



October 26, 2023

Bureau of Gambling Control
Attention: Regulations
P.O. Box 168024
Sacramento, CA 95816-8024

RE: Draft Concept Language for Blackjack-Style Games and Rotation of Player-Dealer Regulations

Dear California Attorney General Rob Bonta:

On behalf of the California Cities for Self-Reliance Joint Powers Authority (JPA) and our member cities of Bell Gardens, Commerce, Compton, Cudahy and Hawaiian Gardens, we want to thank you for both the notifications and draft concept language on both Blackjack-Style Games and Rotation of Player-Dealer Regulations published on September 11, 2023. We are gratified to know you are embarking on solicitation of input on these proposed regulations prior to the initiation of a formal rulemaking process, and that this concept language is still subject to further review and revision by the Bureau. On behalf of the JPA, please accept this letter into your record as our official submission of comments, concerns and requests at this stage of your process.

COMMENTS

Our cardrooms and these games as played today collectively serve as local, vital wide-impacting economic engines. Within our membership alone, the revenue derived from the casino in Hawaiian Gardens represents 70% of the City's total general fund revenues. Similarly, the City of Bell Gardens relies on the Bicycle Casino for 50% of its general fund revenue, while the City of Commerce generates 40% of its general fund revenues from Commerce Casino. The City of Compton also depends on substantial revenue from Crystal Casino for its general fund. In summary, our historically disadvantaged and majority-minority member cities and their communities have a lot at stake in this process and stand to be devastated should all related efforts not consider our perspective, our needs and our voice.

The proposed regulatory changes to these games WILL NEGATIVELY IMPACT our member cities, their residents and their businesses. Thus, we are pleased that as part of the potential rulemaking process, the Bureau will complete a Standardized Regulatory Impact Assessment (SRIA) to understand the economic impacts of these proposed regulations. We agree with this effort and commitment by the Bureau, as it is vital that we know not only the multifaceted impacts to the cardroom industry and their stakeholders, but also the comprehensive and multifaceted impacts these or any final regulations will have on our and every city throughout California.

Without this analysis and additional consideration and focus on impacts to our cities and local communities, any final changes impacting games as they are offered today will result in flawed, non-inclusive regulations which will be scrutinized and likely challenged. This is preventable and will be avoided by the Bureau embarking and committing to a truly comprehensive and wide-ranging SRIA producing findings that includes any and all impacts to cities and communities, especially jobs and our economies.

DEEP CONCERNS

We are gravely concerned that the draft concept language on both Blackjack-Style Games and Rotation of Player-Dealer regulations as proposed are far-reaching, problematic, threaten our ability to provide services to our residents and communities, and will undoubtedly harm not only our and other communities that host cardrooms throughout California, but also non-cardroom communities and their residents throughout our state.

Locally, the proposed concept regulations undermine our JPA member cities' financial self-sufficiency and stability that rely upon revenue from licensed gambling. Cardrooms based in our member cities are vital local economic engines that serve as the largest single source of total tax revenue that fund vital residents' services such as public safety, emergency services, fire, health care, homelessness programs, transportation, and other essential programs. In addition, our cardrooms serve as regional economic engines via their direct employment of not only local residents, but of residents from throughout our region that number well over 10,000 in Los Angeles County alone. By drastically reducing and potentially eliminating much needed local revenues, these concept regulations will unnecessarily undermine our communities and further exacerbate our many local challenges which include food shortage, homelessness, unemployment, violence, mental illnesses and health disparities to name a few. In addition, they will encourage individuals to play controlled games illegally which has historically resulted in increased crime, prostitution and other illegal activities into our communities that already have limited resources for public safety, just as it did during the recent COVID-19 shutdowns.

Ultimately, we are concerned that these draft regulations will undermine and threaten our cities and communities. Until fully identified, analyzed and mitigated, they risk the loss of vital and much-needed jobs and revenues that allow for the current self-sufficiency of historically disadvantaged minority residents and communities like ours that deserve the right to a quality of life and services like all other cities and communities throughout California.

REQUESTS

We are pleased to know that an SRIA economic impact study is required prior to formal adoption of any final regulations as this will lead to not only the best possible public policy, but also to reduced negative impacts on our local cardroom cities and communities.

With that, we are requesting that any SRIA economic impact study performed as part of this process:

- Ensures a true, fair and inclusive process.
- Is comprehensive including empirical and objective analysis that identifies all impacts from these and any final related regulations on (1) our member cardroom cities and communities, (2) cardroom cities throughout California, as well as (3) neighboring non-cardroom cities who experience a sphere of influence and impacts from their local neighboring cardrooms.
- Identifies and understands how any proposed regulations will impact these games played in our cardrooms.
- Identifies mitigations on their effects and limitations on cardroom tables (if any).
- Identifies job losses in both our cardrooms, cardroom support industries, and in our local communities.
- Identifies mitigations for the local economic harm, unemployment, loss of local government general funds, and other potential negative effects on our and other cardroom cities.

As we work with you and all stakeholders in the process, we are confident you will agree there exists a foundational and critical need for the Bureau as part of its analysis to identify the comprehensive economic impacts to not only our cardrooms, but their employees and our local communities that host card rooms, as well as others. If the Bureau is truly going to consider the impact of the concept and final regulations, it is undeniable there exists a need to identify, consider and mitigate the far-reaching impacts they will have on our local communities.

CONCLUSION

In summary, we and our local member governments are deeply concerned regarding the threat these draft concept proposals pose on our member cities that are financially dependent on the revenues generated by cardrooms, as currently proposed. Therefore, it is crucial for the JPA to participate and protect our communities, which have historically faced economic challenges, in order to ensure their continued fiscal stability and ability.

We sincerely appreciate your consideration of our comments, deep concerns and requests on behalf of our communities, our industry partners, and the tens of thousands of employees they support. We look forward to hearing from you throughout this process and are hopeful it will lead to final regulations that do not harm, undermine nor devastate our historically disadvantaged communities, residents, nor cardrooms.

Sincerely,
Juan Garza
Executive Director
California Cities for Self-Reliance Joint Powers Authority