TULCHIN RESEARCH
Polling & Strategic Consulting

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To: Interested Parties
From: Ben Tulchin and Corey O'Neil, Tulchin Research
Re: **Results from Recent California Statewide Poll on Online Poker**
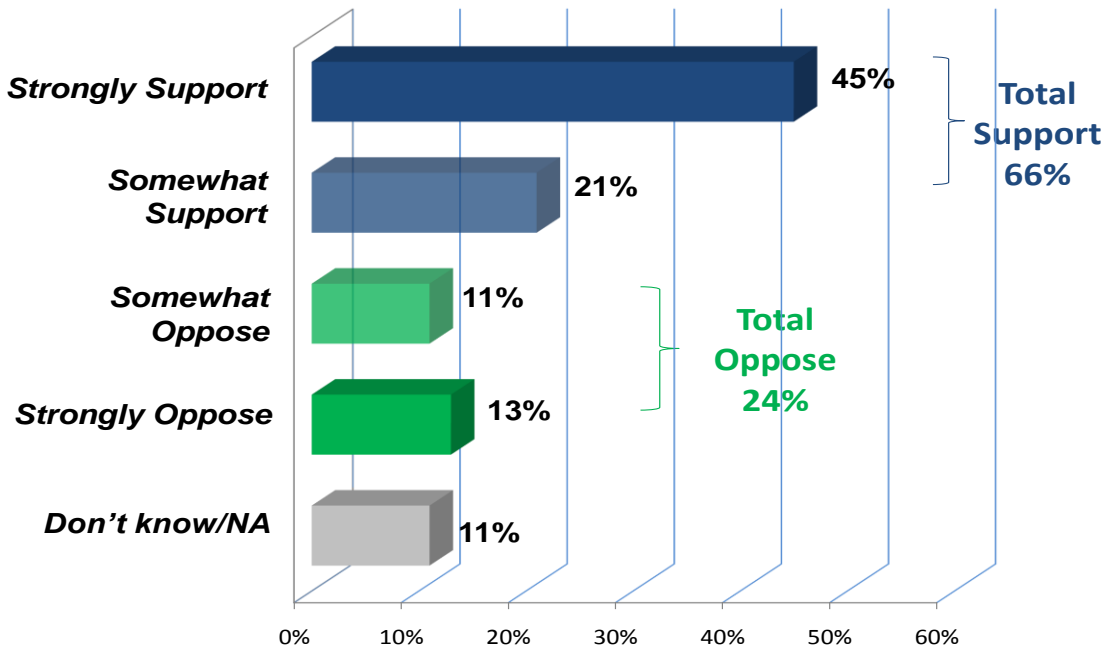
Our recent California statewide survey found that voters continue to focus on the economy and jobs and the state budget deficit as their dominant concerns facing California. Furthermore, as a potential solution to the state's economic and fiscal problems, this survey found that ***voters strongly support regulating and taxing the profits of online poker*** and ***requiring that the revenues and jobs this industry would create stay in California***. We provide below a summary of the highlights and findings from the survey.

Strong Support for Online Poker

Voters express strong support for ***"regulating and taxing the profits of online poker"***. In fact, when asked simply whether they support or oppose this concept, California voters overwhelmingly favor permitting online poker in California as long as it is regulated and its profits are taxed like any other business. Specifically, a solid two-thirds of voters (66%) stands behind this proposal, with nearly half (45%) *strongly* supporting it. In contrast, less than a quarter (24%) opposes regulating and taxing the profits of online poker, with the remaining 11 percent undecided.

Support for Online Poker in California

Would you support or oppose regulating and taxing the profits of online poker, which is currently not regulated or taxed?

What is most striking in the poll results is that this is one of the few fiscal and regulatory issues we have found in California that draws bipartisan support and backing throughout the state.

- In terms of partisanship:
    - Democrats offer the highest levels of support for online poker as more than seven out of 10 (71%) endorse it;
    - Decline-to-state voters offer similar levels of support as more than two-thirds (68%) back the idea of regulating and taxing the profits of this activity; and
    - A solid majority of Republicans (56%) join the coalition supporting online poker.
- Support exists up and down the state:
    - The Bay Area and San Diego offer the highest level of support for online poker as three quarters of voters in these regions in the state (76% and 74%, respectively) favor the idea;
    - Los Angeles County and the surrounding counties in the LA media market offer identical levels of support (63% for both LA County and neighboring counties);
    - Solid majorities of voters in the Central Valley (57%) and the Sacramento Valley and far Northern California (56%) also want to see online poker regulated and taxed.

Support for Online Poker by Party and Region

Would you support or oppose regulating and taxing the profits of online poker, which is currently not regulated or taxed?	Total Support	Total Oppose	Undecided
Total	**66%**	**24%**	**11%**
Party			
Democrat	71%	18%	11%
Republican	56%	30%	14%
Decline-to-state/other	68%	26%	7%
Region			
Bay Area	76%	15%	9%
San Diego	74%	16%	10%
Other L.A. Area	63%	26%	11%
L.A. County	63%	28%	9%
Central Valley	57%	19%	24%
Sacramento/North	56%	42%	2%

Voters Prefer California-based and Experienced Gaming Operators

The survey discovered that voters have strong preferences regarding how online poker is regulated. Specifically, voters in this state want to see gaming operators from California run the sites, that these operators have gaming experience and are presently licensed in the state to run a gaming operation, and voters want the state to oversee the regulation instead of the federal government.

California voters want to see California gaming operators used rather than out-of-state companies by a 60-point margin.

Please tell me which you would prefer for legalized online poker?

Use California gaming operators.	65%
*Use companies based **out of state**.*	5%

Californians prefer home-state gaming operators over off-shore companies by an even bigger margin – 76% to only 3%.

Please tell me which you would prefer for legalized online poker?

Use California gaming operators.	76%
*Use companies based **off-shore**.*	3%

Similarly, voters prefer California based gaming operators who are already licensed in the state and will provide long term fiscal benefits to the state (76 percent) as opposed to opening the process up to other out-of-state or off-shore companies that would only help to remedy immediate fiscal issues in the short term (13 percent).

There are two different proposals to run online poker operations if it became legal, regulated and taxed. Regardless of how you feel about online poker, which of the following approaches do you prefer?

*We should use **California's trusted gaming partners** that are already licensed in the state. This will ensure we use companies that have experience running gaming operations and we would keep the jobs and revenues in California, benefiting the state the most in the long run*	76%
*We should **open up the process to any company** to try to get the highest license fee and the most money for the state in the short term, even if that means jobs and profits go to a company that is based out of state or off-shore and has no prior gaming experience*	13%

Impressively, ***even more voters want to see the state regulate online poker rather than the federal government***. Specifically, voters overwhelmingly support state regulated online poker (84%) that keeps jobs and revenue in California over one run by the federal government (5%) that would see revenues go to Washington D.C. and other states or off-shore.

Currently, both California and the federal government are considering legalizing, regulating and taxing online poker. Which would you prefer?

<u>Have the state regulate and oversee online poker.</u> *This will ensure jobs and revenue stay in California*	84%
Have the federal government regulate and oversee online poker, with tax revenues going to Washington, D.C. and jobs going to another state or off-shore	5%

We should note that for all three of these dimensions – using California-based gaming operators, using experienced operators, and having the state rather than the federal government oversee online poker – there is once again consistent support across party and county lines.

Clearly, the sum effect of these preferences indicates ***<u>voters want online poker regulated and taxed in a way to maximize the benefit for the state and its citizens</u>*** in terms of keeping the revenues, jobs and economic benefits that this new industry would generate within the state of California as much as possible. Not to heed voters' demands for the regulatory structure of online poker risks undermining the strong public support that currently exists for regulating and taxing the profits of this activity.

Survey Methodology: Tulchin Research conducted a statewide telephone survey in California among 600 likely voters. Interviews were conducted by telephone from December 20-22, 2010, using live interviewers. The margin of error for this survey is +/- 4.0 percent.