

LAW OFFICES OF SANFORD I. MILLAR

MILLARLAWOFFICES.COM

California Budget and Internet Poker

November 10, 2010

In January California will have a new governor and new leaders in the legislature. There clearly will be changes. Will one of those changes be an effort to help reduce the budget deficit by legalizing, (regulating) and taxing Internet poker? Perhaps.

In all likelihood another effort will be made by various stakeholders to get a bill introduced and passed by both houses and signed by the governor. The bill would have to limit players to California residents and otherwise comply with the age, and other provisions of the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). The fight, and surely there will be one, will be over who can apply for a license, meaning will the applicants need to be California based, non-public companies, or will external applicants be allowed. Further, if there is a bill, how many licenses will be offered? Prior proposals had fixed the license pool at 3-5. Is the same limit going to apply? What about revenue sharing between the tribal and non-tribal interests? And what about player registration and income taxation. These issues surely must be resolved. Most importantly how sound will the revenue projections be with offshore competition uncontrolled? Finally, what will be the cost of administering the regulations and what will the states real net revenue be?

The forces moving for legalization are strong but the outcome may still be in doubt.

Law Offices of Sanford I. Millar

Office: 310-556-3007

Fax: 310-556-3094

Address: 1801 Avenue of the Stars, Suite 600
Los Angeles, CA. 90067

Email: smillar@millarlaw.net

www.millarlawoffices.com