

HOUSE BILL REPORT

HB 1960

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to compulsive gambling.

Brief Description: Fighting problem gambling.

Sponsors: Representatives Heavey, L. Johnson, King and
Roland.

Brief History:

Reported by House Committee on:
Commerce & Labor, March 3, 1993, DPS.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Conway; King; Springer; and Veloria.

Minority Report: Do not pass. Signed by 3 members: Representatives Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; and Horn.

Staff: Jim Kelley (786-7166).

Background: A recent study, commissioned by the Washington State Lottery, was undertaken to determine the prevalence of problem and pathological gambling in Washington. Among other findings, the study found:

- 1) Between 32,400 and 75,700 Washington State residents can be classified as lifetime probable pathological gamblers. Between 93,700 and 158,600 residents can be classified as lifetime problem gamblers.
- 2) Between 14,400 and 49,800 Washington State residents can be classified as current pathological gamblers. Between 43,300 and 93,700 residents can be classified as current problem gamblers.

Money in the state lottery account is used only for: the payment of prizes to the holders of winning lottery tickets or shares; deposit into the reserve account and the lottery administrative account; deposit into the state's general

fund; the purchase and promotion of lottery games and game-related services; and the payment of agent compensation.

Despite the language in the state lottery statute indicating that money in the lottery account may be used for making deposits into the housing trust fund, no lottery money is deposited into that fund. The legislation that was to provide funding from the lottery to the housing trust fund was never enacted.

The Gambling Commission collects fees from licensees to fund its regulatory and enforcement functions.

All horse racing licensees pay 0.1 percent of their daily gross receipts to the Horse Racing Commission to help fund nonprofit race meets of 10 days or less, with average daily handles of \$120,000 or less. The first \$150,000 collected from this fee goes to the nonprofit race meets. The remainder is deposited in the state general fund.

Summary of Substitute Bill: The Gambling Commission, and Lottery Commission, shall provide the following services: (1) maintain a toll-free compulsive gambling telephone number to provide crisis counseling and referral services; (2) establish and expand public awareness programs that include, but are not limited to, brochures and other printed materials and public service announcements; (3) facilitate the availability of effective assistance programs for problem or compulsive gamblers; (4) conduct ongoing studies to identify populations who are, or are not at risk of becoming, problem or compulsive gamblers; and (5) create an adolescent prevention program on pathological gambling. The Gambling Commission may contract with a nonprofit, state-based organization to carry out the services provided under this section.

The compulsive gambling account is created in the custody of the state treasurer. All receipts from the Gambling Commission and Lottery Commission under this act shall be deposited in the account. Only the chairman of the Gambling Commission may authorize expenditures from the account. The state treasurer is authorized to receive gifts, grants, donations, devices, and bequests of moneys for this fund from governmental agencies, public or private entities, or individual contributors.

Of the annual gross lottery revenues, 0.05 percent shall be deposited into the compulsive gambling account. The superfluous language concerning the housing trust fund in the state lottery statute is eliminated.

The Gambling Commission will deposit 2.5 percent of its annual license fees into the compulsive gambling account.

Substitute Bill Compared to Original Bill: The substitute bill strikes all provisions relating to horse racing, including an additional funding source for the compulsive gambling fund from certain horse racing receipts currently deposited in the state general fund.

Fiscal Note: Requested March 1, 1993.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The Gambling Commission has been making efforts to address this problem for two years. However, this is a policy decision for the Legislature because realistically, this is funded by a contribution from the gambling industry. The Lottery Commission has also been involved in trying to address the problem of compulsive gambling. It was the Washington State Lottery that commissioned the prevalence study.

Testimony Against: The prevalence study is flawed. It conflicts with previous research.

Witnesses: Frank Miller, Director, Washington State Gambling Commission (in favor); Roger Wilson, Deputy Director, Washington State Lottery (in favor); and Lynn Melby, Washington State Federation of Clubs (opposed).