

February 4, 2021

Susanne George
Bureau of Gambling Control
P.O. Box 168024
Sacramento, CA 95816-8024

RE: Bureau's January 5, 2021 Draft Concept California-style Blackjack Language

Dear Ms. George,

I write on behalf of the City of San Jose to raise concerns with the January 5, 2021 Draft Concept Language for proposed regulations that prohibit all blackjack-like games permitted by state law.

The City of San Jose has two permitted cardrooms: Bay 101 Cardroom and Casino M8trix. The two cardrooms estimate a loss of \$25.7 million in annual gaming revenue as well as more than 150 jobs if cardrooms were not allowed to offer their version of blackjack-like games. The City levies a Cardroom Business Tax on these two establishments which generated annual revenues of approximately \$37.6 million over fiscal years 2017-2018 and 2018-2019. In 2020, however, the shelter-in-place mandate required cardrooms to cease operations for the majority of the year, which significantly impacted revenue collections which totaled \$13.5 million. This revenue goes into the City's General Fund and is used to support City services.

Under the Gambling Control Act, the California Gaming Control Commission has exclusive authority to adopt regulations that provide for the approval of games and define the operation of games. The proposed regulation changes for all blackjack-like games would expand the Bureau's authority in an area that should be under the purview of the California Gaming Control Commission. Additionally, while the game of "twenty-one" is prohibited in Penal Code Section 330, the proposed regulations go beyond that to bar blackjack-like games. These proposed regulations ostensibly prohibit games that the State statute allows.

We are concerned that these changes will negatively impact both jobs and revenue the City uses to pay for public services including to employ firefighters, after school program workers, and librarians.

For these reasons, we raise concerns on the Bureau's proposed blackjack regulations.

Sincerely,



Lee Wilcox
Chief of Staff, City Manager's Office