

Multiple Agency Fiscal Note Summary

Bill Number: 2317 HB	Title: Unlicensed bingo, etc.
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Gambling Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other		(80,000)		(160,000)		(160,000)
Local Gov. Total		(80,000)		(160,000)		(160,000)

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Gambling Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.											
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Cheri Keller, OFM	Phone: (360) 584-2207	Date Published: Final 1/18/2024
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Individual State Agency Fiscal Note

Bill Number: 2317 HB	Title: Unlicensed bingo, etc.	Agency: 117-Washington State Gambling Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/12/2024
Agency Preparation: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/17/2024
Agency Approval: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/17/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/18/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 of the bill increases the amount of total gross raffle revenues allowed per calendar year for member only raffles that can be received without a charitable on bona fide nonprofit organization receiving a license from \$5,000 to \$15,000.

Section 2 of the bill increases the amount of combined allowable bingo, raffle, and amusement game gross revenues allowed per calendar year that can be received without an organization receiving a license from \$5,000 to \$15,000, provided that there are no more than 2 events held per calendar year for no more than 12 consecutive days each time.

Section 3 (3) (c) of the bill increases the local jurisdiction tax exemption from \$10,000 to \$15,000 for bona fide charitable or nonprofit bingo or amusement game net gambling receipts.

Section 3 (3) (d) of the bill increases the local jurisdiction tax exemption from \$10,000 to \$15,000 for bona fide charitable or nonprofit raffle net gambling receipts.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 1 of this bill increases the amount of total gross raffle revenues allowed per calendar year for member only raffles that can be received without a charitable on bona fide nonprofit organization receiving a license from \$5,000 to \$15,000.

Section 2 increases the amount of combined allowable bingo, raffle, and amusement game gross revenues allowed per calendar year that can be received without an organization receiving a license from \$5,000 to \$15,000.

Licensed organizations are required to complete a quarterly report of their gross gambling receipts. However, these organizations are not required to report if the raffles they conduct are member-only raffles. The Gambling Commission also does not require licensed organizations to report how many events they hold in a calendar year, or the duration of events held. Therefore, the agency cannot determine the expected decline in licenses issued for these activities or the associated decline in revenue.

Section 3 (3) (c) of the bill increases the local jurisdiction tax exemption from \$10,000 to \$15,000 for bona fide charitable or nonprofit bingo or amusement game net gambling receipts.

Section 3 (3) (d) of the bill increases the local jurisdiction tax exemption from \$10,000 to \$15,000 for bona fide charitable or nonprofit raffle net gambling receipts.

Section 3 of the bill will reduce the amount of local jurisdiction tax revenue by increasing the amount of net receipts that are exempt from local taxes. Specific impacts will be reported by Commerce.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 1 of this bill increases the amount of total gross raffle revenues allowed per calendar year for member only raffles that can be received without a charitable on bona fide nonprofit organization receiving a license from \$5,000 to \$15,000.

Section 2 increases the amount of combined allowable bingo, raffle, and amusement game gross revenues allowed per calendar year that can be received without an organization receiving a license from \$5,000 to \$15,000.

Licensed organizations are required to complete a quarterly report of their gross gambling receipts. However, these

organizations are not required to report if the raffles they conduct are member-only raffles. The Gambling Commission also does not require licensed organizations to report how many events they hold in a calendar year, or the duration of events held. Therefore, the agency cannot determine the expected decline in licenses issued for these activities or the associated reduction of expenditures.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Department of Revenue Fiscal Note

Bill Number: 2317 HB	Title: Unlicensed bingo, etc.	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 60-786-7127	Date: 01/12/2024
Agency Preparation: Anna Yamada	Phone: 60-534-1519	Date: 01/17/2024
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/17/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/17/2024

Request # 2317-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW

Nonprofit organizations can conduct raffles, bingo, and other amusement games without a license from the Gambling Commission when gross revenues from such activities do not exceed \$5,000 during the calendar year.

Cities and counties may impose gambling tax on bingo, raffles, and other amusement activities within their jurisdiction; however, nonprofit organizations are exempt from the local gambling tax on the following income:

- Bingo, other amusement games, or a combination of such activities: Gross receipts less the amount awarded as cash or merchandise prizes do not exceed \$5,000 per year, and no paid operating or management staff is involved.
- Raffles: The first \$10,000 of gross receipts, less the amount awarded as cash or merchandise prizes.

Nonprofit organizations are exempt from collecting and remitting sales tax and paying business and occupation tax on income earned from fundraising activities regardless of the amount raised if:

- The income is used for further the organization's goals.
- The fundraising activity is not held at a regular business location.

PROPOSAL

This bill increases the gross revenue threshold from \$5,000 to \$15,000, in which nonprofit organizations must obtain licenses from the Gambling Commission to operate bingo, raffles, and other amusement activities.

The bill also increases the threshold of gross receipts (after paying off awards) in which cities or counties may impose gambling tax for the following:

- Bingo, other amusement games, or a combination of such activities, from \$5,000 to \$15,000.
- Raffles from the first \$10,000 to \$15,000.

EFFECTIVE DATE

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact on taxes administered by the Department of Revenue (department).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 2317 HB	Title: Unlicensed bingo, etc.	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/12/2024
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/16/2024
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/16/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/17/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1: (RCW 9.46.0315 – Raffles, no license required). Modifies the existing limit on raffle gross revenues from \$5,000 to \$15,000 during a calendar year.

Note: the only mention of the LCB is in section 1, pre-existing language regarding permits to provide unopened containers of alcohol as raffle prizes.

Section 2: (RCW 9.46.0321 – Bingo, raffles, amusement games, no license required). Modifies the existing limit on gross revenues to the organization from all activities together from \$5,000 to \$15,000 during a calendar year.

Section 3: (RCW 9.46.110 – Taxation of gambling activities—Limitations—Restrictions on punchboards and pull-tabs). Modifies the existing limit on gross revenues to the organization from bingo or amusement games or a combination thereof, from \$5,000 to \$15,000 during a calendar year. The no-tax limit is increased from the first \$10,000 to the first \$15,000 of gross receipts.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 2317 HB	Title: Unlicensed bingo, etc.
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities: indeterminate and moderate decrease in revenue to cities and towns with a gambling tax
- Counties: indeterminate and minor decrease in revenue to counties with a gambling tax
- Special Districts:
- Specific jurisdictions only: cities, towns, and counties with a gambling tax
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

Jurisdiction	FY 2024	FY 2025	2023-25	2025-27	2027-29
City		(60,800)	(60,800)	(121,600)	(121,600)
County		(19,200)	(19,200)	(38,400)	(38,400)
TOTAL \$		(80,000)	(80,000)	(160,000)	(160,000)
GRAND TOTAL \$					(400,000)

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 01/17/2024
Leg. Committee Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/12/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/17/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/17/2024

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill increases the threshold of gross revenue at which nonprofit organizations must obtain a license from the Gambling Commission from \$5,000 to \$15,000, and increases the threshold of gross receipts at which cities or counties may impose a gambling tax for certain activities from \$5,000 or \$10,000 to \$15,000.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill will not impact local government expenditures.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill will increase the threshold that allows local governments to tax nonprofit organizations involved in certain gambling activities.

Section 3 (3)(c) states “no tax shall be imposed under the authority of this chapter on bingo or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined, which organization has no paid operating or management personnel and has gross receipts from bingo or amusement games, or a combination thereof, not exceeding \$15,000 per year, less the amount awarded as cash or merchandise prizes.”

In 2022, according to Washington State Gambling Commission data, the total amount of local government revenue that was collected for activities described in section 3.3.c. was \$12,070,125. If the threshold of \$15,000 per year for gross receipts minus the amount awarded as cash or merchandise prizes (instead of the current \$5,000 net) were applied to 2022 totals, then local governments would have collected \$81,056 less in gambling taxes. This reduction is approximately a half of one percent.

Data on more recent fiscal years is not available. Therefore, the LGFN program estimates this bill will cause a loss of approximately \$80,000 per fiscal year.

As of fiscal year 2022, 37 local governments reported their gambling tax revenues (bingo and raffles) to the State Auditor’s Office. Of the total reported revenues 76% were reported by cities and towns, and 24% by counties. The LGFN program will use this apportionment to estimate the approximate revenue loss for counties and cities.

GAMBLING TAX REVENUE LOSS

CITY: \$80,000 (.76) = \$60,800/ fiscal year

COUNTY: \$80,000 (.24) = \$19,200/ fiscal year

This bill is expected to reduce the number of local governments able to impose a new gambling tax by increasing the imposing threshold.

SOURCES

Washington State Gambling Commission

State Auditor’s Office Financial Intelligence Tool