

Initiative Measure To Be Submitted Directly To The Voters

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

INTERNET POKER. Statute. Creates a State-owned Internet poker site. Provides that 90 percent of net revenues be distributed to cities and counties for street repairs and 10 percent of net revenues be allocated to the California Gambling Addiction Program Fund. Allows players age 21 and over to participate. Requires Governor to appoint a Director responsible for the site. Requires that games be similar to prevailing online and live poker room practices. Allows participation from outside the State where not prohibited by law. Authorizes revenue sharing and player base agreements with states, localities and California Indian tribes. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Unknown increase in revenues for (1) cities and counties to use for pothole and street repair and (2) the state to use for gambling addiction assistance programs. This increase could easily be in the tens of millions of dollars annually. Unknown reduction in other tax and gambling-related revenues for the state and local governments. This reduction could offset a significant amount of the net revenues from the state poker site. (Initiative 07-0017.)

To the Honorable Secretary of State of California: We, the undersigned, registered, qualified voters of California, residents of the below described County (or City and County), hereby propose amendments to the Business and Professions Code, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed statutory amendments read as follows:

Article 18, Chapter 5, Division 8, (commencing with section 19990) is added to the California Business and Professions Code. 19990: This measure establishes a State of California owned, internet poker site. a) For the purposes of this act: (1) Section 19801, Article 1, Chapter 5, Division 8, (2) Sections 19961, 19962, 19963, 19964, Article 13, Chapter 5, Division 8, of the California Business and Professions Code, and (3) California Penal Code, sections 330, Sections 337j, 337t, shall not apply. b) Revenues shall be generated by a percentage rake and tournament buyin fees set at competitive industry levels. c) 80% of net revenues shall be apportioned quarterly per capita to incorporated cities and towns for the specific purpose of repairing potholes and broken streets. 10% shall be similarly allocated to counties to be used for the same purpose in unincorporated areas. d) 10% of net revenues shall be allocated to the California Gambling Addiction Program Fund. e) Within 45 days of passage of this act, the Governor shall appoint a Director, serving at the pleasure of the Governor, and who shall be given appropriate resources, and who is

wholly responsible for the successful establishment and secure operation of the site. The site shall be operational 150 days after the appointment of the Director. f) Games, limits, and buyins shall be similar to prevailing online and live poker room practices. g) Players may play at only one table at a time. h) Residents, age 21 and over, from all California counties may participate. j) The Site shall allow participation of residents, over 21, of other states and localities where law does not prohibit an individual's participation. k) The State may enter into revenue and player base sharing agreements with other states, localities, and California federally recognized Indian Tribes. l) Should this measure be challenged, the State shall vigorously defend this measure. m) This act may be amended by 2/3-majority vote of both legislative houses and the Governor's concurrence. n) If any provision of this act is held to be invalid by a court of competent jurisdiction, the provisions of this act are severable.

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