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AB-120 Gambling Control Act. (2021-2022)

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Assembly Bill No. 120

CHAPTER 45

An act to amend Sections 19825, 19862, 19869, 19870, and 19871 of the Business and Professions Code, relating to gambling.

[Approved by Governor July 09, 2021. Filed with Secretary of State July 09, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 120, Salas. Gambling Control Act.

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. Existing law requires every person who, either as owner, lessee, or employee, deals, operates, carries on, conducts, maintains, or exposes for play any controlled game, or who receives, directly or indirectly, any compensation or reward, or any percentage or share of the money or property played, for keeping, running, or carrying on any controlled game, to apply for and obtain from the commission a valid state gambling license, key employee license, or work permit. Existing law requires the commission to hold a meeting that is conducted in accordance with specified evidentiary rules, similar to a hearing, in order to deny an application or grant a gambling license to an applicant.

This bill would instead allow the commission to take action to deny or approve an application at a commission meeting and would require a hearing only if requested by an applicant, upon denial of an application or if the application is approved with limits, restrictions, or conditions.

Existing law allows an applicant to request a withdrawal of their application at any time prior to a final action by the Department of Justice.

This bill would instead allow an applicant to request a withdrawal of their application at any time prior to a final action by the commission.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 19825 of the Business and Professions Code is amended to read:

19825. The commission may require that any matter of an adjudicative nature regarding a license, permit, or finding of suitability, that the commission is authorized or required to consider in an evidentiary hearing, including a hearing held pursuant to Section 19870, be heard and determined in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 2. Section 19862 of the Business and Professions Code is amended to read:

19862. (a) In addition to other grounds stated in this chapter, the commission may deny a gambling license for any of the following reasons:

(1) If issuance of the license with respect to the proposed gambling establishment or expansion would tend unduly to create law enforcement problems in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's premises.

(2) If an applicant fails to conduct an economic feasibility study that demonstrates to the satisfaction of the commission that the proposed gambling establishment will be economically viable, and that the owners have sufficient resources to make the gambling establishment successful. The commission shall hold a public meeting for the purpose of reviewing the feasibility study. All papers, studies, projections, pro formas, and other materials filed with the commission pursuant to an economic feasibility study are public records and shall be disclosed to all interested parties.

(3) If issuance of the license is sought in respect to a new gambling establishment, or the expansion of an existing gambling establishment, that is to be located or is located near an existing school, an existing building used primarily as a place of worship, an existing playground or other area of juvenile congregation, an existing hospital, convalescence facility, or near another similarly unsuitable area, as determined by regulation of the commission, which is located in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's gambling premises.

(b) For the purposes of this section, "expansion" means an increase of 25 percent or more in the number of authorized gambling tables in a gambling establishment, based on the number of gambling tables for which a license was initially issued pursuant to this chapter.

SEC. 3. Section 19869 of the Business and Professions Code is amended to read:

19869. A request for withdrawal of an application may be made at any time prior to a final action upon the application by the commission by the filing of a written request to withdraw with the department. The commission shall not grant the request unless the applicant has established that withdrawal of the application would be consistent with the public interest and the policies of this chapter. If a request for withdrawal is denied, the department may go forward with its investigation and make a recommendation to the commission upon the application, if applicable, and the commission may act upon the application as if no request for withdrawal had been made. If a request for withdrawal is granted with prejudice, the applicant thereafter shall be ineligible to submit or renew its application until the expiration of one year from the date of the withdrawal. Unless the commission otherwise directs, any application fee or other payment relating to any application is not refundable by reason of withdrawal of an application.

SEC. 4. Section 19870 of the Business and Professions Code is amended to read:

19870. (a) The commission, after considering the recommendation of the chief and any other testimony and written comments as may be presented at the meeting, or as may have been submitted in writing to the commission prior to the meeting, may deny the application, grant a license to an applicant who it determines to be qualified to hold the license, or refer the application to an evidentiary hearing.

(b) When the commission grants an application for a license or approval, the commission may limit or place restrictions on the license or approval as it may deem necessary in the public interest, consistent with the policies described in this chapter.

(c) If, during a meeting, the commission denies an application, denies approval, or approves with limits, restrictions, or conditions, the action shall be stayed for a period of 30 days after the meeting, during which the applicant may request an evidentiary hearing. If the applicant does not file a request for an evidentiary hearing within 30 days, the action of the commission taken at the meeting is final. If the applicant waives the right to hearing and assents to the action of the commission in writing, upon receipt of the waiver by the commission, the action shall no longer be stayed. If the applicant files a timely request for an evidentiary hearing, the action shall be vacated and the application shall be reviewed de novo at the evidentiary hearing.

(d) When an application is denied after an evidentiary hearing, the commission shall prepare and file a detailed statement of its reasons for the denial.

(e) All proceedings relating to an application at a meeting of the commission or at an evidentiary hearing shall be recorded stenographically or by audio or video recording.

(f) A decision of the commission after an evidentiary hearing, denying a license or approval, or imposing any condition or restriction on the grant of a license or approval may be reviewed by petition pursuant to Section 1085 of the Code of Civil

Procedure. Section 1094.5 of the Code of Civil Procedure does not apply to any judicial proceeding held to consider that petition, and the court may grant the petition only if the court finds that the action of the commission was arbitrary and capricious, or that the action exceeded the commission's jurisdiction.

SEC. 5. Section 19871 of the Business and Professions Code is amended to read:

19871. (a) An evidentiary hearing described in Section 19870 shall be conducted in accordance with regulations of the commission and as follows:

(1) Oral evidence shall be taken only upon oath or affirmation.

(2) Each party shall have all of the following rights:

(A) To call and examine witnesses.

(B) To introduce exhibits relevant to the issues of the case.

(C) To cross-examine opposing witnesses on any matters relevant to the issues, even if the matter was not covered on direct examination.

(D) To impeach any witness, regardless of which party first called the witness to testify.

(E) To offer rebuttal evidence.

(3) If the applicant does not testify on their own behalf, the applicant may be called and examined as if under cross-examination.

(4) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence may be considered, and is sufficient in itself to support a finding, if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of that evidence over objection in a civil action.

(b) This section does not confer upon an applicant a right to discovery of the department's investigative reports or to require disclosure of any document or information the disclosure of which is otherwise prohibited by any other provision of this chapter.