

April 2020

The Honorable Gavin Newsom
Governor of California
State Capitol
Sacramento, CA 95814

Dear Governor Newsom:

We appreciate your continued leadership during this pandemic and your Administration's open communication. We also appreciate your recognition of the California cardrooms economic distress during this time with the extension of various upcoming deadlines in your March 30, 2020 Executive Order.

We are writing you to request continued support by providing immediate relief to many of our communities who rely on cardrooms for revenue and jobs. Without action to protect these establishments, cities such as Hawaiian Gardens, Compton, Commerce, Bell Gardens, Chula Vista, Gardena, Inglewood, Colma, Fresno, Oceanside and Citrus Heights will be harmed that will ultimately result in a reduction in service to residents.

Gaming tax revenue is a significant contributor to many of these cities' general funds – sometimes accounting for up to 75%. While we understand the importance of sheltering at home, the reality is that for every week cardrooms are closed, our communities collectively lose millions of dollars in revenue which supports the urgent emergency services for vulnerable populations.

As you know, cardrooms offer living wage jobs that permit residents in our communities to have a home and provide for themselves and their families. Most do not have a college education and for many, English is a second language. *These are irreplaceable jobs for our communities.*

On March 17, your office received the attached letter which requested specific actions that could help during this difficult period of time so that cardrooms continue to be viable contributors to our local economies.

Specifically, our request for your assistance includes the following:

- Releasing and refunding cardrooms the \$97 million surplus in the Gambling Control Fund which has resulted from overcharging fees to the cardroom industry. This surplus of overcharges was well-documented in the State Auditor's Report (2018-132). These funds could help compensate employees and provide benefits while supporting business operations to allow for a smooth reopening – a critical component for our communities to be able to expeditiously recover from this pandemic; and

- Providing relief and clarification on the ability to take advantage of all federal relief programs, including unsecuritized loans without prior approval from regulators – a process that could take months if not clarified.

These are immediate requests that do not impact the state's general fund and would help an industry that is responsible for the employment of 32,000 Californians within cities that rely on over \$100 million in gaming tax annually to serve their residents.

We appreciate your leadership in doing everything possible to keep Californians healthy and safe. We hope you can work with us on this vital issue that is critical for our communities.

Sincerely,

MIKE A. GIPSON
Assemblymember, 64th AD