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## Regulated Substances & Gaming Committee

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### E2SSB 5634

**Brief Description:** Concerning problem gambling.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Conway, Keiser, Hasegawa, Nguyen, Nobles and Stanford).

#### Brief Summary of Engrossed Second Substitute Bill

- Clarifies the responsibilities of the Health Care Authority and the Department of Health for the State Problem Gambling Program and the membership of an advisory committee for the program.
- Increases the transfer of funds from the Shared Game Lottery to the Problem Gambling Account.
- Increases the tax imposed on contests of chance and pari-mutuel wagering.

**Hearing Date:** 3/20/23

**Staff:** Matt Sterling (786-7289).

#### Background:

If an activity meets the definition of "gambling" in the Gambling Act, it is prohibited unless authorized in law. The word "gambling" is defined as staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. The term "contest of chance" means any contest, game, gaming scheme, or gaming device in which the outcome depends in a

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material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein.

Specific activities are excluded from the definition, such as fishing derbies, pari-mutuel wagering on horse racing regulated under other statutes, and bona fide business transactions valid under the law of contracts, including futures contracts for commodities.

#### Problem Gambling Program.

The State Problem Gambling Program for the prevention and treatment of problem gambling and the training of treatment professionals is established in the Health Care Authority (Authority). The Department of Health may license and the Authority may contract with treatment facilities for program services. The Authority is required to track program participation and outcomes.

To receive treatment, a person must need treatment for problem gambling and be likely to benefit from treatment. Treatment is made available subject to the funds that are appropriated for that purpose. The Authority is required to establish an advisory committee to assist in the design, management, and evaluation of the program.

The Gambling Commission, the Horse Racing Commission, and the Lottery Commission must develop problem gambling informational signs and a toll-free hotline number for problem gambling. The Gambling Commission must establish a statewide self-exclusion program for all licensees. The self-exclusion program allows persons to voluntarily exclude themselves from gambling at authorized gambling establishments.

#### Problem Gambling Account.

The State Lottery Commission is required to transfer 0.13 percent of the net receipts derived from the Shared Game Lottery to the Problem Gambling Account. Every business that is operating contests of chance is required to pay a tax of 1.5 percent of the gross income of the business derived from contests of chance. An additional tax of 0.13 percent of the gross income of the business is imposed on any business whose gross income from contests of chance is \$50,000 or more. Every business conducting horse racing is required to pay a pari-mutuel wagering tax of 0.13 percent of the gross income of the pari-mutuel business. The taxes that are collected from contests of chance and pari-mutuel wagering are deposited in the Problem Gambling Account.

### **Summary of Bill:**

#### Problem Gambling Program.

The Health Care Authority (Authority) is required to establish and facilitate an ongoing advisory committee that will hold quarterly meetings to:

- track progress of recommendations from the 2022 Legislative Problem Gambling Task Force final report;
- provide advice and feedback on the State Problem Gambling Program upon request by the Authority; and

- discuss emerging issues related to problem gambling and identify possible strategies for improvement.

The advisory committee membership must include at least one representative from:

- the State Gambling Commission;
- the State Lottery Commission;
- the State Horse Racing Commission;
- the Health Care Authority;
- the tribal gaming industry;
- a business that is primarily engaged in the selling of food or drink and that offers punchboards, pull tabs, and social card games as a commercial stimulant;
- the Gambling Counselor Certification Committee;
- a nonprofit problem gambling organization; and
- a member of the recovery community who has lived experience with problem gambling.

#### Problem Gambling Account.

The State Lottery Commission, for fiscal year 2024, is required to transfer 0.2 percent of the net receipts derived from the Shared Game Lottery to the Problem Gambling Account. Thereafter, the transfer to the Problem Gambling Account is increased to 0.26 percent of the net receipts from the Shared Game Lottery.

For businesses whose income is more than \$50,000 from the operation of contests of chance, for fiscal year 2024, there is an additional tax of 0.2 percent of the gross income from the operation of contests of chance. Thereafter, the tax is 0.26 percent of the gross income from the operation of contests of chance.

The pari-mutuel wagering tax is 0.2 percent of the gross income of the business through June 30, 2024, and 0.26 percent thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2023.