

HOUSE BILL REPORT

HB 1447

As Reported By House Committee On:

Commerce & Labor

Title: An act relating to gambling taxes.

Brief Description: Changing certain local government gambling taxes.

Sponsors: Representatives Lisk, Romero, Fuhrman and Horn.

Brief History:

Committee Activity:

Commerce & Labor: 2/13/95, 2/15/95 [DPS].

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Lisk, Chairman; Hargrove, Vice Chairman; Thompson, Vice Chairman; Romero, Ranking Minority Member; Cairnes; Cody; Fuhrman; Goldsmith and Horn.

Minority Report: Do not pass. Signed by 2 members: Representatives Conway, Assistant Ranking Minority Member; and Cole.

Staff: Pam Madson (786-7166).

Background: Counties, cities, and towns may tax gambling activity within their jurisdiction. If the tax is imposed by a county only, the tax shall not apply to such activity in a city or town located within the taxing county. The tax rate shall be the tax rate throughout the unincorporated areas of the county.

Taxation of punch boards and pull-tabs shall not exceed 5 percent of gross receipts and taxation of social card games shall not exceed 20 percent of gross receipts.

Summary of Substitute Bill: Taxation of punch boards and pull tabs by a county, city, or town is limited to 2.5 percent of gross receipts if such gambling activity is within a 50 mile radius of an Indian casino. Taxation of social card games is limited to 10 percent of gross receipts if the games are located within a 50 mile radius of an Indian casino.

Substitute Bill Compared to Original Bill: Taxation of punch boards, pull tabs, and social card games is limited for activity located within a 50 mile, rather than 35 mile, radius of an Indian casino.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Competition from Indian casinos is increasing resulting in a loss of business. This type of activity is used as a commercial incentive to help businesses and businesses pay tax on it. This is a burdensome tax and if businesses close there will be no tax revenue rather than less tax revenue.

Testimony Against: Cities will lose vital revenues if this bill is passed. The impact will be greatest on small cities. Not all cities that are eligible use this taxing authority. Not all cities that do use this authority tax this activity at the maximum level. Loss of this revenue will impact expenditures on law enforcement.

Testified: Bill Tackill, Art Lawrenson, and Vern Press, Washington State Licensed Beverage Association (pro). Maureen Morris, Association of Washington Cities (con); and Duston Jensen, City of Tacoma (con).