



# CITY OF OCEANSIDE

## OFFICE OF CITY MANAGER

November 24, 2014

Sent Via U.S. Mail &

Email ([Wayne.Quint@doj.ca.gov](mailto:Wayne.Quint@doj.ca.gov); [Susanne.George@doj.ca.gov](mailto:Susanne.George@doj.ca.gov))

Wayne Quint, Jr.  
Bureau Chief  
Susanne George Research Analyst  
Department of Justice  
Bureau of Gambling Control  
4949 Broadway Avenue, Room E231  
Sacramento, California 95820

Re: Proposed Regulation of "No Collection Fee" Policy – Title 11, CCR,  
Section 2071 – **OPPOSED**

Dear Chief Quint:

The City of Oceanside is **opposed** to the proposed "No Collection" regulatory approaches the Bureau of Gambling Control has offered to card room owners, customers and local government stakeholders.

The City of Oceanside supports the existing interpretation of the law that grants card rooms the option of waiving collection fees and believes that any new restrictions would have the effect of interfering with the ability of a gaming establishment to price its services in a manner that would make it competitive with other gaming options in the surrounding market.

Neither tribal casinos nor any other gaming businesses in California are currently forced by law to charge customers a fee per wager. Any move to force the collection of fees -- including an approach mandating that card rooms apply for authorization before being allowed to waive their collection fees -- could punish card rooms for engaging in a practice that broadens and deepens the economic growth generated by their operations.

The City of Oceanside is home to the Ocean's Eleven Casino, the City's only card room. A mandatory collection fee would place Ocean's Eleven Casino at a competitive disadvantage with other businesses in the surrounding wagering community and, thereby potentially harming our own community. Charging mandatory fees could have the effect of reducing the overall number of players and/or the number of hands played. This, in turn, could affect an establishment's profits as well as the tax revenue that local jurisdictions would receive from such operations.

The mandatory collection fees by card room will have the net effect of giving customers less incentive to frequent the gaming establishment and more reason to play at tribal gaming operations where there is no such mandatory fees per hand.

While the proposed regulatory amendments grant the Bureau the authority to approve whether a game can waive collection fees, there is no assurance in the current proposal that the Bureau will approve such games. This is a special concern given the Bureau's past record of opposition to the practice of waiving such fees

Ocean's Eleven Casino provides significant revenue and employment opportunities to our City. The game room currently provides more than \$1.2 million in annual taxes and fees on gaming activities. This revenue helps pay for important programs, resident services, and public safety. The Casino also provides employment for nearly 400 individuals, with the vast majority of employees being Oceanside residents.

As our community seeks to take advantage of successful decisions on economic development projects, job creation and retention, and promoting tourism, it is imperative that we are able to maintain local jobs and tax revenues. Placing restrictions on card rooms that require approval and permission before making business decisions, and forcing them to charge customers collection fees, would have a very negative impact on our City, and possibly limit our ability to continue providing some programs and services for our residents.

We respectfully request that your committee consider the potential negative impacts of this proposed legislation on local communities and their profitability of local card rooms in a very competitive market environment.

We appreciate your kind consideration of our City's position against these proposed regulations.

Sincerely,



Steve Jepsen  
City Manager

CC: Assembly Member Rocky Chavez, 76<sup>th</sup> Assembly District  
Anna Carr, Deputy Director of Legislation and Regulatory Affairs (ACarr@cgcc.ca.gov)  
Oceanside City Council