

SENATE BILL REPORT

SB 5558

As Reported By Senate Committee On:
Labor, Commerce, Research & Development, February 27, 2007

Title: An act relating to regulating house-banked social card games.

Brief Description: Regulating house-banked social card games.

Sponsors: Senators Prentice, Honeyford, Kohl-Welles, Delvin, Franklin, Pflug, Keiser, Marr, Fairley and Clements.

Brief History:

Committee Activity: Labor, Commerce, Research & Development: 2/06/07, 2/27/07 [DPS].

SENATE COMMITTEE ON LABOR, COMMERCE, RESEARCH & DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5558 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Keiser, Vice Chair; Clements, Ranking Minority Member; Franklin, Hewitt, Holmquist, Murray and Prentice.

Staff: Kathleen Buchli (786-7488)

Background: The Gambling Act grants exclusive authority to the Washington State Gambling Commission (WSGC) with respect to the licensing and regulation of gambling activities, which include: house-banked card games or mini-casinos; player-banked card games; and punch boards, pull tabs, and bingo. A license issued by the WSGC authorizes the licensee to engage in the licensed gambling activity throughout a city or county across the state, except in a city or county that has prohibited the gambling activity for which the license is issued.

The WSGC may issue a license to conduct social card games (player-banked or house-banked) or punch boards and pull tabs only to a business primarily engaged in the selling of food or drink for consumption on premise. Possession of such a license does not exempt the licensee from valid local restrictions, controls, and zoning ordinances that apply to food and drink establishments.

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 invalidated by the State Court of Appeals in June 2003. The court ruled that the "phasing-out" provision of the ordinance amounted to a regulation of gambling activity and was pre-empted by the Gambling Act. In December 2004, the same division of the State

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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.

As of January 31, 2007, there were 88 house-banked card room licensees in the state and four pending applications.

Summary of Bill: This bill limits the number of house-banked card game licenses that can be issued by the Gambling Commission. A person may be licensed to conduct a house-banked social card game only if, as of January 1, 2007, the person is operating under a valid license or has submitted a completed application for a license, or if the person has purchased some or all of the assets of a business holding a license and will conduct games at the location of that business.

A city, town, or county may absolutely prohibit house-banked social card games, allow house-banked social card games throughout all its jurisdiction, or determine the areas within its jurisdiction within which house-banked social card games may be relocated. A relocation zoning ordinance may allow house-banked social card games to relocate within all or part of its jurisdiction or prohibit house-banked social card games from relocating within 500 feet of churches, schools, homes, or publicly owned or leased buildings, or both. If a city, town, or county zones part of its jurisdiction for the relocation of house-banked social card games, then that zone or zones must be at least one-third of the land use zone or zones designated for eating and drinking establishments licensed by the liquor control board. A repeal of a relocation zoning ordinance may not take effect for three years after its adoption.

If a jurisdiction that prohibits house-banked social card games annexes territory that contains a holder of a house-banked social card game license, then the jurisdiction must pass an ordinance, resolution, or other legislative act prohibiting that licensee. The licensee then has 18 months to cease operation. The licensee may relocate to another jurisdiction if that jurisdiction has a relocation ordinance in effect.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Labor, Commerce, Research & Development): The date by which a person must be licensed or must have submitted a completed application to conduct house-banked social card games is changed from January 1, 2007, to March 1, 2007. A city or town with a population of less than 25,000 must provide for a referendum procedure if it adopts an ordinance prohibiting the operation of house-banked social card games. House-banked social card game land use zones must be wholly contained in one-third of the land use zone provided for eating and drinking establishments. The Gambling Commission has absolute immunity regarding any decisions it makes to issue, renew or not issue a license, or in its interpretation of the bill or local ordinances enacted under the bill. A severability clause is added.

Appropriation: None.

Fiscal Note: Available

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: There have been many efforts in the past to put local control over card rooms. We know that the public accepts card rooms that are currently in business. This bill protects the cities and is fair to business. There are 20 cities with "hinky" ordinances. This bill allows those cities to retain current establishments and gives them limited zoning authority. Several small businesses will be saved if this bill passes. Some licensed house-banked card rooms are concerned that they are not able to move because their license is tied to the location they are in.

OTHER: This bill changes the foundation of the Gambling Act. The Gambling Act was created because of gambling scandals involving local governments. The permanent number of licenses will be 92. Because of the limit to the amount of licenses, a license's value will increase. WSCG has suggested language including an immunity clause that will ensure that WSCG will not be brought into a lawsuit involving a licensee and the local jurisdiction. The fiscal note reflects that there will be no new fees from new applications; now there will be relocation fees only and those are \$55.

Persons Testifying: PRO: Senator Prentice, prime sponsor; Joanne Evans, Kenmore Lanes; Dolores Chiechi, Recreational Gaming Association; Jim Justin, Association of Washington Cities; Robert Dayton and Tryna Norberg, Hawk's Prairie Casino.

OTHER: Amy Hunter, Washington State Gambling Commission.