

CALIFORNIA GAMBLING CONTROL COMMISSION
INITIAL STATEMENT OF REASONS
CGCC-GCA-2021-03-R

HEARING DATE: **None Scheduled**

SUBJECT MATTER OF PROPOSED REGULATIONS: Update for Non-Commission Forms

SECTIONS AFFECTED: California Code of Regulations, Title 4, Division 18:
Sections 12112, 12114, 12492, 12500, and 12503

SPECIFIC PURPOSE OF REGULATORY PROPOSAL:

INTRODUCTION:

The California Gambling Control Commission (“Commission”) is the state agency charged with the administration and implementation of the California Gambling Control Act (“Act”).¹ Under the Act, the Commission is required to approve, condition, or deny an application for license or other approval at a meeting (evidentiary hearing) pursuant to certain provisions. As part of this approval process, the Bureau of Gambling Control within the Office of the Attorney General (“Bureau”) conducts detailed background investigations on the individuals and businesses that apply for a license or other approval. As part of their application, an applicant submits information that includes forms created by agencies other than the Commission.

PROBLEM ADDRESSED:

The Commission has become aware that some forms required by the Commission but created and maintained by other agencies have been updated, and therefore the references to those forms within the Commission’s regulations no longer refer to the correct versions of the forms. Without updating these references, an applicant is put in the position of either attempting to utilize older versions of forms that may not be accepted by other agencies or providing the Commission with information that would be technically incongruent with regulatory requirements.

PURPOSE:

This proposed action has been prepared to modify the Commission’s regulations to correctly refer to the most recent versions of forms maintained by other agencies.

¹ Business and Professions Code, Division 8, Chapter 4, section 19800 et seq.

ANTICIPATED BENEFITS OF PROPOSED REGULATION:

This proposed action will have the benefit of providing clarity and consistency to the Commission's application process by correctly referring to the current forms maintained by other agencies.

PROPOSED ACTION:

This proposed action will make changes within California Code of Regulations Title 4 Division 18 as follows:

CHAPTER 2. LICENSES AND WORK PERMITS.

ARTICLE 2. INITIAL AND RENEWAL LICNENSES AND WORK PERMITS.

Amend 12112. Initial License Applications; Required Forms.

Section 12112 provides the documents a person applying for initial Commission approval must submit to the Bureau.

Subsection (a) provides the application forms that are required to submit an application for licensure for either an employee category license or an owner category license. Section 4 of both the Application for Employee Category License and Application for Owner Category License as proposed to be amended to remove version dates from the referenced Commission's forms. As these are internal references, and the foundational attachment of the referenced forms includes the form's version date, these dates are unnecessary. By removing these dates it significantly reduces future corresponding changes that are required due to any future changes to the referenced forms.

Subsection (b) provides the supplemental documents that are included with an application, as applicable.

- Paragraphs (1) through (5), inclusive, provide five of the Commission's supplemental forms, including those for Business Entities, Individual Owner/Principals, Key Employees or TPPPS Supervisors, Trusts, and Commission Work Permits or TPPPS Workers. All five of these supplemental forms have been amended to add the Request for Copy of Personal Income or Fiduciary Return, FTB-3516C1, side 1-PIT or Request for Copy of Corporation, Exempt Organization, Partnership, or Limited Liability Company Return, FTB-3516C1, side 2-CORP, as appropriate, to the Additional Required Items list (which is either Section 8, 9, or 11 depending on which supplemental form). These FTB forms are currently required in Section 12112(a)(8) and (9) and so adding them to these forms is non-substantive but does increase the clarity of the requirement by preventing the applicant from having to look in two places to realize the full extent of a complete application. Additionally, consistent with the changes discussed above, these forms have been amended to remove reference dates for Commission forms.
- Paragraph (7) provides the Spousal Information form. In Section 4, the form includes a reference to the Request for Live Scan form, including the version date. As has been done with other supplemental forms, the revision date for the Request for Live Scan form

has been repealed. This will prevent the need to update this form for future revisions of the Request for Live Scan form.

- Paragraph (8) provides the Request for Copy of Personal Income or Fiduciary Return, FTB-3516C1, side 1-PIT. This form is maintained by the Franchise Tax Board and is required for the Bureau to request a copy of the applicant's tax returns. As the Franchise Tax Board requires this form in its most recent version, the Commission requiring an out of date form is inconsistent with actual requirements. Therefore, it is necessary to require the most recent form, currently the form dated 08/2015.
- Paragraph (9) provides the Request for Copy of Corporation, Exempt Organization, Partnership, or Limited Liability Company Return, FTB-3516C1, side 2-CORP. This form is maintained by the Franchise Tax Board and is required for the Bureau to request a copy of the applicant's tax returns. As the Franchise Tax Board requires this form in its most recent version, the Commission requiring an out of date form is inconsistent with actual requirements. Therefore, it is necessary to require the most recent form, currently the form dated 08/2015.

Subsection (d) provides for the fingerprint form that is required of the applicant. Paragraph (1) provides that if an applicant is a resident of the State of California they are required to submit a Request for Live Scan Service. This form is maintained by the Department of Justice and is required to be submitted to third-party live scan companies that is then forwarded to the Department of Justice for review. As the third-party live scan companies require this form in its most recent version, the Commission requiring an out of date form is inconsistent with actual requirements. Therefore, it is necessary to require the most recent form, currently dated 02/20.

Amend 12114. Renewal License Applications; Required Forms.

Section 12114 provides the documents an applicant applying for a renewal of their Commission approval must submit to the Bureau.

Subsection (c) provides for the documents required for a complete application, as applicable.

- Paragraph (1) provides the application forms that are required to submit an application for licensure for either an employee category license or an owner category license. Section 4 of both the Application for Employee Category License and Application for Owner Category License are proposed to be amended to remove version dates from the referenced Commission's forms. As these are internal references, and the foundational attachment of the referenced forms includes the form's version date, these dates are unnecessary. By removing these dates it significantly reduces future corresponding changes that are required due to any future changes to the referenced forms.
- Paragraph (4) provides for the fingerprint form that is required of the applicant. Subparagraph (A) provides that if an applicant is a resident of the State of California they are required to submit a Request for Live Scan Service. Consistent with the change

discussed in Section 12112(d), this form is updated to the most recent version. For more information on this change and why it is necessary, see Section 12112(d).

- Paragraph (5) provides for the Spousal Information form. Consistent with the change discussed in Section 12112(b)(7), this form has been updated. For more information on this change and why it is necessary, see Section 12112(b)(7).

CHAPTER 8. BINGO.

ARTICLE 2. MANUFACTURERS, DISTRIBUTORS, AND VENDORS OF BINGO EQUIPMENT, DEVICES, SUPPLIES, AND SERVICES.

Amend 12492. Interim Licenses; Initial and Renewal; Conditions.

Section 12492 provides the process through which an applicant can apply for an initial or renewal interim license to manufacture, distribute, or provide remote caller bingo equipment, supplies, services or card-minding devices.

Subsection (d) provides the documents a person applying for initial Commission approval must submit to the Bureau. Paragraph (3) provides that an applicant is required to submit a Request for Live Scan Service. Consistent with the change discussed in Section 12112(d), this form is updated to the most recent version. For more information on this change and why it is necessary, see Section 12112(d).

Subsection (e) provides the documents an applicant applying for a renewal of their Commission approval must submit to the Bureau. Paragraph (3) provides that an applicant is required to submit a Request for Live Scan Service. Consistent with the change discussed in Section 12112(d), this form is updated to the most recent version. For more information on this change and why it is necessary, see Section 12112(d).

ARTICLE 10. REMOTE CALLER BINGO INTERIM LICENSES AND INTERIM WORK PERMITS.

Amend 12500. Interim Licenses; Initial and Renewal; Conditions.

Section 12500 provides the process through which an applicant can apply for an initial or renewal interim license for a fiduciary or caller.

Subsection (c) provides the documents a person applying for initial Commission approval must submit to the Bureau. Paragraph (3) provides that an applicant is required to submit a Request for Live Scan Service. Consistent with the change discussed in Section 12112(d), this form is updated to the most recent version. For more information on this change and why it is necessary, see Section 12112(d).

Amend 12503. Interim Work Permits; Initial and Renewal; Conditions.

Section 12503 provides the process through which an applicant can apply for an initial or renewal interim license for a remote caller bingo interim work permit.

Subsection (b) provides the documents a person applying for Commission approval must submit to the Bureau. Paragraph (3) provides that an applicant is required to submit a Request for Live

Scan Service. Consistent with the change discussed in Section 12112(d), this form is updated to the most recent version. For more information on this change and why it is necessary, see Section 12112(d).

REQUIRED DETERMINATIONS:

LOCAL MANDATE:

A mandate is not imposed on local agencies or school districts.

UNDERLYING DATA:

Technical, theoretical, or empirical studies or reports relied upon: None.

BUSINESS IMPACT:

The Commission has made a determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. This determination is based on the following facts or evidence/documents/testimony: This proposed action imposes no mandatory requirement on businesses. The regulation makes existing forms consistent with those adopted by other agencies.

SPECIFIC TECHNOLOGIES OR EQUIPMENT:

The proposed action does not mandate the use of specific technologies or equipment.

ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

IMPACT ON JOBS/NEW BUSINESSES:

The Commission has determined that this regulatory proposal will not have a significant impact on the creation of new jobs or businesses, the elimination of jobs or existing businesses, or the expansion of businesses in California. For this purpose, the consolidated small business definition provided in Government Code section 11346.3, subdivision (b), paragraph (4) was utilized.

The basis for this determination is that this proposed action imposes no mandatory requirement on businesses or individuals and does not significantly change the Commission's current practices and procedures. The proposed action provides a clear and consistent process to follow once a party has decided to submit an application for Commission consideration.

HEALTH AND WELFARE OF CALIFORNIA RESIDENTS:

It has been determined that the proposed action will protect the health, safety, and general welfare of California residents by aiding and preserving the integrity of controlled gambling.

WORKER SAFETY:

It has been determined that the proposed action will not affect worker safety because it does not pertain to working conditions or worker safety issues.

STATE'S ENVIRONMENT:

It has been determined that the proposed action will not affect the State's environment because it has nothing to do with environmental issues.

CONSIDERATION OF ALTERNATIVES:

No reasonable alternative to the regulations would be more effective in carrying out the purpose for which the action is proposed. No reasonable alternative would be as effective as and less burdensome to affected private persons than the proposed action, nor would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Set forth below are the alternatives that were considered and the reasons each alternative was rejected: No reasonable alternative has been developed or otherwise identified and brought to the attention of the Commission.