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SENATE BILL 5287

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State of Washington

59th Legislature

2005 Regular Session

By Senator Prentice

Read first time 01/19/2005. Referred to Committee on Labor, Commerce, Research & Development.

1 AN ACT Relating to the taxation of social card games; amending RCW  
2 9.46.110; adding a new chapter to Title 82 RCW; providing an effective  
3 date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The definitions in this section apply  
6 throughout this chapter unless the context clearly requires otherwise.

7 (1) "Department" means the state department of revenue.

8 (2) "Gross revenue" means any fees collected in regard to social  
9 card games and the gross wagers received by a licensee from the  
10 operation of house-banked social card games, less the amount paid to  
11 players for winning wagers, accrual of prizes for progressive jackpot  
12 contests, and repayment of amounts used to seed guaranteed progressive  
13 jackpot prizes.

14 (3) "House-banked social card game" means a social card game in  
15 which the operator of the card room participates in the card game as a  
16 house or central bank.

17 (4) "Social card game" means social card game as defined in RCW  
18 9.46.0282.

1        NEW SECTION.    **Sec. 2.**    (1) There is levied a state tax on persons  
2 engaging in the operation of social card games for which a license is  
3 required under chapter 9.46 RCW. The rate of the tax shall equal ten  
4 percent of the gross revenue from the social card games.

5        (2) The amount of taxes imposed by a county, city-county, city, or  
6 town on social card games under RCW 9.46.110 in excess of ten percent  
7 of gross revenue of the social card games shall be credited against the  
8 tax imposed under subsection (1) of this section.

9        (3) Except as provided in subsection (2) of this section, the tax  
10 imposed under this section is in addition to any other taxes that may  
11 be imposed by law.

12        (4) All receipts from the tax imposed under this section shall be  
13 deposited into the state general fund.

14        NEW SECTION.    **Sec. 3.**    (1) The department shall administer the tax  
15 imposed under this chapter.

16        (2) Chapter 82.32 RCW applies to the administration, collection,  
17 and enforcement of the tax imposed under this chapter.

18        (3) The tax due dates, reporting periods, and return requirements  
19 applicable to chapter 82.04 RCW apply equally to the tax imposed in  
20 this chapter.

21        (4) The department may adopt such rules as may be necessary to  
22 enforce and administer the provisions of this chapter.

23        **Sec. 4.**    RCW 9.46.110 and 1999 c 221 s 1 are each amended to read  
24 as follows:

25        (1) The legislative authority of any county, city-county, city, or  
26 town, by local law and ordinance, and in accordance with the provisions  
27 of this chapter and rules adopted under this chapter, may provide for  
28 the taxing of any gambling activity authorized by this chapter within  
29 its jurisdiction, the tax receipts to go to the county, city-county,  
30 city, or town so taxing the activity. Any such tax imposed by a county  
31 alone shall not apply to any gambling activity within a city or town  
32 located in the county but the tax rate established by a county, if any,  
33 shall constitute the tax rate throughout the unincorporated areas of  
34 such county.

35        (2) The operation of punch boards and pull-tabs are subject to the  
36 following conditions:

1 (a) Chances may only be sold to adults;

2 (b) The price of a single chance may not exceed one dollar;

3 (c) No punch board or pull-tab license may award as a prize upon a  
4 winning number or symbol being drawn the opportunity of taking a chance  
5 upon any other punch board or pull-tab;

6 (d) All prizes available to be won must be described on an  
7 information flare. All merchandise prizes must be on display within  
8 the immediate area of the premises in which any such punch board or  
9 pull-tab is located. Upon a winning number or symbol being drawn, a  
10 merchandise prize must be immediately removed from the display and  
11 awarded to the winner. All references to cash or merchandise prizes,  
12 with a value over twenty dollars, must be removed immediately from the  
13 information flare when won, or such omission shall be deemed a fraud  
14 for the purposes of this chapter; and

15 (e) When any person wins money or merchandise from any punch board  
16 or pull-tab over an amount determined by the commission, every licensee  
17 shall keep a public record of the award for at least ninety days  
18 containing such information as the commission shall deem necessary.

19 (3)(a) Taxation of bingo and raffles shall never be in an amount  
20 greater than five percent of the gross receipts from a bingo game or  
21 raffle less the amount awarded as cash or merchandise prizes.

22 (b) Taxation of amusement games shall only be in an amount  
23 sufficient to pay the actual costs of enforcement of the provisions of  
24 this chapter by the county, city or town law enforcement agency and in  
25 no event shall such taxation exceed two percent of the gross receipts  
26 from the amusement game less the amount awarded as prizes.

27 (c) No tax shall be imposed under the authority of this chapter on  
28 bingo or amusement games when such activities or any combination  
29 thereof are conducted by any bona fide charitable or nonprofit  
30 organization as defined in this chapter, which organization has no paid  
31 operating or management personnel and has gross receipts from bingo or  
32 amusement games, or a combination thereof, not exceeding five thousand  
33 dollars per year, less the amount awarded as cash or merchandise  
34 prizes.

35 (d) No tax shall be imposed on the first ten thousand dollars of  
36 gross receipts less the amount awarded as cash or merchandise prizes  
37 from raffles conducted by any bona fide charitable or nonprofit  
38 organization as defined in this chapter.

1 (e) Taxation of punch boards and pull-tabs for bona fide charitable  
2 or nonprofit organizations is based on gross receipts from the  
3 operation of the games less the amount awarded as cash or merchandise  
4 prizes, and shall not exceed a rate of ten percent. At the option of  
5 the county, city-county, city, or town, the taxation of punch boards  
6 and pull-tabs for commercial stimulant operators may be based on gross  
7 receipts from the operation of the games, and may not exceed a rate of  
8 five percent, or may be based on gross receipts from the operation of  
9 the games less the amount awarded as cash or merchandise prizes, and  
10 may not exceed a rate of ten percent.

11 (f) Taxation of social card games may not exceed (~~twenty~~) ten  
12 percent of the gross revenue from such games, except that for any  
13 county, city-county, city, or town that imposed and collected a tax on  
14 card games under this section on January 1, 2005, that is greater than  
15 ten percent of the gross revenue from such games, taxation of social  
16 card games may not exceed the rate in effect on January 1, 2005.

17 (4) Taxes imposed under this chapter become a lien upon personal  
18 and real property used in the gambling activity in the same manner as  
19 provided for under RCW 84.60.010. The lien shall attach on the date  
20 the tax becomes due and shall relate back and have priority against  
21 real and personal property to the same extent as ad valorem taxes.

22 NEW SECTION. Sec. 5. Sections 1 through 3 of this act constitute  
23 a new chapter in Title 82 RCW.

24 NEW SECTION. Sec. 6. This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and takes effect  
27 July 1, 2005.

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