

2 SB 5034 - 2ND CONF REPT
3 By Conference Committee

4 ADOPTED 4/27/97

5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 9.46.0209 and 1987 c 4 s 4 are each amended to read
8 as follows:

9 "Bona fide charitable or nonprofit organization," as used in this
10 chapter, means: (1) Any organization duly existing under the
11 provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural
12 fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or
13 any nonprofit corporation duly existing under the provisions of chapter
14 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic,
15 patriotic, political, social, fraternal, athletic or agricultural
16 purposes only, or any nonprofit organization, whether incorporated or
17 otherwise, when found by the commission to be organized and operating
18 for one or more of the aforesaid purposes only, all of which in the
19 opinion of the commission have been organized and are operated
20 primarily for purposes other than the operation of gambling activities
21 authorized under this chapter; or (2) any corporation which has been
22 incorporated under Title 36 U.S.C. and whose principal purposes are to
23 furnish volunteer aid to members of the armed forces of the United
24 States and also to carry on a system of national and international
25 relief and to apply the same in mitigating the sufferings caused by
26 pestilence, famine, fire, floods, and other national calamities and to
27 devise and carry on measures for preventing the same. Such an
28 organization must have been organized and continuously operating for at
29 least twelve calendar months immediately preceding making application
30 for any license to operate a gambling activity, or the operation of any
31 gambling activity authorized by this chapter for which no license is
32 required. It must have not less than ((fifteen)) seven bona fide
33 active members each with the right to an equal vote in the election of
34 the officers, or board members, if any, who determine the policies of
35 the organization in order to receive a gambling license. An
36 organization must demonstrate to the commission that it has made

1 significant progress toward the accomplishment of the purposes of the
2 organization during the twelve consecutive month period preceding the
3 date of application for a license or license renewal. The fact that
4 contributions to an organization do not qualify for charitable
5 contribution deduction purposes or that the organization is not
6 otherwise exempt from payment of federal income taxes pursuant to the
7 internal revenue code of 1954, as amended, shall constitute prima facie
8 evidence that the organization is not a bona fide charitable or
9 nonprofit organization for the purposes of this section.

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

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

18 (1) "Bingo," as used in this chapter, means a game ((conducted only
19 in the county within which the organization is principally located)) in
20 which prizes are awarded on the basis of designated numbers or symbols
21 on a card conforming to numbers or symbols selected at random and in
22 which no cards are sold except at the time and place of ((said)) the
23 game, ((when said)) except as authorized by the commission for joint
24 bingo games.

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

26 (a) A bona fide charitable or nonprofit organization which does not
27 conduct or allow its premises to be used for conducting bingo on more
28 than three occasions per week and which does not conduct bingo in any
29 location which is used for conducting bingo on more than three
30 occasions per week((~~7~~))i or ((if))

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

34 (3) Except in the case of any agricultural fair as authorized under
35 chapters 15.76 and 36.37 RCW, no person other than a bona fide member
36 or an employee of ((said)) the organization ((takes)) may take any part
37 in the management or operation of ((said)) the game unless approved by
38 the commission, and no person who takes any part in the management or

1 operation of (~~said~~) the game (~~takes~~) may take any part in the
2 management or operation of any game conducted by any other organization
3 or any other branch of the same organization(~~)~~ unless approved by
4 the commission(~~)~~.

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

8 (5) A bingo game must be conducted only in the county where the
9 sponsoring organization is principally located, except as authorized by
10 the commission for joint bingo games. For the purposes of this
11 section, the organization shall be deemed to be principally located in
12 the county within which it has its primary business office. If the
13 organization has no business office, the organization shall be deemed
14 to be located in the county of principal residence of its chief
15 executive officer(~~: PROVIDED, That~~). Any organization which is
16 conducting any licensed and established bingo game in any locale as of
17 January 1, 1981, shall be exempt from the requirement that such game be
18 conducted in the county in which the organization is principally
19 located.

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

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

27 (1) Except in the case of an agricultural fair as authorized under
28 chapters 15.76 and 36.37 RCW, no person other than a member of a bona
29 fide charitable or nonprofit organization (and their employees) or any
30 other person, association or organization (and their employees)
31 approved by the commission, shall take any part in the management or
32 operation of any gambling activity authorized under this chapter(~~)~~
33 and) unless approved by the commission. No person who takes any part
34 in the management or operation of any such gambling activity shall take
35 any part in the management or operation of any gambling activity
36 conducted by any other organization or any other branch of the same
37 organization(~~)~~ unless approved by the commission(~~)~~. No part
38 of the proceeds (~~thereof~~) of the activity shall inure to the benefit

1 of any person other than the organization conducting such gambling
2 activities or if such gambling activities be for the charitable benefit
3 of any specific persons designated in the application for a license,
4 then only for such specific persons as so designated.

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

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

13 (1) The legislative authority of any county, city-county, city, or
14 town, by local law and ordinance, and in accordance with the provisions
15 of this chapter and rules (~~and regulations promulgated hereunder~~)
16 adopted under this chapter, may provide for the taxing of any gambling
17 activity authorized by this chapter within its jurisdiction, the tax
18 receipts to go to the county, city-county, city, or town so taxing the
19 (~~same: PROVIDED, That~~) activity. Any such tax imposed by a county
20 alone shall not apply to any gambling activity within a city or town
21 located (~~therein~~) in the county but the tax rate established by a
22 county, if any, shall constitute the tax rate throughout the
23 unincorporated areas of such county(~~: PROVIDED FURTHER, That (1)~~
24 ~~punch boards and pull tabs, chances on which shall~~).

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

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

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

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

35 (d) All prizes (~~for punch boards and pull-tabs~~) available to be
36 won must be described on an information flare. All merchandise prizes
37 must be on display within the immediate area of the premises
38 (~~wherein~~) in which any such punch board or pull-tab is located

1 ~~((and))~~. Upon a winning number or symbol being drawn, ~~((such))~~ a
2 merchandise prize must be immediately removed ~~((therefrom))~~ from the
3 display and awarded to the winner. All references to cash or
4 merchandise prizes, with a value over twenty dollars, must be removed
5 immediately from the information flare when won, or such omission shall
6 be deemed a fraud for the purposes of this chapter; and ~~((+4))~~

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

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

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

23 (c) No tax shall be imposed under the authority of this chapter on
24 bingo or amusement games when such activities or any combination
25 thereof are conducted by any bona fide charitable or nonprofit
26 organization as defined in this chapter, which organization has no paid
27 operating or management personnel and has gross ~~((income))~~ receipts
28 from bingo or amusement games, or a combination thereof, not exceeding
29 five thousand dollars per year, less the amount ~~((paid for))~~ awarded as
30 cash or merchandise prizes.

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

35 (e) Taxation of punch boards and pull-tabs for bona fide charitable
36 or nonprofit organizations is based on gross receipts from the
37 operation of the games less the amount awarded as cash or merchandise
38 prizes, and shall not exceed ~~((five))~~ a rate of ten percent ~~((of gross~~
39 receipts, nor shall)). At the option of the county, city-county, city,

1 or town, the taxation of punch boards and pull-tabs for commercial
2 stimulant operators may be based on gross receipts from the operation
3 of the games, and may not exceed a rate of five percent, or may be
4 based on gross receipts from the operation of the games less the amount
5 awarded as cash or merchandise prizes, and may not exceed a rate of ten
6 percent.

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

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

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16 ADOPTED 4/26/97

17 On page 1, line 1 of the title, after "gambling;" strike the
18 remainder of the title and insert "and amending RCW 9.46.0209,
19 9.46.0205, 9.46.120, and 9.46.110."

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