

## MEASURE E

### CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE E

This initiative ordinance, if approved by a majority of the voters, would amend two sections of the San Jose Municipal Code (the "Code") related to voter approval of the expansion of cardroom gambling in the City. The Code requires voter approval prior to the City Council taking action to expand cardroom gambling as defined in the Code.

The proposed ordinance would amend Section 16.04.020 to increase the maximum number of card tables in the City. Currently there are two permitted cardrooms that are each allowed to have 49 card tables. The proposed ordinance would increase the maximum number of card tables in the City from 98 to 128 as of January 1, 2013 and from 128 to 158 as of January 1, 2014. After January 1, 2014, a maximum of 79 card tables would be allowed at any one cardroom, unless otherwise authorized by a vote of the people. The Code currently requires a cardroom seeking to increase its permitted number of card tables to apply for and obtain a cardroom permit amendment issued by the Chief of Police. The proposed ordinance does not change this requirement.

Section 16.04.030 currently prohibits the use of slot machines and gambling devices without a vote of the people, regardless of whether they are legal or not under State law. The proposed ordinance would allow, without additional voter approval, slot machines or gambling devices in the event these devices become legal in California.

Section 16.04.030 currently requires voter approval for any form of gambling which was not allowed under the Code on or before June 30, 1996, or which is prohibited under State gambling law on or before June 30, 1996. The proposed ordinance would amend this provision to allow cardrooms to offer any form of gambling that is lawful in the State of California after July 1, 2012 without additional voter approval.

The proposed ordinance also amends Section 16.04.030 to state that the "City would be required to review the rules for additional permissible gambling." The Code provides a procedure for approving any game that is not on the City's permissible game list. The proposed ordinance does not change this procedure.

A "yes" vote is a vote to expand the number of card tables and the forms of cardroom gambling allowed in San Jose without further voter approval.

A "no" vote is a vote not to expand the number of card tables and the forms of cardroom gambling allowed in San Jose.

**The above statement is an impartial analysis of Measure E. If you would like to read the full text of the measure, see [www.sanjoseca.gov/clerk/elections/Election.asp](http://www.sanjoseca.gov/clerk/elections/Election.asp) or call 408-535-1260 and a copy will be sent at no cost to you.**

/s/ Richard Doyle  
City Attorney  
City of San Jose

## ARGUMENT IN FAVOR OF MEASURE E

For ten years, San Jose has faced massive deficits, cut millions from the city budget and laid off hundreds of city workers – firefighters, police officers, parks workers, librarians, and street repair crews. Political fights have been waged to cut current and future city pensions. The State has cut millions from city budgets and eliminated Redevelopment funds which San Jose relied upon heavily. Unless we generate new revenue, more cuts will be made.

A Yes vote on Measure E will result in San Jose's two cardrooms paying over \$20 million annually in tax revenue to San Jose. That's tax revenue only for San Jose – the State can't touch a dime of it – meaning new tax revenue to prevent future cuts and restore vital services. You and your family won't pay these taxes.

Measure E allows for a modest increase in card tables at each club – 15 for each in 2013 and again in 2014. Any future increases must have voter approval. And if the state permits new types of gaming, Measure E limits games allowed to only those approved by the State.

San Jose does an outstanding job of regulating cardrooms. San Jose is recognized as having the toughest cardroom regulations in California. San Jose cardrooms pay nearly \$2 million annually in additional fees covering all costs of regulation and police oversight. San Jose is the only California community with its own Division of Gaming Control overseeing cardrooms. And, San Jose requires the cardrooms to fund a non-profit organization which provides a successful "problem gambling" program.

San Jose cardrooms generate \$100 million annually in economic activity and provide 1200 jobs. A Yes vote on Measure E will increase cardroom taxes to \$20 million annually, create 200 new jobs and help prevent more budget cuts while restoring some city services. Please join us in voting Yes on Measure E.

[www.MoreTaxesFromCardrooms.com](http://www.MoreTaxesFromCardrooms.com)

/s/ Fred Abram  
Assistant San Jose Chief of Police – retired

/s/ Pete Constant  
San Jose City Councilmember

/s/ Nancy Pyle  
San Jose City Councilmember

/s/ Enrique Fernandez  
Vice-President, San Jose Hotel and Restaurant Workers Union  
(UNITE HERE Local 19)

/s/ Randy Okamura  
Trustee, San Jose - Evergreen Community College District

## ARGUMENT AGAINST MEASURE E

This gambling industry-financed initiative costs each one of us, and our city. Wealthy card club owners win, and we lose.

They may try to justify this money-grab by making exaggerated claims about new tax revenues. Yet in August, the City Manager reported that the city treasury will collect less than \$30,000 in annual tax revenue for every additional card table, 70% less than what the gaming industry claimed. Even worse, *this initiative will also weaken gaming rules, according to the San Jose Police Department, to "make it very easy for [organized crime] to skim money off the top, which results in potential loss of tax revenue to the city and state."*

Whatever tax dollars we receive, they won't compensate us for the additional strain on our overstretched Police Department, which recently analyzed crime data and estimated that *this measure will increase calls for police—for crimes such as robbery, assault, theft, and counterfeiting -- by 60%* at each card club. Yes, people can always gamble on the internet, but multiple studies link the opening of brick-and-mortar casinos to **citywide increases in burglary, robbery, domestic violence, child abuse and neglect, and drug use.**

*The gaming industry won't bear those burdens. We will.*

Voters agreed to increase the number of tables in San Jose two years ago because you were assured that the card clubs would pay a 2% higher tax rate on their revenues as a result.

*This initiative, in contrast, leaves us with no such benefit – only a bill.*

What other bills will the gaming industry leave you with? Consider the \$824,000 cost just to place this measure on the November ballot—instead of opening libraries or repaving streets.

We, community leaders throughout the City of San Jose, urge you to vote "no" on this money-grab by the gaming industry.

/s/ Sam Liccardo  
San Jose City Councilmember

/s/ Kansen Chu  
San Jose City Councilmember

/s/ Poncho Guevara  
Executive Director of Sacred Heart Community Service

/s/ Helen Chapman  
Former Chair, San Jose Parks Commission

/s/ David Pandori  
Criminal Prosecutor