

**ECONOMIC AND FISCAL IMPACT STATEMENT  
(REGULATIONS AND ORDERS)**

STD. 399 (Rev. 10/2019)

**ECONOMIC IMPACT STATEMENT**

DEPARTMENT NAME <b>Department of Justice</b>	CONTACT PERSON <b>Brent Jo</b>	EMAIL ADDRESS <b>Brent.Jo@doj.ca.gov</b>	TELEPHONE NUMBER <b>(916) 830-1700</b>
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 <b>Player-Dealer Rotation Regulations</b>			NOTICE FILE NUMBER <b>Z</b>

**A. ESTIMATED PRIVATE SECTOR COST IMPACTS** *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> a. Impacts business and/or employees  | <input checked="" type="checkbox"/> e. Imposes reporting requirements              |
| <input checked="" type="checkbox"/> b. Impacts small businesses           | <input checked="" type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input checked="" type="checkbox"/> c. Impacts jobs or occupations        | <input checked="" type="checkbox"/> g. Impacts individuals                         |
| <input checked="" type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below):                     |

*If any box in Items 1 a through g is checked, complete this Economic Impact Statement.**If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.*2. The Bureau of Gambling Control estimates that the economic impact of this regulation (which includes the fiscal impact) is:  
(Agency/Department)

- Below \$10 million
- Between \$10 and \$25 million
- Between \$25 and \$50 million
- Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a [Standardized Regulatory Impact Assessment](#) as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 86Describe the types of businesses (Include nonprofits): For-profit private cardrooms, third-party providers of proposition player servicesEnter the number or percentage of total businesses impacted that are small businesses: <10%4. Enter the number of businesses that will be created: Unknown eliminated: UnknownExplain: Reliable market entry and exit data have not been estimated in response to comparable regulations5. Indicate the geographic extent of impacts:  Statewide  
 Local or regional (List areas): \_\_\_\_\_6. Enter the number of jobs created: NA and eliminated: ~360/yearDescribe the types of jobs or occupations impacted: Agents for  
Third-party Providers of Proposition Player Services7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here?  YES  NOIf YES, explain briefly: California is one of only five US states permitting card room gaming, but tribal and other casinos around the country offer comparable games to those being restricted. We expect this to cause gaming diversion within (to tribal casinos) and outside the state.

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**ECONOMIC IMPACT STATEMENT (CONTINUED)****B. ESTIMATED COSTS** *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 4.646 billion/decade
- a. Initial costs for a small business: \$ 2.193M Annual ongoing costs: \$ 2.193M average Years: 10
- b. Initial costs for a typical business: \$ 5.279M Annual ongoing costs: \$ 5.279M average Years: 10
- c. Initial costs for an individual: \$ NA Annual ongoing costs: \$ NA Years: 10
- d. Describe other economic costs that may occur: Indirect and induced costs will be transmitted through supply chain and expenditure linkages across the state economy. (figures do not include tribal enterprises).
2. If multiple industries are impacted, enter the share of total costs for each industry: Industry linkages may extend across suppliers and competitors to the industry (gaming, hospitality).
3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ 5,000
4. Will this regulation directly impact housing costs?  YES  NO  
If YES, enter the annual dollar cost per housing unit: \$ \_\_\_\_\_  
Number of units: \_\_\_\_\_
5. Are there comparable Federal regulations?  YES  NO  
Explain the need for State regulation given the existence or absence of Federal regulations: State law prohibits any game of twenty-one and any banking game. Regulations are required to implement these restrictions in game rules.  
Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ SRIA

**C. ESTIMATED BENEFITS** *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: Benefits, including reduced crime, problem gambling, etc. are not estimated due to data insufficiency
2. Are the benefits the result of:  specific statutory requirements, or  goals developed by the agency based on broad statutory authority?  
Explain: \_\_\_\_\_
3. What are the total statewide benefits from this regulation over its lifetime? \$ NA
4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: This regulation supports existing commitments to maintain gaming fairness and reduce negative socioeconomic spillovers

**D. ALTERNATIVES TO THE REGULATION** *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: Three-year extension of the deadline for full compliance with the regulations (less stringent alternative); prohibition of all categories of cardroom games, i.e., player-dealer games (more stringent alternative).

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**ECONOMIC IMPACT STATEMENT (CONTINUED)**

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation: Benefit: \$ NA Cost: \$ 283M/yr ave  
 Alternative 1: Benefit: \$ NA Cost: \$ 94M/yr ave  
 Alternative 2: Benefit: \$ NA Cost: \$ 828M/yr ave

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: Gaming contributes substantially to their local and state economyThe proposed regulation preserves these, improves gaming fairness, and reduces problem gambling.4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs?  YES  NOExplain: Gaming contributes substantially to their local and state economies.**E. MAJOR REGULATIONS** *Include calculations and assumptions in the rulemaking record.**California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.*1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million?  YES  NO*If YES, complete E2. and E3  
If NO, skip to E4*

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: Same as proposed, but allows for compliance across the first three years in equal incremental steps.Alternative 2: A complete ban on private, for profit card room activity*(Attach additional pages for other alternatives)*

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ 465M/ average Cost-effectiveness ratio: \$ NAAlternative 1: Total Cost \$ 346M / average Cost-effectiveness ratio: \$ NAAlternative 2: Total Cost \$ 790M / average Cost-effectiveness ratio: \$ NA

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

 YES  NO*If YES, agencies are required to submit a [Standardized Regulatory Impact Assessment \(SRIA\)](#) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.*

5. Briefly describe the following:

The increase or decrease of investment in the State: The regulation will reduce traditional card room gaming activity and divert some gaming to tribal and out-of-state casinos.The incentive for innovation in products, materials or processes: The regulations will stimulate investment in gaming innovation to offset losses in traditional games.The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: Substantial riskThe regulation can be expected to reduce problem gambling, crime, and attendant socioeconomic problems.

**ECONOMIC AND FISCAL IMPACT STATEMENT  
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**FISCAL IMPACT STATEMENT**

**A. FISCAL EFFECT ON LOCAL GOVERNMENT** *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)  
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ \_\_\_\_\_

a. Funding provided in \_\_\_\_\_

Budget Act of \_\_\_\_\_ or Chapter \_\_\_\_\_, Statutes of \_\_\_\_\_

b. Funding will be requested in the Governor's Budget Act of \_\_\_\_\_

Fiscal Year: \_\_\_\_\_

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)  
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ \_\_\_\_\_

*Check reason(s) this regulation is not reimbursable and provide the appropriate information:*

a. Implements the Federal mandate contained in \_\_\_\_\_

b. Implements the court mandate set forth by the \_\_\_\_\_ Court.

Case of: \_\_\_\_\_ vs. \_\_\_\_\_

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. \_\_\_\_\_

Date of Election: \_\_\_\_\_

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: \_\_\_\_\_  
\_\_\_\_\_

e. Will be fully financed from the fees, revenue, etc. from: \_\_\_\_\_

Authorized by Section: \_\_\_\_\_ of the \_\_\_\_\_ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in \_\_\_\_\_

3. Annual Savings. (approximate)

\$ \_\_\_\_\_

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain Aggregate state and local fiscal impacts are estimated to be very modest, less than \$100M . Having Local outcomes depend on location of gaming activity and demographics - not tracked in the SRIA.

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**FISCAL IMPACT STATEMENT (CONTINUED)**

**B. FISCAL EFFECT ON STATE GOVERNMENT** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

*It is anticipated that State agencies will:*

a. Absorb these additional costs within their existing budgets and resources.

b. Increase the currently authorized budget level for the \_\_\_\_\_ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

3. No fiscal impact exists. This regulation does not affect any State agency or program.

4. Other. Explain The proposed regulations may result in a \$12 M loss of gaming revenue (impact to Gambling Control Fund; SRIA, section 4.2). Alternatives may need to be explored to ensure appropriate funding.

**C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS** *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

2. Savings in the current State Fiscal Year. (Approximate)

\$ \_\_\_\_\_

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain State and local fiscal impacts are estimated to be very modest, less than \$100M in aggregate, but we

FISCAL OFFICER SIGNATURE

  
**Chris Ryan**

Digitally signed by Chris Ryan  
Date: 2026.02.06 09:39:51 -08'00'

DATE

*The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.*

AGENCY SECRETARY

  
**Francesca Gessner**

Digitally signed by Francesca Gessner  
Date: 2026.02.06 10:00:06 -08'00'

DATE

*Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.*

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER

  
**Somjita Mitra**

Digitally signed by Somjita Mitra  
Date: 2026.02.06 10:40:34 -08'00'

DATE

The revised Standardized Regulatory Impact Assessment has been updated as follows:

## 4.2 Local Government

Generally, cardrooms and casinos are quite unevenly dispersed across the state. For this reason, their state and local tax revenues may be disproportionately important to communities hosting their activities. Figures 4.1-4.3 highlight this from different perspectives, showing (respectively) geographic locations of cardrooms, gaming revenue by county across the state, and county gaming revenue per capita.

State fiscal impacts in Table 5.1 are aggregated across all fiscal accounts and do not detail fiscal effects originating from cardrooms, which are not directly available because the industry is not tracked individually in the macroeconomic modelling. Despite this, based on industry revenue impacts it is possible to estimate expected changes in state and local revenue. To do this, BGC collected detailed data on state and local license and fee collections, then aggregated them to protect confidentiality of both (sometimes locally unique) operators and municipalities. With this information, Table 4.2 summarizes local fiscal impacts.

**Table 4.2: Revenue to Cardrooms, State and Local Governments**

Scenario	A	B	C
	TPPPS Revenue	Blackjack Revenue	Combined
Cardrooms	-396	-68	-464
Local Fee Revenue	-81	-14	-95
State Fee Revenue	-12	-2	-15

Notes: Author estimates. All financial variables in 2022 constant \$ millions.

Like the results in Table 4.1, cardroom tax/fee income changes are a negligible share of state revenue. For localities, however, lost fee revenue could be a substantial challenge. The ultimate impact on local coffers will of course depend on many factors, including cardroom efforts to differentiate their products and services and sustain income. The discussion below sheds some light on potential disparities in relative fiscal impacts, but it must be emphasized that these revenue shortfalls cannot be compensated by provisions in the proposed statute.

## 5.3 Direct Costs and Benefits Input to the Macroeconomic Assessment

In addition to the BEAR Model's detailed database on the baseline structure of the California economy, the macroeconomic assessment is calibrated to incremental, sector-

specific direct costs and benefits that would arise from the proposed regulations considered by the Agency for this rulemaking package. These are summarised in a simple macroeconomic tabulation (Table 5-1) below, but here only direct regulatory costs and benefits are aggregated across the economy. Three scenarios are assessed for macroeconomic impacts: (1) the proposed regulations (Proposed), (2) a Less Stringent Alternative, and (3) a More Stringent Alternative. Details regarding the estimation of these are given below.

These aggregates are relevant only in terms of general magnitudes, and it would be misleading to interpret them further for two reasons. Firstly, costs and benefits fall on different stakeholders, leading to much more complex adjustment patterns and welfare effects. Second, annual direct effects are only a fraction of economywide, intertemporal impacts. These regulatory effects would be mediated and amplified by linkages to and from directly impacted stakeholders across the economy, leading to so-called “multiplier” impacts that must be explicitly included in a SRIA for major regulations.

**Table 5-1: Aggregation of Direct Regulatory Costs and Benefits by Scenario**

Cost	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
S4A TPPPPS	396	410	424	439	454	470	487	504	521	540	465
S4B Blackjack	68	70	73	75	78	81	84	87	90	93	80
S1C Combined	464	480	497	514	532	551	570	590	611	632	544
S2C Less Stringent	155	309	396	410	424	439	454	470	487	504	405
S3C More Stringent	792	820	848	878	909	941	974	1,008	1,043	1,079	929

  

Benefit	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
S4A TPPPPS	198	205	212	220	227	235	243	252	261	270	232
S4B Blackjack	34	35	36	38	39	40	42	43	45	46	40
S1C Combined	232	240	249	257	266	276	285	295	305	316	272
S2C Less Stringent	77	155	198	205	212	220	227	235	243	252	202
S3C More Stringent	396	410	424	439	454	470	487	504	521	540	465

  

Net Benefit	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Average
S4A TPPPPS	-198	-205	-212	-220	-227	-235	-243	-252	-261	-270	-232
S4B Blackjack	-34	-35	-36	-38	-39	-40	-42	-43	-45	-46	-40
S1C Combined	-232	-240	-249	-257	-266	-276	-285	-295	-305	-316	-272
S2C Less Stringent	-77	-155	-198	-205	-212	-220	-227	-235	-243	-252	-202
S3C More Stringent	-396	-410	-424	-439	-454	-470	-487	-504	-521	-540	-465

  

Net Benefit	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	Average
S4A TPPPPS	-113	-120	-83	-83	-66	-69	-71	-73	-76	-79	-83
S4B Blackjack	-19	-21	-14	-14	-11	-12	-12	-13	-13	-14	-14
S1C Combined	-133	-140	-97	-98	-78	-80	-83	-86	-89	-92	-98
S2C Less Stringent	-44	-90	-78	-78	-62	-64	-66	-69	-71	-73	-70
S3C More Stringent	-226	-240	-166	-167	-132	-137	-142	-147	-152	-157	-167

*Note: All figures in 2022 \$ Millions.*

More comprehensive indirect and induced effects are simulated as they would pass through supply and expenditure chains and institutional transfers across the California

## Attachment to Form 399

economy. All these effects are captured by the BEAR Model and then aggregated into net economic impacts, annually over the period 2027-2036, and discounted using the Federal Funds rate as a proxy for intertemporal time preference.<sup>1</sup> The BEAR Model (CGE) operates with real prices only, so inflation is not considered directly, and all the macroeconomic variables reported below should be interpreted as 2022 base year dollar (\$) adjusted.

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<sup>1</sup> See, e.g. <https://fred.stlouisfed.org/series/FEDFUNDS>