



Concise Explanatory Statement

Notice of New Rule Changes Related to Aligning Organizational License Expiration Dates

This explanatory statement concerns the Washington State Gambling Commission's new and amended rules:

- WAC 230-05-128 Renew your license in a timely manner
- WAC 230-05-136 Prorating or refunding fees
- WAC 230-03-002 Expiration date for organizational licenses (new rule)
- WAC 230-05-177 Temporary reduction of base license fees (new rule)

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 August 18, 2024.

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@wsge.wa.gov or at (360) 486-3473.

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

The Washington State Gambling Commission initiated rulemaking in May 2024 after staff proposed aligning expiration dates for organizational licenses. 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 made it extremely challenging to forecast cash flow and collect adjusted license fees in a timely manner.

To address this issue, staff proposed 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.

The Rule Development Process

This rule package was originally proposed by the Washington State Gambling Commission at the May 9, 2024, commission meeting and commissioners approved initial rulemaking on the same date. Staff filed the CR-101 with the code reviser on May 14, 2024. This rule was a topic of discussion at the July 11, 2024, Commission meeting where Commissioners approved filing the proposed new and amended rules. The CR-102 reflecting the proposed new and amended rules was filed with the code reviser on July 16, 2024. The rule-making hearing on the proposed rule was held at the Commission meeting on September 12, 2024, where the Commission allowed an opportunity for additional public comment and gave final approval to the proposed rule changes. 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 rule and the final adopted rule.

Summary of all public comments received on this rule proposal:

Victor Mena, President of Last Frontier Gaming and CEO of Washington Gold, provided public comment at the July commission meeting on July 11, 2024. Mr. Mena did not express support or opposition to this rule change. Instead, Mr. Mena wanted to ensure Commissioners and staff had considered potential unforeseen consequences regarding financial planning and cash flow issues that could arise after changing organizational expiration dates.

On June 24 and August 29, 2024, staff held meetings with Tribal Partners to hear general feedback and concerns regarding this rule change. Staff discussed the impact of this rule, including impact on sports wagering vendor licenses. Staff also stated that this rule change would not impact tribal licenses.

On August 12, 2024, staff held a public feedback session to hear general feedback on the topic from licensees, interested parties, and the public. There were no comments during this meeting.

WSGC Response:

The Gambling Commission appreciates all comments provided during the rule making process. Staff hopes revenue forecasting will be simplified by adopting this rule as well as easing implementation and communication to licensees when adjusting license fees in the future.