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Lungren's Bid for New Gambling Controls Fails : Ballot measure: State Sen. Ken Maddy says that his proposal is virtually dead in its current form. Card rooms were the main target.

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SACRAMENTO — Atty. Gen. Dan Lungren's efforts to curb the expansion of legalized gambling suffered a defeat Tuesday as a Senate committee voted down a proposed ballot measure that would have established new gaming controls in California.

Sen. Ken Maddy (R-Fresno), who sponsored the proposal for Lungren, acknowledged after the 8-2 defeat in the Senate Governmental Operations Committee that the proposal in its current form is virtually dead.

The vote came after representatives from a variety of interests, including California Indian tribes, commercial card rooms and local governments, crowded into a Senate hearing room to voice vehement opposition to the measure.

The proposed constitutional amendment, designed primarily to provide tighter regulation of the mushrooming card room industry, would have established a Nevada-style gaming commission to oversee the licensing of gambling operations, created a division within the attorney general's office to investigate criminal activity in gaming operations and permitted the Legislature to assess licensing fees for gambling houses.

It would have been the most comprehensive gambling control measure ever placed before California voters, and it would have prohibited the expansion of gambling beyond what is now permitted--parimutuel wagering on horse racing, the state lottery, bingo by charitable groups and certain games of chance in commercial card rooms.

Under current law, new forms of gaming--except casino gambling--can be established by a majority vote in both legislative houses and the signature of the governor. Under the Maddy proposal, the state Constitution would have to be amended in order to create new forms of gambling, and that requires a two-thirds vote of the Legislature as well as the governor's approval.

Maddy said he knew before the hearing began Tuesday that opposition to his measure was so widespread that it had little chance of passing. He said strong opposition from Indian tribes, who saw the measure as an attempt to limit the expansion of gambling on their lands, carried heavy weight with the committee.

Moreover, he said card rooms opposed the measure because they feared the fees levied by the new gaming commission would be exorbitant, while local governments were worried the state would eventually take away the share of card room revenues that now goes to them.

Despite the measure's lopsided defeat in the Senate committee, Lungren's press secretary, David Puglia, said the attorney general was not ready to give up. He said several of the ballot measure's provisions, most importantly the creation of the independent gaming commission and the enforcement division in the attorney general's office, are incorporated in legislation still pending in the Assembly.

"For the moment we're going to have to focus on the statutory measure in the Assembly; for the moment the constitutional measure is out of the picture," he said.

Although the pending legislation does not establish the strong constitutional prohibition on the expansion of gambling that Lungren had wanted, Puglia said it still accomplishes Lungren's main purpose: tighter control of the card room industry.

By law, card rooms in California only provide the facilities for players to participate in certain games of chance. Unlike gambling houses in Nevada, they cannot act as the banker in the games. They make their money by assessing players a charge per game or per table.

In the last few years, the number of card rooms in California has grown to more than 300. The largest and the greatest number are in Southern California. Lungren has estimated that between \$7 billion and \$8 billion is wagered in California card rooms each year.