

**WASHINGTON STATE GAMBLING COMMISSION  
TRANSITION BRIEFING  
SMALL AGENCY CABINET**

**Agency Name:**

Washington State Gambling Commission  
Mailing Address: P.O. Box 42400  
Olympia, WA 98504-2400  
Telephone – 360-486-3440  
<http://www.wsgc.wa.gov>

Rick Day, Director  
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Lacey, WA 98503  
Telephone – (360) 486-3446  
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**Agency Responsibilities:**

Mission: Protect the Public by ensuring gambling is legal and honest

Legislative Declaration: Keep the criminal element out of gambling and strict regulation and control

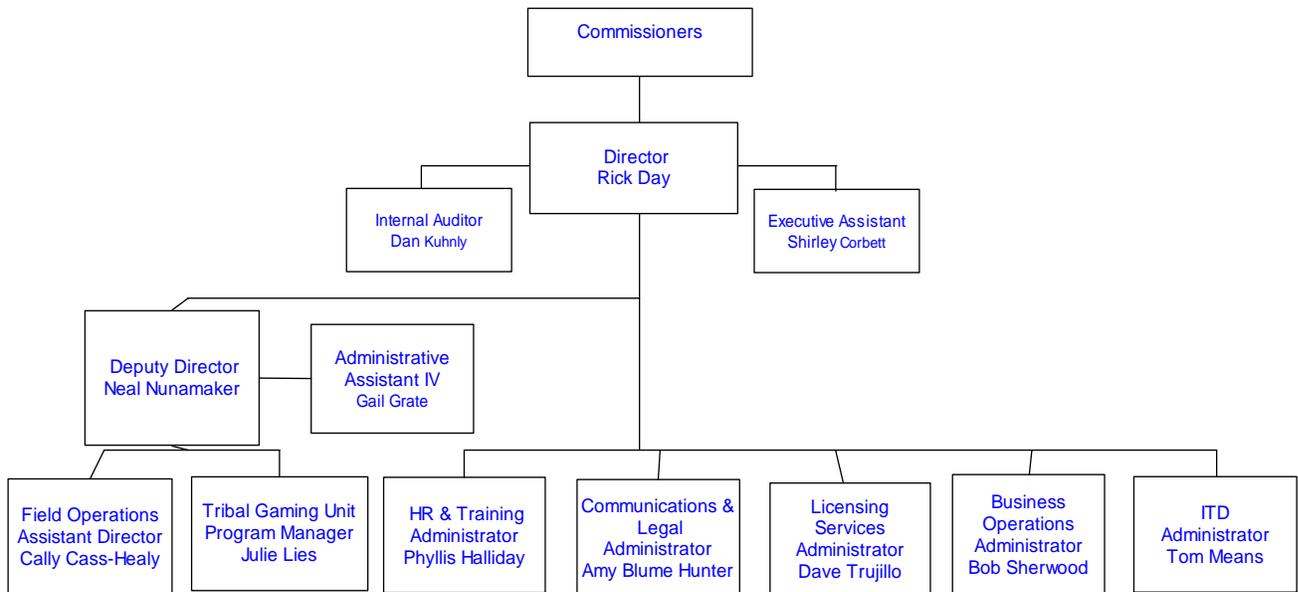
- *Negotiate Tribal-State Compacts and jointly regulate 24 Tribal Casinos operating nearly 16,000 Tribal Lottery System Machines (TLS)*
- *As a limited law enforcement agency, investigate and enforce violations of the State’s gambling laws and administrative rules (44 criminal cases were referred to prosecuting attorneys for the fiscal year ending July 31, 2004)*
- *Investigate and license organizations and over 14,000 individuals engaging in gambling activities, including tracing the source of funds used to purchase and operate the business*
- *Regulate over 3,000 organizations authorized to conduct non-tribal gambling activities, including pull-tabs, house-banked card games, bingo, raffles, and amusement games*

Statutes Authorizing Activities: RCW 9.46 Gambling Act - 1973 and related criminal statute (*except Horse Racing and the Lottery*); Title 230 WAC; federal Indian Gaming Regulatory Act of 1988 (25 U.S.C. 2701)

**Organization Chart and Budget:**

The Gambling Commission is comprised of five members appointed by the Governor for one six-year term, and four Ex Officio Legislative Members. The current Commissioners are: Chair Janice Niemi (*term ends 06/07*), Vice Chair Alan Parker (*term ends 06/09*), Liz McLaughlin (*term ends 06/07*), Curtis Ludwig (*term ends 06/06*), and George Orr (*term ends 06/05*). Removal must be by a tribunal of superior court judges appointed by the Chief Justice of the Supreme Court. The current Ex Officio Legislative Members are: Senator Margarita Prentice, Senator (*vacant position*), Representative Alex Wood, and Representative Tom Mielke.

The Commission is a quasi-judicial body that conducts ten regular meetings a year. The Commission has the sole authority to approve expenditures from the revolving account.



- The Commission is a non-general fund and non-appropriated agency.
- The Commission is responsible to fund its own operations by imposing and collecting fees on gambling activities.
- These fees are deposited to the Gambling Revolving Fund which is the Commission's sole source of revenue.
- The Commission's only program is the enforcement of the provisions of the Gambling Act of 1973 and all laws related to gambling, which it carries out through a system of regulation and enforcement consisting of several interrelated activities.
- The Gambling Commission approved a 2003-05 Biennium Budget of \$29,297,000 and 184.8 full-time employees, half of which are commissioned law enforcement agents in exempt positions.

### **Most Pressing Issues or Challenges Your Agency is Facing:**

- **Attorney General Opinion** – On May 19, 2004, the Commission requested an Attorney General's opinion relative to the transfers from the Gambling Revolving Fund, a non-appropriated fund, to the state General Fund. The Commission's 05-07 budget includes a 21 FTE reduction from its original FY05 level to the end of FY07, which is in response to the continued transfers of over 50 percent of the gambling revolving account working capital balance.
- **Tribe Operating Casino Illegally** – The Spokane Tribe has been operating small casinos with slot machines for over ten years. The Spokane Tribe is now the only Tribe in the state operating without a Compact, as required by federal law. A federal court case is pending vs. slot machines seized in place on the reservation. The operation by the Spokane Tribe is a clear violation of federal law, but action by the National Indian Gaming Commission or the U.S. Attorney's Office has been minimal. Compact negotiations have been stalled largely due to the Tribe's insistence that it should be allowed to operate traditional slot machines, rather than the approved Tribal Lottery System machines.
- **New Tribal Casino** – The Cowlitz Tribe was recently recognized, but does not have an initial reservation. The Tribe is focusing on land near I-5 near the small community of La Center. There is significant local controversy regarding the Cowlitz initial reservation. The decision to authorize an initial reservation is pending with the Department of Interior. Such a decision, along with the Governor's approval of a Tribal-State Compact would allow the Cowlitz Tribe to develop a casino on the property. The Tribe has not currently requested Compact negotiations.
- **Problem Gambling** – Funding for problem gambling services was a significant legislative issue in 2004. The Commission, the Lottery, and Horse Racing have some limited responsibility to fund training and awareness services, based on a law change in 2003. The Commission responded by increasing funding. The Commission is also considering a permanent "problem gambling awareness and training" fee and is drafting an agreement with DSHS to administer a problem gambling program. However, this does not address a treatment program or the necessary funding for such a program. One of the primary issues is the equality of financial participation by tribal and non-tribal gambling operations.
- **I-892** – Tribal and non-tribal competition for gambling dollars has resulted in I-892 which would allow electronic gambling machines to be placed by the Lottery Commission in locations licensed by the Gambling Commission. This initiative would have significant regulatory impacts and could result in several thousand additional gambling locations and double the number of machines operating in the state. Regardless of the success or failure of the initiative, the tribal and non-tribal competition will continue to pressure the system for new gambling opportunities.
- **Charitable/Nonprofit Gambling** in Washington is declining. Bingo gross receipts in particular have declined steadily over the past nine years. The net income generated from gambling available to charitable/nonprofit organizations has declined from \$33 million in 1992 to \$18 million in 2003. These findings and a series of recommendations were included in a study authorized by the Commission. The Commission is in the process of considering how or if the recommendations should be integrated into the agency's regulatory program.

## Board Member Listing by Board Position

### GAMBLING COMMISSION (GS065)

Agency 117 - Washington State Gambling Comm	Senate Conf. Y	Positions: Maximum 009
Authority Governor;(House&Senate appt.4 ex-officio members)	Public Disc. Y	Minimum 000
Authoriztn. RCW 9.46.040	Term Length 072	Actual 008
Rem. Auth. SC	Meetings/Yr. 12	

Pos. #	Name and Address	Status	Race	Appointed	Expires
001	Ludwig, Curtis 203 North Palouse Kennewick, WA 99336-3322	A	C	06/12/2000	06/30/2006
		Terms Served	01		
		Position	a member		
		Comments	General Public		

Pos. #	Name and Address	Status	Race	Appointed	Expires
002	Orr, George 2414 West Second Avenue Spokane, WA 99204	A	C	01/15/2000	06/30/2005
		Terms Served	01		
		Position	a member		
		Comments	General Public		

Pos. #	Name and Address	Status	Race	Appointed	Expires
003	McLaughlin, Elizabeth 6420 Highland Drive Everett, WA 98203	A	C	07/01/2001	06/30/2007
		Terms Served	02		
		Position	a member		
		Comments	General Public		

Pos. #	Name and Address	Status	Race	Appointed	Expires
004	Niemi, Janice (The Honorable) PO Box 20516 Seattle, WA 98102	A	C	02/05/2002	06/30/2008
		Terms Served	01		
		Position	a member		
		Comments	General Public		

Pos. #	Name and Address	Status	Race	Appointed	Expires
005	Parker, Alan R. Mail Stop Seminar 3122 Olympia, WA 98505	A	NA	07/01/2003	06/30/2009
		Terms Served	02		
		Position	a member		
		Comments	General Public		