

HOUSE BILL REPORT

HB 2872

As Reported by House Committee On:
Commerce & Labor

Title: An act relating to increasing the minimum age for gambling.

Brief Description: Increasing the minimum age for gambling.

Sponsors: Representatives Roberts, Roach, O'Brien, Dickerson, Nixon, Cody, Green, Hudgins, Appleton, Darneille, McDonald, Rodne and McCune.

Brief History:

Committee Activity:

Commerce & Labor: 1/25/06, 2/2/06 [DPS].

Brief Summary of Substitute Bill

- Prohibits participation in house-banked card games by persons under age 21.
- Prohibits the Washington State Lottery from actively targeting advertisement to persons under age 21.
- Requires the Washington State Gambling Commission to review and report to the Legislature on the policy issues related to establishing a minimum age of gambling.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Conway, Chair; Wood, Vice Chair; Hudgins, Kenney and McCoy.

Minority Report: Do not pass. Signed by 4 members: Representatives Condotta, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Crouse and Holmquist.

Staff: Chris Cordes (786-7103).

Background:

Gambling Activities. Under the Washington Gambling Act (Act), the Washington State Gambling Commission (WSGC) regulates wagering on activities such as social card games, bingo, raffles, amusement games, punch boards, pull-tabs, and sports pools. Other activities, such as golfing sweepstakes or turkey shoots, are not "gambling" required to obtain licenses

from the WSGC as long as they are conducted in the specified manner. Some activities, such as fishing derbies, are exempt from the Act.

House-banked card games are among the types of social card games that are authorized under the Act. These games are governed by detailed WSGC rules and are limited to specifically approved games such as poker and blackjack. Gambling operations that offer these games are often referred to as "mini-casinos."

One provision of the Act allows wagering on the flip of a coin or roll of the dice to determine who will pay for food, beverages, or coin-operated music in establishments selling for or beverages for consumption on the premises. This statute specifies that minors are barred from engaging in the wagering activities allowed by the Act.

The Act also specifies that school-age minors are prohibited from entering certain locations that have amusement games during school hours and after 10:00 p.m.

The Act permits punch board and pull-tabs chances to be sold only to adults.

Under WSGC rules, persons under age 18 are not permitted to wager on or participate in the operation of a gambling activity except for:

- playing licensed bingo games if accompanied by an adult member of the minor's immediate family;
- playing bingo at agricultural fairs or school carnivals;
- playing amusement games regulated by the WSGC; and
- selling raffle tickets for certain nonprofit organizations whose primary purpose is the development of youth.

Gambling licensees and operators are responsible for assuring that persons under age 18 are not playing in or participating in the operation of gambling activities.

State Lottery Tickets. The law governing the Washington State Lottery specifies that state lottery tickets may not be sold to persons under age 18. It is a misdemeanor for a person under 18 to directly buy a state lottery ticket.

Summary of Substitute Bill:

Persons under the age of 21 are prohibited from participating in, or attempting to participate in, house-banked card games.

The Washington State Lottery may not actively target advertisement to persons under the age of 21.

The WSGC must, in collaboration with the appropriate committees of the Legislature, review the policy issues related to establishing a minimum age for gambling and report its findings and recommendations to the appropriate committees of the Legislature by December 1, 2006.

Substitute Bill Compared to Original Bill:

The substitute bill: (1) deletes the sections of the bill addressing horse racing wagering and the state lottery, and increases the minimum age of wagering to age 21 only for house-banked card games; (2) adds that the state lottery or its licensed agents may not actively target advertisements to persons under age 21; (3) requires the WSGC to review "minimum age" policies, in collaboration with the appropriate committees of the Legislature, and report its findings and recommendations by December 1, 2006; and (4) deletes the emergency clause.

Appropriation: None.

Fiscal Note: Available on original; requested for substitute on February 3, 2006.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: (In support) The gambling scene has changed in recent years; gambling now seems a part of everyday life. Most people are surprised to learn that the legal age of gambling is not 21. The gambling laws are inconsistent on the legal age of gambling. Society gives out ambiguous messages about gambling. There needs to be a uniform clear message that gambling is restricted to adults and that it is a potentially dangerous activity. Parents and educators do not always recognize the power to harm that comes from gambling addiction. This addiction creates problems for many adolescents who are not yet able to discern the consequences of gambling and for whom risk taking is a thrill. Undercover investigations show that underage teens are able to get into gambling establishments. It is easy to look 18, even if the individual is only 15. The penalties for this violation are minimal. It should be a misdemeanor to make fake identification.

(With concerns) The gambling industry is concerned that raising the age limit will not help because of increased Internet gambling. In fact, raising the age may force more kids into unregulated venues, such as backyard poker games. What should be done about military personnel who are under age 21? The industry agrees that penalties should apply for "attempting" to violate the Gambling Act. While the industry supports standardization on the age of gambling, it is concerned about carving out card rooms separately. The amusement game industry makes large donations to charity. Unless the bill is clarified, it could result in the shutdown of amusement game companies. It is not clear what impact this change would have on skill games at carnivals. In the horse racing industry, moving the age up to 21 may result in pushing teens to Internet gambling. The state lottery's costs for this bill are related to changing all tickets and displays which list the legal age for purchasing lottery tickets at age 18. These costs impact the Education Construction Account. Most states do not limit lottery sales to age 21 or older. The video shown to the committee did not demonstrate any problems with sales of lottery tickets. The impact on charitable organizations could be large. The bill should include an exemption for charitable bingo.

(Neutral) The WSGC has not taken a formal position, but clarity in the law would be helpful to enforcement. The WSGC's cost for this bill relate to the expected reduction in licenses for amusement games which could drop by 80 percent. The WSGC has participated in several

sting operations, usually jointly with the Liquor Control Board, and has found violations. Casino-style operations are usually limited to above age 21. A stand-alone section is needed in the gambling code to address the age issue. Violations should include "attempts" to violate, also.

Testimony Against: None.

Persons Testifying: (In support) Representative Roberts, prime sponsor; Jennifer McCausland, Second Chance Washington; and Jeff Marotta.

(With concerns) Lynn Maier, Washington State Lottery; Dolores Chiechi, Recreational Gaming Association; Don Rench, Coinstar; Jim Halstrom, Northwest Racing Association; Bob Gee, Washington Food Industry; T.K. Bentler, Washington Association of Neighborhood Stores; and Vito Chiechi.

(Neutral) Rick Day, Washington State Gambling Commission.

Persons Signed In To Testify But Not Testifying: None.