



STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

January Gambling Commission Meeting Minutes

Hampton Inn & Suites 4301 Martin Way E.
Olympia, WA 98516

**Public Meeting
January 11, 2018**

Commissioners Present:

Bud Sizemore, Chair
Julia Patterson, Vice Chair
Chris Stearns
Ed Troyer

Staff Present:

David Trujillo, Director; Amy Hunter, Deputy Director; Tina Griffin, Assistant Director; John Meader, Assistant Attorney General; Brian Considine, Legal and Legislative Manager; Julie Lies, Tribal Liaison; Heather Songer, Public Information Officer; Julie Anderson, Executive Assistant.

Executive Session Call to Order

Chair Sizemore called the January Gambling Commission Meeting to order at 10:35 a.m. and immediately went into Executive Session to discuss Tribal Negotiations, Pending Investigations and Litigation.

Public Session Call to Order

Chair Sizemore called the Gambling Commission to order at 12:35 p.m. Chair Sizemore announced that because the Gambling Commission is a law enforcement agency, he intends to open each meeting with a moment of silence for those officers killed in the line of duty. Today's moment of silence was dedicated to Deputy Daniel McCartney. Deputy McCartney was shot in the line of duty January 8th, 2018.

Chair Sizemore welcomed everyone to the Hampton Inn & Suites and introductions were made. The meeting immediately started with the approval of part three of Tab 1, Snoqualmie Class III License Certification.

Commissioner Patterson moved to approve the Snoqualmie Class III Gaming Employees Certifications as presented in the consent agenda.

Commissioner Troyer seconded the Motion.

The Motion passed. 3:0

Commissioner Stearns abstained.

Commissioner Troyer had to leave the meeting and was not present for the remainder of the action items.

There were 42 people in attendance.

The Chair adjusted the agenda to accommodate Senator Phil Fortunato's schedule. Brian Considine, Legal and Legislative Manager, and Senator Fortunato spoke about ESSB 5671. **Manager Considine** mentioned the Commission voted to oppose the bill last year due to staff concerns. This bill increases the number of raffles open to the public to four events per year and increases the maximum revenue limits for raffles to \$10,000. This bill also: authorizes tiered levels of discounted packages for raffle tickets; modifies the process for conducting random draw raffle events involving a physical item selected by a participant, commonly referred to as duck draws; and redefines the term raffle to eliminate the need for an accompanying ticket for certain duck draw events.

Commissioner Patterson asked staff to expand on the concerns expressed in the bill regarding the limits an organization can bring in when the organization is not licensed. **Manager Considine** explained that with increases in the potential revenue that comes in, it has potential for increased crime. Staff felt a neutral position was for \$10,000. **Chair Sizemore** thanked the Senator for coming to the Commission Meeting.

Tab 1

Consent Agenda:

November Commission Meeting Minutes/ New Licensees

Commissioner Patterson moved to approve the Consent Agenda as presented.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Director Trujillo introduced Washington State Gambling Commission's Newest Agent, Jason Downing. Special Agent Downing joined the Licensing Unit on December 28, 2017.

Tab 1

2018 Legislative Update

Legal and Legislative Manager Brian Considine presented the legislative materials in Tab 1. Manager Considine spoke about the 2018 legislative session and the bills specifically linked to the Gambling Commission. The Gambling Commission does not have any agency request legislation bills for 2018. He discussed Representative Sawyer's House Bill 2332 concerning problem gambling. Commissioner Patterson, Director Trujillo along with himself testified in favor of HB 2332 on January 9th. No one opposed. The bill specifically directs the commission to create a self-exclusion program by June 30th of 2020. Manager Considine explained that a one-time startup cost would be needed to create a software infrastructure through IT, education, and outreach. The agency estimates that startup costs to the agency are about \$47,000. In addition, he said that Senator Conway agreed to be the prime sponsor on companion bill Senate Bill 6331 and that a Senate hearing will help educate the Senate, Labor, and Commerce Committees on the self-exclusion and problem gambling issues. **Commissioner Patterson** said it would be very beneficial to the success of HB 2332 if the Gambling Commission took a favorable position.

Commissioner Patterson moved that the Gambling Commission support HB 2332 and companion Senate Bill 6331 and direct staff to notify the appropriate legislators and committees of Commission's support and attempt to secure a one-time appropriation to offset the cost of establishing this program.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Commissioner Patterson said this is a wonderful opportunity to make a real difference with regard to the issue of problem gambling in this state. She said, right now, if someone was a problem gambler in this state, and had moments of clarity, and would like to do something to prevent themselves from falling back into their addiction, the person must go to each gambling location and ask to be self-barred. One thing we don't have in this state is the ability for those citizens of ours to go to one central place and bar themselves from all establishments. She explained that this bill will not automatically include the tribes. However, it has language that invites the tribes to participate voluntarily and allows time for staff to engage the tribes with our hopes that, eventually, they will participate. If it passes, it means that we here at the Gambling Commission will be writing the rules on how to create that statewide system for self-barring. Commissioner Patterson reiterated that it's an excellent first step but one of the steps that we need to be taking to address the problem. **Commissioner Stearns** also said he agrees that the Gambling Commission should support HB 2332. He said this bill is groundbreaking, and he has incredible respect and profound gratitude for all the work that's gone into it, and his view is that this is the first step. He says problem gambling is an under-addressed issue nationally and in our state. And, he said the ability for people to self-exclude and to have it become less of a problem for them to do that is really vital for the people of Washington. **Chair Sizemore** concurred with both the statements from the Commissioners.

Manager Considine continued his Legislative update on the following bills.

HB 2103

Representative Sawyer's HB 2103 was introduced last year. It establishes a new appropriated account to fund the Gambling Commission's law enforcement duties. This bill is unlikely to be advanced in 2018.

SB 5169

Senator Ericksen's SB 5169 was introduced last year and it authorizes fantasy sports as contests of skill and excludes them from Washington's gambling laws. This bill is unlikely to be advanced in 2018.

Initiative I-940

I-940 is an initiative to the Legislature. It amends the criminal standard for prosecuting a law enforcement officer by removing the malice requirement currently in law and replacing it with an objective and subjective good faith standard that both must be met to receive immunity under the law.

The legislature will have three options during the 2018 legislative session: (1) adopt the initiative as proposed, with no amendments, and it becomes law without a vote of the people; (2)

no action and the initiative will be on the November 2018 general election ballot for a vote of the people; or (3) enact a different bill on the same subject and the bill and initiative will be on the November 2018 general election ballot for a vote of the people.

Professional and Amateur Sports Protection Act (PASPA)

On December 4, 2017, the U.S. Supreme Court heard oral arguments in *Christie v. NCAA, et al.* and *New Jersey Thoroughbred Horsemen's Association v. NCAA, et al.* The court will determine if PASPA is constitutional and/or New Jersey's repeal of its laws prohibiting sports betting was lawful. The U.S. Supreme Court will decide no later than July 2018 if PASPA violates the 10th Amendment, which protects state's rights (federalism).

Commission staff will continue to identify the possible impacts of a court decision invalidating PASPA.

Director's Report

In addition to a written report this month, **Director Trujillo** announced that the Gambling Commission has launched their new website. He recognized the Public Information Officer, Heather Songer for her work on the website. He also mentioned that Ms. Songer has been working with Pierce County Sheriff's office on an agency assist to help in the Joint Information Center in preparation with events surrounding the line of duty death and planning the funeral of Deputy Sheriff Daniel McCartney.

Director Trujillo acknowledged Mr. Eric Durban from the Muckleshoot Casino who was in the audience. He said Mr. Durban previously announced his retirement as Chief Financial Officer from Muckleshoot Casino. Director Trujillo said he has known Mr. Durban for many years and shared two short stories with the Commission. He will present Mr. Durban with an agency coin at his next opportunity.

Director Trujillo reported on the Spokane Tribal Casino's opening on January 8, 2018. He said that despite the weather and cold temperatures, many people were waiting for the doors to open. Director Trujillo also shared that the Gambling Commission is planning a strategic planning work session at the April Commissioner meeting. He will share a short introduction of the process at the February Commission meeting. At the March Commission meeting he will do a presentation that builds on February's presentation that will further define the April strategic planning work session.

Director Trujillo reported that the Governor's Office is still considering candidates for the vacant position on the Gambling Commission.

Finally, Director Trujillo gave a brief update on pull-tabs. He reminded everyone that in his opinion discussing the topic was not discussing an expansion of gambling. He explained that it made sense to see how we can look at technology or modernization of pull-tabs dispensers to help to eliminate cheating and theft. He said that no one has asked to do away with paper. Paper is integral to the play of pull-tabs in Washington. He also said that if someone requests to do away with "paper," that may make the discussion a topic for the Legislature. He said before committing staff to a lot of research on how modernizing pull-tab dispensers, he asked the Commissioners how they felt about this topic. **Chair Sizemore** explained that staff didn't have time that would be necessary, in the short- and mid-range time period, to really get into the depth

and breadth that this topic would require and that this may be discussed later in the year as a strategic topic.

Tab 2

Defaults

Staff Attorney, Haylee Mills presented the materials for Tab 2.

Commissioner Patterson moved to revoke the Card Room Punch Pull-Tab License Revocation for MEWE, Inc. dba Viking Card Room.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Commissioner Stearns moved to revoke the Class III Certification for Sasheen L. White.

Commissioner Patterson seconded the Motion.

The Motion passed. 3:0

Tab 3

Staff Request for Rule Changes/Fee Simplification (Package #4)

Assistant Director Tina Griffin presented the materials for Tab 3. This is the fourth Rule Changes/Fee Simplification package staff will bring forward to make changes to the Commission's licensing fee structure. This package clarifies that annual activity report filers will report their gambling activity for their license year through June 30, 2018 on July 30, 2018. All licensees will begin reporting their activity quarterly beginning with the July 1-September 30 quarter. The Rule Changes/Fee Simplification Package #4 will likely be up for final action at the March Commission Meeting.

Public Comment: There was no public comment.

Commissioner Patterson moved to file the Rule Changes/Fee Simplification Package #4 as presented by staff.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Tab 4

Staff Request for Rule Changes/Fee Simplification (Package #1)

Assistant Director Tina Griffin presented the materials for Tab 4. The Rule Changes/Fee Simplification Package #1 was the first Rule Changes/Fee Simplification package to be heard by the Commission in September 2017. At the January meeting there was no further discussion on the package. Staff recommends final action with an effective date of May 1, 2018, so that the licensees who are renewing June 30, 2018 will pay their fees under the new system.

Public Comment: There was no public comment.

Commissioner Patterson moved to approve the Fee Simplification Package #1 as presented by staff with an effective date of May 1, 2018.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Tab 5

Staff Request for Rule Changes/Fee Simplification (Package #2)

Assistant Director Griffin presented the materials for Tab 5. The Rule Changes/Fee Simplification Package #2 was first heard by the Commission in October 2017. Staff is asking for action to be taken on a couple rules in regards to this package. Package #2 deals with a number of rules, mainly removing the word “class” and then instead of using the word “class” or “license class,” we now focus on the gross gambling receipts level of the licensee. This rules package also establishes new due dates for quarterly activity reports. It requires licensees to submit quarterly activity reports until they move into the new fee structure and then for the last quarter that they operated under the old fee structure, licensees will need to submit a quarterly activity report. Also, service suppliers will need to submit quarterly activity reports beginning with the third quarter of 2018. Lastly, it adds a process that we will use if a licensee doesn't submit to their quarterly license report or doesn't pay their quarterly licensing fees. Staff is requesting final action with an effective date of July 1st, 2018.

Commissioner Stearns moved to approve the Rule Changes/Fee Simplification Package #2, as presented by staff with an effective date of July 1st, 2018.

Commissioner Patterson seconded the Motion.

The Motion passed. 3:0

Public Comment: Aleena Schneider with Harlequin Productions gave public testimony regarding her concerns about the license fee increase of 150% for her company. She said that the real impact to her organization is that they are currently paying about \$680 a year, and the change would put them closer to \$1,700 a year; a 150% increase. And she said for a small nonprofit, \$1,000 is a huge expense. She added that she had sent in her comments, and was really pleasantly surprised when Mr. Trujillo called her to set up an appointment to come and talk to her. She stated that she understands things haven't changed, and the Commission is continuing forward so she wanted to come testify in person. She stated that she has an accounting background and thought the main problem was the decision to cap the fee at \$2,000. She added that the change serves to punish the small nonprofits and she can't imagine that was intentional.

Chair Sizemore discussed the process and the key issues being addressed and that the 1973 structure was no longer reflective of today and the new structure more accurately reflected level of activity and effort. **Director Trujillo** offered to personally meet with her board. **Chair Sizemore** thanked Ms. Schneider for her testimony and asked her to come back and speak to the Commission after two quarters under the new structure and tell them how it is going.

Tab 6

Staff Request for New Rule

Assistant Director Griffin presented the materials for Tab 6. Staff is requesting this new rule to require a manufacture or its designee to submit electronic or mechanical gambling equipment for evaluation during rule-making. This rule will allow staff to request and evaluate equipment during the rule-making process. Commissioners first heard this request in September 2017. Staff recommends the Commissioners take final action effective 31 days from filing with the Code Reviser's Office.

Commissioner Patterson moved to approve WAC 230-17-192, as presented by staff effective 31 days from filing with the Code Reviser's Office.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Public Comment: There was no public comment.

Tab 7

Staff Request for Rule Changes/Fee Simplification (Package #3)

Assistant Director Griffin presented the materials for Tab 7. This Rule Changes/Fee Simplification package is the third rules packages. This package sets out the individual license fees under the new fee structure. Staff anticipates asking for an effective date of May 1, 2018, so that licensees who are renewing June 30, 2018 will pay their fees under the new system.

Public Comment: There was no public comment.

Other Business/General Discussion/Public Comment

Commissioner Stearns commented on the website and said it looked outstanding.

Commissioner Patterson commented that she will be at the capitol to testify on Representative Sawyer's bill HB 2332.

Manager Brian Considine added that Commissioner Patterson and Chair Sizemore will have confirmation hearings on January 17, 2018.

Chair Sizemore announced that our next meeting will be at the Hampton Inn and Suites on February 8, 2018.

Commission meeting adjourned at 2:57 p.m.