

HOUSE BILL REPORT

HB 2117

As Passed Legislature

Title: An act relating to taxation of gambling activities.

Brief Description: Lowering the rate of taxation for social card games.

Sponsors: By House Committee on Commerce & Labor (originally sponsored by Representatives McMorris and Conway).

Brief History:

Committee Activity:

Commerce & Labor: 3/3/97, 3/5/97 [DP].

Floor Activity:

Passed House: 3/15/97, 85-11.

Passed Legislature.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 8 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Hatfield and Lisk.

Minority Report: Do not pass. Signed by 1 member: Representative Cole.

Staff: Pam Madson (786-7166).

Background: Cities, counties and towns may tax gross revenue generated by social card games that operate within their jurisdiction. The maximum tax rate that may be imposed is 20 percent. Not all local jurisdictions that allow social card game activity tax at the maximum rate.

Summary of Bill: The maximum tax rate that local governments may impose on gross revenue generated by social card games is reduced from 20 percent to 10 percent.

Appropriation: None.

Fiscal Note: Requested on March 2, 1997.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The rate of 20 percent is nothing more than a Business and Occupational tax and is the highest such tax paid by any industry in the state. The card room industry is going through some troubled times competing with other gambling interests. A reduction in taxes will allow card room operators to improve their facilities which will allow them to attract customers and improve their ability to compete. Cities should be using the tax revenue for needed police protection generated by the presence of a card room and its activity. Experience of card room operators is that card rooms generate few calls to police. The money goes to local jurisdictions and is used for general purposes.

Testimony Against: None.

Testified: Vito Chiechi, Washington State Licensed Beverage Association.