



## STATE OF WASHINGTON GAMBLING COMMISSION

**“Protect the Public by Ensuring that Gambling is Legal and Honest”**

**Agency Name:** Washington State Gambling Commission

**Agency Contact:** Brian Considine, Legal and Legislative Manager, 360-486-3469

**Short Title:** Amending nonprofit qualifications to allow senior housing/center bingo and increasing number of unlicensed activities for nonprofits

### **Introduction**

In 1973, the legislature adopted Chapter 9.46, the Gambling Act. The legislature stated, “The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control (RCW 9.46.010).” The Gambling Commission was created (RCW 9.46.040) and its powers and duties enumerated in RCW 9.46.070.

The legislature also declared that “the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.”

RCW 9.46.0209 sets forth several requirements that charitable and nonprofit organizations must meet in order to be allowed to receive a gambling license and/or engage in unlicensed gambling activities. These organizations must:

- Be organized under Washington State law as a: religious organization (corporation sole); grange; fraternal society; agricultural fair; or a nonprofit corporation organized for thirteen purposes, including religious and scientific added in an agency request bill passed during the 2020 session;
- Have been in continuous operation for at least twelve calendar months prior to applying for a license or engaging in a gambling activity; and
- Demonstrate to the Commission that the organization has made significant progress toward the accomplishment of its charter during the previous twelve calendar months prior to application or license renewal.

This section has been amended three times since 2000 to create an exception to the list of qualified nonprofits identified above. Credit unions, the combined fund drive, and cities and counties are authorized as a bona fide charitable or nonprofit organization for limited raffle opportunities.

Additionally, RCW 9.46.0321 allows for a bona fide charitable or nonprofit organization to conduct unlicensed bingo, raffle, and amusement game activities if the organization conducts no more than

two of these activities, alone or in any combination, each calendar year and gross revenues for the two activities do not exceed five thousand dollars. The statute also establishes operating and record-keeping requirements for these unlicensed activities.

The Gambling Commission believes the current regulatory framework prevents fraudulent organizations from engaging in gambling activities and sets a good regulatory structure for unlicensed activities. Recently, the Gambling Commission has been working with senior housing and community organizations regarding senior bingo occurring on their properties. These organizations have created a space for seniors to play low stakes bingo but are not authorized to operate or facilitate a gambling activity. Utilizing RCW 9.46.0321's unlicensed activity regulations may be a helpful avenue to channel these senior bingo activities, but the twice per year limit in the statute would need to be expanded.

In reviewing this issue further, the Gambling Commission also noticed that RCW 9.46.0321's twice a year requirement creates a challenge for smaller nonprofits who need to be licensed because they hold more than two activities in a calendar year but do not have gross revenues more than five thousand dollars per year. Some of these smaller charitable or nonprofit organizations may not have a large enough structure to ensure they follow the necessary record-keeping and filing requirements needed to be licensed. Increasing the twice a year limit may also then benefit these smaller nonprofits and allow the Gambling Commission to use our law enforcement and regulatory resources more effectively.

Therefore, the Gambling Commission requests approval to modify the qualifications in RCW 9.46.0209 and RCW 9.46.0321(2) to ensure certain nonprofit organizations can qualify and offer/facilitate low stakes senior bingo. Additionally, we request an increase to the yearly limit for unlicensed activities. This will allow some of our lower revenue nonprofits to operate without a license but keep the five-thousand-dollar gross revenue limit.

### **Statement of Need**

This request is tied to the Governor's Priorities of having Healthy and Safe Communities and Efficient, Effective, and Accountable Government. The Gambling Commission is a limited jurisdiction law enforcement agency and the only statewide agency devoted to gambling regulation, licensing and enforcement. The Gambling Commission is a non-appropriated agency and does not receive any general fund dollars currently. Therefore, it must meet its regulatory obligations by setting fees to generate funds necessary to cover all costs of licensing and enforcement.

In the past few years, agency staff has needed to expend significant resources on investigating complaints related to low stakes senior bingo occurring at senior housing centers or community centers. As part of this, the agency has continued to dedicate resources working with local housing organizations on how to best comply with state gambling laws. We have also received additional complaints from senior housing residents, their families, and Legislators about restrictions in state law.

In talking with local nonprofit organizations, including the Sustainable Housing for Ageless Generations (SHAG) organization, the senior bingo activities occurring at their residential living communities meet the definition of gambling, but the majority of games are played for little money and with inexpensive prizes.

The Legislature has stated that the goal of the Gambling Act is to have strict regulation and control over professional gambling activities but to provide Washingtonians the ability to participate "in activities and social pastimes where [they] are more for amusement rather than for profit..." The senior bingo activities occurring at nonprofit senior housing communities and community centers

do not typically facilitate profit-seeking behavior and is more recreational meant to provide entertainment in a social atmosphere for their community members. Therefore, the Gambling Commission believes it is appropriate to create an exception under the nonprofit qualifications statute for nonprofit senior housing organizations and community centers allowing them to conduct unlicensed bingo activities.

Additionally, increasing the unlicensed activity limit to twelve per year in RCW 9.46.0321 provides additional opportunities for these senior bingo activities and does not create any significant regulatory concerns.

Increasing the unlicensed activity limit in RW 9.46.0321 also will allow current low earning licensees the ability to continue to operate gambling activities without needing a license. This will provide lower earning charitable or nonprofit organizations flexibility to continue to raise funds for their stated purpose without getting a license and paying a license fee.

These changes will allow the Gambling Commission to be more effective and efficient with its licensing and enforcement resources and better meet its core mission of protecting the public by ensuring that gambling is legal and honest in Washington State.

The primary laws and rules utilized by the Gambling Commission to prevent fraudulent organizations from engaging in gambling activities and ensure that organizations put their gambling revenues towards their stated purposes remain intact. However, these changes will save the agency resources and allow us to use our limited resources on more severe gambling violations without diminishing our ability to properly regulate the nonprofit industry.

Therefore, making these changes is in the best interest of the state and the Gambling Commission. Further, these changes will allow for senior recreational bingo at the housing and community centers and provide lower earning charities and nonprofits the ability to raise money for projects and services that help Washingtonians. Most importantly for the agency, these changes follow the Legislative purpose and direction of the Gambling Act while allowing the Gambling Commission to be more effective and efficient in the use of agency resources when regulating charitable and nonprofit organizations engaged in gambling activities.

**A summary of the major provisions of the bill and their impact on current law.**

Amending the bona fide charitable or nonprofit qualifications section in RCW 9.46.0209 to include an exception for nonprofit senior housing organizations and community centers offering senior bingo under RCW 9.46.0321. The amendment increases the twice per year limit for unlicensed bingo, raffle, and amusement game activities to twelve per year.

**Names, titles, and phone numbers of subject matter experts in your agency who are available to answer policy and fiscal questions related to the proposed bill.**

Brian Considine, Managing Attorney / Legislative Liaison, (360) 486-3469,  
Brian.Considine@wsgc.wa.gov

David Trujillo, Director, (360) 486-3446, Dave.Trujillo@wsgc.wa.gov

Tina Griffin, Assistant Director, (360) 486-3546, Tina.Griffin@wsgc.wa.gov

Jennifer LaMont, Agent in Charge, Licensing Unit, (360) 486-3571,  
Jennifer.Lamont@wsgc.wa.gov

Jim Nicks, Agent in Charge, Regulation Unit, (509) 325-7915, jim.nicks@wsgc.wa.gov

Chris Stanley, Chief Financial Officer, (360)486-3489, christopher.stanley@wsgc.wa.gov

**A complete list of all other government agencies affected by the bill, a summary of their positions, and each agency's representative who may be contacted on the issue. If no other government agency is affected, please indicate.**

No other state agencies would be affected by this agency request legislation.

**Irrespective of whether a bill has a fiscal impact, a completed fiscal note from each of the affected state agency(s) including local government.**

Attached.

**Stakeholder analysis that includes a complete list of affected stakeholders as well as tribal governments. For each, provide the entities names, contact person and any concerns and position.**

The Gambling Commission sent an email to over 800 charitable and nonprofit organizations that are licensed by the agency asking for a response by Tuesday, August 27, 2020. We received one response from VFW 1474 in Spokane supportive of raising the number of unlicensed raffles to twelve.

This proposal was also presented to the agency's Commissioners at the Gambling Commission's August and September 2020 virtual public meetings with stakeholders and licensees in attendance. No public testimony of opposition was provided during these virtual meetings.

Lastly, the Gambling Commission sent notice, along with the proposed amendment to RCW 9.46.0209, to these additional stakeholders asking for a response by Tuesday, August 27, 2020:

- Sustainable Housing for Ageless Generations (SHAG) Organization, Tien Le, Program Developer, Programs and Partnerships, Supports the proposal;
- Washington Nonprofits, Laura Pierce, Director, No response at this time; and
- Washington Indian Gaming Association, Rebecca Kaldor, Executive Director; No response at this time.

**An official Code Reviser draft of the proposed legislation containing the Z-draft number.**

Attached, Z-0011.1

**AAG review.**

AAG Suzanne Becker has completed a review of the proposal.

**Agency's Decision Package.**

Submitted

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**BILL REQUEST - CODE REVISER'S OFFICE**

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BILL REQ. #: Z-0011.1/21

ATTY/TYPIST: JO:eab

BRIEF DESCRIPTION: Amending types of nonprofit organizations qualified to engage in certain bingo gambling activities and changes to the number of occurrences for unlicensed bingo activities.

1 AN ACT Relating to amending types of nonprofit organizations  
2 qualified to engage in certain bingo gambling activities and changes  
3 to the number of occurrences for unlicensed bingo activities; and  
4 amending RCW 9.46.0209 and 9.46.0321.

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

6 **Sec. 1.** RCW 9.46.0209 and 2020 c 150 s 1 are each amended to  
7 read as follows:

8 (1)(a) "Bona fide charitable or nonprofit organization," as used  
9 in this chapter, means:

10 (i) Any organization duly existing under the provisions of  
11 chapter 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized  
12 under the provisions of chapter(~~s~~) 15.76 or 36.37 RCW, or any  
13 nonprofit corporation duly existing under the provisions of chapter  
14 19.09 or 24.03 RCW for charitable, benevolent, eleemosynary,  
15 educational, civic, patriotic, political, religious, scientific,  
16 social, fraternal, athletic, or agricultural purposes only, or any  
17 nonprofit organization, whether incorporated or otherwise, when found  
18 by the commission to be organized and operating for one or more of  
19 the aforesaid purposes only, all of which in the opinion of the  
20 commission have been organized and are operated primarily for

1 purposes other than the operation of gambling activities authorized  
2 under this chapter; or

3 (ii) Any corporation which has been incorporated under Title 36  
4 U.S.C. and whose principal purposes are to furnish volunteer aid to  
5 members of the armed forces of the United States and also to carry on  
6 a system of national and international relief and to apply the same  
7 in mitigating the sufferings caused by pestilence, famine, fire,  
8 floods, and other national calamities and to devise and carry on  
9 measures for preventing the same.

10 (b) An organization defined under (a) of this subsection must:

11 (i) Have been organized and continuously operating for at least  
12 twelve calendar months immediately preceding making application for  
13 any license to operate a gambling activity, or the operation of any  
14 gambling activity authorized by this chapter for which no license is  
15 required; and

16 (ii) Demonstrate to the commission that it has made significant  
17 progress toward the accomplishment of the purposes of the  
18 organization during the twelve consecutive month period preceding the  
19 date of application for a license or license renewal. The fact that  
20 contributions to an organization do not qualify for charitable  
21 contribution deduction purposes or that the organization is not  
22 otherwise exempt from payment of federal income taxes pursuant to the  
23 internal revenue code of 1954, as amended, shall constitute prima  
24 facie evidence that the organization is not a bona fide charitable or  
25 nonprofit organization for the purposes of this section.

26 (c) Any person, association or organization which pays its  
27 employees, including members, compensation other than is reasonable  
28 therefor under the local prevailing wage scale shall be deemed paying  
29 compensation based in part or whole upon receipts relating to  
30 gambling activities authorized under this chapter and shall not be a  
31 bona fide charitable or nonprofit organization for the purposes of  
32 this chapter.

33 (2) For the purposes of RCW 9.46.0315 and 9.46.110, a bona fide  
34 nonprofit organization can be licensed by the commission and  
35 includes:

36 (a) A credit union organized and operating under state or federal  
37 law. All revenue less prizes and expenses received from raffles  
38 conducted by credit unions must be devoted to purposes authorized  
39 under this section for charitable and nonprofit organizations; and

40 (b) A group of executive branch state employees that:

1 (i) Has requested and received revocable approval from the  
2 agency's chief executive official, or such official's designee, to  
3 conduct one or more raffles in compliance with this section;

4 (ii) Conducts a raffle solely to raise funds for either the state  
5 combined fund drive, created under RCW 41.04.033; an entity approved  
6 to receive funds from the state combined fund drive; or a charitable  
7 or benevolent entity, including but not limited to a person or family  
8 in need, as determined by a majority vote of the approved group of  
9 employees. No person or other entity may receive compensation in any  
10 form from the group for services rendered in support of this purpose;

11 (iii) Promptly provides such information about the group's  
12 receipts, expenditures, and other activities as the agency's chief  
13 executive official or designee may periodically require, and  
14 otherwise complies with this section and RCW 9.46.0315; and

15 (iv) Limits the participation in the raffle such that raffle  
16 tickets are sold only to, and winners are determined only from, the  
17 employees of the agency.

18 (3) For the purposes of RCW 9.46.0277, a bona fide nonprofit  
19 organization also includes a county, city, or town, provided that all  
20 revenue less prizes and expenses from raffles conducted by the  
21 county, city, or town must be used for community activities or  
22 tourism promotion activities.

23 (4) For the purposes of bingo operated under RCW 9.46.0321, a  
24 bona fide nonprofit organization also includes a county, city, or  
25 town community center or a nonprofit senior housing organization.

26 **Sec. 2.** RCW 9.46.0321 and 1987 c 4 s 28 are each amended to read  
27 as follows:

28 Bona fide charitable or bona fide nonprofit organizations  
29 organized primarily for purposes other than the conduct of such  
30 activities are hereby authorized to conduct bingo, raffles, and  
31 amusement games, without obtaining a license to do so from the  
32 commission but only when:

33 (1) Such activities are held in accordance with all other  
34 requirements of this chapter, other applicable laws, and rules of the  
35 commission;

36 (2) Said activities are, alone or in any combination, conducted  
37 no more than (~~twice~~) twelve times each calendar year and over a  
38 period of no more than twelve consecutive days each time,  
39 notwithstanding the limitations of RCW 9.46.0205: PROVIDED, That a

1 raffle conducted under this subsection may be conducted for a period  
2 longer than twelve days;

3 (3) Only bona fide members of that organization, who are not paid  
4 for such services, participate in the management or operation of the  
5 activities;

6 (4) Gross revenues to the organization from all the activities  
7 together do not exceed five thousand dollars during any calendar  
8 year;

9 (5) All revenue therefrom, after deducting the cost of prizes and  
10 other expenses of the activity, is devoted solely to the purposes for  
11 which the organization qualifies as a bona fide charitable or  
12 nonprofit organization;

13 (6) The organization gives notice at least five days in advance  
14 of the conduct of any of the activities to the local police agency of  
15 the jurisdiction within which the activities are to be conducted of  
16 the organization's intent to conduct the activities, the location of  
17 the activities, and the date or dates they will be conducted; and

18 (7) The organization conducting the activities maintains records  
19 for a period of one year from the date of the event which accurately  
20 show at a minimum the gross revenue from each activity, details of  
21 the expenses of conducting the activities, and details of the uses to  
22 which the gross revenue therefrom is put.

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> Z-0011.1	<b>Title:</b> Amending types of nonprofit organizations qualified to engage in certain bingo gambling activities and changes to the number of occurrences for unlicensed bingo activities.	<b>Agency:</b> 117-Washington State Gambling Commission
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Operating Expenditures from:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 09/08/2020
Agency Preparation: Christopher Stanley	Phone: 360-486-3489	Date: 09/08/2020
Agency Approval: Christopher Stanley	Phone: 360-486-3489	Date: 09/08/2020
OFM Review:	Phone:	Date:

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 adds to the definition of bona fide nonprofit organization under RCW 9.46.0321 (the Gambling Act) to include a county, city, or town community center or a nonprofit senior housing organization.

Section 2 increases the number of occurrences that a nonprofit organization may hold an unlicensed bingo activity from two per year to twelve per year.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

It is unknown how many new organizations would take advantage of the change in definition to apply for a bingo license. Because our fees are on a sliding scale relative to gross gambling receipts, any estimate is indeterminate at this time.

It is unknown how much revenue might be lost by qualifying organizations holding twelve or fewer bingo activities per year that would no longer need to be licensed. Because our fees are on a sliding scale relative to gross gambling receipts, any estimate is indeterminate at this time.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

It is unknown how many new organizations would take advantage of the change in definition to apply for a bingo license therefore the expenditure impact of our regulatory and licensing staff is indeterminate.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### III. B - Expenditures by Object Or Purpose

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**IV. D - Capital FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Section 1 and 2 would require updates to gambling rules. These changes would be part of our normal rule-making process and would not require any extra expenditures.