
Commerce & Labor Committee

HB 3191

Brief Description: Raising the exemption for nonprofit bingo operations from the gambling tax.

Sponsors: Representatives Conway, Wood and Morrell.

Brief Summary of Bill

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

Hearing Date: 1/30/06

Staff: Chris Cordes (786-7103).

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 amusements 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.

Rulemaking Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Requested on January 26, 2006.

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