

SENATE BILL REPORT

SB 5878

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, March 1, 2005
Ways & Means, March 7, 2005

Title: An act relating to reaffirming and clarifying the prohibition against internet gambling.

Brief Description: Prohibiting internet gambling.

Sponsors: Senators Prentice, Oke, Haugen, Benson, Franklin, Shin, Pridemore, Rockefeller, Hargrove, Fraser, Stevens, Kline, Rasmussen, Mulliken and McAuliffe.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 3/1/05 [DPS-WM].
Ways & Means: 3/4/05, 3/7/05 [DPS(LCRD)].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5878 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Brown, Honeyford, Keiser and Prentice.

Staff: John Dziedzic (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5878 as recommended by Committee on Labor, Commerce, Research & Development be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Zarelli, Ranking Minority Member; Brandland, Fairley, Hewitt, Kohl-Welles, Parlette, Pflug, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Dean Carlson (786-7305)

Background: The statute in the Gambling Act, Chapter 9.46 RCW, making it a gross misdemeanor to send or receive wagers or gambling information by telephone, telegraph, radio, semaphore or similar means has not been substantially amended since it was enacted in 1973. The internet did not exist in 1973.

The Gambling Act does not apply to the selling or purchasing of tickets or shares in the state lottery.

Following the 1990 ruling in *Mashantucket Pequot Tribe v. Connecticut*, courts interpreting the Indian Gaming Regulatory Act, 25 U.S.C. 2701 et seq., have consistently held that when

requested by a tribe, a state must engage in the mechanism of negotiating a compact regarding the conduct of a gambling activity unless, as a matter of criminal law and public policy, the activity is prohibited.

Summary of Substitute Bill: The prohibition against gambling by using certain technologies, including the internet, is reaffirmed.

The Lottery is prohibited from conducting games where a participant becomes eligible to win a prize, except by using electronic or mechanical devices owned by or leased to the Lottery or a licensed sales agent. The Lottery is also prohibited from conducting any on-line game where the winning ticket or share is selected before tickets or shares are sold.

Substitute Bill Compared to Original Bill: The prohibition against conducting on-line games where the winning ticket is pre-selected is added.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: (Labor, Commerce, Research & Development) None.

Other: Direct prohibitory language leaves no doubt that gambling on the internet is prohibited by the Gambling Act. Not all electronic communication between lottery players and the Lottery is prohibited by this bill; electronic communications that do not result in a player becoming eligible for are not prohibited.

Testimony Against (Labor, Commerce, Research & Development): Latitude should be provided for second chance scratch tickets to be registered on-line at the Lottery's web-site.

Who Testified (Labor, Commerce, Research & Development): CON: Steve Gano, Scientific Games. OTHER: Jacque Coe, Washington's Lottery; Rick Day, WA State Gambling Commission.

Testimony For (Ways & Means): The gambling commission has not met on this bill yet, but should be in support. This will keep gambling off the internet.

Testimony Against (Ways & Means): None.

Other: We would ask that second chance drawing registrations over the internet be allowed. The bill does not allow the lottery to do instant tickets from current locations. This will impact the education construction account.

Who Testified (Ways & Means): PRO: Amy Hunter, Washington State Gambling Commission. OTHER: Michael Transue, Steve Gano, Scientific Games; Julie Martin, Washington State Lottery.