

Multiple Agency Fiscal Note Summary

Bill Number: 5878 SB	Title: Internet gambling
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Estimated Cash Receipts

Agency Name	2005-07		2007-09		2009-11	
	GF- State	Total	GF- State	Total	GF- State	Total
State Lottery	Non-zero but indeterminate cost. Please see discussion."					
Total \$	0	0	0	0	0	0

Local Gov. Courts *	Non-zero but indeterminate cost. Please see discussion.					
Local Gov. Other **						
Local Gov. Total						

Estimated Expenditures

Agency Name	2005-07			2007-09			2009-11		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Administrator for the Courts	Non-zero but indeterminate cost. Please see discussion.								
State Lottery	.0	0	0	.0	0	0	.0	0	0
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Other **									
Local Gov. Total									

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Prepared by: Tristan Wise, OFM	Phone: 360-902-0546	Date Published: Final 2/28/2005
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Judicial Impact Fiscal Note

Bill Number: 5878 SB	Title: Internet gambling	Agency: 055-Office of Administrator for Courts
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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.

Legislative Contact: John Dziedzic	Phone: 360-786-7784	Date: 02/18/2005
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 02/18/2005
Agency Approval: Jeff Hall	Phone: 360-357-2131	Date: 02/18/2005
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 02/18/2005

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

Section 2 would make it a gross misdemeanor crime under RCW 9.46.240 to transmit or receive gambling information over the internet.

II. B - Cash Receipts Impact

II. C - Expenditures

There have been no charges filed under RCW 9.46.240 in 2003 or 2004. Adding the element of the internet to the crime may generate additional filings, but it is not possible to determine how many. The expenditure impact is indeterminate, therefore, but expected to be minimal.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Individual State Agency Fiscal Note

Revised

Bill Number: 5878 SB	Title: Internet gambling	Agency: 116-State Lottery Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2006	FY 2007	2005-07	2007-09	2009-11
Fund					
Total \$					

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: John Dziedzic	Phone: 360-786-7784	Date: 02/18/2005
Agency Preparation: Julie Martin	Phone: 360-664-4807	Date: 02/28/2005
Agency Approval: Julie Martin	Phone: 360-664-4807	Date: 02/28/2005
OFM Review: Tristan Wise	Phone: 360-902-0546	Date: 02/28/2005

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.

SB5778 section 3 (h) amends RCW 67.70.240 as follows:

Prohibits the use of the Lottery from selling or customers purchasing lottery tickets via the Lottery website, and restricts the Lottery authority to expend credit or funds held on account for website related activities.

The Lottery does not currently offer or have plans to offer the sale or purchase of lottery tickets via the Internet.

Clarification was sought for language in Section 3 (h) that read, "to communicate any other means of becoming eligible to win a prize."

The Lottery was advised that this language meant specifically that Lottery customers would no longer have the ability to enter a second-chance drawing via the Lottery's website from their home. The effect is that customers who want to register their entry via an electronic or mechanical device would have to travel to a Lottery office, or Lottery retail store. However, retail stores are not equipped to offer this service, therefore, customers would have to travel to one of six Lottery offices throughout the state.

The inconvenience to customers to file an electronic entry from a Lottery office versus filing one from the comfort of their home, though not easily quantifiable, would negatively impact sales, and in turn, impact the Lottery's profit which is transferred to the Education Construction Account.

Commonly offered in lotteries across the country, Washington's Lottery has been offering statewide second chance drawings for over 15 years. These second chance drawings give increased opportunities to win a prize and encourage customers to buy Lottery products. To be eligible, customers enter their name and address on the back of a non-winning lottery ticket (one they have already played and no longer has any value), then mail it to a Lottery address to be placed in a random drawing for a prize. As in all planned activities that include a second chance drawing, customers have the option of mailing their entries, however, this method is very labor intensive for the Lottery and an inconvenience and expense to customers.

As U.S. lotteries continue to look for ways to cut costs and become more efficient, they are adding Internet entry components to their 2nd chance drawings. The Internet entry allows an additional avenue for players to enter 2nd chance drawings, and drives players to their websites for additional information on beneficiaries and other games.

In July 2005, the Lottery started offering customers the chance to enter statewide second chance drawings using the Lottery's website. Over 167,000 customers entered a Harley-Davidson second chance drawing: 98,000 by mail and 69,000 (41 percent of all entries) used the Lottery website. The ability to enter second chance drawings via the Lottery's website is convenient for customers and can be accomplished within a matter of seconds – there is no need for customers to purchase an envelope or a stamp, or rely on the mail in order to enter the random drawing. Entries received via mail are commingled with entries received via the Lottery's website – those received via the website are no more likely to win than those entered through the mail.

The Lottery, together with other state agencies, is using technology to become more efficient and responsive to citizens. The Lottery website "walottery.com" is a useful information tool. Potential retailers can find out how to become licensed. Interested citizens can access Lottery Commission meeting agendas and minutes. The website is an efficient way to communicate winning numbers, how games are played, and where the money goes.

The Lottery is charged to generate revenue for the Education Construction Account and other causes as determined by legislators. The website is a key marketing tool to encourage playership and provide information about the Lottery that is always and repeatedly requested by the public.

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.

The impact of this bill will certainly be a decrease to Lottery profits over time as the world relies more on electronic communication and the convenience of the Internet to conduct personal business. Some examples include the ability to file federal taxes online, renew licenses and submit rebates for consumer products. Adding the inconvenience to customers of having to go to Lottery offices to enter a second chance drawing via an electronic or mechanical device as opposed to the convenience of entering from their home, will negatively impact sales and transfers to the Education Construction Account. The amount of the decrease is indeterminate.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2006	FY 2007	2005-07	2007-09	2009-11
FTE Staff Years					
Total:					

Part IV: Capital Budget Impact

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.

Individual State Agency Fiscal Note

Bill Number: 5878 SB	Title: Internet gambling	Agency: 117-Washington State Gambling Comm
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Part I: Estimates

☒ **No Fiscal Impact**

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: John Dziedzic	Phone: 360-786-7784	Date: 02/18/2005
Agency Preparation: Cally Cass-Healy	Phone: (360) 486-3579	Date: 02/22/2005
Agency Approval: Rick Day	Phone: (360)486-3446	Date: 02/23/2005
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 02/24/2005

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.

SB 5878 Section 1 prohibits gambling activities that are not specifically authorized and carefully regulated. Section 2 of this bill is amended to affirmatively state that transmitting or receiving gambling information by the internet is a gross misdemeanor. The bill also amends the State Lottery statute. The intent and effect of these changes is to prevent any gambling over the internet with state lottery games.

It has long been our position that gambling via the Internet is illegal based on 9.46.240, and the proposed changes in section 2 make this clearer. Although the nature of the internet makes it difficult to find and pursue these types of criminal investigations, we have investigated several cases over the last few years as gaming on the internet has become increasingly popular. As more people become aware that internet gambling is illegal, we may receive more complaints. In addition, the complexity of these cases may increase over time, translating to more staff hours to investigate and track internet gambling cases in the future. Our current plan is to handle these cases as part of our workload and priorities.

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.

There is no cash receipts impact for this bill.

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.

There is no expenditure impact as a result of this bill.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

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.