



Legislation Text

File #: 16-075, **Version:** 1

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SUBJECT: Cardrooms

REPORT IN BRIEF

Provides a brief overview of existing City cardroom regulations and outlines potential areas of modification that the City Council may consider, if desired.

RECOMMENDATION

Staff recommends that the City Council take public testimony regarding cardrooms and either:

- A. Provide direction to staff regarding any proposed modifications to the City's existing cardroom regulations; or,
- B. Take no further action regarding this matter.

AUTHORITY

City of Merced Charter, Section 200.

CITY COUNCIL PRIORITIES

Not Applicable

DISCUSSION

Background

At the City Council meeting on February 1, 2016, the City Council directed that staff place an item on the agenda regarding cardrooms.

Currently, two cardrooms are located in the City of Merced - Poker Flats Casino and the Merced Poker Room. Under City regulations, no additional cardrooms can be located within the City without approval of a majority of the voters of the City. (Merced Municipal Code Section 9.08.020(D).)

In addition, under existing City regulations, "[n]o person shall operate a cardroom with more than four card tables. There shall be no more than eight (8) card tables in the city." (Merced Municipal Code Section 9.08.020(D).)

Finally, City regulations currently prohibit "any single bet or wager in excess of three hundred dollars (\$300.00) or at any time during any game to permit an ante in excess of two hundred dollars

(\$200.00) total sum anted by players participating in the game.” (Merced Municipal Code Section 9.08.020(E).)

Discussion

Without approval by a majority of the voters of the City, the City Council cannot allow an increase in the number of cardrooms within the City. If desired, however, the City Council may increase the number of card tables in the City from eight card tables to 16 tables without voter approval. This is based upon the following statutory language:

1. Business and Professions Code Section 19961, subd. (a)(2) (an increase of less than 25 percent of the number of existing tables -- i.e., one additional table);
2. Business and Professions Code Section 19961.06, subd. (a) (an increase of two additional tables);
3. Business and Professions Code Section 19961.06, subd. (b) (an increase of two additional tables); and
4. Business and Professions Code Section 19965 (an increase of three additional tables).

If the City Council wishes to increase the number of card tables, it may increase the number of tables by the authorized eight additional tables or may select to increase the number in a lesser amount (i.e., one to seven additional tables).

If desired, the City Council also has the option (without voter approval) to increase the amount of any single bet or wager to an amount greater than the current limit of \$300 and/or increase the current limit of an ante to an amount greater than \$200. Alternatively, the City Council could elect to remove all limits on any single bet or wager and/or any ante.

To summarize the issues for the City Council to consider as it relates to cardrooms:

1. Does the City Council wish to increase the number of card tables in the City?
2. If so, does the City Council wish to increase the number of card tables to the statutorily allowed number of 16 card tables within the City or to some number of tables less than 16 but greater than 8?
3. If the City Council wishes to expand the number of card tables to up to 8 additional card tables, how does the City Council wish to allocate the new card tables between the existing cardrooms in the City? (Any increase in the number of tables would first require an amendment to the cardroom's conditional use permit.)
4. Does the City Council wish to increase the amount of any single bet or wager to an amount greater than \$300?
5. Does the City Council wish to increase the amount of any ante to an amount greater than \$200?
6. If the City Council wishes to increase or remove the limits on any single bet or wager and/or or

any ante, to what new limit(s)-if any-does the City Council wish to increase such bet or wager or ante?

7. Does the City Council wish to impose a “table fee” on additional tables to cover the additional cost of enforcement associated with the expanded use? (If the table fee exceeds the additional cost of enforcement, the new fee would require voter approval.)

8. Does the City Council wish to impose a tax and/or new franchise fee on cardrooms in the City or on cardrooms that expand the number of tables? (A new tax or franchise fee on cardrooms would require voter approval.)

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

None.