

Senate Bill No. 451

CHAPTER 584

An act to amend Sections 19826 and 19827 of the Business and Professions Code, and to amend Section 320.6 of the Penal Code, relating to gambling.

[Approved by Governor October 10, 2025. Filed with Secretary of State October 10, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 451, Archuleta. Gambling.

Existing law, the Gambling Control Act, establishes the California Gambling Control Commission, which is responsible for licensing and regulating various gambling activities and establishments. Existing law requires the Department of Justice to investigate any violations of, and to enforce, the act. Existing law also vests the department with the responsibility to investigate violations of prohibitions against specified gambling activities, as enumerated in the Penal Code, including, among others, prohibitions against (1) lotteries, (2) certain games played with cards, dice, or any device, for money, and (3) slot machines.

This bill would clarify that the department's authority to investigate suspected criminal violations of the aforementioned prohibited gambling activities enumerated in the Penal Code includes suspected violations that occur outside of a licensed gambling establishment, irrespective of whether the suspected violation involves licensees.

The California Constitution generally prohibits lotteries and raffles. The California Constitution, notwithstanding this general prohibition, authorizes the Legislature to authorize private, nonprofit, eligible organizations to conduct raffles as a funding mechanism to provide support for their own or another private, nonprofit, eligible organizations' beneficial and charitable works, provided that at least 90% of the gross receipts from the raffle go directly to beneficial or charitable purposes in California. The California Constitution further authorizes the Legislature, by a $\frac{2}{3}$ vote of each house, to amend the percentage of gross receipts required to be dedicated to beneficial or charitable purposes. Pursuant to this authority, existing statutory law authorizes an eligible organization to conduct a major league sports raffle if, among other requirements, 50% of the gross receipts generated from the sale of raffle tickets are used to benefit or provide support for beneficial or charitable purposes, as defined, the other 50% is paid to the winner, and the winners of the prizes are determined by a manual draw, as specified. Existing law authorizes these raffles only at a home game and prohibits an eligible organization from conducting more than one major league sports raffle per home game.

This bill would additionally authorize an eligible organization to conduct a major league sports raffle at a championship game, if held at the designated venue where an affiliated sports team plays their home games. The bill would make other technical and conforming changes. By expanding the scope of provisions that revise the percentage of gross receipts required to go to beneficial or charitable purposes pursuant to the California Constitution, this bill would require a $\frac{2}{3}$ vote of each house.

The people of the State of California do enact as follows:

SECTION 1. Section 19826 of the Business and Professions Code is amended to read:

19826. The department shall perform all investigatory functions required by this chapter, as well as auditing functions under tribal gaming compacts, and shall have all of the following responsibilities:

(a) To receive and process applications for any license, permit, or other approval, and to collect all related fees. The department shall investigate the qualifications of applicants before any license, permit, or other approval is issued, and investigate any request to the commission for any approval that may be required pursuant to this chapter. The department may recommend the denial or the limitation, conditioning, or restriction of any license, permit, or other approval.

(b) To monitor the conduct of all licensees and other persons having a material involvement, directly or indirectly, with a gambling operation or its holding company, for the purpose of ensuring that licenses are not issued or held by, and that there is no direct or indirect material involvement with, a gambling operation or holding company by ineligible, unqualified, disqualified, or unsuitable persons, or persons whose operations are conducted in a manner that is inimical to the public health, safety, or welfare.

(c) (1) To investigate suspected violations of this chapter or laws of this state relating to gambling, including any activity prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code.

(2) This subdivision includes the responsibility to investigate suspected violations of illegal gambling activities conducted outside of licensed gambling establishments, irrespective of whether the suspected violation involves licensees.

(d) To investigate complaints that are lodged against licensees, or other persons associated with a gambling operation, by members of the public.

(e) To initiate, where appropriate, disciplinary actions as provided in this chapter. In connection with any disciplinary action, the department may seek restriction, limitation, suspension, or revocation of any license or approval, or the imposition of any fine upon any person licensed or approved.

(f) To adopt regulations reasonably related to its functions and duties as specified in this chapter.

(g) Approve the play of any controlled game, including placing restrictions and limitations on how a controlled game may be played. The department shall make available to the public the rules of play and the collection rates of each gaming activity approved for play at each gambling establishment on the Attorney General's internet website. Actual costs incurred by the department to review and approve game rules shall be reimbursed to the department by the licensee making the request.

SEC. 2. Section 19827 of the Business and Professions Code is amended to read:

19827. (a) The department has all powers necessary and proper to enable it to carry out fully and effectually the duties and responsibilities of the department specified in this chapter. The investigatory powers of the department include, but are not limited to, all of the following:

(1) Upon approval of the chief, and without notice or warrant, the department may take any of the following actions:

(A) Visit, investigate, and place expert accountants, technicians, and any other person, as it may deem necessary, in all areas of the premises wherein controlled gambling is conducted for the purpose of determining compliance with the rules and regulations adopted pursuant to this chapter.

(B) Visit, inspect, and examine all premises where gambling equipment is manufactured, sold, or distributed.

(C) Inspect all equipment and supplies in any gambling establishment or in any premises where gambling equipment is manufactured, sold, or distributed.

(D) Summarily seize, remove, and impound any equipment, supplies, documents, or records from any licensed premises for the purpose of examination and inspection. However, upon reasonable demand by the licensee or the licensee's authorized representative, a copy of all documents and records seized shall be made and left on the premises.

(E) Demand access to, and inspect, examine, photocopy, and audit all papers, books, and records of an owner licensee on the gambling premises in the presence of the licensee or the licensee's agent.

(2) Except as provided in paragraph (1), upon obtaining an inspection warrant pursuant to Section 1822.60 of the Code of Civil Procedure, the department may inspect and seize for inspection, examination, or photocopying any property possessed, controlled, bailed, or otherwise held by any applicant, licensee, or any intermediary company, or holding company.

(3) (A) The department may investigate, for purposes of prosecution, any suspected criminal violation of this chapter.

(B) The department may investigate, for purposes of prosecution, any suspected criminal violation of Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with Section 330) of Title 9 of Part 1 of the Penal Code, including a suspected criminal violation that occurs outside of a licensed gambling establishment, irrespective of whether the suspected violation involves licensees.

(C) This paragraph does not limit the powers conferred by any other law on agents of the department who are peace officers.

(4) The department may do both of the following:

(A) Issue subpoenas to require the attendance and testimony of witnesses and the production of books, records, documents, and physical materials.

(B) Administer oaths, examine witnesses under oath, take evidence, and take depositions and affidavits or declarations. Notwithstanding Section 11189 of the Government Code, the department, without leave of court, may take the deposition of any applicant or any licensee. Sections 11185 and 11191 of the Government Code do not apply to a witness who is an applicant or a licensee.

(b) (1) Subdivision (a) shall not be construed to limit warrantless inspections except as required by the California Constitution or the United States Constitution.

(2) Subdivision (a) shall not be construed to prevent entries and administrative inspections, including seizures of property, without a warrant in the following circumstances:

(A) With the consent of the owner, operator, or agent in charge of the premises.

(B) In situations presenting imminent danger to health and safety.

(C) In situations involving inspection of conveyances where there is reasonable cause to believe that the mobility of the conveyance makes it impractical to obtain a warrant, or in any other exceptional or emergency circumstance where time or opportunity to apply for a warrant is lacking.

(D) In accordance with this chapter.

(E) In all other situations where a warrant is not constitutionally required.

SEC. 3. Section 320.6 of the Penal Code is amended to read:

320.6. (a) For the purposes of this section, the following terms have the following meanings:

(1) “Charitable purposes” excludes purposes that are intended to benefit officers, directors, or members, as defined by Section 5056 of the Corporations Code, of the eligible organization.

(2) “Eligible organization” means a private, nonprofit organization established by, or affiliated with, a team from the Major League Baseball, National Hockey League, National Basketball Association, National Football League, Women’s National Basketball Association, or Major League Soccer, or a private, nonprofit organization established by the Professional Golfers’ Association of America, Ladies Professional Golf Association, or National Association for Stock Car Auto Racing that has been qualified to conduct business in California for at least one year before conducting a raffle, is qualified for an exemption under Section 501(c)(3) of the Internal Revenue Code, and is exempt from taxation pursuant to Section 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, 23701t, or 23701w of the Revenue and Taxation Code.

(3) “Raffle” means a scheme for the distribution of prizes by chance among persons who have paid money for paper tickets that provide the opportunity to win these prizes, in which all of the following are true:

(A) Each ticket sold contains a unique and matching identifier.

(B) (i) Winners of the prizes are determined by a manual draw from tickets described in subparagraph (A) that have been sold for entry in the manual draw.

(ii) An electronic device may be used to sell tickets. The ticket receipt issued by the electronic device to the purchaser may include more than one unique and matching identifier, representative of and matched to the number of tickets purchased in a single transaction.

(iii) A random number generator is not used for the manual draw or to sell tickets.

(iv) The prize paid to the winner is comprised of one-half or 50 percent of the gross receipts generated from the sale of raffle tickets for a raffle.

(C) The manual draw is conducted in California under the supervision of a natural person who meets all of the following requirements:

(i) The person is 18 years of age or older.

(ii) The person is affiliated with the eligible organization conducting the raffle.

(iii) The person is registered with the Department of Justice pursuant to paragraph (4) of subdivision (n).

(D) (i) Fifty percent of the gross receipts generated from the sale of raffle tickets for any given manual draw are used by the eligible organization conducting the raffle solely for charitable purposes, or used to benefit another private, nonprofit organization, provided that an organization receiving these funds is itself an eligible organization as defined in subdivision (c) of Section 320.5. Funds raised by raffles conducted pursuant to this section shall not be used to fund any beneficial, charitable, or other purpose outside of California. This section does not preclude an eligible organization from using funds from sources other than the sale of raffle tickets to pay for the administration or other costs of conducting a raffle if these expenses comply with legal standard of care requirements described in Sections 5231, 7231, and 9241 of the Corporations Code.

(ii) An employee of an eligible organization who is a direct seller of raffle tickets shall not be treated as an employee for purposes of workers' compensation under Section 3351 of the Labor Code if both of the following conditions are satisfied:

(I) Substantially all of the remuneration, whether or not paid in cash, for the performance of the service of selling raffle tickets is directly related to sales rather than to the number of hours worked.

(II) The services performed by the person are performed pursuant to a written contract between the seller and the eligible organization and the contract provides that the person will not be treated as an employee with respect to the selling of raffle tickets for workers' compensation purposes.

(iii) For purposes of this section, an employee selling raffle tickets shall be deemed to be a direct seller, as described in Section 650 of the Unemployment Insurance Code, as long as the employee meets the requirements of that section.

(b) Notwithstanding Section 320.5, this section applies to an eligible organization.

(c) A raffle that is conducted by an eligible organization for the purpose of directly supporting beneficial or charitable purposes or financially supporting another private, nonprofit eligible organization, as defined in subdivision (c) of Section 320.5, that performs beneficial or charitable purposes may be conducted in accordance with this section.

(d) A person who receives compensation in connection with the operation of the raffle shall be an employee of the eligible organization that is conducting the raffle, and in no event may compensation be paid from revenues required to be dedicated to beneficial or charitable purposes.

(e) A raffle ticket shall not be sold in exchange for Bitcoin or any other cryptocurrency.

(f) A raffle that is otherwise permitted under this section shall not be conducted by means of, or otherwise utilize, any gaming machine that meets the definition of slot machine contained in Section 330a, 330b, or 330.1.

(g) (1) A raffle otherwise permitted under this section shall not be conducted, nor may tickets for a raffle be sold, within an operating satellite wagering facility or racetrack inclosure licensed pursuant to the Horse Racing Law (Chapter 4 (commencing with Section 19400) of Division 8 of the Business and Professions Code) or within a gambling establishment licensed pursuant to the Gambling Control Act (Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code).

(2) A raffle shall not be operated or conducted in any manner over the internet, nor may raffle tickets be sold, traded, or redeemed over the internet. For purposes of this paragraph, an eligible organization shall not be deemed to operate or conduct a raffle over the internet, or sell raffle tickets over the internet, if the eligible organization advertises its raffle on the internet or permits others to do so. Information that may be conveyed on an internet website pursuant to this paragraph includes, but is not limited to, all of the following:

(A) Lists, descriptions, photographs, or videos of the raffle prizes.

(B) Lists of the prize winners.

(C) The rules of the raffle.

(D) Frequently asked questions and their answers.

(E) Raffle entry forms, which may be downloaded from the internet website for manual completion by raffle ticket purchasers, but shall not be submitted to the eligible organization through the internet.

(F) Raffle contact information, including the eligible organization's name, address, telephone number, facsimile number, or email address.

(h) An individual, corporation, partnership, or other legal entity shall not hold a financial interest in the conduct of a raffle, except the eligible organization that is itself authorized to conduct that raffle, and any private, nonprofit, eligible organizations receiving financial support from that charitable organization pursuant to paragraph (3) of subdivision (a) and subdivision (c).

(i) (1) An eligible organization may conduct a major league sports raffle only at a home game, or a championship game if held at the designated venue where an affiliated sports team plays their home games.

(2) An eligible organization shall not conduct more than one major league sports raffle per game.

(j) An employee shall not sell raffle tickets in any seating area designated as a family section.

(k) An eligible organization shall disclose to all ticket purchasers the designated private, nonprofit, eligible organization for which the raffle is being conducted.

(l) An eligible organization that conducts a raffle to financially support another private, nonprofit eligible organization, as defined in subdivision (c) of Section 320.5, shall distribute all proceeds not paid out to the winners of the prizes to the private, nonprofit organization within 15 days of conducting the raffle, in accordance with this section.

(m) Any raffle prize remaining unclaimed by a winner at the end of the season for a team with an affiliated eligible organization that conducted a raffle to financially support another private, nonprofit eligible organization, as defined in subdivision (c) of Section 320.5, shall be donated within 30 days from the end of the season by the eligible organization to the designated private, nonprofit organization for which the raffle was conducted.

(n) (1) (A) An eligible organization shall not conduct a raffle authorized under this section, unless it has a valid registration issued by the Department of Justice. The department shall furnish a registration form via the internet or upon request to eligible nonprofit organizations. The department shall, by regulation, collect only the information necessary to carry out the provisions of this section on this form. This information shall include, but is not limited to, all of the following:

(i) The name and address of the eligible organization.

(ii) The federal tax identification number, the corporate number issued by the Secretary of State, the organization number issued by the Franchise Tax Board, or the California charitable trust identification number of the eligible organization.

(iii) The name and title of a responsible fiduciary of the organization.

(B) (i) The department may require an eligible organization to pay a minimum annual registration fee of ten thousand dollars (\$10,000) to cover the reasonable costs of the department to administer and enforce this section.

(ii) An eligible organization shall pay, in addition to the annual registration application fee, two hundred dollars (\$200) for every individual raffle conducted at an eligible location to cover the reasonable costs of the department to administer and enforce this section. This fee shall be submitted in conjunction with the annual registration form.

(2) (A) A manufacturer or distributor of raffle-related products or services shall not conduct business with an eligible organization for purposes of conducting a raffle pursuant to this section unless the manufacturer or distributor has a valid annual registration issued by the department.

(B) The department may require a manufacturer or distributor of raffle-related products or services to pay a minimum annual registration fee of ten thousand dollars (\$10,000) to cover the reasonable costs of the department to administer and enforce this section.

(3) An eligible organization shall register the equipment used in the sale and distribution of raffle tickets, and shall have the equipment tested by an independent gaming testing lab.

(4) (A) A person affiliated with an eligible organization who conducts the manual draw shall annually register with the department.

(B) The department may require a person affiliated with an eligible organization who conducts the manual draw to pay a minimum annual registration fee of twenty dollars (\$20) to cover the reasonable costs of the department to administer and enforce this section.

(5) (A) The department may, by regulation, adjust the annual registration fees described in this section as needed to ensure that revenues will fully offset, but not exceed, the reasonable costs incurred by the department pursuant to this section. The fees shall be deposited by the department into the Major League Sporting Event Raffle Fund, which is hereby created in the State Treasury.

(B) A loan is hereby authorized from the General Fund to the Major League Sporting Event Raffle Fund on or after July 1, 2016, in an amount of up to one million five thousand dollars (\$1,005,000) to address department workload related to the initial implementation activities relating to this section by the department's Indian and Gaming Law Section. The terms and conditions of the loan shall first be approved by the Department of Finance pursuant to appropriate fiscal standards. The loan shall be subject to all of the following conditions:

(i) Of the total amount loaned, no more than three hundred thirty-five thousand dollars (\$335,000) shall be provided annually to the department.

(ii) The loan shall be repaid to the General Fund as soon as there is sufficient money in the Major League Sporting Event Raffle Fund to repay the loan, but no later than December 31, 2023.

(iii) Interest on the loan shall be paid from the Major League Sporting Event Raffle Fund at the rate accruing to moneys in the Pooled Money Investment Account.

(6) The department shall receive moneys for the costs incurred pursuant to this section subject to an appropriation by the Legislature.

(7) The department shall adopt regulations necessary to effectuate this section, including emergency regulations, pursuant to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(8) The department shall maintain an automated database of all registrants.

(9) A local law enforcement agency shall notify the department of any arrests or investigation that may result in an administrative or criminal action against a registrant.

(10) The department may, to the extent the Legislature appropriates funds for this purpose, investigate all suspected violations of this section or any

regulation adopted pursuant to this section, or any activity that the registrant has engaged in that is not in the best interests of the public's health, safety, or general welfare as it pertains to charitable raffles.

(11) The department may, to the extent the Legislature appropriates funds for this purpose, audit the records and other documents of a registrant to ensure compliance with this section.

(12) Once registered, an eligible organization shall post all of the following information on either its internet website or the affiliated sport team's internet website for each raffle:

(A) The gross receipts generated from the sale of raffle tickets.

(B) Each eligible recipient organization and the amount each eligible recipient organization received.

(C) The prize total.

(D) The winning ticket number and whether the prize was claimed.

(13) (A) Once registered, an eligible organization shall file with the department, each season or year thereafter, a report that includes all of the following information:

(i) For each raffle, all of the following information:

(I) The gross receipts generated from the sale of raffle tickets.

(II) Each eligible recipient organization and the amount each eligible recipient organization received.

(III) The prize total.

(IV) The winning ticket number and whether the prize was claimed.

(ii) The total number of raffles conducted for the season or year.

(iii) The gross receipts generated from the sale of raffle tickets for the season or year.

(iv) The average per raffle gross receipts generated from the sale of raffle tickets for the season or year.

(v) The prize total for the season or year, including any prize that was not claimed.

(vi) The average per raffle prize total for the season or year, including any prize that was not claimed.

(vii) The prize total that was not claimed, if any, during the season or year. For each raffle in which the prize was not claimed, the name of the eligible recipient organization who received the prize.

(viii) A schedule of all vendors used to operate the raffles and total payments made to each vendor.

(ix) An itemization of the direct costs of conducting the raffles, including labor, raffle equipment, software, marketing, and consulting costs.

(B) Failure to timely submit the seasonal or annual report to the department, as required in this paragraph, shall be grounds for denial of an annual registration and for the imposition of penalties under Section 12591.1 of the Government Code.

(C) Failure to submit a complete financial report shall be grounds for the denial of an annual registration and for the imposition of penalties under Section 12591.1 of the Government Code if the filer does not resubmit a complete form within 30 days of receiving a notice of incomplete filing.

(D) (i) An eligible organization shall file with the department and post on either its internet website or the affiliated sport team's internet website the report required by this paragraph no later than 60 days after the end of the league season or year.

(ii) The department shall post the reports required by this paragraph on its internet website, but shall not post the report on the online search portal of the Attorney General's Registry of Charitable Trusts maintained pursuant to Section 12584 of the Government Code.

(14) The department shall annually furnish to registrants a form to collect this information.

(o) The department may take legal action against a registrant if it determines that the registrant has violated this section or a regulation adopted pursuant to this section, or that the registrant has engaged in any conduct that is not in the best interests of the public's health, safety, or general welfare. An action taken pursuant to this subdivision does not prohibit the commencement of an administrative or criminal action by the Attorney General, a district attorney, city attorney, or county counsel.

(p) An action and hearing conducted to deny, revoke, or suspend a registry, or other administrative action taken against a registrant, shall be conducted pursuant to the Administrative Procedure Act (Chapters 4.5 (commencing with Section 11400) and 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code). The department may seek civil remedies, including imposing fines, for violations of this section, and may seek recovery of the costs incurred in investigating or prosecuting an action against a registrant or applicant in accordance with those procedures specified in Section 125.3 of the Business and Professions Code. A proceeding conducted under this subdivision is subject to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure. A violation of this section shall not constitute a crime.