

WSR 24-03-066

PROPOSED RULES

GAMBLING COMMISSION

[Filed January 12, 2024, 12:27 p.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 23-19-093.

Title of Rule and Other Identifying Information: Chapter 230-11 WAC, Related to raffles, specifically raffle prizes, members-only raffles, and recordkeeping.

Hearing Location(s): On March 14, 2024, at 9:30 a.m., at the Washington State Gambling Commission, 4565 7th Avenue S.E., Lacey, WA 98503. The meeting time and location are tentative. Visit our website at www.wsgc.wa.gov approximately seven days prior to the meeting and select "About Us" and then "Upcoming commission meetings" to confirm the hearing date, location, start time, and agenda items.

Date of Intended Adoption: March 14, 2024.

Submit Written Comments to: Damon Mentzer, P.O. Box 42400, Olympia, WA 98504-2400, email rules.coordinator@wsgc.wa.gov, www.wsgc.wa.gov, by March 13, 2024.

Assistance for Persons with Disabilities: Contact Julie Anderson, phone 360-486-3453, TTY 360-486-3637, email julie.anderson@wsgc.wa.gov, www.wsgc.wa.gov, by March 13, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: Petitioners have requested a number of changes: (1) To keep up with inflation in terms of maximum prize value and maximum ticket price; (2) to alter some of the limitations on members-only raffles; and (3) to ease the burden of recordkeeping.

Reasons Supporting Proposal: Petitioners requested these changes to improve their ability to fundraise effectively and efficiently with raffles as an operation.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: RCW 9.46.070.

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

Name of Proponent: Ducks Unlimited, Rocky Mountain Elk Foundation, Nonprofit Association of Washington, Congressional Sportsmen's Foundation, and Coastal Conservation Association, private and governmental.

Name of Agency Personnel Responsible for Drafting: Damon Mentzer, Rules Coordinator, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3455; Implementation: Tina Griffin, Director, 4565 7th Avenue S.E., Lacey, WA 98503, 360-486-3546; and Enforcement: Gary Drumheller, Deputy 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) (b) (v).

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 rules only correct typographical errors, make address or name changes, or clarify language of a rule without changing its effect; and rule content is explicitly and specifically dictated by statute.

Scope of exemption for rule proposal:

Is fully exempt.

January 12, 2024

OTS-5064.2

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

WAC 230-11-065 Raffle prizes. (1) Organizations must own the prizes offered to winners before the date of the drawing. However, if the winner has an option to receive a cash prize instead of the merchandise, the organization may enter into a contract to purchase the merchandise prize after the winner chooses his or her option. The organization must have the funds to make the purchase on account before the date of the drawing.

(2) At the time and date of any raffle drawing, the organization must have on deposit an unencumbered amount of money that is equal to or greater than all cash prizes being offered in the raffle. The organization must have these funds deposited in the gambling receipts account, if required, or in a recognized Washington state depository authorized to receive funds. The organization must not reduce the balance of funds available from this account below the required amount before awarding the prize(s).

(3) Raffle prizes must:

(a) Be available at the time and place of the drawing; and

(b) If cash, be United States currency or an equivalent amount of negotiable instruments; and

(c) For licensees, not exceed (~~forty thousand dollars~~) \$60,000 per prize or (~~three hundred thousand dollars~~) \$300,000 in total raffle prizes in a license year, except as authorized in WAC 230-11-067.

(4) For enhanced raffles, a purchase contract is not necessary for smaller noncash prizes, but the bona fide charitable or nonprofit organization must be able to demonstrate that such a prize is available and sufficient funds are held in reserve in the event that the winner chooses a noncash prize.

AMENDATORY SECTION (Amending WSR 12-05-067, filed 2/15/12, effective 3/17/12)

WAC 230-11-067 Requesting commission approval prior to offering raffle prizes exceeding (~~forty thousand dollars~~) \$60,000 per prize or (~~three hundred thousand dollars~~) \$400,000 in a license year. (1) The commissioners may vote to approve a licensee to exceed raffle prize limits if a licensee shows good cause in writing.

(2) Prior to offering raffle prizes that exceed (~~forty thousand dollars~~) \$60,000 per prize, the licensee must submit a raffle plan to us that includes at least the following information:

(a) The organization's goals for conducting the raffle; and

(b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and

- (c) Specific details of the raffle rules including:
 - (i) Date of the drawing; and
 - (ii) Cost of raffle tickets; and
 - (iii) Prizes available; and
 - (iv) Security of prizes; and
 - (v) Plans for selling raffle tickets; and
 - (vi) Description of how the licensee protects the integrity of the raffle; and
 - (d) An explanation of how the proceeds from the raffle will be used; and
 - (e) A plan to protect the licensee in the event of low ticket sales and other risks. Provided, that if the organization determines that ticket sales are below the number of tickets disclosed in the raffle plan required to award the grand prize, the winner must receive at least 50 percent of the net proceeds in excess of expenses; and
 - (f) An explanation of how the licensee will purchase the prize(s) for the raffle; and
 - (g) A projected budget including:
 - (i) Estimated gross gambling receipts, expenses, and net income for the raffle; and
 - (ii) Minimum number of projected ticket sales to break even; and
 - (iii) Corresponding sales and prize levels with projected revenues and expenses for each level; and
 - (iv) Minimum and maximum prizes available; and
 - (h) Any other information that we request or any information the licensee wishes to submit.
- (3) Prior to offering raffle prizes that exceed (~~three hundred thousand dollars~~) \$400,000 in a license year, the licensee must submit a raffle plan that includes:
- (a) The organization's goals for conducting raffles; and
 - (b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and
 - (c) Plans for selling raffle tickets; and
 - (d) Brief overview of prizes awarded; and
 - (e) Estimated gross gambling receipts, expenses, and net income for the raffles; and
 - (f) Any other information that we request or any information the licensee wishes to submit.

AMENDATORY SECTION (Amending WSR 06-20-040, filed 9/26/06, effective 1/1/08)

WAC 230-11-075 Limit number of guests for members-only raffles.
If guests are allowed to participate in the raffle, the total number of guests (~~participating in a raffle~~) at the event must not exceed (~~twenty-five~~) 50 percent of the total attendance (~~of the meeting~~).
 The organization must maintain records to show compliance with this requirement.

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

WAC 230-11-085 Modified (~~and discounted~~) pricing plans for tickets for members-only raffles. (1) Licensees may use modified ticket pricing plans at members-only raffles when gross revenues do not exceed (~~five thousand five dollars~~) \$5,005. One type of modified pricing plan is a penny raffle. A penny raffle is a raffle where licensees sell (~~five hundred~~) 500 consecutively numbered tickets. Participants randomly choose tickets and pay the consecutive number of the ticket multiplied by a predetermined cost, for instance, one penny.

(2) In modified pricing plans, licensees may sell tickets to enter a raffle for different values, not to exceed (~~ten dollars~~) \$10 for a single ticket, if the licensee:

(a) Discloses to the participants the pricing plan before selling them a ticket to participate. The licensee must disclose to the participant the total number of tickets in the population available and the number of tickets at each price level; and

(b) Allows participants to randomly select their ticket from the population of remaining tickets and pay the amount printed on the ticket they select; and

(c) Establishes records for an adequate audit trail to determine gross gambling receipts; and

(d) Holds no more than two such drawings during a meeting or event (~~; and~~

~~(e) Sells multiple tickets to enter one or more drawings as a package and the total price of the package must not exceed twenty-five dollars).~~

AMENDATORY SECTION (Amending WSR 06-20-040, filed 9/26/06, effective 1/1/08)

WAC 230-11-086 Discounted pricing plans for tickets to members-only raffles. In discounted pricing plans, licensees may sell tickets for a discounted price based on the number of tickets a player purchases if:

(1) The amount of the discount is set before any raffle tickets are sold; and

(2) Participants are allowed to purchase a single ticket; and

(3) There is only one discount plan for each raffle; and

(4) The cost of a single ticket, without a discount, does not exceed (~~ten dollars; and~~

~~(5) The total cost of a discount package does not exceed twenty-five dollars)~~ \$100; and

(~~(+6)~~) (5) The cost of a single ticket is printed on each ticket (for example, one dollar each); and

(~~(+7)~~) (6) The discounted tickets are identified by a unique ticket audit numbering system; and

(~~(+8)~~) (7) The licensee establishes an audit system that includes internal controls and procedures to determine gross gambling receipts from the sale of tickets using a discounted pricing plan.

AMENDATORY SECTION (Amending WSR 17-23-170, filed 11/21/17, effective 12/22/17)

WAC 230-11-087 Other pricing plans for members-only raffles.

(1) Licensees may sell multiple tickets to enter one or more drawings as a package (~~(if the total price of the package does not exceed twenty-five dollars)~~).

(2) Licensees may include tickets to enter a raffle as a part of a package that includes dues, entertainment, or other fund-raising activities if:

(a) The package discloses the value of each component of the package to the purchaser; and

(b) The value of each individual raffle ticket does not exceed (~~one hundred dollars~~) \$100.

(3) Individual tickets must be available for purchase for all raffles.

AMENDATORY SECTION (Amending WSR 14-21-079, filed 10/13/14, effective 1/1/15)

WAC 230-11-105 Retain and store raffle records. (1) Records for unlicensed raffles must be kept for one year following the date of the raffle drawing.

(2) Records for licensed raffles must be kept for three years from the end of the licensees' fiscal year in which the raffle was completed, with the exception of the following records, which must be retained for one year from the end of the licensee's fiscal year in which the raffle was completed:

(a) All ticket stubs for raffles that participants are not required to be present at the drawing; and

(b) All unsold tickets for individual raffles for which gross gambling receipts exceed \$5,000.

(3) Organizations must keep all records at the main administrative or business office of all organizations that are located in Washington and have the records available for our review or audit.

(4) Organizations that do not have an administrative or business office must have and designate a records custodian that resides in Washington. The records custodian is responsible for retaining all raffle records in Washington state after the raffle has been completed. The organization will provide us with the following information:

(a) The name, address, and telephone number of the records custodian; and

(b) The address of the location where records will be maintained.

(5) We may allow an organization to maintain records outside the state of Washington if the organization submits a written request. We may withdraw this permission at any time. The request must include the following information:

(a) The reason records need to be maintained outside of the state of Washington;

(b) The name, address, and telephone number of the records custodian; and

(c) The address of the location where records will be maintained.

(6) Records approved to be maintained outside the state of Washington must be delivered to us within seven days of our request.