

# SENATE BILL REPORT

## HB 2117

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As Reported By Senate Committee On:  
Commerce & Labor, March 28, 1997  
Ways & Means, April 4, 1997

**Title:** An act relating to taxation of gambling activities.

**Brief Description:** Lowering the rate of taxation for social card games.

**Sponsors:** Representatives McMorris and Conway.

**Brief History:**

**Committee Activity:** Commerce & Labor: 3/27/97, 3/28/97 [DP-WM].  
Ways & Means: 4/3/97 [DP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Fraser, Heavey and Newhouse.

**Staff:** Traci Ratzliff (786-7452)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Kohl, Loveland, Schow, Snyder, Spanel and Swecker.

**Staff:** David Schumacher (786-7474)

**Background:** Cities, counties and towns may tax gross revenue generated by social card games that operate within their jurisdiction. The maximum tax rate that may be imposed is 20 percent. Not all local jurisdictions that allow social card game activity tax at the maximum rate.

**Summary of Bill:** The maximum tax rate that local governments may impose on gross revenue generated by social card games is reduced from 20 percent to 10 percent.

**Appropriation:** None.

**Fiscal Note:** Requested on March 2, 1997.

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

**Testimony For (Commerce & Labor):** This tax is unfair. It is a tax on income that card room operators do not get to keep. The proposed bill establishes a 10 percent tax rate which is fairer than the current tax rate of 20 percent.

**Testimony Against (Commerce & Labor):** This bill restricts local government's ability to tax card rooms in a way that covers the cost of providing law enforcement services to such establishments.

**Testified (Commerce & Labor):** PRO: Steve Downen, Riverside Inn; Rob Saucier, Mars Hotel; Julia Porter, Recreational Gaming Association; CON: Connie King, Mayor of Shoreline; Linda Gortner, City of Burien; Doug Levy, City of Everett.

**Testimony For (Ways & Means):** The 20 percent rate is simply fair in the current competitive environment.

**Testimony Against (Ways & Means):** None.

**Testified (Ways & Means):** Vito Chiechi, WSLBA.