
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Bill Dodd

Chair

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Consultant:	Felipe Lopez		

Due to the COVID-19 Pandemic and the unprecedented nature of the 2020 Legislative Session, all Senate Policy Committees are working under a compressed timeline. This timeline does not allow this bill to be referred and heard by more than one committee as a typical timeline would allow. In order to fully vet the contents of this measure for the benefit of Senators and the public, this analysis includes information from the Senate Elections and Constitutional Amendments Committee

SUBJECT: Gambling: sports wagering

DIGEST: This constitutional amendment authorizes sports betting, including online or mobile sports betting, by horse race tracks and federally recognized Indian tribes, as specified. In addition, the constitutional amendment authorizes federally recognized Indian tribes to operate dice and roulette games on Indian lands. Finally, this constitutional amendment incorporates into the California Constitution the authority of a licensed gambling establishment to offer games with cards or tiles in which participants wager against each other, including games in which a participant known as the player-dealer wagers against the other participants, and would clarify that games played in this manner at a licensed gambling establishment are not banking or percentage games.

ANALYSIS:

Existing law:

- 1) The California Constitution prohibits various gaming activities within the state, including casino-style gambling, but authorizes the Governor, subject to ratification by the Legislature, to negotiate and conclude compacts for the operation of slot machines and the conduct of lottery games and banking and percentage card games by federally recognized Indian tribes on Indian lands in California in accordance with federal law.

- 2) The California Constitution also authorizes the Legislature to provide for the regulation of horse racing, charitable bingo games, the California State Lottery, and charitable raffles.
- 3) 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 (DOJ).
- 4) Prohibits the playing of any banking or percentage game played with cards for money, as specified.
- 5) Provides that a “banking game” or “banked game” does not include a game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game.
- 6) Provides that it is not the intent of the Legislature to mandate acceptance of the deal by every player if the division finds that the rules of the game render the maintenance of or operation of a bank impossible by other means.
- 7) Provides that the house shall not occupy the player-dealer position.

This bill:

- 1) Authorizes the Governor to negotiate and conclude compacts for sports wagering and for all banking and percentage games by federally recognized Indian tribes on Indian lands in California, which would include dice and roulette games.
- 2) Requires all amendments to tribal-state gaming compacts that permit onsite sports wagering to include provisions for compensation for actual regulatory costs incurred by the state related to sports wagering.
- 3) Authorizes federally recognized Indian tribes to offer online sports wagering if offered through an independent online sports wagering platform that provides sports wagering on behalf of the tribe, as specified.
- 4) Authorizes specified horse race tracks located in Alameda, Los Angeles, Orange or San Diego counties to offer sports wagering on-site and online or

mobile, as specified, including at one licensed satellite wagering facility authorized by each approved racetrack operator.

- 5) Incorporates into the California Constitution the authority of a licensed gambling establishment to offer games with cards or tiles in which participants wager against each other, including games in which a participant known as the player-dealer wagers against the other participants, and would clarify that games played in this manner at a licensed gambling establishment are not banking or percentage games.
- 6) Prohibits anyone under the age of 21 from placing a sports wager or collecting a win from a sports wager, and prohibits marketing or advertising of sports wagering that is attractive to children or is intended to encourage anyone under 21 to engage in sports wagering.
- 7) Prohibits sports wagering from being displayed or represented in a manner that mimics a slot machine or any other casino-style game, as specified.
- 8) Prohibits any wagering on the officiating of any sport event or whether injuries may or may not occur during any sporting event.
- 9) Requires that official league or association data be used for the purposes of live betting, as specified.
- 10) Requires providers to cooperate with leagues and associations in barring any individual from participating in sports wagering whose participation the league or association believes may harm the integrity of the sport or be unfair to consumers.
- 11) Requires the Bureau of Gambling Control (BGC) to perform all investigatory and auditing functions over facilities that operate sports wagering, as specified.
- 12) Provides that on-site sports wagering shall be taxed at a rate of 10% of gross gaming revenue, and online sports wagering shall be taxed at a rate of 15% of gross gaming revenue.
- 13) Requires each approved race track operator to remit 1% of their gross gaming revenue from all sports wagering, and each federally recognized Indian tribe to remit 1% of their gross gaming revenue from online sports wagering, to fund problem gambling programs, as specified. The total amount collected from all operators shall not exceed \$10 million dollars.

- 14) Requires each online sports wagering platform to pay an annual fee of \$1 million dollars, as well as a one-time fee of \$5 million dollars for each entity for which it provides online sports wagering.
- 15) Establishes the California Sports Wagering Fund (CSWF), and requires that all funds collected pursuant to this bill be deposited in the CSWF for appropriation by the Legislature to assist the state in recovering from the health and economic damage caused by the COVID-19 pandemic and to fund priorities related to education, public health, and public safety, as specified.
- 16) Authorizes the Legislature to enact those statutes necessary to implement sports wagering pursuant to this bill, including consumer protection and anticorruption measures.
- 17) Defines “gross gaming revenue” to mean an amount equal to the total of all wagers placed with a sports wagering operator less the total of all moneys paid as winnings to persons who placed wagers with a sports wagering operator.
- 18) Defines “online sports wagering” to mean sports wagering in which a person places a wager remotely through the use of an internet website, mobile device application, or remote terminal.
- 19) Defines “sporting event” to mean any professional, college, or amateur sport or athletic event, excluding any high school sport or athletic event, any sport or athletic event that has already been completed, or any horse race or horse race meeting.
- 20) Includes various legislative findings and declarations.

Background

Purpose of the bill. According to the author’s office, “by bringing sports wagering out of the shadows, this bill ensures that the State of California is able to capture much needed revenue, protect our constituents, and provide help for problem gamblers. This bill represents a fair compromise that will allow federally recognized tribes and horse racing tracks the opportunity to offer sports wagering while allowing cardrooms the opportunity to continue to offer the games they are currently authorized to play.”

In addition, the author’s office further states that, “the inclusion of mobile wagering is essential to convert a substantial percentage of the illegal market and ensure that state realizes meaningful revenue increases. No mobile wager may be

accepted without independent third party age and identity verification, and advertising to minors would be prohibited.”

Sports betting in the United States. In 1992, Congress passed the Professional and Amateur Sports Protection Act (PASPA), effectively outlawing sports betting in most of the United States. Existing sports lotteries in Oregon, Delaware, and Montana were exempted from PASPA, as well as sports betting in Nevada.

In 2014, New Jersey passed a law repealing the existing state prohibition on sports betting. Four professional sporting leagues and the NCAA filed suit against the new law, arguing that it violated PASPA. The case eventually made its way to the Supreme Court of the United States, and in May 2018, the Court, in a 6-3 decision, determined that the legality of PASPA was unconstitutional. This determination effectively authorized each state to legalize sports betting within their jurisdictions.

How other states have responded. As of April 30, 2020, live sports betting is now legal and happening in 18 states including New York, New Jersey, Pennsylvania, and Oregon. An additional five states have authorized sports betting, but are not yet operational. There are currently 16 states with active legislation or ballot initiatives that would authorize sports betting, including California. Twelve states currently have no active legislation or ballot initiatives to legalize sports betting, or failed legislation including Utah and Texas. According to Gambling Compliance, an industry research and consulting firm, roughly 50% of Americans will live in states that have some form of legalized sports betting by the end of this year.

Among the states currently operating legalized sports betting, the landscape of how and where bettors can place bets varies. For example, since online and mobile sportsbooks in New Jersey went live in August of 2018, more than 80% of all bets placed occur digitally. Bettors there can sign up for and fund accounts online, although they must be physically within the state to bet. Geolocation software helps ensure that individuals are in the state at the time the bet is placed. In Iowa, where bettors must physically visit a retail sportsbook at one of the state’s casinos to complete the online and mobile registration process, the digital handle, the total value of all bets placed online, accounts for approximately 57% of the state’s total handle.

In Oregon, the state Lottery Commission operates online and mobile betting. The Scoreboard sports betting app launched in October 2019, allows Oregonians to wager statewide via a mobile phone. Oregon’s first brick and mortar sportsbook recently launched at Chinook Winds, a tribal gaming facility. To date, the three most populous states — California, Texas and Florida — have not legalized sports wagering.

California law. The California Constitution prohibits various gaming activities within the state, including casino-style gambling. This bill proposes to amend the constitution, subject to approval by voters during the 2020 general election, to authorize regulated and taxed sports betting on-site and online by federally recognized Indian tribes and four specified horse race tracks (Del Mar, Golden Gate Fields, Los Alamitos, and Santa Anita), including at one licensed satellite wagering facility authorized by each approved racetrack operator.

Specifically, this bill authorizes federally recognized Indian tribes and specified horse race tracks to offer sports betting both in person at their licensed gaming establishments and online through an independent online sports wagering platform that offers sports wagering on behalf of the facility. This bill limits sports betting to individuals 21 years or older and prohibits betting on any high school sporting event, betting on the officiating of any sporting event, and betting on whether any injuries may or may not occur.

The sports betting market. Estimates on the size of the sports betting market vary. H2 Gambling Capital, one of the most trusted gambling data companies in the world, estimated that, prior to the Covid-19 pandemic and the cancellation of many sporting events, Americans would legally stake more than \$26 billion on sporting events in 2020. This would be up from \$5 billion in 2017, the last full year before the Supreme Court ruling.

Further, investment firm Morgan Stanley predicts the U.S. market will generate almost \$7 billion in revenue by 2025, up from \$833 million in 2019. Morgan Stanley states that a high-end bullish estimate that sports betting could generate \$15 billion in revenue from a \$216 billion handle by 2025 if every state in the nation has legalized it by then. That revenue figure would be equal to last year's North American movie box office sales. Its worst-case estimate is a \$2.5 billion revenue market with only 22 states participating.

In November of 2019, sportsbooks in Nevada posted a record handle of nearly \$614 million, which marks the first time Nevada's sportsbooks have crossed \$600 million in a month. New Jersey also announced that its sportsbooks posted a record handle in November of \$563 million. In May 2019, New Jersey passed Nevada to become the top state in monthly sports betting with a \$318.9 million handle and \$15.5 million in revenue, besting Nevada's \$317.3 million handle and \$11.6 million in revenue. During the first 11 months of 2019, Nevada's sportsbooks took in a total of \$4.75 billion in bets which led to \$282.8 million in revenue.

New York does not allow for online or mobile betting, and requires bettors to physically place bets at one of the state's commercial sportsbooks. New York does not report the state's total monthly handle, however it did announce that revenue for October 2019 was \$1.3 million.

Gaming experts have stated that California would be a premium market for sports betting given its population and number of sports teams. The American Gaming Association estimates Americans wagered \$154 billion on sports in 2016 before PASPA was overturned. It also claims nearly all of those wagers were illegal. If you break those illegal wagers down by population, it would mean California's approximately 39 million residents bet an estimated \$18.7 billion on sports in 2016 on the black market.

Most people in the sports betting industry agree that mobile sports betting is the way of the future, if not the present. While some gaming operators/entities have expressed doubts about whether mobile betting will drive traffic to their brick-and-mortar business or retail outlet, many believe that it is necessary should the legal market wish to capture the bulk of the illegal, black market's share.

According to the author's office, "estimates suggest this measure could generate approximately \$500 million or more in annual state revenue in a fully matured market, with at least \$200 million projected in the first year. These estimates are in addition to the money generated to support tribal governments and members and the broader economic benefits to the state as a whole. The state revenue would reduce painful cuts to schools and other critical programs while generating jobs."

Sports betting and the sports leagues. Although originally having brought suit against the state of New Jersey for violating PASPA, professional sports leagues have since taken actions more favorable to sports betting. In October of 2019, William Hill, one of the largest bookmakers in the world, entered into a partnership with NBA to become an authorized gaming operator of the league, joining MGM Resorts, FanDuel, and The Stars Group on a list of sportsbooks to forge partnerships with the NBA.

Over the last six months of 2019, Major League Baseball (MLB) added FanDuel, DraftKings, and the Stars Group as direct licensees of the league. Both the NBA and MLB took part in an extensive marketing campaign earlier in 2019 to sell sportsbooks on the merits of their program. In addition, the National Football League (NFL) signed an expanded data partnership with Sportradar, under which the Switzerland-based company gained exclusive rights to the distribution of the leagues official data to U.S. sportsbooks.

California has the most major professional sports teams in the country compared to other states, including: five MLB teams, four NBA teams, three NFL teams, three National Hockey League (NHL) teams, three Major League Soccer (MLS) teams (with another scheduled to be added in Sacramento in 2022), and one Woman's National Basketball Association (WNBA) team.

This bill requires that official league or association data be used for the purposes of live betting, unless such data cannot be provided in a reasonably timely manner and requires providers to cooperate with leagues and associations in barring any individual from participating in sports betting if that individual's participation may harm the integrity of the sports or be unfair to consumers.

State taxation rates. The state share of the revenue earned by sports betting operators varies from state to state, largely depending on tax rates. Delaware and Rhode Island tax roughly 50% of an operator's monthly revenue; Pennsylvania has a 34% rate; Mississippi collects an 8% state tax and a 4% local tax; New Jersey levies an 8.5% tax on land-based operators and 13% from online and mobile platforms. Nevada imposes a 6.75% tax on all betting activity, including sports. As more states move to legalize sports betting, the Wall Street Journal reports that states that allow betting online or by mobile apps are optimizing revenue. States that disallow mobile bets, like New York and Mississippi, have brought in less tax revenue than expected.

This bill places a tax of 10% on the gross gaming revenue (the amount of all wagers placed less the total of all moneys paid as winnings) for all on-site sports wagering, and a tax of 15% on the gross gaming revenue for all online sports wagering. Additionally, this bill includes an annual fee of \$1 million and a one-time fee of \$5 million on online sports wagering platforms for each entity for which it provides online sports wagering. Under this bill, those funds will be placed in the California Sports Wagering Fund (CSWF) for appropriation by the Legislature to assist the state in recovering from the health and economic damage caused by the COVID-19 pandemic and to fund priorities related to education, public health, and public safety.

Problem gambling. Problem gambling is the uncontrollable urge to gamble despite negative consequences in a person's life. Gambling addiction can contribute to poor mental and physical health, loss of money, and problems with family, friends, and coworkers. Licensed gaming establishments in California fund the Office of Problem Gambling (OPG) within the California Department of Public Health. The OPG provides training related to the treatment of gambling addiction for counselors throughout the state. OPG's prevention program is comprised of a helpline, training and technical assistance, public awareness campaigns, and

research. According to OPG's website, one million California residents suffer from problem gambling.

This bill requires horse race track operators that offer sports betting to remit 1% of their gross gaming revenue from all sports betting to fund problem gambling programs, and requires federally recognized Indian tribes to remit 1% of their gross gaming revenue from online sports wagering to fund problem gambling programs up to \$10 million dollars.

Roulette and dice games. The California Constitution prohibits games that utilize a roulette wheel or dice, such as craps. A number of tribal casinos currently offer modified versions of roulette and craps through the use of cards rather than a roulette wheel or dice. This bill would authorize federally recognized Indian tribes to offer traditional roulette and craps or any other casino-style game using dice.

Tribal initiative. In November of 2019, a coalition of 18 California Tribes filed a ballot initiative which would, among other things authorize legal sports betting in-person only at existing California Tribal casinos and four horse racing tracks; authorizes roulette and games played with dice such as craps at California Tribal casinos; and authorizes private lawsuits to enforce specified gambling laws. The proposed ballot initiative imposes a 10% tax on horse racing tracks offering sports wagering. The tax is applied to the amount of sports wagers made daily after deducting any payouts of winnings. Under the measure, collected tax revenues will be deposited into a new special fund, the California Sports Wagering Fund. The measure states that a tribe can choose to make payments into this fund, depending on the specific terms of its tribal-state compact.

The proposed ballot tribal initiative would authorize private lawsuits to enforce specified gambling laws. Specifically Chapter 10 of Title 9 of Part 1 of the California Penal Code prohibits the playing of any banking or percentage game played with cards, dice, or any other device. However, banked games featuring a player-dealer position that is continuously and systematically rotated amongst each of the participants during the play of the game are exempted from this prohibition. The proposed initiative subjects any person engaging in any conduct made unlawful by Chapter 10 of Title 9 of Part 1 of the California the Penal Code to a civil penalty of up to \$10,000 per violation.

According to the Legislative Analyst's Office (LAO), the proposed ballot tribal initiative would result in increased revenues to the state from sports betting payments and civil penalties. Some of these revenues would be new to the state; however, some portion of the increased state revenues would reflect a shift from other existing state and local revenues. According to the LAO, the magnitude of

the increase in state revenues is uncertain, but could reach the tens of millions of dollars annually. Additionally, the LAO identified increased regulatory costs depending primarily on how sports betting is implemented (such as the complexity of wagering options offered) and regulated. In total, increased state costs for agencies to regulate sports wagering could reach the low tens of millions of dollars annually, and increased state enforcement costs not likely to exceed several million dollars annually.

The LAO goes on to state that the measure could result in various other fiscal impacts on the state and local governments, including a possible loss of revenue for local governments. For example, if the new civil enforcement tool included in the measure negatively affects cardrooms, the local governments that receive revenues from cardrooms could experience a reduction in such revenues. While the impact on most local governments might not be significant, certain local jurisdictions could experience larger impacts if their local economies are significantly affected by gaming activity.

History of banked games. Historically, the California Legislature has banned all banked games through Chapter 10 of Title 9 of Part 1 of the California Penal Code. The term banked game has come to be defined as one in which the “house” or “bank” is a participant in the game, taking on all comers, paying all winners, and collecting from all losers. In 1984, California voters elevated the Legislative prohibition on banked games to a constitutional level with the adoption of the Lottery Act in 1984. Specifically, the Lottery Act amended the California Constitution to state that, “the Legislature has no power to authorize, and shall prohibit, casinos of the type currently operating in Nevada and New Jersey.”

In 1998, several Indian Tribes placed Proposition 5 on the ballot, which sought to statutorily authorize a form of bank games called “player pool banking.” The California Supreme Court in *HERE v. Davis (1999)* invalidated Proposition 5 reasoning that, “[because] Proposition 5, a purely statutory measure, did not amend section 19(e) or any other part of the Constitution, and because in a conflict between statutory and Constitutional law the Constitution must prevail, we conclude Proposition 5’s authorization of casino gambling is invalid and inoperative.”

In response to the California Supreme Court decision, the California State Legislature placed Proposition 1A on the March 2000 ballot to amend the state constitution to allow banked games on Tribal lands. The voters approved Proposition 1A and authorized the Governor to negotiate compacts with federally recognized Indian Tribes to operate slot machines, lotteries, and banking and percentage card games.

After the passage of Proposition of 1A, the State legislature passed AB 1416 (Wesson, Chapter 1023, Statutes of 2000) which specified that a “banked” game does not include a controlled game if the published rules of the game feature a player dealer position and provided that this position must be continuously and systematically rotated among each of the participants during the play of the game. AB 1416 also included legislative findings that stated that:

In 1983 and 1984 California card clubs played games with cards involving a player-dealer position in which players were afforded the temporary opportunity to wager against multiple players at the table where the player-dealer position continuously and systematically rotated among the players, prior to amendment of Section 19 of Article IV of the California Constitution by the California State Lottery Act of 1984.

In addition, AB 1416 also included legislative findings that state:

Casinos operating in 1983 and 1984 in the States of Nevada and New Jersey did not include card games featuring a player-dealer position which continuously and systematically rotates among the players. In Nevada and New Jersey, comparable games are banked only by the house, which is a participant in the game, with an interest in its outcome, and which covers all bets in the game, paying all winners and collecting from all losers.

Over time, the Department of Justice, through the Bureau of Gambling Control has issued game approvals to the cardroom industry to play games that feature a player dealer position and require that each player be offered the opportunity to accept the player-dealer position so long as it is continuously and systematically offered.

Despite AB 1416, legal ambiguities remain. Part of the reason is that in *Oliver v County of Los Angeles (1998)* the court suggested that utilizing a player dealer position does not insulate the game from being banked. The Court reasoned that:

If the other players decline to accept the player-dealer position, one player can act as a player-dealer for repeated hands and such a player need not to go broke after a few hands. A player with a significant amount of money to bet can hold the position of player-dealer for a long time, and thus keep the inherent playing advantage for him or herself. The effect would be a banked game because it could then be said of such a player that he or she is ‘taking on all comers, paying all winners, and collecting from all losers.’

However, it’s unclear what constitutes a “long time,” and since the legislature has some constitutional restrictions on defining a bank game, a dilemma has emerged

which has given rise to litigation and ambiguity in the approval and enforcement of games played in card rooms. Recently, California Attorney General, Xavier Becerra has indicated that his office is reviewing many of the previously approved games. It's unclear if and when that review will be complete.

Supporters of this bill claim that this constitutional amendment affirms that player-dealers are constitutionally permissible as long as each participant is offered the opportunity to be the player dealer. In doing so, supporters argue that this bill will preserve the status quo in how games have been played in card rooms since before the passage of the California Lottery Act.

Opponents argue that, "this cardroom-backed measure, with nineteen California cardrooms in support, is nothing more than a disguised effort to end the regulatory and enforcement efforts of the Attorney General and Bureau, and frustrate ongoing lawsuits between tribes, the State and California cardrooms."

Prior/Related Legislation

ACA 16 (Gray, 2019) would, if approved by a vote of the people, authorize the Legislature by statute to authorize and provide for the regulation of sports wagering. (Pending referral in Assembly Rules)

AB 2863 (Gray, 2016) would have established a framework to authorize intrastate Internet poker in California, as specified. (Held on the Assembly Floor)

AB 1437 (Gray, 2015) would have enacted the Internet Fantasy Sports Games Consumer Protection Act, which would have required a person or entity to apply for, and receive, a license from the Department of Justice prior to offering an Internet fantasy sports game for play in California. (Never heard in the Senate Governmental Organization Committee)

SB 1390 (Wright, 2012) would have established a statutory framework for authorizing sports betting at any licensed gambling establishment, horse racing track, and satellite wagering facility, and would have authorized a federally recognized Indian tribe to conduct sports wagering. (Held in the Assembly Appropriations Committee)

AB 1416 (Wesson, Chapter 1023, Statutes of 2000) defines what constitutes a prohibited "banking or banked game," and exempts from this definition those games played in licensed card clubs in which the rules of the game utilize a player-dealer position, provided the opportunity to occupy this position continuously and

systematically rotates among all seated players and preclude a person or entity from maintaining or operating as a bank during the course of the game.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

2Kings Gaming
500 Club Casino
Bay 101 Casino
Bicycle Hotel and Casino
California Cities Gaming Authority
CA Cities for Self-Reliance Joint Powers Authority
California Gaming Association
California Grand Casino
Casino Club
Casino M8trix
City of Bell Gardens
City of Chula Vista
City of Citrus Heights
City of Commerce
City of Gardena
City of Hawaiian Gardens
City of Inglewood
City of Oceanside
City of Ventura
Club One Casino
Coalition of Public Safety Officer Support Services
Commerce Casino and Hotel
Congress of Racial Equality
Crystal Casino
DraftKings
FanDuel
Gardens Hotel and Casino
Hollywood Park Casino
Hustler Casino
iDEA Growth
Inglewood Police Association, Inc.
Larry Flynt's Lucky Lady Casino
LE Gaming
Limelight Social Club
Livermore Casino

Lucky Chances
Los Alamitos Racetrack
Major League Baseball (MLB)
Metis TPS
Napa Valley Casino
National Basketball Association (NBA)
National Football League (NFL)
Oakland Athletics
Oaks Card Club
Ocean's Eleven Casino
The PGA Tour
Players Casino
PT Gaming
Seven Mile Casino
The Saloon Stones Gambling Hall
The Tavern at Stones Gambling Hall
Town of Colma

OPPOSITION:

Agua Caliente Band of Cahuilla Indians
Barona Band of Mission Indians
Blue Lake Rancheria
Cachil Dehe Band of Wintun Indians of the Colusa Indian Community
Cahuilla Band of Indians
California Coalition Against Gambling Expansion
California Nations Indian Gaming Association
Chicken Ranch Rancheria of Me-Wuk Indians
Federated Indians of Graton Rancheria
Habematolel Pomo of Upper Lake
Morongo Band of Mission Indians
Pechanga Band of Luiseno Indians
Rincon Band of Luiseno Indians
San Manuel Band of Mission Indians
San Pasqual Band of Mission Indians
Santa Ynez Band of Chumash Indians
Soboba Band of Luiseno Indians
Sycuan Band of Kumeyaay Nation
Table Mountain Rancheria
Tribal Alliance of Sovereign Indian Nations
Twenty-Nine Palms Band of Mission Indians
Viejas Band of Kumeyaay Indians

Yocha Dehe Wintun Nation

ARGUMENTS IN SUPPORT: According to the National Football League, “[s]tate legislators and regulators have an important role to play in ensuring that our nation’s professional and amateur sports are free from corruption and that public confidence in our games and the athletes, coaches and administrators involved in them, remains intact. Because of significant potential impact of widespread, legalized sports betting on the integrity of our games, we strongly support enacting enforceable policy changes through legislation to regulate betting in California.”

Additionally, a coalition of cardrooms writes in support of the bill that, “[i]n addition to the more holistic and comprehensive approach to sports betting that will benefit all Californians, these measures help to provide certainty for our industry as we look towards re-opening and protecting the hundreds of millions of dollars that many cities across the state rely on for essential resident services. Many of our host cities serve disadvantaged communities that rely on the cardroom tax revenues for health, housing, homeless, and emergency services. Furthermore, these measures also provide a more certain future for us to continue to support the 32,000 quality, living wage jobs across the state.”

ARGUMENTS IN OPPOSITION: According to the Viejas Band of Kumeyaay Indians, “SCA 6, if passed, would effectively repeal exclusive tribal gaming rights in favor of California cardrooms. The California cardroom industry has some of the worst actors in the entire gaming industry. California cardrooms illicitly operate Nevada-style banked games in violation of clear law (which SCA 6 seeks to remedy) and have a significant history of violating other criminal laws, including money laundering, resulting in millions in fines. The California cardroom industry does not deserve increased gaming rights at all, let alone at the expense of tribal governments that have operated their rural casinos responsibly and with integrity for decades, and contributed far more to the California economy.”

The Yocha Dehe Wintun nation argues that, “SCA 6 is replete with flaws, rendering it vulnerable to legal challenge. For example, the measure purports to give tribes the right to participate in a form of gaming that may be legally unavailable to them, specifically ‘online’ sports wagering, which would involve betting by patrons off Indian lands. There is some doubt under existing precedent as to whether tribes can even participate in such activities without violating federal law.”