

FINAL BILL REPORT

SB 6357

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Synopsis as Enacted

Brief Description: Increasing the dollar limit of pull-tabs.

Sponsors: Senators Conway and King.

Senate Committee on Labor & Commerce
House Committee on Commerce & Gaming

Background: Punchboards and Pull-tabs. The Legislature authorizes any person, association, or organization, operating an established business primarily engaged in selling food or drink for consumption on the premises, to conduct social card games and use punchboards and pull-tabs as a commercial stimulant to the business, when licensed, used, or operated pursuant to the statutes and rules.

Conditions. Punchboards and pull-tab operations are subject to the following conditions:

- Chances may only be sold to adults.
- The price of a single chance may not exceed \$1.
- No punchboard or pull-tab license may award as a prize, upon a winning number or symbol being drawn, the opportunity of taking a chance upon any other punchboard or pull-tab.
- All available prizes must be described on an information flare, while all merchandise prizes must be on display within the immediate area of the premises in which any such punchboard or pull-tab is located. Upon a winning number or symbol being drawn, a merchandise prize must be immediately removed from the display and awarded to the winner. All references to cash or merchandise prizes valued over \$20, must be removed immediately from the information flare when won, or such omission shall be deemed fraud. A flare, also known as a "face sheet" for punch boards, means an advertising poster or card listing all the prizes, costs to play, number of pull-tabs, and required manufacturer information for pull-tab series.
- When any person wins money or merchandise from any punchboard or pull-tab over an amount determined by the Gambling Commission, every licensee must keep a public record of the award for at least 90 days, containing information required by the commission.

State Taxes. There is a 1.5 percent tax on gross income of the business derived from contests of chance. An additional .013 percent tax is imposed on the gross income of business derived from contests of chance. The additional tax is deposited in the Problem Gambling Account.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The additional tax does not apply to businesses operating contests of chance when the gross income from the operation of contests of chance is less than \$50,000 per year. Contests of chance for these taxes include, along with other games, punchboard games and pull-tabs. Gross income of the business does not include the monetary value or actual cost of any prizes awarded.

Local Taxes. Any county, city-county, city, or town, by local law and ordinance, may tax any authorized gambling activity, subject to certain exceptions. Taxation of punchboards and pull-tabs for bona fide charitable or nonprofit organizations is based on gross receipts from the operation of the games, less the amount awarded as cash or merchandise prizes, and may not exceed 10 percent. At the option of the county, city-county, city, or town, the taxation of punchboards and pull-tabs for commercial stimulant operators may be based on gross receipts from the operation of the games, and may not exceed 5 percent, or may be based on gross receipts from the operation of the games, less the amount awarded as cash or merchandise prizes, and may not exceed 10 percent.

Summary: The limit on the price of a single chance punchboard or pull-tab is increased to \$5 dollars.

Votes on Final Passage:

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| Senate | 44 | 3 |
| House | 86 | 11 |

Effective: June 11, 2020