

# SENATE BILL REPORT

## SB 5950

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As Reported By Senate Committee On:  
Commerce & Labor, March 3, 1997

**Title:** An act relating to taxation of gambling activities.

**Brief Description:** Lowering the rate of taxation for social card games.

**Sponsors:** Senators Schow and Heavey.

**Brief History:**

**Committee Activity:** Commerce & Labor: 3/3/97 [DP].

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### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson, Franklin, Fraser, Heavey and Newhouse.

**Staff:** Traci Ratzliff (786-7452)

**Background:** Businesses that sell food or drink for on-premise consumption are allowed to operate card rooms.

Local governments are allowed to impose a tax of up to 20 percent on the gross revenues derived from social card games.

**Summary of Bill:** The maximum tax rate imposed on the gross revenues from social card games is reduced to 10 percent.

**Appropriation:** None.

**Fiscal Note:** Requested on February 21, 1997.

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

**Testimony For:** The card room industry is faced with increasing costs in order to compete in a competitive gambling market. We support a lowering of the tax rate to help us be more competitive. Our biggest competition, the tribal casinos, do not pay a tax at all.

**Testimony Against:** The revenues generated from the gambling tax are used by local governments to provide law enforcement services specifically for establishments operating gambling activities. A lot of problems are generated by such establishments. Therefore, reducing the tax would significantly impair our ability to provide law enforcement services to these establishments.

**Testified:** Steve Downen, Recreational Gaming Association (pro); Vito Chiechi, Licensed Beverage Association (pro); Dan Hyde, City Attorney, City of Lakewood.