
Commerce & Labor Committee

HB 2776

Brief Description: Concerning problem gambling.

Sponsors: Representatives Cody, McCoy, Conway, Wood, Hudgins, Crouse, Kagi, Kenney, McMorris, Murray and McIntire.

Brief Summary of Bill

- Directs the Gambling Commission to levy a surcharge on licensing fees paid by commercial gambling establishments; the surcharge is 0.5 percent of net proceeds in FY 2005, increasing to 1 percent of net proceeds on July 1, 2005.
- Funds from the surcharge are deposited into a new account and used to pay for the problem gambling program in the Department of Social and Health Services.

Hearing Date: 1/29/04

Staff: Susan Kavanaugh (786-7106).

Background:

A 1999 study commissioned and funded by the Washington State Lottery Commission found that 5.1 percent of the Washington adult population had experienced gambling problems or compulsive gambling at some point in their lives, with 2.3 percent reporting such difficulties in the year immediately preceding the survey. A similar study also completed in 1999 by the Lottery Commission indicated that 7.5 percent of adolescents were at risk of developing gambling problems and 0.9 percent were problem gamblers.

In 2002, in legislation authorizing Washington participation in a multi-state lottery, the Legislature established a program for the treatment of pathological gambling in the Department of Social and Health Services (Department). The program is to serve people wanting treatment but unable to afford it. Treatment under the program is limited to funds available to the Department.

The Legislature provided \$500,000 in revenue from the multi-state lottery for this program in FY 2003 only. The pathological gambling program operated for nine months, from October 2002 through June 2003, subsidizing treatment for 203 problem gamblers and providing training on treatment of problem gambling for 25 mental health professionals. The program is not currently funded.

The Gambling Commission (Commission) collects fees from licensed commercial and non-profit gambling establishments, individuals, and gambling equipment manufacturers. The fees are used to fund the regulatory work of the Commission. The fee schedule adopted by the Commission sets fees for most establishments based on gross receipts from gambling activities. For establishments operating social card games, for which it is difficult to measure gross receipts, the fee schedule is based on the number of card tables.

The Commission contributes funding for a problem gambling hot-line and signs that are posted in establishments that conduct gambling activities advertising the hot-line telephone number.

Summary of Bill:

The Commission is directed to establish a surcharge on the annual licensing fees paid by commercial establishments that conduct gambling activities. From July 1, 2004 through June 30, 2005, the surcharge is equal to 0.5 percent of net proceeds from gambling activities conducted during the prior 12 months. Beginning July 1, 2005, the surcharge increases to 1 percent of net proceeds.

The purpose of the Department's gambling program is broadened to cover:

- prevention and treatment for problem gambling, broadly defined to include both compulsive and under-age gambling, and
- training of professionals in identification and treatment of problem gambling.

The Problem Gambling Treatment Account (Account) is established in the state treasury. Proceeds from the licensing surcharge on commercial establishments' gambling net proceeds are deposited into this Account. Funds in the Account are to be spent for the purposes of the Department's problem gambling program.

Legislative findings and intent regarding problem gambling are provided, and it is noted that the bill may be cited as "Ben's bill."

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.