

SENATE BILL REPORT

SB 5800

As Reported by Senate Committee On:
Commerce & Labor, January 27, 2016

Title: An act relating to gambling devices.

Brief Description: Allowing businesses to possess gambling devices or components of authorized gambling devices without first obtaining a license under certain conditions.

Sponsors: Senator Pearson.

Brief History:

Committee Activity: Commerce & Labor: 1/13/16, 1/27/16 [DPS, w/oRec].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 5800 be substituted therefor, and the substitute bill do pass.

Signed by Senators Baumgartner, Chair; Braun, Vice Chair; Conway, Keiser, King and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senator Hasegawa, Ranking Minority Member.

Staff: Susan Jones (786-7404)

Background: Under state law, gambling is staking or risking something of value upon the outcome of a contest of chance or future contingent event not under the person's control, and which includes the expectation that something of value will be received in the event of a certain outcome. The Washington State Gambling Commission (Commission) regulates statewide gambling activities, except horse racing and the state lottery.

A person who owns or possesses a gambling device without a license from the Commission is guilty of a class C felony and is subject to a fine of up to \$100,000 or five years in prison, or both. A gambling device is defined in statute and includes slot machines, video pull-tabs, video poker, and other electronic games of chance.

Summary of Bill (Recommended Substitute): The Commission may adopt rules and issue licenses to allow a person to possess a gambling device, which is designed and permitted for use in connection with authorized gambling activities, for the sole purpose of manufacturing

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or repairing gambling devices or to be used in research and development of gambling devices. The rules must provide restrictions that prevent the use of the gambling devices for gambling activities while the devices are located in this state.

EFFECT OF CHANGES MADE BY COMMERCE & LABOR COMMITTEE (Recommended Substitute): Allows the Commission to adopt rules and issue licenses to allow possession of a gambling device in certain circumstances rather than allowing the possession of the gambling devices without a license if they were inspected and approved, not available to the public, and not used for gambling purposes.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: Under current law, manufacturers that make rollers for card shuffling machines used in casinos for gambling cannot possess a machine in their manufacturing facilities for inspection purposes to see how the rollers react in the machines without being penalized. Consequently, some have had to fly to other states, such as Colorado, whenever they want to look at a shuffler. They would like to see if this situation could be remedied so they can do the inspections locally. Some machines are used by the Tulalip and Muckleshoot casinos and they would like to be able to possess those machines to see how the rollers perform. In addition, businesses may be able to grow and create additional jobs if they are able to manufacture gambling devices or inspect the machines in Washington state without obtaining a license. A Washington manufacturer was approached to manufacture a machine for use in Nevada but he had to cut off the inquiry because he could not possess a machine in this state without a license. It was estimated that the manufacturing would have created 10 to 20 jobs in Washington state.

OTHER: The Gambling Commission is neutral at this point. The Commission will be briefed on the bill at the next meeting later this week. However, the Gambling Commission takes the position that if a business is not licensed, it may not possess a gambling device. This issue pops up periodically on a broader basis. There are businesses that have different types of machines for different purposes. This goes back at least 10 years. The Gambling Commission would develop the necessary rules.

Persons Testifying on Original Bill: PRO: James Durrett, Docufeed Technologies Inc.

OTHER: Brian Considine, Washington State Gambling Commission/legislative liaison.

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