each such person, and the total of the  
27 expenditures made for this purpose. Such expenditures shall be  
28 reported under this subsection (1)(g) whether the expenditures are or  
29 are not also required to be reported under (f) of this subsection;

30 (h) The name and address of any person and the amount owed for any  
31 debt, obligation, note, unpaid loan, or other liability in the amount  
32 of more than two hundred fifty dollars or in the amount of more than  
33 fifty dollars that has been outstanding for over thirty days;

34 (i) The surplus or deficit of contributions over expenditures;

35 (j) The disposition made in accordance with RCW 42.17.095 of any  
36 surplus funds;

37 (k) Such other information as shall be required by the commission  
38 by rule in conformance with the policies and purposes of this chapter;

39 ((and))

1 (1) Funds received from a political committee not otherwise  
2 required to report under this chapter (a "nonreporting committee").  
3 Such funds shall be forfeited to the state of Washington unless the  
4 nonreporting committee has filed or within ten days following such  
5 receipt files with the commission a statement disclosing: (i) Its name  
6 and address; (ii) the purposes of the nonreporting committee; (iii) the  
7 names, addresses, and titles of its officers or if it has no officers,  
8 the names, addresses, and titles of its responsible leaders; (iv) the  
9 name, office sought, and party affiliation of each candidate in the  
10 state of Washington whom the nonreporting committee is supporting, and,  
11 if such committee is supporting the entire ticket of any party, the  
12 name of the party; (v) the ballot proposition supported or opposed in  
13 the state of Washington, if any, and whether such committee is in favor  
14 of or opposed to such proposition; (vi) the name and address of each  
15 person residing in the state of Washington or corporation which has a  
16 place of business in the state of Washington who has made one or more  
17 contributions in the aggregate of more than twenty-five dollars to the  
18 nonreporting committee during the current calendar year, together with  
19 the money value and date of such contributions; (vii) the name and  
20 address of each person in the state of Washington to whom an  
21 expenditure was made by the nonreporting committee on behalf of a  
22 candidate or political committee in the aggregate amount of more than  
23 fifty dollars, the amount, date, and purpose of such expenditure, and  
24 the total sum of such expenditures; (viii) such other information as  
25 the commission may prescribe by rule, in keeping with the policies and  
26 purposes of this chapter. A nonreporting committee incurring an  
27 obligation to file additional reports in a calendar year may satisfy  
28 the obligation by filing with the commission a letter providing  
29 updating or amending information; and

30 (m) Contributions received during the reporting period from  
31 gambling interests and disclosed to the committee under section 1 of  
32 this act.

33 (2) The treasurer and the candidate shall certify the correctness  
34 of each report.

35 **Sec. 3.** RCW 9.46.075 and 1981 c 139 s 4 are each amended to read  
36 as follows:

37 The commission may deny an application, or suspend or revoke any  
38 license or permit issued by it, for any reason or reasons((7)) it deems

1 to be in the public interest. These reasons shall include, but not be  
2 limited to, cases wherein the applicant or licensee, or any person with  
3 any interest therein:

4 (1) Has violated, failed, or refused to comply with the provisions,  
5 requirements, conditions, limitations, or duties imposed by chapter  
6 9.46 RCW and any amendments thereto, or any rules adopted by the  
7 commission pursuant thereto, or when a violation of any provision of  
8 chapter 9.46 RCW, or any commission rule, has occurred upon any  
9 premises occupied or operated by any such person or over which he or  
10 she has substantial control;

11 (2) Knowingly causes, aids, abets, or conspires with another to  
12 cause, any person to violate any of the laws of this state or the rules  
13 of the commission;

14 (3) Has obtained a license or permit by fraud, misrepresentation,  
15 concealment, or through inadvertence or mistake;

16 (4) Has been convicted of, or forfeited bond upon a charge of, or  
17 pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud,  
18 willful failure to make required payments or reports to a governmental  
19 agency at any level, or filing false reports therewith, or of any  
20 similar offense or offenses, or of bribing or otherwise unlawfully  
21 influencing a public official or employee of any state or the United  
22 States, or of any crime, whether a felony or misdemeanor involving any  
23 gambling activity or physical harm to individuals or involving moral  
24 turpitude;

25 (5) Denies the commission or its authorized representatives,  
26 including authorized local law enforcement agencies, access to any  
27 place where a licensed activity is conducted or who fails promptly to  
28 produce for inspection or audit any book, record, document, or item  
29 required by law or commission rule;

30 (6) Shall fail to display its license on the premises where the  
31 licensed activity is conducted at all times during the operation of the  
32 licensed activity;

33 (7) Makes a misrepresentation of, or fails to disclose, a material  
34 fact to the commission;

35 (8) Fails to prove, by clear and convincing evidence, that he, she  
36 or it is qualified in accordance with the provisions of this chapter;

37 (9) Is subject to current prosecution or pending charges, or a  
38 conviction which is under appeal, for any of the offenses included  
39 under subsection (4) of this section: PROVIDED, That at the request of

1 an applicant for an original license, the commission may defer decision  
2 upon the application during the pendency of such prosecution or appeal;

3 (10) Has pursued or is pursuing economic gain in an occupational  
4 manner or context which is in violation of the criminal or civil public  
5 policy of this state if such pursuit creates probable cause to believe  
6 that the participation of such person in gambling or related activities  
7 would be inimical to the proper operation of an authorized gambling or  
8 related activity in this state. For the purposes of this section,  
9 occupational manner or context shall be defined as the systematic  
10 planning, administration, management, or execution of an activity for  
11 financial gain;

12 (11) Is a career offender or a member of a career offender cartel  
13 or an associate of a career offender or career offender cartel in such  
14 a manner which creates probable cause to believe that the association  
15 is of such a nature as to be inimical to the policy of this chapter or  
16 to the proper operation of the authorized gambling or related  
17 activities in this state. For the purposes of this section, career  
18 offender shall be defined as any person whose behavior is pursued in an  
19 occupational manner or context for the purpose of economic gain  
20 utilizing such methods as are deemed criminal violations of the public  
21 policy of this state. A career offender cartel shall be defined as any  
22 group of persons who operate together as career offenders;

23 (12) Has failed to comply with section 1 of this act requiring the  
24 disclosure of information in connection with a campaign contribution.

25 For the purpose of reviewing any application for a license and for  
26 considering the denial, suspension, or revocation of any license the  
27 gambling commission may consider any prior criminal conduct of the  
28 applicant or licensee and the provisions of RCW 9.95.240 and of chapter  
29 9.96A RCW shall not apply to such cases.

30 **Sec. 4.** RCW 9.46.070 and 1993 c 344 s 1 are each amended to read  
31 as follows:

32 The commission shall have the following powers and duties:

33 (1) To authorize and issue licenses for a period not to exceed one  
34 year to bona fide charitable or nonprofit organizations approved by the  
35 commission meeting the requirements of this chapter and any rules and  
36 regulations adopted pursuant thereto permitting said organizations to  
37 conduct bingo games, raffles, amusement games, and social card games,  
38 to utilize punch boards and pull-tabs in accordance with the provisions

1 of this chapter and any rules and regulations adopted pursuant thereto  
2 and to revoke or suspend said licenses for violation of any provisions  
3 of this chapter or any rules and regulations adopted pursuant thereto:  
4 PROVIDED, That the commission shall not deny a license to an otherwise  
5 qualified applicant in an effort to limit the number of licenses to be  
6 issued: PROVIDED FURTHER, That the commission or director shall not  
7 issue, deny, suspend, or revoke any license because of considerations  
8 of race, sex, creed, color, or national origin: AND PROVIDED FURTHER,  
9 That the commission may authorize the director to temporarily issue or  
10 suspend licenses subject to final action by the commission;

11 (2) To authorize and issue licenses for a period not to exceed one  
12 year to any person, association, or organization operating a business  
13 primarily engaged in the selling of items of food or drink for  
14 consumption on the premises, approved by the commission meeting the  
15 requirements of this chapter and any rules and regulations adopted  
16 pursuant thereto permitting said person, association, or organization  
17 to utilize punch boards and pull-tabs and to conduct social card games  
18 as a commercial stimulant in accordance with the provisions of this  
19 chapter and any rules and regulations adopted pursuant thereto and to  
20 revoke or suspend said licenses for violation of any provisions of this  
21 chapter and any rules and regulations adopted pursuant thereto:  
22 PROVIDED, That the commission shall not deny a license to an otherwise  
23 qualified applicant in an effort to limit the number of licenses to be  
24 issued: PROVIDED FURTHER, That the commission may authorize the  
25 director to temporarily issue or suspend licenses subject to final  
26 action by the commission;

27 (3) To authorize and issue licenses for a period not to exceed one  
28 year to any person, association, or organization approved by the  
29 commission meeting the requirements of this chapter and meeting the  
30 requirements of any rules and regulations adopted by the commission  
31 pursuant to this chapter as now or hereafter amended, permitting said  
32 person, association, or organization to conduct or operate amusement  
33 games in such manner and at such locations as the commission may  
34 determine;

35 (4) To authorize, require, and issue, for a period not to exceed  
36 one year, such licenses as the commission may by rule provide, to any  
37 person, association, or organization to engage in the selling,  
38 distributing, or otherwise supplying or in the manufacturing of devices

1 for use within this state for those activities authorized by this  
2 chapter;

3 (5) To establish a schedule of annual license fees for carrying on  
4 specific gambling activities upon the premises, and for such other  
5 activities as may be licensed by the commission, which fees shall  
6 provide to the commission not less than an amount of money adequate to  
7 cover all costs incurred by the commission relative to licensing under  
8 this chapter and the enforcement by the commission of the provisions of  
9 this chapter and rules and regulations adopted pursuant thereto:  
10 PROVIDED, That all licensing fees shall be submitted with an  
11 application therefor and such portion of said fee as the commission may  
12 determine, based upon its cost of processing and investigation, shall  
13 be retained by the commission upon the withdrawal or denial of any such  
14 license application as its reasonable expense for processing the  
15 application and investigation into the granting thereof: PROVIDED  
16 FURTHER, That if in a particular case the basic license fee established  
17 by the commission for a particular class of license is less than the  
18 commission's actual expenses to investigate that particular  
19 application, the commission may at any time charge to that applicant  
20 such additional fees as are necessary to pay the commission for those  
21 costs. The commission may decline to proceed with its investigation  
22 and no license shall be issued until the commission has been fully paid  
23 therefor by the applicant: AND PROVIDED FURTHER, That the commission  
24 may establish fees for the furnishing by it to licensees of  
25 identification stamps to be affixed to such devices and equipment as  
26 required by the commission and for such other special services or  
27 programs required or offered by the commission, the amount of each of  
28 these fees to be not less than is adequate to offset the cost to the  
29 commission of the stamps and of administering their dispersal to  
30 licensees or the cost of administering such other special services,  
31 requirements or programs;

32 (6) To prescribe the manner and method of payment of taxes, fees  
33 and penalties to be paid to or collected by the commission;

34 (7) To require that applications for all licenses contain such  
35 information as may be required by the commission: PROVIDED, That all  
36 persons (a) having a managerial or ownership interest in any gambling  
37 activity, or the building in which any gambling activity occurs, or the  
38 equipment to be used for any gambling activity, or (b) participating as  
39 an employee in the operation of any gambling activity, shall be listed

1 on the application for the license and the applicant shall certify on  
2 the application, under oath, that the persons named on the application  
3 are all of the persons known to have an interest in any gambling  
4 activity, building, or equipment by the person making such application:  
5 PROVIDED FURTHER, That the commission may require fingerprinting and  
6 background checks on any persons seeking licenses under this chapter or  
7 of any person holding an interest in any gambling activity, building,  
8 or equipment to be used therefor, or of any person participating as an  
9 employee in the operation of any gambling activity;

10 (8) To require that any license holder maintain records as directed  
11 by the commission and submit such reports as the commission may deem  
12 necessary;

13 (9) To require that all income from bingo games, raffles, and  
14 amusement games be recorded and reported as established by rule or  
15 regulation of the commission to the extent deemed necessary by  
16 considering the scope and character of the gambling activity in such a  
17 manner that will disclose gross income from any gambling activity,  
18 amounts received from each player, the nature and value of prizes, and  
19 the fact of distributions of such prizes to the winners thereof;

20 (10) To regulate and establish maximum limitations on income  
21 derived from bingo. In establishing limitations pursuant to this  
22 subsection the commission shall take into account (i) the nature,  
23 character, and scope of the activities of the licensee; (ii) the source  
24 of all other income of the licensee; and (iii) the percentage or extent  
25 to which income derived from bingo is used for charitable, as  
26 distinguished from nonprofit, purposes. However, the commission's  
27 powers and duties granted by this subsection are discretionary and not  
28 mandatory;

29 (11) To regulate and establish the type and scope of and manner of  
30 conducting the gambling activities authorized by this chapter,  
31 including but not limited to, the extent of wager, money, or other  
32 thing of value which may be wagered or contributed or won by a player  
33 in any such activities;

34 (12) To regulate the collection of and the accounting for the fee  
35 which may be imposed by an organization, corporation or person licensed  
36 to conduct a social card game on a person desiring to become a player  
37 in a social card game in accordance with RCW 9.46.0281(4);

1 (13) To cooperate with and secure the cooperation of county, city,  
2 and other local or state agencies in investigating any matter within  
3 the scope of its duties and responsibilities;

4 (14) In accordance with RCW 9.46.080, to adopt such rules and  
5 regulations as are deemed necessary to carry out the purposes and  
6 provisions of this chapter. All rules and regulations shall be adopted  
7 pursuant to the administrative procedure act, chapter 34.05 RCW;

8 (15) To set forth for the perusal of counties, city-counties,  
9 cities and towns, model ordinances by which any legislative authority  
10 thereof may enter into the taxing of any gambling activity authorized  
11 by this chapter;

12 (16) To establish and regulate a maximum limit on salaries or wages  
13 which may be paid to persons employed in connection with activities  
14 conducted by bona fide charitable or nonprofit organizations and  
15 authorized by this chapter, where payment of such persons is allowed,  
16 and to regulate and establish maximum limits for other expenses in  
17 connection with such authorized activities, including but not limited  
18 to rent or lease payments. However, the commissioner's powers and  
19 duties granted by this subsection are discretionary and not mandatory.

20 In establishing these maximum limits the commission shall take into  
21 account the amount of income received, or expected to be received, from  
22 the class of activities to which the limits will apply and the amount  
23 of money the games could generate for authorized charitable or  
24 nonprofit purposes absent such expenses. The commission may also take  
25 into account, in its discretion, other factors, including but not  
26 limited to, the local prevailing wage scale and whether charitable  
27 purposes are benefited by the activities;

28 (17) To authorize, require, and issue for a period not to exceed  
29 one year such licenses or permits, for which the commission may by rule  
30 provide, to any person to work for any operator of any gambling  
31 activity authorized by this chapter in connection with that activity,  
32 or any manufacturer, supplier, or distributor of devices for those  
33 activities in connection with such business. The commission shall not  
34 require that persons working solely as volunteers in an authorized  
35 activity conducted by a bona fide charitable or bona fide nonprofit  
36 organization, who receive no compensation of any kind for any purpose  
37 from that organization, and who have no managerial or supervisory  
38 responsibility in connection with that activity, be licensed to do such  
39 work. The commission may require that licensees employing such

1 unlicensed volunteers submit to the commission periodically a list of  
2 the names, addresses, and dates of birth of the volunteers. If any  
3 volunteer is not approved by the commission, the commission may require  
4 that the licensee not allow that person to work in connection with the  
5 licensed activity;

6 (18) To publish and make available at the office of the commission  
7 or elsewhere to anyone requesting it a list of the commission  
8 licensees, including the name, address, type of license, and license  
9 number of each licensee;

10 (19) To establish guidelines for determining what constitutes  
11 active membership in bona fide nonprofit or charitable organizations  
12 for the purposes of this chapter; (~~and~~)

13 (20) To inform licensees of the obligation to comply with section  
14 1 of this act when making campaign contributions; and

15 (21) To perform all other matters and things necessary to carry out  
16 the purposes and provisions of this chapter.

17 NEW SECTION. **Sec. 5.** This act takes effect January 1, 1997.

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