



GAMBLING CONTROL COMMISSION

PAULA LABRIE, CHAIR
ERIC C. HEINS
EDWARD YEE

2399 Gateway Oaks Drive, Suite 220
Sacramento, CA 95833-4231
(916) 263-0700 Phone
(916) 263-0499 Fax
www.cgcc.ca.gov

March 11, 2021

TO: ALL INTERESTED PARTIES

Re: Advisory Notice Concerning Emergency Regulations: Financial Reporting Requirements and Temporary Table Decreases

Interested Parties:

On March 11, 2021, the Office of Administrative Law (OAL) approved emergency regulations, which extends the deadline to submit an independent auditor or accountant's report of a cardroom business licensee or Third-Party Provider of Proposition Player Services (TPPPS) business licensee's annual financial statements (as applicable). Given the current declared state of emergency in response to the COVID-19 global pandemic, the California Gambling Control Commission (Commission) has determined that the adoption of these regulations is necessary for the immediate preservation of the public health, safety, and general welfare.

Additionally, the approved emergency regulations allow a cardroom business licensee to apply for a temporary reduction in permanent tables if the licensee is subject to a state of emergency or other order and that state of emergency or other order is associated with a virus and includes isolation, stay-at-home, telework, teleconferencing, or physical distancing order(s). Because gambling establishments must operate at reduced capacities while such orders are in place, the adoption of these regulations on an emergency basis is necessary to provide greater incentive to reduce the number of tables in a gambling establishment to an advisable amount that commensurate with the actual fees for the year to be paid. It also provides controlled gambling regulators a more precise idea of the size of operations of a cardroom during these unprecedented times while providing cardroom business licensees limited financial relief from paying fees for permanent tables that have been temporarily closed to the public for reasons related to public health and safety.

The approved regulations were filed with the Secretary of State on March 11, 2021, and are effective immediately.

Approved Regulations

This regulatory action has made changes in Chapter 5 of Division 18 of Title 4 of the California Code of Regulations. The changes are as follows:

Pursuant to its authority vested in sections 19811, 19823, 19824, 19826, 19840, 19841, and 19984 of the Business and Professions Code, and to implement, interpret, or make specific sections 19801, 19841, 19857, 19951, and 19984 of the Business and Professions Code, the

Commission has adopted amendments to Chapter 5 of Division 18 of Title 4 of the California Code of Regulations, as described below:

Extending Deadlines for Required Annual Financial Statement Reports (as applicable)

Section 12313(c) is amended to extend the period a cardroom business licensee or TPPPS business licensee has to submit copies of an independent auditor or accountant's report from 120 calendar days to 270 calendar days following the end of the fiscal year covered by the licensee's annual financial statements.

Allowing a Temporary Reduction in Permanent Tables

Sections 12470, 12472, and 12474 have been non-substantively updated to reference a revised version of an existing form entitled Cardroom Business License: Gaming Tables, CGCC-CH7-07. This form has been amended to allow a cardroom business licensee to apply for a temporary reduction in the number of gaming tables operating on a permanent basis (discussed in further detail below).

New Section 12474.1 is added to provide that a cardroom business licensee may apply for a temporary reduction in permanent tables if the licensee is subject to a state of emergency or other order and that state of emergency or other order is associated with a virus and includes an isolation, stay-at-home, telework, teleconferencing, or physical distancing order(s). As part of the application process, the provision requires the licensee to submit a completed and signed application using the form entitled Gambling Establishment: Gaming Tables, CGCC-CH7-07 (Rev. 02/21), which has been incorporated as Appendix A in the proposed regulation text. Using this form, the applicant may request for a reduction in tables for up to 300 days, until the end of the declared state of emergency, or until notification from the cardroom business licensee to the Bureau and Commission that the licensee elects to return to licensure of all permanent tables, whichever occurs first. The request for a temporary reduction is to be effective upon submittal and any decrease in permanent tables does not provide for any refund of fees already paid, unless specified. The proposed regulations also require the Bureau to notify the Commission in writing within 10 calendar days of the receipt of the application and specify that a new cardroom business license will be issued to the licensee within five calendar days of notification from the Bureau. Further, once the temporary reduction in permanent tables expires pursuant to any of the qualifying events in Section 12474.1(a)(2), the Commission is required to notify the applicant of the required annual fees due within three calendar days. The applicant must then pay the required annual table fees due within 10 calendar days of when the additional tables were placed back into operation in accordance with the adjusted fee calculations specified in subsection (f). The fee schedule determines the appropriate amount of fees owed by the licensee based on the time period the temporarily reduced permanent table(s) were allowed to operate for that given year.

FOR ENTITIES THAT PREVIOUSLY REDUCED TABLES DUE TO COVID-19 PANDEMIC

If a cardroom business licensee reduced its permanent tables prior to the effective date of this regulation due to the impact caused by a declared state of emergency or order which includes an isolation, stay-at-home, telework, teleconferencing, or physical distancing order(s), the cardroom business licensee may submit a CGCC-CH7-07 (Rev. 02/21) to the Bureau **within 30 calendar days of the effective date of this regulation (March 11, 2021)** to designate the table reduction as temporary.

Regulation Text

A copy of the recently approved regulations is attached. That document is also available on the Commission's Web site under "Regulations/Recently Approved Regulations" at http://www.cgcc.ca.gov/?pageID=Recently_Approved_Regs&pageName=Laws%20and%20Regs.

Questions, Concerns, Suggestions

For any questions or concerns regarding the adoption of this regulation, please contact Adrianna Alcalá-Beshara, Legislative and Regulatory Affairs Division Deputy Director, at (916) 263-1336, by email at AAcaláBeshara@cgcc.ca.gov.

Sincerely,

A handwritten signature in blue ink that reads "Stacey Luna Baxter". The signature is written in a cursive, flowing style.

STACEY LUNA BAXTER
Executive Director