



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: June 9, 2022

TO: Mayor and City Council Members

FROM: Ashley Feeney, City Manager
Ryan Jones, City Attorney

SUBJECT: **Consider a resolution affirming the City’s opposition to the Legalize Sports Betting on American Indian Lands initiative.**

Summary and Recommendation

Staff recommends the City Council consider adopting Resolution No. 2022-__ affirming the City’s opposition to the “California Legalize Sports Betting on American Lands” initiative related to sports betting at American Indian gaming casinos and licensed racetracks in California.

Fiscal Impact

There is no immediate fiscal impact to the City upon the adoption of this proposed Resolution. However, should the initiative pass during the November 2022 election, cardrooms such as Stones Gambling Hall in Citrus Heights could be negatively impacted, resulting in lower revenues to the City.

Background and Analysis

In 2019, Senator Dodd introduced SCA 6, a measure that would have established the California Sports Wagering and Consumer Protection Act. If enacted, the act would have regulated and taxed sports wagering operated by horse tracks and federally recognized Indian tribes. In addition, the Act would have authorized the Governor to negotiate and conclude compacts for sports wagering and dice and roulette games with Indian tribes on Indian lands in California. SCA 6 was abandoned in 2020 after concerted opposition from several Indian tribes.

In its place, a tribal-sponsored initiative has been qualified for the November 2022 ballot. The California Legalize Sports Betting and American Indian Lands initiative would amend the California Constitution to allow tribal casinos to offer roulette, games played with dice, and sports wagering. In addition, it would amend the Business and Professions Code and authorize any person or entity to bring civil suits for violations of gaming laws commencing with sections 330 of the Penal Code. In effect, the initiative would allow tribal casinos and others to hire

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private attorneys in the place of the Attorney General in cases where the Attorney General does not file suit within 90 days of receiving a request to commence an action for violation of applicable gaming laws.

The initiative may extend the control of tribal casinos over gaming at the expense of non-tribal cardrooms operating in the state, and potentially increase the risk of litigation for non-tribal cardrooms. Moreover, the consolidation of gaming activities among tribal casinos may negatively affect revenues of non-tribal cardrooms and the local tax receipts of cities where they operate. For these reasons the California Gaming Association opposes the measure.

Cardrooms are an important economic resource for the City. They produce critical tax revenues and support local jobs for residents in the Citrus Heights community. The California Legalize Sports Betting and American Indian Lands initiative may negatively affect cardrooms and community members of Citrus Heights. Accordingly, the Council should consider whether it wants to oppose the California Legalize Sports Betting on American Lands initiative.

Attachment

1. Resolution No. ____ - Opposing the California Legalize Sports betting and American Indian Lands initiative.

RESOLUTION NO. 2022-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, OPPOSING THE CALIFORNIA SPORTS WAGERING REGULATION AND UNLAWFUL ENFORCEMENT ACT INITIATIVE

WHEREAS, in 2019 California Senator Bill Dodd introduced SCA 6 which proposed to establish the California Sports Wagering and Consumer Protection Act (the “Act”). The Act would have authorized sports betting, including online or mobile sports betting, for horse racetracks and federally recognized “American Indian” tribes; and

WHEREAS, the proposal was abandoned in June 2020 due to the opposition of certain American Indian tribes; and

WHEREAS, a new measure, the California Legalize Sports betting on American Lands Initiative, has been proposed and qualified for the November 2022 ballot in California; and

WHEREAS, this initiative would amend the state constitution to allow tribal casinos to offer roulette, games played with dice, and sports betting. In addition, the initiative would amend the California Business and Professions Code to allow persons or entities, including tribal casinos, to hire private trial lawyers and replace the role of the Attorney General to sue their non-tribal competitors; and

WHEREAS, the California Gaming Association, a trade association of licensed cardrooms and vendors oppose the measure because it contains language that would benefit tribal casinos and potentially subject other California cardrooms to frivolous lawsuits and costly litigation; and

WHEREAS, the language of the initiative gives tribal casinos an advantage on gaming and sports betting at the expense of cardrooms operating in the state; and

WHEREAS, cardrooms provide critical economic resources to the City of Citrus Heights, including substantial tax revenue. According to the California Gaming Commission, cardrooms generate more than \$300 million in federal, state, and local tax revenues every year. Any reduction in revenues would impair essential municipal programs and community services; and

WHEREAS, cardrooms employ more than 300 people in the City of Citrus Heights and neighboring communities. The legal consequences of this initiative would reduce cardroom revenues and produce negative effects in the local economy; and

WHEREAS, the fiscal analysis by the Legislative Analyst’s Office found that the initiative would result in increased costs to local governments; and

WHEREAS, the City of Citrus Heights opposes the California Legalize Sports Betting and American Indian Lands initiative.

NOW, THEREFORE, IT IS RESOLVED by the City Council of the City of Citrus Heights as follows:

1. All of the recitals above are true and correct and are incorporated herein as if set forth in full.
2. The City of Citrus Heights formally opposes the California Legalize Sports Betting and American Indian Lands initiative.

PASSED, APPROVED AND ADOPTED this 9th day of June, 2022 by the following roll call vote:

AYES: **Council Members:**
NOES: **Council Members:**
ABSENT: **Council Members:**
ABSTAIN: **Council Members:**

Porsche Middleton, Mayor

ATTEST:

Amy Van, City Clerk