




CITY COUNCIL ACTION REQUEST			
Department: City Manager's Office	Date: 6/18/20	Coordination: Police Department, City Attorney's Office	Dept. Approval: /s/ Lee Wilcox CMO Approval:  6/18/2020
SUBJECT: SCA 6 (Dodd): Gambling: Sports Wagering			
RECOMMENDED POSITION: Support			
RECOMMENDED ACTION:			
<p>(a) Adopt a position of support for SCA 6 (Dodd).</p> <p>(b) Recommend this item be agendized for the June 30, 2020 City Council Meeting so that the City's Legislative Representative can advocate the City's support for SCA 6 (Dodd).</p>			
BILL SYNOPSIS:			
<p>In May 2018, the U.S. Supreme Court ruled in favor of the State of New Jersey in <i>Murphy v. National Collegiate Athletic Association</i>. The ruling overturns the Professional and Amateur Sports Protection Act prohibiting state-sanctioned sports gambling. Currently, 22 states permit or are working to launch legalized sports gambling.</p> <p>SCA 6 (Dodd) would allow federally recognized tribes and licensed racetracks in California to offer both in-person and mobile or online sports betting for people who are over 21 years old. The state would tax the gross revenues from this activity at 10% for in-person sports betting and 15% for mobile or online sports betting. In addition, the bill includes a one-time fee of \$5 million and an annual fee of \$1 million for online sports platforms for each entity that the platform conducts sports wagering for. The state would put the proceeds from the tax and fees into the California Sports Wagering Fund, and the Legislature would be able to appropriate those funds to help the state recover from the health and economic impact caused by the pandemic and to fund priorities around education, public health, and public safety.</p> <p>SCA 6 also requires horse race track operators and federally recognized tribes to remit 1% of gross online sports wagering revenue to fund problem gambling programs up to \$10 million.</p> <p>Tribal gaming casinos under SCA 6 would be allowed to operate roulette, craps, and other casino-style games using dice.</p> <p>On December 3, 2019, the Bureau of Gambling Control released proposed regulations changing the rules on the rotation of the player-dealer position in controlled games. Under current California law, banked card games – games where the casino has a stake in the outcome like blackjack and three-card poker – are not allowed outside of tribal casinos. Instead, cardrooms offer “California games,” which are a version of banked card games where the dealer role is rotated between the players at the table. The casino can hire dealers to step into the position if a player refuses their turn to deal. For decades this has been a state-approved alternative to offering traditional, banked card games. The proposed regulations from the Bureau would require all players at a table to take a turn as the dealer. If a player refuses, the game stops and the player has</p>			

to leave. The cardroom industry is concerned that these changes would make it harder to play, they are projecting a 60-70% loss in revenue from the proposed regulations.

SCA 6 (Dodd) includes a fix to the Bureau of Gambling Control’s proposed regulations by changing the state constitution to explicitly state that card games where the player-dealer position is offered to each player does not constitute a banked game. Therefore, the current way of playing in the cardrooms is legal.

As context, the California Indian Gaming Tribes is sponsoring a statewide ballot initiative that would legalize sports betting at tribal gaming casinos and four racetracks in the state. The initiative is similar to SCA 6, but has a few key differences. First, the initiative would permit tribal casinos to sue cardrooms directly. Currently, as sovereign nations, tribes can only sue the state. Secondly, the initiative does not address the player-dealer rotation rules. SCA 6 clarifies the player-dealer rotation can proceed as it does in current practice. Finally, the initiative prohibits online betting and taxes in-person betting at 10%. The initiative backers stopped gathering signatures due to the pandemic. A coalition of tribes is suing the state to seek an additional 90 days from the initiative’s July 20, 2020 signature gathering deadline to qualify for the November 2022 ballot.

Cardrooms are currently in negotiations with Native American Tribes on SCA 6, and Senator Dodd may amend the bill to reflect the negotiated changes while the bill is in the Senate.

IMPACTS TO CITY OF SAN JOSE:

Two permitted cardrooms operate in San José: Bay 101 and Casino M8trix. The City levies a Cardroom Business Tax on these two establishments, which is set at 15% of all cardroom gross receipts in excess of \$10,000. In 2018-2019, the City collected \$18.9 million in cardroom taxes. This revenue goes into the City’s General Fund and is used to support City services.

The cardroom industry has been concerned about the provision in the sports betting initiative sponsored by the California Indian Gaming Tribes that would allow tribal gaming casinos to sue cardrooms directly. At the same time, the cardrooms are concerned about the rulemaking activities at the Bureau for Gambling Control that would change long-standing player-dealer rules and potentially decrease cardroom revenue. SCA 6 does not give tribes new authority to sue cardrooms directly, and would provide a solution for the proposed regulations at the Bureau of Gambling Control.

If SCA 6 passes, the revenue from sports betting would flow into a new state fund. Although these proceeds would not come directly to the City of San José, the state may elect to spend revenues to support the City’s residents and businesses that have been impacted by the pandemic.

The Administration recommends the Council consider supporting SCA 6 if it clarifies the player-dealer rotation issue and allows card room table expansion.

POLICY ALIGNMENT:

SCA 6 aligns with the following Legislative Program policy:

“**Funding:** Protect and increase funding to deliver city services or build infrastructure for the benefit of the San José community.”

SUPPORTERS/OPPONENTS:**Supporters**

2Kings Gaming, 500 Club Casino, Bay 101 Casino, Bicycle Hotel and Casino, California Cities Gaming Authority, CA Cities for Self-Reliance Joint Powers Authority, California Gaming Association, California Grand Casino, Casino Club, Casino M8trix, City of Bell Gardens, City of Chula Vista, City of Citrus Heights, City of Commerce, City of Gardena, City of Hawaiian Gardens, City of Inglewood, City of Oceanside, City of Ventura, Club One Casino, Coalition of Public Safety Officer Support Services, Commerce Casino and Hotel, Congress of Racial Equality, Crystal Casino, DraftKings, FanDuel, Gardens Hotel and Casino, Hstler Casino, iDEA Growth, Inglewood Police Association, Larry Flynt's Lucky Lady Casino, LE Gaming, Limelight Social Club, Livermore Casino, Lucky Chances, Los Alamitos Racetrack, MLB, Metis TPS, Napa Valley Casino, NBA, NFL, Oakland Athletics, Oaks Card Club, Ocean's Eleven Casino, PGA Tour, PT Gaming, Seven Mile Casino, Saloon Stones Gambling Hall, The Tavern at Stones Gambling Hall, Town of Colma

Opponents

Agua Caliente Band of Cahuilla Indians, Barona Band of Mission Indians, Blue Lake Rancheria, Cachil Dehe Band of Wintun Indians of the Colusa Indian Community, Cahuilla Band of Indians, California Coalition Against Gambling Expansion, California Nations Indian Gaming Association, Chicken Ranch Rancheria of Me-Wuk Indians, Federated Indians of Graton Rancheria, Habematolel Pomo of Upper Lake, Morongo Band of Mission Indians, Pechanga Band of Luiseno Indians, Rincon Band of Luiseno Indians, San Manuel Band of Mission Indians, San Pasqual Band of Mission Indians, Santa Ynez Band of Chumash Indians, Soboba Band of Luiseno Indians, Syvuan Band of Kumeyaay Nation, Table Mountain Rancheria, Tribal Alliance of Sovereign Indian Nations, Twenty-Nine Palms Band of Mission Indians, Viejas Band of Kumeyaay Indians, Yocha Dehe Wintun Nation

STATUS OF BILL:

SCA 6 passed the Senate Governmental Organization Committee and is in the Senate Appropriations Committee Suspense file. The Senate Appropriations Committee Suspense Hearing is scheduled for June 23, 2020. The deadline for legislative measures to qualify for the November 2020 ballot is June 25, 2020.

FOR QUESTIONS CONTACT: Bena Chang, Intergovernmental Relations, at benachang@sanjoseca.gov

AMENDED IN SENATE MAY 28, 2020

Senate Constitutional Amendment

No. 6

Introduced by Senator Dodd
(Principal coauthor: Assembly Member Gray)

June 27, 2019

Senate Constitutional Amendment No. 6—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Section 19 of Article IV thereof, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SCA 6, as amended, Dodd. Gambling: sports wagering.

The California Constitution prohibits various gaming activities within the state, including casino-style gambling, but authorizes the Governor, subject to ratification by the Legislature, to negotiate and conclude compacts for the operation of slot machines and 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. The California Constitution also authorizes the Legislature to provide for the regulation of horse racing, charitable bingo games, the California State Lottery, and charitable raffles.

This measure would authorize the Legislature by statute to authorize and provide for the regulation of sports wagering. *regulated and taxed sports wagering, including online or mobile sports wagering, operated by horse race tracks and federally recognized Indian tribes, as specified.*

This measure would also authorize the Governor to negotiate and conclude compacts for sports wagering and for all banking and percentage games by federally recognized Indian tribes on Indian lands in California, which would include dice and roulette games.

Existing law, the Gambling Control Act, provides for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission and the investigation and enforcement of those activities and establishments by the Department of Justice.

This measure would incorporate into the California Constitution the authority of a licensed gambling establishment to offer games played onsite with cards or tiles in which participants wager against each other, including games in which a participant known as the player-dealer wagers against the other participants, and would clarify that games played in this manner at a licensed gambling establishment are not banking or percentage games.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 *Resolved by the Senate, the Assembly concurring, That the*
2 *Legislature of the State of California at its 2019–20 Regular*
3 *Session commencing on the third day of December 2018,*
4 *two-thirds of the membership of each house concurring, hereby*
5 *proposes to the people of the State of California, that the*
6 *Constitution of the State be amended as follows:*

7 *First—This measure shall be known as the California Sports*
8 *Wagering and Consumer Protection Act.*

9 *Second—That the Legislature finds and declares all of the*
10 *following:*

11 *(a) In May 2018, the Supreme Court of the United States held*
12 *the federal prohibition on sports wagering to be unconstitutional.*
13 *As a result, states now have the freedom to authorize sports*
14 *wagering within their borders and to establish regulations,*
15 *consumer protections, responsible gambling measures, and taxes*
16 *on sports wagering. Already, 20 states have chosen to regulate*
17 *and tax sports wagering in a manner that provides for consumer*
18 *protections and responsible gambling, and gives adults the choice*
19 *to participate in this activity.*

20 *(b) Unregulated and untaxed sports wagering is happening*
21 *throughout California without any consumer or responsible*
22 *gambling protections. Leading economists and industry experts*
23 *estimate that during the federal prohibition on sports wagering,*
24 *a thriving black market flourished with billions of dollars wagered*
25 *annually across the United States. These illegal sports wagering*

1 operators are unlicensed and unregulated, and jeopardize the
2 health, safety, and welfare of millions of Californians. Illegal
3 operators pay no taxes, are unaccountable to California
4 consumers, and put the integrity of athletic contests at risk.

5 (c) At a time when the people of California are suffering the
6 catastrophic public health and economic consequences of a global
7 pandemic created by COVID-19, it is unconscionable that illegal
8 operators are reaping hundreds of millions of dollars in profits
9 from California consumers without providing any tax revenue to
10 support the needs of our state residents for public services and
11 improving our economy.

12 (d) Leading economists and industry experts estimate a legal
13 and regulated sports wagering market in California could generate
14 billions of dollars in economic activity in the initial years, which
15 would result in hundreds of millions of dollars in new annual tax
16 revenue for the State of California. This revenue is currently lost
17 to illegal betting promoters and could instead be paid by regulated
18 sports wagering entities and used to fund vital public services,
19 including health care and first responders.

20 (e) This act amends the State Constitution to allow the
21 replacement of unregulated, and untaxed operators with a safe,
22 legal online and mobile sports wagering market that is honest,
23 regulated, and taxed. These amendments are necessary to
24 reinvigorate California's economy as well as to protect
25 Californians and athletic contests from the risks of cheating and
26 criminal influence inherent in today's illegal sports wagering
27 market.

28 (f) This act would enable the State of California to capture
29 hundreds of millions of dollars in revenue for the benefit of
30 Californians as we seek to recover from the health and economic
31 damage caused by COVID-19, dollars that are currently bolstering
32 the profits of illegal, out-of-state sports wagering operators.
33 Experts estimate that legalizing sports wagering will generate
34 billions of dollars in new revenue in the coming years that we can
35 use to combat the damage caused to our state by COVID-19.

36 (g) Californians 21 years of age or older should have the choice
37 to participate in legal sports wagering offered by highly regulated
38 and safe entities that are experienced in gaming operations and
39 are in good standing with the appropriate federal, state, and local
40 regulatory agencies.

1 *(h) In keeping with our California values of protecting our*
2 *children and young people, sports wagering must be tightly*
3 *regulated. It must be limited to only adults 21 years of age or older.*
4 *Accordingly, there shall be no advertising or marketing of sports*
5 *wagering directed to children.*

6 *(i) To prevent the exploitation of animals, sports wagering will*
7 *not be allowed on any currently prohibited form of animal contests,*
8 *such as greyhound or other dog races.*

9 *(j) A well supervised sports wagering system will limit sports*
10 *wagering to highly regulated and safe facilities that are*
11 *experienced in gambling operations and with the financial*
12 *resources to responsibly operate the activity. The best entities to*
13 *safely operate sports wagering are Indian casinos and racetrack*
14 *operators. In order to ensure that the intent and purposes of the*
15 *act are fulfilled, sports wagering operators must be required to*
16 *perform annual audits and publicly report their findings to state*
17 *regulators.*

18 *(k) Since 2000, California tribal governments have operated*
19 *Indian casinos on their own tribal lands, generating much-needed*
20 *resources to help reverse the brutal history endured by California*
21 *Native Americans. These resources have allowed California tribes*
22 *to provide services including health care, schools, scholarships,*
23 *cultural resource protection, fire services, law enforcement*
24 *services, water systems, environmental protection, and more.*
25 *Importantly, in the last 20 years, California tribes have shared*
26 *more than \$1 billion in revenues with nongaming tribes to help*
27 *strengthen tribal communities.*

28 *(l) In 2016, Indian gaming in California directly and indirectly*
29 *generated the following total economic and fiscal impacts on the*
30 *California economy: 124,300 jobs; \$20 billion in output; \$9 billion*
31 *in wages to employees; \$3.4 billion in taxes and revenue sharing*
32 *payments to federal, state, and local governments, including nearly*
33 *\$1 billion to the State of California and \$378,000,000 to local*
34 *governments.*

35 *(m) Horse racing represents one of the oldest forms of wagering,*
36 *existing in California for almost a century. Over 17,000 licensed*
37 *jobs are tied to the horse racing industry. According to the*
38 *California Horse Racing Board, over \$3 billion is wagered each*
39 *year. This brings in millions of dollars in revenue to the state, to*
40 *the world's premier equine chemistry laboratory, the Kenneth L.*

1 *Maddy Equine Analytical Chemistry Laboratory at the University*
2 *of California, Davis, and to local governments from sales taxes.*

3 *(n) This act will ensure that sports wagering is regulated and*
4 *taxed, so adults who choose to participate in this activity can do*
5 *so legally, while raising revenue for education, public safety, and*
6 *mental health, ensuring strong consumer protections especially*
7 *for children, and strengthening enforcement of gambling laws.*

8 *Third—That the Legislature declares the purpose of this act is*
9 *to regulate and tax sports wagering in California, including sports*
10 *wagering offered over the internet, and to strengthen California’s*
11 *gambling regulations and safeguards as follows:*

12 *(a) By regulating and taxing sports wagering, including sports*
13 *wagering offered over the internet, to take sports wagering out of*
14 *the black market, and to create a regulatory structure that prevents*
15 *access by minors and protects public safety by allowing sports*
16 *wagering at highly regulated and safe facilities that are*
17 *experienced in gaming operations.*

18 *(b) By permitting tribal governments to offer sports wagering,*
19 *including sports wagering offered over the internet through*
20 *platform providers, after negotiations pursuant to state and federal*
21 *law, as tribal governments have an expertise in gaming operations*
22 *and possess the financial resources to responsibly operate sports*
23 *wagering.*

24 *(c) By permitting racetrack operators to offer sports wagering,*
25 *including offering sports wagering over the internet, as these*
26 *operators are also highly regulated and are experienced in live*
27 *and online gaming operations.*

28 *(d) By ensuring that these facilities and operators are in good*
29 *standing with the appropriate federal, state, and local regulatory*
30 *agencies.*

31 *(e) By creating strict consumer protections to promote*
32 *responsible sports wagering and protect children and public health,*
33 *including, without limitation, all of the following:*

34 *(1) Requiring adults 21 years of age or older to be physically*
35 *present in a facility to place sports wagers or to be age verified if*
36 *placing a wager over the internet.*

37 *(2) Only permitting sports wagering by those 21 years of age*
38 *or older to safeguard against underage gambling.*

39 *(3) Prohibiting the marketing and advertising of sports wagering*
40 *intended to appeal to persons younger than 21 years of age.*

1 (4) *Permitting sports wagering only on professional, college,*
2 *or amateur sport or athletic events.*

3 (5) *Prohibiting wagering on any high school sports or athletic*
4 *events to protect our students.*

5 (6) *Prohibiting wagering on any currently illegal sporting event*
6 *or contest, including, but not limited to, animal races, such as*
7 *greyhound or other dog races, to prevent the exploitation of*
8 *animals.*

9 (f) *By imposing a 15 percent tax on sports wagering activity*
10 *conducted by racetrack operators to assist the state in recovering*
11 *from the health and economic damage caused by COVID-19, to*
12 *fund programs related to problem gambling prevention, implement*
13 *oversight of sports wagering, and help finance the state's general*
14 *fund priorities related to education, public health, and public*
15 *safety.*

16 (g) *By imposing a 15 percent tax on sports wagering activity*
17 *facilitated by online platform providers that are authorized by*
18 *tribal governments, to assist the state in recovering from the health*
19 *and economic damage caused by COVID-19, to fund programs*
20 *related to problem gambling prevention, implement oversight of*
21 *sports wagering, and help finance the state's general fund priorities*
22 *related to education, public health, and public safety.*

23 (h) *By requiring an audit of sports wagering revenue to ensure*
24 *this revenue is spent properly and effectively.*

25 (i) *By clarifying existing state gambling policies, statutes, and*
26 *rules applicable to California's licensed and regulated cardrooms*
27 *to ensure that all establishments that offer gambling opportunities*
28 *play by the rules and follow the law. These clarifications will help*
29 *to ensure that all lawful gambling is free from criminal and*
30 *corruptive elements, that it is conducted honestly and competitively*
31 *by suitable operators, and that all gambling enterprises are held*
32 *accountable for compliance.*

33 (j) *By ensuring that establishments that offer legal sports*
34 *wagering play by the rules, by making them subject to appropriate*
35 *audit standards.*

36

37 ~~That~~

38 *Fourth—That Section 19 of Article IV thereof is amended to*
39 *read:*

1 SEC. 19. (a) The Legislature has no power to authorize
2 lotteries, and shall prohibit the sale of lottery tickets in the State.

3 (b) The Legislature may provide for the regulation of horse
4 races and horse race meetings and wagering on the results.

5 (c) Notwithstanding subdivision (a), the Legislature by statute
6 may authorize cities and counties to provide for bingo games, but
7 only for charitable purposes.

8 (d) Notwithstanding subdivision (a), there is authorized the
9 establishment of a California State Lottery.

10 (e) The Legislature has no power to authorize, and shall prohibit,
11 casinos of the type currently operating in Nevada and New Jersey.

12 (f) (1) Notwithstanding subdivisions (a) and (e), and any other
13 state law, the Governor is authorized to negotiate and conclude
14 compacts, subject to ratification by the Legislature, for the
15 operation of slot machines and for the conduct of lottery ~~games~~
16 *games, onsite sports wagering, and banking and percentage-card*
17 ~~games games, including those played with cards, dice, or a roulette~~
18 *wheel, by federally recognized Indian tribes on Indian lands in*
19 *California in accordance with federal law. Accordingly, slot*
20 *machines, lottery games, onsite sports wagering, and banking and*
21 *percentage-card games games, including those played with cards,*
22 *dice, or a roulette wheel, are hereby permitted to be conducted*
23 *and operated on tribal lands subject to those compacts. All*
24 *amendments to tribal-state gaming compacts to permit onsite sports*
25 *wagering shall, pursuant to the Indian Gaming Regulatory Act of*
26 *1988, include provisions for compensation for actual regulatory*
27 *costs incurred by the state related to sports wagering operated*
28 *pursuant to this paragraph.*

29 (2) *A federally recognized Indian tribe may also offer online*
30 *sports wagering if offered through an independent online sports*
31 *wagering platform that provides sports wagering on behalf of the*
32 *tribe in accordance with subdivision (j).*

33 (g) Notwithstanding subdivision (a), the Legislature may
34 authorize private, nonprofit, eligible organizations, as defined by
35 the Legislature, to conduct raffles as a funding mechanism to
36 provide support for their own or another private, nonprofit, eligible
37 organization's beneficial and charitable works, provided that (1)
38 at least 90 percent of the gross receipts from the raffle go directly
39 to beneficial or charitable purposes in California, and (2) any
40 person who receives compensation in connection with the operation

1 of a raffle is an employee of the private nonprofit organization that
2 is conducting the raffle. The Legislature, two-thirds of the
3 membership of each house concurring, may amend the percentage
4 of gross receipts required by this subdivision to be dedicated to
5 beneficial or charitable purposes by means of a statute that is signed
6 by the Governor.

7 *(h) Notwithstanding subdivision (e) or any other provision of*
8 *state law, licensed gambling establishments are authorized to offer*
9 *games played with cards or tiles in which participants who are*
10 *present wager against each other. Accordingly, a banking or*
11 *percentage game does not include a game played in a licensed*
12 *gambling establishment in which a participant known as the*
13 *player-dealer wagers against the other participants, provided each*
14 *participant is offered the opportunity to be the player-dealer.*

15 ~~(h)~~

16 *(i) (1) Notwithstanding subdivisions (a) and (e), the Legislature*
17 *by statute may authorize and provide for the regulation of sports*
18 *wagering. commencing on January 1, 2021, an approved racetrack*
19 *operator may offer sports wagering.*

20 *(2) A sports wager authorized pursuant to this subdivision shall*
21 *be physically placed by the bettor, and accepted by the operator,*
22 *within a designated building of a race track for which the approved*
23 *racetrack operator has been licensed by the California Horse*
24 *Racing Board during the preceding 18 months and at one licensed*
25 *satellite wagering facility authorized by each approved racetrack*
26 *operator which has operated as a satellite wagering facility for*
27 *the immediately preceding 18 months.*

28 *(3) Each racetrack and licensed satellite wagering facility*
29 *authorized to offer sports wagering may also offer online sports*
30 *wagering at one internet website each, if offered through an*
31 *independent online sports wagering platform that offers sports*
32 *wagering on behalf of the facility.*

33 *(4) As used in this subdivision, an approved racetrack operator*
34 *means an operator licensed by the California Horse Racing Board*
35 *during the 2019 calendar year to conduct live horse race meetings*
36 *at racing tracks located in the County of Alameda, Los Angeles,*
37 *Orange, or San Diego and operated by a private entity, including*
38 *a private entity operating on a state fairground within one of those*
39 *counties, and does not include the racing track of a state designated*

1 *fair as defined in Section 19418 of the Business and Professions*
2 *Code as that section read on January 1, 2020.*

3 (j) (1) *Sports wagering offered by an approved racetrack*
4 *operator pursuant to subdivision (i) or a federally recognized*
5 *Indian tribe pursuant to subdivision (f), including sports wagering*
6 *offered by an independent online sports wagering platform on*
7 *behalf of those entities, shall be subject to the provisions of this*
8 *subdivision.*

9 (2) *Any person placing a sports wager or collecting a win from*
10 *a sports wager shall be 21 years of age or older.*

11 (3) *Sports wagering shall not be displayed or represented in a*
12 *manner that mimics a slot machine or any other casino-style game,*
13 *including, but not limited to, blackjack, roulette, or craps.*

14 (4) *No wagering on the officiating of any sport event or whether*
15 *injuries may or may not occur during any sporting event shall be*
16 *permitted.*

17 (5) *Marketing or advertising of sports wagering that is attractive*
18 *to children or is intended to encourage persons under 21 years of*
19 *age to engage in sports wagering shall be prohibited.*

20 (6) *Official league or association data shall be used for the*
21 *purposes of live betting, unless such data cannot be provided in a*
22 *reasonably timely manner and in accordance with commercially*
23 *reasonable terms.*

24 (7) *Providers shall cooperate with leagues and associations in*
25 *barring any individual from participating in sports wagering whose*
26 *participation the league or association believes may harm the*
27 *integrity of the sport or be unfair to consumers.*

28 (8) *The Bureau of Gambling Control within the Department of*
29 *Justice shall perform all investigatory and auditing functions over*
30 *facilities that operate sports wagering, unless otherwise provided*
31 *in a tribal-state compact.*

32 (9) (A) *Onsite sports wagering conducted pursuant to*
33 *subdivision (i) shall be taxed at a rate of 10 percent of gross*
34 *gaming revenue.*

35 (B) *Online sports wagering conducted pursuant to subdivision*
36 *(f) or (i) shall be taxed at a rate of 15 percent of gross gaming*
37 *revenue.*

38 (C) *In addition to the taxes prescribed by this paragraph, each*
39 *approved racetrack operator shall remit 1 percent of their gross*
40 *gaming revenue from all sports wagering, and each federally*

1 *recognized Indian tribe shall remit 1 percent of their gross gaming*
2 *revenue from online sports wagering, to fund problem gambling*
3 *programs. The total amount collected from all operators pursuant*
4 *to this subparagraph shall not exceed 10 million dollars*
5 *(\$10,000,000).*

6 *(D) Each online sports wagering platform shall pay an annual*
7 *fee of one million dollars (\$1,000,000), as well as a one-time fee*
8 *of five million dollars (\$5,000,000) for each entity for which it*
9 *provides online sports wagering.*

10 *(E) All funds collected pursuant to this paragraph shall be*
11 *deposited in the California Sports Wagering Fund, which is hereby*
12 *created in the State Treasury.*

13 *(F) Moneys in the California Sports Wagering Fund, less those*
14 *remitted pursuant to subparagraph (C) for problem gambling*
15 *programs, and less the regulatory costs associated with sports*
16 *wagering, shall be appropriated by the Legislature to assist the*
17 *state in recovering from the health and economic damage caused*
18 *by the COVID-19 pandemic and to fund priorities related to*
19 *education, public health, and public safety.*

20 *(10) The Legislature shall enact those statutes necessary to*
21 *implement sports wagering pursuant to this section, including*
22 *consumer protection and anticorruption measures.*

23 *(11) As used in this subdivision and subdivisions (f) and (i), the*
24 *following terms have the following meanings:*

25 *(A) “Gross gaming revenue” means an amount equal to the*
26 *total of all wagers placed with a sports wagering operator less*
27 *the total of all moneys paid as winnings to persons who placed*
28 *wagers with a sports wagering operator.*

29 *(B) “Online sports wagering” means sports wagering in which*
30 *a person places a wager remotely through the use of an internet*
31 *website, mobile device application, or remote terminal.*

32 *(C) “Sporting event” means any professional, college, or*
33 *amateur sport or athletic event, but shall not include any high*
34 *school sport or athletic event, any sport or athletic event that has*
35 *already been completed, or any horse race or horse race meeting.*

36 *(D) “Sports wagering” means wagering on the results of any*
37 *sporting event.*