

**TITLE 4.**  
**CALIFORNIA GAMBLING CONTROL COMMISSION**  
**NOTICE OF PROPOSED REGULATORY ACTION**  
**AB 120 Hearings Update**  
**CGCC-GCA-2021-06-R**

**NOTICE IS HEREBY GIVEN** that the California Gambling Control Commission (Commission) is proposing to take the action described in the Informative Digest after consideration of all relevant public comments, objections, and recommendations received concerning the proposed action. Comments, objections, and recommendations may be submitted as follows:

**WRITTEN COMMENT PERIOD**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission at any time during the 45-day public comment period. To be eligible for the Commission's consideration, all written comments must be **received at its office no later than midnight on November 2, 2021.** **Comments sent to persons and/or addresses other than those specified under Contact Persons, or received after the date and time specified above, will be included in the record of this proposed regulatory action, but will not be summarized or responded to regardless of the manner of transmission.** Written comments relevant to the proposed regulatory action may be sent by mail, facsimile, or e-mail, directed to one of the individuals designated in this notice as a contact person.

**PUBLIC HEARING**

The Commission has not scheduled a public hearing on this matter. Any interested person, or his or her authorized representative, may request a hearing pursuant to Government Code section 11346.8. A request for a hearing should be directed to the person(s) listed under Contact Persons no later than 15 days prior to the close of the written comment period.

**ADOPTION OF PROPOSED ACTION**

After the close of the public comment period, the Commission, upon its own motion or at the instance of any interested party, may thereafter formally adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit oral or written testimony related to this proposal or who have requested notification of any changes to the proposal.

## **AUTHORITY AND REFERENCE**

Pursuant to the authority vested by sections 19811, 19823, 19824, 19840, and 19841 of the Business and Professions Code; and to implement, interpret or make specific sections 19825, 19862, 19869, 19870, and 19871, Business and Professions Code, the Commission is proposing to adopt the following changes to Chapters 1 and 2 of Division 18 of Title 4 of the California Code of Regulations:

## **INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW**

### **INTRODUCTION:**

The Commission is the state agency charged with the administration and implementation of the Gambling Control Act (Act).<sup>1</sup> The Commission is authorized to adopt regulations governing applications for licenses, permits, registrations, findings of suitability, or other approvals,<sup>2</sup> including the consideration of an application at an evidentiary hearing.<sup>3</sup>

The Commission's regulations provide comprehensive procedures for evidentiary and non-evidentiary hearings and related topics. At a non-evidentiary hearing meeting, the Commission may, among other actions, issue a license, temporary license, interim license, registration, permit, finding of suitability, renewal, or other approval; or it may elect to hold an evidentiary hearing if issues are identified that require additional information or consideration related to an applicant's suitability for licensure. For evidentiary hearings on applications, the regulations require the hearing to be conducted as a Gambling Control Act hearing (GCA hearing), unless the Commission determines the hearing should be conducted as an Administrative Procedure Act hearing (APA hearing).

This proposed regulatory action will implement the changes made in Assembly Bill (AB) 120 (Salas, Chapter 45, Statutes of 2021), which becomes effective January 1, 2022. AB 120 made a number of changes to the way the Commission can choose to consider an application. These include:

1. Changing the timeline for when a request to withdraw an application may be made from when the Bureau of Gambling Control within the Department of Justice (Bureau) has completed its initial review of an application and prepared any recommendation for the Commission to when the Commission has issued its final decision on the application.
2. Providing the Commission with the authority to deny an application, or approve an application with limits, restrictions, or conditions, without an evidentiary hearing provided that the action of the Commission is stayed for 30 days to allow the applicant the opportunity to request an evidentiary hearing.

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<sup>1</sup> Business and Professions Code, Division 8, Chapter 4, section 19800 et seq.

<sup>2</sup> Business and Professions Code section 19824, subdivision (a)

<sup>3</sup> Business and Professions Code section 19870

**EXISTING LAW:**

Business and Professions Code section 19869 provides that a request for withdrawal of an application may be made at any time prior to the final action upon the application by the Commission. The Commission shall not grant the request if it determines it would not be consistent with the public interest and policies of the Act. Additionally, the Commission may approve the withdrawal request with or without prejudice.

Business and Professions Code section 19870 provides the conditions under which the Commission considers an application, the recommendation of the Chief, and any other testimony and written comments and decides to either grant an application, grant an application with conditions, limitations, or restrictions, deny an application, or consider an application at an evidentiary hearing.

Business and Professions Code section 19871 provides authority for promulgating regulations pertaining to the evidentiary hearing process, and provides a list of items that must be part of the process.

**EFFECT OF REGULATORY ACTION:**

This proposed action has been prepared to modify existing GCA hearing regulations including the Notice of Defense form, CGCC-CH1-03, to implement the statutory changes made in AB 120. This includes the establishment of two new options for the Commission to consider at a Commission meeting, the denial of an application for a license, work permit, finding of suitability, or other approval, or the approval of an application for a license, work permit, finding of suitability, or other approval with conditions, restrictions, or limitations. Additionally, the proposed action includes other necessary changes to integrate these two options with the Commission's existing evidentiary hearing processes. Other regulatory changes are proposed to implement the other provisions of AB 120, including staying specified Commission action for up to 30 days, extending the request period for the withdrawal of an application through the Commission's review period, and adjusting the Commission's timeline for issuing an interim renewal license.

**ANTICIPATED BENEFITS OF PROPOSED REGULATION:**

This proposed action will have the benefit of providing the Commission a process to consider an application that saves the steps of a default decision or a hearing without applicant participation, should the applicant choose to waive their right to an evidentiary hearing.

**SPECIFIC PROPOSAL:**

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

General Notes

A general change throughout has been made in all references to the current version of the Notice of Defense form, CGCC-CH1-03 (Rev. 09/21), as amendments to the form are being proposed as part of this regulatory package.

CHAPTER 1. GENERAL PROVISIONS.

ARTICLE 1. DEFINITIONS AND GENERAL PROVISIONS.

**Amend Section 12002. General Definitions**

This section provides general definitions for overall use in this division.

Subsection (g) provides the definition of “Bureau report” to mean the final determination by the Chief of the Bureau regarding his or her recommendation to the Commission on an application. This provision is modified to provide a definition of Bureau report, which references the filing by the Chief of the Bureau of his or her written reasons, as provided in Business and Professions Code section 19868(b), regarding his or her recommendation of denial or approval with restrictions or conditions, or the notification to the Commission that the Bureau is recommending approval or is not issuing a recommendation of denial or approval with restrictions or conditions.

**Amend 12006. Service of Notices, Orders, and Communications.**

Section 12006 provides standards for notices that are required by Commission regulation.

Subsection (b) provides that an applicant, licensee, or designated agent may request that the Commission provide communications electronically instead of mailing written communications. This provision is modified to change the date of the Notice of Defense.

**Amend 12012. Ex Parte Communication.**

Section 12012 provides the Commission’s guidelines for what is and is not an *ex parte* communication and what to do should an inappropriate communication occur.

Subsection (a) provides the definition for “*ex parte communication*” and “*ex parte.*” This definition includes a misspelling for the word “communication” which is being corrected.

Subsection (d) provides a list of communications that do not qualify as *ex parte*. Paragraph (2) provides that communications made at a public hearing or meeting that has been properly noticed do not qualify as *ex parte* communications. This provision is modified to replace “public hearing or meeting” with “evidentiary hearing or Commission meeting.”

Subsection (e) provides when the Commission’s *ex parte* regulations apply to an APA hearing. With the addition of new paragraphs within Section 12054(a), this provision is renumbered to reference the current provision’s new number.

**Amend 12015. Withdrawal of Applications.**

Section 12015 provides the process by which an applicant can request, and the Commission considers, the withdrawal of an application.

Subsection (a) provides that a request may be made by an applicant, or his, her, or its designated agent. The provision provides that a request must be made prior to the Bureau report being submitted to the Commission. The regulations have been revised to repeal the reference to the Bureau report and replacing it with a reference to Section 12066(b).

Additionally, subsection (a) provides that the Executive Director, upon receipt of information or documentation provided by the Bureau will schedule the withdrawal request for Commission consideration. This provision is amended to provide that the information and documentation provided by the Bureau must be that information required by Business and Professions Code section 19869.

Subsection (d) provides that if a request for withdrawal is granted with prejudice, the applicant will not be eligible to apply again for a license or approval for one year. This provision has been modified to be consistent with the changes to AB 120, specifically, revising the restriction from “will not be eligible” to “will be ineligible.” Additionally, an applicant will no longer be limited from applying for a license or approval, but will instead be ineligible to submit or renew an application for the one-year period.

**Amend 12035. Issuance of Interim Renewal Licenses.**

Section 12035 provides standards and conditions for issuing an interim renewal license.

Subsection (a) provides when the Commission will issue an interim renewal license to an applicant. The proposed action would provide that the Commission would instead provide the interim renewal license prior to the expiration of the existing license should a triggering event occur. Additionally, the language is revised to include “finding of suitability” separate from “other approval.”

Finally, the proposed action would amend one paragraph and adopt two more paragraphs:

- Paragraph (1) provides that the Commission will issue an interim renewal license when it has elected to hold an evidentiary hearing on a renewal license, work permit, or other approval. This provision is renumbered to reference the current provision’s new number.
- New paragraph (4) will provide that the Commission will issue an interim renewal license to an applicant for a renewal license, work permit, finding of suitability, or other approval when their requested renewal license, work permit, finding of suitability, or other approval has been issued with conditions, restrictions, or limitations at a Commission meeting.
- New paragraph (5) will provide that the Commission will issue an interim renewal license to an applicant for the denial of a renewal license, work permit, finding of suitability, or other approval at a Commission meeting.

Subsection (b) provides that the Commission will issue a new interim renewal license if the hearing process will not be concluded before the expiration of the current interim renewal license. With the addition of new paragraphs within Section 12054(a), this provision is renumbered to reference the current provision’s new number.

ARTICLE 2. PROCEDURES FOR HEARINGS AND MEETINGS ON APPLICATIONS.

**Amend 12052. Commission Meeting; General Procedures; Scope; Notice; Rescheduling of Meeting.**

Section 12052 provides information on how the Commission issues notices for the consideration of applications.

Subsection (c) provides what the Commission will include in a notice for any license, permit, finding of suitability, renewal, or other approval.

- Paragraph (1) provides what the Commission will include in a notice for a non-evidentiary hearing meeting, now renamed Commission meeting.
  - Subparagraph (C) provides notice that an individual who is making an oral statement might be required to be placed under oath. This provision is repealed.
- Paragraph (2) provides what the Commission will include in a notice for a GCA hearing. Subparagraph (E) is modified to change the date of the Notice of Defense.

Additionally, the Notice of Defense form has been amended.

- A new paragraph is proposed to be added to the form's instructions. This paragraph would provide the timeline for requesting an evidentiary hearing when an application has been approved with conditions, restrictions, or limitations, or has been denied at a Commission meeting. The instructions inform the applicant that the Notice of Defense form must be submitted to both the Commission and the Bureau, otherwise it will result in the Commission's decision becoming final. Additionally, the Notice of Defense must be received by the Commission within 30 calendar days of the Commission meeting where the application was approved with conditions, restrictions, or limitations, or has been denied.
- The existing instructions on the form have been amended to provide clarification that the existing process will apply for applications that the Commission has referred to an evidentiary hearing. Additionally, the timeline for submittal of the Notice of Defense has been changed from 21 days to 30 calendar days.

**Amend 12054. Consideration at Regular Commission Meeting.**

Section 12054 provides a limited list of the possible actions that could be taken by the Commission at a non-evidentiary hearing meeting. This section's title has been changed to Consideration at a Commission meeting.

Subsection (a) provides a list of nine possible actions that the Commission could take at a non-evidentiary hearing meeting, now renamed Commission meeting. This proposed action would add two new items to the list of possible Commission actions. The actions authorized by AB 120 are:

- Paragraph (2) provides that the Commission can issue a license, work permit, finding of suitability, or other approval with conditions, restrictions, or limitations.

- Paragraph (3) provides that the Commission can deny an application for a license, work permit, finding of suitability, or other approval.

Additionally, both of these provisions provide that if the application is for a renewal, the Commission will issue an interim renewal license. As the list of actions in subsection (a) is designed to provide an applicant with a list of possible results, it is consistent to reference this additional action here.

- Existing paragraphs (2) through (9) are renumbered (4) through (11). This is a non-substantive change.

#### **Amend 12056. Evidentiary Hearings.**

Section 12056 provides the process when the Commission elects to hold an evidentiary hearing, including information such as limitations to discovery, costs, and the ability of the Commission to decide, at any time, that a referred application should be considered at a GCA hearing, APA hearing, or Commission meeting instead of the evidentiary hearing it had previously been referred to.

Subsection (a) provides that when the Commission has elected to hold an evidentiary hearing, that evidentiary hearing will by default be a GCA hearing, unless the Commission or Executive Director determines that the application should be considered at an APA hearing. This provision is modified to require that when an applicant has elected to request an evidentiary hearing following the Commission's denial of an application, or its approval with conditions, restrictions, or limitations, the evidentiary hearing process will follow the same process as when the Commission has elected to hold an evidentiary hearing.

Subsection (d) provides that the Commission reserves the ability to decide, at any time, that a referred application should be considered at a GCA hearing, APA hearing, or Commission meeting instead of the evidentiary hearing it had previously been referred to. With the addition of new paragraphs within Section 12054(a), this provision is renumbered to reference the current provision's new number.

#### **Amend 12057. Default Decisions and Uncontested Applications.**

Section 12057 provides the specifics of the Commission's default decision process.

Subsection (a) provides what happens if an applicant fails to submit a completed Notice of Defense according to the timelines provided on the form or affirmatively waives their right to an evidentiary hearing. This provision is modified to change the date of the Notice of Defense.

- Paragraph (5) is proposed to provide that if an application was approved with conditions, limitations, or restrictions, or was denied at a Commission meeting and the applicant affirmatively waives their rights to an evidentiary hearing or 30 calendar days has passed, the Commission need only finalize the decision pursuant to Section 12055(b)(4).

#### **Amend 12060. GCA Hearings.**

Section 12060 provides the specifics of a GCA hearing.

Subsection (b) provides that if the Commission has elected to hold a GCA hearing, the Executive Director will provide notices to the various parties, as specified, 60 days in advance of the GCA hearing. This provision is amended to include when the Commission has made a decision on an application at a Commission meeting, and the applicant has requested an evidentiary hearing.

**Amend 12066. Final Decisions; Judicial Review.**

Section 12066 provides when a decision by the Commission is final and what judicial remedies are available.

Subsection (a) provides information on when a decision is final if the Commission accepts a request for withdrawal or a decision of abandonment is made. With the addition of new paragraphs within Section 12054(a), this provision is renumbered to reference the current provision's new number.

Subsection (b) provides a list of when a decision on an application is final.

- Paragraph (4) is proposed to provide that an application is final if the application was approved with conditions, limitations, or restrictions, or was denied at a Commission meeting and the applicant affirmatively waives their rights to an evidentiary hearing or 30 calendar days has passed.

Subsection (c) provides that a decision of the Commission denying an application or imposing conditions on a license is subject to judicial review, as specified. This provision is amended to clarify that judicial review only applies if the denial or approval with conditions was made after an evidentiary hearing.

**CHAPTER 2 LICENSES AND WORK PERMITS.**

**ARTICLE 4. INTERIM OWNER CATEGORY LICENSE.**

**Amend 12134. General Provisions.**

Section 12134 provides a series of general provisions that apply to the interim owner category license process.

Subsection (c) provides that if the Bureau determines that the holder of an interim owner category license has become disqualified or may have violated a condition of their interim owner category license, the matter will be set for Commission consideration at a non-evidentiary hearing meeting, now renamed Commission meeting.

**CONSISTENCY OR COMPATIBILITY WITH EXISTING STATE REGULATIONS:**

The Commission has evaluated this regulatory action and determined that the proposed regulations are neither inconsistent nor incompatible with any other existing state regulations.

### **COMPARABLE FEDERAL LAW:**

There are no existing federal regulations or statutes comparable to the proposed regulations.

### **FISCAL IMPACT ESTIMATES**

#### **FISCAL IMPACT ON PUBLIC AGENCIES INCLUDING COSTS OR SAVINGS TO STATE AGENCIES OR COSTS/SAVINGS IN FEDERAL FUNDING TO THE STATE:**

##### **Amend Section 12035. Issuance of Interim Renewal Licenses.**

Existing regulations require that the Commission will provide an interim renewal license when a triggering event occurs, without considering the existing duration of the current license. The proposed action would provide that the Commission would instead provide an interim renewal license prior to the expiration of the existing license. Currently, the Commission does not believe this timeline will have a significant impact on the Commission. The vast majority of applicants that go to an evidentiary hearing, including those that are considered as a default decision, have a timeline sufficiently extended to require the issuance of an interim renewal license, no matter if it is immediately issued or issued in conjunction with the expiration of the existing license.

Where the Commission does expect to realize some savings, is for applications that are now denied, or approved with conditions, limitations, or restrictions, at a Commission meeting and whose applicant does not submit a notice of defense requesting an evidentiary hearing. As discussed in greater detail below, the Commission does not have an estimate on how many applications may be resolved in this way; however, based upon a recent fee study, the Commission has determined that the issuance of the badge associated with the interim renewal license is approximately \$8 per instance. So regardless of how many applicants will no longer require an interim renewal license, the total savings will not be significant.

##### **Amend Section 12054. Consideration at a Commission Meeting**

The proposed action provides two new options for the Commission to consider at a Commission meeting. These changes do not significantly alter the Commission's evidentiary hearing process. Currently, after receiving the application from the Bureau, the application can follow one of two paths: (1) the Executive Director can directly schedule the application to an evidentiary hearing or (2) the Commission considers the application at a Commission meeting, at which point it can approve the application or send it to an evidentiary hearing. Either way, once the application has been sent to an evidentiary hearing, the applicant will receive a Notice of Defense form, at which point the applicant can: (1) accept a default decision which can be either denial or approval with conditions, restrictions, or limitations, (2) request an evidentiary hearing, or (3) fail to submit a Notice of Defense, in which case the Commission may decide to deny the application or approve it with conditions, restrictions, or limitations.

Under the proposed regulations, the Commission can decide at the Commission meeting to either deny the application or approve it with conditions, restrictions, or limitations, at which point the applicant will receive a Notice of Defense form and can: (1) accept the Commission's denial or approval with conditions, restrictions, or limitations, (2) request an evidentiary hearing, or (3)

fail to submit a Notice of Defense, in which case the Commission's previous decision to deny the application or approve it with conditions, restrictions, or limitations will stand.

As illustrated here, the only alteration is for applications that are denied or approved with conditions, limitations, or restrictions at a Commission meeting and whose applicant does not request an evidentiary hearing. Additionally, there may be some savings from applicants who would have otherwise participated in a hearing had the Commission chosen to send an application to an evidentiary hearing, but who choose not to based upon an initial decision at a Commission meeting; either because they are willing to accept the Commission's conditions, limitations, or restrictions, or because they choose not to request an evidentiary hearing after having their application denied.

For applications where the Commission will now approve with conditions, limitations, or restrictions, the Commission estimates no impact. Currently, when electing to send an application to an evidentiary hearing, the Commission is required to provide a focus for the evidentiary hearing. For applications that the Commission is sending to an evidentiary hearing to consider approval with conditions, limitations, or restrictions, the Notice of Defense currently allows the applicant to waive their right to an evidentiary hearing and accept the conditions, limitations, or restrictions, or request an evidentiary hearing to challenge them. This process is in line with how the process will work under the proposed action, and so in these types of cases there will be no impact to the Commission.

For applications where the Commission will now deny an application at a Commission meeting, the Commission estimates some unknown impact. The Commission regulations allow for two responses to a denial (besides accepting it):

1. Fail to submit a Notice of Defense
2. Request an evidentiary hearing

For the first situation, the Commission expects that there will be a reduction in default decisions, and thus a savings to the Commission. An analysis of the Commission's workload tracking database and the entries related to applications that result in a default decision shows the following average time allocated to these projects is:

Table 1. Commission costs for default decisions

Position: Senior Legal Analyst  
Number of Hours: 3.5  
Hourly Rate: \$40.84  
Cost: \$408

Position: Attorney  
Number of Hours: 10<sup>4</sup>  
Hourly Rate: \$73.84

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<sup>4</sup> This reflects the combined total hours of all attorneys working on a project in their various roles

NOTICE OF PROPOSED REGULATORY ACTION  
AB 120 HEARINGS UPDATE  
CGCC-GCA-2021-06-R

Cost: \$258

Position: Chief Counsel  
Number of Hours: .5  
Hourly Rate: \$76.89  
Cost: \$38

Position: Executive Director  
Number of Hours: .5  
Hourly Rate: \$77.14  
Cost: \$39

Position: Commissioner  
Number of Hours: 2<sup>5</sup>  
Hourly Rate: \$79.96  
Cost: \$160

Position: Chair  
Number of Hours: .5  
Hourly Rate: \$82.50  
Cost: \$41

Total: \$945

While the Commission is unable to accurately predict how the Commission might decide an application, the Commission does expect that those applications who exhibit information that would result in a mandatory denial under the Gambling Control Act will be denied at a Commission meeting. The Commission averages approximately 20 default decisions a year, and based on an analysis of these cases estimates that approximately 75% or 15 per year include facts that would result in a mandatory denial. As such, the Commission expects to save the costs of a minimum 15 default decisions at a total of **\$14,175** per year. Additionally, the Commission expects that some other portion of those 20 annual default decisions will be denied at a Commission meeting, but is unable to predict how many.

For the second situation, the Commission estimates that there may be a reduction in evidentiary hearings, and thus a savings to the Commission. An analysis of the Commission's workload tracking database and the entries related to applications that result in an evidentiary hearing shows the following average time allocated to these projects is:

Table 2. Commission costs for evidentiary hearings

Position: Senior Legal Analyst  
Number of Hours: 26  
Hourly Rate: \$40.84

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<sup>5</sup> This reflects four Commissioners each spending .5 hours on a project

NOTICE OF PROPOSED REGULATORY ACTION  
AB 120 HEARINGS UPDATE  
CGCC-GCA-2021-06-R

Cost: \$1,062

Position: Attorney  
Number of Hours: 77.06<sup>6</sup>  
Hourly Rate: \$73.84  
Cost: \$5,690

Position: Chief Counsel  
Number of Hours: 6.8  
Hourly Rate: \$76.89  
Cost: \$523

Position: Executive Director  
Number of Hours: 15  
Hourly Rate: \$77.14  
Cost: \$1,157

Position: Commissioner  
Number of Hours: 60<sup>7</sup>  
Hourly Rate: \$79.96  
Cost: \$4,798

Position: Chair  
Number of Hours: 15  
Hourly Rate: \$82.50  
Cost: \$1,238

Total: \$14,467

The Commission is unable to predict how many applications that are currently sent to an evidentiary hearing and for which an evidentiary hearing was held will now result in no evidentiary hearing being held. Each of these applications had their applicants affirmatively indicate a desire to participate in an evidentiary hearing, and so while it is possible that a denial at a Commission meeting will impact the applicant's willingness to participate in a hearing, there is no way to estimate that amount.

**NON-DISCRETIONARY COST OR SAVINGS IMPOSED UPON LOCAL AGENCIES:**

None.

**MANDATE IMPOSED ON ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:**

None.

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<sup>6</sup> This reflects the combined total hours of all attorneys working on a project in their various roles

<sup>7</sup> This reflects four Commissioners each spending 15 hours on a project

**COST TO ANY LOCAL AGENCY OR SCHOOL DISTRICT FOR WHICH PART 7 (COMMENCING WITH SECTION 17500) OF DIVISION 4 OF THE GOVERNMENT CODE REQUIRES REIMBURSEMENT:**

None.

**EFFECT ON HOUSING COSTS:**

None.

**IMPACT ON BUSINESS:**

The Commission has determined that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting businesses, 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:

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 an alternative timeline on how applications can be considered, it does not remove or significantly alter any existing process.

**COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS:**

The Commission has determined there would be no increase in costs to representative private persons or businesses as a result of complying with the proposed action. The proposed action provides an alternative timeline on how applications can be considered; it does not remove or significantly alter any existing process.

**EFFECT ON SMALL BUSINESS:**

The Commission has made a determination that the proposed regulatory action would have no significant impact on small businesses as the proposed action only provides an alternative timeline on how applications can be considered; it does not remove or significantly alter any existing process.

**RESULTS OF 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 an alternative timeline on how applications can be considered; it does not remove or significantly alter any existing process.

**BENEFITS OF PROPOSED REGULATION:**

This proposed action will have the benefit of providing the Commission a process to consider an application that saves the steps of a default decision or a hearing without applicant participation, should the applicant choose to waive their right to an evidentiary hearing.

**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**

The Commission must determine that no reasonable alternative considered by the Commission or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

**INITIAL STATEMENT OF REASONS, INFORMATION AND TEXT OF PROPOSAL**

The Commission has prepared an Initial Statement of Reasons and the exact language for the proposed action and has available all the information upon which the proposal is based. Copies of the language and of the Initial Statement of Reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the Commission at 2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231.

**AVAILABILITY AND LOCATION OF THE RULEMAKING FILE AND THE FINAL STATEMENT OF REASONS**

All the information upon which the proposed action is based is contained in the Rulemaking File that will be available for public inspection and copying at the Commission's office throughout the rulemaking process. Arrangements for inspection and/or copying may be made by contacting the primary contact person named below.

You may obtain a copy of the Final Statement of Reasons, once it has been prepared, by making a written request to one of the contact persons named below or by accessing the Commission's Website listed below.

### **CONTACT PERSONS**

All comments and inquiries concerning the substance of the proposed action should be directed to the following **primary** contact person:

Joshua Rosenstein, Legislative and Regulatory Specialist  
Legislative and Regulatory Affairs Division  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
Telephone: (916) 274-5823  
Fax: (916) 263-0499  
E-mail: [jrosenstein@cgcc.ca.gov](mailto:jrosenstein@cgcc.ca.gov)

Requests for a copy of the Initial Statement of Reasons, proposed text of the regulation, modified text of the regulation, if any, or other technical information upon which the proposed action is based should be directed to the following **backup** contact person:

Alex Hunter, Legislative and Regulatory Specialist  
Legislative and Regulatory Affairs Division  
California Gambling Control Commission  
2399 Gateway Oaks Drive, Suite 220, Sacramento, CA 95833-4231  
Telephone: (916) 263-1301  
Fax: (916) 263-0499  
E-mail: [ahunter@cgcc.ca.gov](mailto:ahunter@cgcc.ca.gov)

### **WEB SITE ACCESS**

Materials regarding this proposed action are also available on the Commission's Web site at [www.cgcc.ca.gov](http://www.cgcc.ca.gov).