

BALLOT MEASURE K:

City of San José



Absentee ballots will begin to be distributed the week of May 10, and the election will be held on Tuesday, June 8.

This Election Day, residents will consider a ballot measure that relates specifically to cardrooms in San José.

A description is provided below.

Measure K, if approved, would raise the cardroom tax rate on gross revenues from 13% to 15%, allow each cardroom to seek City approval to increase the number of tables from 40 to 49, remove the limit on the number of permissible card games by permitting any card game allowed under State law consistent with City regulations and increase the current \$200 betting limit to that allowed under State law. In addition, the City Council will retain the authority to amend or to repeal provisions in the City's Gaming Ordinance (Title 16 of the City's Municipal Code) in order to revise the City's gaming control regulations. Below is more information of the specific features of Measure K.

Raising the cardroom tax rate from 13% to 15% on gross revenue

Currently, the cardroom tax rate on gross revenues is set at 13%. If Measure K is approved, the Cardroom tax rate imposed on gross revenues will increase to 15%, generating estimated new, ongoing annual revenue of \$1.95 million from the 80 tables currently permitted in the City. This revenue estimate assumes an increased tax rate for the existing 80 tables and that the revenue per table at both cardrooms would be consistent with current levels. If Measure K is not approved, the Cardroom tax rate on gross revenues will remain at 13%, and the City will not receive the estimated increase in Cardroom tax revenues.

Increase the number of card tables by 18

Each of the City's two cardrooms has 40 tables. If Measure K is approved and each cardroom seeks and obtains City approval for 9 additional tables, this would increase the total number of tables in the City to 98, generating estimated new, ongoing annual revenue of \$3.30 million. This revenue estimate assumes the 15% tax rate, the utilization of all 18 additional card tables by the City's two cardrooms and that the revenue per table at both cardrooms would be consistent with current levels. If Measure K is not approved, the total number of tables will remain at 80, and the City will not receive the estimated increase in Cardroom tax revenues.

Remove the limit on the number of permissible card games by permitting any card game allowed under State law consistent with City regulations

Under Title 16, the number of permissible games for each of the City's cardrooms is limited to 21. If Measure K is approved, the number of games permissible under Title 16 would expand to any game authorized under State law. In addition, this measure would remove the requirement that each cardroom have access to all games. However, the City will still have the authority to approve the individual permissible games to ensure they are consistent with City regulations. If Measure K is not approved, the number of permissible card games will remain at 21 and games will be required to be made available in both cardrooms.

Eliminate the City's current betting limit and permit the betting limit authorized by State Law

The City's current betting limit under Title 16 is \$200. If Measure K is approved, the betting limit will conform to State law, which currently does not specify betting limits. Therefore, the cardrooms will be allowed to establish the betting limits for each table and each game played. If Measure K is not approved, the betting limit will remain at \$200.

Audit and Oversight

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.



FOR MORE INFORMATION: Residents can visit the City Clerk's website at <http://www.sanjoseca.gov/clerk/elections/Election.asp> for additional information on this measure, including the City Attorney's Impartial Analysis, the Arguments For and Against, and the full text of the measure.