



Rules Petition to Adopt/Amend
WAC 230-11-XXXX- 50/50 Electronic Raffles

March, 2020 – Initiate Rule-Making

Tab 4: MARCH 13, 2020 Commission Meeting Agenda. Statutory Authority 9.46.070

Who Proposed the Rule Change?

NHL Seattle, Seattle Mariners, Seattle Sounders FC, Seattle Seahawks

Summary

In January 2020, we received a petition requesting an amendment to our raffle rules allowing the sale of 50/50 raffles tickets at professional sports games and matches by using electronic devices and systems in compliance with current applicable state statutes.

The petitioners state this rule change is needed because conducting 50/50 raffles under the existing rules, requiring cash or check payments for paper tickets, accrues administrative expenses nearly exceeding the relatively small amounts raised by the 50/50 raffle itself.

The petitioners state this rule change would more effectively achieve the public policy goals by generating significantly more funds to reinvest in the community, while at the same time, increasing organizational efficiencies and reducing the likelihood of fraud and theft.

If the petition is accepted, our raffle rules will need to be amended and additional new rules will need to be adopted.

Attachments:

- Petition

Background

In 2014, a similar petition was submitted by Pointstreak 50/50, who had obtained a manufacturer's license and intended to lease their electronic raffle system to professional sports team's charitable and nonprofit organizations to be used at professional sports stadiums and arenas within the state.

The original petition was withdrawn but the Commission initiated a pilot program to test the regulatory and economic realities of using electronic raffle systems to conduct 50/50 raffles at professional sports venues. The pilot program was to last 18 months and staff was to report back to the Commission on the results of the pilot program along with any recommendations.

However, prior to implementation of the pilot program, the Washington State Legislature passed a budget provision preventing the Gambling Commission from "approv[ing] any electronic raffle systems to conduct fifty-fifty raffles until the Legislature has reviewed all impacts to the state lottery."

This action ended the pilot program and all rule-making associated with it and the program and its rules were administratively closed in August, 2015. However, the budget provision has expired and the Commission can consider and accept, if desired, this new petition.

Staff Recommendation

Under the requirements of the Administrative Procedure Act, the Commission must take action on a petition within 60 days of receiving it. Your options are:

- 1) Initiate rule-making proceedings by filing the rule as proposed for further discussion; or
- 2) Deny the petition in writing, a) stating the reasons for denial and specifically address the concerns stated in the petition, or b) where appropriate, indicate alternative means by which the agency will address the concerns raised in the petition.

Staff recommends accepting this petition and filing initial rule-making with the understanding that any equipment used for these raffles will need to be submitted and reviewed by Commission staff pursuant to WAC 230-17-192, Submission of electronic or mechanical gambling equipment during rule making, before staff can begin to finalize rules related to this petition.

Attachments:

- WAC 230-17-192

January 22, 2020

Ms. Ashlie Laydon
Rules Coordinator
Washington State Gambling Commission

Re: Proposed Amendment to update 50/50 Raffle

Dear Ms. Laydon:

Thank you for the opportunity to submit the following proposed amendment for consideration by the Washington State Gambling Commission (“WSGC”). NHL Seattle, Seattle Mariners, Seattle Sounders FC, and Seattle Seahawks respectfully request amending the WSGC raffle rules to allow for the sale of 50/50 Raffle tickets at professional sports games and matches via electronic devices and systems in compliance with current applicable state statutes.

The proposed rules amendment furthers the statutory public interest objective of “raising funds for the promotion of bona fide charitable or nonprofit organizations,” *RCW 9.46.010*, and helps modernize the rules to reflect advances in technology. The current raffle rules in Washington, drafted in 1973 before 50/50 Raffle electronic devices existed, have not yet been construed to include such devices, but rather continue to require cash or check payments for paper tickets. Local teams have attempted to implement the 50/50 Raffle under the existing rules but the administrative expenses nearly exceeded the relatively small amount raised. The proposed amendment will more effectively achieve the public policy goals by generating significantly more funds to reinvest in the community, while at the same time increasing organizational efficiencies and reducing the likelihood of fraud and theft.

The 50/50 Raffle is commonly used by professional sports teams in both the United States and in Canada to generate donations for charitable causes in their communities. In the past ten years a number of jurisdictions have updated their laws and rules to incorporate technological advances, in the same way that such advances have been incorporated into every other element of organizational operations. In the case of the 50/50 Raffle, technology has served to meaningfully increase the amount of funds raised and in turn impact created for local communities. Washington currently lags behind much of the country in its approach to the 50/50 Raffle laws and rules, and the proposed amendment would increase the impact on OUR

community. Approving use of technology is also consistent with Washington State's emphasis on using technology for the delivery of services.¹

The professional sports teams in our region are collaborating to increase our collective social impact. We are focused on, among other things, addressing historic and systemic barriers to access and opportunity so that everyone in our community, and particularly our youth, can realize their potential. According to the recently released State of Play Report², a child's ability to participate in organized sport in this region is determined to a large degree by zip code, household income, and skin color. The study points to entrenched policies and structures that will require the commitment of leadership across public, private, philanthropic and nonprofit sectors to dismantle over time. In the meantime, Sounders FC, Mariners, Seawolves, Seahawks, Storm, Cascades, and NHL Seattle are working together to start reversing these unacceptable trends through joint advocacy, funding, and programming.

In addition to collaborative work, many of the professional teams have an affiliated 501(c)3 private foundation or public charity that supports both internal programs as well as other nonprofits and community causes. For example, the Sounders RAVE Foundation's mission is to build small fields for free play and use, recognizing that inequitable access to fields and facilities is one of the greatest barriers to participation. Since 2016 the RAVE Foundation has built mini pitches in three different underserved neighborhoods in King County, with the goal of completing 26 pitches and distributing 100,000 soccer balls by 2026. The Mariners Cares Home Base program is another strong example of a professional sports team leaning in to help our most vulnerable. In 2018 the Mariners partnered with the United Way of King County and donated \$3M to help low income renters navigate our state's eviction laws, thereby allowing them to retain their homes and their dignity, and in turn reducing the homeless population. NHL Seattle, set to commence operations in the fall of 2021, has entered into a ten year \$10M partnership with Youthcare that includes financial, capacity building, and marketing support, as well as job training and employment opportunities to help Youthcare end the cycle of youth homelessness. Finally, through a robust network of programs, initiatives, events and strategic partnerships the Seahawks and CenturyLink Field educate, empower and encourage youth, with opportunities ranging from the Fuel Up to Play 60 health and wellness program in partnership with the Washington Dairy Council operating in over 2,000 schools and reaching over 950,000 students, to multi-year donations of synthetic turf football fields to high school athletic programs in need, to, in accordance with state law, annually providing twenty percent (20%) of net profits of the CenturyLink Field Event Center to the Washington State Permanent Common School Fund. In addition to these and other signature programs, the teams collectively donate

¹ In October 2018, Washington state earned an "A-" from the Center for Digital Government's evaluation of Washington's use of technology to improve service delivery, increase capacity, streamline operations and reach policy goals. See Governor Inslee's Oct 2, 2018 Press Release: *Washington state gets an "A" for use of technology* available at <https://www.governor.wa.gov/news-media/washington-state-gets-%E2%80%98A%E2%80%99-use-technology>.

² The Seattle/King County State of Play Report was released in September of 2019 by the University of Washington Center for Leadership in Athletics and the Aspen Institute.

millions of dollars in cash and in-kind support annually to hundreds of nonprofits, impacting thousands of people in our community.

Our teams know we have a duty to serve the community and make a positive difference in people's lives and we are eager to join our counterparts across the country in utilizing more current technology to do just that. We also believe that our impact-centered and uniquely collaborative approach to advancing positive social change presents a rare opportunity - for the teams and this region - to set an example for others across the country to follow, for the benefit of all.

Thank you for your consideration of this proposal. Please let us know if we can provide any additional information.

Respectfully,

NHL SEATTLE

By: Mari Horita

Its: Vice President of Community Engagement & Philanthropy

SEATTLE MARINERS

By: Fred Rivera

Its: Executive Vice President & General Counsel

SEATTLE SOUNDERS FC

By: Maya Mendoza

Its: Senior Vice President & General Counsel

SEATTLE SEAHAWKS

By: Ed Goines

Its: Senior Vice President & General Counsel

WAC 230-17-192 Submission of electronic or mechanical gambling equipment during rule making. (1) A manufacturer or its designee is required to submit electronic or mechanical gambling equipment for evaluation during rule making when the commission is considering taking action to adopt, change, or repeal a rule in order to authorize use of the gambling equipment.

(2) When we are ready to begin our equipment evaluation, we will notify the manufacturer or its designee in writing. The manufacturer or its designee will have thirty days from the date of our written request to submit the requested electronic or mechanical gambling equipment to our headquarters, directly or through a designee, or we may administratively close our review and deny the requested rule change.

(3) Manufacturers or their designee must submit:

(a) The gambling equipment, including all relevant software, that is identical or substantially similar to what will be marketed, distributed, and deployed in Washington;

(b) A copy of detailed technical materials and diagrams associated with the equipment and software, and all of the operational procedures and manuals, including relevant hardware and software manuals; and

(c) Other technical specifications as requested by the commission.

(4) The manufacturer or its designee must install, configure, and support the equipment/software to allow us to fully evaluate its operation. Evaluation may include, but is not limited to, interoperability, communication, security, and player protection issues.

(5) We will notify the manufacturer or their designee in writing if we require additional equipment or information for our evaluation. The manufacturer or its designee must provide us with the requested equipment or information within thirty days from the date of our written request or we may administratively close our review and deny the requested rule change.

[Statutory Authority: RCW 9.46.070. WSR 18-04-001, § 230-17-192, filed 1/24/18, effective 2/24/18.]