

**STATE OF WASHINGTON**  
**GAMBLING COMMISSION**

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**Commission Position Statement**  
**Senate Bill 5558 & House Bill 1477**  
**February 16, 2007**

At the Washington State Gambling Commission's regularly scheduled meeting on February 8, 2007, the Commissioners discussed Senate Bill 5558 and companion House Bill 1477, which limits the number of house-banked card rooms and allows cities and counties to zone for house-banked card games if certain conditions are met. The Commission voted unanimously (4:0 with one member absent) to take a neutral with concerns position on the bills.

The Commission's concerns are:

- Under the bills, the number of house-banked card rooms allowed in the state would be limited to the number of house-banked card rooms operating or who have applied for a license as of January 1, 2007. A limit on the marketplace, when there is no such limit currently, may cause an increase in the value of the existing licenses.
- The Gambling Act was passed, and the Commission created, to address the corruption and problems that resulted from the tolerance policies in Seattle, King County, and elsewhere in the state. In 1971, a King County grand jury issued 34 indictments against 51 police officers and public officials alleging payoffs related to gambling. This history was considered when the Gambling Act was passed 35 years ago and the result was state preemption in this area of law. The bills change the foundation of the Gambling Act by allowing cities and counties to zone as long as they meet certain conditions.
- The current law is clear and has been interpreted consistently by court decisions. If the law is changed, it seems fairly likely there will be new interpretations about what it means and possibly more litigation when parties disagree about the meaning.
- As it is currently worded, the bills may subject the Commission to liability. The Commissioners are concerned that the immunity clause in Section 4 is not broad enough. Although it gives the Commission immunity for suits that would involve damages, it does not prevent a party from joining the Commission in a lawsuit. The Commission has given legislative staff language to address this concern.
- The bills will impose additional costs on the Gambling Commission, as relocation of card rooms are "subject to the Commission's review and approval." The Commission already passed fee increases at the Initiative 601 level for fiscal year

2007 and has similar increases planned for fiscal year 2008. Even as increased, the fees for approving relocations are very small because relocations do not currently raise significant issues. Therefore, the Commission would need a 601 exemption in order to be able to increase fees to recover additional costs for investigations of house-banked card rooms relocating.

In conclusion, the Commission is neutral with concerns on SB 5558 and companion House Bill 1477.