
Civil Rights & Judiciary Committee

HB 2720

Brief Description: Concerning the application of gambling loss recovery laws to certain online games of chance.

Sponsors: Representatives Hudgins, Vick, Jenkin and Blake.

Brief Summary of Bill

- Provides that online games of chance are not illegal gambling games for the purposes of recovering losses under the Recovery of Money Lost at Gambling statute in certain circumstances.

Hearing Date: 1/28/20

Staff: Ingrid Lewis (786-7289).

Background:

Gambling.

The Washington State Constitution prohibits all forms of gambling unless specifically authorized by statute. Under the Gambling Act, gambling means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. The Gambling Act further defines "thing of value" as "any money or property, any token, object or article exchangeable for money or property, or any form of credit or promise, directly or indirectly, contemplating transfer of money or property or of any interest therein, or involving extension of a service, entertainment or a privilege of playing at a game or scheme without charge."

Online or virtual gambling is not authorized by statute and is illegal in the state.

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.

Washington's Recovery of Money Lost at Gambling Act.

Under the Recovery of Money Lost at Gambling Act, a person who loses money or anything of value in an illegal gambling game has a cause of action to recover the money or value of the items lost from the dealer, winner, or beneficiary of the game.

The United States Ninth Circuit Court of Appeals recently issued the *Kater v. Churchill Downs* opinion holding that the virtual tokens used in the defendant's online game fell within Washington's definition of a "thing of value." The game therefore constituted an illegal gambling game, and the plaintiff could recover the value of the items lost under the Recovery of Money Lost at Gambling Act.

Summary of Bill:

Online games of chance are not illegal gambling games for the purposes of recovering losses under the Recovery of Money Lost at Gambling statute, if the game is played solely for entertainment purposes with virtual items that may only be used for gameplay, and the virtual items may not be transferred, exchanged, or redeemed for money or property.

Appropriation: None.

Fiscal Note: Available.

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