

HOUSE BILL REPORT

HB 1222

As Passed House:

February 13, 2025

Title: An act relating to public inspection and copying of proprietary financial and security information submitted to or obtained by the gambling commission.

Brief Description: Concerning public inspection and copying of proprietary financial and security information submitted to or obtained by the gambling commission.

Sponsors: Representatives Stearns and Kloba; by request of Gambling Commission.

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/21/25, 1/31/25 [DP].

Floor Activity:

Passed House: 2/13/25, 73-21.

Brief Summary of Bill

- Expands public records disclosure exemptions relating to gaming records submitted to or obtained by the Gambling Commission to include additional financial statements and transactions, information that describes certain internal operational systems or procedures of a gaming facility, certain gaming facility security information, and certain gaming equipment information.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: Do pass. Signed by 4 members: Representatives Mena, Chair; Stearns, Vice Chair; Doglio and Farivar.

Minority Report: Without recommendation. Signed by 2 members: Representatives Walsh, Assistant Ranking Minority Member; Chase.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Staff: Desiree Omli (786-7105).

Background:

The Public Records Act (PRA) requires state and local agencies to make all public records available for public inspection and copying unless a record falls within an exemption under the PRA or another statute that exempts or prohibits disclosure of specific information or records. Exemptions under the PRA are permissive, meaning that an agency, although not required to disclose, has the discretion to provide an exempt record. The exemptions under the PRA are inapplicable to the extent that information, the disclosure of which would violate personal privacy or vital governmental interests, can be redacted from the specific records sought. The PRA is liberally construed, and its exemptions are narrowly construed.

Several types of financial information are exempt under the PRA. For example, except when disclosure is expressly required by law, credit or debit card numbers, electronic check numbers, and card expiration dates are exempt from disclosure. Additional exempt bank or financial information includes:

- account numbers and balances;
- transactional information concerning an account;
- codes and passwords;
- social security numbers;
- tax identification numbers;
- driver's license, permit, and state identification card numbers issued by the Department of Licensing; and
- other information held for the purpose of account access or transaction initiation.

Specific to gambling, the following records received by the Gambling Commission from house-banked social card game licensees or tribes with an approved tribal compact for class III gaming are exempt from disclosure requirements: internal control documents and independent auditor reports and financial statements, including any supporting documents.

Class III gaming is casino-style gaming including lotteries, roulette, and house-banked card games such as blackjack and baccarat.

Summary of Bill:

The exemption from disclosure of proprietary financial and security information submitted to or obtained by the Gambling Commission is expanded to also include the following information from license applicants, licensees, gaming facilities, or tribes with an approved tribal compact:

- financial statements and transactions, except quarterly license reports, such as bank account records, player tracking records, bond issuances, loan agreements, purchase agreements, and stock buyouts;
- information that describes the internal operational system or internal procedures to promote efficiency, safeguard assets, and avoid fraud and error, such as security

- camera specifications and placement, cash out procedures and locations, cage security information, building access controls, and personally identifiable information control procedures;
- gaming facility security information that may negatively impact the security of the facility if released, such as descriptions of facility layout and schematics, firewall configurations, network topologies, source codes, software files, cryptographic hashes of software files, risk and security assessment reports, disaster recovery plans, and incident response plans; and
 - gaming equipment information that may compromise the security and integrity of the equipment if released, such as firewall configurations, system components, user credentials, and field testing data and the results.

Appropriation: None.

Fiscal Note: Requested on January 31, 2025.

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

Staff Summary of Public Testimony:

(In support) The exemptions are a necessary tool for the Gambling Commission to further its mission of protecting the public by ensuring that gambling is legal and honest, and to strengthen its regulatory work to keep the criminal element out of gambling. These exemptions are needed to protect the public by safeguarding the security and data of gaming devices. There are frequent attempts to compromise gaming systems and these disclosure exemptions will enable the Gambling Commission to protect licensees and tribal gaming facilities by limiting their exposure to fraud, robberies, and cybersecurity threats.

(Opposed) None.

(Other) The exemptions are reasonable and should be adopted. The Gambling Commission approached the Sunshine Committee two years ago to start the conversation around this issue, which was very much appreciated.

Persons Testifying: (In support) Representative Chris Stearns, prime sponsor; and Tricia Gullion, Washington State Gambling Commission.

(Other) Rowland Thompson, Allied Daily Newspapers of Washington.

Persons Signed In To Testify But Not Testifying: None.