
SUBSTITUTE SENATE BILL 5287

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senator Prentice)

READ FIRST TIME 04/19/05.

1 AN ACT Relating to house-banked social card games; amending RCW
2 9.46.110, 9.46.295, and 9.46.070; adding a new chapter to Title 82 RCW;
3 making appropriations; 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 commissions charged in regard to
9 house-banked social card games and the gross wagers received by a
10 licensee from the operation of house-banked social card games, less the
11 amount paid to players for winning wagers, accrual of prizes for
12 progressive jackpot contests, and repayment of amounts used to seed
13 guaranteed progressive 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 house-banked social card games for which
3 a license is required under chapter 9.46 RCW. The rate of the tax
4 shall equal five percent of the gross revenue from house-banked social
5 card games.

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

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

14 NEW SECTION. **Sec. 3.** (1) The public benefit account is created in
15 the state treasury. Moneys in the account may be spent only after
16 appropriation.

17 (2) All receipts from the tax imposed in section 2 of this act
18 shall be deposited into the public benefit account.

19 NEW SECTION. **Sec. 4.** (1) The department shall administer the tax
20 imposed under this chapter.

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

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

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

28 **Sec. 5.** RCW 9.46.110 and 1999 c 221 s 1 are each amended to read
29 as follows:

30 (1) The legislative authority of any county, city-county, city, or
31 town, by local law and ordinance, and in accordance with the provisions
32 of this chapter and rules adopted under this chapter, may provide for
33 the taxing of any gambling activity authorized by this chapter within
34 its jurisdiction, the tax receipts to go to the county, city-county,
35 city, or town so taxing the activity. Any such tax imposed by a county

1 alone shall not apply to any gambling activity within a city or town
2 located in the county but the tax rate established by a county, if any,
3 shall constitute the tax rate throughout the unincorporated areas of
4 such county.

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

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

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

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

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

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

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

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

33 (c) No tax shall be imposed under the authority of this chapter on
34 bingo or amusement games when such activities or any combination
35 thereof are conducted by any bona fide charitable or nonprofit
36 organization as defined in this chapter, which organization has no paid
37 operating or management personnel and has gross receipts from bingo or

1 amusement games, or a combination thereof, not exceeding five thousand
2 dollars per year, less the amount awarded as cash or merchandise
3 prizes.

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

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

18 (f) Taxation of nonhouse-banked social card games may not exceed
19 twenty percent of the gross revenue from such games. Taxation of
20 house-banked social card games may not exceed ten percent of the gross
21 revenue from such games, except that for any county, city-county, city,
22 or town that imposed a tax on house-banked social card games under this
23 section on January 1, 2005, that is greater than ten percent of the
24 gross revenue from such games, taxation of house-banked social card
25 games may not exceed the rate in effect on January 1, 2005. For
26 purposes of this subsection (3)(f), "house-banked social card game" has
27 the meaning provided in section 1 of this act.

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

33 NEW SECTION. Sec. 6. For the 2005-2007 biennium, the following
34 amounts are appropriated from the public benefit account:

35 (1) \$1,000,000 to the department of health provided solely to
36 expand the breast and cervical cancer screening program.

1 (2) \$200,000 to the department of health provided solely to enhance
2 the poison control center.

3 (3) \$3,000,000 to the department of community, trade, and economic
4 development provided solely to increase grant funding for civil legal
5 representation of indigent persons.

6 (4) \$1,000,000 to the department of community, trade, and economic
7 development provided solely to fund the Pierce county alliance's
8 methamphetamine family services treatment program and safe streets of
9 Pierce county's methamphetamine service.

10 (5) \$1,000,000 to the department of community, trade, and economic
11 development provided solely to Snohomish county for methamphetamine
12 prevention by funding a law enforcement strike team pilot.

13 (6) \$200,000 to the Washington state arts commission provided
14 solely for increased funding of quality art programs in the state.

15 (7) \$150,000 to the criminal justice training commission provided
16 solely to expand training for prosecuting attorneys.

17 (8) \$740,000 to the office of public defense provided solely for
18 training and technical assistance for trial-level criminal indigent
19 defense.

20 (9) \$4,000,000 to the office of public defense provided solely for
21 a criminal indigent defense pilot program.

22 (10) \$2,000,000 to the department of community, trade, and economic
23 development provided solely to the alliance of boys and girls clubs of
24 Washington state to provide access to after school programs for under-
25 privileged children.

26 **Sec. 7.** RCW 9.46.295 and 1974 ex.s. c 155 s 6 are each amended to
27 read as follows:

28 (1) Any license to engage in any of the gambling activities
29 authorized by this chapter (~~as now exists or as hereafter amended~~),
30 and issued under the authority thereof shall be legal authority to
31 engage in the gambling activities for which issued throughout the
32 incorporated and unincorporated area of any county, except that:

33 (a) The commission shall neither issue nor renew any license to
34 engage in a house-banked card game except in a location specified in a
35 license to conduct a house-banked card game approved pursuant to
36 subsection (4) of this section, or that, as of March 10, 2005:

1 (i) Is approved by the commission, is in effect, and is not
2 subsequently a license at issue in an application for relocation
3 submitted pursuant to subsection (4) of this section; or

4 (ii) Has been submitted to and has not subsequently been denied by
5 the commission;

6 (b) A licensee authorized to engage in house-banked card games
7 pursuant to a license described in (a) of this subsection may continue
8 to engage only in gambling activity authorized under the license
9 unless, on the renewal date of the license, the city, town, city-
10 county, or county with jurisdiction over the location identified in the
11 license has in effect an ordinance, resolution, or other legislative
12 act adopted pursuant to (c) of this subsection prohibiting such
13 gambling activity; and

14 (c) A city located therein with respect to that city, or a county
15 with respect to all areas within that county except for such cities,
16 may absolutely prohibit(~~(, but may not change the scope of license,)~~)
17 any or all of the gambling activities for which the license was issued.

18 (2) Nothing in this section authorizes any city, town, city-county,
19 or county to adopt or enforce any ordinance, resolution, or other
20 legislative act changing or purporting to change any provision within
21 the scope of a license issued under this chapter.

22 (3) For purposes of this section, an ordinance, resolution, or
23 other legislative act that:

24 (a) Prohibits all house-banked card games within the applicable
25 jurisdiction on and after the effective date of the legislative act, or
26 on and after any other date specified in the legislative act, shall be
27 deemed to be an act adopted in compliance with subsection (1)(c) of
28 this section;

29 (b) Allows any house-banked card games to continue to operate
30 within the applicable jurisdiction for an indefinite period after the
31 effective date of the legislative act, or after another date, if any,
32 specified in the legislative act, shall be deemed to be an act not in
33 compliance with subsection (1)(c) of this section, and is null and
34 void.

35 (4) The commission may issue or renew a license to engage in a
36 house-banked card game in a location specified in an application
37 submitted pursuant to rules adopted by the commission to relocate a
38 licensed premise, if:

1 (a)(i) The applicant is, as of March 10, 2005, licensed to engage
2 in a house-banked card game; (ii) the application for approval to be
3 relocated is submitted to the commission on or before August 31, 2005;
4 and (iii) the location to which the applicant requests to be relocated
5 is within the geographic boundaries of the same jurisdiction in which
6 the licensee is authorized by the commission to operate on the date the
7 application is submitted;

8 (b) The city, town, city-county, or county in which the licensee
9 described in (a) of this subsection is licensed by the commission to
10 operate adopts an ordinance or resolution unequivocally approving and
11 supporting the licensee's request to relocate: (i) By at least a sixty
12 percent majority vote of the members of the jurisdiction's legislative
13 body; and (ii) within ninety days of the date the application described
14 in (a) of this subsection is submitted; and

15 (c) The commission approves the application to relocate with at
16 least a sixty percent majority vote of the voting members of the
17 commission.

18 (5) The commission shall not approve an application submitted
19 pursuant to subsection (4) of this section if the licensee: (a) Has
20 previously applied to relocate the premise; or (b) does not meet any
21 existing standard required to obtain or retain a license to engage in
22 a house-banked card game.

23 (6) An application to relocate a licensed premise under subsection
24 (4) of this section shall not be approved, and if previously approved,
25 the license to engage in a house-banked card game at such location
26 shall be revoked and not subsequently issued or renewed in any
27 location, if the licensee who submitted the application under
28 subsection (4) of this section, or any director, officer, or other
29 substantial interest holder of the licensed gambling activity, pleads
30 guilty to or is found guilty of any crime constituting, or if
31 prosecuted under the laws of Washington would constitute, a class A, B,
32 or C felony under RCW 9A.20.021 or 9A.20.040 or Title 9 RCW, arising
33 out of any act or acts that occurred at any time the licensee held a
34 license issued by the commission.

35 **Sec. 8.** RCW 9.46.070 and 2002 c 119 s 1 are each amended to read
36 as follows:

37 The commission shall have the following powers and duties:

1 (1) To authorize and issue licenses for a period not to exceed one
2 year to bona fide charitable or nonprofit organizations approved by the
3 commission meeting the requirements of this chapter and any rules (~~and~~
4 ~~regulations~~) adopted pursuant thereto permitting said organizations to
5 conduct bingo games, raffles, amusement games, and social card games,
6 to utilize punch boards and pull-tabs in accordance with the provisions
7 of this chapter and any rules (~~and regulations~~) adopted pursuant
8 thereto and to revoke or suspend said licenses for violation of any
9 provisions of this chapter or any rules (~~and regulations~~) adopted
10 pursuant thereto(~~(:—PROVIDED, That)~~). However, except as provided in
11 RCW 9.46.295, the commission shall not deny a license to an otherwise
12 qualified applicant in an effort to limit the number of licenses to be
13 issued(~~(:—PROVIDED FURTHER, That)~~). The commission or director shall
14 not issue, deny, suspend, or revoke any license because of
15 considerations of race, sex, creed, color, or national origin(~~(:—AND~~
16 ~~PROVIDED FURTHER, That)~~). The commission may authorize the director to
17 temporarily issue or suspend licenses subject to final action by the
18 commission;

19 (2) To authorize and issue licenses for a period not to exceed one
20 year to any person, association, or organization operating a business
21 primarily engaged in the selling of items of food or drink for
22 consumption on the premises, approved by the commission meeting the
23 requirements of this chapter and any rules (~~and regulations~~) adopted
24 pursuant thereto permitting said person, association, or organization
25 to utilize punch boards and pull-tabs and to conduct social card games
26 as a commercial stimulant in accordance with the provisions of this
27 chapter and any rules (~~and regulations~~) adopted pursuant thereto and
28 to revoke or suspend said licenses for violation of any provisions of
29 this chapter and any rules (~~and regulations~~) adopted pursuant
30 thereto(~~(:—PROVIDED, That)~~). However, except as provided in RCW
31 9.46.295, the commission shall not deny a license to an otherwise
32 qualified applicant in an effort to limit the number of licenses to be
33 issued(~~(:—PROVIDED FURTHER, That)~~). The commission may authorize the
34 director to temporarily issue or suspend licenses subject to final
35 action by the commission;

36 (3) To authorize and issue licenses for a period not to exceed one
37 year to any person, association, or organization approved by the
38 commission meeting the requirements of this chapter and meeting the

1 requirements of any rules and regulations adopted by the commission
2 pursuant to this chapter as now or hereafter amended, permitting said
3 person, association, or organization to conduct or operate amusement
4 games in such manner and at such locations as the commission may
5 determine;

6 (4) To authorize, require, and issue, for a period not to exceed
7 one year, such licenses as the commission may by rule provide, to any
8 person, association, or organization to engage in the selling,
9 distributing, or otherwise supplying or in the manufacturing of devices
10 for use within this state for those activities authorized by this
11 chapter;

12 (5) To establish a schedule of annual license fees for carrying on
13 specific gambling activities upon the premises, and for such other
14 activities as may be licensed by the commission, which fees shall
15 provide to the commission not less than an amount of money adequate to
16 cover all costs incurred by the commission relative to licensing under
17 this chapter and the enforcement by the commission of the provisions of
18 this chapter and rules and regulations adopted pursuant thereto:
19 PROVIDED, That all licensing fees shall be submitted with an
20 application therefor and such portion of said fee as the commission may
21 determine, based upon its cost of processing and investigation, shall
22 be retained by the commission upon the withdrawal or denial of any such
23 license application as its reasonable expense for processing the
24 application and investigation into the granting thereof: PROVIDED
25 FURTHER, That if in a particular case the basic license fee established
26 by the commission for a particular class of license is less than the
27 commission's actual expenses to investigate that particular
28 application, the commission may at any time charge to that applicant
29 such additional fees as are necessary to pay the commission for those
30 costs. The commission may decline to proceed with its investigation
31 and no license shall be issued until the commission has been fully paid
32 therefor by the applicant: AND PROVIDED FURTHER, That the commission
33 may establish fees for the furnishing by it to licensees of
34 identification stamps to be affixed to such devices and equipment as
35 required by the commission and for such other special services or
36 programs required or offered by the commission, the amount of each of
37 these fees to be not less than is adequate to offset the cost to the

1 commission of the stamps and of administering their dispersal to
2 licensees or the cost of administering such other special services,
3 requirements or programs;

4 (6) To prescribe the manner and method of payment of taxes, fees
5 and penalties to be paid to or collected by the commission;

6 (7) To require that applications for all licenses contain such
7 information as may be required by the commission: PROVIDED, That all
8 persons (a) having a managerial or ownership interest in any gambling
9 activity, or the building in which any gambling activity occurs, or the
10 equipment to be used for any gambling activity, or (b) participating as
11 an employee in the operation of any gambling activity, shall be listed
12 on the application for the license and the applicant shall certify on
13 the application, under oath, that the persons named on the application
14 are all of the persons known to have an interest in any gambling
15 activity, building, or equipment by the person making such application:
16 PROVIDED FURTHER, That the commission shall require fingerprinting and
17 national criminal history background checks on any persons seeking
18 licenses, certifications, or permits under this chapter or of any
19 person holding an interest in any gambling activity, building, or
20 equipment to be used therefor, or of any person participating as an
21 employee in the operation of any gambling activity. All national
22 criminal history background checks shall be conducted using
23 fingerprints submitted to the United States department of justice-
24 federal bureau of investigation. The commission must establish rules
25 to delineate which persons named on the application are subject to
26 national criminal history background checks. In identifying these
27 persons, the commission must take into consideration the nature,
28 character, size, and scope of the gambling activities requested by the
29 persons making such applications;

30 (8) To require that any license holder maintain records as directed
31 by the commission and submit such reports as the commission may deem
32 necessary;

33 (9) To require that all income from bingo games, raffles, and
34 amusement games be recorded and reported as established by rule or
35 regulation of the commission to the extent deemed necessary by
36 considering the scope and character of the gambling activity in such a
37 manner that will disclose gross income from any gambling activity,

1 amounts received from each player, the nature and value of prizes, and
2 the fact of distributions of such prizes to the winners thereof;

3 (10) To regulate and establish maximum limitations on income
4 derived from bingo. In establishing limitations pursuant to this
5 subsection the commission shall take into account (i) the nature,
6 character, and scope of the activities of the licensee; (ii) the source
7 of all other income of the licensee; and (iii) the percentage or extent
8 to which income derived from bingo is used for charitable, as
9 distinguished from nonprofit, purposes. However, the commission's
10 powers and duties granted by this subsection are discretionary and not
11 mandatory;

12 (11) To regulate and establish the type and scope of and manner of
13 conducting the gambling activities authorized by this chapter,
14 including but not limited to, the extent of wager, money, or other
15 thing of value which may be wagered or contributed or won by a player
16 in any such activities;

17 (12) To regulate the collection of and the accounting for the fee
18 which may be imposed by an organization, corporation, or person
19 licensed to conduct a social card game on a person desiring to become
20 a player in a social card game in accordance with RCW 9.46.0282;

21 (13) To cooperate with and secure the cooperation of county, city,
22 and other local or state agencies in investigating any matter within
23 the scope of its duties and responsibilities;

24 (14) In accordance with RCW 9.46.080, to adopt such rules and
25 regulations as are deemed necessary to carry out the purposes and
26 provisions of this chapter. All rules and regulations shall be adopted
27 pursuant to the administrative procedure act, chapter 34.05 RCW;

28 (15) To set forth for the perusal of counties, city-counties,
29 cities and towns, model ordinances by which any legislative authority
30 thereof may enter into the taxing of any gambling activity authorized
31 by this chapter;

32 (16) To establish and regulate a maximum limit on salaries or wages
33 which may be paid to persons employed in connection with activities
34 conducted by bona fide charitable or nonprofit organizations and
35 authorized by this chapter, where payment of such persons is allowed,
36 and to regulate and establish maximum limits for other expenses in
37 connection with such authorized activities, including but not limited

1 to rent or lease payments. However, the commissioner's powers and
2 duties granted by this subsection are discretionary and not mandatory.

3 In establishing these maximum limits the commission shall take into
4 account the amount of income received, or expected to be received, from
5 the class of activities to which the limits will apply and the amount
6 of money the games could generate for authorized charitable or
7 nonprofit purposes absent such expenses. The commission may also take
8 into account, in its discretion, other factors, including but not
9 limited to, the local prevailing wage scale and whether charitable
10 purposes are benefited by the activities;

11 (17) To authorize, require, and issue for a period not to exceed
12 one year such licenses or permits, for which the commission may by rule
13 provide, to any person to work for any operator of any gambling
14 activity authorized by this chapter in connection with that activity,
15 or any manufacturer, supplier, or distributor of devices for those
16 activities in connection with such business. The commission shall not
17 require that persons working solely as volunteers in an authorized
18 activity conducted by a bona fide charitable or bona fide nonprofit
19 organization, who receive no compensation of any kind for any purpose
20 from that organization, and who have no managerial or supervisory
21 responsibility in connection with that activity, be licensed to do such
22 work. The commission may require that licensees employing such
23 unlicensed volunteers submit to the commission periodically a list of
24 the names, addresses, and dates of birth of the volunteers. If any
25 volunteer is not approved by the commission, the commission may require
26 that the licensee not allow that person to work in connection with the
27 licensed activity;

28 (18) To publish and make available at the office of the commission
29 or elsewhere to anyone requesting it a list of the commission
30 licensees, including the name, address, type of license, and license
31 number of each licensee;

32 (19) To establish guidelines for determining what constitutes
33 active membership in bona fide nonprofit or charitable organizations
34 for the purposes of this chapter; and

35 (20) To perform all other matters and things necessary to carry out
36 the purposes and provisions of this chapter.

1 NEW SECTION. **Sec. 9.** Sections 7 and 8 of this act are necessary
2 for the immediate preservation of the public peace, health, or safety,
3 or support of the state government and its existing public
4 institutions, and take effect immediately.

5 NEW SECTION. **Sec. 10.** Sections 1 through 4 of this act constitute
6 a new chapter in Title 82 RCW.

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