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**Commerce & Labor Committee**

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**ESSB 5558**

**Brief Description:** Regulating house-banked social card games.

**Sponsors:** Senate Committee on Labor, Commerce, Research & Development (originally sponsored by Senators Prentice, Honeyford, Kohl-Welles, Delvin, Franklin, Pflug, Keiser, Marr, Fairley and Clements).

**Brief Summary of Engrossed Substitute Bill**

- Limits house-banked social card games to those in existence or with a completed application as of March 1, 2007.
- Allows local jurisdictions to absolutely ban card games, allow card games throughout the jurisdiction, or determine zones, as further defined, within which card games may be relocated.
- Allows relocation of card games to jurisdictions allowing card games.

**Hearing Date:** 3/23/07

**Staff:** Joan Elgee (786-7106).

**Background:**

The Washington State Gambling Act (Act) grants the Gambling Commission (Commission) exclusive authority to license and regulate gambling activities. The Commission may issue licenses to conduct social card games, including house-banked card games (card games), as a commercial stimulant. The Commission may not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses.

A local jurisdiction's authority is limited to absolutely prohibiting a gambling activity and imposing restrictions such as parking requirements that apply to other commercial activities.

An ordinance adopted in 2000 by the City of Edmonds banned certain new gambling facilities but allowed existing ones to continue to operate for five years. The ordinance was partially

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invalidated by the State Court of Appeals in June 2003. The court ruled that the "phasing-out" provision amounted to a regulation of gambling activity and was pre-empted by the Gambling Act.

In December 2004, the same division of the State Court of Appeals upheld a Pierce County ordinance adopted in 1999 that prohibited all house-banked card games after a specified date. The court also ruled that the ban was not an unconstitutional taking, and thus did not require compensation to the licensee.

The Commission identifies about 20 jurisdictions that have zoning ordinances, partial bans, or moratoria relating to card games. About 88 card rooms currently operate in the state.

### **Summary of Bill:**

The number of card game licenses issued by the Commission is limited. A person may be licensed only if: (1) as of March 1, 2007 the person was operating under a valid card game license or had submitted a completed application for a license; or (2) the person purchases a substantial interest in or substantially all of the assets of a card game and the application is for a license to continue card games at the location in the previous license.

If a local jurisdiction decides to take action with respect to card rooms, it may absolutely prohibit card games or adopt a relocation zoning ordinance. Until July 1, 2010, an absolute prohibition adopted by a city or town is subject to referendum. A relocation zoning ordinance may allow card games throughout the jurisdiction or may zone only part of the jurisdiction for card games. If a jurisdiction chooses the latter option, it must designate a zone or zones that are at least one-third of the land use zone or zones designated for eating and drinking establishments licensed by the Liquor Control Board. A jurisdiction may also prohibit relocation within 500 feet of churches, schools, residences, or public buildings. To adopt a relocation zoning ordinance, a jurisdiction must identify its policy regarding gambling in its comprehensive land use plan. A repeal of a prohibition or a land use zone may not take effect for three years after its adoption.

A card room may relocate to a jurisdiction that has a relocation zoning ordinance. A card room in a jurisdiction that adopts a one-third zone is not required to, but may, move into a zone.

Notwithstanding any prior legislative act, a local jurisdiction may not prohibit a card game unless the jurisdiction adopts an absolute ban or annexes territory with a card room. To prohibit a card room in the annexed territory, the jurisdiction must prohibit card rooms in the annexed territory and this legislation may not take effect for 18 months after the legislative act.

The Commission is immune from any legal action relating to a decision to issue or renew a license under the provisions, or that is based on the Commission's interpretation of the provisions or a local ordinance, resolution, or other legislative act.

**Rules Authority:** The bill does not address the rule-making powers of an agency.

**Appropriation:** None.

**Fiscal Note:** Available.

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