



# Washington State Gambling Commission

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

July 24, 2024

Re: Agency Request Legislation

Dear Stakeholders:

The Gambling Commission is considering a proposal for agency request legislation, and we are contacting our tribal partners and stakeholders requesting their input and comments.

A draft of the possible legislation is enclosed; however, the exact wording may change before submittal to the Governor's Office. The proposal for consideration is:

- Amending RCW 42.56.270 to exempt proprietary financial and security information submitted to or obtained by the gambling commission.

As a licensing, regulatory, and enforcement agency, the Gambling Commission requires sensitive financial and security information to be submitted to determine qualification for licensure and compliance with laws, rules, and Tribal-State Compacts to fulfill our legislative mandate to keep the criminal element out of gambling.

We are seeking exemptions to include proprietary financial and security information, such as information on facility security, gambling equipment, financial statements, internal controls, and tribal memorandums of understanding and appendix revisions. Due to recent events, such as cyberattacks and violent robberies, we feel that it is important to update the exemptions outlined in RCW 42.56.270, to provide clarity through examples of records and information to be exempted from disclosure and ensure that the information the tribes and licensees are required to provide us is not contributing to these events.

The last update to the Public Records Act for records required to be submitted to the gambling commission for independent auditor's reports and financial statements of house-banked social card game licenses was in 2007. Given the vast changes in the types of gambling equipment and operating environment, an update to the Public Records Act is necessary to reflect the changes in the documents we receive to regulate the industry.

This proposed statutory change will allow the agency to protect sensitive proprietary financial and security information we receive to determine qualification for licensure and compliance with laws, rules, and Tribal-State Compacts without jeopardizing the assets and safety of the staff of our tribal partners and licensees. These changes would also reduce the risk of fraud in the operation of the gambling equipment.

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Due to the timeline associated with submitting agency request legislation, we would appreciate receiving your comments **no later than August 13, 2024**. Please send your comments and questions to me at [Tina.Griffin@wsgc.wa.gov](mailto:Tina.Griffin@wsgc.wa.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Tina Griffin", with a long horizontal flourish extending to the right.

Tina Griffin  
Executive Director

Enclosure

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BILL REQUEST - CODE REVISER'S OFFICE

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BILL REQ. #: P/CRO-27/25

ATTY/TYPIST: CRO:le1

BRIEF DESCRIPTION:

AN ACT Relating to

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**Sec. 1.** RCW 42.56.270 and 2023 c 340 s 11 are each amended to read as follows:

**RCW Caption:** Financial, commercial, and proprietary information.

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750; (b) highway construction or improvement as required by RCW 47.28.070; or (c) alternative public works contracting procedures as required by RCW 39.10.200 through 39.10.905;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, 43.168, and 43.181 RCW and RCW 43.155.160, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under \*chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), cannabis producer, processor, or retailer license, liquor license, gambling license, or lottery retail license;

~~(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;~~ Proprietary financial and security information submitted to or obtained by the gambling commission from and on behalf of license applicants, licensees, gaming facilities or a tribe pursuant to an approved tribal/state compact. Proprietary financial and security information includes, but is not limited to, the following:

(i) Financial statements and transactions including independent auditors' reports and financial statements with any supporting documents, bank account records, player tracking records, bond issuances, loan agreements, purchase agreements, and stock buyouts;

(ii) Gaming internal control documents. "Internal Controls" are defined as the documents that describe the internal operational system or internal procedures of the gaming facility designed to promote efficiency, safeguard assets,

and avoid fraud and error. Internal Control documents include but are not limited to records pertaining to security camera technical specifications, operation and placement; cash out procedures and locations; cage security information; building access controls; required forms; and personal identifiable information control procedures;

- (iii) Gaming facility security information, including descriptions of facility layout and schematics, firewall configurations, network topologies; source code, software files, digital signatures of software files, security assessment reports, and any sensitive information that could negatively impact the security of the facility;
- (iv) Gaming equipment, including related hardware, software, and security information, such as firewall configurations, network topologies or diagrams, source code, software files, digital signatures of software files, schematics, user credentials, system components, and any sensitive information about the equipment that could compromise the security and integrity of the equipment;
- (v) Tribal Memorandums of Understanding and Appendix Revisions, including attachments, that contain any of the information listed in (i) through (iv) of this subsection (10) (b); and
- (vi) The exemption for the information listed in (i) through (v) of this subsection (10) (b) continues to apply to the information regardless of the form of the information, including after the information has been incorporated into records created by the gambling commission;

(c) Valuable formulae or financial or proprietary commercial information records received during a consultative visit or while providing consultative services to a licensed cannabis business in accordance with RCW 69.50.561;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services or the health care authority for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12) (a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8);

(ii) Financial or proprietary information collected from any person and provided to the department of commerce or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business; and

(iii) Financial or proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.31.625 (3) (b) and (4);

(b) When developed by the department of commerce based on information as described in (a) (i) of this subsection, any work product is not exempt from disclosure;

(c) For the purposes of this subsection, "siting decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of 60 days to the department of commerce from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a) (ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70A.500 RCW to implement chapter 70A.500 RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under RCW 43.330.502, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW 19.112.110 or

19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

(16) Any production records, mineral assessments, and trade secrets submitted by a permit holder, mine operator, or landowner to the department of natural resources under RCW 78.44.085;

(17) (a) Farm plans developed by conservation districts, unless permission to release the farm plan is granted by the landowner or operator who requested the plan, or the farm plan is used for the application or issuance of a permit;

(b) Farm plans developed under chapter 90.48 RCW and not under the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject to RCW 42.56.610 and 90.64.190;

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under RCW 35.104.010 through 35.104.060, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(19) Information gathered under chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;

(20) Financial and commercial information submitted to or obtained by the University of Washington, other than information the university is required to disclose under RCW 28B.20.150, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the University of Washington consolidated endowment fund or to result in private loss to the providers of this information;

(21) Market share data submitted by a manufacturer under RCW 70A.500.190(4);

(22) Financial information supplied to the department of financial institutions, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state



securities registration for small securities offerings provided under RCW 21.20.880 or when filed by or on behalf of an investor for the purpose of purchasing such securities;

(23) Unaggregated or individual notices of a transfer of crude oil that is financial, proprietary, or commercial information, submitted to the department of ecology pursuant to RCW 90.56.565(1)(a), and that is in the possession of the department of ecology or any entity with which the department of ecology has shared the notice pursuant to RCW 90.56.565;

(24) Financial institution and retirement account information, and building security plan information, supplied to the liquor and cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345, when filed by or on behalf of a licensee or prospective licensee for the purpose of obtaining, maintaining, or renewing a license to produce, process, transport, or sell cannabis as allowed under chapter 69.50 RCW;

(25) Cannabis transport information, vehicle and driver identification data, and account numbers or unique access identifiers issued to private entities for traceability system access, submitted by an individual or business to the liquor and cannabis board under the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345 for the purpose of cannabis product traceability. Disclosure to local, state, and federal officials is not considered public disclosure for purposes of this section;

(26) Financial and commercial information submitted to or obtained by the retirement board of any city that is responsible for the management of an employees' retirement system pursuant to the authority of chapter 35.39 RCW, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the retirement fund or to result in private loss to the providers of this information except that (a) the names and commitment amounts of the private funds in which retirement funds are invested and (b) the

aggregate quarterly performance results for a retirement fund's portfolio of investments in such funds are subject to disclosure;

(27) Proprietary financial, commercial, operations, and technical and research information and data submitted to or obtained by the liquor and cannabis board in applications for cannabis research licenses under RCW 69.50.372, or in reports submitted by cannabis research licensees in accordance with rules adopted by the liquor and cannabis board under RCW 69.50.372;

(28) Trade secrets, technology, proprietary information, and financial considerations contained in any agreements or contracts, entered into by a licensed cannabis business under RCW 69.50.395, which may be submitted to or obtained by the state liquor and cannabis board;

(29) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the Andy Hill cancer research endowment program in applications for, or delivery of, grants under chapter 43.348 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(30) Proprietary information filed with the department of health under chapter 69.48 RCW;

(31) Records filed with the department of ecology under chapter 70A.515 RCW that a court has determined are confidential valuable commercial information under RCW 70A.515.130; and

(32) Unaggregated financial, proprietary, or commercial information submitted to or obtained by the liquor and cannabis board in applications for licenses under RCW 66.24.140 or 66.24.145, or in any reports or remittances submitted by a person licensed under RCW 66.24.140 or 66.24.145 under rules adopted by the liquor and cannabis board under chapter 66.08 RCW.

[2023 c 340 s 11. Prior: 2022 c 201 s 2; 2022 c 16 s 28; 2021 c 308 s 4; 2020 c 238 s 11; prior: 2019 c 394 s 10; 2019 c 344 s 14; 2019 c 212 s 12; prior: 2018 c 201 s 8008; 2018 c 196 s 21; 2018 c 4 s 9;

2017 c 317 s 17; prior: 2016 sp.s. c 9 s 3; 2016 sp.s. c 8 s 1; 2016 c 178 s 1; 2015 c 274 s 24; prior: 2014 c 192 s 6; 2014 c 174 s 5; 2014 c 144 s 6; 2013 c 305 s 14; 2011 1st sp.s. c 14 s 15; 2009 c 394 s 3; 2008 c 306 s 1; prior: 2007 c 470 s 2; (2007 c 470 s 1 expired June 30, 2008); 2007 c 251 s 13; (2007 c 251 s 12 expired June 30, 2008); 2007 c 197 s 4; (2007 c 197 s 3 expired June 30, 2008); prior: 2006 c 369 s 2; 2006 c 341 s 6; 2006 c 338 s 5; 2006 c 302 s 12; 2006 c 209 s 7; 2006 c 183 s 37; 2006 c 171 s 8; 2005 c 274 s 407.]

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