

HOUSE BILL REPORT

HB 3285

As Reported by House Committee On:
Finance

Title: An act relating to raising the exemption for charitable or nonprofit bingo organizations from the gambling tax on bingo and amusement games.

Brief Description: Raising the exemption for charitable or nonprofit bingo organizations from the gambling tax on bingo and amusement games.

Sponsors: Representatives Conway, Chase, Morrell and Wood.

Brief History:

Committee Activity:

Finance: 2/6/06 [DP].

Brief Summary of Bill

- Exempts charitable and nonprofit organizations from gambling taxes on bingo and/or amusement games if the organization's annual net receipts do not exceed \$200,000 (instead of \$5,000).

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 10 members: Representatives McIntire, Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern, Condotta, Conway, Ericks, Hasegawa, Santos and Shabro.

Minority Report: Do not pass. Signed by 1 member: Representative Hunter, Vice Chair.

Staff: Mark Matteson (786-7145).

Background:

Counties, cities, or towns are permitted to tax the gambling activity authorized under the Washington Gambling Act (Gambling Act) that occurs within their respective jurisdictions. The revenues from the gambling tax are to be used primarily for enforcing the Gambling Act by the jurisdiction's law enforcement agency.

The statute sets maximum tax rates that vary depending on the activity being taxed. For bingo, the maximum tax is 5 percent of the gross receipts less the amount awarded as prizes (net receipts). For amusement games, the amount may not exceed the amount sufficient to pay the actual costs of enforcement, but in no case more than 2 percent of the net receipts.

There is an exemption from these taxes for bona fide charitable or nonprofit organizations that conduct bingo and/or amusement games and that do not have: (1) net receipts of more than \$5,000; and (2) any paid operating or management personnel.

Summary of Bill:

The exemption from the gambling tax for charitable and nonprofit organizations conducting bingo and/or amusement games is modified. The threshold to receive the exemption, which is based on the organization's annual net receipts on bingo and/or amusement game activities, is increased from \$5,000 to \$200,000. The requirement that such exempt organizations have no paid operating or management personnel is removed.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (In support) This bill concerns nonprofit bingo. These operations provide a number of services to their communities. The industry has been in decline for a number of years. The smoking issue has also contributed to their problems.

(Concerns) The bingo industry appreciates the intent to help, but the legislation doesn't really affect the top 25 bingo halls. Since 2000, there are now 40 percent fewer operations. In Spokane, Big Brother/Big Sister just shut down. The total operations are about \$1.1 million statewide. This bill does not go far enough. What would help is if the overall tax rate were lowered, from 5 to 2.5 percent, at least.

(Neutral) The Gambling Commission does not have a position on this bill yet. There are about 90 organizations that would be affected by this. This does not help the top 25 grossing bingo halls.

Testimony Against: None.

Persons Testifying: (In support) Representative Conway, prime sponsor.

(Concerns) T.K. Bentler, Charitable Bingo.

(Neutral) Amy Hunter, Washington Civic and Charitable Gaming Association, and Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.