

WSR 23-07-103
PROPOSED RULES
GAMBLING COMMISSION
[Filed March 20, 2023, 10:51 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 23-03-076 and 23-03-078.

Title of Rule and Other Identifying Information: License fees for charitable or nonprofit organizations, commercial stimulant organizations, sports wagering vendors, and other businesses; WAC 230-05-160, 230-05-165, and 230-05-170.

Hearing Location(s): On May 11, 2023, at 9:30 a.m., at Washington State Gambling Commission, 4565 7th Avenue S.E., Lacey, WA 98503. The meeting time and location is tentative. Visit our website at www.wsgc.wa.gov approximately seven days prior to the meeting and select "About Us" and then "Public Meetings" to confirm the hearing date, location, start time, and agenda items.

Date of Intended Adoption: May 11, 2023.

Submit Written Comments to: Lisa C. McLean, P.O. Box 42400, Olympia, WA 98504-2400, email rules.coordinator@wsgc.wa.gov, www.wsgc.wa.gov, by May 8, 2023.

Assistance for Persons with Disabilities: Contact Julie Anderson, phone 360-486-3453, TTY 360-486-3637, email julie.anderson@wsgc.wa.gov, www.wsgc.wa.gov, by May 8, 2023.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The proposed rule amendments would make adjustments to the fees paid by charitable or nonprofit organizations, commercial stimulant organizations, and other businesses. The adjustments are necessary to ensure that the commission has sufficient revenue to cover its costs of licensing, regulation, and enforcement in the coming year, while also ensuring that fees related to tribal-only gambling activities are based on actual costs. In general, the proposed rule amendments increase the base fee 10 percent, increase the quarterly gross gambling receipt rate six percent, and raise the maximum annual license fee 60 percent. All other fees for organizations increase 10 percent. The exceptions are: (1) Electronic raffles (WAC 230-05-160); and (2) sports wagering vendors (WAC 230-05-170). For electronic raffles, the new base fee is proposed to be \$5,500, with a quarterly gross gambling receipt rate of 3.853 percent and a maximum annual license fee of \$51,200 and with the commission billing for actual expenses related to verifying and investigating electronic raffle operating and system requirements. For sports wagering vendors, the proposal is to reduce the annual license fees for major sports wagering vendors to \$30,000, for mid-level sports wagering vendors to \$5,000, and for ancillary sports wagering vendor to \$2,000.

Reasons Supporting Proposal: Although the gambling industry has largely recovered from a significant contraction due to the COVID-19 pandemic, the number of licensees has decreased in the last three years. This decline in licensees has caused revenues to flatten, while operating costs continue to increase in this inflationary period. Current license fees are not projected to be sufficient to cover the agency's costs of licensing, regulation, and enforcement beginning in fiscal year 2024, which is why the increases are necessary. In the case of the exceptions (electronic raffles and sports wagering vendor fees), these activities are new activities. The electronic raffle activity requires a level of staff effort unforeseen when the activity

was first launched, and the fee changes reflect the costs of these activities. After a year of operation of sports wagering, the commission has enhanced knowledge of the actual costs associated with licensing and regulation of the vendors and, therefore, is adjusting its fees to be proportional to the actual costs.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: RCW 9.46.070.

Rule is not necessitated by federal law, federal or state court decision.

Agency Comments or Recommendations, if any, as to Statutory Language, Implementation, Enforcement, and Fiscal Matters: After the proposed amended rules take effect, the new fees would apply to licensees as they renew their licenses.

Name of Proponent: Washington state gambling commission, governmental.

Name of Agency Personnel Responsible for Drafting: Lisa McLean, Legislative and Policy Manager, 4565 7th Avenue S.E., Lacey, WA 98503, 360-878-1903; Implementation: Tina Griffin, Director, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3546; and Enforcement: Gary Drumheller, Assistant Director, 4565 7th Avenue S.E., Lacey, WA 98503, 509-325-7904.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. A cost-benefit analysis is not required per RCW 34.05.3228 (5)(b)(vi).

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rules set or adjust fees under the authority of RCW 19.02.075 or that set or adjust fees or rates pursuant to legislative standards, including fees set or adjusted under the authority of RCW 19.80.045.

Scope of exemption for rule proposal:

Is fully exempt.

March 13, 2023

Lisa C. McLean

Legislative and Policy Manager

OTS-4439.1

AMENDATORY SECTION (Amending WSR 21-21-079, filed 10/18/21, effective 11/18/21)

WAC 230-05-160 Charitable or nonprofit organization fees. Bona fide charitable and nonprofit organizations must pay the following fees:

(1) Annual licenses:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Amusement games	(\$65) \$70 plus (\$65) \$70 per approved location	((0.730%)) 0.774%	(\$1,000) \$1,600
Bingo	(\$65) \$70	((0.460%)) 0.488%	(\$11,000) \$17,600

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Card games - House-banked	(\$10,000) <u>\$11,000</u>	((1.462%)) <u>1.550%</u>	(\$40,000) <u>\$64,000</u>
Card games - Nonhouse-banked	(\$65) <u>\$70</u>	((0.430%)) <u>0.456%</u>	(\$1,000) <u>\$1,600</u>
Combination	(\$125) <u>\$140</u>	-	-
Fund-raising equipment distributor	(\$270) <u>\$295</u>	((1.430%)) <u>1.516%</u>	(\$700) <u>\$1,120</u>
Punch board/pull-tabs	(\$650) <u>\$715</u>	((1.430%)) <u>1.516%</u>	(\$10,000) <u>\$16,000</u>
Raffles	(\$65) <u>\$70</u>	((3.380%)) <u>3.583%</u>	(\$2,000) <u>\$3,200</u>
Raffles - Credit Union	(\$65) <u>\$70</u>	((3.380%)) <u>3.583%</u>	(\$2,000) <u>\$3,200</u>
Raffles - Enhanced ((raffles))	(\$5,000) <u>\$5,500</u>	((0.430%)) <u>0.456%</u>	(\$32,000) <u>\$51,200</u>
Raffles - Electronic* ((raffles))	(\$5,000) <u>\$5,500</u>	((0.430%)) <u>3.583%</u>	(\$32,000) <u>\$51,200</u>

* Commission will bill for actual expenses related to verifying/investigating electronic raffle operating and system requirements.

(2) Event licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Fund-raising event	(\$180) <u>\$200</u>	((3.130%)) <u>3.318%</u>	(\$1,000) <u>\$1,600</u>
Recreational gaming activity	(\$65) <u>\$70</u>	-	-
Special property bingo/ change of bingo premises	(\$30) <u>\$35</u>	-	-

(3) Change fees:

Change of:	Fee
Name	(\$100) <u>\$110</u>
Location	(\$100) <u>\$110</u>
Fund-raising event location, date, or time	(\$50) <u>\$55</u>

(4) Other fees:

Transaction	Fee
Add a new amusement game location	(\$65) <u>\$70</u>
Duplicate license	(\$50) <u>\$55</u>
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, or schemes	Deposit and cost reimbursement

[Statutory Authority: RCW 9.46.070. WSR 21-21-079, § 230-05-160, filed 10/18/21, effective 11/18/21; WSR 20-04-011, § 230-05-160, filed 1/24/20, effective 2/24/20; WSR 18-05-026, § 230-05-160, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-165 Commercial stimulant organization fees. All commercial stimulant organizations must pay the following fees:

(1) Annual licenses:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Card games - Nonhouse-banked	(\$65) <u>\$70</u>	(1.462%) <u>1.550%</u>	(\$20,000) <u>\$32,000</u>
Card games - House-banked	(\$10,000) <u>\$11,000</u>	(1.462%) <u>1.550%</u>	(\$40,000) <u>\$64,000</u>
Punch boards/pull-tabs	(\$700) <u>\$770</u>	(1.430%) <u>1.516%</u>	(\$13,000) <u>\$20,800</u>

(2) Change fees:

Change of:	Fee
Name	(\$100) <u>\$110</u>
Location	(\$100) <u>\$110</u>
Business classification (same owners)	(\$100) <u>\$110</u>
Corporate stock/limited liability company shares/units	(\$100) <u>\$110</u> , and cost reimbursement for <u>investigating the transaction and qualification of each substantial interest holder</u>
License transfers	(\$100) <u>\$110</u>

(3) Other fees:

Transaction	Fee
Duplicate License	(\$50) <u>\$55</u>

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-165, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 21-16-072, filed 7/30/21, effective 8/30/21)

WAC 230-05-170 Fees for other businesses. All other business organizations must pay the following fees:

(1) Annual licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Agricultural fair bingo (annual permit)	(\$200) <u>\$220</u>	-	-
Call centers for enhanced raffles	(\$4,800) <u>\$5,280</u>	-	-
Commercial amusement games	(\$500) <u>\$550</u> plus (\$65) <u>\$70</u> per approved location	(1.130%) <u>1.198%</u>	(\$11,000) <u>\$17,600</u>
Distributor	(\$700) <u>\$770</u>	(1.430%) <u>1.516%</u>	(\$7,000) <u>\$11,200</u>
Fund-raising event distributor	(\$280) <u>\$310</u>	(1.430%) <u>1.516%</u>	(\$1,000) <u>\$1,600</u>

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Linked bingo prize providers	(((\$1,500)) <u>\$1,650</u>	((0.046%)) <u>0.048%</u>	(((\$20,000)) <u>\$32,000</u>
Manufacturer	(((\$1,500)) <u>\$1,650</u>	((1.430%)) <u>1.516%</u>	(((\$25,000)) <u>\$40,000</u>
Manufacturer's special sales permit	(((\$250)) <u>\$275</u>	-	-
Punch board/pull-tab service business permit	(((\$250)) <u>\$275</u>	-	-
Gambling service supplier	(((\$300)) <u>\$330</u>	((1.430%)) <u>1.516%</u>	(((\$7,000)) <u>\$11,200</u>
Major sports wagering vendor	(((\$65,000)) <u>\$30,000</u>	-	-
Mid-level sports wagering vendor	(((\$10,000)) <u>\$5,000</u>	-	-
Ancillary sports wagering vendor	(((\$5,000)) <u>\$2,000</u>	-	-

(2) Events or permits:

License or Permit Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Recreational gaming activity	(((\$65)) <u>\$70</u>	-	-
Special property bingo	(((\$30)) <u>\$35</u>	-	-

(3) Change fees:

Change of:	Fee
Name	(((\$100)) <u>\$110</u>
Location	(((\$100)) <u>\$110</u>
Business classification (same owners)	(((\$100)) <u>\$110</u>
Corporate stock/limited liability company shares/units	(((\$100)) <u>\$110, and cost reimbursement for investigating the transaction and qualification of each substantial interest holder</u>
License transfers	(((\$100)) <u>\$110</u>

(4) Other fees:

Transaction	Fee
Add a new amusement game location	(((\$65)) <u>\$70</u>
Defective punch board/pull-tab cost recovery fees	Up to (((\$100)) <u>\$110</u>
Duplicate license	(((\$50)) <u>\$55</u>
Pre- and post-licensing investigations	Cost reimbursement
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement

[Statutory Authority: RCW 9.46.070, 9.46.075, 9.46.140, 9.46.153, 9.46.210. WSR 21-16-072, § 230-05-170, filed 7/30/21, effective 8/30/21. Statutory Authority: RCW 9.46.070. WSR 18-11-055, § 230-05-170, filed 5/10/18, effective 6/10/18.]