

**SENATE BILL REPORT**

**SB 5535**

**AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 19, 1991**

**Brief Description:** Authorizing video card games for nonprofit organizations.

**SPONSORS:** Senators McMullen, Vognild, Matson, Moore, Sutherland, Amondson, Gaspard, Bauer and Conner.

**SENATE COMMITTEE ON COMMERCE & LABOR**

**Majority Report:** Without recommendation and be referred to Committee on Ways & Means.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; McCaslin, McMullen, Moore, and Skratek.

**Staff:** Traci Anderson (786-7452)

**Hearing Dates:** February 13, 1991; February 19, 1991

**SENATE COMMITTEE ON WAYS & MEANS**

**Staff:** Jeff Guykema (786-771)

**Hearing Dates:** February 26, 1991

**BACKGROUND:**

Bona fide charitable or nonprofit organizations, meeting certain conditions, are allowed to conduct bingo games, raffles, social card games, amusement games and fund raising events, and to utilize punch boards and pull tabs.

The owners of businesses primarily engaged in selling food or drink for on-site consumption may be licensed to conduct social card games, and punch boards and pull tabs when such activities are used as commercial stimulants for such establishments.

Under current law, video card games may not legally be operated by any organization or establishment in this state.

**SUMMARY:**

Video card games are statutorily defined as video reproductions of authorized card games played by an individual which are licensed and approved for use by the Gambling Commission.

The Gambling Commission may license establishments primarily engaged in selling food or drink for on-site consumption, to operate video card games.

Video card games must have a minimum payout of 80 percent of the amounts played into the machine.

Net proceeds from the moneys played into each machine are taxed at a rate of 10 percent. Fifty percent of the tax collected will be placed in the common school construction fund and the other 50 percent will be distributed on a quarterly basis to each jurisdiction, based on the revenue collected from the machines located in that jurisdiction. Net proceeds are determined by subtracting from all proceeds the cost of prizes paid out.

The Gambling Commission is authorized to promulgate rules and regulations concerning the operation of video card games.

**Appropriation:** none

**Revenue:** yes

**Fiscal Note:** available

**TESTIMONY FOR:**

There has been a decline in the number of taverns operating in the state in recent years causing the loss of some 2,500 jobs. This decline in the industry is due, in large part, to society's decreased acceptance of the over-consumption of alcohol. Tavern owners support this change, but must find new ways to increase the other profit making activities of their establishments. Video card games, used as commercial stimulants, will help increase the profit making ability of taverns. The state and local communities will benefit from the increased revenues generated by the card machines. Video card machines will move the state into the modern age with new technology.

**TESTIMONY AGAINST:**

Legalizing video card games is a further expansion of gambling activities. The state's citizens approved by referendum, limited social gambling and gambling activities used as commercial stimulants only. The state's citizens may not approve of the further expansion of gambling activities that would occur if video card machines are legalized. Under the federal Indian Gaming Act, Indians are legally allowed to conduct any gambling activity that may be legally operated in their particular state. Legalizing video card games may allow the Indians to operate slot machines and other gambling devices on their reservations, should the federal government choose to define a video card machine as a slot machine or a gambling device. If this were to occur, other operators of gambling activities in the state would push to be allowed to legally operate the kinds of machines operated by the Indians.

**TESTIFIED (Commerce & Labor):** FOR: Vito Chiechi, Vern Press, Ron Sellar, Gary McClanahan, Barbara Materne, Gary Russell, Washington Licensed Beverage Association; Stu Halsan, Washington Federation of Clubs; Bill Fritz, Washington Civic

and Charitable Bingo Organizations; AGAINST: Mike Redman,  
Robert Dick, Washington Association of Prosecuting Attorneys

**TESTIFIED (Ways & Means):** FOR: Vito Chiechi, Vern Press, Ron  
Sellar, Gary McClanahan, Barbara Materne, Washington Licensed  
Beverage Association; AGAINST: Mike Redman, Washington  
Association of Prosecuting Attorneys