

1 CALIFORNIA GAMBLING CONTROL COMMISSION
2 APPROVED TEXT OF EMERGENCY REGULATIONS
3 COMMISSION FEES MODERNIZATION III
4 CGCC-GCA-2022-03-E
5

6 California Code of Regulations
7 Title 4. Business Regulations.
8 Division 18. California Gambling Control Commission.
9

10 CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS

11 ARTICLE 1. GENERAL PROVISIONS
12

13 § 12360. Chapter Definitions.

14 (a) Except as otherwise provided in Section 12002 and in subsection (b) of this section, the definitions
15 in Business and Professions Code section 19805 govern the construction of this chapter.

16 (b) As used in this chapter:

17 (1) “Active Licensee” means a valid TPPPS business licensee or cardroom business licensee who has
18 generated revenue for at least the last year as reported pursuant to Section 12313.

19 (2) “Annual Fee” is the amount that a cardroom business licensee is required to pay to cover Non-
20 Application Costs calculated pursuant to Section 12368.1.

21 (3) “Application Cost” means all costs, including the deposit, related to the processing of an
22 application.

23 (4) “Cage bank” means a fund consisting of monetary assets including, but not limited to, gambling
24 chips, cash, and cash equivalents, maintained inside a cage for use in gambling operations.

25 (5) “Cashier bank” means an imprest fund consisting of monetary assets including, but not limited to,
26 gambling chips, cash, and cash equivalents, maintained for or by an individual cashier inside a cage.

27 (6) “Confidential document” means any document or record, whether maintained in writing or
28 electronically, concerning any entity, individual, or group of individuals that contains any private
29 financial or personal information directly obtained from or provided by the subject (e.g., credit and check
30 cashing information, exclusion lists, Title 31 reports, etc.), or documents that are otherwise protected
31 under any other provision of law, and includes documents and information the public disclosure of which
32 may jeopardize the safety and security of patrons, employees, and their property, the assets of the
33 cardroom business licensee, or the integrity of gambling operations.

34 (7) “Cost Pool 1” or “Even Across All” means a cost allocation for all Non-Application Costs that are
35 not directly attributed to an application fee or deposit, and are appropriately borne by all TPPPS business

1 licenses and cardroom business licensees equally. This includes, but is not limited to, costs associated
2 with administration, information technology, and legislative and regulatory workload.

3 (8) “Cost Pool 2” or “Application Split” means a cost allocation for all Non-Application Costs on a
4 per-application basis that relate to both TPPPS business licensees and cardroom business licensees that
5 have a direct connection to the processing of applications for the controlled gambling industry, and are
6 not directly attributed to an application fee or deposit. This includes, but is not limited to, costs associated
7 with responding to general phone calls, and the processing of electronic and regular mail.

8 (9) “Cost Pool 3” or “Entity Split” means a cost allocation for all Non-Application Costs generated by
9 non-Commission actions that relate to both TPPPS business licensees and cardroom business licensees.
10 This includes, but is not limited to, costs associated with compliance and enforcement, financial audits,
11 calls for service, and incident reports borne separately amongst TPPPS business licensees and cardroom
12 business licensees.

13 (10) “Cost Pool 4” or “Commission Actions” means a cost allocation for all Non-Application Costs
14 generated by matters requiring Commission action that relates to TPPPS business licensees or cardroom
15 business licensees. This includes, but is not limited to, costs associated with administrative hearings and
16 decisions, and Commission meetings.

17 (11) “Cost Pool 5” or “Cardroom Only” means a cost allocation for all Non-Application Costs that
18 are specific to cardroom business licensees but not directly linked to a Commission approval. This
19 includes, but is not limited to, costs associated with compliance reviews of games, reviews of reports, and
20 local ordinance reviews.

21 (12) “Cost Pool 6” or “TPPPS Only” means a cost allocation for all Non-Application Costs that are
22 specific to TPPPS business licensees but not directly linked to a Commission approval. This includes, but
23 is not limited to, costs associated with contract renewal notices and non-investigation industry inquiries or
24 correspondence.

25 (13) “Floor bank” means an imprest fund consisting of monetary assets including, but not limited to,
26 gambling chips, cash, and cash equivalents, maintained outside a cage on or near the gambling floor.

27 (14) “Gambling equipment” means any equipment, devices, or supplies used or intended for use in
28 the play of any controlled game, and includes, but is not limited to, playing cards, tiles, dice, dice cups,
29 card shufflers, and gaming tables.

30 (15) “House rules” means a set of written policies and procedures, established by a cardroom business
31 licensee, which set general parameters under which that cardroom business licensee operates the play of
32 controlled games.

33 (16) “New Business Licensee” means a TPPPS business licensee or cardroom business licensee who
34 first became licensed prior to August 31 of the year the invoices are created.

1 (17) “Non-Application Cost” means all costs other than Application Costs borne by the Commission,
2 Department of Justice, and all other State operations expenditures for the administration and enforcement
3 of the Act.

4 (18) “Non-Operational Licensee” means a TPPPS business licensee or cardroom business licensee
5 that maintains a valid TPPPS business license or cardroom business license or registration, and has not
6 generated revenue in the past year as reported pursuant to Section 12313.

7 (19) “Security department” means the operational entity within a gambling establishment that is
8 responsible, but not necessarily solely responsible, for patrol of the public areas of the establishment, and
9 to assist in:

10 (A) Maintaining order and security;

11 (B) Excluding underage patrons;

12 (C) Responding to incidents involving patrons or others;

13 (D) Detecting, reporting and deterring suspected illegal activity; and

14 (E) Completing incident reports.

15 (20) “Surrendered or Revoked Licensee” means a former cardroom business licensee who stopped
16 operating and ceased to maintain a cardroom business licensee prior to August 31 of the year the invoices
17 are created.

18 (21) “Surveillance unit” means the operational system or entity within a gambling establishment that
19 is responsible for the video recording, as may be specified in Article 3 of this chapter, of all activities
20 required to be under surveillance, monitored and/or recorded pursuant to the Act and this division for the
21 purposes of detecting, documenting and reporting suspected illegal activities, including suspected
22 gambling by persons under 21 years of age, and assisting the personnel of the security department in the
23 performance of their duties.

24 Note: Authority cited: Sections 19811, 19824, 19840, 19841 and 19924, Business and Professions Code. Reference:
25 Sections 19805, 19841, 19860 and 19924, Business and Professions Code.
26

27 **§ 12368. Cardroom Business License Annual Fee.**

28 (a) The Bureau will provide each cardroom business licensee an invoice, pursuant to Section 12006,
29 by October 1, 2022, and each October 1 thereafter. Beginning January 1, 2023, and each January 1
30 thereafter, each cardroom business licensee must submit to the Bureau the Annual Fee as determined by
31 Section 12368.1, subsection (a).

32 (b) The Annual Fee may be paid in installments. The cardroom business licensee must submit a
33 written request to the Bureau to make installment payments within 30 days from the date the invoice was
34 mailed.

1 (c) Subject to approval by the Bureau, in accordance with the Bureau’s approval notification,
2 installment payments must be made in the year following the request pursuant to subsection (b) as
3 follows: one-third of the Annual Fee to be submitted no later than January 1, one-third no later than April
4 1, and the balance no later than June 30.

5 (d) The cardroom business license certificate will not be issued until the Bureau has received the
6 Annual Fee or has approved the cardroom business licensee for installment payments.

7 (e) Any renewal application for the cardroom business licensee will not be approved by the
8 Commission until any delinquent Annual Fee has been paid in full.

9 (f) No application for a TPPPS contract with a cardroom business licensee may be approved by the
10 Bureau until any delinquent Annual Fee owed by that cardroom business licensee has been paid in full.

11 (g)(1) Upon the first issuance of a cardroom business license, as either a temporary cardroom
12 business license or an initial cardroom business license, whichever occurs first, the Bureau will issue an
13 invoice in the amount determined in subsection (b) of Section 12368.1. The cardroom business licensee
14 must submit to the Bureau the Annual Fee appropriate for its cardroom business license within 30 days
15 from the date the invoice was mailed.

16 (2) For the first full calendar year of licensure, the cardroom business licensee will be invoiced the
17 unadjusted Annual Fee, due under clause 1 of subparagraph (A) of paragraph (6) of subsection (a) of
18 Section 12368.1 for the following calendar year. If the license is approved after October 1, the invoice
19 will be issued at the same time as paragraph (1) of this subsection.

20 Note: Authority cited: Sections 19811(b), 19823, 19824, 19840, 19841, 19876(a), 19951 and 19955, Business and
21 Professions Code. Reference: Sections 19841, 19876(a), 19951, 19954 and 19955, Business and Professions Code.
22

23 **§ 12368.1. Cardroom Business License Annual Fee Calculation.**

24 (a) The Commission will conduct the following six-step analysis to determine the Annual Fee
25 invoiced pursuant to subsection (a) of Section 12368.

26 (1) Step One. The Commission will take all Bureau and Commission Non-Application Costs and
27 allocate them to Cost Pools 1 through 6. For future years, each cost pool will need to account for any prior
28 year adjustments through a carry forward. A carry forward as used in this section will account for and
29 reconcile any over and under costs allocated in prior years for each cost pool. The cost pools will
30 determine how the Commission will allocate Non-Application Costs to TPPPS business licensees and
31 cardroom business licensees. Other costs may be included in a specific Cost Pool that the Commission
32 determines are necessary for the administration and enforcement of the Act based on the responsibilities
33 of the Commission and Bureau pursuant to Business and Professions Code sections 19823 and 19826
34 respectively.

1 (2) Step Two. Application Split. The Commission will determine the percentage of total TPPPS
2 business licensee and cardroom business licensee applications, which the individual total of each
3 constitutes by averaging the annual total of each license type's initial and renewal applications from the
4 previous five fiscal years immediately prior to the forthcoming October 1st invoice issuance date, and
5 dividing each individual average TPPPS business licensees and cardroom business licensees' total by the
6 combined average TPPPS business licensees and cardroom business licensees' total. The Commission
7 will multiply the Application Split funds by this percentage to determine the amounts payable by
8 cardroom business licensees pursuant to this step.

9 (3) Step Three. Entity Split. The Commission will determine the percentage of total Active and Non-
10 Operational TPPPS business licensees and cardroom business licensees, which the individual total TPPPS
11 business licensees versus cardroom business licensees each constitutes, by dividing the separate totals of
12 Active and Non-Operational TPPPS business licensees and Active and Non-Operational cardroom
13 business licensees, by the total of both Active and Non-Operational TPPPS business licensees and
14 cardroom business licensees to distribute the funds allocated to this Cost Pool between TPPPS business
15 licensees and cardroom business licensees. The Commission will multiply the total of Even Across All
16 and Entity Split funds by this percentage to determine the amounts payable by cardroom business
17 licensees pursuant to this step.

18 (4) Step Four. Commission Actions. The Commission will determine the percentage of total
19 Commission actions for TPPPS business licensees and cardroom business licensees, which the individual
20 totals of each constitutes by calculating the total average annual number of Commission actions from the
21 last three fiscal years for TPPPS business licensees and cardroom business licensees and convert that into
22 a percentage by dividing the separate total of actions for TPPPS business licensees and cardroom business
23 licensees respectively by the total applications for both TPPPS business licensees and cardroom business
24 licensees. The Commission will multiply the Commission Actions funds by this percentage to determine
25 the amounts payable by cardroom business licensees pursuant to this step.

26 (5) Step Five. The Commission will determine the total fees to be paid by cardroom business
27 licensees by adding each of the respectively apportioned cardroom business licensee costs outlined in
28 paragraphs (2) through (4) of this subsection with the total from Cost Pool 5. The Commission will divide
29 the total fees by the total average annual number of Commission actions from the last three fiscal years
30 for cardroom business licensees to determine the unadjusted Annual Fee for each cardroom business
31 licensee.

32 (6) Step Six. Final Adjusted Annual Fee Calculation. The Commission will determine for each
33 cardroom business licensee if they are an Active Licensee, Surrendered or Revoked Licensee, or Non-
34 Operational Licensee, and if an Active Licensee, if they have average gross gaming revenues below

1 \$1,500,000 or equal to or greater than \$1,500,000 based on the immediate previous three-year, or less if
2 three years is unavailable, the annual average of gross gaming revenue as reported pursuant to Section
3 12313.

4 (A) The Bureau will invoice the Annual Fee to cardroom business licensees after the Commission
5 calculates and sends the invoice amounts to the Bureau to be invoiced pursuant to subsection (a) of
6 Section 12368, as follows:

7 1. Active cardroom business licensees that have collected less than \$1,500,000 average gross gaming
8 revenue, as determined in paragraph (6), the unadjusted Annual Fee as determined in paragraph (5).

9 2. Non-Operational cardroom business licensees, half the amount of the unadjusted Annual Fee
10 determined in paragraph (5).

11 3. Surrendered or Revoked cardroom business licensee, \$0.

12 4. Active cardroom business licensees that have collected equal to or greater than \$1,500,000 average
13 gross gaming revenue as reported pursuant to Section 12313, as determined in paragraph (6), will be
14 invoiced an amount equal to the amount of the cardroom business licensee total Annual Fee, minus the
15 amount invoiced in clauses 1 and 2, multiplied by the percentage the cardroom business licensee's gross
16 gaming revenue from the previous three year annual average constitutes of the previous three year annual
17 average of all Active cardroom business licensees' gross gaming revenue.

18 (b) A New Business Licensee, that is either a temporary cardroom business licensee or an initial
19 cardroom business licensee, whichever occurs first, must pay the unadjusted Annual Fee due under clause
20 1 of subparagraph (A) of paragraph (6) of subsection (a) divided by 12, multiplied by the number of
21 whole months remaining in a calendar year from the date of licensure until the end of the calendar year
22 for the incomplete calendar year of licensure.

23 Note: Authority cited: Sections 19811(b), 19823, 19824, 19840, 19841, 19876(a), 19951 and 19955, Business and
24 Professions Code. Reference: Sections 19826, 19841, 19876(a), 19951, 19954 and 19955, Business and Professions
25 Code.

26

27

28

29

30

31

32

33

34 ///

35 ///

