

Date of Hearing: June 29, 2021

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Jim Frazier, Chair

SB 819 (Committee on Governmental Organization) – As Amended April 6, 2021

SENATE VOTE: 37-0

SUBJECT: Gambling Control Act

SUMMARY: This bill excludes from the definition of “gambling enterprise employee” and “key employee” individuals who are employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishments in which gambling is not authorized. In addition, this bill makes various clarifying changes to the Gambling Control Act (Act), as specified. Specifically, **this bill:**

- 1) Excludes from the definition of “gambling enterprise employee” a natural person employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishments in which gambling is not authorized.
- 2) Excludes from the definition of “key employee” a natural person who is employed solely to supervise employees whose duties are solely to serve or prepare food or beverages if the supervisor and the employees perform their duties only in areas of the establishment in which gambling is not authorized.
- 3) Authorizes the California Gambling Control Commission (CGCC or commission) to extend a license held by an applicant for up to 180 days if the commission is unable to act on the application for renewal before its expiration.
- 4) Clarifies that the further order of the CGCC terminating an emergency order shall occur at a meeting of the commission.
- 5) Clarifies that a person who owns or is employed by a third-party provider of position player services shall wear a badge that clearly identifies them as providing proposition players services, only while in a gambling establishment for which their third-party proposition player services company has a current contract.

EXISTING LAW:

- 1) Provides, under the Act, for the licensure and regulation of various legalized gambling activities and establishments by the CGCC and the investigation and enforcement of those activities and establishments by the Bureau of Gambling Control (Bureau), under the California Department of Justice.
- 2) Requires specified employees of a gambling enterprise to apply for and obtain from the CGCC a valid key employee license or a work permit.
- 3) Defines a “gambling enterprise employee” to mean a natural person employed in the operation of a gambling enterprise, including, dealers, floor personnel, security employees, and waiters and waitresses, or any other natural person whose employment duties require or

authorize access to restricted gambling establishment areas. Individuals classified as a “gambling enterprise employee” are required to obtain a work permit.

- 4) Defines a “key employee” to mean any natural person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions that regulate gambling operations, including, pit bosses, shift bosses, and gambling operation managers and assistant managers, or any other natural person designated as a key employee by the Bureau for reasons consistent with the Act. Individuals classified as a “key employee” are required to obtain a key employee license.
- 5) Requires a license issued by the CGCC to be renewed biennially, and provides a process for license renewal.
- 6) Authorizes the CGCC to extend a license held by an owner licensee for up to 180 days if the commission is unable to act on the application for renewal before its expiration.
- 7) Authorizes the Bureau to issue any emergency order against an owner licensee of a gambling establishment, or any person involved in a transaction requiring prior approval, that the Bureau deems reasonably necessary for the immediate preservation of the public peace, health, safety, or general welfare. Existing law requires the emergency order to remain effective until further order of the CGCC or final disposition of a proceeding, as specified.
- 8) Authorizes a gambling enterprise to contract with a third-party for the purpose of providing proposition player services, subject to specified conditions. Existing law requires those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players to wear a badge that clearly identifies them as proposition players whenever they are present within a gambling establishment.

FISCAL EFFECT: Unknown

COMMENTS:

Background and Overview:

CGCC work permits and key employee licenses. The Act generally requires anyone classified as a “gambling enterprise employee” or a “key employee” to either obtain a work permit or a key employee license from the local jurisdiction or if a process is not established by the local jurisdiction, from the CGCC.

In the event the work permit must be obtained from the state, the process entails a fingerprint scan and an ordinary criminal history background check performed by the Bureau. The work permit application process is streamlined and less stringent than the process to obtain a key employee license or any other state gambling license, which requires a deeper background investigation by the Bureau. This includes those individuals who work on any part of the gambling floor as well as any individuals who work as a member of the kitchen staff regardless of whether that individual’s work responsibilities include working in areas where gambling occurs.

SB 819 removes from the definition of a “gambling enterprise employee” an individual employed solely to serve or prepare food or beverages if those duties are performed only in areas

of the establishments in which gambling is not authorized. Furthermore, SB 819 removes from the definition of a “key employee” an individual who is employed solely to supervise employees whose duties are solely to serve or prepare food or beverages if the supervisor and the employees perform their duties only in areas of the establishment in which gambling is not authorized.

By making these changes, the bill no longer requires these individuals to obtain either a work permit or a key employee license as long as they remain in positions where their work responsibilities do not include any duties in areas of the establishment in which gambling is authorized.

Additional amendments to the Act. SB 819 also makes three clarifying changes to the Act. First, this bill allows the CGCC to extend a license held by an applicant for up to 180 days if the commission is unable to act on the application for renewal before its expiration. While the CGCC is currently providing for this extension, existing law states that this authority only applies to “owner licensees.” This change would align existing law with the CGCC practices.

Secondly, existing law authorizes the Bureau to issue an emergency order against an owner licensee of a gambling establishment and requires the emergency order to remain effective until further order of the CGCC. SB 819 simply requires that the further order of the commission to occur at a meeting of the CGCC.

The CGCC already currently issues these orders during a meeting of the commission. SB 819 aligns current practice with existing law.

Lastly, SB 819 clarifies that a person who owns or is employed by a third-party provider of position player services shall wear a badge that clearly identifies them as providing proposition players services, only while in a gambling establishment for which their third-party proposition player services company has a current contract. Existing law requires these individuals to wear a badge that clearly identifies them as proposition players whenever they are present within a gambling establishment. A strict reading of the law would require these individuals to wear a badge whenever they are at any gambling establishment regardless of whether their employer has a current contract at that gambling establishment. Once more, SB 819 aligns current practice by the CGCC with existing law.

Purpose of the bill. According to the author’s office, “requiring kitchen staff who have no interaction with any of the gambling business at a cardroom to obtain a work permit makes little sense. Not only does this create unnecessary work for local jurisdictions, the Bureau, and the Commission, but it also creates an unnecessary obstacle for many people. In addition, the bill includes a number of clarifying changes to the Act at the request of the CGCC to help it function more efficiently.”

Prior legislation. AB 1082 (Low), Chapter 122, Statutes of 2020. Removed from the definition of applicant, a person who is about to apply for a state gambling license, or other specified licenses, permits, or approvals.

AB 779 (Burke), 2017-2018 Legislative Session. Would have modified the definition of a “gambling enterprise employee” to no longer include an employee whose duties do not involve gaming activities, including, but not limited to, a cocktail server, bartender, janitorial worker, or other person engaged exclusively in preparing or serving food or beverages. (Died on the Senate Inactive File)

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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