

# HOUSE BILL REPORT

## SHB 1302

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### As Passed Legislature

**Title:** An act relating to gambling addiction.

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

**Sponsors:** House Committee on Commerce & Gaming (originally sponsored by Representatives Kloba, Ryu, MacEwen, Reeves, Stanford, Vick, Kirby, Jenkin, Morgan, Appleton, Cody, Irwin, Davis, Bergquist, Jinkins, Ormsby and Thai; by request of Gambling Commission).

**Brief History:**

**Committee Activity:**

Commerce & Gaming: 1/29/19, 2/4/19 [DPS];  
Appropriations: 2/20/19, 2/25/19 [DPS(COG)].

**Floor Activity:**

Passed House: 3/5/19, 98-0.  
Passed Senate: 4/17/19, 48-0.  
Passed Legislature.

#### Brief Summary of Substitute Bill

- Requires the Washington State Gambling Commission and the Lottery Commission to establish a uniform, statewide, voluntary self-exclusion program for people with gambling problems or gambling disorders.
- Includes minimum requirements for the program, with rules establishing the program to be adopted by June 30, 2021.
- Provides for forfeiture of money and things of value won by a person registered in the self-exclusion program, and limits causes of action against the state, participating gambling establishments, and Lottery retailers related to processing and enforcing the program's requirements.
- Prohibits the dissemination and use of personal information collected, stored, or accessed under the program, other than for purposes of administering the program, and adds a Public Records Act exemption to protect all information people submit to the self-exclusion program from public inspection and copying.

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*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.*

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## HOUSE COMMITTEE ON COMMERCE & GAMING

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Stanford, Chair; Reeves, Vice Chair; MacEwen, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Blake, Dufault, Kirby, Kloba, Vick and Young.

**Staff:** Peter Clodfelter (786-7127).

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill by Committee on Commerce & Gaming be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Dye, Fitzgibbon, Hansen, Hoff, Hudgins, Jinkins, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Springer, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger, Volz and Ybarra.

**Staff:** Jessica Van Horne (786-7288).

### **Background:**

The Washington State Gambling Commission (WSGC), the Washington State Horse Racing Commission, and the Lottery Commission have jointly developed informational signs that include a toll-free hotline number for problem and pathological gamblers. The signs must be placed in the establishments of gambling licensees, horse racing licensees, and Lottery retailers. Additionally, the three commissions may contract with other qualified entities to provide public awareness, training, and other services related to problem and pathological gambling.

In addition to the 1.5 percent tax imposed on people engaging in the business of operating contests of chance, an additional tax is imposed equivalent to the gross income of the business derived from the contests of chance multiplied by the rate of 0.13 percent. During the time the additional 0.13 percent tax is in effect, the WSGC may not increase fees payable by licensees under its jurisdiction for the purpose of funding services for problem and pathological gambling. Revenue from the additional 0.13 percent tax is deposited in the Problem Gambling Account (an appropriated account). Expenditures from the Problem Gambling Account may be used only for the purposes of programs under the Health Care Authority's (HCA) jurisdiction that relate to preventing and treating problem and pathological gambling and training professionals in the identification and treatment of problem and pathological gambling.

The HCA may license or certify treatment facilities and may contract with treatment facilities for any services provided under the program. To receive treatment under the program a person must need treatment for problem or pathological gambling, or because of the problem or pathological gambling of a family member, but be unable to afford treatment, and be

targeted by the HCA as being most amenable to treatment. Treatment under this program is available only to the extent funds are appropriated for this purpose or otherwise made available to the HCA. For purposes of the program, pathological gambling is defined as a mental disorder characterized by loss of control over gambling, progression in preoccupation with gambling and in obtaining money to gamble, and continuation of gambling despite adverse consequences. Additionally, problem gambling is described as an earlier stage of pathological gambling which compromises, disrupts, or damages family or personal relationships or vocational pursuits.

### **Summary of Substitute Bill:**

The WSGC and the Lottery Commission must establish a self-exclusion program to allow people to voluntarily self-exclude themselves from gambling at multiple gambling establishments by submitting one self-exclusion form to the state from one location. The WSGC has discretion in establishing the scope, process, and requirements of the self-exclusion program, including denying, suspending, or revoking an application, license, or permit. However, the initial program must, at a minimum, allow persons to voluntarily exclude themselves from gambling at authorized gambling establishments that offer house-banked social card games, and must have a process for federally recognized Indian tribes or tribal enterprises that own gambling operations or facilities with class III gaming compacts to voluntarily participate in the self-exclusion program.

The Lottery component of the program must allow a person to self-exclude themselves from, at a minimum, the following Lottery activities: (1) enrolling in a player loyalty or reward program operated or maintained by the Lottery; (2) entering or winning any second chance Lottery promotion; and (3) claiming or receiving from the Lottery any monetary, promotional, or merchandise prize valued at more than \$600. Monetary prizes valued at more than \$600 that are forfeited under the self-exclusion program for the Lottery must be transferred to the Problem Gambling Account, and promotional and merchandise prizes valued at more than \$600 forfeited under the self-exclusion program must be retained by the Lottery.

Under the program administered by the WSGC, individuals registered with the self-exclusion program are prohibited from participating in gambling activities associated with the program and forfeit all moneys and things of value obtained by or owed to the individual by an authorized gambling establishment as a result of prohibited wagers or gambling activities. The WSGC may adopt rules for the forfeiture of any moneys or things of value, including wagers, obtained by an authorized gambling establishment while an individual is registered with the self-exclusion program. In accordance with WSGC rules, moneys and things of value forfeited under the self-exclusion program must be distributed to the Problem Gambling Account and/or a charitable or nonprofit organization that provides problem gambling services or increases awareness about problem gambling.

Rules establishing the self-exclusion program must be adopted by June 30, 2021, by both the WSGC and the Lottery Commission. Individuals who participate in the self-exclusion program do not have a cause of action against the state, the WSGC, the Lottery Commission, or any gambling establishment, Lottery retailer, or their employees or officers for any acts or omissions in processing or enforcing the requirements of the self-exclusion program. Any

personal information collected, stored, or accessed under the self-exclusion program may only be used for the administration of the self-exclusion program and may not be disseminated for any purpose other than the administration of the self-exclusion program. An exemption under the Public Records Act related to public inspection and copying of information is provided to protect all information submitted by a person to the state, either directly or through a state-licensed gambling establishment, or Indian tribes, or tribal enterprises that own gambling operations or facilities with class III gaming compacts, as part of the self-exclusion program.

References to problem and pathological gambling are changed to say gambling problem and gambling disorder, in the context of the informational signs that the WSGC, the Washington State Horse Racing Commission, and the State Lottery Commission must develop.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony (Commerce & Gaming):**

(In support) For many people, gambling is a fun activity within discretionary spending. But for others, gambling develops into a real problem. The state regulates gambling to ensure it is fair, legal, and honest, and the state also promotes certain gambling activities. It is not okay to balance the budget on the backs of people suffering from problem gambling. Considering the state's duties to people who get in over their heads with gambling is important. Currently, there are tools to identify and treat problem gambling, with efforts in this area by state agencies, tribes, card rooms and industry stakeholders, and nonprofit organizations. But this voluntary self-exclusion bill adds an additional needed tool to help address problem gambling, and the technology is here to make this program effective. The intent is to establish a process through rulemaking so that, over time, various other entities participate in the system and people can self-exclude themselves from gambling at multiple locations throughout the state by submitting one form at one location. In 2018 a similar bill (Engrossed House Bill 2332) passed out of the House of Representatives 94 to 3, but was not enacted into law. The language from 2018 is improved upon in this bill, which includes a mechanism to de-incentivize problem gamblers by requiring forfeiture of winnings, with money going to support problem gambling treatment. The bill limits causes of action against the state, and protects personally identifiable information of participants. The bill provides two years to look at commonalities of the individual self-exclusion programs already offered in Washington, to study other states' programs, and it puts a timeframe in place to ensure accountability. Over 20 other states have some type of self-exclusion program, including Arizona, California, New Mexico, Oklahoma, and New York. This bill includes a government-to-government approach for the state to address problem gambling together with tribes, many of which currently have their own successful self-exclusion programs. The WSGC will also work closely with industry. In other states with tribal gaming, uniform self-exclusion programs have been successfully implemented at both state and tribal facilities. The number one goal in the WSGC's current strategic plan is to increase the WSGC's role in

helping people who are suffering from gambling disorders. The WSGC will assume the costs of implementing the program, and intends to develop a system that will not burden gambling operators. People suffering from gambling problems often have a moment of extreme clarity where they recognize the damage they are doing to their lives, and they self-exclude themselves from the casino they frequent most. But when people are drawn back into their addiction, they simply go down the road to the next casino, where their self-exclusion does not apply. This bill helps solve this problem. The bill helps the entire gambling community, and provides people with hope and a solution.

(Opposed) None.

(Other) The 45 remaining house-banked card rooms in operation in the state (there used to be 108) support the effort to help people with gambling problems and gambling disorders. Card rooms currently post legally required notices relating to problem gambling, including a helpline phone number. In 2002 the industry also developed its own pamphlet with problem gambling resources and information, which is available at no cost for card rooms to provide to customers. But card rooms have concerns with aspects of the bill, and prefer the version from last year, which the industry supported. The 2018 version was more inclusive to cover all licensees of the WSGC. This bill is narrower and unfortunately only calls out house-banked card rooms. The bill does not include support for problem gamblers who play pull tabs or bingo, for example. Card rooms support the bill's concept, and want to help improve the bill to make it work better. House-banked card rooms currently train employees related to problem gambling to identify customers who may have problem gambling behaviors, and work with the Evergreen Council on Problem Gambling on providing awareness training. It is also worth considering bringing the Lottery and horse racing activities into the self-exclusion concept, and with some changes this can be a good program.

**Staff Summary of Public Testimony (Appropriations):**

(In support) This bill is a priority for the Washington State Gambling Commission (WSGC). The WSGC believes that this will offer an effective tool for gambling addicts and unanimously supports the bill. The WSGC believes it can implement the bill without requesting funding from the State General Fund. The goal is for one statewide self-exclusion program that includes tribes who will independently decide whether to participate. The WSGC believes that tribes will be incentivized to participate in the program. A report prepared by the University of Washington and Washington State University shows that problem gambling affects more state residents than previously estimated. Between 123,000 and 228,000 state residents could benefit from problem gambling assistance. A 2016 market study showed that Washington residents spend an average of \$950 per year on gambling, which is higher than most other states. Problem gambling is an insidious disease. A self-exclusion program would provide a lifeline.

(Opposed) None.

(Other) Addressing problem gambling is very important to the house-banked card room industry. Many members of the industry offer individual self-exclusion programs. House-banked card rooms want to ensure that they are part of a larger team working on this

problem. The initial bill excluded everyone except the house-banked card room industry. The inclusion of the Lottery Commission in the substitute bill is very encouraging.

**Persons Testifying (Commerce & Gaming):** (In support) Representative Kloba, prime sponsor; and Dave Trujillo, Julia Patterson, and Chris Stearns, Washington State Gambling Commission.

(Other) Dolores Chiechi, Recreational Gaming Association.

**Persons Testifying (Appropriations):** (In support) Brian Considine, Julia Patterson, David Trujillo, and Chris Stearns, Washington State Gambling Commission.

(Other) Dolores Chiechi, Recreational Gaming Association.

**Persons Signed In To Testify But Not Testifying (Commerce & Gaming):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.