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## **Notice of Permanent Rule Changes Related to Electronic Raffles.**

This explanatory statement concerns the Washington State Gambling Commission's Adoption of:

- WAC 230-03-138- Defining "qualified sports team."
- WAC 230-03-153- Applying to operate electronic raffles.
- WAC 230-03-154- Additional information required with electronic raffle application.
- WAC 230-11-300- Definitions.
- WAC 230-11-305- Electronic raffle system standards.
- WAC 230-11-310- Electronic raffle system requirements.
- WAC 230-11-315- Access to home game authorized locations for electronic raffles.
- WAC 230-11-320- Electronic raffle operating requirements.
- WAC 230-11-325- Internal controls for electronic raffles.
- WAC 230-11-330- Supervision of electronic raffles.
- WAC 230-11-335- Wearing nametags.
- WAC 230-11-340- Provide rules to electronic raffle participants.
- WAC 230-11-345- Electronic raffle prize payout requirements.
- WAC 230-11-350- Raffle drawing postponement.
- WAC 230-11-355- Joint raffles prohibited.
- WAC 230-11-360- Raffle ticket requirements.
- WAC 230-11-365- Raffle ticket receipt requirements.
- WAC 230-11-370- Authorized ticket sellers.
- WAC 230-11-375- Restrictions on ticket sales.
- WAC 230-11-380- Selling tickets at a discount.
- WAC 230-11-385- Recordkeeping requirements for electronic raffles.
- WAC 230-11-390- Electronic raffles – Monthly records.
- WAC 230-11-395- Keeping and making records available.
- WAC 230-16-153- Remote access for electronic raffle systems.

Amendment of:

- WAC 230-03-155- Submitting a proposed plan of operations for charitable and nonprofit organizations.
- WAC 230-03-200- Defining "gambling equipment."
- WAC 230-03-235- Applying for charitable and nonprofit gambling manager license.
- WAC 230-05-112- Defining "gross gambling receipts."
- WAC 230-05-160- Charitable or nonprofit organization fees.
- WAC 230-06-045- Conduct gambling activities on licensed business premises only.
- WAC 230-06-050- Review of electronic or mechanical gambling equipment.

- **WAC 230-07-090- Keeping and depositing all gambling funds separate from other funds.**
- **WAC 230-07-125- Recordkeeping requirements for lower volume charitable or nonprofit organizations.**
- **WAC 230-07-145- Reporting annual progress.**
- **WAC 230-07-150- Financial statements required for Groups III, IV, V, and electronic raffle licensees.**
- **WAC 230-11-002- The definition of raffle as used in this chapter.**

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 provided to anyone who provided comments regarding the proposed rule-making.

Once persons who provided comments during this rulemaking have had an opportunity to receive this document, the Washington State Gambling Commission will file the adopted rule with the Office of the Code Reviser. These changes will become effective on or after November 18, 2021.

The Washington State Gambling Commission appreciates your involvement in the rule-making process. If you have any questions, please contact Ashlie Laydon, Rules Coordinator, at [ashlie.laydon@wsgc.wa.gov](mailto:ashlie.laydon@wsgc.wa.gov) or (360) 486-3473.

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### **What are the agency’s reasons for these rule changes?**

The Gambling Commission received and accepted a rulemaking petition submitted by NHL Seattle, Seattle Mariners, Seattle Seahawks, and Seattle Sounders to amend existing rules and adopt new rules to allow for the sale of raffle tickets at professional sports games and matches using electronic systems in compliance with current state statutes.

The proposed rules allow bona fide charitable or nonprofit organizations established by or directly affiliated with a qualified sports team in Washington state to obtain a license to conduct raffles at home game sporting events in Washington state using electronic systems.

The following rules were adopted:

- **WAC 230-03-138- Defining “qualified sports team.”**, to define what the term means as used in WAC 230-03-153.
- **WAC 230-03-153- Applying to operate electronic raffles**, to outline who must apply for a license to operate electronic raffles.
- **WAC 230-03-154- Additional information required with electronic raffle application**, to outline what information must be submitted as part of an electronic raffle application.
- **WAC 230-11-300- Definitions**, to define the following terms as they apply to electronic raffles: electronic raffle, home game, home game authorized location, electronic raffle system, raffle sales unit, manual draw, raffle ticket, raffle ticket number, raffle ticket receipt, and unique validation number.

- **WAC 230-11-305- Electronic raffle system standards**, to outline standards for testing and approval of electronic raffle systems.
- **WAC 230-11-310- Electronic raffle system requirements**, to specify that an electronic raffle system must be approved by the Gambling Commission prior to operation and to outline the requirements an electronic raffle system must meet.
- **WAC 230-11-315- Access to home game authorized locations for electronic raffles**, to allow the Gambling Commission access to home game authorized locations, records, and restricted areas.
- **WAC 230-11-320- Electronic raffle operating requirements**, to outline requirements for operating electronic raffles.
- **WAC 230-11-325- Internal controls for electronic raffles**, to outline how internal controls must be used for electronic raffles.
- **WAC 230-11-330- Supervision of electronic raffles**, to outline supervision requirements for electronic raffles.
- **WAC 230-11-335- Wearing nametags**, to specify nametag requirements.
- **WAC 230-11-340- Provide rules to electronic raffle participants**, to outline requirements for providing rules to electronic raffle participants.
- **WAC 230-11-345- Electronic raffle prize payout requirements**, to outline requirements for paying out prizes.
- **WAC 230-11-350- Raffle drawing postponement**, to outline the process licensees must follow in the event the raffle drawing must be delayed.
- **WAC 230-11-355- Joint raffles prohibited**, to prohibit electronic raffle licensees from conducting joint raffles as outlined in WAC 230-11-012.
- **WAC 230-11-360- Raffle ticket requirements**, to outline what information must be included on a raffle ticket.
- **WAC 230-11-365- Raffle ticket receipt requirements**, to outline what information must be included on a raffle ticket receipt.
- **WAC 230-11-370- Authorized ticket sellers**, to outline who is authorized to sell raffle tickets.
- **WAC 230-11-375- Restrictions on ticket sales**, to outline how raffle tickets must be sold.
- **WAC 230-11-380- Selling tickets at a discount**, to allow for discounted sales and establish how discounted sales must be operated.
- **WAC 230-11-385- Recordkeeping requirements for electronic raffles**, to outline recordkeeping requirements specific to electronic raffles.
- **WAC 230-11-390- Electronic raffles – Monthly records**, to inform electronic raffle licensees that they must maintain records as required in WAC 230-07-130 and additionally keep monthly records for each electronic raffle activity.
- **WAC 230-11-395- Keeping and making records available**, to establish records retention timelines.
- **WAC 230-16-153- Remote access for electronic raffle systems**, to allow for remote access of electronic raffle systems for repair, troubleshooting, and technical support under specific provisions.

The following rules were amended:

- **WAC 230-03-155- Submitting a proposed plan of operations for charitable and nonprofit organizations**, to specify that this rule applies to bingo and not to raffles.
- **WAC 230-03-200- Defining “gambling equipment.”**, to include “electronic raffle systems” on the list of gambling equipment.
- **WAC 230-03-235- Applying for charitable and nonprofit gambling manager license**, to include overseeing the operation of electronic raffles as an activity that requires applying for a gambling manager license.
- **WAC 230-05-112- Defining “gross gambling receipts.”**, to include purchasing chances to enter an electronic raffle as an authorized activity.
- **WAC 230-05-160- Charitable or nonprofit organization fees**, to establish a base license fee, gross gambling receipts rate, and maximum annual license fee for electronic raffles as a new license type.
- **WAC 230-06-045- Conduct gambling activities on licensed business premises only**, to include electronic raffles and exclude all other types of raffles as gambling activities that must be conducted on the licensed business premises.
- **WAC 230-06-050- Review of electronic or mechanical gambling equipment**, to remove reference to a rule that has already been repealed (WAC 230-16-005) and cite to the correct rule (WAC 230-06-116) and to also cite to WAC 230-11-305(3) as it pertains to electronic raffles for clarification.
- **WAC 230-07-090- Keeping and depositing all gambling funds separate from other funds**, to specify that electronic raffle net gambling receipts, pending pay out, must be deposited into a separate account within two banking days of the drawing date.
- **WAC 230-07-125- Recordkeeping requirements for lower volume charitable or nonprofit organizations**, to exclude electronic raffles as specific recordkeeping requirements pertain in WAC 230-11-385.
- **WAC 230-07-145- Reporting annual progress**, to specify that electronic raffle licensees must report annual progress.
- **WAC 230-07-150- Financial statements required for Groups III, IV, V, and electronic raffle licensees**, to specify that electronic raffle licensees must submit complete financial statements.
- **WAC 230-11-002- The definition of raffle as used in this chapter**, to clarify that enhanced raffle is defined in RCW 9.46.0323.

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**Summary of all public comments received on this rule proposal and consideration of the comments. If we responded to comments, add our response and how the final rule reflects consideration of the comments or why it fails to do so.**

**Public Comment:**

**Seattle Mariners, Seattle Sounders FC, Seattle Seahawks, and Seattle Kraken**

Comments received on May 28, 2021 referencing the following:

*Manual draw:* Request to eliminate the need for paper tickets and modernize the draw to allow raffle operators to use an electronic method to randomly select the winning ticket using an agency-approved random number generator (RNG).

*Cloud-based system:* Allowing cloud-based systems provides a third-party with remote access to troubleshoot any technical difficulties the licensees may encounter. Without this, the licensees and the raffle process are left extremely vulnerable in the event of mechanical or technological malfunctions. Cloud-based systems would allow us to protect the integrity of the raffle and ensure consumer trust in their operations.

*Deduction of expenses:* Nonprofits affiliated with the teams will incur expenses from administering the raffles, including staffing and vendor costs, equipment rentals, and regulatory and other fees. Request clarifying that expenses can be deducted before distributing the funds to the winning ticket holder and chosen nonprofit. Necessary measures will be taken to ensure that fans, purchasers, and nonprofit beneficiaries are informed of this accounting in advance of the raffle.

*Paid ticket sellers:* Do not object to the option to use volunteers to sell raffle tickets but recommend adding alternative to pay individuals to sell raffle tickets. Requiring volunteers imposes a heavy burden to recruit, track, and train as many as 1,000 volunteers per season. Reports indicate that paid ticket sellers are more effective than volunteers and would ultimately raise more money to invest in our community. Paid sellers are more reliable and planning logistical details would be smoother. Allowing them to hire part-time ticket sellers is crucial to the success of their raffles.

*Collecting ticket purchaser information:* Recommend eliminating the requirement to obtain ticket purchaser's personal information. Collecting this information for every transaction will severely hamper the ability to complete sales quickly and efficiently. This will discourage sales and diminish the amount raised for charitable causes and at the same time increase overhead expenses.

*Credit/debit sales:* Allow for the use of credit and debit card sales and electronic processing equipment. This shift recognizes the need to enact more environmentally conscious practices, reduce theft and fraud, address sanitary concerns, and meet expectations of one of the most tech forward and cash free populations in the nation.

*Eliminating caps:* Recommend eliminating caps set forth in WAC 230-11-065. While it is unknown what raffles will yield, aspire to raise as much as possible for the community. Removing caps would eliminate compliance uncertainty and need for teams to submit annual good cause exemption request.

Response: Raffles must be conducted consistent with RCW 9.46.0277 including physical tickets and a hand draw. Equipment must only be able to help facilitate a raffle within the legal parameters under the Gambling Act. Cloud-based systems utilize the internet, and unfortunately, RCW 9.46.240 is clear that gambling information cannot be transmitted via the internet without express authorization from the Legislature. Raffles in RCW 9.46.0277 requires that only bona fide members of the organization take part in

the operation or management of a raffle and that RCW 9.46.0209(1)(c) outlines that any organization shall not compensate its members for activities related to gambling.

Additional requests were addressed in rule-making: deduction of expenses (WAC 230-11-300(1)- Definitions, WAC 230-11-340- Provide rules to electronic raffle participants, WAC 230-11-345- Electronic raffle prize payout requirements), collection of purchaser information (WAC 230-11-300(7), (8), & (9)- Definitions, WAC 230-11-360- Raffle ticket requirements, WAC 230-11-365- Raffle ticket receipt requirements), credit/debit sales (WAC 230-06-035(6)- Credit, loans, gifts prohibited, WAC 230-11-300(5)- Definitions), eliminating caps (electronic raffles are in their own section of the raffle rules), and remote access (WAC 230-16-153- Remote access of electronic raffle systems).

**Diego Pleitez, One Roof Foundation, Seattle Kraken**

Comments received on August 15, 2021.

Seeking clarification on the use of cloud-based servers, electronic receipts, remote access, deduction of expenses, requirement of cash payments, definition of “member,” annual reporting requirements, internal controls, electronic raffle system approvals, licensing fees, recording manual draw, seeding future pots, authorized discount plans, raffle licensing, and nametags.

Response: Raffles must be conducted consistent with RCW 9.46.0277 including physical tickets and a hand draw. Equipment must only be able to help facilitate a raffle within the legal parameters under the Gambling Act. Cloud-based systems utilize the internet, and unfortunately, RCW 9.46.240 is clear that gambling information cannot be transmitted via the internet without express authorization from the Legislature.

Other concerns were addressed in rule-making: remote access (WAC 230-16-153- Remote access of electronic raffle systems), deduction of expenses (WAC 230-11-300(1)- Definitions, WAC 230-11-340- Provide rules to electronic raffle participants, WAC 230-11-345- Electronic raffle prize payout requirements), requirement of cash payment (WAC 230-06-035(6)- Credit, loans, gifts prohibited, WAC 230-11-300(5)- Definitions), definition of “member” (WAC 230-03-140- Full and regular membership requirements), annual reporting requirements (WAC 230-07-145- Reporting annual progress), internal controls (WAC 230-11-325- Internal controls for electronic raffles), electronic raffle system approvals (WAC 230-11-305- electronic raffle system standards), licensing fees (WAC 230-05-160), seeding future pots (WAC 230-05-112), authorized discount plans (WAC 230-11-380- Selling tickets at a discount), and raffle licensing (WAC 230-03-153- Applying to operate electronic raffles, WAC 230-03-154- Additional information required with electronic raffle application), and nametags (WAC 230-11-335- Wearing nametags).

**Drew Johnston, First & Goal, Inc., Seattle Seahawks**

Comments received on August 20, 2021.

Requesting that deduction of expenses be a placeholder in lieu of a set amount that may affect teams differently. Some teams have 10 home games a year while others have 81 a year.

Suggested future rule-making on this once particulars of costs are known.

Seeking clarification on applicability of maximum prize amounts and “home game authorized location” of ticket sales.

Response: Deduction of expenses was addressed in rule-making (WAC 230-11-300(1)-Definitions, WAC 230-11-340- Provide rules to electronic raffle participants, WAC 230-11-345- Electronic raffle prize payout requirements) however staff will revisit pending annual reporting results and amend rules as needed.

Electronic raffle rules are in their own section of the raffle rules, therefore maximum prize amounts do not apply. “Home game authorized location” is addressed in WAC 230-11-300(3).

**Shivani Anand, Ascend Fundraising Solutions**

Comments received on August 23, 2021.

Seeking clarification on who is permitted to conduct electronic raffles, where ticket sales may occur, and on raffle tickets and raffle ticket receipts. Also outlines the drawbacks of physical servers and advantages of RNG.

Response: Raffles must be conducted consistent with RCW 9.46.0277 including physical tickets and a hand draw. Equipment must only be able to help facilitate a raffle within the legal parameters under the Gambling Act. Cloud-based systems utilize the internet, and unfortunately, RCW 9.46.240 is clear that gambling information cannot be transmitted via the internet without express authorization from the Legislature.

Other concerns were addressed in rule-making: who can conduct electronic raffles (WAC 230-03-153- Applying to operate electronic raffles, WAC 230-03-138- Defining qualified sports team), where ticket sales may occur (WAC 230-11-300- Definitions, WAC 230-11-375- Restrictions on ticket sales), raffle tickets and raffle ticket receipts (WAC 230-11-300- Definitions), and remote access (WAC 230-16-153- Remote access of electronic raffle systems).

**Alen Cisija, Seattle Seahawks**

Comments received on August 24, 2021.

Recommends a tiered structure for deduction of expenses as many of the anticipated costs are fixed however the current structure will allow some teams to spread costs out over the course of a longer season of home games than others.

Response: Deduction of expenses was addressed in rule-making (WAC 230-11-300(1)-Definitions, WAC 230-11-340- Provide rules to electronic raffle participants, WAC 230-11-345- Electronic raffle prize payout requirements) however staff will revisit pending annual reporting results and amend rules as needed.

**BUMP Worldwide, Inc., (division of Canadian Bank Note Company, Limited)**

Comments received on August 16, 2021 and October 13, 2021.

The requirements of a server to be physically located onsite and closed network compromise the security, integrity, and reliability of electronic raffles and BUMP views the potential reputational consequences of each as so serious in nature that they would be unable to provide electronic services in Washington state. Also expressed concerns regarding maintenance/support, refunds not being offered, manual drawings, gambling manager responsibilities, clarity on fee calculation, and location of gambling activities.

Proposed that the Commission allow electronic raffles to be operated using cloud-based servers and an electronic draw, rather than a manual draw, under a 12–18-month pilot program, which would allow the Commission to monitor and analyze the integrity and security of the system.

Response: Raffles must be conducted consistent with RCW 9.46.0277 including physical tickets and a hand draw. Equipment must only be able to help facilitate a raffle within the legal parameters under the Gambling Act. Cloud-based systems utilize the internet, and unfortunately, RCW 9.46.240 is clear that gambling information cannot be transmitted via the internet without express authorization from the Legislature. WAC 230-05-112(4) applies to player-supported jackpots, which is defined in WAC 230-15-360. This rule does not apply to raffles and therefore does not impact fee calculation.

Other concerns were addressed in rule-making: maintenance/support (WAC 230-16-153- Remote access of electronic raffle systems), refunds (WAC 230-11-320- Electronic raffle operating requirements), and gambling manager responsibilities (WAC 230-11-330- Supervision of electronic raffles).

**Ascend Fundraising Solutions**

Comments received on October 14, 2021.

RNG and AWS (Cloud Services- Amazon Web Services) would be in everyone’s best interest, however the only way to get electronic raffles off the ground within the proposed timeframe is to follow the existing rules set forth. Confident they can meet the regulations provided,



although not ideal, and hope that by identifying caveats around operating with localized servers, the Commission will offer the opportunity to pilot and demonstrate the efficiency, safety, and compliance that conducting a raffle using RNG and AWS presents in the future.

Response: No response.

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**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)).**

Nonsubstantive changes were made to the following:

- **WAC 230-03-138- Defining “qualified sports team.”** Language was added to clarify that a qualified sports team does not include lower-level teams such as minor, farm, or development league teams.
- **WAC 230-03-153- Applying to operate electronic raffles.** Language was added to clarify that charitable or nonprofit organizations must be established by or directly affiliated with a qualified sports team to apply for an electronic raffle license.
- **WAC 230-06-050- Review of electronic or mechanical gambling equipment.** Reference to WAC 230-16-005 was removed as this rule has been repealed and correct rule, WAC 230-06-116 was cited. Also clarified rule by citing WAC 230-11-305(3).
- **WAC 230-11-305- Electronic raffle system standards.** Language in subsections (1) and (2) was revised to clarify the application the process.