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Nail-biting time for those with bills on Gov's desk

By [Malcolm Maclachlan](#) (published Thursday, September 18, 2008)

Just because the bill deadline has passed hardly means the legislative season is over. For those with bills sitting on Governor Arnold Schwarzenegger's desk, it's nail-biting time.

This is a particularly nerve-wracking year, some add, because the ongoing budget crisis has effectively taken attention away from legislation. Not to mention the governor's since-retracted threat to veto all, or most, of the approximately 850 bills on his desk if not sent a budget he found acceptable.

Here are some of the more controversial bills now in front of the governor:

SB 1369—Remote caller bingo

Yes, you read that correctly—the next big arena in California's ongoing gambling fights is bingo. SB 1369 was carried by Senator Gil Cedillo, D-Los Angeles, on behalf of the Catholic Church, which has many charity groups that depend on bingo for revenue.

The bill was a late session gut and amend, getting new language on August 18. Cedillo somehow got it through two Assembly committees and off the floor in both houses. This could become an issue, due a 2003 pledge by Schwarzenegger to veto any bill that hasn't gone through policy committees in both houses.

The bill codifies local governments' rights to allow charity bingo games. But it also explicitly outlaws the electronic bingo games that some charities across the state have been using. The machines can offer a user interface that makes the player feel like they're playing a slot machine or video poker, but the actual odds of the game are played out in a separate bingo game played electronically in the background.

"What we're doing is stopping them from having slot machines," said Allison Harvey, executive director of the California Tribal Business Alliance, which supports the bill. "It's already illegal. We're just clarifying it."

In its place, the bill creates something called "remote caller bingo." This allows the computerized linking of bingo games throughout the state. This is supported by the Catholic Church, which could stand to benefit, but many smaller charities have said they do not have the resources to offer these larger games.

The California Charity Bingo Association has been running print and web ads



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against the bill, accusing California gaming tribes of picking on the little guys. Jonathan Stein, a gaming attorney who has been working with Bingo Association against the bill, warned of several unintended consequences that could result from SB 1369.

For one thing, he claimed, the same language that outlaws many bingo games could affect other types of gaming as well, including making it illegal for the state to securitize the lottery, as proposed by the Governor. He also said the bill is written in such a way as to create a very dangerous legal situation for companies that produce electronic bingo machines.



"If you are a CEO of one of the companies I'm working with and you make a mistake in the software programming, in the bill you have to go to jail for five years," Stein said.

Harvey said Stein was trying to "confuse the issue." She claimed that many of the charities involved in the current type of bingo parlors really just lend their names to commercial operations that keep most of the money and routinely break numerous rules, such as demanding they be staffed only by volunteers.

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AB 1245—Alcohol merchandise

AB 1245 by Assemblyman Alberto Torrico, D-Newark, would allow beer makers to give away promotional items with a value of up to \$3; current law limits them to items costing 25 cents or less. The bill was sponsored by Anheiser-Busch. Andrew Baldonado, the company's western vice president of governmental affairs, said that 45 other states have higher limits—with many having no limits at all. Makers of distilled spirits—i.e. liquor—have a \$5 limit.

"While we're handing out bottle openers and key-chains," Baldonado said, "The Jose Cuervo team can come in with hats and t-shirts." Opposing the bill are an odd coalition of microbreweries and alcohol-control groups. Last week saw Michael Scippa of the anti-alcohol Marin Institute standing shoulder-to-shoulder with California Small Brewers Association director Tom McCormick at Midtown's Rubicon Brewing Company.

Perhaps playing on the anti-Budweiser sentiment that showed itself among some beer drinkers with the companies recent hostile takeover by the Belgian distributor InBev, McCormick painted a picture of consumers losing choice as the big beer-makers used giveaways to drive smaller brewers out of business.

Scippa said that these promotional items promote drinking among young people. This charge may have particular relevance for some this year, after a call by several college presidents to lower the drinking age to 18.

"The current limits on these premiums, gifts and free goods were put in place in because these promotional items influence younger, and often underage, drinkers," Scippa said.

Baldonado charged that Scippa was raising the two-decade old specter of the unacceptably cuddly Spuds McKenzie, the sunglasses-wearing dog who has been a kind of Joe Camel figure for some anti-teen drinking groups. He also cited the 12,000 jobs Anheiser-Busch provides in California.

AB 1656—Credit card/identity theft.

AB 1656 pits a coalition of law enforcement and the California Credit Union

League against the retailers and business groups. This bill by Assemblyman Dave Jones, D-Sacramento, would increase the responsibilities of retailers who think that their customers' credit card information has been compromised. This includes restrictions on how long they can store information, as well as new responsibilities for warning customers whose data has been breached.

High-profile cases of identity theft and fraud in recent years made this hard case for the California Retailers Association to make. Research has actually shown cases of identity theft falling in recent years. According to a report by Javelin Strategy and Research, the number of US adults who were victims of identity fraud fell from 10.1 million in 2003 to 8.4 million in 2007; total losses dropped from \$55.7 billion in 2006 to \$49.3 billion in 2007.

These numbers reflect better strategies by retailers, financial institutions and consumers. But with the economy in trouble, and millions of victims of identity fraud out there, banks and retailers still face immense amounts of potential liability. If this bill is signed, it could allow banks to take retailers to court to recoup their losses if they compromise credit card numbers. However, the credit unions accepted a late amendment letting retailers out of the responsibility to paying for replacement cards.

Schwarzenegger vetoed a substantially similar bill, AB 779, last year, saying existing law was sufficient towards in the area of "assigned responsibilities and liabilities."

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