
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION
Senator Steve Padilla
Chair
2025 - 2026 Regular

Bill No:	AB 831	Hearing Date:	7/8/2025
Author:	Valencia		
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Urgency:	No	Fiscal:	Yes
Consultant:	Felipe Lopez		

SUBJECT: Gambling: operation of a contest or sweepstakes

DIGEST: This bill seeks to ban online “sweepstakes casinos” that mimic real-money gambling by using a dual virtual system. Additionally, this bill makes it unlawful for any person or entity to operate, conduct, offer, or promote an online sweepstakes game, as defined, in this state.

ANALYSIS:

Existing law:

- 1) The State Constitution and various other state laws limit the types of legal gambling that can occur in California. Specifically, related to provisions in this bill, the California Constitution Article IV – Section 19, law states:
 - a) The Legislature has no power to authorize lotteries, and shall prohibit the sale of lottery tickets in the State.
 - d) Notwithstanding subdivision (a) there is authorized the establishment of the California State Lottery.
 - e) The Legislature has no power to authorize, and shall prohibit, casinos of the type currently operating in Nevada and New Jersey.
 - f) Notwithstanding subdivision (a) and (e) and any other provision of state law, the Governor is authorized to negotiate and conclude compacts subject to ratification by the Legislature for the operation of slot machines and for 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. Accordingly, slot machines, lottery games and banking and percentage card games are hereby permitted to be conducted and operated on tribal lands subject to those compacts. (Proposition 1A, Gambling on Tribal Lands Amendments of 2000)

- 2) Provides, under the Indian Gaming Regulatory Act (25 U.S.C. Sec. 2701 et seq.), a statutory basis for conducting licensed and regulated tribal government gaming on Indian lands, as a means of strengthening tribal self-sufficiency through the creation of jobs and tribal economic development, and provides that certain forms of gaming, known as “Class III gaming,” will be subject to an agreement between a tribe and the state (Tribal-state gaming compacts).
- 3) Prohibits specified unfair acts or practices undertaken or committed by any person in the operation of any contest or sweepstakes including, among other things, using or offering for use any method intended to be used by a person interacting with an electronic video monitor to simulate gambling or play gambling-themed games in a business establishment that directly or indirectly implements the predetermination of sweepstakes cash, cash equivalent prizes, or other prizes of value, or otherwise connects a sweepstakes player or participant with sweepstakes case, cash-equivalent prizes, or other prizes of value. (California Business and Profession Code 17539.1)
- 4) Defines “sweepstakes” to mean a procedure, activity, or event, for the distribution, donation, or sale of anything of value by lot, chance, predetermined selection, or random selection that is not unlawful under other provisions of law, including, but not limited to Chapter 9 (commencing with Section 319) and Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code. (California Business and Professions Code 17539.1 (b))
- 5) Provides that any person who engages in unfair competition shall be liable for a civil penalty not to exceed \$2,500 for each violation, which shall be assessed and recovered by a civil action brought in the name of the people in the State of California by the Attorney General, by any district attorney, by any county counsel, as specified, by any city attorney, or, with the consent of the district attorney, by a city prosecutor in any city having a full-time city prosecutor. (California Business and Professions Code 17206)
- 6) Defines a lottery as a scheme for the disposal or distribution of property by chance, among persons who have paid or promised to pay any valuable consideration for the chance to obtaining such a property or a portion of it, or for any share or any interest in such property, upon any agreement, understanding, or expectation that it is to be distributed or disposed of by lot or

chance, whether called a lottery, raffle, or gift enterprise, or by whatever name the same may be known. (California Penal Code Section 319)

- 7) Provides that every person, who sells, gives, or in any manner whatever, furnishes or transfers to or for any other person any ticket, chance, share, or interest, or any paper, certificate, or instrument purporting or understood to be or to represent any ticket, chance, share, or interest in, or depending upon the event of any lottery, is guilty of a misdemeanor. (California Penal Code Section 321)
- 8) Makes it misdemeanor to own, manufacture, sell, rent, or possess any slot machine or device that operates by inserting money, tokens, or other objects and that offers prizes, money, or other valuables depending on chance. (California Penal Code Section 330(a))
- 9) Makes it unlawful to, among other things, manufacture, repair, own, store, possess, sell, rent, lease, lend, or permit the operation of any slot machine or device. Defines “slot machine or device” to mean a machine, apparatus, or device, that as a result of the insertion of any piece of money or coin or other object, the machine or device is caused to operate, and by reason of any element of chance the user may receive any money, credit, allowance, or thing of value. (California Penal Code Section 330(b))

This bill:

- 1) Provides that using or offering for use any method, including an internet website or an online application, intended to be used by a person to simulate gambling or play a gambling themed game, or any game that mimics or simulates similar gambling themed games is prohibited in the operation of any contest or sweepstakes.
- 2) Revises the description of “gambling themed games” to include examples, such as lottery games, bingo, sports wagering, or any that that mimics or simulates similar games, as specified.
- 3) Makes it an unfair practice using or offering games of the types described above that use a system of payment that allows a person to play or participate in a simulated gambling program for direct or indirect consideration, as specified, and for which a person playing the simulated gambling program may become eligible for a prize or award, cash or cash equivalents, or a chance to win a prize or award, or cash or cash equivalents, in a business establishment, on the internet, or using an online application.

- 4) Provides that the provisions of this bill do not make a game that does not award cash prizes or cash equivalents unlawful.
- 5) Makes it unlawful for any person or entity to operate, conduct, offer, or promote an online sweepstake game within this state.
- 6) Makes it unlawful for any person, entity, financial institution, payment processor, geolocation provider, gaming content supplier, platform provider, or media affiliate to support directly or indirectly the operation, conduct, or promotion of an online sweepstakes game within the state.
- 7) Provides that a person who violates the above-mentioned provisions is guilty of a misdemeanor and shall be punishable by a fine not less than \$1,000 nor more than \$25,000.
- 8) Defines “online sweepstake game” to mean a game, contest, or promotion that meets all of the following conditions:
 - a) Available on the internet or accessible on a mobile phone, computer terminal, or similar device.
 - b) Utilizes a dual-currency system of payment that allows a person to play or participate with direct consideration or indirect consideration, and for which the person playing or participating may become eligible for a prize, award, cash, or cash equivalents or a chance to win a prize, award, cash, or cash equivalents.
 - c) Simulates casino-style gambling, including, but not limited to, any of the following:
 - i) Slot machines.
 - ii) Video Poker.
 - iii) Table games, including, but not limited to, blackjack, roulette, craps, and poker.
 - iv) Lotteries, as defined.
 - v) Sports wagering.
- 9) Defines “direct consideration” to mean a coin, token, or other representation of value that may be purchased by a player or received through a bonus or promotion and that is used for playing or participating in online sweepstakes game.

- 10) Defines “indirect consideration” to mean a coin, token, or other representation of value that may be exchanged for a prize, award, cash, or cash equivalents or a chance to win a prize, award, cash, or cash equivalents. Indirect consideration is provided for free through a promotion, bonus, or with the purchase of a related product, service, or activity. A related product, service, or activity, includes a coin, token, or other representation of value that may be used for direct consideration.

Background

Author Statement. According to the author’s office, “AB 831 would protect Californians from unregulated online gambling by prohibiting online sweepstakes games that use a ‘dual currency’ model to mimic casino-style wagering. By exploiting ‘No Purchase Necessary’ disclaimers, these illegal operators sidestep California’s regulatory framework and evade the state’s voter-approved proposition related to Tribal-State gaming. Many of these ‘sweepstakes’ operators are based offshore and function without proper oversight, avoiding requirements like consumer protections, responsible gaming safeguards, background checks, and tax compliance.”

Sweepstakes Legality in California. In California, sweepstakes are legal so long as they comply with consumer protection laws, avoid becoming an illegal lottery, and avoid violating other anti-gambling laws. A lottery is defined by having three elements: prize, chance, and consideration (i.e., requiring payment or significant effort to enter). To remain avoid being considered a lottery, sweepstakes must eliminate "consideration" by offering a free alternative method of entry (AMOE). California Business and Professions Code, particularly Section 17539.15, imposes strict disclosure requirements on sweepstakes operators. Promoters must clearly disclose the odds of winning, the number and value of prizes, the name and address of the sponsor, start and end dates, eligibility rules, and that no purchase is necessary to enter or win. These details must be presented in a clear and conspicuous manner in both promotional materials and official rules.

Sweepstakes must treat all entrants equally, regardless of whether they entered through a purchase or a free method, and may not use deceptive or misleading advertising. For example, businesses cannot falsely tell consumers they have won or imply they must act urgently to claim a non-existent prize. Additionally, if alcohol is involved—such as when the sponsor is an alcohol brand—further restrictions apply, including prohibiting the requirement of visiting a licensed alcohol premises to enter and ensuring that alcohol is not the sole prize. Promoters must retain records of sweepstakes materials and results for several years. In short,

sweepstakes are allowed in California but are heavily regulated to protect consumers from deceptive practices and ensure fairness and transparency in prize promotions.

Lotteries in California. In California, a lottery is defined as any scheme or promotion that involves three essential elements: a prize, chance, and consideration. A prize is anything of value awarded to participants, such as cash, merchandise, or services. Chance refers to the winner being determined by luck or randomness rather than skill or merit. Consideration involves participants giving something of value, which could be money, a purchase, or even a significant amount of effort or time. According to California Penal Code Section 319, when all three elements are present, the activity constitutes a lottery. Unless it is specifically permitted by law, such as the California State Lottery, which was authorized by voters in 1984, lotteries are considered illegal in California.

The prohibition on unauthorized lotteries is further supported by the California Constitution, Article IV, Section 19, which states that the Legislature cannot authorize lotteries, except for those explicitly allowed, like the state lottery. Additional Penal Code Sections make it a crime to conduct, promote, advertise, or sell tickets for an unlawful lottery.

To avoid being classified as illegal lotteries, many sweepstakes contests are carefully designed to remove one of the three key elements, usually consideration. For example, companies may offer a free AMOE, such as mailing in a request or using free daily credits. This legal workaround is commonly used in online sweepstakes casinos, which allow users to play games with “sweepstakes coins” that can be acquired for free, thereby claiming to comply with California law.

However, this legal strategy remains a gray area. Various state prosecutors have occasionally challenged these businesses, especially when there is evidence that the free entry option is burdensome, hidden, or functionally ineffective. Whether a particular sweepstakes or game violates California’s anti-lottery laws likely depends on how those contests are structured and whether it genuinely removes the element of consideration.

What are Online Sweepstake Casinos? While the specifics of each sweepstakes casino offering may differ, the general model typically involves two distinct types of virtual currency. The first is gold coins, which are used exclusively for entertainment purposes in free-to-play games and have no cash redemption value. The second is sweepstakes coins, which may be awarded as a “bonus” with the purchase of gold coins, through promotional activities, or as complimentary

rewards. Sweepstake coins may be used to participate in sweepstakes entries and are potentially redeemable for real-world prizes or cash.

The legal rationale behind this model relies on a two-pronged theory. First, since gold coins cannot be exchanged for monetary value, operators of these platforms argue that gold coins do not constitute a “thing of value” under various gambling statutes. As such, they argue that playing for or winning gold coins does not meet the definition of gambling because there is no prize of real-world value. Second, they argue that sweepstake coins are not available for direct purchase, and their use to enter sweepstakes does not involve monetary risk. Therefore, there is no “consideration” involved—a key element required to be satisfied in the legal definition of what constitutes a lottery in California.

To the extent that sweepstakes are provided as a bonus in connection with the purchase of gold coins, operators generally offer an AMOE, such as submitting a request by mail, to obtain sweepstake coins without a purchase. This approach is designed to comply with the legal requirement that participation in a sweepstakes must not be contingent on payment, consistent with the “no purchase necessary” standard under applicable sweepstakes laws.

While sweepstakes casinos have been around for some time, their popularity has surged in recent years. According to research conducted by Eilers & Krejcik Gaming, sweepstakes casinos have seen considerable increases in revenue and popularity in recent times, including yearly revenue growth of 89% between 2019-2022. Capping off with a \$3.1 billion reported revenue in 2022, the sweepstakes market is projected to hit revenue figures of over \$8 billion by the end of 2024. As sweepstakes casinos have risen in popularity, criticism about whether they are being operated in a legal manner has risen as well.

How States are Responding. As of July, 2025, several states have taken legal or regulatory action to ban or severely restrict online sweepstakes casinos. These states generally consider such platforms to be a form of illegal gambling due to their slot-like gameplay and potential for real cash prizes, even if offered through a sweepstakes model. Below is a list of what some states are doing in response to the popularity of online sweepstakes casinos.

- 1) *Connecticut* – On June 11, 2025, Governor Lamont, signed legislation, which criminalizes real or simulated online casino gaming by sweepstakes operators.
- 2) *Louisiana* - Governor Landy vetoed legislation that would have explicitly banned online sweepstakes casinos. However, in his veto message he cited that the Louisiana Gaming Control Board (LGCB) already has the necessary

regulatory authority to address unlicensed operators. The LGCB has issued over 40 cease-and-desist orders to various sweepstakes and offshore betting sites.

- 3) *Maryland* – The Lottery and Gaming Control Agency has sent a number of cease-and-desist letters to several operators.
- 4) *Mississippi* – The Mississippi Gaming Commission has issued cease-and-desist letters to multiple online gambling sites that the commission believed were operating illegally in the state. According to the commission, the online wagering offered by these sports book and gaming sites are illegal in the state, as wagers may only be offered and accepted on the premises of, and by an establishment authorized by Mississippi law or Tribal Compact.
- 5) *Montana* – On May 12, 2025, Governor Gianforte signed legislation, which bans online sweepstakes platforms that allow wagers and cash payouts. Penalties include up to 10 years in prison and \$50,000 fines. Operators like Virtual Gaming World have already ceased operations in the state.
- 6) *New Jersey* – Initially Assemblyman Calabrese introduced A5447 aimed at bringing online sweepstakes casinos under the same regulatory umbrella as licensed online casinos and sportsbooks. The bill was eventually amended however to ban online sweepstakes casinos across the state. If passed, the bill would equip both the Division of Consumer Affairs and the Division of Gaming Enforcement with the power to crack down on these sites, categorizing them as a form of illegal gaming.
- 7) *New York* – On June 6, 2025, the Attorney General issued cease-and-desist letters to 26 sweepstakes sites offering cashable virtual coins, effectively shutting down online sweepstakes casino in the state. The Legislature has also introduced two bills to ban dual-currency platforms.
- 8) *Ohio* – Legislation has been introduced to prohibit sweepstakes-style dual current gaming.
- 9) *West Virginia* – Attorney General McCuskey has issued subpoenas and cease-and-desist letters to various operators.

In short, as of July, 2025, a number of states have begun to explicitly prohibit online sweepstakes casinos, especially those that utilize a dual-currency system. With that said, online sweepstakes casinos remain operational in a majority of U.S. States, including California. Generally, these platforms operate in states where there are no specific laws banning sweepstakes-based gameplay, as long as they comply with sweepstakes laws in those states (e.g., “no purchase necessary” and AMOEs).

Legality of Online Sweepstakes Casinos in California. As of the date of this analysis, the Committee is not aware of any published judicial decision that has

directly addressed the legality of online sweepstakes under California law. However in *People ex rel. Green v. Grewal*, 61 Cal. 4th 544 (2015), the California Supreme Court addressed whether computerized sweepstakes systems operated in Internet cafés constituted unlawful “slot machines or devices” under California Penal Code section 330b.

The case arose from five civil enforcement actions brought by the Kern County District Attorney, Linda Green, against the owners and operators of Internet cafés who offered sweepstakes entries with the purchase of Internet time or phone cards. Customers received sweepstakes points that could be used to play simulated games on computer terminals—games that closely resembled traditional slot machines. The results of the sweepstakes, which awarded cash prizes, were predetermined by a centralized server but hidden from customers until they played the game.

Defendants contended that their operations did not fall within the statutory definition of illegal gambling devices because the prize results were predetermined and not influenced by the player’s action at the terminal. They further argued that the consideration requirement was not satisfied because customers received something of value, Internet or phone time, in exchange for their payment. Nonetheless, both the trial courts and the Court of Appeal rejected these defenses, holding that the systems fell within the broad language of Penal Code section 330b(d), which defines a slot machine or device as any machine or apparatus that “may be operated, either by ... the insertion of a coin or other object, or by any other means, and by reason of any element of hazard or chance or of other outcome of operation unpredictable by [the user], the user may receive or become entitled to receive any piece of money ... or other thing of value.”

The California Supreme Court affirmed the judgments of the lower courts, concluding that the Internet café sweepstakes systems were illegal slot machines within the meaning of section 330b(d). The Court emphasized that the statutory definition does not require the prize outcome to be generated at the moment of play; it is sufficient if the machine’s operation involves an element of chance and a possibility of receiving something of value. The Court reasoned that although the sweepstakes results were determined in advance by a central server, the outcome was still unknown to the user and revealed only upon operation of the terminal. Therefore, the terminals engaged users in an activity that closely resembled traditional slot machine gambling.

Moreover, the Court rejected the argument that purchasing Internet or phone time rendered the consideration element moot. The Court held that the sweepstakes entries were the primary inducement for many customers and that the sale of

Internet time was essentially a subterfuge to mask the illegal gambling activity. The Court also clarified that the system as a whole—including software, server, and terminals—constituted a “slot machine or device” under the statute, and that disaggregating the components to avoid the statutory definition was not permissible.

Again, while this case was not specifically focused on online sweepstakes casino, the decision in *Grewal* nevertheless reinforced California’s longstanding prohibition on slot machine-type gambling devices, including those that attempt to evade regulation by using digital or networked formats. It serves as a significant precedent affirming that courts will look to the functional characteristics of a device and the role of chance and consideration in its operation, rather than the specific technological mechanism used, to determine its legality under California gambling laws.

Unlawful Internet Gambling Enforcement Act of 2006. The Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) is a federal law enacted as part of the SAFE Port Act. Rather than directly outlawing online gambling, UIGEA targets the financial side of the industry. It prohibits businesses involved in betting or wagering from knowingly accepting payments—such as credit card transactions, electronic fund transfers, or checks—related to unlawful internet gambling. What constitutes “unlawful” is determined by other applicable federal or state laws, meaning the act essentially reinforces existing gambling restrictions by choking off the flow of money used for placing illegal bets online.

The law places primary responsibility for enforcement on financial institutions and payment processors. Banks and payment networks are required to establish and maintain procedures to identify and block restricted transactions associated with illegal online gambling activity. Failure to comply can lead to both civil penalties, such as injunctions and fines, and criminal penalties, which may include significant fines and imprisonment for up to five years.

There are important exceptions to the law. It does not apply to online gambling that is lawful under state or tribal law, such as intrastate online betting systems or gaming on sovereign tribal land. In other words, UIGEA does not apply to gambling that is legally authorized under laws of one state as long as it’s conducted entirely within that state’s borders. Additionally, fantasy sports contests and some skill-based games are excluded, provided they meet specific conditions outlined in the statute.

The UIGEA was passed with the intent of curbing illegal internet gambling and preventing associated financial crimes like money laundering. Following its

implementation, many online gambling platforms either shut down operations in the U.S. or adjusted their payment systems to avoid legal risk. While controversial, the law remains a central mechanism through which the federal government regulates online gambling in the absence of broader national legalization.

The American Transaction Processors Coalition has taken an “oppose unless amended position on the bill and writes that “AB 831 would place undue burden on payment service providers by requiring them to restrict business relationships – even with entities not engaged in unlawful conduct. Section 337(o) makes it unlawful for processors, financial institutions, or related entities to support the operation, conduct, or promotion of online sweepstakes. This broad language poses significant problems. We also note that the federal UIGEA already provides a national framework to address unlawful online gaming. California should consider aligning with this existing framework rather than imposing additional and potentially conflicting obligations at the state level.”

Misdemeanor Provisions in the Bill. The bill establishes misdemeanor penalties for individuals and entities involved in operating, promoting, or facilitating online sweepstakes casinos that use dual-currency systems. The bill makes it a misdemeanor offense to offer or support these platforms whether directly or indirectly, including through advertising, payment processing, geolocation services, or content development. Violators may face up to one year in county jail, fines of up to \$25,000, or both.

While these provisions are under the jurisdiction of the Senate Public Safety Committee, it’s important to note that these provisions can be interpreted quite broadly and could lead to unintended consequences and unfair penalties. For example, the bill makes it a misdemeanor for either the *operation* of an online sweepstakes casino or simply for the *promotion* of an online sweepstakes casino. This seems to suggest that an individual that simply posts on social media a video/photo *promoting* such an entity could face the same exact punishment as someone who *operates* an online sweepstakes casino within this state.

It’s also important to remember that online sweepstakes casinos are still operating in the majority of U.S. States. Hence, with the example given above, the bill would appear to criminalize individuals for possibly promoting an entity that is legal in another state. While the intent of the bill might be to only criminalize individuals that promote the playing of online sweepstakes casinos in California, even then the language appears to be written so broadly that it would appear to

capture instances where individuals simply promote out of state online sweepstakes casinos.

Prior/Related Legislation

SB 549 (Newman, Chapter 860, Statutes of 2024) authorizes a California Indian tribe to bring an action in superior court against a cardroom and third party providers seeking a declaration as to whether a controlled game operated by a cardroom and banked by a third-party provider constitutes a banking card game that violates state law, as specified.

AB 1439 (Salas, Chapter 592, Statutes of 2014) prohibits any person, when conducting a contest or sweepstakes, from using an electronic video monitor to simulate gambling or play gambling-themed games that offers the opportunity to win sweepstakes cash, cash equivalent prizes, or other prizes of value.

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

SUPPORT:

California Nations Indian Gaming Association (Co-source)
Tribal Alliance of Sovereign Indian Nations (Co-source)
Yuhaaviatam of San Manuel Nation (Co-source)
Agua Caliente Band of Cahuilla Indians
Almond Digital Health
American Gaming Association
Big Valley Band of Pomo Indians
California Council of Problem Gambling
Dawn Rowe, Third District Supervisor, San Bernardino County
Elk Valley Rancheria
Highland Area Chamber of Commerce
Hispanic Coalition of Small Businesses
Light & Wonder
Morongo Band of Mission Indians
Shanon Dicus, Sheriff-Coroner, San Bernardino County
Soboba Band of Luiseño Indians
Sports Betting Alliance
Table Mountain Rancheria

OPPOSITION:

American Transaction Processors Coalition
Social and Promotional Games Association
Social Gaming Leadership Alliance
Virtual Gaming World (VGW)

ARGUMENTS IN SUPPORT: According to the Yuhahviatam of San Manuel Nation, “certain companies are exploiting loopholes in existing state law to offer online games that closely mimic casino-style games – such as slot machines – and sports betting allowing users to wager with coins that can ultimately be exchanged for cash or prizes. These sweepstakes coins are ‘given’ to a player when they purchase non-monetary ‘coins’ that cannot be redeemed. This ‘dual currency’ model cannot disguise the fact that users are able to purchase and wager with coins that have real-world value, thus making the games illegal gambling. AB 831 aims to close this loophole by amending the California Business and Professions Code to strengthen existing sweepstakes laws. It clarifies the illegality of internet-based sweepstakes that use the dual currency model and reinforces California’s stance against such unregulated gambling.”

Furthermore, the California Nations Indian Gaming Association states that, “with few exceptions, Article IV of the California Constitution prohibits gambling in the state. Article IV, Section 19(f) of the California Constitution authorizes the governor to negotiate and conclude compacts with federally recognized tribes for lottery games and the exclusive operation of slot machines, and banking and percentage card games, subject to legislative ratification and to the requirements of the federal Indian Gaming Regulatory Act. This exception does not apply to non-tribal operators in the state and the Constitution provides no exceptions for sports betting. Tribal gaming exclusivity, as granted by the voters of California must be honored. Allowing unregulated and predatory sweepstakes operators to bypass these regulations undermines that trust and the integrity of California’s gaming policies.”

ARGUMENTS IN OPPOSITION: According to the Social and Promotional Games Association, “AB 831 seeks to outlaw an entire category of digital promotions and entertainment, which have existed and operated legally for many years, using language so broad that its full impact is impossible to predict. The bill was amended at the last minute, without stakeholder input, without supporting data, and without clear evidence of harm. Before California creates new crimes, restricts speech, and disrupts legitimate businesses, the Legislature should take a more thoughtful and transparent approach and make this a 2-year bill. Disrupting

an entire legal industry in less than two months without adequate debate, education, public outreach, and evidence supporting the proponent's arguments seems extremely short-sighted and irresponsible.”

According to VGW, “rather than an outright prohibition, VGW and the social online games industry are asking that you park this rushed, gut-and-amend legislation and hear our side of the story. We want to work collaboratively with the California Legislature on sensible legislation that creates a robust regulatory framework prioritizing consumer protection while simultaneously offering a new revenue stream for the state. The economic opportunity is significant. Based on industry projections by Eilers & Krejcik, California could generate annual revenue of \$149 million through sale tax alone. Currently, there is no method for us to pay sales tax in California because ours is a digital product, but this is something we would be happy to do under an appropriate framework. We are also open to other potential sensible taxation frameworks and/or revenue stream to benefit the people of California.”

DUAL REFERRAL: Senate Governmental Organization Committee & Senate Public Safety Committee