
HOUSE BILL 2987

State of Washington 52nd Legislature 1992 Regular Session

By Representatives Anderson, Brough, Leonard, Prince and G. Cole

Read first time 02/11/92. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to charitable gaming; amending RCW 9.46.070 and
2 9.46.120; and adding new sections to chapter 9.46 RCW.

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

4 NEW SECTION. **Sec. 1.** Bona fide charitable or bona fide
5 nonprofit organizations may participate in charitable gaming events
6 when the events are conducted by a gaming management company in
7 accordance with the provisions of this chapter and the rules of the
8 commission.

9 NEW SECTION. **Sec. 2.** "Charitable gaming event," as used in
10 this chapter, means a gaming event conducted by a licensed gaming
11 management company on behalf of a bona fide charitable or bona fide
12 nonprofit organization that offers the games of blackjack, roulette,
13 craps, sic-bo, and other traditional table games as may be authorized

1 by the commission and when operated under the provisions of this
2 chapter and the rules of the commission. The use of electronic or
3 mechanical facsimiles of any table game or any gambling device as
4 defined in this chapter is strictly prohibited.

5 NEW SECTION. **Sec. 3.** "Gaming employee" means a person
6 employed in the operation or management of a charitable gaming event
7 including, but not limited to: Gaming operation managers and assistant
8 managers; accounting personnel; surveillance personnel; cashier
9 supervisors; dealers or croupiers; box men; floormen; pit bosses; shift
10 bosses; cage personnel; collection personnel; gaming consultants;
11 management companies and their principals; and any other natural person
12 whose employment duties require or authorize access to restricted areas
13 of the gaming facility not otherwise opened to the public.

14 NEW SECTION. **Sec. 4.** "Gaming management company" or "company"
15 means a business entity that has been selected and licensed by the
16 commission to provide gaming event management, equipment, and personnel
17 in relation to licensed charitable gaming events.

18 NEW SECTION. **Sec. 5.** "Gaming account" means an account
19 established in accordance with commission rules by a licensee at a
20 recognized financial institution for the exclusive purposes of
21 depositing the proceeds from charitable gaming events to the account
22 and making authorized disbursements from the account.

23 NEW SECTION. **Sec. 6.** "Gaming facility" means a licensed
24 facility, premises, room or rooms that is owned, leased, or rented by
25 a gaming management company.

1 NEW SECTION. **Sec. 7.** "Gaming services" means the providing of
2 goods or services in connection with the operation of charitable gaming
3 events in a gaming facility, including equipment, gaming supplies,
4 maintenance, or security services for the gaming facility.

5 NEW SECTION. **Sec. 8.** "Gaming station" means one gaming table.

6 NEW SECTION. **Sec. 9.** "House rules" are rules enacted by the
7 company that deal with the conduct of players and the management of the
8 event, in accordance with the rules adopted by the commission.

9 NEW SECTION. **Sec. 10.** (1) Any bona fide charitable or
10 nonprofit organization may apply to the commission for a license to
11 hold a charitable gaming event.

12 (2) If approved, the commission shall assign a licensee under
13 subsection (1) of this section a date or dates for a charitable gaming
14 event. The assignment shall be made to a company and gaming facility
15 in the district in which the organization resides. However, if there
16 are no available dates in the district in which the organization
17 resides, the commission may assign a different district.

18 NEW SECTION. **Sec. 11.** Training is mandatory for members
19 filling the positions of volunteer supervisor and banker. The role of
20 the volunteer in casino gaming is essential to ensure financial control
21 at the event. Training provides volunteers with information regarding
22 their rights as well as their roles and responsibilities at the charity
23 gaming event. A licensee shall comply with all training requirements
24 established by the commission.

1 NEW SECTION. **Sec. 12.** The commission may amend the terms and
2 conditions of a charity gaming license at any time and may attach
3 additional terms and conditions to the license.

4 NEW SECTION. **Sec. 13.** (1) A licensee may not transfer or
5 assign its license.

6 (2) A licensee may not conduct or manage licensed gaming events on
7 days, or for periods of time, or in locations not specified and
8 approved in the license.

9 (3) If the licensee intends to cancel the license prior to the date
10 of the casino event, a request must be submitted in writing by an
11 authorized officer of the licensee to the commission for approval.

12 NEW SECTION. **Sec. 14.** The commission may suspend or revoke a
13 license at any time if the licensee has breached the provisions of the
14 license or if, in the opinion of the commission, suspension or
15 revocation is necessary in the public interest. While a suspension is
16 in effect, the commission may not consider other applications from the
17 licensee to conduct or manage other licensed gaming events.

18 NEW SECTION. **Sec. 15.** (1) Charitable gaming events are limited
19 to thirty-one gaming stations.

20 (2) The wagering limitations for charitable gaming events are a
21 maximum of twenty-five dollars per wager.

22 (3) The hours of operation for a gaming facility in which
23 charitable gaming events are conducted may not exceed eighty hours per
24 week. Daily operations are prohibited between the hours of 2:00 a.m.
25 until 12:00 p.m.

26 (4) A bona fide nonprofit or bona fide charitable organization may
27 not obtain more than four licenses per year to participate in

1 charitable gaming events. Each license shall be valid for up to three
2 consecutive days of operation, but the commission may increase or
3 decrease the number of days of a licensee to meet the demands for
4 license requests.

5 NEW SECTION. **Sec. 16.** Gaming facilities shall be limited to no
6 more than two locations in each congressional district. The gaming
7 facility location and the corresponding company shall be licensed by
8 the commission. In granting such a license the commission shall follow
9 the qualification requirements of this chapter and shall have broad
10 authority to develop additional qualifications, guidelines,
11 requirements, and criteria for selecting and approving gaming
12 management companies and gaming facility licenses. This authority may
13 include, at the discretion of the commission, the authority to utilize
14 a competitive process subject to the rules of the commission for
15 selection of gaming management companies.

16 NEW SECTION. **Sec. 17.** The following minimum operational
17 requirements shall be observed at all charitable gaming events:

18 (1) A gaming revenue report from a charitable gaming event must be
19 completed within twenty-four hours after the completion of the event
20 and submitted to the commission within seven days of the conclusion of
21 the charitable gaming event;

22 (2) All winnings shall be distributed to players at and during the
23 operation of the charitable gaming event;

24 (3) The company shall keep a separate record, for each licensed
25 gaming event, of the funds taken in and paid out at the event and other
26 information as required by the commission;

1 (4) All records of the company shall be available for immediate
2 review upon request by the commission. Failure to provide the records
3 is grounds for summary suspension of all licenses held by the company;

4 (5) A gaming employee may not participate as a player in a gaming
5 facility in which the gaming employee is employed;

6 (6) A person under the age of eighteen may not participate in the
7 operation, management, or as a player in a charitable gaming event, and
8 a person under the age of eighteen may not be permitted in a gaming
9 facility;

10 (7) Alcoholic beverages are prohibited in a gaming facility;

11 (8) The gaming company, the gaming employees, or any other person
12 associated with the conduct of a charitable gaming event may not offer
13 or allow a player to participate on credit; and

14 (9) Such other rules as adopted by the commission.

15 NEW SECTION. **Sec. 18.** The revenues from a charitable gaming
16 event shall be distributed as follows:

17 (1) A tax of ten percent of the net win is hereby imposed as a
18 business and occupation tax and shall be remitted to the department of
19 revenue in accordance with the provisions of chapter 82.04 RCW and the
20 rules of the department and shall be deposited in the general fund,
21 except that twenty percent of the taxes collected shall be distributed
22 to the local enforcement agencies in the jurisdictions where the gaming
23 facilities are located;

24 (2) Forty-five percent of the net win shall be distributed to the
25 licensed organization, adjusted for cashier shortage or overage; and

26 (3) The balance, not to exceed forty-five percent of the net win,
27 shall be retained by the gaming management company for expenses
28 directly related to the conduct and management of the charitable gaming

1 event, including salaries, wages, costs for equipment, room rental, and
2 other fees.

3 NEW SECTION. **Sec. 19.** (1) The company shall indemnify and save
4 harmless the charitable organization from and against any and all
5 losses, claims, damages, actions, causes of action, costs, and expenses
6 that the charitable organization may sustain, incur, suffer, or be put
7 to by reason of an act or omission of the company or a servant,
8 employee, officer, or director of the company.

9 (2) In the event of the death, incapacity, receivership,
10 bankruptcy, or assignment for benefit of creditors of the company, the
11 following applies:

12 (a) The commission chair may approve temporary transfer of the
13 registration of the company to a court-appointed or court-confirmed
14 guardian, executor, administrator, receiver, trustee, or assignee for
15 the benefit of creditors, who may continue to operate the company's
16 business. The transfer may be for a period not exceeding one hundred
17 eighty days, but it may be extended for a further period of up to one
18 hundred eighty days with the approval of the commission.

19 (b) In the event of closing of business, for any reason, the
20 company shall immediately inform the commission. The commission may
21 authorize closing for periods up to ninety days.

22 NEW SECTION. **Sec. 20.** The following procedures must be
23 followed in reviewing an application for registration as a gaming
24 management company:

25 (1) The information for registration must be submitted to the
26 commission.

27 (2) The commission shall evaluate the merits of the application and
28 inform the applicant, in writing, of its decision.

1 NEW SECTION. **Sec. 21.** The following minimum information must
2 be provided by an applicant to determine its eligibility for licensing
3 as a gaming management company:

4 (1) All jurisdictions where the gaming management company is
5 incorporated, evidence that the company is in good standing;

6 (2) Evidence of expertise in casino or gaming operations, or both,
7 in a regulated jurisdiction and evidence that quality services shall be
8 provided to the licensed organization;

9 (3) Identification of and verification that the directors,
10 officers, shareholders, or other persons having a financial interest in
11 the company have not been convicted in a country, province, or state
12 within the last five years of a criminal offense related to narcotics,
13 to acts of dishonesty including but not limited to offenses involving
14 fraud, currency, gaming, and betting, or to acts against the right of
15 property such as theft, robbery, or forgery;

16 (4) Verification that no directors, officers, shareholders, or
17 other persons having a financial interest in the company have had a
18 claim made successfully or have a claim pending in a civil proceeding
19 before a court, territory, state, or country that was, or is, based in
20 whole or in part on fraud, deceit, misrepresentation, or similar
21 conduct;

22 (5) Evidence of financial eligibility.

23 NEW SECTION. **Sec. 22.** (1) The company shall indemnify and save
24 harmless the charitable organization from and against any and all
25 losses, claims, damages, actions, causes of action, costs, and expenses
26 that the charitable organization may sustain, incur, suffer, or be put
27 to by reason of an act or omission of the company or a servant,
28 employee, officer, or director of the company.

1 (2) In the event of the death, incapacity, receivership,
2 bankruptcy, or assignment for benefit of creditors of the company, the
3 following criteria apply:

4 (a) The commission chair may approve temporary transfer of the
5 registration of the company to a court-appointed or court-confirmed
6 guardian, executor, administrator, receiver, trustee, or assignee for
7 the benefit of creditors who may continue to operate the company's
8 business. The transfer may be for a period not exceeding one hundred
9 eighty days, but it may be extended for a further period of up to one
10 hundred eighty days with the approval of the commission.

11 (b) In the event of closing of business, for any reason, the
12 company shall immediately inform the commission. The commission may
13 authorize closing for periods up to ninety days.

14 NEW SECTION. **Sec. 23.** A company shall submit to the commission
15 on a yearly basis an independent audited financial statement covering
16 the company's activities for the previous business year to be submitted
17 no later than three months after the end of the business year. The
18 commission shall establish the content and format of the statement.

19 **Sec. 24.** RCW 9.46.070 and 1987 c 4 s 38 are each amended to read
20 as follows:

21 The commission shall have the following powers and duties:

22 (1) To authorize and issue licenses for a period not to exceed one
23 year to bona fide charitable or nonprofit organizations approved by the
24 commission meeting the requirements of this chapter and any rules and
25 regulations adopted pursuant thereto permitting said organizations to
26 conduct bingo games, raffles, amusement games, charitable gaming
27 events, and social card games, to utilize punch boards and pull-tabs in
28 accordance with the provisions of this chapter and any rules and

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

1 pursuant to this chapter as now or hereafter amended, permitting said
2 person, association, or organization to conduct or operate amusement
3 games in such manner and at such locations as the commission may
4 determine;

5 (4) To authorize, require, and issue, for a period not to exceed
6 one year, such licenses as the commission may by rule provide, to any
7 person, association, or organization to engage in the selling,
8 distributing, or otherwise supplying or in the manufacturing of devices
9 for use within this state for those activities authorized by this
10 chapter;

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

1 therefor by the applicant: AND PROVIDED FURTHER, That the commission
2 may establish fees for the furnishing by it to licensees of
3 identification stamps to be affixed to such devices and equipment as
4 required by the commission and for such other special services or
5 programs required or offered by the commission, the amount of each of
6 these fees to be not less than is adequate to offset the cost to the
7 commission of the stamps and of administering their dispersal to
8 licensees or the cost of administering such other special services,
9 requirements or programs;

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

12 (7) To require that applications for all licenses contain such
13 information as may be required by the commission: PROVIDED, That all
14 persons (a) having a managerial or ownership interest in any gambling
15 activity, or the building in which any gambling activity occurs, or the
16 equipment to be used for any gambling activity, or (b) participating as
17 an employee in the operation of any gambling activity, shall be listed
18 on the application for the license and the applicant shall certify on
19 the application, under oath, that the persons named on the application
20 are all of the persons known to have an interest in any gambling
21 activity, building, or equipment by the person making such application:
22 PROVIDED FURTHER, That the commission may require fingerprinting and
23 background checks on any persons seeking licenses under this chapter or
24 of any person holding an interest in any gambling activity, building,
25 or equipment to be used therefor, or of any person participating as an
26 employee in the operation of any gambling activity;

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

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

8 (10) To regulate and establish maximum limitations on income
9 derived from bingo: PROVIDED, That in establishing limitations
10 pursuant to this subsection the commission shall take into account (i)
11 the nature, character, and scope of the activities of the licensee;
12 (ii) the source of all other income of the licensee; and (iii) the
13 percentage or extent to which income derived from bingo is used for
14 charitable, as distinguished from nonprofit, purposes;

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

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

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

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

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

5 (16) To establish and regulate a maximum limit on salaries or wages
6 which may be paid to persons employed in connection with activities
7 conducted by bona fide charitable or nonprofit organizations and
8 authorized by this chapter, where payment of such persons is allowed,
9 and to regulate and establish maximum limits for other expenses in
10 connection with such authorized activities, including but not limited
11 to rent or lease payments.

12 In establishing these maximum limits the commission shall take into
13 account the amount of income received, or expected to be received, from
14 the class of activities to which the limits will apply and the amount
15 of money the games could generate for authorized charitable or
16 nonprofit purposes absent such expenses. The commission may also take
17 into account, in its discretion, other factors, including but not
18 limited to, the local prevailing wage scale and whether charitable
19 purposes are benefited by the activities;

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

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

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

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

14 (20) To perform all other matters and things necessary to carry out
15 the purposes and provisions of this chapter; and

16 (21) To authorize and issue all licenses necessary to regulate
17 charitable gaming events, including but not limited to, gaming
18 management companies, gaming facilities, and gaming employee licenses.

19 **Sec. 25.** RCW 9.46.120 and 1987 c 4 s 40 are each amended to read
20 as follows:

21 (1) Except in the case of an agricultural fair as authorized under
22 chapters 15.76 and 36.37 RCW, no person other than a member of a bona
23 fide charitable or nonprofit organization (and their employees) or any
24 other person, association or organization (and their employees)
25 approved by the commission, shall take any part in the management or
26 operation of any gambling activity authorized under this chapter, and
27 no person who takes any part in the management or operation of any such
28 gambling activity shall take any part in the management or operation of
29 any gambling activity conducted by any other organization or any other

1 branch of the same organization, unless approved by the commission, and
2 no part of the proceeds thereof shall inure to the benefit of any
3 person other than the organization conducting such gambling activities
4 or if such gambling activities be for the charitable benefit of any
5 specific persons designated in the application for a license, then only
6 for such specific persons as so designated. However, this subsection
7 is not applicable to the operation of charitable gaming events.

8 (2) No bona fide charitable or nonprofit organization or any other
9 person, association or organization shall conduct any gambling activity
10 authorized under this chapter in any leased premises if rental for such
11 premises is unreasonable or to be paid, wholly or partly, on the basis
12 of a percentage of the receipts or profits derived from such gambling
13 activity.

14 NEW SECTION. Sec. 26. Sections 1 through 23 of this act are
15 each added to chapter 9.46 RCW.