



## Washington's Lottery Centennial Accord Plan

### 1. Programs:

Washington's Lottery is an executive cabinet agency under the Governor and is fully committed to the principles of consultation and cooperation memorialized in the Centennial Accord, the 2000 Millennium Agreement, and related executive orders. The unique legal status of tribes and presence of tribally reserved rights and cultural interests throughout the state regarding gambling creates a special relationship between tribes and Washington's Lottery.

Tribes and tribal members possess property and self government rights that predate the formation of the United States and the creation of the State of Washington and are guaranteed under treaties and federal law. The unique rights of tribes under the Indian Gaming Regulatory Act (IGRA) and in the compact with Washington State government to conduct gaming do not, however, apply to the sale on tribal grounds of state Lottery products by licensed Lottery retailers. It is in the interest of lasting intergovernmental relations and the possibility of tribal members to become licensed as Washington's Lottery retailers for the sale of lottery tickets on tribal grounds that this accord plan is developed. However, due to federal laws and inherent tribal sovereignty, each reservation in the state constitutes a bordering jurisdiction for enforcement purposes. Therefore, tribal resolutions or ordinances acknowledging the jurisdiction of Washington State and the Washington's Lottery regarding the sale of lottery products by licensed lottery retailers becomes a necessity to attain this privilege.

By implementing the principles in this accord plan, the Lottery hopes to create a better understanding and mutual respect of these intergovernmental rights and interests of the tribes and of Washington's Lottery. The Lottery will continue to seek ways to improve on and clarify our government to government relationship with the tribes.

Created in 1982, Washington's Lottery was established to generate revenues for state programs through the sale of lottery products. Those products, or "games," as they are more commonly known, range in variety from *Scratch* tickets, in which players discover if they are an instant winner, to "draw" games in which players wait for the random drawing of numbers to determine if they have won. Lottery staff is dedicated to providing [new, innovative, and fun games](#) for players to enjoy. Presently, Washington's Lottery offers six draw games; *Mega Millions*, *Lotto*, *Hit 5*, *The Daily Game* and *Daily Keno*, and *Match 4*, with jackpots ranging from \$100,000 for *Hit 5* to as high as \$1.5 billion for *Powerball*, and a cashpot of \$10,000 for *Match 4*. New *Scratch* games are

launched as frequently as once a month, with players having a choice of more than 30 games a year to experience. Prizes for *Scratch* games range from \$1 to \$1,000,000.

[The history of Washington's Lottery](#) is interesting, and provides a fascinating view of a state agency driven by public choice to support state programs such as public education and stadium construction.

A five-member [Lottery Commission](#), made up of regional members appointed by the Governor, serves as the administrative rule making authority for Washington's Lottery. As a state regulatory agency, the Lottery is responsible for the regulation and enforcement of the Lottery law, thereby ensuring lawful control of lottery products. In addition to operating games to generate revenues for the state of Washington, the Lottery also participates in efforts to raise awareness about the risks of [problem gambling](#). Washington's Lottery is proud to be a partner with the Washington State Patrol and others to support the state-wide [Amber Alert program](#) to enlist the aid of Lottery retailers across Washington in receiving reports of missing or abducted children and relaying this important information to customers in the public interest. Additionally, Washington's Lottery is proud to participate with our business partners in conducting book drives that result in book donations to lower-income families with children to support literacy efforts at home.

Washington's Lottery Core Responsibilities:

- Operate the state lottery in order that such lottery produce the maximum amount of net revenues for the state consonant with the dignity of the state and the general welfare of the people
- Lottery security provides enforcement and education of lottery ticket security matters including prohibition of sales to minors
- Problem gambling awareness is a legislative mandate to Washington's Lottery
- The Lottery and its licensed lottery retailers must comply with the American's with Disabilities Act regarding access to facilities where lottery tickets are sold

Washington's Lottery is a regulatory agency and conducts criminal and credit background checks on all lottery retailer applicants. Additionally, as a sales and marketing organization, the Lottery's marketing and communication plan specifies needs for appropriate advertising at lottery retailer locations. The sales program launches promotional activity both independently and in cooperation with licensed lottery retailers.

The Lottery Director is responsible for the implementation of lottery games approved by the Lottery Commission and for the operation of the Lottery. The Director works cooperatively with the Washington State Gambling Commission, the Horse Racing Commission, the Governor's Policy Office, as well as with numerous stakeholder groups throughout the state to foster excellent working relationships and the success of our lottery retailers in selling lottery products. Stakeholder outreach is a strategic goal of the lottery.

## 2. Funding Distribution:

Washington's Lottery does not administer funds that are directly available to the tribes. However, if a tribal member becomes a licensed lottery retailer, the tribal member may earn commissions on the sale of lottery products and through selling incentives approved by Washington's Lottery Commission.

The Lottery pays sales commissions via electronic funds transfer (EFT) between the Lottery and the retailer's bank account. These EFT distributions occur weekly, with the cost of tickets sold subtracted from an account, and commissions earned and prizes paid out added to an account. Any adjustments and credits are applied at this time also. This transaction is referred to as the weekly settlement.

Retailers earn a set amount of commission and retail selling bonuses that have been authorized by the Lottery Commission. These amounts are shown below.

### Retailer Sales Commission

Game	Commission
<i>Scratch</i>	5% commission on ticket sales
<i>Hit 5</i>	5% commission on ticket sales
<i>Lotto</i>	5% commission on ticket sales, additional 1% commission on Jackpots \$6 million and over
<i>Daily Keno</i>	5% commission on ticket sales
<i>Daily Game</i>	5% commission on ticket sales
<i>Match 4</i>	5% commission on ticket sales
<i>Mega Millions</i>	5% commission on all ticket sales
<i>Powerball</i>	5% commission on all ticket sales

### Retailer Draw Game Incentives and Selling Bonus

Game	Incentive	Example
<i>Hit 5</i>	1% of total jackpot	Jackpot = \$250,000 Selling Bonus = \$2,500
<i>Lotto</i>	1% of total jackpot	Jackpot = \$12,000,000 Selling Bonus = \$12,000
<i>Mega Millions</i>	Second tier prize	Second Tier Selling Bonus = \$10,000
<i>Mega Millions</i>	Top Prize	Top Prize Bonus = \$50,000
<i>Powerball</i>	Second tier prize	Second Tier Selling Bonus = \$10,000
<i>Powerball</i>	Top Prize	Top Prize Bonus = \$50,000

## 3. Definitions:

Lottery: Created in statute by the state legislature in 1982 and authorized in the state constitution as the only legal lottery in Washington State.

Licensed Lottery Retailer: A retailer who is licensed by Washington's Lottery for regulatory purposes to ensure the legal handling and sale of lottery products. Regulatory requirements for licensed lottery retailers are contained in Chapter 67.70 of the Revised Code of Washington.

Draw Games: A lottery game in which a player purchases from a lottery retailer the chance win a lottery game by selecting the game and a combination of digits, numbers, or symbols, type and amount of play, and drawing date, and receives a computer generated ticket with those selections printed on it; or pays for a ticket with numbers, symbols or characters selected by the lottery terminal. The lottery conducts a drawing at a later time to determine the winning numbers or symbols.

Scratch Games: An instant game in which a ticket is purchased and the ticket bearer determines his or her winnings, if any, by scratching a coating off the ticket.

Sales Commission: A percentage of the gross sales price of a Lottery ticket earned by a licensed Lottery retailer.

Promotions: Periodic short-term events designed to increase the sale of Lottery tickets through incentives for customers or Lottery retailers. Advertised promotional offerings, such as, but not limited to, buy one get one, second chance drawings, combining products at a discounted price.

Incentives: Incentives may include anything from a free ticket, an entry into a "second chance" drawing for an additional prize, an increase in the sales commission or many other kinds of promotional activity.

Mail Fraud: Prohibits the mailing of lottery tickets across state lines. Lottery tickets cannot be sold over the internet.

#### **4. Consultation Process-Procedures:**

Washington's Lottery Commission meets regularly and is the rule making body for lottery regulations. Washington's Lottery publishes the schedule of public meetings.

The Lottery offers business consultation services to applicants for a lottery retailer license to demonstrate how sale of lottery products enhances overall the sale of retail products and how to be a successful lottery retailer.

#### **5. Dispute Resolution Process:**

Prior to Washington's Lottery approving tribal members for a lottery retailer license, each tribe must submit a Tribal Resolution or Tribal Ordinance to the Lottery indicating agreement to submit to:

- a) the issuance and revocation of lottery retailer licenses and the regulation of the manner of lottery ticket sales within the boundaries of its reservation, pursuant to state law;
- b) state court jurisdiction, with exclusive venue in Thurston County, over state lottery license issues, including issuance or revocation, the conduct of a lottery retailer, the financial relationship between any licensee and the state lottery and other matters regarding state lottery operation;
- c) jurisdiction of the Director of Washington's Lottery, or any lawfully appointed designee thereof, over state lottery administrative disputes, in accordance with Washington State law;
- d) the entry upon trust lands and property including lands owned by the Tribe or its members, by lottery employees, including investigators or enforcement officers, solely for the purpose of conducting investigations and enforcing the provisions of RCW 67.70.

Washington's Lottery adheres to the requirements of the Washington State Administrative Procedure Act contained in RCW 34.05. Licensed Lottery retailers found to be in violation of the lottery license law are issued Statements of Charges and offered hearings through the Office of Administrative Hearings. Opportunities for a settlement with the Lottery regarding the administrative law charges are provided each respondent, prior to the administrative hearing.