

HOUSE BILL REPORT

SSB 5745

As Passed House:

April 12, 1999

Title: An act relating to reducing the tax on bingo and raffles.

Brief Description: Reducing the tax on bingo and raffles.

Sponsors: Senate Committee on Commerce, Trade, Housing & Financial Institutions
(originally sponsored by Senators Bauer, Honeyford, Wojahn, West and Long).

Brief History:

Committee Activity:

Commerce & Labor: 4/1/99 [DP].

Floor Activity:

Passed House: 4/12/99, 83-11.

Brief Summary of Substitute Bill

- Reduces the maximum tax a local jurisdiction may impose on bingo and raffle receipts from 10 percent to 5 percent.
- Reduces the maximum rate as of January 1, 2000.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 6 members: Representatives Clements, Republican Co-Chair; Conway, Democratic Co-Chair; B. Chandler, Republican Vice Chair; Wood, Democratic Vice Chair; Lisk and McMorris.

Minority Report: Do not pass. Signed by 2 members: Representatives Hurst and McIntire.

Staff: Pam Madson (786-7166).

Background:

Under current law a city, county, or town may tax bingo games and raffles at a rate not to exceed 10 percent of the gross receipts of the bingo game or raffle less the amount awarded as cash or merchandise prizes. Many of the local jurisdictions that tax bingo games and raffles, impose a tax at the maximum tax rate.

Summary of Bill: _____

Beginning on January 1, 2000, the maximum tax rate that a local jurisdiction may impose on the gross receipts of bingo games and raffles, less the amount awarded as prizes, is reduced from 10 percent to 5 percent.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 2000.

Testimony For: Charitable organizations carry a tremendous load providing social services that would otherwise be paid for with state tax dollars. This bill will help organizations retain revenues and put more money into services for kids and other social programs. Being taxed at 10 percent of gross sometimes results in the local jurisdictions getting more revenue from the operation of bingo than the organization generating it. The number of charitable bingo operations has decreased as a result of a decrease in revenue from competition with other gambling activity including tribal casinos. Gambling taxes go into the city's general fund. It is not earmarked for the impacts gambling activity. The charitable organizations in some jurisdictions contribute more than the cities contribute to social services or youth programs. Social card room tax revenues to local jurisdictions have grown substantially. A reduction in tax revenue from bingo operations is not a significant revenue loss when compared to the increase in other gambling tax revenue. At some point the tax should be eliminated altogether and the money raised by these organizations should be available for the services they provide.

Testimony Against: A number of cities tax this activity at a rate higher than 5 percent. These cities would lose up to half of their current revenue. A very important issue is that the state should not preempt or reduce existing taxing authority for cities without a compelling state interest. The economic impact is the same as an unfunded mandate. The value of the services provided by charitable bingo revenue can't be denied, however, local governments do some good things with the tax revenue as well. The local jurisdictions must make the hard decisions of who will pay more taxes to make up for the revenue loss or what services will be cut. If a tax break is truly needed, the organizations should make their case to the local officials.

Testified: (In favor) Representative William Eichmeyer; Senator Al Bauer; Ric Neugard, Washington Charitable and Civic Gaming Association; Bob Ransom, Cascade Bingo; Henry Beauchamp, Yakima Valley Opportunities Industrialization Center; Delores Chiechi Whitmore, Recreational Gaming Association and the Licensed Beverage Association; and Ed Fleisher, Washington State Gambling Commission.

(Opposed) Ron Rosenblum, Association of Washington Cities.