

# SENATE BILL REPORT

## SB 5634

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As Reported by Senate Committee On:  
Business, Financial Services, Gaming & Trade, February 9, 2023  
Ways & Means, February 23, 2023

**Title:** An act relating to problem gambling.

**Brief Description:** Concerning problem gambling.

**Sponsors:** Senators Conway, Keiser, Hasegawa, Nguyen, Nobles and Stanford.

**Brief History:**

**Committee Activity:** Business, Financial Services, Gaming & Trade: 2/07/23, 2/09/23 [DPS-WM].  
Ways & Means: 2/20/23, 2/23/23 [DP2S, DNP, w/oRec].

**Brief Summary of Second Substitute Bill**

- Establishes the Advisory Committee on Problem Gambling to be an on-going entity that meets on a quarterly basis.
- Increases the rates of transfers and taxes into the Problem Gambling Account.

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### SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

**Majority Report:** That Substitute Senate Bill No. 5634 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

**Staff:** Clinton McCarthy (786-7319)

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### SENATE COMMITTEE ON WAYS & MEANS

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

**Majority Report:** That Second Substitute Senate Bill No. 5634 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Gildon, Assistant Ranking Member, Operating; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Nguyen, Pedersen, Saldaña, Van De Wege and Wellman.

**Minority Report:** Do not pass.

Signed by Senators Schoesler, Ranking Member, Capital; Muzzall and Wagoner.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Wilson, L., Ranking Member, Operating; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Boehnke, Braun and Torres.

**Staff:** Corban Nemeth (786-7736)

**Background:** The Problem and Pathological Gambling Treatment Program. In 2005, the Problem and Pathological Gambling Program (Program) within the Department of Social and Health Services (DSHS) was revised. The Program was expanded at that time to cover:

- prevention, as well as the treatment, of problem and pathological gambling;
- training professionals to identify and treat problem and pathological gambling; and
- treatment of family members of problem or pathological gamblers who are unable to afford treatment, and are targeted by the DSHS as most amenable to treatment.

DSHS must establish an advisory committee to assist in designing, managing, and evaluating the Program's effectiveness. Committee members must include, at least, persons knowledgeable in the field of problem and pathological gambling and persons representing tribal gambling, privately owned non-tribal gambling, and the Washington State Lottery.

The program was transferred to the Health Care Authority (HCA) in 2018.

Funding for the Problem and Pathological Gambling Treatment Program. Since fiscal year 2007, the Lottery Commission has transferred 0.13 percent of net receipts into the Problem Gambling Account. A business and occupation tax was imposed on persons engaging in the business of operating contests of chance such as social card games, bingo, raffles, punchboard games, and pull-tabs, but not state lottery games or amusement games, or conducting horse races. Since fiscal year 2007, the amount of tax is 0.13 percent of a business's gross income derived from contests of chance.

Washington State Adult Problem Gambling Prevalence Study. In 2019, the Legislature provided funding to the Washington State Gambling Commission to facilitate the Joint Legislative Problem Gambling Task Force to review existing outreach prevention, and treatment resources for problem gambling and gambling disorder.

In 2021, the Legislature provided \$500,000 to HCA to study the prevalence of problem gambling among adults in Washington State. The prevalence study reviewed both statewide and regional results about beliefs and attitudes toward gambling, gambling behavior and preferences, and awareness of treatment services. The study also includes an estimate of the level of risk for problem gambling and examines correlations with broader behavioral and mental health measures. The study made a number of recommendations to the Legislature, including:

- improve availability and access to all levels of treatment and recovery support services;
- integrate problem gambling information into clinical behavioral health curriculum; and
- increase state funding for the state problem gambling program.

**Summary of Bill (Second Substitute): Advisory Committee on Problem Gambling.** The Advisory Committee on Problem Gambling is established as an on-going entity that will hold quarterly meetings to:

- track progress of recommendations from the 2022 Legislative Problem Gambling Task Force final report;
- provide advice and feedback to HCA; and
- discuss emerging issues related to problem gambling and strategies to address those issues.

Membership of the advisory committee must include at least one representative from:

- the Gambling Commission;
- the Lottery Commission;
- the Horseracing Commission;
- HCA;
- the tribal gaming industry;
- an established business primarily engaged in the selling of food or drink for consumption on the premises, and that offers social gaming as a commercial stimulant;
- the gambling counselor certification committee;
- a non-profit problem gambling organization; and
- the recovery community including at least one member with lived experience in problem gambling.

Increasing the Rate on the Transfer of Funds from the Lottery to the Problem Gambling Account. The percentage of revenues from the lottery transferred to the Problem Gambling Account is increased from 0.13 percent to 0.2 percent beginning fiscal year 2024. The percentage increases from 0.2 percent to 0.26 percent beginning fiscal year 2025.

Increasing the Rate of Taxes on Games of Chance and Horse Racing for Deposit in the Problem Gambling Account. The rate used to multiply against gross income derived from

contests of chance and parimutuel wagering is increased from 0.13 to 0.2 percent through June 30, 2024, and 0.26 thereafter.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Second Substitute):**

- Replaces the term "limited social gaming" with specific types of social gaming that includes punchboards, pull-tabs, and social card games.

**EFFECT OF CHANGES MADE BY BUSINESS, FINANCIAL SERVICES, GAMING & TRADE COMMITTEE (First Substitute):**

- Removes the representative of the commercial gambling industry from the membership of the advisory committee.
- Adds a representative of an established business primarily engaged in the selling of food or drink for consumption on the premises, and that offers social gaming as a commercial stimulant as a representative of the advisory committee.
- Changes tribal gambling industry to tribal gaming industry.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony on Original Bill (Business, Financial Services, Gaming & Trade):** *The committee recommended a different version of the bill than what was heard.* PRO: Problem gambling is a behavioral health issue. We have had a vast expansion of gambling in the state—it is getting bigger, not smaller. We need to come together and figure out how to treat problem gambling. This is critical—we've essentially authorized the expansion of problem gambling, but we haven't authorized the resources to treat the impact of this expansion. This bill will double the funding to the problem gambling account. People can lose their savings, their retirement funds, and important relationships. Individuals with a gambling disorder are eight times more likely to consider suicide. Gambling opportunities have expanded greatly over the last decade, but treatment for problem gambling has not. Maverick stands ready to help. Maverick has self exclusion policies on site.

OTHER: The commissioners have not met this month, so the Gambling Commission does not have a position on this bill. The Commission has been very much involved in the taskforce and the recommendations put forward. This bill does address many of the

recommendations in the final report.

**Persons Testifying (Business, Financial Services, Gaming & Trade):** PRO: Senator Steve Conway, Prime Sponsor; Vicki Christophersen, Maverick Gaming; Julia Patterson, Problem Gambling Task Force.

OTHER: Tina Griffin.

**Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade):** No one.

**Staff Summary of Public Testimony on First Substitute (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: This bill implements recommendations about problem gambling, including adding it to public health considerations under the authority of the health care authority.

OTHER: There are concerns about the undefined term in the language and making sure that it is consistent with the Gambling Act. This addresses several recommendations and considers treatment for those with problem gambling. Problem gambling is a serious health issue, and some people can easily lose an entire paycheck the day they get it. The state fund is the only way to address this issue. This bill is a good start, but more work needs to be done.

**Persons Testifying (Ways & Means):** PRO: Senator Steve Conway, Prime Sponsor.

OTHER: Tina Griffin, Washington State Gambling Commission; Nanci Watson.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.