

FINAL BILL REPORT

SB 5034

PARTIAL VETO

C 394 L 97

Synopsis as Enacted

Brief Description: Changing the definition of "bona fide charitable or nonprofit organization" for gambling statutes.

Sponsors: Senator Roach.

Senate Committee on Commerce & Labor

House Committee on Commerce & Labor

Background: A bona fide charitable or nonprofit organization– must meet certain requirements in order to operate authorized gambling activities. These include: an organization operating primarily for purposes other than gambling activities, such as an agricultural fair, benevolent, or educational purpose; or a corporation whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also carry on a system of national and international relief. Such an organization must have been organized and continuously operating for at least 12 months prior to making an application for a gambling license. The organization must demonstrate to the Washington State Gambling Commission that it has made significant progress toward the accomplishment of the organization's purpose during the 12-month period preceding the date of application for a license or license renewal, and the organization must have not less than 15 bona fide active members who determine the policies of the organization in order to receive a gambling license.

Bingo may be operated only by charitable and nonprofit organizations or by an agricultural fair. Organizations may offer bingo only three times per week at a location that may only offer bingo three times per week. Different organizations may not use the same location under this restriction.

During 1996, a task force of industry members formed by the Gambling Commission conducted a study of the issues facing charitable fund raising activity in light of declining net proceeds for the sponsoring organizations. One recommendation of the task force was to allow organizations to join together using a satellite connection to offer participation in larger games with larger prizes. This recommendation may enhance the ability of charitable organizations operating bingo games to be competitive. Such activity is not permitted under current law.

When first authorized, the maximum price of each chance to play punch boards and pull tabs was limited to 25 cents. That amount was increased to 50 cents in 1985.

Counties, cities, and towns may tax punch boards and pull tabs, social card games, bingo, amusement games, and raffles within their jurisdictions. With the exception of punch boards, pull tabs, and social card games, the tax is imposed on gross receipts less an amount that is paid out as prizes. Punch board and pull tabs are taxed based on gross receipts only

and the tax rate may not exceed 5 percent. Not all jurisdictions that allow this activity impose a tax at the maximum rate.

Summary: The requirement of 15 bona fide active board members is changed to seven.

Charitable or nonprofit organizations are allowed to operate joint bingo games in which the prizes are pooled, if such organizations conduct the joint games during their normal days of operation.

The maximum limit on the cost of a single chance for punch boards or pull tabs is increased from 50 cents to \$1.

The practice of taxing the gross receipts from punch boards and pull tabs is changed. Local governments are permitted to impose on charitable or nonprofit organizations a tax rate of up to 10 percent on the gross receipts less the amount paid out as prizes, generated from punch board and pull tabs. Local governments are given the authority to impose on commercial stimulant operators (taverns and restaurants) a tax rate of up to 5 percent on the gross receipts from punch boards and pull tabs or a tax rate of up to 10 percent on the gross receipts less the amount paid out as prizes, generated from punch boards and pull tabs.

Votes on Final Passage:

Senate	46	3	
House	88	9	(House amended)
Senate			(Senate refused to concur)

First Conference Committee

House	90	7	
Senate			(Senate refused to adopt)

Second Conference Committee

House	93	5	
Senate	34	14	

Effective: July 27, 1997

Partial Veto Summary: The provision reducing the number of active members required of charitable and nonprofit organizations desiring to operate gambling activities is stricken. The provision authorizing joint bingo games by charitable or nonprofit organizations is stricken.