

Date of Hearing: May 2, 2018

ASSEMBLY COMMITTEE ON GOVERNMENTAL ORGANIZATION

Adam Gray, Chair

AB 2857 (Gray) – As Introduced February 16, 2018

**SUBJECT:** Gambling: Gambling Control Act

**SUMMARY:** Revises the definition of "applicant" to no longer include any person who is about to apply for a state gambling license, or other licenses, permits, or approvals.

**EXISTING LAW:**

- 1) Provides, under the Gambling Control Act (Act), for the licensure of certain individuals and establishments involved in various gambling activities, by the California Gambling Control Commission (CGCC) and the enforcement of those activities by the Department of Justice (DOJ).
- 2) Requires the CGCC to ensure that licenses, approvals, and permits are not issued to, or held by, unqualified or disqualified persons, or by persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.
- 3) Authorizes the CGCC, for any cause deemed reasonable by the CGCC, to deny any application for a license, permit, or approval, to limit, condition, or restrict any license, permit, or approval, or to impose any fine upon any person licensed or approved.
- 4) Defines an "applicant" as any person who has applied for, or is about to apply for, a state gambling license, or other licenses, permits, or approvals, as specified.

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

**COMMENTS:**

Purpose of the bill: The current definition of an applicant, under the Act, includes individuals who are about to apply for a state gambling license, or other licenses, permits, or approvals. According to the author, "the definition of an applicant should not include individuals who have not actually applied for a gambling license. This bill would clarify and codify in law that an applicant, for purposes of the Act, will only include individuals who have applied for a gambling license, or other licenses, permits, or approvals with the CGCC." This clarification will help to strengthen the definition of an applicant by no longer including would be applicants in the definition.

Background: The Act provides CGCC with jurisdiction over the operation of gambling establishments in California. The Act assigns CGCC the 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 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. DOJ conducts background and field investigations and enforces the provisions of the Act in this regard.

Prior/Related Legislation: AB 1965 (Aguiar-Curry), 2017/2018 Legislative Session. Excludes waiters, waitresses, and secretaries from the definition of a gambling enterprise employee. (Pending in Assembly Appropriations Committee)

AB 779 (Burke), 2017/2018 Legislative Session. Makes changes to the definition of “gambling enterprise employee” within the Act, specifically, excludes waiters, waitresses, and secretaries from the definition of “gambling enterprise employee” Act. (Senate Inactive file)

AB 1188 (Gipson), 2015/2016 Session. Would have revised the definition of “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 with regard to gambling operations. (Gut and Amended on Senate Floor)

AB 2218 (Burke), 2015/2016 Legislative Session. Would have extended a licensing exemption for the owners of the card room located at the old Hollywood Park Racetrack. Additionally, extends the time after receipt of an order by the CGCC within which a person must apply for a gambling license or a finding of suitability. (Vetoed by Governor Brown)

AB 903 (Garcia), 2015/2016 Legislative Session. Would have permitted a person between 18 and 21 years of age to work in a gambling establishment in a classification that entails providing services on and off the gaming floor that are not involved in play of any controlled game. (Died on Senate Inactive File)

AB 2526 (Hall), 2011/2012 Legislative Session. Would have revised the definition of a "key employee" to any person employed in the operation of a gambling enterprise in a supervisory capacity or empowered to make discretionary decisions with regard to the gambling operations. (Died on Senate Inactive File)

SB 1678 (Florez), 2007/2008 Legislative Session. Would have added to the definition of "license" any other license issued by the CGCC pursuant to the Act or by a regulation adopted pursuant to that Act. Gutted and amended in the Assembly. (Held in Assembly Rules Committee)

SB 730 (Florez), Chapter 438, Statutes of 2007. Made various changes to the licensing and regulatory processes related to key employees for gambling establishments under the Act.

AB 1753 (Governmental Organization Committee), Chapter 546, Statutes of 2005. Deleted the residency requirement for key employees of California card rooms. Revises the penalties for violations of California's gambling related laws.

SB 8 (Lockyer), Chapter 867, Statutes of 1997. Repealed the Gaming Regulation Act, and instead enacted the Gambling Control Act, which provided for DOJ to investigate and enforce controlled gambling in the state. It also establishes CGCC to regulate gambling in this state to issue, suspend, or revoke gambling licenses.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

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