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Sutter's Place, Inc. v. City of San Jose

Court of Appeal, Sixth District, California - August 30, 2024 - Cal.Rptr.3d - 2024 WL 4002415

Cardroom operator brought action against city and Division of Gaming Control, alleging city's cardroom regulation fee was an unconstitutional tax imposed without the required voter approval and that its imposition violated due process.

Following bench trial, the Superior Court entered judgment for defendants, granted them $44,349.42 in costs, and denied their request for attorney fees. Operator appealed.

The Court of Appeal held that:

- Trial court applied incorrect legal standard in making decision that cardroom regulation fee was not an unconstitutional tax;
- Trial court's error was prejudicial to operator;
- Substantial evidence supported trial court's finding that equally allocating cardroom regulation fee between two cardrooms bore fair or reasonable relationships to their respective burdens on, or benefits received from city's regulatory activity;
- Trial court did not abuse its discretion by limiting scope of expert's testimony;
- There was no cumulative prejudice warranting a new trial; and
- City was not required to refund entire cardroom regulation fee based on inclusion of certain unpermitted costs.

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