

SENATE BILL REPORT

SB 6357

As Reported by Senate Committee On:
Labor & Commerce, January 23, 2020

Title: An act relating to increasing the dollar limit of pull-tabs.

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

Sponsors: Senators Conway and King.

Brief History:

Committee Activity: Labor & Commerce: 1/21/20, 1/23/20 [DP].

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">Increases the limit on the price of a single-chance punchboard or pull-tab to \$5.
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SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Braun, Saldaña, Schoesler, Stanford, Walsh and Wellman.

Staff: Susan Jones (786-7404)

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.

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.

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

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Wager limits are often an amount that the Gambling Commission may increase but this a legislative role. The wager limits have not been raised in many, many years. We are trying to give more flexibility to the pull-tab

operators. This does not mean they will get rid of their \$1 pull-tabs but they may have pull-tabs at \$5 or anywhere in between.

The bill modestly increases the limit. The limit has not kept up with inflation. The last change was over 20 years ago. The change will create more opportunities for small operators state-wide. The number of licensed operators have greatly diminished. The change will encourage more licenses. The operators compete indirectly with the lottery, which is allowed to have \$30 tickets.

OTHER: The Gambling Commission is neutral because it has not been before them yet. Staff does not have concerns at this time.

Persons Testifying: PRO: Senator Steve Conway, Prime Sponsor; Katie Doyle, Washington Hospitality Association; Mark Sivanish, Spokane Pull Tabs & Bingo Supply.

OTHER: Brian Considine, Legal and Legislative Manager, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: No one.