

FORMATTING NOTE:

In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (({- text here -})) is text that will be DELETED FROM the existing statute if the proposed measure is approved.
- Text that is surrounded by {+ text here +} is text that will be ADDED TO the existing statute if the proposed measure is approved.
- {+ NEW SECTION+} (found at the beginning of a section or paragraph) indicates that ALL of the text in that section will become law if the proposed measure is approved.

* * *
INITIATIVE 671

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 671 to the People is a true and correct copy as it was received by this office.

AN ACT Relating to gaming by tribes; and adding new sections to chapter 9.46 RCW.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1. It is declared to be the public policy of the state of Washington to assist in promoting economic development, self-sufficiency, and strong tribal governments for federally recognized Indian tribes located in the state. In recent years, tribal economies have suffered dramatically from a decline in jobs and revenue from their mainstay natural resources industries, such as fishing and forestry, and from a reduction in federal programs that support tribal governmental services. Due to the location of many tribal communities and their generally limited and restricted land base, restoring and developing tribal economies presents a substantial challenge. Properly controlled and regulated gaming activities can assist tribes in restoring their economies and improving their general welfare by providing employment opportunities, revenue for education, improved health care, social services, public safety services such as police and fire protection, and economic development.

Gaming activities such as lottery and keno are currently conducted by the state as a means of providing revenue for state governmental programs and services. It is the purpose of this act to establish a limited and closely regulated electronic gaming activity for tribes as a means to increase economic self-sufficiency and to help fund tribal government programs. It is intended that the electronic gaming activities authorized under this act be conducted in a manner that ensures that: (1) Tribes are the primary beneficiaries of the activities; (2) gaming is conducted fairly and honestly by both operators and players; (3) the activities are closely regulated by the state and tribes; (4) state gaming regulatory and local public safety services related to these activities are funded; (5) revenues are

generated for state and local economic development, as well as restoration and enhancement of salmon and fisheries habitat and watersheds, for the benefit of the entire state; and (6) revenues are generated for state and local charitable activities.

Tribes are authorized by federal law, the Indian Gaming Regulatory Act of 1988, P.L. 100-497 (25 U.S.C. Sec. 2701 et seq. and 18 U.S.C. Sec. 1166 et seq.), to engage in class III gaming activities if such activities are located in a state that permits such gaming for any purpose by any person, organization, or entity. This act is intended to authorize an amendment to existing tribal-state compacts, under the Indian Gaming Regulatory Act of 1988. The state has traditionally either or both permitted and conducted gaming activities within the state, including, among others, lottery, keno, parimutuel betting for horse racing, punch boards, pull-tabs, card rooms, and Reno nights. The state hereby recognizes that Indian tribes should also be allowed to engage in electronic gaming activities.

The Washington state gambling commission and the tribe shall co-regulate, and implement under a two-phase approach, electronic gaming activities authorized by this act. The regulatory requirements set forth in this act must be in place and operational before commencing phase I operation. Implementation of phase II must be conditioned upon not less than twelve months of continual phase I operation and completion of a favorable regulatory compliance review by the state and the tribal gaming agency. A tribe may operate two hundred ninety-five class III electronic gaming devices or less at the option of the tribe during phase I and four hundred ninety-five class III electronic gaming devices or less at the option of the tribe during phase II. In addition, a tribe shall operate up to five electronic gaming devices to support state-wide and local charitable organizations.

A broad coalition of Washington Indian tribes has reached consensus on this act, whereas a prior proposal to expand tribal gaming was opposed by many tribes and was defeated.

{+ NEW SECTION. +} Sec. 2. The definitions in the compact in section 3 of this act apply to sections 1 through 6 of this act.

{+ NEW SECTION. +} Sec. 3. The state hereby approves an amendment to existing tribal-state compacts that contain the following quoted terms. The state and any tribe may subsequently amend these compacts only by mutual agreement.

"PART I. DEFINITIONS

For purposes of this compact:

(1) "Charitable contributions" means: (a) The "local charitable contribution," which is the percentage of revenues based on gross gaming revenues less prizes paid to players from electronic gaming devices, paid by the tribes to the state treasurer for the benefit of local charities in the areas surrounding tribal gaming facilities that might be affected by the gaming facility; and (b) the "additional charitable contributions," which are the net revenues, generated from the additional charitable electronic gaming devices authorized by this compact, paid by the tribes to the state treasurer for the benefit of charities state-wide.

(2) "Class III gaming" means all forms of gaming as defined in 25 U.S.C. Sec. 2703(8), and by federal regulations adopted under IGRA, as they existed on the effective date of this compact.

(3) "Commission" means the Washington state gambling commission.

(4) "Compact" means an amendment to existing tribal-state compacts

that is an agreement with the state, as ratified by any Indian tribe, to govern regulation, management, and operation of electronic gaming devices in a class III gaming facility.

(5) "Electronic gaming device" means any class III electromechanical, electrical, electronic, or video device or machine that upon payment of consideration is available to play or operate, operation of which, whether by reason of the skill of the operator, or application of the element of chance, or both, may deliver to or entitle the person playing or operating the machine to receive cash, coin, premiums, merchandise, redeemable game credits, or anything of value other than unredeemable free games whether the payoff is made automatically from the machine or in any other manner.

(6) "Existing tribal-state compact" means an agreement between the state and an Indian tribe for class III gaming, approved under IGRA, before the effective date of this compact.

(7) "Gaming facility" means the building in which class III electronic gaming activities as authorized by this compact are conducted by a tribe.

(8) "Gaming operation" means the enterprise owned by a tribe for the conduct of any form of class III electronic gaming in any gaming facility.

(9) "Gaming regulatory contribution" means the percentage of revenues, based on gross gaming revenues from electronic gaming devices, less prizes paid to players, paid by the tribe to the commission, for regulatory activities under this compact.

(10) "Gross gaming revenues" means all revenues from electronic gaming device wagers less amounts paid to players in the form of prizes, before subtracting costs of operation.

(11) "IGRA" means the Indian Gaming Regulatory Act of 1988 (25 U.S.C. Sec. 2701 et seq. and 18 U.S.C. Sec. 1166 et seq.).

(12) "In-lieu dividends and contributions" means the percentage of revenues based on gross gaming revenues less prizes paid from electronic gaming devices, paid by the tribe to the state treasurer for local economic development, for restoration of salmon and fisheries habitat and watersheds, for local public safety and emergency services, for the state regulation of tribal gaming, and for local charitable contributions, as required by this compact. Revenues from charitable electronic gaming devices are not included in in-lieu dividends and contributions, and distributions from the charitable electronic gaming devices must be made on a net revenues basis.

(13) "Local public safety and emergency services contribution" means the percentage of revenues, based on gross gaming revenues from electronic gaming devices, less prizes paid to players, paid by a tribe to the state treasurer for distribution to the county in which the class III gaming facility is located, for distribution to local law enforcement agencies, emergency service providers, and other agencies that might be affected by the gaming facility.

(14) "Net revenues" means all gross gaming revenues, less prizes paid, from electronic gaming devices less the cost of operating, maintaining, and tribal regulation of the devices, specifically excluding capital costs.

(15) "Tribal gaming agency" means an agency of a tribe, as the tribe may from time to time designate by written notice to the commission, as the tribal agency, primarily responsible for regulatory oversight of class III electronic gaming as authorized by this compact.

(16) "Tribe" or "tribal" means a federally recognized Indian tribe, or reference to a federally recognized Indian tribe, located in Washington state.

(17) "Wagering unit" means the minimum bet accepted by a specific electronic gaming device.

PART II. IMPLEMENTATION OF COMPACTS

A compact must be entered into by the state and any tribe that ratifies the compact in accordance with the tribe's constitution and applicable tribal laws and regulations. An existing tribal-state compact remains in effect and must be amended to add the terms of this compact.

The governor shall sign a compact meeting the terms in this compact unless otherwise mutually agreed upon within fifteen days after receipt of this compact. However, if the governor does not execute this compact within the time period, this compact is deemed signed for all purposes.

PART III. AUTHORIZED CLASS III GAMING

(1) AUTHORIZATION OF ELECTRONIC GAMING DEVICES. A tribe may offer any electronic gaming device with the elements of prize, consideration, and chance at a gaming facility located within the external boundaries of its reservation, or if negotiated with and approved by the state in a subsequent compact amendment or an existing tribal-state compact, on any other Indian lands as defined in IGRA. A tribe offering electronic gaming devices under this compact is entitled to transport electronic gaming devices or parts of the devices on state highways to and from the gaming facility for the purpose of installation, maintenance, servicing, or removal of the electronic gaming devices or parts. The devices must comply with all requirements of IGRA and the gaming regulations included in this compact, but a regulation may not impair tribal rights guaranteed under IGRA.

(2) REGULATORY REQUIREMENTS. Before offering class III electronic gaming devices for public play, the tribe shall have the regulatory requirements, as set forth in this compact, in place and operational.

(3) OWNERSHIP OF GAMING FACILITY AND GAMING OPERATION. The tribe shall own and operate the gaming operation, including the gaming facility. The tribe may contract for management of the gaming facility and gaming operation as provided by IGRA. The contract must subject the manager to the terms of this compact, including annual certification and licensing.

(4) NUMBER OF GAMING FACILITIES. A tribe may not operate more than one class III gaming facility unless the tribe and the state mutually agree that the tribe may operate additional gaming facilities.

(5) OPERATION OF ELECTRONIC GAMING DEVICES IN GAMING FACILITIES: Phases I and II. Operation of electronic gaming devices in gaming facilities must occur in two phases. Phase I must begin with the commencement of operations and must continue until the tribe has satisfied the conditions in this compact for entering phase II. During phase I, a tribe may operate a random mix of two hundred ninety-five class III electronic gaming devices or less at the option of the tribe, regardless of how many gaming facilities the tribe is authorized to operate. Phase I must last at least twelve months and not more than fifteen months, unless the tribe has failed to satisfy the conditions in this compact for entering phase II, in which case phase I must continue until the earlier of either satisfaction of the conditions or allowance to proceed to phase II under the dispute resolution provisions of part V of this compact. After ten months of continual phase I operation, the commission and the tribal gaming agency shall

commence a review of the class III electronic gaming device gaming operation to determine compliance with the conditions set forth in subsection (6) of part III of this compact. If, as a result of a timely review, the commission and the tribal gaming agency determine that the operation is in compliance with these conditions, the tribe may implement phase II. During phase II, a tribe may operate a random mix of four hundred ninety-five class III electronic gaming devices or less at the option of the tribe, regardless of how many gaming facilities the tribe is authorized to operate.

(6) CONDITIONS FOR COMMENCEMENT OF PHASE II. Commencement of phase II of the class III gaming operations must be conditioned upon the following:

(a) There has not been a violation of this compact that resulted in sanctions imposed by a federal district court or the national Indian gaming commission;

(b) There has not been a violation of this compact that is substantial or, due to repetition, would be deemed material;

(c) There has not been a material adverse impact on the public health, safety, or welfare of the citizens of the surrounding communities in the nature of criminal activity directly related to the electronic gaming device gaming operation;

(d) There has not been an unresolved and material violation of part V of this compact; and

(e) The tribal gaming agency has developed a program of electronic gaming device regulation and control, demonstrating a prenegotiated and predetermined level of proficiency, that includes the hiring of trained tribal gaming agents, an independent regulatory and reporting structure separate from that of the gaming facility, a system for the reporting of compact violations, and a consistent presence within the gaming facility.

(7) WAGERING LIMITS. For any electronic gaming device, there must be a maximum wagering unit of five dollars, with a maximum of five wagering units bet by a player per play. For any electronic gaming device with a maximum wagering unit of two dollars or less, there must be a maximum of eight wagering units bet by a player per play.

(8) AGE LIMITS. A person under the age of eighteen may neither participate in a gaming operation nor be allowed on a class III gaming floor during hours of actual operation. Should alcoholic beverages be offered on any portion of the gaming floor, a patron under the age of twenty-one may not be allowed on that portion of the gaming floor during hours of actual operation.

(9) HOURS OF OPERATION. (a) The maximum number of hours for a gaming operation must not exceed an average of one hundred twelve or one hundred forty hours per week on an annualized basis, whichever is greater as allowed under the tribe's existing tribal-state compact. The tribe shall schedule the hours to best comply with market conditions and may operate any day of the week. The gaming operation must be closed to the public from at least 4:00 a.m. until 8:00 a.m. each day of operation unless other hours are or have already been agreed to by the commission, the tribal gaming agency, and local law enforcement, but the maximum hours of operation allowed under the compact may not be exceeded.

(b) Notwithstanding (a) of this subsection, a tribe may offer class III electronic gaming for up to seventy-two continuous hours on three separate occasions per year when allowed by the existing tribal-state compact or under a memorandum of understanding with the state.

PART IV. DISTRIBUTION OF REVENUES FOR ECONOMIC DEVELOPMENT,

HABITAT RESTORATION, ENFORCEMENT, AND CHARITABLE PURPOSES

In addition to creating opportunities for tribes to achieve economic self-sufficiency, the purpose of this compact is to provide revenue as outlined in this part for the restoration and enhancement of salmon and fisheries habitat and watersheds, for economic development opportunities across the state, for state regulation of tribal gaming operations, for local public safety and emergency services, for local charities that may be affected by a tribal gaming facility, and for other charitable purposes.

As specified in this part, in-lieu dividends and contributions must be used for salmon and fisheries habitat restoration and enhancement and for economic development opportunities across the state. Also as specified in this part, a portion of the in-lieu dividends and contributions must be designated for contribution to the following recipients for the following purposes: The gaming regulatory contribution to the commission must provide revenue for state regulation of tribal gaming operations; the local public safety and emergency services contribution to local governments must be used by counties in which gaming facilities are located for purposes including, but not limited to, local law enforcement, emergency services, and other agencies that might be affected by the gaming facility; the local charitable contribution must be distributed for use by local charities in the areas surrounding tribal gaming facilities that might be affected by the gaming facility; and additional revenue must be made available to charities across the state through the additional charitable contribution.

(1)(a) IN-LIEU DIVIDENDS AND CONTRIBUTIONS. A tribe offering gaming by electronic gaming devices at a gaming facility shall pay fifteen percent of the electronic gaming device gross gaming revenues, which are all revenues from electronic gaming device wagers less amounts paid to players in the form of prizes, before subtracting costs of operations, from the class III electronic gaming activities authorized by this compact, as in-lieu dividends and contributions, paid to the state treasurer for distribution as designated in (b) of this subsection. The treasurer may recover reasonable administrative and accounting costs incurred as a result of receiving and distributing these funds.

(b) DISTRIBUTION OF IN-LIEU DIVIDENDS AND CONTRIBUTIONS TO THE STATE TREASURER. All in-lieu dividends and contributions must be transferred to the state treasurer within thirty days after the end of each calendar quarter. The in-lieu dividends and contributions do not constitute taxes or public funds, and must be kept separate and apart from all public funds in a special account by the treasurer and distributed on behalf of the tribes. The treasurer shall disburse funds immediately for the uses as provided in this compact according to the following formula:

(I) SALMON AND FISHERIES HABITAT AND WATERSHED RESTORATION AND ENHANCEMENT. The Washington fund for salmon and fisheries must be established. The fund for salmon and fisheries must be managed by a board of directors appointed by the governor consisting of seven members with knowledge of and experience in salmon and fisheries issues and management, who will serve three-year terms. The board of directors must include at least one member who is a tribal representative, one member who is a representative of the For the Sake of the Salmon organization while in existence, and one member who is a representative of the Washington state department of fish and wildlife. Of the initial members, two must be appointed for one-year terms, two

must be appointed for two-year terms, and three must be appointed for three-year terms. The governor shall appoint one member to be the chairperson. The treasurer shall deposit forty-five percent of the in-lieu dividends and contributions into the fund for salmon and fisheries. The board shall place priority on distributing the funds for efforts to restore, protect, and enhance the salmon resources of Washington state, including, but not limited to, the salmon restoration programs of the For the Sake of the Salmon organization while in existence. Emphasis must be placed on distributing the funds on a watershed basis in a manner that furthers the priority of restoring, protecting, and enhancing the state's salmon resources. The funds must supplement rather than replace existing habitat and watershed restoration and enhancement funds. The board may determine what reasonable administrative costs are incurred as a result of receiving and distributing these funds and may expend funds to cover those costs. Members of the board must be reimbursed for reasonable meeting and travel expenses.

(ii) ECONOMIC DEVELOPMENT. The treasurer shall distribute forty-five percent of the in-lieu dividends and contributions to the treasurers of each county in the state in an amount proportionate to the county's population, for deposit in the counties' general funds. Counties shall use these funds for economic development purposes including, but not limited to: Construction and operation of sports and convention facilities; development and attraction of new businesses; and creation and enhancement of tourism and recreation. The funds must supplement rather than replace existing county economic development funds. Each county shall report annually to the treasurer on the use of the funds. The county treasurers may recover reasonable administrative and accounting costs incurred as a result of receiving and distributing these funds.

(2) GAMING REGULATORY CONTRIBUTION. The treasurer shall distribute an amount equal to two percent of the in-lieu dividends and contributions to the Washington state gambling commission as the gaming regulatory contribution. The commission shall use the contribution to defray its regulatory costs under this compact.

(3) LOCAL PUBLIC SAFETY AND EMERGENCY SERVICES CONTRIBUTION. (a) The treasurer shall distribute six percent of the in-lieu dividends and contributions received from each tribal gaming facility to the county treasurer in the county in which the gaming facility is located as the local public safety and emergency services contribution. The local public safety and emergency services contribution does not constitute taxes or public funds, and must be kept separate and apart by the county treasurer from all public funds in a special account. For each gaming facility, there must be established a local public safety and emergency services contribution committee that must receive all local public safety and emergency services contributions from the gaming facility from the county treasurer and distribute the contributions for purposes including, but not limited to, local law enforcement, emergency services, municipalities, and other agencies that might be affected by a tribal gaming facility. The committee must consist of a representative of the tribe operating the gaming facility, a representative of the county in which the gaming facility is located, and a representative of the commission. The makeup of the committee may be altered by mutual agreement of the tribe operating the gaming facility and the commission, if necessary. The county treasurers may recover reasonable administrative and accounting costs incurred as a result of receiving and distributing these funds.

(b) Within six months of the date of final approval of this

compact, the tribe and the county potentially impacted by a gaming facility shall enter into a memorandum of understanding delineating the anticipated governmental relationship and responsibilities both on and off a tribal reservation with respect to utilization of the local public safety and emergency services contribution. If the parties are unable to enter into a memorandum of understanding, the local public safety and emergency services contribution must be placed in an interest-bearing escrow account pending the execution of a memorandum of understanding. The tribe is entitled to any interest from the escrow account unless it is subsequently determined by dispute resolution under part V of this compact, that the tribe acted unreasonably in refusing to sign the memorandum of understanding.

(c) Upon execution, the local public safety and emergency services contribution committee shall disburse the local public safety and emergency services contribution.

(4) CHARITABLE CONTRIBUTIONS. The Washington fund for charitable contributions must be established. The Washington fund for charitable contributions must be managed by a board of directors appointed by the governor consisting of seven members with knowledge of and experience in charitable causes and issues, who will serve three-year terms. Of the initial members, two must be appointed for one-year terms, two must be appointed for two-year terms, and three must be appointed for three-year terms. The governor shall appoint one member to be the chairperson. The board of directors are responsible for receiving and distributing charitable donations received from the designated sources described in this subsection. The board may determine what reasonable administrative costs are incurred as a result of receiving and distributing these funds and may expend funds to cover those costs. Members of the board must be reimbursed for reasonable meeting and travel expenses.

(a) LOCAL CHARITABLE CONTRIBUTION. The treasurer shall distribute two percent of the in-lieu dividends and contributions as the local charitable contribution, which must be deposited in the Washington fund for charitable contributions. The board shall distribute the two percent of funds received as the local charitable contribution portion of the in-lieu dividends and contributions to local charities in the areas surrounding tribal gaming facilities that might be affected by the gaming facility and that are determined by the board of directors to be qualified to receive these funds. Local charities are also eligible to receive funds described in (b) of this subsection if deemed appropriate by the board.

(b) ADDITIONAL CHARITABLE CONTRIBUTIONS. Each tribe actually operating electronic gaming devices under a compact for electronic gaming devices shall operate an additional three of the devices in phase I and an additional five of the devices in phase II for charitable purposes. For the purposes of this subsection (4)(b), the charitable contribution must be the net revenues from the additional charitable electronic gaming devices, which the tribe may calculate as the net revenues from the actual electronic gaming devices designated for charitable purposes or as the average of the net revenues per electronic gaming device in the gaming facility multiplied by the number of electronic gaming devices authorized by this compact for charitable purposes. The treasurer shall distribute the charitable contribution from the charitable electronic gaming devices to the Washington fund for charitable contributions. The board shall distribute the revenues received from the electronic gaming devices dedicated for charity purposes to such charities across the state as it deems appropriate and qualified to receive the funds. Recipients of

the funds must include, but not be limited to, the Washington state council on problem gambling.

(5) EXCLUSIVITY. If the state authorizes the installation and playing in the state at locations other than a tribal gaming facility operating under this compact a total number of class III electronic gaming devices that is more than twenty-five percent of the total number of class III electronic gaming devices authorized by this compact for location in all participating tribal gaming facilities, then the in-lieu dividends and contributions for economic development in local counties and the additional charitable contributions must be eliminated, and the percentages of the in-lieu dividends and contributions must be added to the gross gaming revenues retained by the tribes under subsection (6) of this part. The in-lieu dividends and contributions for salmon and fisheries habitat and watershed restoration and enhancement, the local public safety and emergency services contribution, the gaming regulatory contribution, and the local charitable contribution must remain in full force and effect, but the local charitable contribution must then be distributed by the tribe.

(6) GROSS GAMING REVENUES RETAINED BY TRIBES. Except as provided in subsection (5) of this part, the tribes shall retain eighty-five percent of gross gaming revenues, from which the tribes shall pay all costs of operating, maintaining, and tribal regulation of gaming operations. Any remaining gross gaming revenues must be used to fund tribal government operations or programs, to provide for the general welfare of the tribe and its members, and to promote tribal economic development, as determined by the tribe. Uses of this revenue may include, but not be limited to, providing employment opportunities, revenue for education, improved health care, social services, public safety services such as police and fire protection, and to contribute to charitable organizations.

PART V. REGULATION OF CLASS III ELECTRONIC GAMING ACTIVITIES

(1) ENTIRE REGULATIONS. For tribes that have existing tribal-state compacts, all regulations for class III gaming operations must be extended to the additional class III electronic gaming facilities authorized by this compact. The regulations in the existing tribal-state compacts and the regulations in this compact constitute all the regulations applicable to class III electronic gaming facilities. Additional regulations are not required.

(2) MINIMUM STANDARDS FOR ELECTRONIC GAMING DEVICES. (a) Electronic gaming devices must pay out a mathematically demonstrable percentage of all amounts wagered, that must not be less than eighty percent nor more than one hundred percent. Electronic gaming devices that might be affected by player skill must meet this standard when using a method of play that provides the greatest return to the player over a period of continuous play.

(b) Electronic gaming devices must:

- (I) Be controlled by a microprocessor or the equivalent;
- (ii) Be compatible to on-line data monitoring;
- (iii) Have a separate locked internal enclosure within the device for the circuit board containing the EPROM, which are computer chips that store memory, and battery back-up;
- (iv) Be able to continue a game with no data loss for at least twenty-four hours after a power failure;
- (v) Have at least three previous and current game data recall;
- (vi) Have a random selection process that must not produce

detectable patterns of game elements or detectable dependency upon any previous game outcome, the amount wagered, or upon the style or method of play;

(vii) Clearly display applicable rules of play and the payout schedule;

(viii) Display an accurate representation of each game outcome. After selection of the game outcome, the electronic gaming device must not make a variable secondary decision that affects the result shown to the player;

(ix) Have a complete set of nonvolatile meters including in, out, dropped, total credits wagered, total credits won, number of games played, jackpots paid, door openings, and fill or coin compartment accesses;

(x) Have each possible permutation or combination of game elements that produce winning or losing game outcomes available for random selection at the initiation of each play; and

(xi) Not automatically alter paytables or any function of the electronic gaming device based on internal computation of the hold percentage.

(c) When an electronic gaming device is unable to drop sufficient coins for payment of jackpots requiring the payment to be made by the operator, jackpot payout tickets must be prepared containing the following information:

(i) The location of the electronic gaming device;

(ii) The date;

(iii) The time of day;

(iv) The electronic gaming device number;

(v) The amount of the jackpot payout in written and numeric form;

(vi) The signature of a licensee or operator employee making the payment; and

(vii) A signature of at least one other operation employee attesting to the accuracy of the form.

(d)(I) Electronic gaming devices linked to any progressive jackpot system must meet the following specifications:

(A) A progressive jackpot may be transferred to another progressive electronic gaming device at the same location in the event of a device malfunction or replacement, with approval of the regulator;

(B) A licensee may impose a limit on the jackpot of an electronic gaming device that is linked to any progressive controller as long as the minimum payout is greater than the possible maximum jackpot payout showing on any individual electronic gaming device linked to the progressive jackpot; and

(C) A payoff indicator may not be turned back to a lesser amount unless one of the following circumstances occurs:

(I) The amount shown on the progressive meter is paid to a player as a jackpot; or

(II) It becomes necessary to change the jackpot indicator because of an electronic gaming device malfunction, in which case the malfunction and adjustment must be recorded by appropriate electronic gaming device monitoring on-line data system.

(ii) A licensee who is liable for payment of a progressive jackpot must secure the amount of the payment by a cash deposit, a performance bond, or a security instrument nationally recognized in the gaming industry. The regulator must approve all deposits, bonds, or other instruments, and the security instrument must be secured in a method approved by the regulators.

(e) Electronic gaming devices must:

(I) Be a device as defined in this compact;

(ii) Not subject a player to physical hazards;

(iii) Contain a surge protector on the line that feeds power to the electronic gaming device. The battery backup or an equivalent for the electronic meters must be capable of maintaining accuracy of all information required for one hundred eighty days after power is discontinued from the electronic gaming device. The backup must be kept within the locked logic board compartment;

(iv) Have an on/off switch that controls the electrical current used in the operation of the electronic gaming device and any associated equipment that must be located in an accessible place within its interior;

(v) Be designed so that it is not adversely affected by static discharge or other electromagnetic interference;

(vi) Have at least one electronic bill or coin acceptor. The acceptors must be designed to accept legitimate coin or currency only. The bill or coin receiver on an electronic gaming device must be designed to prevent the use of cheating methods such as slugging, stringing, or spooning. All bill or coin acceptors are subject to approval by the regulators. Bills or coins accepted but that are inappropriate bills or coins must be returned to the player by activation of the hopper or credited toward the next play of the electronic gaming device. The electronic gaming device control program must be capable of handling rapidly fed bills or coins so that occurrences of inappropriate bills or coins are prevented;

(vii) Not be readily accessible in its internal space of the electronic gaming device when the front door is both closed and locked;

(viii) Have logic boards and software EPROMS, which are computer chips that store memory, in a locked area within the electronic gaming device, secured with a seal or similar item approved by the regulators and that must be affixed by an authorized regulatory agent and must include the date, signature, and identification number of the agent. Only an authorized agent may remove the seal;

(ix) Have a bill or coin compartment contained in a locked area within or attached to the electronic gaming device;

(x) Not contain hardware switches that alter the pay tables or payout percentages in its operation. Hardware switches may be installed to control graphic routines, speed of play, and sound;

(xi) Contain an unremovable identification plate containing the following information, appearing on the exterior of the electronic gaming device:

(A) Manufacturer;

(B) Serial number; and

(C) Model number;

(xii) Contain the rules of play for the electronic gaming device displayed on its face or screen. Rules may not be incomplete, confusing, or misleading. Each electronic gaming device must also display the credits wagered and the credits awarded for the occurrence of each possible winning combination, based on the number of credits wagered. All information required by this subsection (2)(e)(xii) must be kept under glass or another transparent substance and stickers or other removable items may not be placed over this information;

(xiii) Have equipment that enables the electronic gaming device to communicate with a central computer system accessible to the regulators, using an industry standard protocol data format approved by the regulators;

(xiv) Be capable of continuing the current game with all current game features after a malfunction is cleared. This rule does not apply if an electronic gaming device is rendered totally inoperable. The

current wager and all credits appearing on the screen before the malfunction must be returned to the patron;

(xv) Have attached a drop bucket housed in a locked compartment separate from any other compartment of the electronic gaming device;

(xvi) Be capable of detecting and displaying the following error conditions that an attendant may clear:

(A) Bill or coin-in jam;

(B) Bill or coin-out jam;

(C) Hopper empty or time-out;

(D) Program error;

(E) Hopper runaway or extra bill or coin paid out;

(F) Reverse bill or coin-in;

(G) Reel error; and

(H) Door open;

(xvii) Use a communication protocol that ensures that erroneous data or signals do not adversely affect the operation of the electronic gaming device;

(xviii) Display an approved registration number permanently imprinted, affixed, or impressed on the outside of the electronic gaming device;

(xix) Have the capacity to display on the front of the electronic gaming device its rules of play, character combinations requiring payouts, and the amount of the related payouts. In addition, the licensee shall display on each electronic gaming device either:

(A) A clear description of any merchandise or thing of value offered as a payout, including the cash equivalent value of the merchandise or thing of value offered, the dates the merchandise or thing will be offered if there is a time limit upon initially offering the merchandise or thing of value, and the availability or unavailability to the patron of the optional cash equivalent value; or

(B) The name or a brief description of the merchandise or thing of value offered. However, a sign containing the information specified in (e)(xix)(A) of this subsection must be displayed in a prominent location near the electronic gaming device; and

(xx) Have a mechanical, electrical, or electronic device that automatically precludes a player from operating the electronic gaming device after a jackpot requiring a manual payout and requires an attendant to reactivate the electronic gaming device.

(3) COMPUTER MONITORING REQUIREMENTS OF ELECTRONIC GAMING DEVICES.

(a) The operator shall have a computer connected to all electronic gaming devices in a facility to record and monitor the activities of the devices. An electronic gaming device may not be operated unless it is on-line and communicating to a computer monitoring system approved by the regulators. The computer monitoring system must provide on-line, real-time monitoring and data acquisition capability in the format and media approved by the regulators.

(b) The computer permitted under (a) of this subsection must be designed and operated to automatically perform and report functions relating to electronic gaming device meters, and other exceptional functions and reports to the facility as follows:

(i) Record the number and total values of bills or coins in the electronic gaming device for the purpose of activating play;

(ii) Record the number and total value of bills or coins deposited in the drop bucket of the electronic gaming device;

(iii) Record the total payouts, including the number for each group or set of payout symbols made by the electronic gaming device;

(iv) Record each door opening;

(v) Record each access to the drop bucket; and

(vi) Record each reset of the electronic gaming device.

(4) LEASE OF ELECTRONIC GAMING DEVICES. Indian tribes may lease electronic gaming devices, but the lease payment for each electronic gaming device may not exceed the lesser of the prevailing industry price or thirty percent of the net revenues from the device.

(5) DISPUTE RESOLUTION. Any dispute that arises under the terms of this compact must be resolved under the terms of the dispute resolution provisions of the existing tribal-state compact."

{+ NEW SECTION. +} Sec. 4. To the extent that the terms of the compact in section 3 of this act vary from any terms in an existing tribal-state compact, the terms of the compact in section 3 control with respect to regulation and operation of electronic gaming device gaming operations.

{+ NEW SECTION. +} Sec. 5. This chapter, being necessary for the welfare of the state and its inhabitants, must be liberally construed to effect the purposes of this chapter. Notwithstanding anything in this act to the contrary, this chapter and all of the terms of the compact in section 3 of this act must be interpreted in accordance with the provisions of IGRA, as it existed on the effective date of this act.

{+ NEW SECTION. +} Sec. 6. The process provided in Laws of 1992, ch. 172, Sec. 2, as codified in RCW 9.46.360, do not apply to the compact in section 3 for class III electronic gaming.

{+ NEW SECTION. +} Sec. 7. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

{+ NEW SECTION. +} Sec. 8. Sections 1 through 7 of this act are each added to chapter 9.46 RCW.

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