

SENATE BILL REPORT

SB 5416

As Reported by Senate Committee On:
Labor & Commerce, February 12, 2019

Title: An act relating to gambling addiction.

Brief Description: Creating a self-exclusion program for persons with a gambling problem or gambling disorder.

Sponsors: Senators Conway, Walsh, Keiser and Hasegawa; by request of Gambling Commission.

Brief History:

Committee Activity: Labor & Commerce: 1/22/19, 2/12/19 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires the Washington State Gambling Commission to adopt rules establishing a statewide self-exclusion program for all gambling licensees.
- Limits the use of any personal information collected and stored under the program to the administration of the program.
- Exempts the information submitted to the state under the program from public disclosure.
- Requires the Lottery Commission to adopt rules to establish a voluntary self-exclusion program
- Holds the state, the Commission, or retailers harmless from an individual who participates in the program.

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: That Substitute Senate Bill No. 5416 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Saldaña and Wellman.

Minority Report: Do not pass.

Signed by Senator King, Ranking Member.

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.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun and Walsh.

Staff: Susan Jones (786-7404)

Background: The Legislature has recognized that because the state promotes and regulates gambling through the activities of the Washington State Lottery Commission, the Horse Racing Commission, and the Washington State Gambling Commission (WSGC), the state has the responsibility to continue to provide resources for services for problem and pathological gamblers.

The law required that the various agencies that regulate gambling had to jointly develop informational signs concerning problem and pathological gambling which include a toll-free hotline number. The signs must be placed in the establishments of gambling licensees, horse racing licensees, and lottery retailers. The law also allows those agencies to contract with other qualified entities to provide public awareness, training, and other services.

In addition to a 1.5 percent tax on the gross income of the business derived from contests of chance, there is an additional tax of 0.13 percent, which is deposited in the problem gambling account. The additional tax does not apply to businesses operating contests of chance when the gross income from the operation of contests of chance is less than \$50,000 per year. "Contests of chance" means any contests, games, gaming schemes, or gaming devices, other than the state lottery, in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor in the outcome. The term includes social card games, bingo, raffle, punchboard games, and pull-tabs.

Summary of Bill (First Substitute): By June 30, 2021, WSGC must adopt rules establishing a statewide self-exclusion program for all gambling licensees. The initial program must, at a minimum:

- allow for voluntary self-exclusion at house-banked social card game establishments;
- have a process for federally recognized tribes that own gambling facilities to voluntarily participate in the program; and
- prohibit any person registered in the program from gambling in activities associated with the program and forfeiting all winnings to the problem gambling account or nonprofit organization providing problem gambling services.

Personal information collected or stored related to the program may only be used to administer the program and is exempt from public inspection and copying.

The term pathological gambling is changed to gambling disorder. Findings are made regarding self-exclusion.

The Lottery Commission is required to adopt rules to establish a voluntary self-exclusion program, including exclusion from:

- enrolling in a Lottery player loyalty or reward program; and
- entering or winning any second chance Lottery promotion; and claiming or receiving any monetary, promotional, or merchandise Lottery prize valued at more than \$600.

Monetary prizes of more than \$600 are transferred to the problem gambling account after payment of certain debts. Promotional and merchandise prizes valued at more than \$600 are retained by the Lottery.

Washington State, the Commission, or retailers are held harmless from an individual who participates in the program for any acts or omissions in processing or enforcing the requirements of the program.

Any personal information under the Lottery self-exclusion program is exempt from dissemination for any purpose other than the administration of program.

EFFECT OF CHANGES MADE BY LABOR & COMMERCE COMMITTEE (First Substitute):

- Requires the Lottery Commission to adopt rules to establish a voluntary self-exclusion program, including exclusion from: enrolling in a Lottery player loyalty or reward program; entering or winning any second chance Lottery promotion; and claiming or receiving any monetary, promotional, or merchandise Lottery prize valued at more than \$600. Monetary prizes of more than \$600 are transferred to the problem gambling account after payment of certain debts. Promotional and merchandise prizes valued at more than \$600 are retained by the Lottery.
- Holds the Washington State, the Commission, or retailers harmless from an individual who participates in the program for any acts or omissions in processing or enforcing the requirements of the program.
- Restricts any personal information under the self-exclusion program from dissemination for any purpose other than the administration of program.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The bill addresses a major concern. Some states have implemented a self-exclusion program for people with problems gambling. There is a considerable challenge with this bill. It is time that the state recognizes that problem gambling is a mental health issue for some people. We need to take some steps to correct it. The Gambling Commission has vetted this bill.

This bill came before the committee last year with a little bit different version but the same concept. The Commission has a strategic goal to help problem gamblers. This bill is an important first step to create a system to allow for statewide exclusion. Now you have to go to each establishment and ask for exclusion. Each establishment has its own system. Research shows that is not an effective system. A centralized system is going to be better. Twenty-three states have centralized systems so this is not new in the U.S. This is not

reinventing the wheel, but rather trying to make it work for the Washington industry and those with problem gambling issues. This will give time to have government to government relationships work on this and have public meetings. Protection and security of information is important.

OTHER: Card rooms are the only ones written into the bill as it is. Card rooms have worked with problem gambling associations, including providing employee training on problem gambling. Most card rooms have self-exclusion policies. The problem is that you have to go into all the facilities. We support the tool the program is creating; however, there are concerns unless it is all-inclusive. We have received assurances that the intent is to include everyone but the bill only includes card rooms, which is only 7.3 percent of the industry. The language should include the lottery and sovereign nations.

Self-exclusion is a great first step. It needs to go beyond a list of those self-excluding. It needs to have another piece of how we get the people into treatment and get them the help they need. Only one in ten people who are problem gamblers will come forward to seek help. When they do, we need to act quickly with mental and behavioral help. Is the list just punitive to keep them out of casinos or is there a hand to give them and their families the help they need. In the next two years, this could be determined. Missouri and Quebec have these models.

Persons Testifying: PRO: Senator Steve Conway, Prime Sponsor; Brian Considine, Gambling Commission.

OTHER: Maureen Greeley, Evergreen Council on Problem Gambling; Dolores Chiechi, Recreational Gaming Association.

Persons Signed In To Testify But Not Testifying: No one.