

VETO MESSAGE ON HB 2117

May 20, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval, House Bill No. 2117 entitled:

"AN ACT Relating to taxation of gambling activities;"

House Bill No. 2117 would cut the maximum rate of tax that a county or city may impose on social card games from twenty percent to ten percent of gross revenue.

The state's gambling laws authorize certain forms of gambling in any locality in which the local government authorizes the activity. Local governments are also given flexibility to tax these activities up to an authorized maximum level. In the case of social card games, that maximum level is twenty percent of gross revenues. Few local governments impose the maximum tax. However, several counties and cities do impose this tax at a rate higher than ten percent. For those local governments, this bill would cause a serious decrease in tax revenues at a time when local governments are facing enormous fiscal challenges.

Although the maximum authorized tax rate of twenty percent is high, the card room industry should be able to increase revenues by taking advantage of the opportunity to offer house-banked card games, authorized by Substitute Senate Bill No. 5560, which I recently signed into law. The opportunities presented by SSB 5560 should more than offset any tax reductions that would result from the enactment of this bill. Furthermore, it is important that local governments be provided the flexibility to address gambling issues at the local level keeping in mind the particular character of the local populations they serve.

For these reasons, I have vetoed House Bill No. 2117 in its entirety.

Respectfully submitted,
Gary Locke
Governor