

Individual State Agency Fiscal Note

Bill Number: 6190 SB	Title: Fund-raising activities	Agency: 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:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	1.7	0.9	0.2	0.3
Account					
Gambling Revolving Account-Non-Appropriated 884 -6	0	325,398	325,398	124,736	124,736
Total \$	0	325,398	325,398	124,736	124,736

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.

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Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 of the bill adds sweepstakes to the list of authorized gambling activities that bona fide charitable or nonprofit organizations can conduct.

Section 2(1) of the bill provides the Gambling Commission the power and duty to authorize and issue sweepstakes licenses for bona fide charitable or nonprofit organizations that meet the requirements of the chapter and rules adopted under the chapter.

Section 2(5) requires the Gambling Commission to establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than the amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of this chapter and rules adopted under this chapter.

Section 2(14) authorizes the Gambling Commission to adopt rules necessary to implement the chapter.

Section 3 (1) of the bill defines the conditions under which bona fide charitable or nonprofit organizations may conduct sweepstakes.

Section 3 (2) of the bill defines unfair acts and practices that are prohibited and punishable under the chapter or rules adopted by the commission.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Revenue for this bill is indeterminate, as it is dependent on the passage of rules to set license fees. RCW 9.46.070(5) requires the Gambling Commission to establish annual license fees in an amount that is sufficient to cover the costs of licensing and enforcement of the chapter and rules adopted under the chapter. Therefore, it is the expectation licensing fees would be established at an amount to support the ongoing costs of this new activity.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

For purposes of this fiscal note, the Gambling Commission assumes the following:

- Ten (10) new applicants
- Forty (40) existing licensees that will apply to add a gambling activity type to their existing licenses
- Those 50 total licensees will all renew in subsequent years
- Persons, associations, or organizations engages in the manufacturing, selling, distributing, or otherwise supplying of devices, equipment, software, hardware, or any gambling-related services for use within this state for those activities authorized by this bill are already licensed by the Gambling Commission.

Under Section 2 of the bill, the Gambling Commission will be required to make updates to its enterprise information technology (IT) systems to enable the existing systems and online secure customer portal to process applications and renewals online. The changes to the IT systems would include a combination of system configuration changes and software programming enhancements. The Gambling Commission's IT staff will implement these changes to ensure alignment with

existing processes and systems. The cost estimate for the system changes and new software development in FY2025 is estimated at 160 hours over two (2) months utilizing three IT staff, with maintenance thereafter of 25 hours a year. This estimate is based on the cost to implement similar system changes to implement the licensing of electronic raffle activity.

The Gambling Commission will also be required to update existing licensing applications to provide the ability to apply for a license and add a gambling activity to an existing license. This work will take a total of 72 hours = 2 hours each of a Customer Service Specialist 2, two Licensing Specialists, two Licensing Special Agents, and a Licensing Specialist Supervisor. Additionally, a Licensing Specialist Supervisor will need approximately 3.5 hours to update procedure manuals and unit training materials to include this license type. The Gambling Commission will absorb the time required to train licensing staff regarding the new license by providing training during a regularly scheduled staff meeting. This one-time work will require 75.5 hours in Fiscal Year 25.

Section 2 of the bill requires the Gambling Commission "To authorize and issue licenses for a period to not exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules adopted under this chapter...". Based on communication with existing licensees, the Gambling Commission assumes there will be 10 new applicants and 40 existing licensees that submit applications to add a gambling activity, and that all 50 will renew their licenses yearly. Comparing the number of hours it takes to review and then approve or deny similar license types, it will take 6 hours to process a new licensee application, 2 hours to process an application to add a gambling activity, and 0.5 hours to process a renewal application. This will require 140 hours (10 new applicants x 6 hours plus 40 add and activity x 2 hours) in Fiscal Year 25 and 25 hours a year thereafter to renew 50 sweepstakes licenses.

Section 3 of the bill defines the conditions under which bona fide charitable or nonprofit organizations may conduct sweepstakes. It also defines acts and practices that are prohibited and punishable. Based on the number of complaints filed about similar activities and the time it takes to review those complaints, the Gambling Commission anticipates receiving 15 complaints a month that take an hour each for a Licensing Special Agent to review, for a total of 180 hours a year, starting in FY2025 and every year thereafter.

Based on time required to develop qualification and financial review programs for similar activities, it will take 4 hours to develop the review program and materials to train licensing staff. The Gambling Commission will absorb the time required to train licensing staff regarding the new license by providing training during a regularly scheduled staff meeting. The qualification and financial reviews will take 250 hours a year (50 reviews x 5 hours per review) of a Licensing Special Agent (200 hours) and a Special Agent Supervisor (50 hours) starting in FY2026 and every year thereafter.

One-time costs for the development of a regulatory compliance program are based on the time it has taken to develop programs for similar activities and will take approximately 80 hours of a Regulatory & Enforcement Special Agent (20 hours) and three Regulatory & Enforcement Special Agent Supervisors (3 staff x 20 hours each).

Ongoing costs of training for this compliance program for staff and licensees will take 30 hours of a Regulatory & Enforcement Special Agent (15 hours) and a Regulatory & Enforcement Special Agent Supervisor (15 hours) starting in FY2025 and every year thereafter.

Compliance reviews will take 150 hours (3 hours x 50 licensees) of a Regulatory & Enforcement Special Agent starting in FY2026 and every year thereafter.

Section 2(14) authorizes the Gambling Commission to adopt rules to carry out the purposes and provisions of the chapter.

Section 2(5) of the bill requires the Gambling Commission to establish annual license fees in an amount that is sufficient to cover the costs of licensing and enforcement of the chapter and rules adopted under the chapter.

Section 3(1)(g) requires sweepstakes advertising to comply with rules adopted by the commission.

The Gambling Commission will need to engage in rulemaking to establish definitions and operational requirements for sweepstakes, set fees, and establish record keeping requirements. This will involve a complex rulemaking process and is

anticipated to be finished in FY2025. The Gambling Commission will also need to amend multiple rules pertaining to permitting and licensing both organizations and individuals, reporting requirements, player age restrictions, and restrictions and conditions for gambling promotions. These 'normal' rulemaking processes are anticipated to be finished in FY2025.

Ongoing costs:

Salary, benefits and associated costs for 0.02 of a Licensing Specialist, 0.03 of a Licensing Specialist Supervisor, 0.23 of Licensing Special Agent, 0.10 of a Licensing Special Agent Supervisor, 0.10 of a Regulation & Enforcement Special Agent, 0.01 of a Regulation & Enforcement Special Agent Supervisor, and 0.02 of a Journey IT App Developer.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
884-6	Gambling Revolving Account	Non-Appropriated	0	325,398	325,398	124,736	124,736
Total \$			0	325,398	325,398	124,736	124,736

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		1.7	0.9	0.2	0.3
A-Salaries and Wages		182,214	182,214	74,648	74,648
B-Employee Benefits		55,064	55,064	25,140	25,140
C-Professional Service Contracts					
E-Goods and Other Services		88,120	88,120	24,948	24,948
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	325,398	325,398	124,736	124,736

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*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Agent in Charge	122,316		0.1	0.1		
Assistant Director	137,832		0.3	0.2		
Customer Service Specialist 2	50,328		0.0	0.0		
IT App Development - Journey	107,148		0.0	0.0	0.0	0.0
IT App Development - Senior/Specialist	124,038		0.1	0.0		
Legal Manager WMS	100,848		0.2	0.1		
Licensing Special Agent	90,984		0.0	0.0	0.1	0.1
Licensing Special Agent Supervisor	102,888		0.0	0.0	0.0	0.0
Licensing Specialist	58,380		0.1	0.1	0.0	0.0
Licensing Specialist Supervisor	67,716		0.0	0.0		
Regulation & Enforcement Special Agent	90,984		0.0	0.0	0.1	0.1
Regulation & Enforcement Special Agent Supervisor	102,888		0.0	0.0	0.0	0.0
Rules Coordinator WMS	113,016		0.6	0.3		
Special Agent	102,888		0.0	0.0		
Special Agent Supervisor	102,888		0.1	0.1		
Total FTEs			1.7	0.9	0.2	0.3

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

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

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 2(14) authorizes the Gambling Commission to adopt rules to carry out the purposes and provisions of the chapter.

Section 2(5) of the bill requires the Gambling Commission to establish annual license fees in an amount that is sufficient to cover the costs of licensing and enforcement of the chapter and rules adopted under the chapter.

Section 3(1)(g) requires sweepstakes advertising to comply with rules adopted by the commission.

The Gambling Commission will need to engage in rulemaking to establish definitions and operational requirements for sweepstakes, set fees, and establish record keeping requirements. This will involve a complex rulemaking process and is anticipated to be finished in FY2025.

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