



What's New and What's News

A NEWSLETTER FOR THE LEGISLATURE & OTHER GOVERNMENTAL AGENCIES

January 2012

This newsletter is dedicated to keeping the legislature and other governmental agencies informed of "What's New" in the Gambling Commission and "What's News."

2012 Agency Request Legislation

We received approval from the Governor's office to move forward with [SB 6046/HB 2219](#).

This proposal allows the Commission to issue licenses for up to 18 months to explore using [Business Licensing Services \(BLS\)](#), a Department of Revenue program. Some state and local government licenses are issued through BLS; for example, state business, lottery, and liquor licenses can be issued through BLS.

Businesses renew all licenses issued through BLS once a year, with one application.

Under current law, gambling licenses can only be issued for up to 12 months ([RCW 9.46.070](#)). A change in state law is needed before we can consider joining BLS.

During the "transition year" to BLS, some license expiration dates may need to be extended up to 18 months to allow BLS to align gambling licenses with other licenses issued through BLS.

Joining BLS could make applying for and renewing gambling licenses easier for more than 3,600 Washington businesses.

Problem Gambling

We plan to partner with the Evergreen Council on Problem Gambling (a nonprofit) and KOMO/Fisher Communications to launch a problem gambling education and awareness campaign in 2012.

The campaign also gives us an opportunity to continue to get the word out that underage gambling is a civil infraction [RCW 9.46.228](#) (*SB 5040 passed in 2009 making underage gambling a \$125 civil infraction*).

National Problem Gambling Awareness Week
March 4 - 10, 2012

For more information visit: www.npgaw.org

Recent DOJ Opinion - Federal Wire Act

The United States Department of Justice (DOJ) recently provided an opinion in response to requests from New York and Illinois to clarify whether the Wire Act of 1961, which prohibits wagering over telecommunications systems that cross state or national borders, prevented those states from using the Internet to sell lottery tickets to in-state adults.

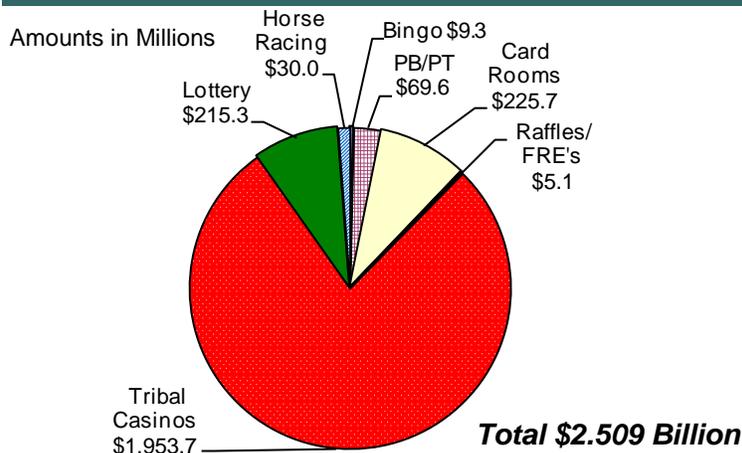


The DOJ changed its long standing interpretation of the Wire Act and opined that the Wire Act only applies to "sporting events and contests" and not lottery tickets.

You may hear that the opinion opens the door to other forms of Internet gambling. However, the opinion will not impact Washington state. The [Washington State Constitution \(Article II Section 24\)](#) prohibits all gambling activities unless the activity is specifically authorized in State law.

Internet gambling has never been authorized by the legislature and is, therefore, illegal in Washington State. And, to further clarify this, in 2006, the legislature amended [RCW 9.46.240](#) to affirmatively state that Internet gambling is illegal in Washington state.

2011 Gambling Net Receipts



2011 = 6/10 to 6/11

2010 Net Receipts = \$2.292 Billion

Net Receipts = wagers minus prizes paid

PB/PT = Punch boards & pull-tabs
FRE = Fund raising events

Our Mission: Protect the Public by Ensuring that Gambling is Legal and Honest.

Tribal Contributions

The 1988 federal Indian Gaming Regulatory Act (IGRA) requires states to negotiate in good faith with federally recognized tribes within their borders to offer gambling activities that are authorized in that state.

The IGRA prohibits states from taxing tribal gaming. However, Washington State Tribes have agreed to certain financial contributions in their Tribal-State Class III Gaming Compacts.

In 2010, Tribes contributed over:

- \$1.3 million to smoking cessation programs (0.13% of net receipts from machine gaming)
- \$1.6 million to problem gambling programs (0.13% of net receipts from all Class III gaming)

In *2009, Tribes contributed over:

- \$6.5 million to their local communities, such as governmental agencies, fire and emergency services, and law enforcement (up to 2% of net receipts from Class III table games)
- \$7.8 million to charities, such as social and community services, education and youth programs (0.5% of net receipts from machine gaming)

*2010 figures will be available later in 2012.

2011 Public Opinion Survey

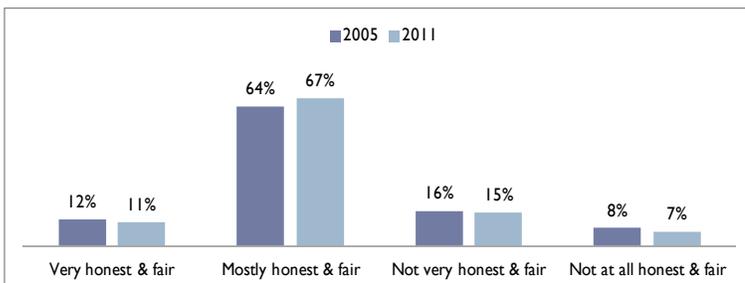
The Washington State University Social & Economic Sciences Research Center (WSU) surveyed 532 Washington residents by telephone to learn about their gambling practices, their knowledge of gambling regulation, and their opinions on a range of policy issues. WSU also conducted this survey in 2005. Both surveys are on our website. Below are two survey responses:

Problem Gambling Treatment Programs:

92% of respondents knew problem gambling treatment programs exist.

Are Games Fair and Honest?

78% of respondents said gambling was *very/mostly* honest and fair. About 1/4 said gambling was *not very/not at all* honest or fair. The percentage reporting that gambling is *very/mostly* honest and fair was 2% higher in 2011 than 2005.



Taxes Paid by Gambling Licensees

Gambling Tax

Washington State does not collect a gambling tax from non-tribal gambling.

However, cities, counties or towns can tax gambling and the maximum rates are set out in RCW 9.46.110.

In fiscal year 2011, licensees reported paying the following local gambling taxes:

- Card rooms: \$22.9 million
- Punch boards/pull-tabs: \$7.8 million
- Bingo: \$290,693

Business & Occupation Tax

- Gambling licensees pay a 1.5% B&O tax.
- The B&O tax was temporarily increased by 0.3% in May 2010; the additional 0.3% will end June 2013.
- In 2005, gambling licensees with gross income of \$50,000 or greater from contests of chance began paying an additional 0.13% B&O tax to help fund problem gambling programs.
- In fiscal year 2011, card room, punch board/pull-tab, bingo and raffle licensees paid about \$4.9 million in B&O taxes. This includes an estimated \$500,000 distributed to state run problem gambling programs.

New Online Reporting Can Help over 240 Charities/Nonprofits

We are happy to announce that over 240 charitable/nonprofit organizations can now report their bingo and pull-tab gambling activity online.



We expect that other types of gambling activity reports will be available online later in 2012.

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