



Concise Explanatory Statement

Notice of Permanent Rule Changes Related to Ticket In Ticket Out Systems

This explanatory statement concerns the Washington State Gambling Commission's amendments to:

- WAC 230-03-200 Defining "gambling equipment."
- WAC 230-15-150 Selling and redeeming chips.
- WAC 230-15-280 Surveillance requirements for house-banked card games.
- WAC 230-15-500 Accounting for table inventory.
- WAC 230-15-505 Selling gambling chips to players.
- WAC 230-15-553 Defining "cash equivalent."
- WAC 230-15-585 Using drop boxes.
- WAC 230-15-615 Conducting the count.
- WAC 230-15-620 Concluding the count.

And adoption of:

- WAC 230-15-755 "Ticketing (TITO) system" defined.
- WAC 230-15-758 "Ticket" defined.
- WAC 230-15-761 "Invalid Ticket" defined.
- WAC 230-15-764 "TITO-enabled bill validator" defined.
- WAC 230-15-767 "Ticket redemption kiosk" defined.
- WAC 230-15-770 Ticket requirements.
- WAC 230-15-773 Requirements for ticket validation system.
- WAC 230-15-776 Requirements for TITO-enabled bill validators.
- WAC 230-15-779 Requirements for drop boxes/cassettes in TITO-enabled bill validators.
- WAC 230-15-782 Requirements for ticket redemption kiosks.

The Administrative Procedure Act ([RCW 34.05.325\(6\)](#)) requires agencies to complete a concise explanatory statement before filing amended rules with the Office of the Code Reviser. This statement must be sent to anyone who provided comments about the proposed rulemaking.

Once persons who gave comment during this rule-making process have had an opportunity to receive this document, the Washington State Gambling Commission will file the amended rules with the Office of the Code Reviser. These changes will become effective on October 23, 2023.

The Washington State Gambling Commission appreciates your involvement in the rule-making process. If you have any questions, please contact the WSGC Rules Coordinator at rules.coordinator@wsgc.wa.gov or at (360) 486-3454.

What are the agency's reasons for adopting these rules?

In November 2021, the Washington State Gambling Commission received a petition from a licensee proposing to amend rules to allow for the use of a ticket-in ticket-out (TITO) system for table games at house-banked card rooms. The petition required amendments to the rules to include:

- Classifying ticket-in ticket-out (TITO) systems as gambling equipment to include TITO-enabled bill validators and ticket redemption kiosks;
- Procedures regarding how valid tickets can be used to purchase chips at house-banked card game tables;
- Requiring surveillance coverage for TITO-enabled bill validators and ticket redemption kiosks;
- Updating language on how table inventory is accounted for;
- Updating language on how chips may be sold to players at house-banked gaming tables;
- Updating the definition of “cash equivalent” to include tickets generated by TITO-enabled bill validators;
- Updating the list of items to be placed in drop boxes to include tickets redeemed by TITO-enabled bill validators; and,
- Updating language related to count procedures to include tickets redeemed by TITO-enabled bill validators.

The petition also required the creation of new rules to include:

- Definitions of ticket-in ticket-out (TITO) systems, of a ticket, of an invalid ticket, of a TITO-enabled bill validator, and of a ticket redemption kiosk;
- Description of ticket requirements;
- Description of requirements for the ticket validation system;
- Description of requirements for TITO-enabled bill validators;
- Descriptions of requirements for drop boxes/cassettes in TITO-enabled bill validators; and,
- Descriptions of requirements for ticket redemption kiosks.

The Rule Development Process

The Commission received a petition in November 2021, and Commissioners agreed to initiate rulemaking at their January 2022 Commission meeting. Staff filed the CR-101 with the Code Reviser on January 14, 2022. Staff held a stakeholder meeting and a separate Tribal partner meeting on September 28, 2022, where the TITO system, debit card at the table, and increasing wager limits at house-banked card rooms were on the agenda for feedback.

After receiving a sample of the proposed device and understanding how it worked, staff drafted amendments to some rules and, in some cases, new rules. This package of new and amended

rules was presented to Commissioners at the July 20-21, 2023 Commission meeting. With one change, Commissioners approved the amended and new rules, and staff filed the CR-102 with the proposed rules on August 1, 2023. The rule-making hearing on the proposed new and amended rules was held at the regular Commission meeting on September 14, 2023. As is its practice, the Commission also welcomed public comments via email and through a webform on the Commission's website.

If there are variances from the proposed rule and final adopted rule, state the reasons for the differences (RCW 34.05.325(6)(a)(ii)).

There are no variances from the proposed rules filed with the CR-102 and the final adopted rules.

Summary of all public comments received on this rule proposal and Commission response to the comments

The 14 industry participants at the stakeholder meeting on September 28, 2022 were supportive of the petition because it would create efficiencies, streamline accounting processes, and reduce workload and frequency of fills and credits. The licensees also felt it would aid in detection of counterfeit currency.

Tribal partners at a separate meeting on September 28, 2022 meeting expressed concern about whether the use of the system could be considered an expansion of gambling, was outside the legislative intent, and could be a challenge for problem gamblers.

On August 31, 2023, the Commission received an email for the state's problem gambling program manager Roxane Waldron. She expressed concern that the ticket redemption kiosk would allow those on the self-exclusion list to bypass an identification check when cashing out at the cage. She also was concerned that harm minimization tools were not included in the TITO system to allow the player to effectively control their gambling experience.

WSGC RESPONSE: The Commission appreciates these comments and offers the following responses:

- 1) The authority to allow the use of the TITO system is established by RCW 9.46.070, which gives the Commission the authority to adopt rules and regulations to regulate the manner of conducting gambling activities authorized by RCW 9.46. The Commission believes that the rule is within its statutory authority. In addition, the Commission has narrowly defined the scope for use of the TITO-enabled bill validator only at the table or the cage and has set a \$1,000 limit at the ticket redemption kiosks.
- 2) WSGC's self-exclusion rules allow each house-banked card room to design their own system for detecting and preventing those on the self-exclusion list from playing in their establishment. WSGC rules only require an ID check if patrons win a jackpot

prize. The cage would also only demand an ID if the patron were redeeming \$10,000 or more, which, by law, would require a Currency Transaction Report (CTR). The use of ticket redemption kiosk would not change any mandated procedures for detecting those on the self-exclusion list.

- 3) Harm minimization tools are associated with electronic games, and the TITO-system is only allowed to operate at house-banked card rooms, which do not offer electronic games.