

AMENDED IN SENATE AUGUST 23, 2012
AMENDED IN ASSEMBLY MARCH 31, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1290

Introduced by Assembly Member ~~Lara Hill~~

February 18, 2011

An act to ~~amend Section 19817 of~~ *repeal and add Section 19852.2* of the Business and Professions Code, relating to ~~gambling~~ *gaming*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1290, as amended, ~~Lara Hill. California Gambling Control Commission: Gaming Policy Advisory Committee. Gaming: gambling enterprises.~~

The Gambling Control Act provides for the licensure of certain individuals and establishments that conduct controlled games, as defined, and for the regulation of these gambling activities by the California Gambling Control Commission. That law provides that, if the owner of a gambling enterprise is not a person, the owner is not eligible for a gambling license unless specified persons involved in the enterprise obtain a gambling license. Existing law authorizes the commission to exempt specified limited partners in limited partnerships from the licensing requirements described above solely for the purpose of the licensure of a card club located on the grounds of a racetrack that is owned by a limited partnership that also owns the racetrack.

This bill would repeal that licensure exemption. The bill, instead, would provide, solely for the purpose of the licensure of a gambling enterprise or gambling establishment that is owned directly or indirectly by a racetrack limited partnership owner, as defined, and under

specified conditions, that these licensing requirements shall apply only to a corporation, and its officers, directors, and key employees, that (1) is directly or indirectly owned by a racetrack limited partnership owner, (2) leases or owns the gambling establishment or manages, supervises, or controls the gambling enterprise, and (3) holds the exclusive right, authority, and discretion to manage, supervise, conduct, and control the day-to-day operations, and direct the policies, of the gambling enterprise, without influence from, or direction by, the racetrack limited partnership owner, its general partners, or its investment managers or advisors. The bill would prohibit any other person or entity from being required to be licensed, except that if the corporation chooses to retain another person or entity to manage, supervise, control, and conduct the day-to-day operations, and direct the policies, of the gambling enterprise, that person or entity would be required to be licensed in addition to the corporation and its officers, directors, and key employees. This bill would make a related statement of legislative intent regarding a specified racetrack and card club.

~~Existing law establishes the California Gambling Control Commission and requires the commission to establish a Gaming Policy Advisory Committee composed of representatives of controlled gambling licensees and members of the general public. Existing law requires the executive director of the commission to convene this advisory committee, from time to time, for the purpose of discussing recommended controlled gambling regulatory policy.~~

~~This bill would require the advisory committee to meet at least twice a year and would require the commission to consult with the committee on recommended proposed regulations.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. (a) The Legislature hereby finds and declares*
- 2 *the following:*
- 3 *(1) The card club located at the Hollywood Park Racetrack has*
- 4 *existed since 1995 and provides significant revenue and economic*
- 5 *activity to the City of Inglewood.*
- 6 *(2) The card club provides nearly 1,000 jobs for individuals in*
- 7 *and around the City of Inglewood.*

1 (3) *Due to the card club's unique nature of being located at a*
2 *horseracing track, the Legislature has, since 1995, enacted various*
3 *measures necessary to accommodate changes in ownership of the*
4 *racetrack where the card club is located in order to ensure the*
5 *continued operation of the card club and to maintain the jobs and*
6 *economic impact derived from its operation.*

7 (4) *The Hollywood Park Racetrack is currently owned by a*
8 *number of related limited partnerships that are capitalized*
9 *substantially by public pension plans.*

10 (5) *The current law governing licensing of the card club,*
11 *however, neither adequately contemplates nor accommodates the*
12 *ownership of real property or the improvements thereon, including*
13 *the premises of a card club, by a number of related limited*
14 *partnerships that are substantially capitalized by public pension*
15 *plans nor does it accommodate the role of affiliates of, and advisors*
16 *to, those partnerships.*

17 (b) *It is the intent of the Legislature in enacting this measure*
18 *to ensure that the continued operation of the card club located at*
19 *the Hollywood Park Racetrack is possible.*

20 *SEC. 2. Section 19852.2 of the Business and Professions Code*
21 *is repealed.*

22 ~~19852.2. (a) Notwithstanding Section 19852 or any other~~
23 ~~provision of law to the contrary, and solely for the purpose of the~~
24 ~~licensure of a card club located on the grounds of a racetrack that~~
25 ~~is owned by a limited partnership that also owns the racetrack, the~~
26 ~~commission, in its discretion, may exempt from the licensing~~
27 ~~requirements of this chapter:~~

28 ~~(1) The limited partners in a limited partnership that holds~~
29 ~~interest in a holding company if all of the following criteria are~~
30 ~~met:~~

31 ~~(A) The limited partners of the limited partnership in the~~
32 ~~aggregate directly hold at least 95 percent of the interest in the~~
33 ~~holding company:~~

34 ~~(B) The limited partner is one of the following:~~

35 ~~(i) An "institutional investor" as defined in subdivision (s) of~~
36 ~~Section 19805.~~

37 ~~(ii) An "employee benefit plan" as defined in Section 1002(3)~~
38 ~~of Title 29 of the United States Code.~~

39 ~~(iii) An investment company that manages a state university~~
40 ~~endowment.~~

1 ~~(2) Other limited partners in a limited partnership described in~~
2 ~~paragraph (1), if the partners do not number more than five and~~
3 ~~each partner indirectly owns one percent or less of the shares of~~
4 ~~the interest in the holding company.~~

5 ~~(3) A limited partner in a limited partnership that holds in the~~
6 ~~aggregate less than 5 percent of the interest in a holding company.~~

7 ~~(b) Nothing in this section shall be construed to limit the~~
8 ~~licensure requirements for a general partner of a limited partnership~~
9 ~~or a limited partner that is not specifically described in this section.~~

10 *SEC. 3. Section 19852.2 is added to the Business and*
11 *Professions Code, to read:*

12 *19852.2. (a) Notwithstanding Sections 19851, 19852, and*
13 *19853 or any other provision of law to the contrary, and solely*
14 *for the purpose of the licensure of a gambling enterprise or a*
15 *gambling establishment that is owned directly or indirectly by a*
16 *racetrack limited partnership owner, the licensing requirements*
17 *of this chapter shall apply only to the following and no other person*
18 *or entity shall be required to be licensed:*

19 *(1) In the case of a corporation, its officers, directors and key*
20 *employees, but not its shareholders; provided that (A) such*
21 *corporation is directly or indirectly owned by a racetrack limited*
22 *partnership owner and (B) (i) such corporation leases or owns the*
23 *gambling establishment, or (ii) such corporation manages,*
24 *supervises, or controls the gambling enterprise, and such*
25 *corporation's officers, directors, or key employees hold the*
26 *exclusive right, authority, and discretion to manage, supervise,*
27 *conduct, and control the day-to-day operations, and direct the*
28 *policies, of the gambling enterprise, without influence from or*
29 *direction by the racetrack limited partnership owner, its general*
30 *partner, or its investment manager, or advisors, except that the*
31 *racetrack limited partnership owner, its general partner, and its*
32 *investment manager shall have the right to effectuate the*
33 *termination or replacement of such corporation's directors,*
34 *provided that any replacement director shall be licensed in*
35 *accordance with this paragraph; and*

36 *(2) If a corporation described in clause (i) of subparagraph (B)*
37 *of paragraph (1) chooses to retain another person or entity to*
38 *manage, supervise, control, and conduct the day-to-day operations,*
39 *and direct the policies, of the gambling enterprise, then (A) such*
40 *corporation's officers, directors, and key employees shall be*

1 licensed in accordance with paragraph (1), and (B) such retained
2 person or entity shall be licensed in accordance with the applicable
3 licensing requirements of this chapter.

4 (b) This section shall apply to a gambling enterprise or gambling
5 establishment only if the following conditions are met:

6 (1) The gambling establishment is located on any portion of or
7 contiguous to the grounds on which a racetrack is or had been
8 previously located and horserace meetings were authorized to be
9 conducted by the California Horse Racing Board on or before
10 January 1, 2012; and

11 (2) Such grounds are directly or indirectly owned by a racetrack
12 limited partnership owner.

13 (c) For purposes of this section, a “racetrack limited partnership
14 owner” is defined as a limited partnership or, individually or
15 collectively, a number of related limited partnerships, that are at
16 least 80 percent capitalized by limited partners that are an
17 “institutional investor” as defined in subdivision (w) of Section
18 19805, an “employee benefit plan” as defined in Section 1002(3)
19 of Title 29 of the United States Code, or an investment company
20 that manages a state university endowment.

21 ~~SECTION 1. Section 19817 of the Business and Professions~~
22 ~~Code is amended to read:~~

23 ~~19817. The commission shall establish and appoint a Gaming~~
24 ~~Policy Advisory Committee of 10 members. The committee shall~~
25 ~~be composed of representatives of controlled gambling licensees~~
26 ~~and members of the general public in equal numbers. The executive~~
27 ~~director shall, from time to time, convene the committee for the~~
28 ~~purpose of discussing matters of controlled gambling regulatory~~
29 ~~policy and any other relevant gambling-related issue, provided~~
30 ~~that the committee shall meet at least twice a year. The commission~~
31 ~~shall consult with the committee on proposed regulations. The~~
32 ~~recommendations concerning gambling policy and proposed~~
33 ~~regulations made by the committee shall be presented to the~~
34 ~~commission, but shall be deemed advisory and not binding on the~~
35 ~~commission in the performance of its duties or functions. The~~
36 ~~committee shall not advise the commission on Indian gaming.~~