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LEGISLATIVE BUDGET

April 24, 2012

Mr. Stuart Drown
Executive Director
Little Hoover Commission
925 L St., Suite 805
Sacramento, CA 95814

Re: Comments and Support of the Governor's Reorganization Plan No. 2 -- the Gambling Control Commission and Remote Caller Bingo

Dear Mr. Drown:

I appreciate the opportunity to provide my perspective and comments to the Little Hoover Commission regarding the Governor's Reorganization Plan No. 2 (GRP2). I support the GRP2 for the continuation of the Remote Caller Bingo Program -- regardless of which state and/or local entity ultimately regulates, oversees or administers the program.

My legislative actions are consistent with the Governor's overall message to realign state government to local governments and eliminate duplicative state functions. The remote caller bingo (RCB) statutes are duplicative both on a state and local level, and therefore I support the Governor's proposal to eliminate duplicative oversight of RCB. RCB has proven to be a successful fundraising tool in my district and is relied upon given that state resources are scarce at best. If the state removes the overly burdensome regulatory barriers, many other charities statewide would utilize the fundraising potential of RCB.

Summary of GRP2 states the following:

"The current system of gambling regulation duplicates administrative, investigative, and enforcement activities between the Gambling Commission and the Bureau of Gambling control in the Division of Law Enforcement of the Department of Justice (DOJ). While consolidating these functions in the Bureau of Gambling Control, this GRP ensures that the Gambling Commission retains its policy authority. This GRP also maintains the current arrangement of shared oversight over gambling activities between the Commission and the Attorney General."



The GRP2 amends RCB statutes, Penal Code 326.3, by requiring the California Gambling Control Commission (CGCC) and the DOJ to oversee the RCB Program. I recommend clarifying the proposed language because it is silent as to which entity will perform specific tasks. Historically, the DOJ has handled the enforcement and investigative provisions involving gambling and gaming and the GCCC has been tasked with regulatory and administrative duties. The GRP2 should specifically state which entity will perform what tasks.

Background on Remote Caller Bingo

RCB enables non-profit charities to link several traditional bingo games to a central location using video technology. However, unlike traditional bingo, linking multiple locations together enables charities to raise a lot more money for veterans, churches, and schools compared to traditional bingo. In my district, the Dixon American Legion Hall conducts RCB fundraising events that benefit organizations including: the Susan B. Komen Foundation, Boys & Girls' Club, Veterans of Foreign Wars, Salvation Army, and Dixon High School's athletic and art departments.

Existing law vests the CGCC with jurisdiction over RCB; however, the CGCC -- of its own accord -- terminated the program last May via letter¹ to the authorized charities conducting RCB stating that after June 30, 2011, "no further action on new or pending applications will be taken by the Commission." Additionally, those charities that have made the upfront investment to participate in RCB were told they must cease from conducting the game "effective June 1, 2012."

Existing state law is not only duplicative of local ordinances pertaining to RCB, but of other state reporting requirements as well. In order for a charity to conduct RCB, it is required to get a local ordinance, permit, and business license to participate prior to seeking authorization from the CGCC.

If approved, the charity is then required to apply for a state license and permit from the CGCC. The same charity must also register with the DOJ's Charitable Trust Division that regulates charities and their professional fundraisers for events such as "casino nights" to ensure charitable donations contributed by Californians are not squandered by fraud or other means.

My legislative efforts to continue RCB prior to the GCCC's self-imposed deadline of June 1, 2012, include two urgency measures: SB 340 (2010) and SB 383 (2011).

Existing law requires the CGCC to extensively regulate prospective applicant charities seeking to participate in RCB. As a result, the anticipated number of charities and its volunteers have been discouraged by the lengthy and complicated process required of them. As introduced, **SB 340** **sought to:**

1. Eliminate the GCCC's regulation of RCB and shift it to local governments, as is the case with traditional bingo.

¹ http://www.cgcc.ca.gov/documents/enabling/2011/PROGRAM_TERMINATION_NOTICE_FINAL_2011-05-26.pdf

2. Retains existing law regarding the DOJ's role of enforcement and oversight of charities.

SB 340 was held in the Assembly Appropriations Committee due to fiscal concerns of the DOJ's ability to audit charities should it deem it to be necessary.

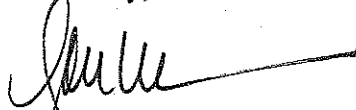
SB 383 again attempts to eliminate much of the regulatory barriers of the CGCC. This bill will make it easier for charities to participate but still maintains state and local oversight ensuring the legitimacy of the game. **SB 383 requires charities to:**

1. Register with the CGCC.
2. Self-report audit information to the CGCC.
3. Allows the CGCC to charge sufficient fees to cover registration and audits.
4. Maintain local licensure and report annually to the CGCC.

The bill is consistent with existing law in terms of the DOJ's role of enforcement and oversight of charities. SB 383 is currently pending in the Assembly Governmental Organization Committee.

Thank you for your consideration of my comments relative to RCB. I support the GRP2 for the continuation of the RCB Program with dual oversight by the CGCC and the DOJ.

Sincerely,



Lois Wolk
Senator, 5th District

LW:tda