TULCHIN RESEARCH
Polling & Strategic Consulting

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To: Interested Parties

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Re: **New California Statewide Poll Finds Voters Support COPA's Position for Regulating and Taxing the Profits of Online Poker**

Tulchin Research recently conducted a statewide survey among likely California voters to assess public opinion toward regulating and taxing the profits of online poker, which is currently not regulated or taxed. Overall, voters are very concerned about the state budget deficit and strongly support the position held by the California Online Poker Association (COPA) in favor of regulating and taxing the profits of online poker as an avenue to help remedy the state's fiscal woes and keep money and jobs in California. We provide below an executive summary of key findings followed by a more in-depth analysis of the survey.

Executive Summary

This survey clearly indicates that the timing for approving COPA's version of online poker is now. Voters are currently more concerned about the state budget deficit and cuts to services than they are about the state's economy. They are looking for ways to offset the severe budget cuts to services and permitting online poker and collecting a share of revenues by ensuring the money and jobs stay in California is a way to do that. Specifically, voters strongly prefer COPA's approach to allowing online poker in terms of ***only letting California-based gaming operators run poker websites*** and ***limiting it to poker only***. As a result, support for regulating and taxing the profits of online poker is higher now than it has ever been in our polling over the past few years on this subject.

The key points from the survey are as follows.

- ***Voters strongly prefer COPA's approach*** to regulating and taxing the profits of online poker. Notably:
  - **Nearly two-thirds of voters prefer to *ONLY permit California based gaming operators that qualify for a gaming license under existing law to operate an online poker website*** (64 percent) as opposed to any company who wants to submit a bid (22 percent).
  - ***A solid majority of voters prefer to ONLY allow poker*** (56 percent) while just a third (33 percent) are open to allowing social games like Farmville and Angry Birds.

- It is clear that the state's troublesome financial situation weighs heavily on voters. The state budget deficit is the top concern among voters (21 percent) while jobs (17 percent) the economy (12 percent) and education/quality of public schools (12 percent) follow closely behind.

       o Furthermore, ***when asked specifically about the seriousness of the state budget deficit, opinion is nearly unanimous that it is a serious problem*** (87 percent) with over a majority of voters who believe it is an *extremely serious problem* (52 percent).

- ***Most voters statewide (76 percent) support regulating and taxing the profits of online poker websites***, including more than half (58 percent) who *strongly* support this issue. Permitting online poker draws broad backing across party, ethnic and regional lines as voters see this as a way to generate millions of dollars in state revenue, create jobs, help balance the budget and protect funding for essential services in the state.

       o ***This most recent survey's results are markedly higher than polling we conducted in the past as two-thirds of voters (66 percent) supported "regulating and taxing online poker" in our 2010 poll.***

Who and What to Permit?

What is evident from the survey is that voters do not simply want to allow any and all kinds of online gaming. In fact, they prefer a limited and California-based approach with strong preferences to have only California-based gaming operators running online poker websites and restrict it to poker only, not allowing gambling on other card or social games.

Upon asking their preference for who would run online poker websites in California, ***voters prefer to only permit California-based gaming operators that qualify for a gaming license under existing law by a 3-to-1 margin*** over allowing any company willing to submit a bid and pay an upfront fee (64 percent to 22 percent, respectively).

Who to Permit: Qualified CA Operator vs. Any Bidder

If California were to permit online gaming websites, which of the following approaches would you prefer?	
Only permit California-based gaming operators that qualify for a gaming license under existing law to operate an online poker website.	***64%***
Allow any company that wants to submit a bid and pay the upfront fees to run an online poker website, including companies that do not presently qualify for a license to run a gaming facility under current California law.	*22%*
Both	0%
Neither	6%
Don't know	8%
Qualified CA Operator - Any Bidder	***+42***

Additionally, with the increasing popularity of social gaming in recent years, we asked voters about their preference for the types of games that could be offered and regulated online. ***A strong majority of voters (56 percent) prefer only to allow poker*** while just a third of voters (33 percent) say they would want to *allow poker and social games like Farmville and Angry Birds.* This finding underscores the fact that while voters strongly support regulating and taxing the profits of online poker, they want to keep online gaming limited.

What to Permit: Online Poker vs. Poker AND Social Games

> *Another aspect of regulating online gaming websites deals with the types of games offered. Some people have proposed only allowing poker, which has been regulated for decades, while other people have suggested also allowing betting on social games that you play on your computer or Smartphone, such as Farmville or Angry Birds, which currently do not permit gambling for real money. Knowing this, which approach would you prefer?*

Only allow poker.	*56%*
Allow poker and social games like Farmville and Angry Birds.	33%
Both	0%
Neither	4%
Don't know	7%
Only Poker - Poker and Social Games	*+23*

Voters' General Mood and Issue Priorities for California

The survey asked a series of questions to understand how voters in California perceive the current conditions in the state on a number of issues.

Generally speaking, voters are still very frustrated with the way things are going in the state as more than three times as many feel the state is headed in the wrong direction than the right one (69 percent wrong track to only 21 percent right direction). A core part of this frustration is the state's ongoing budget problem which has emerged as a top concern for voters. In fact, more voters named the state budget deficit (21 percent) as the most serious stand-alone problem when asked in an open-ended question. Jobs (17 percent), the economy (12 percent) and education/quality of public schools (12 percent) followed closely behind as top concerns for voters. Furthermore, nearly three out of 10 voters (28 percent) cite a budget-related item, such as "state budget deficit," "cuts to services" and "budget cuts to schools/tuition increases." The fact that more voters now name *"the state budget deficit"* than *"the economy"* as the top individual concern is a marked shift in recent years and tells us just how prominent an issue it presently is for voters.

Most Serious Problem

What do you think is the most serious problem facing California today? (open end)	
The state budget deficit	**21%**
Jobs	**17%**
The economy	**12%**
Education/ quality of public schools	**12%**
Taxes	5%
Wasteful government spending	5%
Budget cuts to schools and universities/tuition increase	5%
Sacramento legislature dysfunction/partisan gridlock	4%
Cuts to services/budget cuts	2%

Furthermore, when voters are asked *how serious a problem is the state budget deficit,* nearly nine out of ten voters (87 percent) believe it is a serious problem, with over a majority (52 percent) seeing it as an *extremely serious problem.* Just 11 percent of voters think it is a less serious problem and only 2 percent are undecided on the matter.

Support for Online Poker

The survey asked voters whether they would support or oppose regulating and taxing the profits of online poker. Over three-quarters of the California electorate (76 percent) support the idea, with a strong majority (58 percent) strongly supporting online poker in the state. Conversely, just 19 percent of voters oppose permitting online poker in the state while few (five percent) remain undecided.

The table below shows the specific percentages in support as well as the exact question language that we used.

Regulate and Tax the Profits of Online Poker: Support vs. Oppose

Would you support or oppose regulating and taxing the profits of online poker websites, which are currently not regulated or taxed?	
Total Support	**76%**
Strong Support	58%
Somewhat Support	18%
Total Oppose	**19%**
Strong Oppose	13%
Somewhat Oppose	6%
Undecided	5%
Support – Oppose	**+57**

We should note that this impressive level of support for "regulating and taxing the profits of online poker" is higher than when we polled in late 2010. That survey found two-thirds of voters in California (66 percent) in favor of "regulating and taxing the profits of online poker websites, which are currently not regulated or taxed." With the state budget deficit having risen to the top of voters' agendas and their heightened concern for budget cuts and desire to offset those cuts with additional revenues, the political terrain for supporting online poker has improved notably just in the past two years from voters' standpoint. The table below compares this most recent polling to polling we conducted on this issue from December of 2010:

Regulate and Tax the Profits of Online Poker: 2012 vs. 2010

Would you support or oppose regulating and taxing the profits of online poker websites, which are currently not regulated or taxed?			
	June 2012	**Dec. 2010**	**2012 - 2010**
Total Support	**76%**	**66%**	**+10**
Total Oppose	**19%**	**24%**	**-5**
Undecided	5%	11%	-6
Support – Oppose	**+57**	**+42**	**+15**

The overwhelming current support for online poker in the state carries along a broad range of demographic groups which include:

- **Bi-partisan support –** It is rare in the current polarized political climate to find an issue that can get members of both parties to agree. This issue achieves that challenging goal as nearly nine out of ten Democrats (87 percent) and independents (83 percent) support online poker in the state, as do a strong majority (56 percent) of Republicans.

- **Consistent support throughout the state** – Across all regions of the state, voters support regulating and taxing the profits of online poker including inland voters (83 percent) as well as voters in coastal counties (73 percent). More specifically, voters in the Bay Area (93 percent) are the strongest supporters while voters in Sacramento and the north state (76 percent), the Greater Central Valley (73 percent), Los Angeles County (72 percent), San Diego (71 percent) and suburban Los Angeles (69 percent) all support online poker in California in overwhelming degrees.

- **Diverse support from a diverse state** – While California's population is very diverse, support for online poker in the state is strong among all ethnic groups. Latino and Asian-American voters show the strongest support (83 percent for both) while three out of four Caucasian voters (75 percent) and over two-thirds of African-Americans (68 percent) support online poker in the state.

The table below shows the remarkably broad spectrum of support for regulating and taxing the profits of online poker in California:

Regulate and Tax Online Poker by Demographic Groups

Would you support or oppose regulating and taxing the profits of online poker websites, which are currently not regulated or taxed?		
	Support	**Oppose**	**Supp-Opp**
Total	***76%***	***19%***	***+57***
Party			
Democrat	87%	8%	**+79**
Republican	56%	38%	**+18**
DTS/Other	83%	14%	**+69**
Region			
LA County	72%	25%	**+47**
LA Area	69%	28%	**+41**
Bay Area	93%	4%	**+89**
San Diego	71%	23%	**+48**
Sacramento/North	76%	14%	**+62**
Central Valley	70%	21%	**+49**
Race			
White	75%	20%	**+55**
Latino	83%	13%	**+70**
Black	68%	24%	**+44**
Asian	83%	7%	**+76**

Survey Methodology: Below are the research methodologies for the two surveys referenced in this memo.

- ***Tulchin Research (May 2012) -*** *From May 29 – June 3, 2012, Tulchin Research conducted a telephone survey among 800 Likely November 2012 voters in California using live, professional interviewers calling both landlines and cell phones. The margin of error for this survey is +/- 3.46 percentage points.*

- ***Tulchin Research (December 2010) -*** *From December 20 - 22, 2010, Tulchin Research conducted a telephone survey among 600 Likely voters in California using live, professional interviewers calling both landlines and cell phones. The margin of error for this survey is +/- 4.0 percentage points.*