
Introduced by Senator Wright
(Principal coauthor: Assembly Member Hall)

September 2, 2011

Senate Joint Resolution No. 14—Relative to Internet gambling.

LEGISLATIVE COUNSEL'S DIGEST

SJR 14, as introduced, Wright. Internet gambling.

This measure would respectfully urge the members of California's Congressional delegation to preserve the right of the State of California to opt out of, or opt into, any federal legislation for Internet gambling.

Fiscal committee: no.

1 WHEREAS, Leading gaming consultants estimate that in 2005,
2 United States citizens illegally wagered \$4 billion online at
3 off-shore, non-United States Internet gambling Web sites, and that
4 every week more than 1.5 million Californians participate in illegal
5 online gambling on the Internet; and
6 WHEREAS, Currently hundreds of Internet gambling Web sites
7 operate outside the United States, unregulated by any United States
8 governmental entity and in violation of United States laws.
9 Questions often arise about the honesty and the fairness of the
10 games played on these Internet Web sites, and about the true
11 purpose for, and use of, proceeds generated by these unregulated
12 Internet Web sites, particularly since the United States Department
13 of Justice has indicted the owners and operators of several of the
14 leading Internet gaming Web sites for money laundering, bank
15 fraud, and other federal felony offenses; and
16 WHEREAS, In October 2006, the United States Congress
17 passed, and the President signed, the SAFE Port Act to increase

1 the security of United States ports. Embedded within the language
2 of that bill was a section called the Unlawful Internet Gambling
3 Enforcement Act of 2006 (UIGEA), which prohibits the use of
4 banking instruments such as credit cards, checks, or fund transfers
5 for interstate Internet gambling. The statute, however, has not
6 eliminated illegal, unregulated Internet gambling, nor has it
7 provided any increased protection for participants from game
8 operators and others who would impair the integrity of online
9 gambling activity; and

10 WHEREAS, Congress included specific provisions in UIGEA
11 for individual states to permit intrastate Internet gambling, provided
12 that state laws permitting and regulating that activity could impose
13 reasonable protections against participation by underage persons
14 or by persons located outside the boundaries of the states
15 authorizing that activity. While the federal Indian Gaming
16 Regulatory Act balanced the interests of three sovereigns
17 governments, the state, Indian tribes, and the federal government,
18 UIGEA was designed to balance the federal interest in secure
19 financial transactions with the state power to determine how online
20 gambling should take place within the states; and

21 WHEREAS, The Legislature has held numerous hearings and
22 taken hours of testimony over the past 18 months on the issues
23 and challenges surrounding intrastate Internet gaming, and those
24 hearings have been instrumental in identifying problems and
25 solutions that have narrowed the differences among various
26 stakeholders. Witnesses have testified that a state regulated Internet
27 gaming framework will ensure that the games Californians are
28 authorized to play are honest, that winners are paid when and in
29 amounts due, and that the state and its citizens, rather than illegal
30 off-shore companies operating outside the reach of, and contrary
31 to, state and federal laws, will benefit from economic activity in
32 this state; and

33 WHEREAS, The Legislature has made a significant amount of
34 progress on intrastate Internet gaming to the point where, absent
35 unforeseen circumstances, a sound and objective proposal is fully
36 expected to be developed for consideration by the Legislature
37 during the 2012 portion of the 2011–12 Regular Session; and

38 WHEREAS, Congress currently has pending before it several
39 bills that would authorize and regulate certain forms of online
40 gaming that could be a disservice to all Californians and place the

1 state at a severe regulatory, competitive, and financial
2 disadvantage; now, therefore, be it

3 *Resolved by the Senate and the Assembly of the State of*
4 *California, jointly,* That the Legislature respectfully urges the
5 members of California's Congressional delegation to preserve the
6 right of the State of California to opt out of, or opt into, any federal
7 legislation for Internet gambling; and be it further

8 *Resolved,* That the Secretary of the Senate transmit copies of
9 this resolution to each Senator and Representative from California
10 in the Congress of the United States, and to the author for
11 appropriate distribution.