
SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

Senator Bill Dodd

Chair

2021 - 2022 Regular

Bill No:	SB 819	Hearing Date:	4/20/2021
Author:	Committee on Governmental Organization		
Version:	4/6/2021 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Felipe Lopez		

SUBJECT: Gambling Control Act

DIGEST: This bill excludes from the definition of “gambling enterprise employee” and “key employee” individuals who are employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishments in which gambling is not authorized. In addition, the bill makes various clarifying changes to the Gambling Control Act (Act), as specified.

ANALYSIS:

Existing law:

- 1) Provides, under the Act, for the licensure and regulation of various legalized gambling activities and establishments by the California Gambling Control Commission (Commission) and the investigation and enforcement of those activities and establishments by the Bureau of Gambling Control (Bureau), under the California Department of Justice (DOJ).
- 2) Requires specified employees of a gambling enterprise to apply for and obtain from the Commission a valid key employee license or a work permit.
- 3) Defines a “gambling enterprise employee” to mean a natural person employed in the operation of a gambling enterprise, including, dealers, floor personnel, security employees, and waiters and waitresses, or any other natural person whose employment duties require or authorize access to restricted gambling establishment areas. Individuals classified as a “gambling enterprise employee” are required to obtain a work permit.
- 4) Defines a “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 that regulate gambling operations, including, pit

bosses, shift bosses, and gambling operation managers and assistant managers, or any other natural person designated as a key employee by the Bureau for reasons consistent with the Act. Individuals classified as a “key employee” are required to obtain a key employee license.

- 5) Requires a license issued by the Commission to be renewed biennially, and provides a process for license renewal.
- 6) Authorizes the Commission to extend a license held by an owner licensee for up to 180 days if the Commission is unable to act on the application for renewal before its expiration.
- 7) Authorizes the Bureau to issue any emergency order against an owner licensee of a gambling establishment, or any person involved in a transaction requiring prior approval, that the Bureau deems reasonably necessary for the immediate preservation of the public peace, health, safety, or general welfare. Existing law requires the emergency order to remain effective until further order of the Commission or final disposition of a proceeding, as specified.
- 8) Authorizes a gambling enterprise to contract with a third party for the purpose of providing proposition player services, subject to specified conditions. Existing law requires those employed by a third-party provider of proposition player services, including owners, supervisors, observers, and players to wear a badge that clearly identifies them as proposition players whenever they are present within a gambling establishment.

This bill:

- 1) Excludes from the definition of “gambling enterprise employee” a natural person employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishments in which gambling is not authorized.
- 2) Excludes from the definition of “key employee” a natural person who is employed solely to supervise employees whose duties are solely to serve or prepare food or beverages if the supervisor and the employees perform their duties only in areas of the establishment in which gambling is not authorized.
- 3) Authorizes the Commission to extend a license held by an applicant for up to 180 days if the Commission is unable to act on the application for renewal before its expiration.

- 4) Clarifies that the further order of the Commission terminating an emergency order shall occur at a meeting of the Commission.
- 5) Clarifies that a person who owns or is employed by a third-party provider of position player services shall wear a badge that clearly identifies them as providing proposition players services, only while in a gambling establishment for which their third-party proposition player services company has a current contract.

Background

Purpose of the bill. According to the author's office, "requiring kitchen staff who have no interaction with any of the gambling business at a cardroom to obtain a work permit makes little sense. Not only does this create unnecessary work for local jurisdictions, the Bureau, and the Commission, but it also creates an unnecessary obstacle for many people. In addition, the bill includes a number of clarifying changes to the Act at the request of the Commission to help it function more efficiently."

Work permits and key employee license. The Act generally requires anyone classified as a "gambling enterprise employee" or a "key employee" to either obtain a work permit or a key employee license from the local jurisdiction, or if a process is not established by the local jurisdiction, from the Commission.

In the event the work permit must be obtained from the state, the process entails a fingerprint scan and an ordinary criminal history background check performed by the Bureau. The work permit application process is streamlined and less stringent than the process to obtain a key employee license or any other state gambling license, which requires a deeper background investigation by the Bureau. This includes those individuals who work on any part of the gambling floor as well as any individuals who work as a member of the kitchen staff regardless of whether that individual's work responsibilities include working in areas where gambling occurs.

This bill would remove from the definition of a "gambling enterprise employee" an individual employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishments in which gambling is not authorized. Additionally, the bill would remove from the definition of a "key employee" an individual who is employed solely to supervise employees whose duties are solely to serve or prepare food or beverages if the supervisor and the employees perform their duties only in areas of the establishment in which gambling is not authorized.

By making these changes, the bill would no longer require these individuals to obtain either a work permit or a key employee license as long as they remain in positions where their work responsibilities do not include any duties in areas of the establishment in which gambling is authorized.

Additional Changes. The bill also makes three clarifying changes to the Act. First, the bill authorizes the Commission to extend a license held by an applicant for up to 180 days if the Commission is unable to act on the application for renewal before its expiration. While the Commission is currently providing for this extension, existing law states that this authority only applies to “owner licensees.” This change would align existing law with Commission practice.

Secondly, existing law authorizes the Bureau to issue an emergency order against an owner licensee of a gambling establishment and requires the emergency order to remain effective until further order of the Commission. This bill simply requires that further order to be issued at a meeting of the Commission. The Commission already currently issues these orders during a meeting of the Commission. This bill aligns current practice with existing law.

Finally, the bill clarifies that a person who owns or is employed by a third-party provider of position player services shall wear a badge that clearly identifies them as providing proposition players services, only while in a gambling establishment for which their third-party proposition player services company has a current contract. Existing law requires these individuals to wear a badge that clearly identifies them as proposition players whenever they are present within a gambling establishment. A strict reading of the law would require these individuals to wear a badge whenever they are at any gambling establishment regardless of whether their employer has a current contract at that gambling establishment. Again, this bill aligns current practice by the Commission with existing law.

Gambling regulation/enforcement in California. The Act created a comprehensive scheme for statewide regulation of legal gambling under a bifurcated system of administration involving the Bureau within DOJ and the five-member Commission by the Governor. The Commission is authorized to establish minimum regulatory standards for the gambling industry and to ensure that the state gambling licenses are not issued to, or held by, unsuitable or unqualified individuals.

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 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.

Prior/Related Legislation

AB 779 (Burke, 2017) would have modified the definition of a “gambling enterprise employee” to no longer include an employee whose duties do not involve gaming activities, including, but not limited to, a cocktail server, bartender, janitorial worker, or other person engaged exclusively in preparing or serving food or beverages. (Died on the Senate Inactive File)

AB 1082 (Low, Chapter 122, Statutes of 2020) removed from the definition of applicant, a person who is about to apply for a state gambling license, or other specified licenses, permits, or approvals.

AB 2526 (Hall, 2012) would have revised the definition of “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 the Senate Inactive File)

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

SUPPORT:

Artichoke Joe’s Casino

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to Artichoke Joe’s Casino, “many cardrooms include restaurants. If the cardroom owns and operates the restaurant, rather than just leasing the space to an independent operator, the employees of the restaurant must obtain a work permit, as they are considered cardroom employees. However, employees working exclusively in the kitchen, such as cooks and dishwashers, do not come into contact with cardroom customers. Therefore, requiring kitchen staff to obtain a work permit is unnecessary.”