

HOUSE BILL REPORT

SB 5927

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to independent auditor reports and financial statements of licensees regulated by the gambling commission.

Brief Description: Regarding nondisclosure of certain information of gambling commission licensees.

Sponsors: Senator Delvin.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 3/28/07, 3/30/07 [DPA].

Brief Summary of Bill
(As Amended by House Committee)

- Exempts from disclosure independent auditors' reports and financial statements of house-banked card game licensees submitted to the Washington State Gambling Commission.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass as amended. Signed by 9 members: Representatives Hunt, Chair; Appleton, Vice Chair; Chandler, Ranking Minority Member; Armstrong, Assistant Ranking Minority Member; Green, Kretz, McDermott, Miloscia and Ormsby.

Staff: Alison Hellberg (786-7152).

Background:

Gambling Commission

Under the Washington Gambling Act of 1973, the Washington State Gambling Commission (Commission) has exclusive authority to license and regulate gambling activities. The Commission issues licenses for a one-year period. Certain licensees must prepare financial statements covering all financial activities of the establishment for each business year. The

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license application form and all supplemental information submitted at the Commission's request are considered public records.

The financial statements must be:

- prepared by an independent, certified public accountant who is licensed by the State of Washington;
- submitted on a comparative basis (except that the first year may be submitted for the current business year only); and
- gross revenues from each licensed activity should be reported by activity and separated from all other revenues.

Public Records Act

The Public Records Act requires that all state and local government agencies make public records available for disclosure unless they fall within certain statutory exemptions. The provisions requiring public records disclosure must be interpreted liberally and the exemptions narrowly in order to effectuate a general policy favoring disclosure.

Summary of Amended Bill:

Independent auditors' reports and financial statements that the Commission requires house-banked card game licensees to submit are exempt from public disclosure.

Amended Bill Compared to Original Bill:

The exemption only applies to materials submitted to the Commission by house-banked card game licensees. The amendment removes the requirement that the Commission notify the person who is a subject of an audit when the Commission receives a request for disclosure of an independent auditors' report and financial statements. The amendment also removes Commission's authorization to release independent auditors' reports and financial statements if the subject of an audit consents to the release.

The amendment clarifies that the authority of the Commission to require licensees to submit independent auditors' reports and financial statements is pursuant to rules adopted under Chapter 9.46 RCW.

The section making the exemption to public disclosure apply retroactively is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except section 2, which reinstates prior law relating to financial, commercial, and proprietary information exemptions to the Public Records Act after a scheduled expiration, and takes effect June 30, 2008.

Staff Summary of Public Testimony:

(In support) The Commission voted in favor of the bill and also supports the amendment because it brings the exemption in line with other exemptions from public disclosure. The Commission collects this information from house-banked card rooms and very large non-profit corporations. The Commission's reading of the bill is that it could continue to make the summaries of the financial statements available.

(Opposed) Generally any new exemption to public disclosure is unwise because there are already so many and the laws are very difficult for the average citizen to negotiate. There is no reason to exempt these financial statements.

Persons Testifying: (In support) Senator Delvin, prime sponsor; Amy B. Hunter, Washington State Gambling Commission; Dolores Chiechi, Recreational Gaming Association; and Rowland Thompson, Allied Daily Newspapers.

(Opposed) Arthur West.

Persons Signed In To Testify But Not Testifying: None.