



August 6, 2018

Mayor Sam Liccardo and City Council  
City of San Jose  
200 East Santa Clara Street  
San Jose, CA 95113

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The silicon valley organization

**Re: Cardroom Business Tax Ballot Measure**

Honorable Mayor Liccardo and City Council:

On behalf of The Silicon Valley Organization (The SVO), I am writing to voice our opposition to the proposed cardroom business tax increase, through a general election ballot measure on November 6<sup>th</sup>. By way of background, The SVO is the Silicon Valley's premier business advocacy organization representing 1,400+ companies that employ nearly 300,000 workers and we represent our membership as the region's largest Chamber of Commerce.

We are opposed to this industry-specific tax, without consideration of a deliberate and thoughtful stakeholder process with the business community in San Jose. The city staff proposal would include, but is not limited to:

- Increasing the existing 15% Cardroom Business Tax,
- Extending the business taxation to gross revenues of businesses providing third-party proposition player services (TPPPPS) in cardrooms, and;

The relationship between a cardroom and a TPPPPS business is negotiated in a contract for up to 2 years. Therefore, a sudden gross revenue tax on TPPPPS businesses would be destabilizing to that contractual relationship. We are concerned that the lack of business stakeholder outreach could have significant unintended consequences that could impact hundreds of jobs in San Jose. The best approach is to analyze gaming industry regulations and work with local cardrooms to develop a "win-win" tax proposal.

The SVO urges the Mayor and Council to reconsider council agenda item 3.10. Furthermore, we encourage the council to engage in a meaningful community stakeholder process, with adequate time allotted to introduce a fair tax structure that will both allow cardroom businesses to thrive and to ensure essential city services for residents. Should you have any further questions, please contact Eddie Truong, Director of Public Policy & Advocacy, at 408-291-5267.

Sincerely,

Matthew R. Mahood  
President & CEO  
The Silicon Valley Organization