

City Attorney's Impartial Analysis

This measure, if approved by a majority of the voters, will enact an ordinance amending the San José Municipal Code to increase the Cardroom Tax and to revise certain restrictions on gambling in the City as described below.

The proposed ordinance amends Chapter 4.77 to increase the Cardroom Tax rate on gross revenues from 13% to 15%. Under the proposed ordinance, the City Council may amend or repeal Chapter 4.77, but may not increase the tax rate without voter approval.

Gambling in the City is subject to State law and the City's Municipal Code. Under Title 16 of the Code, expansion of gambling in the City, as defined, requires voter approval. The proposed ordinance amends Title 16 to: (1) increase the number of tables allowed in the City from 80 to 98; (2) increase the number of tables allowed at each cardroom from 40 to 49; (3) remove the limit on the number of permissible card games by permitting any card game allowed under State law consistent with City regulations; and (4) increase the current \$200 betting limit to that allowed under State law.

If this measure is approved, it would allow each cardroom to seek City approval to increase the number of tables from 40 to 49. City approval would also be required in order for a cardroom to allow any game that is not on the City's permissible list. The procedure for seeking approval of card games remains the same as currently provided in Title 16 except that the proposed ordinance removes the requirement that a game be made available to both cardrooms. The modification to betting limits to conform to State law will mean that there will be no betting limit imposed by the City on games played at the cardrooms because State law currently does not specify betting limits.

Currently, under Chapter 4.77 and Title 16, the City has the right to audit the cardrooms and under Title 16, the cardrooms are subject to City oversight. The proposed ordinance makes no changes to these auditing and oversight provisions. The City Council retains the authority to amend or to repeal provisions in Title 16 in order to revise the City's gaming control regulations.

A "yes" vote is a vote to approve the increase in the Cardroom Tax rate on gross revenues from 13% to 15% and to approve revisions to the Municipal Code to expand gambling in the City as described above.

A "no" vote is a vote to maintain the existing 13% Cardroom Tax rate on gross revenues

and to make no changes to the gambling limits currently specified in the Municipal Code.

/s/

Richard Doyle, City Attorney
City of San José

The above statement is an impartial analysis of Measure K. If you would like to read the full text of the measure, see <http://www.sanjoseca.gov/clerk/elections/Election.asp> or call (408) 535-1252 and a copy will be sent at no cost to you.