

Note: Secretary of the Senate's letter informing the Secretary of State that the Legislature has overridden the Governor's veto is as follows:

Honorable A. Ludlow Kramer
Secretary of State
Legislative Building
Olympia, Washington 98504

Dear Mr. Kramer:

I am transmitting herewith Senate Bill No. 3039, which was passed notwithstanding the veto of the Governor, by the Senate by a vote of 37 Yeas and 8 Nays on April 16, 1974; and by the House of Representatives by a vote of 72 Yeas and 25 Nays on April 19, 1974.

Done at Olympia, Washington,
this 19th day of April, 1974.

SID SNYDER
Secretary of the Senate

CHAPTER 152
[Substitute House Bill No. 29]
STATE LOTTERY—
REFERENDUM BILL NO. 34

AN ACT Relating to the establishment and operation of a state lottery; amending section 4, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.040; creating a new chapter in Title 67 RCW; adding a new section to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; creating new sections; prescribing penalties; providing for submission of this act to a vote of the people; and making an appropriation.

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

NEW SECTION. Section 1. For the purposes of this chapter:

- (1) "Commission" shall mean the state gambling commission established by RCW 9.46.040.
- (2) "Lottery" or "state lottery" shall mean the lottery established and operated pursuant to this chapter.
- (3) "Director" shall mean the director of the state lottery.

NEW SECTION. Sec. 2. The department of motor vehicles shall provide such office, administrative, and legal services as are required by the commission and the director of the state lottery to carry out the provisions of this chapter. However, the costs of such services shall be paid for by the director of the state lottery from moneys placed within the revolving fund created by section 20 of this 1974 amendatory act.

Any vacancy occurring in the office of the director of the state lottery shall be filled in the same manner as the original appointment.

The director of the state lottery shall be appointed by the commission and shall devote his entire time and attention to the duties of his office and shall not be engaged in any other profession or occupation. He shall receive such salary as shall be determined by the commission and the provisions of the state civil service law, chapter 41.06 RCW, shall not apply to his employment.

NEW SECTION. Sec. 3. In addition to the powers and duties enumerated in RCW 9.46.070 as now or hereafter amended, the commission shall have the power, and it shall be its duty:

(1) To promulgate such rules and regulations governing the establishment and operation of a state lottery as it deems necessary and desirable in order that such a lottery be initiated at the earliest feasible and practicable time, and 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. Such rules and regulations may include, but shall not be limited to, the following:

- (a) The type of lottery to be conducted;
- (b) The price, or prices, of tickets or shares in the lottery;
- (c) The numbers and sizes of the prizes on the winning tickets or shares;
- (d) The manner of selecting the winning tickets or shares;
- (e) The manner and time of payment of prizes to the holders of winning tickets or shares which, at the commission's option, may be paid in lump sum amounts or installments over a period of years;
- (f) The frequency of the drawings or selections of winning tickets or shares, without limitation;
- (g) Without limit as to number, the type or types of locations at which tickets or shares may be sold;
- (h) The method to be used in selling tickets or shares;
- (i) The licensing of agents to sell tickets or shares, except that no person under the age of eighteen shall be licensed as an agent;
- (j) The manner and amount of compensation, if any, to be paid licensed sales agents necessary to provide for the adequate availability of tickets or shares to prospective buyers and for the convenience of the public;
- (k) The apportionment of the total revenues accruing from the sale of lottery tickets or shares and from all other sources among
 - (i) the payment of prizes to the holders of winning tickets or shares shall not be less than forty-five percent of the gross income from such lottery, (ii) the payment of costs incurred in the operation and administration of the lottery, including the expenses of the lottery

and the costs resulting from any contract or contracts entered into for promotional, advertising, or operational services or for the purchase or lease of lottery equipment and materials, but the payment of such costs shall not exceed fifteen percent of the gross income from such lottery (iii) for the repayment of the moneys appropriated to the state lottery fund pursuant to section 24 of this 1974 amendatory act, and (iv) for transfer to the general fund: PROVIDED, That no less than forty percent of the total revenues accruing from the sale of lottery tickets or shares shall be transferred to the state general fund;

(1) Such other matters necessary or desirable for the efficient and economical operation and administration of the lottery and for the convenience of the purchasers of tickets or shares and the holders of winning tickets or shares.

(2) To amend, repeal, or supplement any such rules and regulations from time to time as it deems necessary or desirable.

(3) To advise and make recommendations to the director of the state lottery regarding the operation and administration of the lottery.

(4) To publish monthly reports showing the total lottery revenues, prize disbursements, and other expenses for the preceding month, and to make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements, and other expenses, to the governor and the legislature, and including such recommendations for changes in this chapter as it deems necessary or desirable.

(5) To report immediately to the governor and the legislature any matters which shall require immediate changes in the laws of this state in order to prevent abuses and evasions of this chapter or rules and regulations promulgated thereunder or to rectify undesirable conditions in connection with the administration or operation of the lottery.

(6) To carry on a continuous study and investigation of the lottery throughout the state (a) for the purpose of ascertaining any defects in this chapter or in the rules and regulations issued thereunder by reason whereof any abuses in the administration and operation of the lottery or any evasion of this chapter or the rules and regulations may arise or be practiced, (b) for the purpose of formulating recommendations for changes in this chapter and the rules and regulations promulgated thereunder to prevent such abuses and evasions, (c) to guard against the use of this chapter and the rules and regulations issued thereunder as a cloak for the carrying on of professional gambling and crime, and (d) to insure that said law and

rules and regulations shall be in such form and be so administered as to serve the true purposes of this chapter.

(7) To make a continuous study and investigation of (a) the operation and the administration of similar laws which may be in effect in other states or countries, (b) any literature on the subject which from time to time may be published or available, (c) any federal laws which may affect the operation of the lottery, and (d) the reaction of the citizens of this state to existing and potential features of the lottery with a view to recommending or effecting changes that will tend to serve the purposes of this chapter.

NEW SECTION. Sec. 4. The director of the state lottery shall have the power, and it shall be his duty to:

(1) Supervise and administer the operation of the lottery in accordance with the provisions of this chapter and with the rules and regulations of the commission;

(2) Subject to the approval of the commission, appoint such deputy directors as may be required to carry out the functions and duties of his office: PROVIDED, That the provisions of the state civil service law, chapter 41.06 RCW, shall not apply to such deputy directors;

(3) Subject to the approval of the commission, appoint such professional, technical, and clerical assistants and employees as may be necessary to perform the duties imposed upon the director of the state lottery by this chapter: PROVIDED, That the provisions of the state civil service law, chapter 41.06 RCW, shall not apply to such employees as are engaged in undercover investigative work but shall apply to other employees appointed by the director, except as provided for in subsection (2) of this section.

(4) In accordance with the provisions of this chapter and the rules and regulations of the commission, to license as agents to sell lottery tickets such persons as in his opinion will best serve the public convenience and promote the sale of tickets or shares. The director of the state lottery may require a bond from every licensed agent, in such amount as provided in the rules and regulations of the commission. Every licensed agent shall prominently display his license, or a copy thereof, as provided in the rules and regulations of the commission;

(5) Shall confer regularly as necessary or desirable and not less than once every month with the commission on the operation and administration of the lottery; shall make available for inspection by the commission, upon request, all books, records, files, and other information and documents of the lottery; shall advise the commission

and recommend such matters as he deems necessary and advisable to improve the operation and administration of the lottery;

(6) Subject to the approval of the commission and the applicable laws relating to public contracts, to enter into contracts for the operation of the lottery, or any part thereof, and into contracts for the promotion of the lottery. No contract awarded or entered into by the director of the state lottery may be assigned by the holder thereof except by specific approval of the commission: PROVIDED, That nothing in this chapter shall authorize the commission to enter into public contracts for the regular and permanent operation of the lottery after the initial development and implementation. Public contracts authorized under this chapter are to be performed for a flat fee and not on a percentage of the lottery receipts; and

(7) To certify monthly to the state treasurer and the commission a full and complete statement of lottery revenues, prize disbursements, and other expenses for the preceding month.

NEW SECTION. Sec. 5. For the purpose of obtaining information concerning any matter relating to the administration or enforcement of this chapter, the commission, or any person appointed by it in writing for the purpose may conduct hearings, administer oaths, take depositions, compel the attendance of witnesses and issue subpoenas pursuant to RCW 34.04.105.

NEW SECTION. Sec. 6. No license as an agent to sell lottery tickets or shares shall be issued to any person to engage in business exclusively as a lottery sales agent. Before issuing such license the director of the state lottery shall consider such factors as (1) the financial responsibility and security of the person and his business or activity, (2) the accessibility of his place of business or activity to the public, (3) the sufficiency of existing licenses to serve the public convenience, and (4) the volume of expected sales.

For the purposes of this section, the term "person" shall be construed to mean and include an individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, assignee, referee, or any other person acting in a fiduciary or representative capacity, whether appointed by a court or otherwise, and any combination of individuals. "Person" shall not be construed to mean or include any department, commission, agency, or instrumentality of the state, or any county and municipality or any agency or instrumentality thereof.

NEW SECTION. Sec. 7. Notwithstanding any other provision of law, any person licensed as provided in this chapter is hereby authorized and empowered to act as a lottery sales agent.

NEW SECTION. Sec. 8. The director of the state lottery may suspend or revoke, after notice and hearing, any license issued pursuant to this chapter. Such license may, however, be temporarily suspended by the director of the state lottery without prior notice, pending any prosecution, investigation, or hearing. A license may be suspended or revoked by the director for one or more of the following reasons:

(1) Failure to account for lottery tickets received or the proceeds of the sale of lottery tickets or to file a bond if required by the director of the state lottery or to comply with the instructions of the director concerning the licensed activity;

(2) Conviction of any crime as defined by RCW 9.01.020;

(3) Failure to file any return or report or to keep records or to pay any tax required by this chapter;

(4) Fraud, deceit, misrepresentation, or conduct prejudicial to public confidence in the state lottery;

(5) That the number of lottery tickets sold by the lottery sales agent is insufficient to meet administrative costs and that public convenience is adequately served by other licenses;

(6) A material change, since issuance of the license with respect to any matters required to be considered by the director under section 6 of this 1974 amendatory act.

NEW SECTION. Sec. 9. No right of any person to a prize drawn shall be assignable, except that payment of any prize drawn may be paid to the estate of a deceased prize winner, and except that any person pursuant to an appropriate judicial order may be paid the prize to which the winner is entitled. The director shall be discharged of all further liability upon payment of a prize pursuant to this section.

NEW SECTION. Sec. 10. No person shall sell a ticket or share at a price greater than that fixed by rule or regulation of the commission. No person other than a licensed lottery sales agent shall sell lottery tickets, except that nothing in this section shall be construed to prevent any person from giving lottery tickets or shares to another as a gift.

Any person convicted of violating this section shall be guilty of a misdemeanor.

NEW SECTION. Sec. 11. No ticket or share shall be sold to any person under the age of eighteen, but this shall not be deemed to prohibit the purchase of a ticket or share for the purpose of making a gift by a person eighteen years of age or older to a person less than that age. Any licensee who knowingly sells or offers to sell a lottery ticket or share to any person under the age of eighteen, and is convicted of such, shall be guilty of a misdemeanor.

NEW SECTION. Sec. 12. No ticket or share shall be purchased by, and no prize shall be paid to any of the following persons: Any officer or employee of the lottery or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of abode of any officer or employee of the lottery.

NEW SECTION. Sec. 13. Unclaimed prize money for the prize on a winning ticket or share shall be retained in the state lottery fund by the director of the state lottery for the person entitled thereto for one year after the drawing in which the prize was won. If no claim is made for said money within such year, the prize money shall then be transferred to the state general fund and all rights to the prize existing prior to such transfer shall be extinguished as of the day of the transfer.

NEW SECTION. Sec. 14. The director of the state lottery may, in his discretion, require any or all lottery sales agents to deposit to the credit of the state lottery fund in banks designated by the state treasurer, all moneys received by such agents from the sale of lottery tickets or shares, less the amount, if any, retained as compensation for the sale of the tickets or shares, and to file with the director of the state lottery or his designated agents reports of their receipts and transactions in the sale of lottery tickets in such form and containing such information as he may require. The director of the state lottery may make such arrangements for any person, including a bank, to perform such functions, activities, or services in connection with the operation of the lottery as he may deem advisable pursuant to this chapter and the rules and regulations of the commission, and such functions, activities, or services shall constitute lawful functions, activities, and services of such person.

NEW SECTION. Sec. 15. No other law providing any penalty or disability for the sale of lottery tickets or any acts done in connection with a lottery shall apply to the sale of tickets or shares performed pursuant to this chapter.

NEW SECTION. Sec. 16. If the person entitled to a prize or any winning ticket is under the age of eighteen years, and such prize is less than five thousand dollars, the director of the state lottery may direct payment of the prize by delivery to an adult member of the minor's family or a guardian of the minor of a check or draft payable to the order of such minor. If the person entitled to a prize or any winning ticket is under the age of eighteen years, and such prize is five thousand dollars or more, the director of the state lottery may direct payment to such minor by depositing the amount of the prize in any bank to the credit of an adult member of the minor's family or a guardian of the minor as custodian for such minor. The person so named as custodian shall have the same duties and powers as a person

designated as a custodian in a manner prescribed by the Washington Uniform Gifts to Minors Act, chapter 21.24 RCW, and for the purposes of this section the terms "adult member of a minor's family", "guardian of a minor" and "bank" shall have the same meaning as in said act. The director of the state lottery shall be discharged of all further liability upon payment of a prize to a minor pursuant to this section.

NEW SECTION. Sec. 17. There is hereby created and established a separate fund, to be known as the state lottery fund. Such fund shall be maintained and controlled by the commission and shall consist of all revenues received from the sale of lottery tickets or shares, and all other moneys credited or transferred thereto from any other fund or source pursuant to law.

NEW SECTION. Sec. 18. The moneys in said state lottery fund shall be used only: (1) For the payment of prizes to the holders of winning lottery tickets or shares; (2) for purposes of making deposits into the reserve account created by section 19 of this 1974 amendatory act and into the revolving fund created by section 20 of this 1974 amendatory act; (3) for purposes of making deposits into the general fund; and (4) for the repayment to the general fund of the amount appropriated to the fund pursuant to section 24 of this 1974 amendatory act.

NEW SECTION. Sec. 19. In the event the commission decides to pay any portion of or all of the prizes in the form of installments over a period of years, it shall provide for the payment of all such installments by one, but not both, of the following methods:

(1) It may enter into contracts with any financially responsible person or firm providing for the payment of such installments; or

(2) It may establish and maintain a reserve account into which shall be placed sufficient moneys for the director of the lottery to pay such installments as they become due. Such reserve account shall be maintained as a separate and independent fund outside the state treasury.

NEW SECTION. Sec. 20. There is hereby created a revolving fund into which the commission shall deposit sufficient money to provide for the payment of the costs incurred in the operation and administration of the lottery: PROVIDED, That the amount deposited in such revolving fund shall never exceed fifteen percent of the total revenues accruing from the sale of lottery tickets or shares. Such revolving fund shall be managed, controlled and maintained by the commission and shall be a separate and independent fund outside the state treasury.

NEW SECTION. Sec. 21. The provisions of the administrative procedure act, chapter 34.04 RCW, as now law or hereafter amended, shall apply to administrative actions taken by the commission or the director pursuant to this cha ter.

NEW SECTION. Sec. 22. The state auditor, in addition to the duties assigned to him by RCW 9.46.060 shall conduct an annual post-audit of all accounts and transactions of the lottery and such other special post-audits as he may be directed to conduct pursuant to chapter 43.09 RCW.

NEW SECTION. Sec. 23. If any clause, sentence, paragraph, subdivision, section, provision, or other portion of sections 1 through 19 of this 1974 amendatory act or the application thereof to any person or circumstances is held to be invalid, such holding shall not affect, impair, or invalidate the remainder of this chapter or the application of such portion held invalid to any other person or circumstances, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, provision, or other portion thereof directly involved in such holding or to the person and circumstances therein involved. If any provision of this chapter is inconsistent with, in conflict with, or contrary to any other provision of law, such provision of this chapter shall prevail over such other provision and such other provision shall be deemed to have been amended, superseded, or repealed to the extent of such inconsistency, conflict, and contrariety.

NEW SECTION. Sec. 24. There is hereby appropriated to the state lottery fund from the general fund the sum of one million five hundred thousand dollars, or so much thereof as may be necessary, for the purposes of the lottery in carrying out its functions and duties pursuant to sections 1 through 23 of this 1974 amendatory act. Such appropriation shall be repaid to the general fund as soon as practicable from the net revenues accruing in the state lottery fund after the payment of prizes to holders of winning tickets or shares and expenses of the lottery.

NEW SECTION. Sec. 25. Sections 1 through 23 of this 1974 amendatory act shall constitute a new chapter in Title 67 RCW.

NEW SECTION. Sec. 26. There is added to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW a new section to read as follows:

The provisions of this chapter, as now law or hereafter amended, shall not apply to the conducting, operating, participating, or selling or purchasing of tickets or shares in the "lottery" or "state lottery" as defined in section 1 of this 1974 amendatory act when such conducting, operating, participating, or selling or purchasing is in conformity to the provisions of sections 1 through

23 of this 1974 amendatory act and to the rules and regulations adopted thereunder.

Sec. 27. Section 4, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.040 are each amended to read as follows:

There shall be a commission, known as the "Washington state gambling commission", consisting of five members appointed by the governor with the consent of the senate. The members of the commission shall be appointed within thirty days of July 16, 1973 for terms beginning July 1, 1973, and expiring as follows: One member of the commission for a term expiring July 1, 1975; one member of the commission for a term expiring July 1, 1976; one member of the commission for a term expiring July 1, 1977; one member of the commission for a term expiring July 1, 1978; and one member of the commission for a term expiring July 1, 1979; each as the governor so determines. Their successors, all of whom shall be citizen members appointed by the governor with the consent of the senate, upon being appointed and qualified, shall serve six year terms: PROVIDED, That no member of the commission who has served a full six year term shall be eligible for reappointment. In case of a vacancy, it shall be filled by appointment by the governor for the unexpired portion of the term in which said vacancy occurs. No vacancy in the membership of the commission shall impair the right of the remaining member or members to act, except as in RCW 9.46.050 (2) provided.

In addition to the members of the commission there shall ~~((initially))~~ be four ex officio members without vote from the legislature consisting of: (1) Two members of the senate, one from the majority political party and one from the minority political party, both to be appointed by the president of the senate; (2) two members of the house of representatives, one from the majority political party and one from the minority political party, both to be appointed by the speaker of the house of representatives; ~~((all of whose terms shall end December 31, 1974; appointments shall be made within thirty days of July 16, 1973))~~ such appointments shall be for a term of two years or for the period in which the appointee serves as a legislator, whichever expires first; members may be reappointed; vacancies shall be filled in the same manner as original appointments are made. Such ex officio members who shall collect data deemed essential to future legislative proposals and exchange information with the board shall be deemed engaged in legislative business while in attendance upon the business of the board and shall be limited to such allowances therefor as otherwise provided in RCW 44.04.120, the same to be paid from the "gambling revolving fund" as being expenses relative to commission business.

NEW SECTION. Sec. 28. This 1974 amendatory act shall be submitted to the people for their adoption and ratification, or rejection, at a special election hereby ordered by the legislature, which election shall be held in conjunction with the general election to be held in this state on the Tuesday next succeeding the first Monday in November, 1974, all in accordance with the provisions of section 1, Article II of the Constitution of the state of Washington, as amended, and the laws adopted to facilitate the operation thereof.

Passed the House April 15, 1974.
Passed the Senate April 23, 1974.
Filed in Office of Secretary of State April 26, 1974.

CHAPTER 153
[Substitute House Bill NO. 541]
INJUNCTIONS—
PUBLIC WORKS CONTRACTS

AN ACT Relating to injunctions or restraining orders affecting construction contracts; and adding a new section to chapter 7.40 RCW.

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

NEW SECTION. Section 1. There is added to chapter 7.40 RCW a new section to read as follows:

In determining the amount of the bond required by RCW 7.40.080 as now or hereafter amended, with respect to an injunction or restraining order that will delay or enjoin a notice to proceed or the performance of work under a construction contract for a public contracting body among the factors regarded in the exercise of its discretion, the court shall consider:

(1) All costs and liquidated damages provided for in the contract or otherwise that may result from such delay;

(2) The probable costs to the public in terms of inconvenience, delayed use of the proposed facilities, and escalation of costs of delayed construction of the proposed facilities that may be incurred as a result of a delay subsequently found to be without good cause; and