

AMENDED IN SENATE JANUARY 6, 2014

**SENATE BILL**

**No. 601**

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**Introduced by Senator Yee**

February 22, 2013

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An act to ~~add and repeal Section 19803.5 of~~ *amend Sections 19817 and 19840 of, and to repeal Section 19818 of,* the Business and Professions Code, relating to gaming.

LEGISLATIVE COUNSEL'S DIGEST

SB 601, as amended, Yee. ~~Gambling activities and establishments.~~  
*policy.*

The Gambling Control Act provides for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission and the investigation and enforcement of those activities and establishments by the Department of Justice. ~~Existing law declares the intent of the Legislature in enacting the act, to provide uniform, minimum standards of regulation of permissible gambling activities and the operation of lawful gambling establishments.~~

~~This bill would require the Legislative Analyst to conduct an economic study to be submitted to the Legislature no later than December 1, 2014, analyzing the economic impact of all California laws and regulations on gambling establishments and the state's economy, as specified. The bill would authorize the Legislative Analyst to submit a claim to the Controller for its expenses associated with the study, to be paid from the Gambling Control Fund upon appropriation of the Legislature.~~

~~Existing law requires the commission to establish and appoint a Gaming Policy Advisory Committee of 10 members. Existing law requires the committee to be composed of representatives of controlled~~

*gambling licensees and members of the general public in equal numbers. Existing law requires the committee to be convened to discuss matters of controlled gambling regulatory policy and any other relevant gambling-related issue.*

*This bill would instead provide that the commission shall appoint 5 representatives of controlled gambling licensees and 5 members of the general public to the committee. The bill would also provide that the Senate Committee on Rules and the Speaker of the Assembly shall each appoint one additional person employed by the Legislature to serve as ex officio members of the committee. The bill would include, among the issues that may be discussed by the committee, the extent to which the regulation of permitted games, game procedures, and gambling expansion impedes the economic growth of the gambling sector in California, the impact of those regulations on state and local tax and fee proceeds, and the impact of new technologies on gambling.*

*Existing law requires the commission to investigate the consequences, benefits, and disadvantages of imposing a state tax on revenue generated by gambling establishments and the regulation of advertising for the purpose of limiting exposure of children to materials promoting gambling. Existing law requires the commission to report its findings on these matters to the Legislature and the Governor, as specified.*

*This bill would repeal these provisions.*

*Existing law authorizes the commission to adopt regulations for the administration and enforcement of the act. Existing law requires that, to the extent appropriate, regulations of the commission and the department take into consideration the operational differences of large and small establishments.*

*This bill would additionally require the consideration of any fiscal and economic impact that may result from these provisions.*

*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. The Legislature finds and declares all of the
- 2 following:
- 3 (†)
- 4 (a) Many states are currently examining their laws governing
- 5 gambling and, as a result of that examination, are expanding

1 gambling in their states to compete with other states that permit  
2 more expansive gambling and a greater variety of legalized games.

3 ~~(2)~~

4 (b) California gambling establishments and tribes compete with  
5 gambling establishments in many states for gambling revenues.  
6 This competition has an economic impact beyond gambling,  
7 including, but not limited to, reduced revenues from tourism and  
8 entertainment and state and local tax proceeds.

9 ~~(3)~~

10 (c) Laws and regulations governing gambling establishments  
11 and permitted games, including, but not limited to, the Gambling  
12 Control Act and the Penal Code, the regulations adopted pursuant  
13 to those laws, and the enforcement of those laws and regulations  
14 by the California Gambling Control Commission, the Department  
15 of Justice, and local governments, have an impact on California's  
16 potential to compete for additional revenues and tax proceeds.

17 *SEC. 2. Section 19817 of the Business and Professions Code*  
18 *is amended to read:*

19 19817. (a) The commission shall establish ~~and appoint~~ a  
20 Gaming Policy Advisory Committee ~~of 10 members~~. The  
21 ~~committee shall be composed of~~ *commission shall appoint five*  
22 *representatives of controlled gambling licensees and five members*  
23 *of the general public in equal numbers to the committee. The Senate*  
24 *Committee on Rules and the Speaker of the Assembly shall each*  
25 *appoint one additional person employed by the Legislature to serve*  
26 *as ex officio members of the committee.* ~~The~~

27 (b) The executive director shall, from time to time, convene the  
28 committee for the purpose of discussing matters of controlled  
29 gambling regulatory policy and any other relevant gambling-related  
30 ~~issue.~~ *The issues, including, but not limited to, the following:*

31 (1) *The extent to which the regulation of permitted games, game*  
32 *procedures, and gambling expansion impedes the economic growth*  
33 *of the gambling sector in California.*

34 (2) *The impact of the regulation described in paragraph (1) on*  
35 *state and local tax and fee proceeds.*

36 (3) *The impact of new technologies on gambling.*

37 (c) *The recommendations concerning gambling policy made by*  
38 *the committee shall be presented to the commission, but shall be*  
39 *deemed advisory and not binding on the commission in the*

1 performance of its duties or functions. The committee ~~may~~ *shall*  
2 not advise the commission on Indian gaming.

3 ~~SEC. 2. Section 19803.5 is added to the Business and~~  
4 ~~Professions Code, to read:~~

5 ~~19803.5. (a) The Legislative Analyst shall conduct an~~  
6 ~~economic study to be submitted to the Legislature no later than~~  
7 ~~December 1, 2014, analyzing the economic impact of all California~~  
8 ~~laws and regulations on gambling establishments and the state's~~  
9 ~~economy. At a minimum, the study shall examine the extent to~~  
10 ~~which the regulation of permitted games and games procedures~~  
11 ~~and the regulation of the expansion of gaming impedes economic~~  
12 ~~growth in this sector of the California economy and state and local~~  
13 ~~tax and fee proceeds. Upon submission of this study to the~~  
14 ~~Legislature, the Legislative Analyst may submit a claim to the~~  
15 ~~Controller for its expenses associated with the study. The Controller~~  
16 ~~may pay those expenses from the Gambling Control Fund upon~~  
17 ~~appropriation by the Legislature.~~

18 ~~(b) A report to be submitted pursuant to this section shall be~~  
19 ~~submitted in compliance with Section 9795 of the Government~~  
20 ~~Code.~~

21 ~~(c) Pursuant to Section 10231.5 of the Government Code, this~~  
22 ~~section is repealed on December 31, 2015.~~

23 ~~SEC. 3. Section 19818 of the Business and Professions Code~~  
24 ~~is repealed.~~

25 ~~19818. (a) The commission shall investigate the following~~  
26 ~~matters:~~

27 ~~(1) The consequences, benefits, and disadvantages of imposing~~  
28 ~~a state tax on revenue generated by licensed gambling~~  
29 ~~establishments.~~

30 ~~(2) Regulation of advertising for the purpose of limiting~~  
31 ~~exposure of children to materials promoting gambling.~~

32 ~~(b) The commission shall report its findings to the Legislature~~  
33 ~~and the Governor no later than January 1, 2005.~~

34 ~~SEC. 4. Section 19840 of the Business and Professions Code~~  
35 ~~is amended to read:~~

36 ~~19840. The commission may adopt regulations for the~~  
37 ~~administration and enforcement of this chapter. To the extent~~  
38 ~~appropriate, regulations of the commission and the department~~  
39 ~~shall take into consideration the operational differences of large~~

- 1 and small establishments *and any fiscal and economic impact that*
- 2 *may result.*

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