
Commerce & Gaming Committee

HB 2723

Brief Description: Clarifying that internet security, cloud, and other related internet companies are not in violation when selling internet-related equipment and services to gaming companies not operating in Washington state.

Sponsors: Representatives Hurst and Frame.

Brief Summary of Bill

- Clarifies that the prohibition on knowingly transmitting or receiving gambling information through the use of the Internet or certain other means does not apply to businesses located in Washington State that provide certain Internet security, cloud, or other Internet-related services to clients outside of Washington, like casinos or online gaming businesses in other counties, or businesses in other states in the United States that allow various forms of gaming.

Hearing Date: 1/26/16

Staff: Peter Clodfelter (786-7127).

Background:

Pursuant to the state Gambling Act, a person who knowingly transmits or receives gambling information by the Internet, telephone, telegraph, radio, semaphore, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information is guilty of a class C felony. The prohibition does not apply to information transmitted or received or to equipment installed or maintained relating to activities authorized by the state Gambling Act, which excludes certain conduct that would otherwise be gambling and specifically authorizes certain conduct that would otherwise be gambling.

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.

"Gambling information" is defined as any wager made in the course of and any information intended to be used for professional gambling. Information about wagers, betting odds, and changes in betting odds is presumed to be intended for use in professional gambling.

A person engages in "professional gambling" when a person:

- pays a fee to participate in a card game, contest of chance, lottery, or other gambling activity;
- acts other than as a player and knowingly accepts or receives money or other property pursuant to an agreement or understanding with any other person whereby the person participates or is to participate in the proceeds of gambling activity;
- engages in bookmaking;
- conducts a lottery; or
- acts other than as a player and knowingly engages in conduct that materially aids any form of gambling activity;

When acting other than as a player, a person is considered to knowingly be engaged in conduct that materially aids any form of gambling activity when a person's conduct is directed toward:

- the creation or establishment of the particular game, contest, scheme, device, or activity involved;
- the acquisition or maintenance of premises, paraphernalia, equipment, or apparatus for the creation or establishment of the particular game, contest, scheme, device, or activity involved;
- the solicitation or inducement of persons to participate in the particular game, contest, scheme, device, or activity involved;
- the actual conduct of the playing phases of the particular game, contest, scheme, device, or activity involved;
- the arrangement of any of the financial recording phases of the particular game, contest, scheme, device, or activity involved; or
- any other phase of the operation of the particular game, contest, scheme, device, or activity involved.

Additionally, a person is considered to be engaged in professional gambling if the person has substantial proprietary or other authoritative control over a premises and permits the premises to be used with the person's knowledge for the purpose of conducting gambling activity, and the person acts other than as a player and permits such activity to occur or continue, or makes no effort to prevent its occurrence or continuation.

Summary of Bill:

It is clarified that the prohibition on knowingly transmitting or receiving gambling information through the use of the Internet or certain other means does not apply to a business located in Washington that processes data through networks, equipment, or data centers located in or managed from Washington and that provides Internet security, cloud, or other Internet-related services to clients, like casinos or online gaming businesses in other counties, or businesses in other states in the United States that allow various forms of gaming.

Appropriation: None.

Fiscal Note: Not requested.

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