
Commerce & Labor Committee

SSB 5994

Brief Description: Limiting the number and location of house-banked card rooms.

Sponsors: Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Prentice and Rasmussen).

Brief Summary of Substitute Bill

- Prohibits the Washington State Gambling Commission from issuing or renewing a license to engage in house-banked card games except in locations specified in licenses approved as of February 1, 2005, or pending by that date.
- Allows a licensee authorized to engage in house-banked card games to continue only with the activities authorized under a license approved as of February 1, 2005, or pending on that date, unless on the license renewal date the applicable local jurisdiction has prohibited that gambling activity.

Hearing Date: 3/28/05

Staff: Chris Cordes (786-7103).

Background:

Under the Washington Gambling Act of 1973 (Act), the Washington State Gambling Commission (Commission) has exclusive authority to license and regulate gambling activities, including house-banked card games. The Act preempts local licensing and regulatory authority over gambling, but does allow a city or county to prohibit any or all gambling activities within its jurisdiction. A license issued by the Commission allows the licensee to engage in the licensed gambling activity throughout the state, except in a city or county that has prohibited any or all of the gambling activities for which the license is issued.

The Commission issues licenses for a one-year period and may not deny a license to a qualified applicant in an effort to limit the number of licenses. If ownership of a gambling business changes, the new owner must submit a license application and obtain license approval from the Commission. The previous owner's license becomes invalid on the sale of a gambling business.

According to information compiled by the Commission, 65 local jurisdictions have prohibitions or other limits on gambling activities as of February 17, 2005. In 17 jurisdictions, a ban on card rooms also includes allowances for existing card rooms or provisions to phase out of card rooms. Seven jurisdictions include some kind of zoning restrictions on gambling activities.

In June 2003, the Washington Court of Appeals, Division I, decided a case involving an ordinance adopted by the City of Edmonds. This ordinance banned card rooms and phased out existing card rooms. The Court upheld the ban, but also found that the provisions to phase out existing card rooms were preempted by state law. The Court explained that the city was authorized under state law to ban a gambling activity, but that it was not authorized to regulate such activity by phasing it out. The card room owner also claimed a vested right under a building permit that had been granted by the city before adopting its card room ban. The Court held that any claim to a vested right was extinguished when the city adopted its card room ban. A second case decided by this court in 2004, upheld the Pierce County ordinance banning card rooms beginning August 2, 2002, finding no unconstitutional taking of property or denial of due process.

Summary of Bill:

The authority of a licensee licensed by the Washington State Gambling Commission (Commission) to engage in the gambling activity for which the license was issued is subject to the following additional restrictions:

1. The Commission is prohibited from issuing or renewing a license to engage in house-banked card games except in a location specified in a license approved to conduct such games as of February 1, 2005, or pending by that date.
2. A licensee authorized to engage in house-banked card games may continue only with the activities authorized under a license approved as of February 1, 2005, or pending by that date, and may not increase the number of licensed tables. However, this authority does not apply if, on the license renewal date, the applicable local jurisdiction has an ordinance in effect that prohibits that gambling activity within its jurisdiction.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.