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**SB-884 Gambling Control Act.** (2023-2024)

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**Senate Bill No. 884**

**CHAPTER 79**

An act to amend Section 19805 of the Business and Professions Code, relating to gambling.

[ Approved by Governor July 13, 2023. Filed with Secretary of State July 13, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 884, Committee on Governmental Organization. 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 and requires specified employees to be licensed or obtain a work permit. Existing law defines the terms "gambling enterprise employee" and "key employee" but excludes from those definitions persons with specified duties unrelated to the gambling enterprise, such as solely the service and preparation of food and the supervision of employees employed solely to serve and prepare food, if those duties and the supervision of any other employee's duties are performed only in the areas of the establishment in which gambling is not authorized. Existing law makes a violation of a provision of the Gambling Control Act a crime.

This bill would instead exclude from the definition of a "gambling enterprise employee" and a "key employee" persons with specified duties unrelated to the gambling enterprise, such as solely the service and preparation of food and the supervision of employees employed solely to serve and prepare food, if those duties and the supervision of any other employee's duties are performed only in the areas of the establishment in which gambling is not conducted. To the extent that this bill changes the elements of a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

**SECTION 1.** Section 19805 of the Business and Professions Code is amended to read:

**19805.** As used in this chapter, the following definitions apply:

(a) "Affiliate" means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, a specified person.

(b) "Applicant" means a person who has applied for a state gambling license, a key employee license, a registration, a finding of suitability, a work permit, a manufacturer's or distributor's license, or an approval of any act or transaction for which the approval or authorization of the commission or department is required or permitted under this chapter.

(c) "Banking game" or "banked game" does not include a controlled game if the published rules of the game feature a player-dealer position and provide that this position must be continuously and systematically rotated amongst each of the participants during the play of the game, ensure that the player-dealer is able to win or lose only a fixed and limited wager during the play of the game, and preclude the house, another entity, a player, or an observer from maintaining or operating as a bank during the course of the game. For purposes of this section, it is not the intent of the Legislature to mandate acceptance of the deal by every player if the department finds that the rules of the game render the maintenance of or operation of a bank impossible by other means. The house shall not occupy the player-dealer position.

(d) "Chief" means the head of the entity within the department that is responsible for fulfilling the obligations imposed upon the department by this chapter.

(e) "Commission" means the California Gambling Control Commission.

(f) "Controlled gambling" means to deal, operate, carry on, conduct, maintain, or expose for play any controlled game.

(g) "Controlled game" means any controlled game, as defined by subdivision (e) of Section 337j of the Penal Code.

(h) "Department" means the Department of Justice.

(i) "Director" means a director of a corporation or a person performing similar functions with respect to any organization.

(j) "Finding of suitability" means a finding that a person meets the qualification criteria described in subdivisions (a) and (b) of Section 19857, and that the person would not be disqualified from holding a state gambling license on any of the grounds specified in Section 19859.

(k) "Game" and "gambling game" means a controlled game.

(l) "Gambling" means to deal, operate, carry on, conduct, maintain, or expose for play a controlled game.

(m) "Gambling enterprise" means a natural person or an entity, whether individual, corporate, or otherwise, that conducts a gambling operation and that by virtue is required to hold a state gambling license under this chapter.

(n) "Gambling enterprise employee" means a natural person employed in the operation of a gambling enterprise, including, without limitation, dealers, floor personnel, security employees, countroom personnel, cage personnel, collection personnel, surveillance personnel, data-processing personnel, appropriate maintenance personnel, waiters and waitresses, and secretaries, or any other natural person whose employment duties require or authorize access to restricted gambling establishment areas. "Gambling enterprise employee" does not include a natural person employed solely to serve or prepare food or beverages if those duties are performed only in areas of the establishment in which gambling is not conducted.

(o) "Gambling establishment," "establishment," or "licensed premises," except as otherwise defined in Section 19812, means one or more rooms where a controlled gambling or activity directly related to controlled gambling occurs.

(p) "Gambling license" or "state gambling license" means a license issued by the state that authorizes the person named therein to conduct a gambling operation.

(q) "Gambling operation" means exposing for play one or more controlled games that are dealt, operated, carried on, conducted, or maintained for commercial gain.

(r) "Gross revenue" means the total of all compensation received for conducting any controlled game, and includes interest received in payment for credit extended by an owner licensee to a patron for purposes of gambling, except as provided by regulation.

(s) "Hours of operation" means the period during which a gambling establishment is open to conduct the play of controlled games within a 24-hour period. In determining whether there has been expansion of gambling relating to "hours of operation," the department shall consider the hours in the day when the local ordinance permitted the gambling establishment to be open for business on January 1, 1996, and compare the current ordinance and the hours during which the gambling establishment may be open for business. The fact that the ordinance was amended to permit gambling on a day, when gambling was not permitted on January 1, 1996, shall not be considered in determining whether there has been gambling in excess of that permitted by Section 19961.

(t) "House" means the gambling enterprise, and any owner, shareholder, partner, key employee, or landlord thereof.

(u) "Independent agent," except as provided by regulation, means a person who does either of the following:

(1) Collects debt evidenced by a credit instrument.

(2) Contracts with an owner licensee, or an affiliate thereof, to provide services consisting of arranging transportation or lodging for guests at a gambling establishment.

(v) "Initial license" means the license first issued to a person authorizing that person to commence the activities authorized by that license.

(w) "Institutional investor" means a retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, an investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), a collective investment trust organized by banks under Part 9 of the Rules of the Comptroller of the Currency, a closed-end investment trust, a chartered or licensed life insurance company or property and casualty insurance company, a banking and other chartered or licensed lending institution, an investment adviser registered under the Investment Advisers Act of 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that capacity, and other persons as the commission may determine for reasons consistent with the policies of this chapter.

(x) "Key employee" means a 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, without limitation, pit bosses, shift bosses, credit executives, cashier operations supervisors, gambling operation managers and assistant managers, managers or supervisors of security employees, or any other natural person designated as a key employee by the department for reasons consistent with the policies of this chapter. "Key employee" does not include 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 conducted.

(y) "Key employee license" means a state license authorizing the holder to be employed as a key employee.

(z) "License" means a gambling license, key employee license, or any other license issued by the commission pursuant to this chapter or regulations adopted pursuant to this chapter.

(aa) "Licensed gambling establishment" means the gambling premises encompassed by a state gambling license.

(ab) "Limited partnership" means a partnership formed by two or more persons having as members one or more general partners and one or more limited partners.

(ac) "Limited partnership interest" means the right of a general or limited partner to any of the following:

(1) To receive from a limited partnership any of the following:

(A) A share of the revenue.

(B) Any other compensation by way of income.

(C) A return of any or all of the partner's contribution to capital of the limited partnership.

(2) To exercise any of the rights provided under state law.

(ad) "Owner licensee" means an owner of a gambling enterprise who holds a state gambling license.

(ae) "Person," unless otherwise indicated, includes a natural person, corporation, partnership, limited partnership, trust, joint venture, association, or any other business organization.

(af) "Player" means a patron of a gambling establishment who participates in a controlled game.

(ag) "Player-dealer" and "controlled game featuring a player-dealer position" refer to a position in a controlled game, as defined by the approved rules for that game, in which seated player participants are afforded the temporary opportunity to wager against multiple players at the same table, provided that this position is rotated amongst the other seated players in the game.

(ah) "Publicly traded racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) whose stock is publicly traded.

(ai) "Qualified racing association" means a corporation licensed to conduct horse racing and simulcast wagering pursuant to Chapter 4 (commencing with Section 19400) that is a wholly owned subsidiary of a corporation whose stock is publicly traded.

(aj) "Renewal license" means the license issued to the holder of an initial license that authorizes the license to continue beyond the expiration date of the initial license.

(ak) "Work permit" means any card, certificate, or permit issued by the commission, or by a county, city, or city and county, whether denominated as a work permit, registration card, or otherwise, authorizing the holder to be employed as a gambling enterprise employee or to serve as an independent agent. A document issued by any governmental authority for any employment other than gambling is not a valid work permit for the purposes of this chapter.

**SEC. 2.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.