Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) The legislature finds that:

(a) The costs to society of problem and pathological gambling include family disintegration, criminal activity, and financial insolvencies;

(b) Problem and pathological gamblers suffer a higher incidence of addictive disorders such as alcohol and substance abuse;

(c) Residents of Washington have the opportunity to participate in a variety of legal gambling activities operated by the state, by federally recognized tribes, and by private businesses and nonprofit organizations; and

(d) A 1999 study found that five percent of adult Washington residents and eight percent of adolescents could be classified as problem gamblers during their lifetimes, and that more than one percent of adults have been afflicted with pathological gambling.

(2) The legislature intends to provide long-term, dedicated funding for public awareness and education regarding problem and pathological gambling, training in its identification and treatment, and treatment services for problem and pathological gamblers and, as clinically appropriate, members of their families.

Sec. 2. RCW 43.20A.890 and 2002 c 349 s 4 are each amended to read as follows:

(1) A program for (a) the prevention and treatment of ((pathological)) problem and pathological gambling; and (b) the training of professionals in the identification and treatment of problem and pathological gambling is established within the department of social and health services, to be administered by a qualified person who has training and experience in ((handling pathological)) problem gambling.
gambling (problems) or the organization and administration of treatment services for persons suffering from (pathological) problem gambling (problems). The department may contract for any services provided under the program. The department shall track program participation and client outcomes.

(2) To receive treatment under subsection (1) of this section, a person must:

(a) Need treatment for (pathological) problem or pathological gambling, or because of the problem or pathological gambling of a family member, but be unable to afford treatment; and

(b) Be targeted by the department of social and health services as (to be) being most amenable to treatment.

(3) Treatment under this section is (limited to) available only to the extent of the funds appropriated or otherwise made available to the department of social and health services for this purpose. The department may solicit and accept for use any gift of money or property made by will or otherwise, and any grant of money, services, or property from the federal government, any tribal government, the state, or any political subdivision thereof or any private source, and do all things necessary to cooperate with the federal government or any of its agencies or any tribal government in making an application for any grant.

(4) The department of social and health services shall (report to the legislature by September 1, 2002, with a plan for implementing this section) establish an advisory committee to assist it in designing, managing, and evaluating the effectiveness of the program established in this section. The committee shall include, at a minimum, persons knowledgeable in the field of problem and pathological gambling and persons representing tribal gambling, privately owned nontribal gambling, and the state lottery.

(5) ((The department of social and health services shall report to the legislature by November 1, 2003, on program participation and client outcomes.)) For purposes of this section, "pathological gambling" is a mental disorder characterized by loss of control over gambling, progression in preoccupation with gambling and in obtaining money to gamble, and continuation of gambling despite adverse consequences. "Problem gambling" is an earlier stage of pathological gambling.
gambling which compromises, disrupts, or damages family or personal
relationships or vocational pursuits.

NEW SECTION. Sec. 3. A new section is added to chapter 43.20A RCW
to read as follows:

The problem gambling account is created in the state treasury.
Money in the account may be spent only after appropriation.
Expenditures from the account may be used only for the purposes of the
program established under RCW 43.20A.890.

Sec. 4. RCW 67.70.340 and 2002 c 349 s 3 are each amended to read
as follows:

(1) The legislature recognizes that creating a shared game lottery
could result in less revenue being raised by the existing state lottery
ticket sales. The legislature further recognizes that the two funds
most impacted by this potential event are the student achievement fund
and the education construction account. Therefore, it is the intent of
the legislature to use some of the proceeds from the shared game
lottery to make up the difference that the potential state lottery
revenue loss would have on the student achievement fund and the
education construction account. The legislature further intends to use
some of the proceeds from the shared game lottery to fund programs and
services related to problem and pathological gambling.

(2) The student achievement fund and the education construction
account are expected to collectively receive one hundred two million
dollars annually from state lottery games other than the shared game
lottery. For fiscal year 2003 and thereafter, if the amount of lottery
revenues earmarked for the student achievement fund and the education
construction account (are) is less than one hundred two million
dollars, the commission, after making the transfer required under
subsection (3) of this section, must transfer sufficient moneys from
revenues derived from the shared game lottery into the student
achievement fund and the education construction account to bring the
total revenue up to one hundred two million dollars. The funds
transferred from the shared game lottery account under this subsection
must be divided between the student achievement fund and the education
construction account in a manner consistent with RCW 67.70.240(3).
(3) (For fiscal year 2003, the commission shall transfer from revenues derived from the shared game lottery to the violence reduction and drug enforcement account under RCW 69.50.520 five hundred thousand dollars exclusively for the treatment of pathological gambling as prescribed by RCW 67.70.350.) (a) The commission shall transfer, from revenue derived from the shared game lottery, to the problem gambling account created in section 3 of this act, an amount equal to the percentage specified in (b) of this subsection of net receipts. For purposes of this subsection, "net receipts" means the difference between (i) revenue received from the sale of lottery tickets or shares and revenue received from the sale of shared game lottery tickets or shares; and (ii) the sum of payments made to winners.

(b) In fiscal year 2006, the percentage to be transferred to the problem gambling account is one-tenth of one percent. In fiscal years 2007 and subsequent fiscal years, the percentage to be transferred to the problem gambling account is thirteen one-hundredths of one percent.

(4) The remaining net revenues, if any, in the shared game lottery account after the transfers pursuant to this section shall be deposited into the general fund.

NEW SECTION. Sec. 5. A new section is added to chapter 82.04 RCW, to be codified between RCW 82.04.220 and 82.04.310, to read as follows:

(1) Upon every person engaging within this state in the business of operating contests of chance; as to such persons, the amount of tax with respect to the business of operating contests of chance is equal to the gross income of the business derived from contests of chance multiplied by the rate of 1.5 percent.

(2) An additional tax is imposed on those persons subject to tax in subsection (1) of this section. The amount of the additional tax with respect to the business of operating contests of chance is equal to the gross income of the business derived from contests of chance multiplied by the rate of 0.1 percent through June 30, 2006, and 0.13 percent thereafter. The money collected under this subsection (2) shall be deposited in the problem gambling account created in section 3 of this act.

(3) For the purpose of this section, "contests of chance" means any contests, games, gaming schemes, or gaming devices, other than the state lottery as defined in RCW 67.70.010, in which the outcome depends
in a material degree upon an element of chance, notwithstanding that
skill of the contestants may also be a factor in the outcome. The term
includes social card games, bingo, raffle, and punchboard games, and
pull-tabs as defined in chapter 9.46 RCW. The term does not include
race meets for the conduct of which a license must be secured from the
Washington horse racing commission, or "amusement game" as defined in
RCW 9.46.0201.

(4) "Gross income of the business" does not include the monetary
value or actual cost of any prizes that are awarded, amounts paid to
players for winning wagers, accrual of prizes for progressive jackpot
contests, or repayment of amounts used to seed guaranteed progressive
jackpot prizes.

NEW SECTION. Sec. 6. A new section is added to chapter 82.04 RCW
to read as follows:

(1) Upon every person engaging within this state in the business of
conducting race meets for the conduct of which a license must be
secured from the Washington horse racing commission; as to such
persons, the amount of tax with respect to the business of parimutuel
wagering is equal to the gross income of the business derived from
parimutuel wagering multiplied by the rate of 0.1 percent through June
30, 2006, and 0.13 percent thereafter. The money collected under this
section shall be deposited in the problem gambling account created in
section 3 of this act.

(2) For purposes of this section, "gross income of the business"
does not include amounts paid to players for winning wagers, or taxes
imposed or other distributions required under chapter 67.16 RCW.

(3) The tax imposed under this section is in addition to any tax
imposed under chapter 67.16 RCW.

Sec. 7. RCW 82.04.350 and 1961 c 15 s 82.04.350 are each amended
to read as follows:

Except as provided in section 6(1) of this act, this chapter shall
not apply to any person in respect to the business of conducting race
meets for the conduct of which a license must be secured from the horse
racing commission.
Sec. 8. RCW 82.04.290 and 2004 c 174 s 2 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of providing international investment management services, as to such persons, the amount of tax with respect to such business shall be equal to the gross income or gross proceeds of sales of the business multiplied by a rate of 0.275 percent.

(2) Upon every person engaging within this state in any business activity other than or in addition to (those enumerated in RCW 82.04.230, 82.04.240, 82.04.250, 82.04.255, 82.04.260, 82.04.270, 82.04.272, 82.04.280, 82.04.2905, 82.04.2906, 82.04.2906, 82.04.2906, and 82.04.2908, and)) an activity taxed explicitly under another section in this chapter or subsection (1) of this section; as to such persons the amount of tax on account of such activities shall be equal to the gross income of the business multiplied by the rate of 1.5 percent.

(3) Subsection (2) of this section includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale), persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational, educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.

Sec. 9. RCW 9.46.071 and 2003 c 75 s 1 are each amended to read as follows:

(1) The legislature recognizes that some individuals in this state are problem or ((compulsive)) pathological gamblers. Because the state promotes and regulates gambling through the activities of the state lottery commission, the Washington horse racing commission, and the Washington state gambling commission, the state has the responsibility to continue to provide resources for the support of services for problem and ((compulsive)) pathological gamblers. Therefore, ((at a minimum)) the Washington state gambling commission, the Washington
horse racing commission, and the state lottery commission shall jointly
develop informational signs concerning problem and ((compulsive))
pathological gambling which include a toll-free hot line number for
problem and ((compulsive)) pathological gamblers. The signs shall be
placed in the establishments of gambling licensees, horse racing
licensees, and lottery retailers. In addition, the Washington state
gambling commission, the Washington horse racing commission, and the
state lottery commission may also contract with other qualified
entities to provide public awareness, training, and other services to
ensure the intent of this section is fulfilled.

(2)(a) During any period in which section 5(2) of this act is in
effect, the commission may not increase fees payable by licensees under
its jurisdiction for the purpose of funding services for problem and
pathological gambling. Any fee imposed or increased by the commission,
for the purpose of funding these services, before the effective date of
this section shall have no force and effect after the effective date of
this section.

(b) During any period in which section 5(2) of this act is not in
effect:

(i) The commission, the Washington state horse racing commission,
and the state lottery commission may contract for services, in addition
to those authorized in subsection (1) of this section, to assist in
providing for treatment of problem and pathological gambling; and

(ii) The commission may increase fees payable by licenses under its
jurisdiction for the purpose of funding the services authorized in this
section for problem and pathological gamblers.

NEW SECTION. Sec. 10. If any provision of this act or its
application to any person or circumstance is held invalid, the
remainder of the act or the application of the provision to other
persons or circumstances is not affected.

NEW SECTION. Sec. 11. This act is necessary for the immediate
preservation of the public peace, health, or safety, or support of the
state government and its existing public institutions, and takes effect
July 1, 2005."
On page 1, line 1 of the title, after "gambling;" strike the remainder of the title and insert "amending RCW 43.20A.890, 67.70.340, 82.04.350, 82.04.290, and 9.46.071; adding a new section to chapter 43.20A RCW; adding new sections to chapter 82.04 RCW; creating a new section; providing an effective date; and declaring an emergency."

EFFECT: The share of problem gambling funding from the Washington State Lottery will be funded from a transfer from net receipts of the shared game lottery instead of a transfer of moneys allocated by statutory formula to assist in paying the debt service of the Mariners stadium.

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.

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