

HOUSE BILL REPORT

SSB 6430

As Reported By House Committee On:
Commerce & Labor

Title: An act relating to social card games.

Brief Description: Changing social card game provisions.

Sponsors: Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Schow and Spanel).

Brief History:

Committee Activity:

Commerce & Labor: 2/21/96, 2/22/96 [DPA].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 12 members: Representatives McMorris, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Conway, Assistant Ranking Minority Member; Cairnes; Cody; Cole; Fuhrman; Goldsmith; Horn and Lisk.

Staff: Pam Madson (786-7166).

Background: State law authorizes owners of established businesses to conduct social card games as a stimulant to the existing business. Businesses that qualify to use social card games for this purpose are those that sell food and beverages to be consumed on the premises as part of the business operation. These businesses are licensed by the Gambling Commission as commercial stimulant licensees. Bona fide charitable and nonprofit organizations may also use card games to raise money for the organizations' charitable purposes.

The Gambling Commission regulates the conduct of social card games, including the amounts wagered, hours of operation, number of players per table, and types of games that can be played.

For a social card game to qualify as legal gambling activity, the card game must include all of the following characteristics. It must consist of two or more participants who are players. The success at winning must be largely determined by the player's skill. No percentage of the amounts wagered or won may be collected or

shared by anyone except for players collecting their winnings. A fee no greater than \$3 dollars for each half-hour may be charged by the business to a player for participation in the card game. A fee not to exceed \$50 may be charged to players who enter a card tournament for prizes. These fee limitations do not apply to membership fees in a bona fide charitable or nonprofit organization.

A licensee operating a card room may have up to five tables at which card games can be played.

Player-supported progressive prize contests or jackpots are not authorized gambling activity and the licensee may not participate as custodian of the prize.

Summary of Amended Bill: Businesses licensed by the Gambling Commission to operate card rooms may participate as custodians of player-supported progressive prize contests for games authorized by the commission.

A licensee may charge a fee to allow a player to participate in a card game without any restriction as to amount. A licensee may also collect a percentage from a player of the amounts wagered or won.

A public card room licensee may operate up to 15 tables at which card games can be played.

Amended Bill Compared to Substitute Bill: The sum of \$1 million is appropriated from the general fund to the state Gambling Commission to regulate gambling.

Appropriation: The sum of \$1 million from the state general fund to the Gambling Commission.

Fiscal Note: Available.

Effective Date of Amended Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: With the rapid increase in casino gambling, there are hundreds of jobs in the private sector that are at risk. There is a large amount of disposable income that is going out of state. Local card rooms need the ability to compete. The bill allows jackpot poker and allows the card room to take a percentage of the amount wagered, which is something the tribes are currently doing. Fifteen-table card rooms will be regulated by the commission as games are now, with consideration of local jurisdictions' concerns. The competition among card rooms is no longer among each other but is with the Indian casinos. Even the larger card rooms are struggling to survive. The larger number of tables allows a card room to offer more games which may help attract players. Smaller card rooms build their own clientele and can

compete with the larger card rooms. The commission is seeking reimbursement of \$1 million that was taken for the general fund in 1992. Commission revenue is not meeting the projections made in 1993. The money is needed to regulate and control gambling. The commission is doing a good job to keep the industry clean.

Testimony Against: As the tribal casinos opened, card rooms closed. With house-banked blackjack, card rooms could have competed with the tribal casinos. It would have brought in new customers. Without that provision and with the provision for 15 tables, the result will be a small number of very large card rooms, and many of the remaining smaller card rooms will be out of business. Only a few card rooms use the five tables they have available now. An option would be to limit the number of players rather than the number of tables. That would allow a card room to vary the types of card games offered. Local jurisdictions should be consulted when a 15-table card room is approved. The commission is not accountable to local voters when making a decision to allow a 15-table card room in a community. Other bills have cut local government revenue from this source; this bill increases the amount of gambling activity within the community without the community's consent. This puts local governments in an intolerable position.

Testified: (In favor) Senator Ray Schow, prime sponsor; George Teeney; Fred Steiner; Gary Murrey; Ron Porter; Dave Pardey; Steve Downen; Robert Saucier. (Opposed) Darrell Lee; Vickie Lee; Dick Dorsett, Pierce County; and Maureen Morris, Association of Washington Cities. (Neutral position on original bill, in favor of amendment) Frank Miller, Washington State Gambling Commission.