



Staff Proposed Rule Making

WAC 230-05-160 - Charitable or nonprofit organization fees.

WAC 230-05-165 - Commercial stimulant organization fees.

WAC 230-05-170 - Fees for other businesses.

January 2024 – Initiate Rule Making

Tab 10: January 2024 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Washington State Gambling Commission Staff	
Background	
<p>RCW 9.46.070(5) requires the Commission to set fees to generate funds necessary to cover all costs of regulation, licensing, and enforcement.</p> <p>In 2023, the Commission adjusted license fees for charitable and nonprofit organizations, commercial stimulant organizations, and for other businesses. The changes were made to ensure the Commission was collecting revenue to support increasing expenditures with no staff increases, i.e., salaries and benefits, supplies and equipment, and government services from agencies such as the Attorney General’s Office and Department of Enterprise Services.</p> <p>In determining the proposed fee change for the 2023–2025 biennium, Commission staff presented an adjusted proposal based on revenue needs for the first year of the biennium (FY24) only in an effort to reduce the amount of the fee increase. This was done with the expectation that we may have to return in a year to revisit fees because it was estimated the revenue increase would not be enough to fully cover the increased costs and that we would be relying on our available fund balance to offset the difference.</p> <p>Five months of revenue and expenditure data with the fee changes show we are not collecting enough revenue to cover all costs of regulation, licensing, and enforcement. Reviewing current anticipated expenditures and the Governor's supplemental budget proposal indicates expenditures will continue to increase.</p> <p>Relying on our excess fund balance to cover increasing expenses is not sustainable. These increasing expenses include an indeterminate ongoing cost for software licensing that is the result of our project to replace our legacy IT systems, which we anticipate being completed in FY25. We have issued a Request for Information (RFI) to the vendor community; estimated ongoing costs are a part of that request. Responses to our RFI are due January 15, 2024.</p> <p>We will not be making any changes to the sports wagering vendor license fees.</p>	
Policy Considerations	
<p>The current license fees may not be sufficient to cover the agency’s costs of licensing, regulation, and enforcement beginning in fiscal year 2025.</p>	

Staff Recommendation

Staff recommends initiating rulemaking to address license fee increases to cover the costs of licensing, regulation, and enforcement.