

January 21, 1998

BILL ANALYSIS

TO: Members, Committee on Trade and Economic Development
FROM: Kenny Pittman, Research Analyst (786-7392)
RE: **HB 2317 - Limiting the promotion of gambling.**

BACKGROUND:

The Department of Community, Trade, and Economic Development is responsible for the development of a coordinated program to expand the tourism industry throughout the state in cooperation with public and private tourism development organizations. The department promotes tourism through its domestic and international marketing programs. These programs are designed to increase consumer demand and promote rural under visited regions through advertising, telemarketing and fulfillment of individual requests for information, press releases, and the electronic media (Internet).

The state Gambling Act of 1973 regulates the type and taxation of gambling activities allowed within the state of Washington. The state does not impose a tax on gambling activities, but local governments may impose a tax on various gambling activities. The maximum tax rate is based on the type of gambling activity conducted and ranges from 2 percent for amusement games to 20 percent for social card games. The tax is based on either: (1) The gross receipts derived by operators of gambling activities, including punch boards, pull tabs, and social card games; or (2) The net receipts--gross receipts minus amounts paid as prizes--from bingo, raffles and amusement games. Fund raising activities of charitable and nonprofit organizations that involve games of chance are also subject to local taxes. Currently, no local governments are taxing gambling activities conducted by tribal governments. It appears that federal law prohibits states and local governments from imposing a tax on gambling activities conducted by tribal governments on tribal lands.

SUMMARY:

The Department of Community, Trade, and Economic Development may not promote gambling activities that are not subject to taxation by a local government or are specifically exempted from taxation by state law. The prohibition on promotion would include advertisement through the department's tourism marketing and promotion programs.

Appropriation: None.

Fiscal Note: Not requested.

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