

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Ordinance No. 437 – Adopting an eight month reduction in the City Gambling Tax on Social Card Rooms to 9% of Gross Receipts
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Robert L. Olander, City Manager

PROBLEM/ISSUE STATEMENT:

Several casinos in Shoreline are requesting that the City of Shoreline consider lowering the City's 10% card room gambling tax as result of declines in their activity levels. The City Manager recommendation is to adopt a 10% reduction lowering the gambling tax on social card rooms.

BACKGROUND:

In terms of considering this issue staff believes it is important to consider the industry as a whole in Shoreline and not to concentrate or provide preference to any particular casino. Individual business practices and investments will vary between casinos and to a certain extent customers may shift between gambling establishments. It is also important for the City to consider this at the level of gross revenues as opposed to individual casino profit and loss statements. The profit and loss is highly dependent on individual business decisions such as capital investments, depreciation schedules, officer draws and salaries, promotional budgets, etc. The total annual gross revenues for the five Shoreline casinos are as follows:

<u>Year</u>	<u>Gross Receipts</u>	<u>Tax Rate</u>	<u>City Revenue</u>
2001	\$16,859,584	11%	\$2,019,159
2002	\$18,219,538	11%	\$2,337,808
2003	\$20,276,031	11%	\$2,501,812
2004	\$26,413,373	11%	\$2,991,084
2005	\$26,337,937	10%*	\$2,712,877

* The City reduced the tax rate by 9% (from 11% to 10%) effective April 1, 2005, resulting in a savings to the casinos of approximately \$195,000 for 2005.

First quarter 2006 gross revenue for all the casinos were \$5,596,446 compared to \$6,587,011 for the first quarter in 2005, which is a reduction of approximately 15%. Preliminary figures for the second quarter indicate an even larger decline.