

HOUSE BILL REPORT

HB 1449

As Passed Legislature

Title: An act relating to independent auditor reports and financial statements of licensees regulated by the gambling commission.

Brief Description: Regarding nondisclosure of certain information of gambling commission licensees.

Sponsors: By Representatives Condotta, Armstrong, Curtis, Orcutt and Dunn.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 2/2/07, 2/23/07 [DP].

Floor Activity:

Passed House: 3/7/07, 93-1.

Senate Amended.

Passed Senate: 4/9/07, 46-1.

House Concurred.

Passed House: 4/17/07, 98-0.

Passed Legislature.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Exempts from public disclosure independent auditors' reports and financial statements filed with the Gambling Commission by house-banked social card game licensees.
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HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 9 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Green, Kretz, McDermott, Miloscia and Ormsby.

Staff: Alison Hellberg (786-7152).

Background:

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.

Gambling Commission

Under the Washington Gambling Act of 1973, the Gambling Commission (Commission) has exclusive authority to license and regulate gambling activities, including house-banked card games. The Commission issues licenses for a one-year period. Those licensed to operate house-banked card games must prepare financial statements covering all financial activities of the establishment for each business year. The license application form and all supplemental information submitted at the Commission's request are public records.

The financial statements must be:

- prepared by an independent, certified public accountant who is licensed by the state of Washington; and
- submitted on a comparative basis (except that the first year may be submitted for the current business year only).

Gross revenues from each licensed activity should be reported by activity and separated from all other revenues.

Public Records Act

The Public Records Act requires that all state and local government agencies make all public records available for disclosure unless they fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally and the exemptions narrowly in order to effectuate a general policy favoring disclosure.

Summary of Bill:

Independent auditors' reports and financial statements filed with the Gambling Commission by house-banked social card game licensees are exempted from public disclosure.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 2 which reinstates prior law related to financial, commercial, and proprietary information exemptions to the Public Records Act after a scheduled expiration and takes effect June 30, 2008.

Staff Summary of Public Testimony:

(In support) This bill allows licensees, especially house-banked card rooms, more privacy regarding their financial statements. This is a highly regulated industry so papers to be filed are highly detailed. It is necessary for the Gambling Commission to receive this information, but it should not be made public. Nobody ever understood that these reports would be considered public records. This issue is presently before the Washington State Court of

Appeals; this bill would end that lawsuit. This bill clarifies that information should go to the Gambling Commission for purposes of regulation, but not be released to competitors.

(Neutral) The Commission has received 18 requests for information included in this bill, two of them in 2007. Charitable/non-profit organizations also file this information, but there has never been a request for that information. The retroactivity portion of the bill is meant to get at the pending lawsuit. Some of the information should still be posted because there is a history of corruption in gambling so transparency is important.

(Opposed) None.

Persons Testifying: (In support) Representative Condotta, prime sponsor; Thomas Rask, New Phoenix and Last Frontier Casinos; and Dolores Chiechi, Recreational Gaming Association.

(Neutral) Amy B. Hunter, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.