Budget Savings Options 2025

Dollars in Thousands

Agency: Gambling Commission

Agency Priority H, M, L	Impact 1-5	Program/Activity	GF-S					Other Funds					FTE Change					Brief Description and Rationale	Effective Date	Impacts of Reductions and Other Considerations	Law/Reg. Change Required (cite)
			FY 25	FY 26	FY 27	FY28	FY 29	FY 25	FY 26	FY 27	FY28	FY 29	FY 25	FY 26	FY 27	FY28	FY 29		(MM/YY)		
H	1,2	licensing, regulating, and enforcing gambling; co-regulation with tribes	0	0	0	0	0	(1,373)	(1,400)	(1,400)	(1,400)	(1,400)	-11	-11	-11	-11	-11	**Proposed 6% Reduction** We do not receive money from the general fund, nor do we generate any revenue to support the general fund. We are the only agency in the state responsible for licensing, regulating, and enforcing gambling. We also co-regulate Class III gaming activity as outlined in the Tribal-State Compacts. These are our four core programs, which have not changed since 1990 when the first Tribal-State Compact was negotiated. As a law enforcement agency, we conduct criminal investigations on illegal, unlicensed gambling and on crimes associated with authorized gambling activities. We are funded by the license fees we collect and tribes reimbursing us for co-regulatory activities. Because of this, our staffing levels are dependent on what the revenue from license fees can support. In 2014, revenue from license fees dropped dramatically, causing us to make significant reductions in staff, including the elimination of leadership positions. We went from 134 FTE to 114 FTE, which is the staffing level we have budgeted and operated at through 2023. In FY 2024, we identified a need for a business analyst and added an FTE. A 6% reduction equates to eliminating approximately 11 FTEs. This would result in a 10% reduction in program staff that support the mission in licensing, regulating, and enforcing the Gambling Act and Tribal-State Compacts	7/25	**Impacts on Public Safety and Consumer Protection** The Gambling Commission is a law enforcement agency whose staff are law enforcement officers certified by the Criminal Justice Training Commission. A reduction of 6% will result in: • Inability to investigate illegal, unlicensed gambling activities, such as online gambling, animal fighting, illegal sports wagering, loan sharking, illegal gambling devices, etc. • Slower response times to citizen complaints about illegal gambling, such as consumer protection issues regarding online gambling sites, complaints about licensed organizations or individuals, etc.; • Longer licensure processing times; • Delayed criminal investigations into reports of theft, cheating, and fraud occurring in licensed establishments; • Inability to investigate referrals from Adult Protective Services regarding financial exploitation of vulnerable adults where the guardians of vulnerable adults have or are using the assets of their charge to gamble with; and • Longer response times to public inquiries regarding authorized activities, such as questions on when a license is needed, operational questions, requests for education and training, etc.	
																				Impact of a Sweep of Gambling Revolving Fund Approximately 75% of our revenue comes from license fees, with the remaining 25% coming from cost reimbursements from tribes for the co-regulation of Class III gaming as outlined in the Tribal-State Compacts. Per RCW 9.46.100, all money we receive related to licensing, including penalties, forfeiture, and other revenue are all deposited into the gambling revolving fund, which is the Gambling Commission's operating account. This fund is also where money received from the tribes as reimbursement for co-regulatory activities is deposited. Funds from the tribes are limited in how they can be used under the Indian Gaming Regulatory Act (IGRA), 25 U.S.C. 2710(d)(3)(C)(iii) and (4). IGRA authorizes tribes to pay the actual and reasonable costs to the State for regulating Class III gambling activities, which has been negotiated in the Tribal-State Compacts. Use of these funds is limited by IGRA and these funds are not separately accounted for in the gambling revolving account.	
																				Obligated Fund Balance to Provide Efficiencies Additionally, about $8 million of our current fund balance is obligated for the estimated cost to replace our legacy IT system. This multi-year project is an approved IT project under WaTech oversight. The Gambling Commission has signed several contracts for this project and is finishing up the discovery phase. We have and continue to sign contracts to complete this project. Development of the system will begin in the next few weeks, and we expect to go-live in January 2026. The WaTech Project Dashboard provides details about the project, including budget information. Funds to pay for the executed contracts are held in the gambling revolving fund, because this is not a gated IT project. The Gambling Commission has not requested, nor do we need, general fund money to complete this project. This would change if our fund balance is swept. The new IT system is expected to improve efficiency in processing license applications, regulating gambling activity, and engaging with stakeholders and tribal partners; approximately 96 process improvements will be implemented because of this project. A sweep of our fund balance may cause us to have to halt the project, which would have a significant impact on how the agency is able to conduct business moving forward and increase risks related to maintaining a legacy IT system.	

Priority:

L = Low priority agency activity or program
M = Medium priority agency activity or program
H = High priority agency activity or program

Impact:
1 = Allows continuation of the program/activity at a reduced level
2 = Eliminates the ability to perform program objectives
3 = Eliminates agency function
4 = Long term implications (moves the problem to next biennium)
5 = Short term (reduction to one time increase)