

Introduced by Senator Figueroa

February 25, 1999

An act to amend Section 62 of Chapter 867 of the Statutes of 1997, relating to gambling, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 829, as introduced, Figueroa. Gambling establishments: provisional licenses.

(1) Existing law, the Gambling Control Act, generally provides that the California Gambling Control Commission, in consultation and cooperation with the Division of Gambling Control, is vested with the authority to approve or deny gambling licenses on specified grounds. Existing law also provides, however, that persons who had held or applied for a valid registration issued pursuant to the law in effect prior to the effective date of the act shall be deemed to hold a provisional license, as defined, until summoned by the division to apply for a gambling license under the act. Existing law also provides that if the division does not so summon a person holding a provisional license prior to December 31, 1998, it shall, upon the request of the holder of the provisional license and the payment of specified fees, extend the provisional license until December 31, 1999.

This bill would instead provide that if the division does not summon a provisional licensee to apply for a license under the act prior to the expiration of the provisional license, the division shall, upon the request of the holder of the provisional

license prior to the expiration of that license and the payment of specified fees, extend the provisional license for one year.

(2) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Section 62 of Chapter 867 of the Statutes
2 of 1997 is amended to read:

3 Sec. 62. (a) For the purposes of this section,
4 “provisional license” means a license that is either
5 granted by operation of law pursuant to this section, or is
6 issued by the Director of the Division of Gambling
7 Control pursuant to this section, and authorizes the
8 holder to own and operate a gambling establishment, as
9 defined by the Gambling Control Act (Chapter 5
10 (commencing with Section 19800) of Division 8 of the
11 Business and Professions Code), as enacted by this act.
12 The issuance of a provisional license creates no vested
13 right to the issuance of a state gambling license. A
14 provisional license is held subject to all terms and
15 conditions under which a state gambling license is held
16 pursuant to the Gambling Control Act (Chapter 5
17 (commencing with Section 19800) of Division 8 of the
18 Business and Professions Code), as enacted by this act.

19 (b) (1) Every person possessing a valid registration,
20 issued pursuant to former Chapter 5 (commencing with
21 Section 19800) of Division 8 of the Business and
22 Professions Code, as it read immediately prior to its repeal
23 by this act, and which expires as of January 1, 1998, shall
24 be deemed, as of January 1, 1998, to hold a provisional
25 license to conduct those activities authorized by the
26 registration.

27 (2) (A) Every owner of a gaming club who possesses
28 a valid registration issued pursuant to former Chapter 5
29 (commencing with Section 19800) of Division 8 of the
30 Business and Professions Code, as it read immediately
31 prior to its repeal by this act, if the license has expired as



1 of January 1, 1998, shall be deemed to hold a provisional
2 license to own, manage, or operate all or a part of another
3 gambling establishment, or of other gambling
4 establishments, if all of the following conditions are
5 satisfied with respect to the other gambling
6 establishment or establishments:

7 (i) The gambling establishment, on January 1, 1998,
8 was owned by a person holding a provisional license
9 pursuant to this subdivision.

10 (ii) Acquisition of the ownership interest is completed
11 no later than June 30, 1998.

12 (iii) The applicant has deposited all moneys as
13 required pursuant to Section 19855 of the Business and
14 Professions Code, as enacted by this act.

15 (iv) The applicant has deposited with the division a
16 license fee calculated as the amount specified for the
17 appropriate level of operation in subdivision (a) of
18 Section 19941 of the Business and Professions Code, as
19 enacted by this act.

20 (B) A provisional license granted in respect to a
21 gambling establishment by operation of subparagraph
22 (A) shall expire on July 30, 1998, unless, on or before that
23 date, the holder of the provisional license files an
24 application for a gambling license with respect to that
25 gambling establishment under the Gambling Control Act
26 (Chapter 5 (commencing with Section 19800) of Division
27 8 of the Business and Professions Code), as enacted by this
28 act.

29 (3) Until a provisional licensee is summoned pursuant
30 to subdivision (e), no other state gambling license and no
31 key employee license shall be required in connection
32 with the operation that is owned, managed, or operated
33 by a person holding a provisional license. Nothing in this
34 paragraph shall relieve any person who, on or after the
35 effective date of this act, acquires an ownership interest
36 in a gambling establishment, from the provisions of
37 Section 19840 of the Business and Professions Code, as
38 enacted by this act. Upon payment of the fees described
39 in this section, the provisional license shall be valid until
40 the earlier of the following events:



1 (A) December 31, 1998.

2 (B) The granting or denial of an application for a
3 gambling license.

4 (c) Until July 1, 1998, the Director of the Division of
5 Gambling Control may issue a provisional license to any
6 person who submitted a completed application for
7 registration pursuant to former Chapter 5 (commencing
8 with Section 19800) of Division 8 of the Business and
9 Professions Code, as it read immediately prior to its repeal
10 by this act, if all of the following are true:

11 (1) The director determines that the applicant is not
12 disqualified based on any of the reasons for which an
13 application for registration could have been denied or
14 revoked under former Section 19809 or 19810 of the
15 Business and Professions Code as those sections read
16 immediately prior to repeal by this act.

17 (2) The applicant has paid all fees required pursuant
18 to Section 19855 of the Business and Professions Code, as
19 enacted by this act, less any fees paid pursuant to Section
20 19808 of the Business and Professions Code, as that section
21 read immediately prior to its repeal by this act.

22 (3) The applicant has deposited with the division a
23 license fee calculated as the amount specified for each
24 level of operation in subdivision (b) of Section 19941 of
25 the Business and Professions Code, as enacted by this act.

26 (d) Every person holding a provisional license
27 pursuant to subdivision (b), who desires that the
28 provisional license be converted to a gambling license
29 under the Gambling Control Act enacted by this act shall,
30 no later than January 31, 1998, deposit with the Division
31 of Gambling Control a license fee calculated as the
32 amount specified for the appropriate level of operation in
33 subdivision (b) of Section 19941 of the Business and
34 Professions Code, as enacted by this act.

35 (e) (1) Commencing July 1, 1998, the Division of
36 Gambling Control shall summon persons holding
37 provisional licenses for the purpose of applying for
38 gambling licenses under the Gambling Control Act
39 enacted by this act. Thereafter, except as otherwise
40 provided herein, the license application process shall



1 proceed as an initial application for licensure in
2 accordance with the provisions of the Gambling Control
3 Act, including the advance deposit of fees for
4 investigation of the application or applications, if any.

5 (2) The division shall not require an applicant who
6 holds a provisional license pursuant to subdivision (b) to
7 furnish, in connection with an application for licensure,
8 information or documentation that is presently in the
9 possession of the Department of Justice by virtue of
10 having conducted a prior investigation of the applicant
11 pursuant to former Chapter 5 (commencing with Section
12 19800) of Division 8 of the Business and Professions Code,
13 as it read immediately prior to its repeal by this act.

14 (f) If an application for a gambling license is granted,
15 and upon payment of the fees specified in the Gambling
16 Control Act, a gambling license may be issued to the
17 owner of a gambling enterprise, to expire not later than
18 12 months thereafter. If this license is issued prior to
19 December 31, 1998, the licensee shall be entitled to a
20 credit, if any, for the fee paid pursuant to subdivision (d).

21 (g) Notwithstanding subdivision (a) of Section 19847,
22 there shall be a rebuttable presumption that every
23 natural person who, on December 31, 1997, holds a valid
24 and unexpired registration issued pursuant to former
25 Chapter 5 (commencing with Section 19800) of Division
26 8 of the Business and Professions Code, as it read
27 immediately prior to its repeal by this act, is suitable for
28 licensure pursuant to this act.

29 (h) If an application for a gambling license is denied,
30 the applicant shall be entitled to a pro rata refund of the
31 fee paid pursuant to subdivision (d), and any unused
32 deposit of investigative fees.

33 (i) If the Division of Gambling Control does not, prior
34 to ~~December 31, 1998~~ *the expiration of a provisional*
35 *license*, summon a person holding a provisional license for
36 the purpose of applying for a gambling license, the
37 division, upon request of the holder *prior to the*
38 *expiration* of the provisional license, and upon payment
39 of the fees specified in the Gambling Control Act, shall
40 extend the provisional license ~~until December 31, 1999~~ *for*



1 *one year.* Thereafter, the process described in
2 subdivisions (e), (f), and (g) shall apply in similar fashion.

3 (j) No application for a state gambling license may be
4 submitted to the Division of Gambling Control prior to
5 July 1, 1998. It is the intent of the Legislature that the
6 division and the Gambling Control Board shall be fully
7 operative by July 1, 1998.

8 SEC. 2. This act is an urgency statute necessary for the
9 immediate preservation of the public peace, health, or
10 safety within the meaning of Article IV of the
11 Constitution and shall go into immediate effect. The facts
12 constituting the necessity are:

13 In order to provide continuity in the regulation and
14 oversight of provisional licensees by the Division of
15 Gambling Control at the earliest possible time, it is
16 necessary that this act take effect immediately.

