

SENATE BILL REPORT

2SHB 1681

As Reported by Senate Committee On:
Business, Financial Services, Gaming & Trade, March 28, 2023
Ways & Means, April 3, 2023

Title: An act relating to problem gambling.

Brief Description: Concerning problem gambling.

Sponsors: House Committee on Finance (originally sponsored by Representatives Stearns, Lekanoff, Davis, Leavitt, Reeves, Pollet and Orwall).

Brief History: Passed House: 3/1/23, 80-16.

Committee Activity: Business, Financial Services, Gaming & Trade: 3/28/23 [DPA-WM].
Ways & Means: 3/30/23, 4/03/23 [DPA (BFGT), DNP, w/oRec].

Brief Summary of Amended Bill

- Establishes the Advisory Committee on Problem Gambling to be an on-going entity that meets on a quarterly basis.
- Increases the rates of transfers and taxes into the Problem Gambling Account.
- Expands the scope of the Problem and Pathological Gambling Treatment Program at the Health Care Authority.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member;
Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

Staff: Clinton McCarthy (786-7319)

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

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended by Committee on Business, Financial Services, Gaming & Trade.

Signed by Senators Rolfes, Chair; Robinson, Vice Chair, Operating & Revenue; Mullet, Vice Chair, Capital; Billig, Conway, Dhingra, Hasegawa, Hunt, Keiser, Nguyen, Pedersen, Saldaña, Van De Wege and Wellman.

Minority Report: Do not pass.

Signed by Senators Wilson, L., Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Boehnke and Wagoner.

Minority Report: That it be referred without recommendation.

Signed by Senators Gildon, Assistant Ranking Member, Operating; Braun, Muzzall and Torres.

Staff: Corban Nemeth (786-7736)

Background: Under current statute, the Problem and Pathological Gambling Treatment Program (Program) was established for the prevention and treatment of problem and pathological gambling and for training professionals in the identification and treatment of problem gambling and pathological gambling. Persons may be treated under this program if they need treatment but are unable to afford treatment and are amenable to treatment. A person may also receive treatment as a result of a family member that has issues with problem gambling or pathological gambling.

Funding for the Problem and Pathological Gambling Treatment Program. Since fiscal year 2007, the Lottery Commission has transferred 0.13 percent of net receipts into the Problem Gambling Account. A business and occupation tax was imposed on persons engaging in the business of operating contests of chance such as social card games, bingo, raffles, punchboard games, and pull-tabs, but not state lottery games or amusement games, or conducting horse races. Since fiscal year 2007, the amount of tax is 0.13 percent of a business's gross income derived from contests of chance.

Washington State Adult Problem Gambling Prevalence Study. In 2019, the Legislature provided funding to the Washington State Gambling Commission to facilitate the Joint Legislative Problem Gambling Task Force to review existing outreach prevention, and treatment resources for problem gambling and gambling disorder.

In 2021, the Legislature provided \$500,000 to the Health Care Authority (HCA) to study the prevalence of problem gambling among adults in Washington State. The prevalence study reviewed both statewide and regional results about beliefs and attitudes toward gambling, gambling behavior and preferences, and awareness of treatment services. The study also

includes an estimate of the level of risk for problem gambling and examines correlations with broader behavioral and mental health measures. The study made a number of recommendations to the Legislature, including:

- improve availability and access to all levels of treatment and recovery support services;
- integrate problem gambling information into clinical behavioral health curriculum; and
- increase state funding for the state Program.

Summary of Amended Bill: Problem and Pathological Gambling Program. The scope of the Program is expanded to include year-round integrated problem gambling prevention efforts that include community engagement, as well as the treatment of problem gambling and gambling disorder. The criteria for receiving treatment for problem gambling or gambling disorder from the Program is expanded to include:

- loved ones experiencing problem gambling or gambling disorder;
- individuals that are identified by HCA as being amenable and likely to benefit from treatment; and
- individuals unable to afford treatment.

The Program is directed to conduct a program evaluation that tracks program participating and evaluates outcomes.

Advisory Committee on Problem Gambling. The Advisory Committee on Problem Gambling is established as an on-going entity that will hold quarterly meetings to:

- track progress of recommendations from the 2022 Legislative Problem Gambling Task Force final report;
- provide advice and feedback to HCA; and
- discuss emerging issues related to problem gambling and strategies to address those issues.

Membership of the advisory committee must include at least one representative from:

- the Gambling Commission;
- the Lottery Commission;
- the Horseracing Commission;
- HCA;
- the tribal gaming industry;
- an established business primarily engaged in selling food or drink for consumption on the premises, and that offers punchboards, pull-tabs, and social card games as a commercial stimulant;
- the gambling counselor certification committee;
- a non-profit problem gambling organization; and
- the recovery community, including at least one member with lived experience in problem gambling.

Increasing the Rate on the Transfer of Funds from the Lottery to the Problem Gambling Account. The percentage of revenues from the lottery transferred to the Problem Gambling Account is increased from 0.13 percent to 0.2 percent beginning fiscal year 2024. The percentage increases from 0.2 percent to 0.26 percent beginning fiscal year 2025.

Increasing the Rate of Taxes on Games of Chance and Horse Racing for Deposit in the Problem Gambling Account. The rate used to multiply against gross income derived from contests of chance and parimutuel wagering is increased from 0.13 to 0.2 percent through June 30, 2024, and 0.26 thereafter.

EFFECT OF BUSINESS, FINANCIAL SERVICES, GAMING & TRADE COMMITTEE AMENDMENT(S):

- Clarifies the scope of the Program and eligibility for treatment.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2023.

Staff Summary of Public Testimony on Second Substitute House Bill (Business, Financial Services, Gaming & Trade): *The committee recommended a different version of the bill than what was heard.* No public hearing was held.

Persons Testifying (Business, Financial Services, Gaming & Trade): N/A

Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade): N/A

Staff Summary of Public Testimony on Bill as Amended by Business, Financial Services, Gaming & Trade (Ways & Means): *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying (Ways & Means): No one.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.