

SENATE BILL REPORT

HB 3285

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 23, 2006

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: Passed House: 2/14/06, 97-0.

Committee Activity: Labor, Commerce, Research & Development: 2/23/06 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: Do pass.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Parlette, Ranking Minority Member; Honeyford and Keiser.

Staff: John Dzedzic (786-7784)

Background: The Gambling Act authorizes local jurisdictions to tax gambling activity authorized by the jurisdictions, and establishes the maximum tax rate for each type of activity:

- 20 percent of revenue (amount after prizes) of social card games (mini-casinos);
- 10 percent of net receipts of charitable or commercial punch-boards/pull-tabs;
- 5 percent of gross receipts of commercial punch-boards/pull-tabs;
- 5 percent of net receipts of bingo;
- 5 percent of the annual net receipts above \$10,000 from raffles; and
- 2 percent of net receipts of amusement games, but no more than the costs of enforcement.

No tax may be imposed by a local jurisdiction on bingo and amusement games operated by a bona fide charitable or nonprofit organization that: (1) has no paid operating or management gambling personnel, and (2) has annual net receipts (gross receipts less prizes paid) of \$5000 or less.

Summary of Bill: The threshold for exemption from the optional local tax on bingo and/or amusement game activities is increased from \$5,000 to \$200,000 in annual net receipts. The requirement that such organizations also have no paid operating or management gambling personnel is removed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Big and small charitable bingo operations are struggling, and face numerous challenges, including competition from other gambling activities, smoking bans, as well as taxes that reduce the amount of funds that can be used for the sponsoring organizations' charitable purposes. There are many fewer charitable bingo operations in existence today as compared to just a few years ago, and one of the largest, Spokane Big Brothers & Sisters, recently had to close. This bill helps the smaller operations, but it could help more if, in addition to the increased exemption, the tax rate could be reduce to 2.5 percent, which would mean making somewhere in the neighborhood of \$500,000 more available per year to the sponsoring charitable organizations.

Testimony Against: None.

Testimony Other: The Gambling Commission has taken a neutral position on the bill, in part because it relates to local taxing authorities, and does not affect Gambling Commission functions. About 90 charitable organizations would be affected by the increased exemption, representing a reduction in taxes of approximately \$130,000 annually.

Who Testified: PRO: Rick Newgard, WA Charitable & Civic Gaming Assn.

OTHER: Amy Hunter, WA State Gambling Commission.