

WSR 21-13-165

PROPOSED RULES

GAMBLING COMMISSION

[Filed June 23, 2021, 8:46 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 20-15-154.

Title of Rule and Other Identifying Information: Repealing WAC 230-03-408 Applying for sports wagering prelicensing investigation, 230-05-101 Implementation of new permit and license fees, and 230-16-005 Transporting, displaying, and selling gambling equipment at trade shows; amending WAC 230-03-035 Applying for a license, 230-03-040 Signing the application, 230-03-045 Defining substantial interest holder, 230-03-060 Fingerprinting, 230-03-065 Spouses must also be qualified, 230-03-070 Training required for licensing, 230-03-075 Withdrawing your application, 230-03-195 Additional information required from manufacturer and, distributor, and sports wagering vendor license applicants, 230-03-200 Defining "gambling equipment," 230-03-320 Substantial interest holders not required to be licensed as representatives, 230-03-330 Representing one or more licensed businesses, 230-03-335 Representatives must not work before receiving a license, 230-05-110 Defining "gross gambling receipts rate," 230-05-112 Defining "gross gambling receipts," 230-05-120 Paying annual license fee, 230-05-124 Quarterly license reports and quarterly license fees, 230-05-125 Report gross gambling receipts on the quarterly license report, 230-05-126 Online filing and payments required with waivers available upon request for good cause, 230-05-170 Fees for other businesses, 230-05-175 Individual license fees, 230-06-030 Restrictions and conditions for gambling promotions, 230-06-050 Review of electronic or mechanical gambling equipment, 230-06-054 Notification of electronic or mechanical gambling equipment malfunctions, 230-06-082 Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers, and call centers for enhanced raffles reporting changes in licensed employees, 230-06-110 Buying, selling, or transferring gambling equipment and 230-06-120 Selling or transferring gambling equipment when no longer licensed; and new WAC 230-03-196 Additional information required for sports wagering vendors, 230-03-229 Applying for a major sports wagering vendor license, 230-03-231 Applying for a mid-level sports wagering vendor license, 230-03-233 Applying for an ancillary sports wagering vendor license, 230-03-234 Sports wagering vendor applicants and associated entities in their corporate structure, 230-03-311 Applying for a major sports wagering vendor representative license, 230-03-312 Applying for a mid-level sports wagering vendor representative license, 230-03-313 Applying for an ancillary sports wagering vendor representative license, 230-06-084 Submitting sports wagering related contracts and agreements for review, 230-06-116 Transporting, displaying, and selling gambling equipment at trade shows, 230-19-005 Sports wagering definitions, 230-19-010 Sports wagering vendors must ensure sports wagering vendor representatives are licensed, 230-19-015 Accounting records for sports wagering vendors, 230-19-020 Sales invoices for sports wagering vendors, 230-19-025 Sales journals for sports wagering vendors, 230-19-030 Authorized sports wagering menu, 230-19-035 Sports wagering integrity, 230-19-040 Integrity monitoring provider requirements, 230-19-045 Sports wagering system requirements, 230-19-050 Geofence and geolocation requirements, 230-19-055 Sports

wagering account requirements, and 230-19-060 Records retention for sports wagering vendors.

Decodified and recodified:

Old WAC Number	New WAC Number
230-03-230	230-03-226
230-03-232	230-03-227

Hearing Location(s): On July 28, 2021, at 9:00 a.m., at Washington State Gambling Commission, 4565 7th Avenue S.E., Lacey, WA 98503. Special public meeting scheduled for the purpose of reviewing sports wagering rules. The meeting time and location is tentative. Visit our website at www.wsgc.wa.gov approximately seven days prior to the meeting, select "The Commission," and then select "Public Meetings" to confirm the hearing date, location, start time, and agenda items.

Date of Intended Adoption: July 28, 2021.

Submit Written Comments to: Ashlie Laydon, P.O. Box 42400, Olympia, WA 98504-2400, email rules.coordinator@wsgc.wa.gov, fax 360-486-3632, by July 23, 2021.

Assistance for Persons with Disabilities: Contact Julie Anderson, phone 360-486-3453, TTY 360-486-3637, email julie.anderson@wsgc.wa.gov, by July 23, 2021.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: On March 25, 2020, Governor Jay Inslee signed HB [ESHB] 2638 authorizing sports wagering for Class III tribal facilities under terms negotiated in tribal-state compacts, and adding or amending several sections of the Gambling Act giving the gambling commission the authority to adopt and/or amend rules needed for the state's regulation of sports wagering. Several tribal-state compact amendment agreements have been reached; therefore, the gambling commission needs to adopt and amend existing rules to create a licensing and regulatory framework for sports wagering consistent with the Gambling Act and negotiated tribal-state compact amendments.

Reasons Supporting Proposal: The proposed rules address the following areas consistent with the Gambling Act and recent negotiated tribal-state compact amendments: (1) Licensing and regulation, (2) agency funding, (3) money laundering and criminal enforcement, (4) sport and gambling integrity, and (5) responsible and problem gambling.

Statutory Authority for Adoption: RCW 9.46.070, 9.46.075, 9.46.140, 9.46.153, 9.46.210.

Statute Being Implemented: RCW 9.46.0364, 9.46.0368, 9.46.037, 9.46.038, 9.46.070, 9.46.190, 9.46.240.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Washington state gambling commission, governmental.

Name of Agency Personnel Responsible for Drafting: Brian Considine, LLM, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3469; Implementation: Tina Griffin, Interim Director, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3546; and Enforcement: Gary Drumheller, Assistant Director, 4565 7th Avenue S.E., Lacey, WA 98503, 509-325-7904.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. A cost-benefit analysis is not required per RCW 34.05.328 (5)(a)(i).

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(3) as the rule content is explicitly and specifically dictated by statute; rules set or adjust fees under the authority of RCW 19.02.075 or that set or adjust fees or rates pursuant to legislative standards, including fees set or adjusted under the authority of RCW 19.80.045; and rules adopt, amend, or repeal a procedure, practice, or requirement relating to agency hearings; or a filing or related process requirement for applying to an agency for a license or permit.

June 22, 2021
Ashlie Laydon
Rules Coordinator

OTS-3103.4

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-035 Applying for a license. (1) You must fully complete the license application form we provide in order to be considered for a license. You must submit it with the appropriate fees online in the manner we require, or return it, along with the appropriate fees, to our headquarters office.

(2) (~~(If your application is incomplete,)~~) You must provide us with the required items within thirty days of notification of an incomplete application or we may administratively close the application.

(3) Applicants for a new organization license or permit will submit the base license fee for each authorized activity they are applying for with their application.

(4) Applicants for a new individual license will submit the new application fee they are applying for with their application.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-035, filed 2/9/18, effective 5/1/18; WSR 06-07-157 (Order 457), § 230-03-035, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 07-21-116, filed 10/22/07, effective 1/1/08)

WAC 230-03-040 Signing the application. The applicant signs the application under oath and under penalty of perjury under the laws of the state of Washington. This oath affirms that the information on the application and any accompanying materials is accurate and complete.

(1) The person signing the application must be:

(a) The highest ranking officer, or their designee, of a charitable, nonprofit, or profit-seeking corporation, or limited liability company seeking licensure; or

(b) The owner of a sole proprietorship seeking licensure; or

(c) All partners of a partnership or general partner of a limited partnership seeking licensure.

(2) The person seeking an individual license and a designated officer of the organization for which the person will work must both sign the application.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-03-040, filed 10/22/07, effective 1/1/08; WSR 06-07-157 (Order 457), § 230-03-040, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 13-09-048, filed 4/15/13, effective 5/16/13)

WAC 230-03-045 Defining substantial interest holder. (1) "Substantial interest holder" means a person who has actual or potential influence over the management or operation of any organization, association, or other business entity.

(2) Evidence of substantial interest may include, but is not limited to:

(a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or

(b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or

(c) Being an officer or director or managing member of an entity; or

(d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or

(e) Owning five percent or more of any class of stock in a publicly traded corporation; or

(f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or

(g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or

(h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal year. To calculate ten percent of cash, goods, or services, take the operational expenses of the business over the past calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

(3) Spouses of officers of charitable or nonprofit organizations and spouses of officers or board members of publicly traded entities or subsidiaries of publicly traded entities are not considered substantial interest holders, unless there is evidence to the contrary. If so, then an investigation will be conducted to determine if they qualify as a substantial interest holder.

(4) Spouses of officers, owners, or shareholders owning ten percent or more of the organizations' shares of a sports wagering organization are not considered substantial interest holders.

[Statutory Authority: RCW 9.46.070. WSR 13-09-048 (Order 687), § 230-03-045, filed 4/15/13, effective 5/16/13; WSR 06-07-157 (Order 457), § 230-03-045, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-060 Fingerprinting. (1) The following persons must submit fingerprints and undergo a national criminal history background check:

(a) Substantial interest holders of commercial businesses and charitable or nonprofit organizations who live or have lived out of the state in the last ten years; and

(b) Card room employees, commercial and nonprofit gambling managers, and manufacturer, distributor, service supplier, call centers for enhanced raffles, ~~((and))~~ linked bingo prize provider, and sports wagering vendor representatives; and

(c) Any other substantial interest holder when we have information they may not be qualified for licensure or to participate in a gambling activity.

(2) Recreational gaming activity and agricultural fair permit holders do not need to submit fingerprints.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-060, filed 2/9/18, effective 5/1/18. Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-060, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070(7). WSR 13-17-018 (Order 690), § 230-03-060, filed 8/9/13, effective 9/9/13. Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-060, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 13-09-048, filed 4/15/13, effective 5/16/13)

WAC 230-03-065 Spouses must also be qualified. (1) Applicants' spouses must also meet the qualifications to hold a gambling license when married persons who maintain a marital community apply for or hold a license to operate gambling activities. This includes, but is not limited to, owners and substantial interest holders of commercial gambling establishments.

(2) If you are a licensed employee of a gambling operation, officer of a charitable or nonprofit organization, or an officer or a board member of a publicly traded entity or subsidiary of a publicly traded entity, your spouse does not need to meet the licensing qualifications, unless they are deemed to be a substantial interest holder.

(3) Spouses of owners and substantial interest holders of a sports wagering organization are not considered substantial interest holders.

[Statutory Authority: RCW 9.46.070. WSR 13-09-048 (Order 687), § 230-03-065, filed 4/15/13, effective 5/16/13; WSR 06-07-157 (Order 457), § 230-03-065, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-070 Training required for licensing. (1) You must complete a training course we establish if you:

(a) Signed the licensing application; or
(b) Are a manager; or
(c) Are responsible for conducting gambling activities or completing records.

(2) You must complete training within thirty days of the effective date of your license.

(3) We do not require manufacturers ((~~or~~)), manufacturers' representatives, or major sports wagering vendors to complete training. However, all licensees are expected to know and follow all rules upon receiving your license.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-070, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-075 Withdrawing your application. (1) You may withdraw your license application for any reason by sending written or electronic mail notice to us. We must receive your written request at our headquarters office before we issue or deny the license.

(2) Withdrawing an application will not affect any future application for a license.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-075, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-195 Additional information required from manufacturer ((and)), distributor, and sports wagering vendor license applicants.

If you are applying for a manufacturer ((~~or~~)), distributor, or sports wagering vendor license, you must attach the following to your application form or submit the following in a manner we require:

(1) A list of all businesses or corporations which you, or officers, directors, or substantial interest holders of your business, either directly or indirectly, own or control as a substantial interest holder; and

(2) A list of all businesses or corporations licensed to conduct gambling activities or to supply gambling-related equipment, supplies, or services in which you, officers, directors, or substantial interest holders of your business have any interest; and

(3) A list of all jurisdictions in which you or any of the officers, directors, or substantial interest holders of your business have had a gambling-related license at any level during the previous ten years; and

(4) A statement about whether you, or officers, directors, or substantial interest holders have ever been part of a business that had a gambling-related license denied, revoked, or suspended by any jurisdiction for a period longer than thirty days.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-195, filed 3/22/06, effective 1/1/08.]

NEW SECTION

WAC 230-03-196 Additional information required for sports wagering vendors. Sports wagering vendor applicants must provide contracts and agreements, or proposed contracts or agreements, with any third parties, excluding contracts or agreements with Washington state tribes, that are part of their sports wagering offerings for review for compliance with chapter 9.46 RCW and Title 230 WAC. Contracts or agreements to be provided for review will relate to the applicant's or third-party vendor's sports wagering equipment, goods, services, and information.

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AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-200 Defining "gambling equipment." "Gambling equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible. "Gambling equipment" includes, but is not limited to:

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities((7)) including, but not limited to:
 - (a) Components of a tribal lottery system;
 - (b) Components of a sports wagering system;
 - (c) Electronic devices for reading and displaying outcomes of gambling activities; and
 - ((e)) (d) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:
 - (i) Bet totalizers; or
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;
- (5) Bingo equipment;
- (6) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:
 - (a) Gambling chips;
 - (b) Cards;
 - (c) Dice;

- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; ((and))
- (i) Tables manufactured exclusively for gambling purposes; and
- (j) Sports wagering systems.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-200, filed 3/22/06, effective 1/1/08.]

LICENSING SPORTS WAGERING VENDORS

NEW SECTION

WAC 230-03-229 Applying for a major sports wagering vendor license. You must apply for a major sports wagering vendor license if you provide integral sports wagering goods or services in our state. This includes:

- (1) Managing a Tribe's or Tribes' sports wagering operations;
- (2) Being a Tribe's or Tribes' primary consultant who provides substantial sports wagering related services;
- (3) Being a manufacturer or distributor of a sports wagering system(s);
- (4) Providing bookmaking services; or
- (5) Providing sports wagering risk management services.

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NEW SECTION

WAC 230-03-231 Applying for a mid-level sports wagering vendor license. You must apply for a mid-level sports wagering vendor license if you provide services or equipment related to data, security, and integrity that include, but are not limited to:

- (1) Integrity monitoring;
- (2) Data to be used by a Tribe(s) or sports wagering vendor, including data to set odds;
- (3) The compilation, furnishing, or storage of data for use in sports wagering;
- (4) Initial or annual wagering system security testing or assessment;
- (5) Geofence and geolocation compliance and monitoring; and
- (6) Sports wagering account management, including Software-as-a-Service (SaaS) products.

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NEW SECTION

WAC 230-03-233 Applying for an ancillary sports wagering vendor license. You must apply for an ancillary sports wagering vendor license if you provide necessary sports wagering support services that include, but are not limited to:

- (1) Mobile payment processing for use in mobile sports wagering;
- (2) Know your customer or identity verification for use in mobile sports wagering; and
- (3) Marketing or promotional affiliates for a sports wagering vendor or tribal sports wagering operator where the contractual financial arrangement is based on a percentage of an operator's sports wagering revenue.

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NEW SECTION

WAC 230-03-234 Sports wagering vendor applicants and associated entities in their corporate structure. You must apply for a sports wagering vendor license if you enter into contracts or agreements to provide sports wagering gaming goods or services to operators or other sports wagering vendors for sports wagering goods or services in our state. Any associated organizations linked to the sports wagering applicant in their corporate structure, who provides sports wagering goods or services to the applicant, must comply with our rules. The applicant will have the ultimate responsibility for any goods or services provided by another legal entity associated to the applicant. This only includes organizations in the applicant's corporate ownership structure.

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NEW SECTION

WAC 230-03-311 Applying for a major sports wagering vendor representative license. You must apply for a major sports wagering representative license if you, as an individual, are employed or contracted by a major sports wagering vendor to represent, service, or work in any sports wagering activities in our state or you supervise those who do.

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NEW SECTION

WAC 230-03-312 Applying for a mid-level sports wagering vendor representative license. You must apply for a mid-level sports wagering representative license if you, as an individual, are employed or contracted by a mid-level sports wagering vendor to represent, serv-

ice, or work in any sports wagering activities in our state or you supervise those who do.

[]

NEW SECTION

WAC 230-03-313 Applying for an ancillary sports wagering vendor representative license. You must apply for an ancillary sports wagering representative license if you, as an individual, are employed or contracted by an ancillary sports wagering vendor to represent, service, or work in any sports wagering activities in our state or you supervise those who do.

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AMENDATORY SECTION (Amending WSR 13-19-056, filed 9/16/13, effective 10/17/13)

WAC 230-03-320 Substantial interest holders not required to be licensed as representatives. (1) If you are a substantial interest holder in a business licensed to operate a manufacturer, distributor, gambling service supplier, call centers for enhanced raffles, or linked bingo prize provider or a spouse of the same, you do not have to have an additional license to perform representative duties connected with that licensed business.

(2) If you are a substantial interest holder in a business licensed as a sports wagering vendor, you do not need to have an additional sports wagering vendor representative license to perform representative duties connected with that licensed business.

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-320, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-320, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-330 Representing one or more licensed businesses.

(1) If you are a licensed distributor representative, gambling service supplier representative, or a linked bingo prize provider representative or applying for one of these representative licenses, you must represent only one licensed distributor, gambling service supplier, or linked bingo prize provider at a time.

(2) If you are a licensed manufacturer representative, you may represent more than one licensed manufacturer.

(3) Sports wagering vendor representatives may represent more than one licensed sports wagering vendor so long as their representation would not create a conflict that would undermine the integrity of sports wagering or a sporting event.

(4) If the owner you represent owns more than one licensed business, you may represent the owner in all those licensed businesses, including licensed manufacturers.

~~((4))~~ (5) You must submit an application and pay a fee before beginning work at a new or additional employer.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-330, filed 2/9/18, effective 5/1/18; WSR 09-24-012 (Order 664), § 230-03-330, filed 11/20/09, effective 12/21/09; WSR 06-07-157 (Order 457), § 230-03-330, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 13-19-056, filed 9/16/13, effective 10/17/13)

WAC 230-03-335 Representatives must not work before receiving a license. If you are applying for a license as a representative for a manufacturer, distributor, gambling services supplier, call centers for enhanced raffles, a sports wagering vendor, or linked bingo prize provider, you must not work until you receive a license from us.

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-03-335, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-335, filed 3/22/06, effective 1/1/08.]

NEW SECTION

The following sections of the Washington Administrative Code are decodified and recodified as follows:

Old WAC Number	New WAC Number
230-03-230	230-03-226
230-03-232	230-03-227

OTS-3099.1

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-03-408	Applying for sports wagering prelicensing investigation.
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OTS-3101.2

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-110 Defining "gross gambling receipts rate." "Gross gambling receipts rate" is the rate listed in this chapter that licensees use to calculate their quarterly license fees, if applicable. This also is the rate used for quarterly license reports.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-110, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 20-08-095, filed 3/30/20, effective 4/30/20)

WAC 230-05-112 Defining "gross gambling receipts." (1) "Gross gambling receipts" means the amount due to any operator of an authorized activity as described in subsection (5) of this section.

(2) The amounts must be stated in U.S. currency.

(3) The value must be before any deductions for prizes or other expenses, such as over/short.

(4) "Gross gambling receipts" does not include fees from players to enter player-supported jackpots. However, any portion of wagers deducted for any purpose other than increasing current prizes or repayment of amounts used to seed prizes are "gross gambling receipts."

(5) Gross gambling receipts for authorized activities:

Activity:	Gross gambling receipts include amounts due to any operator for:
(a) Punch board and pull-tab	Purchasing chances to play.
(b) Raffles and enhanced raffles	Purchasing chances to enter.
(c) Bingo	Fees or purchase of cards to participate.
(d) Amusement games	Amounts paid to play amusement games.
(e) Card games	<ul style="list-style-type: none"> • "Net win" from house-banked card games; • Tournament entry fees; • Administrative fees from player-supported jackpots; • Fees to participate in nonhouse-banked card games.

Activity:	Gross gambling receipts include amounts due to any operator for:
(f) Manufacturers and distributors	<p>(i) Fees from sales, rentals, leases, royalties, and service fees collected for the following gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Bingo paper or bingo cards; • Punch boards and pull-tabs; • Devices for dispensing pull-tabs; • Electronic devices for conducting, facilitating or accounting for the results of gambling activities; • Cards; • Dice; • Gambling chips; • Cash exchange terminals; • Progressive meters; • Gambling software; • License agreements; • Card shuffling devices; • Graphical game layouts for table games; • Ace finders or no-peek devices; • Roulette wheels; • Keno equipment; • Tables manufactured exclusively for gambling purposes; • Bet totalizers; • Electronic devices for reading or displaying outcomes of gambling activities; • Tribal lottery systems and components thereof. <p>(ii) Fees from the service, repair and modification of gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Charges for labor and parts for repairing gambling equipment; • Service fees related to gambling operations; • Training or set-up fees; • Maintenance contract fees related to gambling equipment and operations.

Activity:	Gross gambling receipts include amounts due to any operator for:
(g) Gambling service suppliers	Fees from gambling-related services provided in or to be used in Washington to include, but not limited to: <ul style="list-style-type: none"> • Consulting, advisory or management services related to gambling; • Interest from financing the purchase or lease of gambling equipment, infrastructure or facilities or equipment that supports gambling operations; • Acting as a lending agent, loan services or placement agent; • Assembly of components for gambling equipment to be used under a contract with a licensed manufacturer; • Ongoing financial arrangements for gambling related software with a licensed manufacturer; • Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; • Training individuals to conduct authorized gambling activities; • Performing testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compacts; • Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators; • Ownership of proprietary games or equipment.
(h) Punch board/pull-tab service businesses	Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators.
(i) Fund-raising event distributors	Fees from contracts to organize and conduct recreational gaming activities.
(j) Fund-raising events and agricultural fairs	Fees received from the operation of bingo, amusement games, raffles, lotteries, contests of chance, and/or net win from table games operated at a fund-raising event.
<u>(k) Major sports wagering vendor</u>	<u>Fees or revenues received from providing sports wagering goods and services, including management, consulting, sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u>

Activity:	Gross gambling receipts include amounts due to any operator for:
<u>(l) Mid-level sports wagering vendor</u>	<u>Fees or revenues received from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u>
<u>(m) Ancillary sports wagering vendor</u>	<u>Fees or revenues from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</u>

[Statutory Authority: RCW 9.46.070. WSR 20-08-095, § 230-05-112, filed 3/30/20, effective 4/30/20; WSR 18-05-026, § 230-05-112, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-120 Paying annual license fee. (1) All licensed organizations will pay annual license fees (~~(in up to five payments)~~). The annual license fee will be up to five payments and includes:

- (a) A base license fee paid with your:
 - (i) Initial application for a new license or permit; or
 - (ii) License renewal or annual permit application; and
 - (b) Quarterly license fees, if applicable, based on the gross gambling receipts reported on your quarterly license report.
- (2) Licensed organizations starting a new activity will begin paying quarterly license fees, if applicable, on that activity upon completion of the first quarter, whether a partial or full quarter, after your license or annual permit was issued.
- (3) Individual licensees will pay an annual license fee with their initial application or license renewal application.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-120, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 20-12-046, filed 5/28/20, effective 6/28/20)

WAC 230-05-124 Quarterly license reports and quarterly license fees. (~~All~~) Licensed organizations must submit quarterly license reports (and) Licensed organizations must also submit quarterly license fees to us, if applicable, for each licensed gambling activity beginning with the first quarter of their license year. The quarterly license fee is due with the quarterly license report.

The quarterly license reports must be in the format we require and must:

- (1)

Cover the period:	Be received by us no later than:
January 1 through March 31	April 30
April 1 through June 30	July 31
July 1 through September 30	October 31
October 1 through December 31	January 31

(2) Be received online at our administrative office or postmarked no later than the dates indicated in the table in subsection (1) of this section; and

(3) Be submitted even if there is no quarterly license fee payable to us; and

(4) Be accurate; and

(5) Be completed by the highest ranking executive officer or a designee. If someone other than the licensee or an employee prepares the report, the preparer must include his or her name and business telephone number on the report; and

(6) Be submitted for any period of time the license was valid, even if there was no gambling activity or the gambling license was not renewed.

[Statutory Authority: RCW 9.46.070. WSR 20-12-046, § 230-05-124, filed 5/28/20, effective 6/28/20; WSR 18-05-026, § 230-05-124, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 18-11-055, filed 5/10/18, effective 6/10/18)

WAC 230-05-125 Report gross gambling receipts on the quarterly license report. (1) You must report your gross gambling receipts for each of your licensed gambling activities during the previous quarter on your quarterly license report.

(2) You must submit a quarterly license report even if you:

(a) Only need to pay your base license fee;

(b) Have paid the maximum annual license fee for your license year;

~~((b))~~ (c) You do not owe a quarterly license fee for the quarter;

~~((e))~~ (d) Have no gross gambling receipts to report;

~~((d))~~ (e) Close your business;

~~((e))~~ (f) Surrender your license;

~~((f))~~ (g) Do not renew your license; or

~~((g))~~ (h) Your license is revoked or suspended.

[Statutory Authority: RCW 9.46.070. WSR 18-11-055, § 230-05-125, filed 5/10/18, effective 6/10/18.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-126 Online filing and payments required with waivers available upon request for good cause. (1) All licensees must submit the following online, where applicable:

- (a) Renewal application and base license fees; and
- (b) Quarterly license fees; and
- (c) Quarterly license reports.

(2) We may waive these requirements if a licensed organization can show good cause. The reasons for good cause include:

- (a) You do not have access to the internet using your own computer or similar equipment; or
- (b) You do not have a bank account; or
- (c) Your bank is unable to send electronic fund transactions; or
- (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.

(3) We may waive these requirements if a licensed individual can show good cause. The reasons for good cause include:

- (a) You do not have access to the internet using your own computer or similar equipment; or
- (b) You do not have a bank account or credit card; or
- (c) Your bank is unable to send electronic fund transactions; or
- (d) Some other circumstance or condition exists that, in our judgment, prevents you from submitting online.

(4) You must request a waiver when applying for a new license or permit.

(5) A waiver will cover all fees and reports required under subsection (1) of this section.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-126, filed 2/9/18, effective 5/1/18.]

AMENDATORY SECTION (Amending WSR 18-11-055, filed 5/10/18, effective 6/10/18)

WAC 230-05-170 Fees for other businesses. All other business organizations must pay the following fees:

- (1) Annual licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Agricultural fair bingo (annual permit)	\$200	-	-
Call centers for enhanced raffles	\$4,800	-	-
Commercial amusement games	\$500 plus \$65 per approved location	1.130%	\$11,000
Distributor	\$700	1.430%	\$7,000
Fund-raising event distributor	\$280	1.430%	\$1,000
Linked bingo prize providers	\$1,500	.046%	\$20,000
Manufacturer	\$1,500	1.430%	\$25,000

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Manufacturer's special sales permit	\$250	-	-
Punch board/pull-tab service business permit	\$250	-	-
Gambling service supplier	\$300	1.430%	\$7,000
<u>Major sports wagering vendor</u>	<u>\$85,000</u>	=	=
<u>Mid-level sports wagering vendor</u>	<u>\$10,000</u>	=	=
<u>Ancillary sports wagering vendor</u>	<u>\$5,000</u>	=	=

(2) Events or permits:

License or Permit Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Recreational gaming activity	\$65	-	-
Special property bingo	\$30	-	-

(3) Change fees:

Change of:	Fee
Name	\$100
Location	\$100
Business classification (same owners)	\$100
Corporate stock/limited liability company shares/units	\$100
License transfers	\$100

(4) Other fees:

Transaction	Fee
Add a new amusement game location	\$65
Defective punch board/pull-tab cost recovery fees	Up to \$100
Duplicate license	\$50
Pre- and post-licensing investigations	Cost reimbursement
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement

[Statutory Authority: RCW 9.46.070. WSR 18-11-055, § 230-05-170, filed 5/10/18, effective 6/10/18.]

AMENDATORY SECTION (Amending WSR 18-08-053, filed 3/30/18, effective 5/1/18)

WAC 230-05-175 Individual license fees. Individuals must pay the following fees:

(1) Annual license and additional employer fees:

License Type	New Application Fee	Annual Renewal Fee	Additional or Change of Employer Fee
Call center for enhanced raffle representative	\$275	\$170	-
Card room employee license - Nonhouse-banked (Class A)	\$200	\$95	\$65
Card room employee license - Class F and house-banked (Class B)	\$275 (in-state) \$340 (out-of-state)	\$170	\$65
Charitable or nonprofit gambling manager	\$200	\$95	\$95
Commercial gambling manager	\$200	\$95	\$95
Distributor representative	\$275	\$170	\$65
Linked bingo prize provider representative	\$275	\$170	\$65
Manufacturer representative	\$275	\$170	\$65
Gambling service supplier representative	\$275	\$170	\$65
<u>Major sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Mid-level sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>
<u>Ancillary sports wagering vendor representative</u>	<u>\$275</u>	<u>\$170</u>	<u>\$65</u>

(2) Class B card room employees must pay the out-of-state application fee if over the last ten years the applicant lived outside of Washington for six nonconsecutive months or more.

(3) Other service fees:

Transaction	Fee
Change of name	\$30
Card room employee emergency waiver request	\$65
Duplicate license	\$30

(4) Military personnel returning from service. If a license expires while an individual is on active military service, the individual may apply to have their license reissued at the renewal fee. The application must be received within six months after completing their active military service. The applicant must provide evidence of the completion date of active military service.

[Statutory Authority: RCW 9.46.070. WSR 18-08-053, § 230-05-175, filed 3/30/18, effective 5/1/18.]

OTS-3100.1

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-05-101 Implementation of new permit and license fees.

OTS-3102.4

AMENDATORY SECTION (Amending WSR 17-04-009, filed 1/19/17, effective 2/19/17)

WAC 230-06-030 Restrictions and conditions for gambling promotions. Licensees may conduct gambling promotions to encourage players to participate in the gambling activity they are licensed to conduct without our review or approval under these restrictions and conditions:

- (1) You must establish rules and restrictions to determine how you will give promotional prizes and items to players; and
- (2) You must comply with all applicable federal, state, and tribal laws and rules; and
- (3) You must display all rules and restrictions clearly in the gambling area and include them on promotional materials or advertisements; and
- ~~((3))~~ (4) You must give all players eligible for the promotion an equal opportunity to participate; and
- ~~((4))~~ (5) Except for members-only progressive raffles conducted as authorized in WAC 230-11-091, you must not give another chance to participate in a gambling activity we regulate as a promotional item; and
- ~~((5))~~ (6) As part of a gambling promotion, you may add additional merchandise or cash prizes, including increasing payouts for gambling activities you are licensed to conduct; and
- ~~((6))~~ (7) Licensed manufacturers, distributors, and service suppliers may give cash or merchandise items to licensed operators to be used as promotional prizes as long as:
 - (a) The cash or merchandise is offered to all licensed operators; and
 - (b) The gambling promotion is approved by the director or director's designee when cash or merchandise provided to a licensed operator for a single promotion is over twenty-five thousand dollars; and
- ~~((7))~~ (8) In order for a licensed manufacturer, distributor, and service supplier to receive approval, the plan for the gambling promotion must be submitted to the director at least ninety days in advance of the intended start date. The promotion must include sufficient information for the director's approval, comply with all applicable federal and state laws, and include:
 - (a) The gambling promotion rules and restrictions; and
 - (b) How the operator will safeguard the prizes; and
 - (c) How the prizes will be given away; and
 - (d) The beginning and ending dates for the gambling promotion; and
- (e) A detailed prize winner's record to be filled out upon completion of the promotion that includes the winner's name, prizes paid out, date the prize was awarded; and
- (f) Any other information we request; and

~~((8))~~ (9) You must not give promotional prizes or items based on additional elements of chance except that:

(a) Licensed bingo operators are authorized to give promotional prizes or items as part of a bingo game; and

(b) Licensed card rooms are authorized to give promotional prizes or items as part of a physical drawing, spinning a wheel, or selecting from a group of concealed items; and

~~((9))~~ (10) You must not combine gambling activities and related gambling promotions in any way with a promotional contest of chance as defined in RCW 9.46.0356.

[Statutory Authority: RCW 9.46.070. WSR 17-04-009, § 230-06-030, filed 1/19/17, effective 2/19/17. Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 14-17-056 (Order 703), § 230-06-030, filed 8/15/14, effective 9/15/14. Statutory Authority: RCW 9.46.070. WSR 08-17-066 (Order 629), § 230-06-030, filed 8/18/08, effective 9/18/08; WSR 06-17-132 (Order 601), § 230-06-030, filed 8/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 19-11-047, filed 5/10/19, effective 6/10/19)

- WAC 230-06-050 Review of electronic or mechanical gambling equipment.** (1) When you are required to submit gambling equipment, supplies, services, or games for our review to verify compliance with chapter 9.46 RCW and Title 230 WAC, you must pay the application deposit before we perform the review. You must also reimburse us for any additional costs of the review. All costs must be paid in full prior to the completion of the review.
- (2) The gambling equipment submitted for review must be identical or substantially similar to what will be marketed, distributed, and deployed in Washington. If the equipment is not sufficient for testing and review, we may require additional equipment or information.
- (3) If your application is incomplete or we request additional information, you must provide us with the required items within thirty days of notification or we may administratively close your application.
- (4) You can begin accepting orders for gambling equipment when you are licensed.
- (5) Only gambling equipment approved by the director or director's designee is allowed in Washington except as provided under WAC 230-16-005 and 230-19-045.
- (6) We may include security or surveillance requirements as part of gambling equipment approval.
- (7) Gambling equipment must operate as approved by the director or director's designee except as provided under WAC 230-19-045.
- (8) We may keep equipment submitted for review to allow for continued testing and training as long as the equipment remains in play in Washington. We are not liable for any damage to equipment while in our possession.
- (9) If you do not agree with the director or director's designee's decision, you may file a petition for declaratory order with the commission according to RCW 34.05.240 and chapter 230-17 WAC.

[Statutory Authority: RCW 9.46.070. WSR 19-11-047, § 230-06-050, filed 5/10/19, effective 6/10/19; WSR 14-09-037 (Order 696), § 230-06-050,

filed 4/11/14, effective 7/1/14; WSR 07-21-116 (Order 617), § 230-06-050, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-050, filed 8/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 14-09-037, filed 4/11/14, effective 7/1/14)

WAC 230-06-054 Notification of electronic or mechanical gambling equipment malfunctions. Licensees must notify us, in the format we require, within seventy-two hours of identifying or becoming aware of an electronic or mechanical gambling equipment malfunction except for sports wagering vendors as provided under WAC 230-19-045.

[Statutory Authority: RCW 9.46.070. WSR 14-09-037 (Order 696), § 230-06-054, filed 4/11/14, effective 7/1/14.]

AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-06-082 Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers, and call centers for enhanced raffles reporting changes in licensed employees. Manufacturers, distributors, gambling service suppliers, sports wagering vendors, linked bingo prize providers and call centers for enhanced raffles licensees must:

(1) Submit an application and the required fees before allowing licensed employees or sports wagering vendor representatives to begin working.

(2) Notify us in the format we require when a licensed employee or sports wagering vendor representative no longer works for them. We must receive the notice at our Lacey office within ten days of the licensed (~~employee's~~) employee or representative's last day.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-06-082, filed 2/9/18, effective 7/1/18.]

NEW SECTION

WAC 230-06-084 Submitting sports wagering related contracts and agreements. Sports wagering vendors must provide contracts or agreements, or changes to contracts or agreements, with any third parties, excluding contracts or agreements with Washington state tribes, that are part of their sports wagering offerings within thirty days of the effective date of the contract or agreement. Contracts or agreements to be provided will relate to the applicant's or third-party vendor's sports wagering equipment, goods, services, and information.

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AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-06-110 Buying, selling, or transferring gambling equipment. (1) All licensees and persons authorized to possess gambling equipment must closely control the gambling equipment in their possession.

(2) Before selling gambling equipment, licensees must ensure that the buyer possesses a valid gambling license or can legally possess the equipment without a license.

(3) Licensees buying, selling, or transferring gambling equipment must ensure that it will be used pursuant to all state laws and rules, or laws and rules in the jurisdiction(s) where the activity is occurring.

(4) Before purchasing gambling equipment, licensees must ensure that the seller possesses a valid gambling license.

~~((4))~~ (5) Applicants for Class F or house-banked card room licenses may purchase and possess gambling equipment during the prelicensing process, but only after receiving written approval from us.

~~((5))~~ (6) Charitable and nonprofit organizations conducting unlicensed bingo games, as allowed by RCW 9.46.0321, may possess bingo equipment without a license.

~~((6))~~ (7) Group 12 amusement games can only be sold or leased to amusement game licensees by a licensed manufacturer or distributor. Amusement game licensees can lease or rent group 12 amusement games for operation at approved amusement game locations.

~~((7))~~ (8) Licensees may transfer gambling equipment as a part of a sale of a business as long as a condition of the sale is that the buyer receives a gambling license before the sale is complete. Licensees must make a complete record of all gambling equipment transferred in this manner, including I.D. stamps. Licensees must report these transfers, including a copy of the inventory record, to us.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-06-110, filed 2/9/18, effective 7/1/18. Statutory Authority: RCW 9.46.070, 9.46.0201. WSR 16-19-015, § 230-06-110, filed 9/8/16, effective 10/9/16; WSR 16-08-033 (Order 718), § 230-06-110, filed 3/30/16, effective 4/30/16. Statutory Authority: RCW 9.46.070. WSR 08-11-044 (Order 628), § 230-06-110, filed 5/14/08, effective 7/1/08; WSR 07-21-116 (Order 617), § 230-06-110, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-110, filed 8/22/06, effective 1/1/08.]

NEW SECTION

WAC 230-06-116 Transporting, displaying, and selling gambling equipment at trade shows. (1) "Trade show" when used in this section means an exhibition where licensees can promote their products and services to operators of authorized gambling activities in Washington; the exhibition is not open to the public; and it is of limited duration.

(2) "Gambling equipment" as used in this section has the same meaning as in WAC 230-03-200.

(3) "Demonstration mode" when used in this section means when gambling equipment cannot be used for actual wagering and the equi-

ment's coin or bill acceptor is removed or physically restricted from use.

(4) Licensees may transport, display, and accept orders for the sale or lease of their products at trade shows only under the following conditions:

(a) All products must be manufactured by a licensee for activities authorized by state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands; and

(b) All gambling equipment physically displayed must be in demonstration mode and either:

(i) Approved for sale or lease in the state; or

(ii) Not approved by us but is only used for authorized activities under state laws or tribal-state compacts, or is Class II gaming equipment as authorized by federal law for use on tribal lands, and is transported into the state no more than ten days before a trade show begins and is removed from the state within ten days following the last day of a trade show.

(c) Gambling equipment must have a sign posted in close proximity to the device that contains the phrase, "No one under 18 years of age is allowed to operate this machine."

(5) Licensees must provide notification that they will be transporting, displaying, or accepting orders for gambling equipment on a form prescribed by us at least ten days before a specified trade show.

(6) Gambling equipment at a trade show is subject to on-site inspection by us.

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AMENDATORY SECTION (Amending WSR 07-21-116, filed 10/22/07, effective 1/1/08)

WAC 230-06-120 Selling or transferring gambling equipment when no longer licensed. (1) If we have revoked your operator ~~((~~☒~~))~~, distributor, or sports wagering vendor license, your license has expired, or you have voluntarily surrendered your license, you may only sell or otherwise transfer gambling equipment to a licensed manufacturer ~~((~~☒~~))~~, distributor, or sports wagering vendor, as applicable, and consistent with all laws and rules, including WAC 230-06-110.

(2) Transfers of gambling equipment in this manner are subject to the following requirements:

(a) The transfer must be complete within thirty days of the date the license became invalid; and

(b) Distributors must use the cash or credit against amounts they owe manufacturers; and

(c) Operators ~~((~~☒~~))~~, distributors, or sports wagering vendors selling the equipment must report to us within ten days of the transaction a complete inventory of all the gambling equipment transferred, including commission I.D. stamps; and

(d) Manufacturers ~~((~~☒~~))~~, distributors, or sports wagering vendors receiving the equipment must prepare a credit memorandum and retain it with their records.

[Statutory Authority: RCW 9.46.070. WSR 07-21-116 (Order 617), § 230-06-120, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-120, filed 8/22/06, effective 1/1/08.]

OTS-3148.1

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-16-005 Transporting, displaying, and selling
gambling equipment at trade shows.

OTS-3116.4

Chapter 230-19 WAC SPORTS WAGERING

NEW SECTION

WAC 230-19-005 Sports wagering definitions. Definitions for sports wagering used in the chapter are:

(1) "Affiliate" means an individual or organization that promotes sports wagering websites in exchange for a commission or fee.

(2) "Authorized sports wagering menu" means the official list of sports, leagues, and types of wagers authorized through the tribal-state sports wagering compact process to be offered for sports wagering in the state.

(3) "Esports" means a video game competition in which players and teams compete against each other.

(4) "Geofence" means a virtual geographic boundary that enables software or other technology to determine geolocation and detect when a mobile device enters or leaves an approved designated area that allows a patron to place a wager for mobile sports wagering.

(5) "Integrity monitoring provider" means an independent organization licensed to receive reports of unusual wagering activity from a sports wagering operation for the purpose of assisting in identifying suspicious wagering activity.

(6) "Minor league" means a lower professional league or division within a sport, such as baseball or hockey, where a professional team has the exclusive contractual rights to promote and relegate players.

(7) "Mobile device" means a portable electronic equipment used in mobile sports wagering, for example a smartphone.

(8) "Mobile sports wagering" means any sports wagering on a platform that is deployed and accessed through the internet or an application installed on a mobile device.

(9) "Prohibited sports wagering participant" means any person who is prohibited pursuant to RCW 9.46.037 and any person whose participation may undermine the integrity of the wagering or the sporting event, or any person who is prohibited for other good cause including, but not limited to, any person placing a wager as an agent or proxy; and person who is an athlete, coach, referee, player, in, or on, any sporting event overseen by that person's sports governing body; any person who holds a position of authority or influence sufficient to exert influence over the participants in a sporting event that is the subject of a wager, or as identified to us or by a tribal gaming agency.

(10) "Sports wagering account" means an electronic account established by a patron for the purpose of sports wagering, including deposits, withdrawals, wagered amounts, payouts on winning wagers, or similar adjustments.

(11) "Sports wagering kiosk" means a self-service automated device used by patrons to make wagers on sporting events, obtain wagering information, redeem sports wagering vouchers and wagering tickets, and any other automated functions used for sports wagering.

(12) "Sports wagering system" means all equipment, hardware, data networks, communications technology, and software used in a sports wagering operation and that directly affect the wagering and results of sports wagering including, but not limited to:

(a) Interactive components, including all associated equipment and software that comprise the sports wagering platform used by a sports wagering operation or for online or mobile sports wagering;

(b) Sports wagering kiosks; and

(c) Ticket or voucher redemption devices.

This does not include a mobile device owned and used by a patron to place a sports wager.

(13) "Sports wagering vendor" means all three sports wagering license types: Major, mid-level, and ancillary identified in this chapter unless identified otherwise in these rules.

(14) "Suspicious wagering activity" means unusual wagering activity that cannot be explained and is indicative of illegal activity including, but not limited to: Money laundering, match fixing, manipulation of an event, misuse of inside information, or other activity that is prohibited by federal, state, tribal, or local law.

(15) "Unusual wagering activity" means abnormal wagering activity or pattern of behavior exhibited by one or more patrons as a potential indicator of suspicious activity. Abnormal wagering activity may include, but is not limited to, the size of a person's wager or increased wagering volume on a particular event or wager type and/or other deviations readily apparent based on prior wagering history.

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NEW SECTION

WAC 230-19-010 Sports wagering vendors must ensure sports wagering vendor representatives are licensed. (1) Sports wagering vendors

must ensure all sports wagering vendor representatives are licensed as required by rule.

(2) Sports wagering vendors must take all measures necessary to prevent an unlicensed sports wagering vendor representative from working in our state.

[]

NEW SECTION

WAC 230-19-015 Accounting records for sports wagering vendors.

Sports wagering vendors must keep and maintain a complete set of records for their licensed activity in the state and include, at a minimum:

(1) Double entry method accounting updated at least once a month, including a monthly balance for each account; and

(2) Maintain their records in accordance with generally accepted accounting principles and ensure that records can be reconciled to the licensee's federal income tax return; and

(3) Maintain and keep for at least three years following the end of the fiscal year:

(a) **Cash disbursements book (check register)** - Documenting all expenses, both sports wagering and nonsports wagering related, with invoices or other appropriate supporting documents. Information must be entered monthly and include, at least:

(i) The date the check was issued or payment made; and

(ii) The number of the check; and

(iii) The name of the payee; and

(iv) Type of expense; and

(b) **Cash receipts** - Recording cash sales and cash received from all sources. Information must be entered for each payment received monthly and include, at least the:

(i) Date; and

(ii) Name of the person paying; and

(iii) Amount; and

(c) **General ledger** - For sales that are greater than five hundred thousand dollars per year, a general ledger must be kept containing, in addition to all other accounts by month, a separate sales account for each type of sale; and

(d) **Bank reconciliation** - Reconciling their accounts each month. "Reconcile" means the sports wagering vendor must compare the two balances, resolve any differences, and document the comparison and the differences in writing; and

(e) **Copies of all financial data** - Supporting tax reports to governmental agencies; and

(f) Maintain copies of all contracts related to sports wagering they enter into which fully disclose all terms.

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NEW SECTION**WAC 230-19-020 Sales invoices for sports wagering vendors.**

Sports wagering vendors must document each sale of equipment or services, any return or refund, or any other type of transfer of sports wagering equipment in the state, with a standard sales invoice and credit memo. These must:

- (1) Be prenumbered sequentially at the time of purchase, using not less than four digits. Computer generated numbering systems may be used if:
 - (a) The system numbers the invoices and credit memos sequentially; and
 - (b) The same system is used for all sales; and
 - (c) A manual override function must not be used; and
- (2) Record:
 - (a) The date of sale. The date of delivery must also be entered if different from the date of sale; and
 - (b) The customer's name and complete business address; and
 - (c) A full description of each item sold, or service provided; and
 - (d) The quantity and price of each item; and
 - (e) The gross amount of each sale, including all discount terms and the total dollar amount of any discount.

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NEW SECTION**WAC 230-19-025 Sales journals for sports wagering vendors.**

Sports wagering vendors must keep a monthly sales journal for transactions in the state containing, at least:

- (1) Each date of sale; and
- (2) Each sale invoice number; and
- (3) The name of the person paying; and
- (4) Sale categorized by the sports wagering goods, equipment, or services sold; and
- (5) The total amount of each invoice.

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NEW SECTION

WAC 230-19-030 Authorized sports wagering menu. (1) Sports wagering vendor may only offer, facilitate, or promote wagering that is on the authorized sports wagering menu.

(2) The authorized sports wagering menu will be updated by us as leagues, organizations, or types of wagers are approved or removed.

(3) The authorized sports wagering menu will be published on the agency's website.

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NEW SECTION

WAC 230-19-035 Sports wagering integrity. (1) Sports wagering vendor and vendor representatives must promptly notify us upon any discovery of a violation or a suspected violation of chapter 9.46 RCW, this chapter, or other federal, state, tribal, or local statute, ordinance, administrative rule, or court order.

(2) Sports wagering vendor and vendor representatives must monitor for unusual and suspicious wagering activity.

(3) Sports wagering vendor and vendor representatives must make reasonable efforts to detect and prevent prohibited sports wagering participants from participating in sports wagering.

(4) Sports wagering vendor and vendor representatives must promptly notify us, in the format we require, when unusual wagering activity or suspicious wagering activity is identified, including changes with the status of, or information related to, a previously reported unusual or suspicious wagering activity.

(5) Sports wagering vendor and vendor representatives will provide sports wagering information to us, or an integrity monitoring provider(s), designated by us, when requested.

(6) Sports wagering vendor and vendor representatives will provide us access to their sports wagering system, including hardware and software, if needed, to access specific information or data to assist us with integrity monitoring and investigations.

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NEW SECTION

WAC 230-19-040 Integrity monitoring provider requirements. (1) Integrity monitoring providers must have systems to receive and analyze sports wagering data and information to be able to monitor, identify, and report on unusual or suspicious wagering activity.

(2) Integrity monitoring providers will provide us access to required sports wagering information to assist us with integrity monitoring and investigations.

(3) Integrity monitoring providers must immediately notify us when they identify unusual wagering activity or suspicious wagering activity.

(4) Integrity monitoring providers must immediately notify us, and all other integrity monitoring providers, sports wagering operators, and all other agencies or organizations as directed by us, on any previously reported unusual wagering activity it finds rises to the level of suspicious wagering activity.

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NEW SECTION

WAC 230-19-045 Sports wagering system requirements. (1) Sports wagering vendors must be licensed before the sale or delivery of a sports wagering system(s) to be used in our state.

(2) All sports wagering systems, including sports wagering kiosks, must be tested and certified by a licensed independent testing laboratory.

(3) All sports wagering systems must meet or exceed Gaming Laboratory International GLI-33: Standards for Event Wagering Systems, including appendices and amendments; the standards established under tribal-state sports wagering compact amendment appendices, and any applicable provisions of tribal-state compacts and appendices for which the sports wagering system will operate or additional standards agreed to by us and a tribal gaming agency.

(4) All sports wagering systems must be approved by the tribal gaming agency where the system is to be installed and operated.

(5) No substantive modifications to a sports wagering system may be made after an independent test laboratory has certified a sports wagering system without the modification being certified by the independent test laboratory.

(6) A sports wagering system shall have controls in place to review the accuracy and timeliness of any data feeds used to offer or settle wagers.

(7) The primary server for a sports wagering system must be in our state and located within a tribal gaming facility.

(8) Cloud storage for sports wagering data and information may be used for duplicate or backup data. Cloud storage facilities, as specified in the applicable tribal-state sports wagering compact amendment, must be located in our state.

(9) Sports wagering systems, at a minimum, must be capable of generating reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to sports wagering as required by us, a tribal gaming agency, or internal controls. These reports include, but are not limited to:

- (a) Gaming operation revenue;
- (b) Gaming operation liability;
- (c) Future event;
- (d) Significant events and alterations;
- (e) Wager record information;
- (f) Market information;
- (g) Contest or tournament information;
- (h) Sports wagering account information;
- (i) Sports wagering system information;
- (j) Significant event information;
- (k) User access information;
- (l) Wagering device information;
- (m) Promotion or bonus information;
- (n) Event game play;
- (o) Expired ticket; and
- (p) Any other reports required by us or a tribal gaming agency.

(10) Sports wagering systems, including sports wagering kiosks and mobile sports wagering will, at a minimum, allow for a display of commitment to responsible gaming and link to, or provide notice of, the tribal sports wagering operator's responsible gaming policies. Responsible gaming solutions include:

- (a) Patron controlled wager and deposit limits; and
- (b) Problem gambling resources for patrons.

(11) Sports wagering vendors bringing sports wagering systems, equipment, components, and kiosks, into our state must provide us access to the sports wagering system(s), including hardware, software,

or other related sports wagering equipment, as needed, for us to develop our regulatory program and trainings.

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NEW SECTION

WAC 230-19-050 Geofence and geolocation requirements. (1) Mobile sports wagering must be contained to an approved tribal gaming facility premises as approved pursuant to each tribal-state sports wagering compact amendment. Sports wagering vendors will have geofence and geolocation compliance and monitoring controls to ensure wagers cannot be placed in violation of federal, state, or tribal laws and rules.

(2) Geofence and geolocation systems will be updated, as needed or required by tribal-state compact, to ensure that the system detects and mitigates existing and emerging location fraud risks.

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NEW SECTION

WAC 230-19-055 Sports wagering account requirements. (1) Sports wagering vendor and vendor representatives that manage or have access to a sports wagering account must maintain and produce all sports wagering account information when requested by us or a tribal gaming agency.

(2) A sports wagering account connected to a sports wagering system, or mobile sports wagering, must ensure that a sports wagering patron cannot have more than one active sports wagering account and username for each sports wagering operation authorized through tribal-state compact.

(3) A sports wagering account must be registered and verified in person at a tribal gaming facility before the acceptance of any wager using that sports wagering account.

(4) A patron's identification for a sports wagering account must be reverified upon reasonable suspicion that the patron's identification has been compromised.

(5) Sports wagering vendors who maintain sports wagering account funds shall hold these funds at a federally regulated financial institution who does business in our state.

(6) Patron funds held in a sports wagering account shall not be allowed to be transferred from an individual's patron account to another different individual's patron account.

(7) Sports wagering vendor and vendor representatives will not require or advise a patron to transfer or maintain sports wagering account funds in order to circumvent or violate any provision or requirement established in any federal, state, tribal, or local statute, ordinance, administrative rule, or court order.

(8) Sports wagering vendor and vendor representatives that direct, assist, or manage sports wagering accounts shall provide a conspicuous and readily accessible method for a patron to close their sports wagering account and any fund balance remaining in a patron's

closed sports wagering account will be dispersed pursuant to the internal controls of the tribal sports wagering operator.

(9) Patrons are prohibited from allowing any other patron to access or use their sports wagering account.

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NEW SECTION

WAC 230-19-060 Records retention for sports wagering vendors.

Where applicable, sports wagering vendors must retain the following records:

- (1) For at least five years:
 - (a) Suspicious wagering activity; and
 - (b) Unusual wagering activity.
- (2) For at least three years at the end of their fiscal year:
 - (a) All required accounting records;
 - (b) Sales invoices;
 - (c) Sales journals; and
 - (d) Credit memos.
- (3) For at least two years:
 - (a) Data feeds;
 - (b) Sports wagering account information;
 - (c) Mobile wagering account information; and
 - (d) Geofence or geolocation information.

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