

HOUSE BILL REPORT

HB 2492

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to increasing the dollar limit of pull-tabs.

Brief Description: Increasing the dollar limit of pull-tabs.

Sponsors: Representatives Peterson, MacEwen, Eslick and Volz.

Brief History:

Committee Activity:

Commerce & Gaming: 1/27/20, 1/30/20 [DP].

Brief Summary of Bill

- Increases the limit on the price of a single-chance punchboard or pull-tab to \$5.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: Do pass. Signed by 10 members: Representatives Peterson, Chair; Kloba, Vice Chair; Chambers, Assistant Ranking Minority Member; Blake, Jenkin, Kirby, Morgan, Ramel, Vick and Young.

Staff: Kyle Raymond (786-7190).

Background:

The Legislature authorizes any person, association, or organization operating an established business primarily engaged in selling food or drink for consumption on the premises to conduct social card games and use punchboards and pull-tabs as a commercial stimulant to the business when licensed, used, or operated pursuant to the statutes and rules.

Punchboards and pull-tab operations are subject to the following conditions:

- Chances may only be sold to adults.
- The price of a single chance may not exceed \$1.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- No punchboard or pull-tab license may award as a prize, upon a winning number or symbol being drawn, the opportunity of taking a chance upon any other punchboard or pull-tab.
- All available prizes must be described on an information flare, while all merchandise prizes must be on display within the immediate area of the premises in which any such punchboard or pull-tab is located. Upon a winning number or symbol being drawn, a merchandise prize must be immediately removed from the display and awarded to the winner. All references to cash or merchandise prizes valued over \$20 must be removed immediately from the information flare when won, or such omission shall be deemed fraud. A flare, also known as a "face sheet" for punchboards, means an advertising poster or card listing all the prizes, costs to play, number of pull-tabs, and required manufacturer information for pull-tab series.

There is a 1.5 percent tax on gross income of the business derived from contests of chance. An additional .013 percent tax is imposed on the gross income of business derived from contests of chance. The additional tax is deposited in the Problem Gambling Account. The additional tax does not apply to businesses operating contests of chance when the gross income from the operation of contests of chance is less than \$50,000 per year. Contests of chance for these taxes include, along with other games, punchboard games and pull-tabs. Gross income of the business does not include the monetary value or actual cost of any prizes awarded.

Any county, city-county, city, or town, by local law and ordinance, may tax any authorized gambling activity, subject to certain exceptions. Taxation of punchboards and pull-tabs for bona fide charitable or nonprofit organizations is based on gross receipts from the operation of the games, less the amount awarded as cash or merchandise prizes, and may not exceed 10 percent. At the option of the county, city-county, city, or town, the taxation of punchboards and pull-tabs for commercial stimulant operators may be based on gross receipts from the operation of the games and may not exceed 5 percent, or may be based on gross receipts from the operation of the games, less the amount awarded as cash or merchandise prizes, and may not exceed 10 percent.

Summary of Bill:

The limit on the price of a single chance punchboard or pull-tab is increased to \$5.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill is relatively straightforward. The state has not authorized an increase in the upper-end cost of pull-tabs in many years. The increase to \$5 would be a maximum price, and pull-tabs below the limit would still be available for customers that wish to spend under \$5. This bill is a good opportunity to support some of Washington's small local businesses.

(Opposed) None.

(Other) The Washington State Gambling Commission (Commission) is neutral on this bill because the Board of the Commission has not had the opportunity to review this issue. This bill is straightforward and does not raise any concerns. Industry members have stated that there is a market for different levels of pull-tabs, and other states are already doing this.

Persons Testifying: (In support) Representative Peterson, prime sponsor; and Katie Doyle, Washington Hospitality Association.

(Other) Brian Considine, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.