

Date of Hearing: June 10, 2026

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Blanca Rubio, Chair

SB 920 (Archuleta) – As Amended May 14, 2026

**SENATE VOTE:** 29-1

**SUBJECT:** The Gambling Control Act: regulatory fees

**SUMMARY:** This bill would require the California Gambling Control Commission (Commission or CGCC) or the Department of Justice (DOJ), upon the adoption or adjustment of a fee that is deposited into the Gambling Control Fund (Fund), to maintain a regulation that states the authorized purpose and use of the fee, including the program activities funded and the categories of costs covered, among other things. Specifically, **this bill:**

1) Requires, upon the adoption or adjustment of a fee that is deposited into the Fund, the CGCC or the DOJ shall do both of the following:

- a) Adopt and maintain a regulation that states the authorized purpose and use of the fee, including the program activities funded and the categories of costs covered, including any shared administrative or support costs. The cost allocation methodology may be incorporated by reference to materials in the rulemaking record.
- b) Post on its public internet website the purpose and use statement and a brief cost basis summary related to that fee.

2) Provides a fee or adjustment to a fee shall not take effect until the regulation required by this measure is adopted or amended.

3) Provides that the provisions of this bill do not apply to any fee adopted or amended prior to the effective date of this bill.

**EXISTING LAW:**

1) Provides, under the Gambling Control Act (Act), the CGCC is responsible for licensing and regulating various gambling activities and establishments. Under the Act, the Bureau of Gambling Control (Bureau), under DOJ, is responsible for investigating any violations of, and enforcing controlled gaming activities under the Act (Business and Professions Code section 19800 et seq.), including, among others, prohibitions against (1) lotteries, (2) certain games played with cards, dice, or any device, for money, and (3) slot machines.

2) Establishes the Fund within the State Treasury and provides that funds shall be available, upon appropriation by the Legislature, for expenditure by DOJ and the CGCC exclusively for the support of DOJ and the Commission in carrying out their duties and responsibilities under the Act.

3) States that all fees and revenue collected pursuant to the Act, except all fines and penalties, be available, upon appropriation by the Legislature, for expenditure exclusively for the support of the Bureau and the CGCC in carrying out their duties and responsibilities under the Act.

4) Authorizes the Bureau to require an applicant to deposit money adequate to pay the costs of an investigation associated with an application for a license, and allows the department to require additional funds to be deposited during the investigation, as needed. The Act requires the department, at the conclusion of the investigation, to refund any unused portion of this deposit and to provide a written accounting of costs and charges.

**FISCAL EFFECT:** This bill is keyed fiscal by Legislative Counsel.

**COMMENTS:**

Purpose of the bill. According to the author's, this bill "SB 920 will ensure that all fees collected under the Act are clearly tied to their specified regulatory purposes and that stakeholders – including licensees, public officials, and the public – can readily understand how fee revenues are used to support the oversight responsibilities of the Commission and the DOJ. Under current law, when fees are set or adjusted, the purpose and cost basis aren't consistently laid out in regulation. This makes budgeting opaque, invites cross-subsidies, and fuels friction in rulemaking. An audit report on Fund fees completed in 2018 identified this as an issue and recommended that the Legislature take action. This bill implements that recommendation and ensures transparency surrounding Act fees."

**Background.**

California's Cardrooms. California's cardrooms have operated in various forms since the Gold Rush era. Today, approximately 83 cardrooms operate across 32 counties statewide. Together, they host more than 2,200 licensed tables, concentrated primarily in Los Angeles, the Central Coast, the Bay Area, and the Central Valley. Only a small share of these establishments are large-scale venues; the majority are modest operations—some with just a single table—dispersed throughout the state.

The industry generates roughly \$850 million in revenue after winnings. Cardrooms and their owners are subject to state business and income taxes. Additionally, about \$24 million in fees are projected to be collected annually from the industry to support state regulatory and problem gaming costs.

The Act provides the Commission with jurisdiction over the operation of gambling establishments in California. The Act requires every owner, lessee, or employee of a gambling establishment to obtain and maintain a valid state gambling license and assigns the Commission with responsibility of assuring that gambling licenses are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is harmful to the public health, safety, or welfare. The Act directs the CGCC to issue licenses only to those persons of good character, honesty and integrity; whose prior activities, criminal record, if any, reputation, habits, and associations do not pose a threat to the public interest of this state.

The DOJ, through the Bureau, monitors the conduct of gaming operations to ensure compliance with state gambling laws and conducts extensive background investigations of applicants seeking a state gambling license. The Bureau also conducts background checks for all key employees and state gambling licensees and vendor applications. The Bureau also inspects premises where gambling is conducted, examines gambling equipment, audits papers, books, and records of the gambling establishment, investigates suspected violations of gambling laws, and is ultimately responsible for enforcing compliance with all state laws pertaining to gambling.

Existing law establishes the Fund within the State Treasury and provides that, upon appropriation by the Legislature, monies in the Fund shall be expended by DOJ and the CGCC exclusively to support their respective duties and responsibilities under the Act.

2019 California State Auditor Report. In May 2019, the California State Auditor (Auditor) released a report titled, *Bureau of Gambling Control and California Gambling Control Commission: Their Licensing Processes are Inefficient and Foster Unequal Treatment of Applicants*. The audit examined how the DOJ's and the Commission's process licenses for individuals and businesses working in California's cardroom gaming industry.

The audit concluded that both agencies have implemented fee structures that result in unequal treatment of license applicants. Although the audit did not find evidence of discrimination by either entity based on applicants' ethnicity or other protected characteristics, it determined that the DOJ's incomplete and inconsistent procedures led to disparities in the level of scrutiny applied to different applicants. Relevant to this bill, the audit also found that neither the DOJ nor the CGCC has addressed the misalignment between the fees they collect and the actual costs of providing regulatory oversight. The audit noted that this misalignment has contributed to a substantial surplus in the Fund and may raise questions regarding the legality of certain fees.

In order to ensure that all fees that generate revenue for the Fund have a clear, stated purpose limiting their use, the Auditor recommended that, "the Legislature should require that when updating fee amounts, the commission and the bureau must also update their regulations to include clear statements about the need for an appropriate use of each type of fee."

The Auditor's report further recommended a cost analysis to assess whether DOJ and CGCC should adjust their regulatory fees to match actual administrative costs. In response to the Auditor's recommendation, the Commission and DOJ contracted with a third-party consulting company to conduct a cost and fee study. The study, which was finalized on June 9, 2021, led the Commission to change its methodology for calculating annual fees.

In support. According to the Communities for California Cardrooms, "By requiring published statements of purpose and cost basis summaries, SB 920 advances good governance practices that promote greater transparency in fee adoption and expenditure and protect the integrity of regulatory funding mechanisms. This bill is an important step toward ensuring that all fees collected under the Act are clearly tied to their specified regulatory purposes and that stakeholders — including licensees, public officials, and the public — can readily understand how fee revenues are used to support the oversight responsibilities of the CGCC and the DOJ."

Prior legislation. SB 451 (Archuleta), Chapter 584, Statutes of 2025. Clarified the DOJ's authority to investigate suspected violations of illegal gambling activities conducted outside of licensed cardrooms, irrespective of whether the suspected violation involves licensees.

AB 553 (Ramos), Chapter 533, Statutes of 2023. Required DOJ to develop and implement a policy and procedure for employees assigned to the Bureau to formally track those house and other expenses that can be charged to the Indian Gaming Special Distribution Fund, as specified.

AB 1268 (Patterson) of 2022. This bill would have required the CGCC and DOJ, when increasing a fee amount, to include a clear statement justifying the need for the fee increase and

explaining how the funds will be used in the regulation updating the fee. (Assembly Committee on Governmental Organization)

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Communities for California Cardrooms (Sponsor)

**Opposition**

None on file

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