

CERTIFICATION OF ENROLLMENT

SENATE BILL 5034

55th Legislature
1997 Regular Session

Passed by the Senate April 27, 1997
YEAS 34 NAYS 14

President of the Senate

Passed by the House April 27, 1997
YEAS 93 NAYS 5

**Speaker of the
House of Representatives**

Approved

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5034** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 5034

AS RECOMMENDED BY CONFERENCE COMMITTEE

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Senator Roach

Read first time 01/13/97. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to gambling; and amending RCW 9.46.0209, 9.46.0205,
2 9.46.120, and 9.46.110.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0209 and 1987 c 4 s 4 are each amended to read as
5 follows:

6 "Bona fide charitable or nonprofit organization," as used in this
7 chapter, means: (1) Any organization duly existing under the
8 provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural
9 fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or
10 any nonprofit corporation duly existing under the provisions of chapter
11 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic,
12 patriotic, political, social, fraternal, athletic or agricultural
13 purposes only, or any nonprofit organization, whether incorporated or
14 otherwise, when found by the commission to be organized and operating
15 for one or more of the aforesaid purposes only, all of which in the
16 opinion of the commission have been organized and are operated
17 primarily for purposes other than the operation of gambling activities
18 authorized under this chapter; or (2) any corporation which has been
19 incorporated under Title 36 U.S.C. and whose principal purposes are to

1 furnish volunteer aid to members of the armed forces of the United
2 States and also to carry on a system of national and international
3 relief and to apply the same in mitigating the sufferings caused by
4 pestilence, famine, fire, floods, and other national calamities and to
5 devise and carry on measures for preventing the same. Such an
6 organization must have been organized and continuously operating for at
7 least twelve calendar months immediately preceding making application
8 for any license to operate a gambling activity, or the operation of any
9 gambling activity authorized by this chapter for which no license is
10 required. It must have not less than ~~((fifteen))~~ seven bona fide
11 active members each with the right to an equal vote in the election of
12 the officers, or board members, if any, who determine the policies of
13 the organization in order to receive a gambling license. An
14 organization must demonstrate to the commission that it has made
15 significant progress toward the accomplishment of the purposes of the
16 organization during the twelve consecutive month period preceding the
17 date of application for a license or license renewal. The fact that
18 contributions to an organization do not qualify for charitable
19 contribution deduction purposes or that the organization is not
20 otherwise exempt from payment of federal income taxes pursuant to the
21 internal revenue code of 1954, as amended, shall constitute prima facie
22 evidence that the organization is not a bona fide charitable or
23 nonprofit organization for the purposes of this section.

24 Any person, association or organization which pays its employees,
25 including members, compensation other than is reasonable therefor under
26 the local prevailing wage scale shall be deemed paying compensation
27 based in part or whole upon receipts relating to gambling activities
28 authorized under this chapter and shall not be a bona fide charitable
29 or nonprofit organization for the purposes of this chapter.

30 **Sec. 2.** RCW 9.46.0205 and 1987 c 4 s 3 are each amended to read as
31 follows:

32 (1) "Bingo," as used in this chapter, means a game ~~((conducted only~~
33 ~~in the county within which the organization is principally located))~~ in

34 which prizes are awarded on the basis of designated numbers or symbols
35 on a card conforming to numbers or symbols selected at random and in
36 which no cards are sold except at the time and place of ~~((said))~~ the
37 game, ~~((when said))~~ except as authorized by the commission for joint
38 bingo games.

1 (2) The game (~~is~~) shall be conducted only by:

2 (a) A bona fide charitable or nonprofit organization which does not
3 conduct or allow its premises to be used for conducting bingo on more
4 than three occasions per week and which does not conduct bingo in any
5 location which is used for conducting bingo on more than three
6 occasions per week(~~;~~)i or (~~if~~)

7 (b) An agricultural fair authorized under chapters 15.76 and 36.37
8 RCW, which does not conduct bingo on more than twelve consecutive days
9 in any calendar year(~~;~~and).

10 (3) Except in the case of any agricultural fair as authorized under
11 chapters 15.76 and 36.37 RCW, no person other than a bona fide member
12 or an employee of (~~said~~) the organization (~~takes~~) may take any part
13 in the management or operation of (~~said~~) the game unless approved by
14 the commission, and no person who takes any part in the management or
15 operation of (~~said~~) the game (~~takes~~) may take any part in the
16 management or operation of any game conducted by any other organization
17 or any other branch of the same organization(~~;~~) unless approved by
18 the commission(~~;~~and).

19 (4) No part of the proceeds (~~thereof~~) from a bingo game may inure
20 to the benefit of any person other than the organization conducting
21 (~~said~~) the game.

22 (5) A bingo game must be conducted only in the county where the
23 sponsoring organization is principally located, except as authorized by
24 the commission for joint bingo games. For the purposes of this
25 section, the organization shall be deemed to be principally located in
26 the county within which it has its primary business office. If the
27 organization has no business office, the organization shall be deemed
28 to be located in the county of principal residence of its chief
29 executive officer(~~;~~—PROVIDED, That)). Any organization which is
30 conducting any licensed and established bingo game in any locale as of
31 January 1, 1981, shall be exempt from the requirement that such game be
32 conducted in the county in which the organization is principally
33 located.

34 (6) The commission may authorize joint bingo games conducted by two
35 or more bona fide charitable or nonprofit organizations if the prizes
36 are pooled and the games are conducted during each organization's
37 normal period of operation. The commission may adopt rules for the
38 operation, management, and location of the games.

1 **Sec. 3.** RCW 9.46.120 and 1987 c 4 s 40 are each amended to read as
2 follows:

3 (1) Except in the case of an agricultural fair as authorized under
4 chapters 15.76 and 36.37 RCW, no person other than a member of a bona
5 fide charitable or nonprofit organization (and their employees) or any
6 other person, association or organization (and their employees)
7 approved by the commission, shall take any part in the management or
8 operation of any gambling activity authorized under this chapter(~~(7~~
9 ~~and)~~) unless approved by the commission. No person who takes any part
10 in the management or operation of any such gambling activity shall take
11 any part in the management or operation of any gambling activity
12 conducted by any other organization or any other branch of the same
13 organization(~~(7)~~) unless approved by the commission(~~(7-and)~~). No part
14 of the proceeds ((~~thereof~~)) of the activity shall inure to the benefit
15 of any person other than the organization conducting such gambling
16 activities or if such gambling activities be for the charitable benefit
17 of any specific persons designated in the application for a license,
18 then only for such specific persons as so designated.

19 (2) No bona fide charitable or nonprofit organization or any other
20 person, association or organization shall conduct any gambling activity
21 authorized under this chapter in any leased premises if rental for such
22 premises is unreasonable or to be paid, wholly or partly, on the basis
23 of a percentage of the receipts or profits derived from such gambling
24 activity.

25 **Sec. 4.** RCW 9.46.110 and 1994 c 301 s 2 are each amended to read
26 as follows:

27 (1) The legislative authority of any county, city-county, city, or
28 town, by local law and ordinance, and in accordance with the provisions
29 of this chapter and rules ((~~and regulations promulgated hereunder~~))
30 adopted under this chapter, may provide for the taxing of any gambling
31 activity authorized by this chapter within its jurisdiction, the tax
32 receipts to go to the county, city-county, city, or town so taxing the
33 ((~~same: PROVIDED, That~~)) activity. Any such tax imposed by a county
34 alone shall not apply to any gambling activity within a city or town
35 located ((~~therein~~)) in the county but the tax rate established by a
36 county, if any, shall constitute the tax rate throughout the
37 unincorporated areas of such county(~~(: PROVIDED FURTHER, That (1)~~
38 ~~punch boards and pull tabs, chances on which shall))~~).

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

3 ~~(a) Chances may only be sold to adults((, which shall have a fifty~~
4 ~~cent limit on a single chance thereon, shall be taxed on a basis which~~
5 ~~shall reflect only the gross receipts from such punch boards and pull-~~
6 ~~tabs; and (2))~~;

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

8 (c) No punch board or pull-tab license may award as a prize upon a
9 winning number or symbol being drawn the opportunity of taking a chance
10 upon any other punch board or pull-tab; ((and (3)))

11 (d) All prizes ((for punch boards and pull-tabs)) available to be
12 won must be described on an information flare. All merchandise prizes
13 must be on display within the immediate area of the premises
14 ((wherein)) in which any such punch board or pull-tab is located
15 ((and)). Upon a winning number or symbol being drawn, ((such)) a
16 merchandise prize must be immediately removed ((therefrom)) from the
17 display and awarded to the winner. All references to cash or
18 merchandise prizes, with a value over twenty dollars, must be removed
19 immediately from the information flare when won, or such omission shall
20 be deemed a fraud for the purposes of this chapter; and ((+4))

21 (e) When any person ((shall win over twenty dollars in)) wins money
22 or merchandise from any punch board or pull-tab over an amount
23 determined by the commission, every licensee ((hereunder)) shall keep
24 a public record ((thereof)) of the award for at least ninety days
25 ((thereafter)) containing such information as the commission shall deem
26 necessary((:—AND PROVIDED FURTHER, That)).

27 (3)(a) Taxation of bingo and raffles shall never be in an amount
28 greater than ten percent of the gross ((revenue received therefrom))
29 receipts from a bingo game or raffle less the amount ((paid for or))
30 awarded as cash or merchandise prizes.

31 (b) Taxation of amusement games shall only be in an amount
32 sufficient to pay the actual costs of enforcement of the provisions of
33 this chapter by the county, city or town law enforcement agency and in
34 no event shall such taxation exceed two percent of the gross ((revenue
35 therefrom)) receipts from the amusement game less the amount ((paid
36 for)) awarded as prizes((:—PROVIDED FURTHER, That)).

37 (c) No tax shall be imposed under the authority of this chapter on
38 bingo or amusement games when such activities or any combination
39 thereof are conducted by any bona fide charitable or nonprofit

1 organization as defined in this chapter, which organization has no paid
2 operating or management personnel and has gross ~~((income))~~ receipts
3 from bingo or amusement games, or a combination thereof, not exceeding
4 five thousand dollars per year, less the amount ~~((paid for))~~ awarded as
5 cash or merchandise prizes.

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

10 (e) Taxation of punch boards and pull-tabs for bona fide charitable
11 or nonprofit organizations is based on gross receipts from the
12 operation of the games less the amount awarded as cash or merchandise
13 prizes, and shall not exceed ~~((five))~~ a rate of ten percent ~~((of gross~~
14 receipts, nor shall)). At the option of the county, city-county, city,
15 or town, the taxation of punch boards and pull-tabs for commercial
16 stimulant operators may be based on gross receipts from the operation
17 of the games, and may not exceed a rate of five percent, or may be
18 based on gross receipts from the operation of the games less the amount
19 awarded as cash or merchandise prizes, and may not exceed a rate of ten
20 percent.

21 (f) Taxation of social card games may not exceed twenty percent of
22 the gross revenue from such games.

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

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