

SENATE BILL REPORT

SB 5037

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, March 1, 2005
Ways & Means, March 7, 2005

Title: An act relating to problem gambling.

Brief Description: Providing long-term funding for problem gambling.

Sponsors: Senators Prentice, Kohl-Welles, Kline, Deccio and Franklin; by request of Governor Locke.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 1/24/05, 3/1/05 [DPS-WM, DNP].

Ways & Means: 3/4/05, 3/7/05 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5037 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Franklin, Vice Chair; Brown, Keiser and Prentice.

Minority Report: Do not pass.

Signed by Senators Parlette, Ranking Minority Member; Hewitt and Honeyford.

Staff: John Dziedzic (786-7784)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5037 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Prentice, Chair; Doumit, Vice Chair; Fraser, Vice Chair; Fairley, Kohl-Welles, Pflug, Pridemore, Rasmussen, Regala, Rockefeller and Thibaudeau.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Brandland, Hewitt, Roach and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senator Parlette.

Staff: Paula Faas (786-7449)

Background: A 1999 study estimated that between 53,200 and 137,900 Washington residents could be classified as problem or pathological gamblers. "Pathological gambling" is a mental disorder characterized by: (1) loss of control over gambling; (2) progression in preoccupation with gambling and finding ways to obtain money to gamble; and (3) continuation of gambling despite adverse consequences. Problem gambling is an earlier stage of the disorder.

In 2002, a program was established in the Department of Social and Health Services (DSHS) for the treatment of pathological gambling. During fiscal year 2003 a \$500,000 transfer from the revenues of the newly-authorized multi-state MegaMillions lottery game paid for the treatment program. To receive treatment under the program, a person must have needed treatment for pathological gambling, be "most amenable to treatment," and unable to afford it. No state funding for this program was authorized after fiscal year 2003.

Summary of Second Substitute Bill: A program for the prevention and treatment of problem and pathological gambling is established in DSHS. Funding for the program is derived from a B&O tax on the net win of all licensed contests of chance (card rooms, bingo, raffles, punch-boards and pull-tabs), as well as parimutuel horse racing, and a transfer from the net receipts of the shared game lottery. The initial rate is 0.10 percent, which increases to 0.13 percent on July 1, 2006. The Gambling Commission is prohibited from imposing any fee for the same purposes. DSHS is authorized to solicit and accept grants and gifts to support the program, which is subject to appropriation.

Second Substitute Bill Compared to Substitute Bill: A provision is added clarifying that the "gross income of the business" for horse racing does not include amounts paid for winning wagers, or taxes and distributions required by the horse racing statutes.

Substitute Bill Compared to Original Bill: A provision is added prohibiting the Gambling Commission from establishing or increasing any licensing fee to pay for the services relating to problem gambling while the tax described above is in effect. The Gambling Commission is authorized to increase fees for such purposes during any period when the tax is not in effect.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: This bill contains an emergency clause and goes into effect July 1, 2005.

Testimony For: The proposal is the result of a task force convened by the Office of the Governor and included a broad range of stakeholder interests. It provides a reasonable and streamlined approach to funding problem gambling treatment, at a cost of \$1.30 per \$1,000 of gambling activity. The personal, emotional, physical, legal, and financial trauma caused by pathological and problem gambling affects not only the gamblers, but also their families and loved ones. Some treatment providers consider it to be the most insidious addiction, one which is incapable of a "quick fix," and requires comprehensive follow-up.

Testimony Against: The funding mechanism is not equitable, and the amount anticipated to be raised is inadequate to meet the needs of those who have pathological or problem gambling issues and who cannot pay for it themselves.

Who Testified: PRO: Dick Van Wagenen, Governor's Policy Office; Amy Hunter, WA State Gambling Commission; Gary Hanson, WA State Council on Problem Gambling; Donna Whitmire, private treatment provider; Linda Selymes, Kristina Kraus, private citizens; Dolores Chiechi, Recreational Gaming Association.

CON: Jennifer McAusland, Second Chance Washington.