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THIRD READING

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Bill No: AB 341  
Author: Ramos (D), Garcia (D), Gipson (D) and Mathis (R), et al.  
Amended: 4/27/23 in Senate  
Vote: 21

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SENATE GOVERNMENTAL ORG. COMMITTEE: 11-0, 4/25/23  
AYES: Dodd, Wilk, Archuleta, Ashby, Bradford, Glazer, Ochoa Bogh, Padilla,  
Portantino, Roth, Rubio  
NO VOTE RECORDED: Alvarado-Gil, Jones, Nguyen, Seyarto

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 68-1, 3/23/23 - See last page for vote

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**SUBJECT:** Gambling: local moratorium

**SOURCE:** Cahuilla Band of Indians  
Kings Card Club  
Morongo Band of Mission Indians  
Rincon Band of Luiseno Indians  
San Manuel Band of Mission Indians  
Santa Ynez Band of Chumas Indians  
Soboba Band of Luiseno Indians  
The Commerce Casino & Hotel  
The Gardens Casino

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**DIGEST:** This bill reinstates a gambling moratorium until January 1, 2043, related to the expansion of cardroom gaming and the issuance of new gambling licenses in the state, except as provided. Additionally, this bill authorizes a local jurisdiction to amend its local ordinance to increase the number of gambling tables that may be operated in a gambling establishment that operates fewer than 20 tables, by up to two additional tables the first year and up to two additional tables every four years thereafter, not to exceed 10 additional tables, as specified.

**ANALYSIS:**

## Existing law:

- 1) Provides, under the Gambling Control Act (Act), for the licensure and regulation of various legalized gambling activities and gambling establishments by the California Gambling Control Commission (Commission) and the investigation and enforcement of those activities and establishments the Department of Justice's Bureau of Gambling Control (Bureau).
- 2) Requires any amendment to any ordinance that would result in an expansion of gambling, as defined, in the city, county, or city and county, to be approved by the voters in that jurisdiction, unless that amendment results in an increase of less than 25% with respect to specified matters, including the number of gambling tables or the hours of operation of a gambling establishment in the city, county, or city and county.
- 3) Provides that any amendment to a local ordinance relating to gambling establishments, or the Act, shall be submitted to the Bureau for review and comment, before the ordinance is adopted by the city or county.
- 4) Directs the Commission to deny gambling licenses to applicants who are not in compliance with the local ordinances governing gambling.
- 5) Provides that no owner shall operate a gambling enterprise in violation of any local ordinance.

## This bill:

- 1) Reinstates the gambling moratorium until January 1, 2043, related to the expansion of cardroom gaming and the issuance of new gambling licenses in the state, except as provided.
- 2) Authorizes a city, county, or city and county to amend its ordinance to increase the number of gambling tables that may be operated in a gambling establishment that operates fewer than 20 tables by up to two additional tables the first year and up to two additional tables every four years thereafter, not to exceed 10 additional tables above those operated on January 1, 2023, as specified.
- 3) Provides that an ordinance that was approved by a majority of the voters in a city, county, or city and county in an election that occurred after November 1, 2020, that authorizes an increase in the number of gambling tables at a

gambling establishment and that became operative on January 1, 2023, as the result of the recently repealed moratorium shall remain operative on and after January 1, 2024, as specified.

- 4) States that any amendment to a local ordinance or adoption of an ordinance on or after January 1, 2023, resulting in an expansion of gambling that was not authorized or permitted under the Act as of December 31, 2022, or that is not authorized or permitted under the defined provisions shall be invalid and preempted.
- 5) Provides that an application for a gambling license that was not licensed to operate on December 31, 2022, that is pending before the Commission as of January 1, 2024, shall not be approved by the Commission.
- 6) States that a gambling license that was not licensed to operate on December 31, 2022, and that was issued between December 31, 2022, and January 1, 2024, shall be invalid.
- 7) States that the provisions of this bill are severable.

## **Background**

*Purpose of the Bill.* According to the author's office, "cardrooms and the tribes are working collaboratively on this issue. Last year, the legislature ran out of time on reaching an agreement. When first proposed by the cardrooms 25 years ago, the moratorium sought to prevent an oversaturation of gaming to ensure the vitality of the cardroom industry. Those circumstances haven't changed today, and AB 341 provides a framework for measured growth in the coming years."

*Recently Expired Moratorium.* Prior to January 1, 2023, there were two statutory moratoriums that restricted the growth of gambling establishments in California. One moratorium prohibited the state from issuing licenses for new gambling establishments. The other limited gambling establishments from expanding the number of tables they operate.

The moratorium restricting the expansion of existing gambling establishments and licensing of new establishments began in 1995. A five-year moratorium was put in place by the enactment of SB 100 (Maddy, Chapter 387, Statutes of 1995). Since this initial moratorium, legislation continuing both moratoriums has been continually enacted. Most recently, AB 1168 (Gipson, Chapter 744, Statutes of 2018) extended the moratorium by three years, from January 1, 2020, to January 1, 2023.

However, since the enactment of the original moratorium in 1995, the Legislature passed several laws allowing gambling establishments to expand the number of tables in a licensed gambling establishment. The last expansion of tables was enacted in AB 1039 (Hall, Chapter 745, Statutes of 2013) which authorized a local jurisdiction to amend its local ordinance to increase the number of tables by two. Most local jurisdictions have modified their local ordinances to realize the maximum amount of growth authorized by law.

Despite the expiration of the recent moratorium, existing cardrooms seeking to increase their authorized permanent tables, or individuals seeking to own or operate a new cardroom, must be in compliance with all relevant federal, state, and local laws. Local ordinances limit the number of permanent gaming tables or gambling establishments allowed in their jurisdiction. Any application or request submitted must not exceed the gaming allowances provided by the local jurisdiction.

The Commission cannot approve a request for an increase in authorized tables, or approve an application for a gambling license to own or operate a new cardroom, without the corresponding local jurisdiction having already enacted a gambling ordinance or having expanded their existing gambling ordinance in compliance with current law.

*City of San Jose Provision.* A provision in this bill provides “that an ordinance that was approved by a majority of the voters in a city, county, or city and county in an election that occurred after November 1, 2020, that authorizes an increase in the number of gambling tables at a gambling establishment and that became operative on January 1, 2023, as the result of the recently repealed moratorium shall remain operative on and after January 1, 2024, as specified.”

In November of 2020, the City of San Jose approved Measure H, which allows two local cardrooms, Bay 101 and Casino M8trix, to increase the number of tables they operate by 15 tables per cardroom. The measure also requires both cardrooms to pay more in taxes from gaming operations to fund general services, such as fire protection, 911 emergency response, public safety, street repair, and addressing homelessness. Last year, prior to the expiration of the moratorium, the Commission ruled that both of the city’s cardroom had already reached the maximum number of tables, 49 per cardroom, and any added tables beyond that number would be inconsistent with the moratorium.

On March 23, 2023, following the expiration of the moratorium, the item was again taken up by the Commission. After much deliberation, including concerns by members of the Commission that language in the local ordinance was not

consistent with requirements in the Act, the item was eventually put over to a future Commission hearing.

On April 20, 2023, the Commission denied the increase in tables for both Bay 101 and Casino M8trix on a 4-1 vote. Discussion regarding the reason for the denial once again focused on the discrepancy in the language of Measure H compared to the requirements in the Act. Following the denial, both cardrooms have the option of either appealing the decision to the Commission itself or seeking a remedy through the courts. The language in this bill, if those tables are eventually approved, allows both Bay 101 and Casino M8trix to continue to operate those tables.

### **Related/Prior Legislation**

SB 637 (Ochoa Bogh, 2022) would have extended the gambling moratorium related to the expansion of gaming and the issuance of new gambling licenses from January 1, 2023, to January 1, 2024. (Failed Passage in the Senate Governmental Organization Committee)

SB 576 (Archuleta, 2021) would have extended the gambling moratorium related to the expansion of gaming and the issuance of new gambling licenses from January 1, 2023, to January 1, 2028. Additionally, the bill would have authorized a city, county, or city and county, to amend its ordinance to increase the number of gambling tables that may be operated in a gambling establishment by up to two tables each calendar year, up to a maximum of 10 additional tables, as specified. (Never Heard in the Assembly Committee on Governmental Organization)

AB 1168 (Gipson, Chapter 744, Statutes of 2018) extended the gambling moratorium related to the expansion of gaming and the issuance of new gambling licenses from January 1, 2020, to January 1, 2023.

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

**SUPPORT:** (Verified 5/10/23)

Cahuilla Band of Indians (co-source)

Kings Card Club (co-source)

Morongo Band of Mission Indians (co-source)

Rincon Band of Luiseno Indians (co-source)

San Manuel Band of Mission Indians (co-source)

Santa Ynez Band of Chumas Indians (co-source)

Soboba Band of Luiseno Indians (co-source)

The Commerce Casino & Hotel (co-source)

The Gardens Casino (co-source)  
2 Kings Gaming Inc.  
Ace & Vine  
Agua Caliente Band of Cahuilla Indians  
Artichoke's Joe's, Inc.  
Blackstone Gaming  
Buena Vista Rancheria of Me-Wuk Indians  
California Cardroom Alliance  
California Cities for Self-Reliance Joint Powers Authority  
California Coalition Against Gambling Expansion  
California Grand Casino  
California Hispanic Chamber of Commerce  
California Nations Indian Gaming Association  
Cal-Prop Services  
Capitol Casino  
Casino Club  
Casino M8trix  
Club One Casino, Inc.  
Communities for California Cardrooms  
Elk Valley Rancheria, California  
Garlic City Club and Restaurant  
Habematolel Pomo of Upper Lake  
Hollywood Park Casino  
Knighted Ventures  
LE Gaming  
Napa Valley Casino  
Oaks Card Club  
Parkwest Casinos  
Players Edge  
Racxx Cardroom  
Sheriff's Employee Benefits Association  
Sycuan Band of the Kumeyaay Nation  
The Deuce and Lounge Casino  
Tule River Tribe  
Turlock Poker Room  
Twenty-Nine Palms Band of Mission Indians  
United Auburn Indian Community  
Wilton Rancheria

**OPPOSITION:** (Verified 5/10/23)

California College and University Police Chiefs Association  
California Narcotic Officers Association  
Coalition of Public Safety Officer Support System  
Elevation Entertainment Group  
Players Casino  
Seven Mile Casino  
Shingle Springs Band of Miwok Indians  
The Derby Room  
The Saloon at Stones Gambling Hall  
The Tavern at Stones Gambling Hall  
Valley Industry and Commerce Association  
Yocha Dehe Wintun Nation

**ARGUMENTS IN SUPPORT:** According to sponsors of this bill, “after a 25-year moratorium on cardroom expansion expired, the five co-sponsoring tribes have come together to support AB 341, which would allow for prudent growth of the state’s cardroom industry, which is in line with voters’ attitudes towards the expansion of off-reservation gaming. AB 341 would allow small cardrooms who have experienced growth in their surrounding communities to increase the number of tables they operate.”

According to the California Cardroom Alliance, “AB 341 maintains consumer safety protections and preserves local tax revenues relied on by many cities across the state. It specifically provides a small increase in tables in existing small, prohibits massive gaming expansion through the licensing of new cardrooms and an unlimited number of new gaming tables, and ensures the continued economic vitality of local communities dependent on gaming revenues. Without AB 341, the state is vulnerable to the strong possibility of significant expansion of gaming as the long-standing moratorium on cardroom licensing ended as of January 1, 2023.”

**ARGUMENTS IN OPPOSITION:** According to the Shingle Springs Band of Miwok Indians, “the [Bureau] recognizes that the cardrooms play illegal games, but they have failed to take action to stop the practice. Approval of AB 341 in its current manner would continue and expand an environment of illegal gaming by the cardrooms. AB 341 proposes to allow all cardrooms with less than twenty tables to indiscriminately increase the number of tables in their facilities. It is important to note that almost every cardroom in our surrounding vicinity have fewer than twenty tables which would allow those cardrooms to do even greater harm to our casino due to their ability to increase the play of illegal games.”

According to Seven Mile Casino, “the amendment to AB 341 from ‘20 or fewer’ to ‘fewer than 20’, is not rationally related to any state interest and creates an arbitrary line within the industry. The amendment to exclude two cardrooms who have 20 tables from the ability for the modest growth proposed in the bill puts them at a severe disadvantage, upends the status quo in the industry, and adversely impacts the communities they servie.”

ASSEMBLY FLOOR: 68-1, 3/23/23

AYES: Addis, Alanis, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner Horvath, Bonta, Bryan, Calderon, Juan Carrillo, Wendy Carrillo, Connolly, Megan Dahle, Davies, Dixon, Essayli, Mike Fong, Vince Fong, Friedman, Gabriel, Garcia, Gipson, Grayson, Haney, Hart, Holden, Hoover, Irwin, Jackson, Jones-Sawyer, Kalra, Lackey, Lee, Low, Lowenthal, McCarty, McKinnor, Muratsuchi, Stephanie Nguyen, Ortega, Pacheco, Papan, Jim Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Santiago, Schiavo, Soria, Ta, Ting, Valencia, Villapudua, Wallis, Ward, Weber, Wicks, Wood, Zbur, Rendon

NOES: Aguiar-Curry

NO VOTE RECORDED: Alvarez, Cervantes, Chen, Flora, Gallagher, Maienschein, Mathis, Joe Patterson, Sanchez, Waldron, Wilson

Prepared by: Felipe Lopez / G.O. / (916) 651-1530  
5/10/23 15:19:55

\*\*\*\* END \*\*\*\*