



Staff Proposed Rule Making

New, Amended, and/or Repealed Rules to Align Organizational License Expiration Dates in:

- WAC Chapter 230-03 Permitting and Licensing Rules and
- WAC Chapter 230-05 Fees
- WAC Chapter 230-06 Rule for all licensees

July 2024 – Discussion and possible filing
May 2024 – Initiate Rule Making

Tab XX: July 2024 Commission Meeting Agenda. Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

BOLD = Changes made since the May 2024 Commission Meeting

RCW 9.46.070(1) – (4) authorizes the Commission to issue licenses for a period not to exceed one year to:

- a bona fide charitable or nonprofit organization,
- an organization operating a business primarily engaged in the selling of food or drink for consumption on the premises,
- an organization operating or conducting amusement games, and
- organizations engaged in the manufacturing, selling, distributing, or supplying of devices, equipment, software, hardware, or any gambling related service set fees to generate funds necessary to cover all costs of regulation, licensing, and enforcement.

Currently, organizational licenses expire at the end of a quarter, depending on when their license was initially approved. In June 2023, the Commission adjusted annual license fees for charitable and nonprofit organizations, commercial stimulant organizations, and for other businesses. This was the first time the license fees had been adjusted since being implemented in 2018. Licensees began paying the adjusted license fees when they renewed their license.

Because of the quarterly expiration of organizational licenses, it took nine months before all organizational licensees began paying the adjusted license fees. More importantly, it currently takes 13 months from the implementation of the rule change for all licensees to be subject to the adjusted Gross Gambling Receipts Rate and 22 months (April 30, 2025) to receive a full year of revenue from the adjusted rates. This makes it extremely challenging to forecast cash flow and collect adjusted license fees in a timely manner.

Staff are proposing that we initiate rulemaking to align all organizational license expiration dates to June 30th. This will aid in revenue forecasting as well as simplify implementation and communication to licensees when adjusting license fees in the future.

Rulemaking would take the form of amending existing rules and/or adding additional rules to WAC chapters 230-03, 230-05, and/or 230-06.

At the May 2024 meeting, commissioners initiated rulemaking to explore aligning the expiration date for organizational licenses.

On June 24, 2024, staff held a meeting with Tribal Partners to hear feedback regarding including sports wagering vendor licenses in this rule change.

Attachments:

- **New Rule WAC 230-03-002**
- **New Rule WAC 230-05-177**
- **WACs 230-05-128 and 230-05-136 with revisions**

Staff Recommendation

Staff recommends filing the attached new and amended rules for further discussion.

NEW SECTION

WAC 230-03-002 Expiration date for organizational licenses. (1)

As used in this section, "organization" means a charitable or nonprofit organization holding one or more licenses listed in WAC 230-05-160, a commercial stimulant organization holding one or more licenses listed in WAC 230-05-165, and other businesses holding one or more licenses listed in WAC 230-05-170.

(2) Regardless of date of approval, all organization licenses expire June 30th of each calendar year.

NEW SECTION

WAC 230-05-177 Temporary reduction of base license fees. (1) As used in this section, "organization" means a charitable or nonprofit organization holding one or more licenses listed in WAC 230-05-160, a commercial stimulant organization holding one or more licenses listed in WAC 230-05-165, and other businesses holding one or more licenses listed in WAC 230-05-170.

(2) For organizations renewing their license with a license effective date between October 1, 2024, and April 1, 2025, the base license fee will be prorated as follows:

License effective date	Base license fee reduction
October 1, 2024	25 percent
January 1, 2025	50 percent
April 1, 2025	75 percent

(3) Organizations that renewed before the effective date of this rule will receive a refund of 25 percent of the base fee paid. All other organizations renewing will pay a reduced base fee amount.

(4) This rule is only effective through June 30, 2025.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-128 Renew your license in a timely manner. (1) You must renew online, unless you have received a waiver as outlined in this chapter and allow enough time to:

(a) Print the license prior to midnight before the license expires; or

(b) Have us print the license and mail it to you so you receive it before your license expires.

(2) If you have a waiver and are not renewing your license online, you must ensure a properly completed renewal application and all applicable license fees are received at our administrative office in Lacey at least (~~fifteen~~) 30 days before the expiration date on the license.

(3) If you do not submit a properly completed renewal application and all fees and your license expires, you must immediately stop the gambling activity covered by your license.

(4) If your license expires, you must submit an application and you must not operate any gambling activity until a new license is issued.

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-05-136 Prorating or refunding fees. (1) (~~We may prorate organization license fees when we adjust expiration dates to schedule our workload.~~

~~(2) We may adjust expiration dates to end on the same day for organizations licensed for more than one activity. Whenever we adjust license expiration dates under this provision, we may prorate the required fees.~~

~~(3))~~ We will not prorate or refund fees when:

(a) You discontinue your gambling activities; or

(b) You voluntarily surrender your license or permit; or

(c) We suspend or revoke your license.

~~((4))~~ (2) We keep a portion of your application or license fees for processing costs when:

(a) We deny or administratively close your application; or

(b) You withdraw your application; or

(c) You overpaid us; or

(d) We received duplicate license fees.