

HOUSE BILL REPORT

HB 2317

As Reported By House Committee On:
Trade & Economic Development

Title: An act relating to limiting the promotion of gambling.

Brief Description: Limiting the promotion of gambling.

Sponsors: Representatives Schoesler, Sheahan, Crouse, Backlund, Lambert, McCune, Pennington, Bush, D. Sommers and Sullivan.

Brief History:

Committee Activity:

Trade & Economic Development: 1/21/98, 2/2/98 [DPS].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Eickmeyer, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason; McDonald and Morris.

Staff: Kenny Pittman (786-7392).

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.

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 of Substitute Bill: The Department of Community, Trade and Economic Development may not promote gambling activities that are not licensed by the state, but may promote gambling activities where there is a negotiated Class III gaming compact between the state and a tribal government. The prohibition on promotion would include advertisement through the department's tourism marketing and promotion programs.

Substitute Bill Compared to Original Bill: The original bill prohibited the Department of Community, Trade, and Economic Development, through its tourism marketing and promotion programs, from promoting gambling activities that were not subject to taxation by a local government or were specifically exempted from taxation by the state law.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: We should not be using state dollars to support activities that are not subject to taxation. This is an issue of fairness.

Testimony Against: Tribal gaming adds to the overall economy of the state. These activities provide economic opportunity for tribal members and the local community. Tribal governments contribute to local charity events with revenue generated by gambling activities.

Testified: Representative Mark Schoesler, prime sponsor (pro); Dolores Chiechi Whitmore, Washington State Licensed Beverage Association and Recreational Gaming Association (pro); Steve Wehrly, Muckeleshoot Indian Tribe (con); and Frank Wright, Puyallup Tribe of Indians (con).