

**State of California
Office of Administrative Law**

In re:
California Gambling Control Commission

Regulatory Action:

Title 04, California Code of Regulations

Adopt sections: 12252.2, 12318, 12368.2

Amend sections: 12002, 12112, 12252,
12360, 12368, 12470,
12472

Repeal sections: 12368.1

NOTICE OF APPROVAL OF EMERGENCY
REGULATORY ACTION

Government Code Sections 11346.1 and
11349.6

OAL Matter Number: 2022-0922-01

OAL Matter Type: Emergency Readopt (EE)

In this emergency re-adoption of OAL action 2022-0721-07E, California Gambling Control Commission ("CGCC") is re-adopting regulations regarding fee collection methodologies and procedures for cardroom and third-party gambling establishments. CGCC is also further clarifying its fee collection procedures and methodologies.

OAL approves this emergency regulatory action pursuant to sections 11346.1 and 11349.6 of the Government Code.

This emergency regulatory action is effective on 9/30/2022 and will expire on 12/30/2022. The Certificate of Compliance for this action is due no later than 12/29/2022.

Date: September 30, 2022



Sam Micon
Attorney

For: Kenneth J. Pogue
Director

Original: Stacey Luna Baxter, Executive
Director

Copy: Josh Rosenstein

EMERGENCY

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STATE OF CALIFORNIA—OFFICE OF ADMINISTRATIVE LAW

NOTICE PUBLICATION/REGULATIONS SUBMISSION

For use by Secretary of State only

STD. 400 (REV. 10/2019)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-	REGULATORY ACTION NUMBER 2022-0922-01EE	REGISTRY NUMBER
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ENDORSED - FILED
in the office of the Secretary of State
of the State of California

SEP 30 2022

2:17 pm

For use by Office of Administrative Law (OAL) only

OFFICE OF ADMIN. LAW
2022 SEP 22 AM 9:10

NOTICE

REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY

California Gambling Control Commission

AGENCY FILE NUMBER (If any)

CGCC-2022-03-EE

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE		TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other		4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
OAL USE ONLY	ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn		NOTICE REGISTER NUMBER	PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Commission Fees Modernization Project III	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2022-0721-07E
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	

SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ADOPT 12252.2, 12318, 12368.2, Appendix to Chapter 5
	AMEND 12002, 12112, 12252, 12360, 12368, 12470, 12472, Appendix to Chapters 2 and 7
	REPEAL 12368.1
TITLE(S) 4	

3. TYPE OF FILING			
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input checked="" type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify)	

per agency request
Sam

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input checked="" type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> \$100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify)

per agency request

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal	
<input type="checkbox"/> Other (Specify)			

Sam

7. CONTACT PERSON Josh Rosenstein	TELEPHONE NUMBER (916)274-5823	FAX NUMBER (Optional) N/A	E-MAIL ADDRESS (Optional) jrostein@cgcc.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

DocuSigned by: SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Stacey Luna Baxter</i>		DATE 9/21/2022
TYPED NAME AND TITLE OF SIGNATORY Stacey Luna Baxter, Executive Director		

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ENDORSED APPROVED

SEP 30 2022

Office of Administrative Law

1 CALIFORNIA GAMBLING CONTROL COMMISSION
2 SPECIFIC LANGUAGE OF PROPOSED REGULATIONS
3 COMMISSION FEES MODERNIZATION III
4 CGCC-GCA-2022-03-EE
5

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

10 CHAPTER 1. GENERAL PROVISIONS

11 ARTICLE 1. DEFINITIONS AND GENERAL PROCEDURES

12
13 § 12002. General Definitions.

14 Unless otherwise specified, the definitions in Business and Professions Code section 19805,
15 supplemented by the definitions found in Chapter 10 of Title 9 of Part 1 of the Penal Code (commencing
16 with section 330), govern the construction of this division. As used in this division:

17 ...

18 (ab) "Gross revenue" means the total of all compensation received for participating in or conducting
19 any controlled game, and includes interest received in payment for credit extended by a cardroom
20 business licensee to a patron for purposes of gambling.

21 (ac)~~(ab)~~ ...

22 (ad)~~(ac)~~ ...

23 (ae)~~(ad)~~ ...

24 (af)~~(ae)~~ ...

25 (ag)~~(af)~~ ...

26 (ah)~~(ag)~~ ...

27 (ai)~~(ah)~~ ...

28 (aj)~~(ai)~~ ...

29 (ak)~~(aj)~~ ...

30 (al)~~(ak)~~ ...

31 (am)~~(al)~~ ...

32 (an)~~(am)~~ ...

33 (ao)~~(an)~~ ...

34 (ap)~~(ao)~~ ...

Initial adoption shown in underline; deletions shown in ~~strikeout~~.
1st re-adoption shown in double underline; deletions shown in ~~double strikeout~~
Revision Date: September 14, 2022

- 1 ~~(aq)(ap)~~ ...
- 2 ~~(ar)(aa)~~ ...
- 3 ~~(as)(ar)~~ ...
- 4 ~~(at)(as)~~ ...
- 5 ~~(au)(at)~~ ...
- 6 ~~(av)(au)~~ ...
- 7 ~~(aw)(av)~~ ...
- 8 ~~(ax)(aw)~~ ...
- 9 ~~(ay)(ax)~~ ...
- 10 ~~(az)(ay)~~ ...

11 Note: Authority cited: Sections 19811, 19823, 19824, 19840, 19841, 19853 and 19854, Business and Professions
 12 Code. Reference: Sections 19800, 19805, 19811, 19816, 19853 and 19984, Business and Professions Code.

13
 14 **CHAPTER 2. LICENSES AND WORK PERMITS**

15 **ARTICLE 2. INITIAL AND RENEWAL LICENSES AND WORK PERMITS**

16
 17 **§ 12112. Initial License Applications; Required Forms.**

18 A person applying for Commission approval must submit the following to the Bureau:

- 19 (a) A completed Application for Employee Category License, CGCC-CH2-04 (Rev. 11/21) or
- 20 Application for Owner Category License, CGCC-CH2-05 (Rev. 9/22+1/21), which are attached in
- 21 Appendix A to this chapter, any applicable fees required in Section 12090, and the applicable background
- 22 investigation deposit required by Title 11, CCR, Section 2037.

23 ...

24 Note: Authority cited: Sections 19811, 19824, 19840, 19841, 19850, 19912 and 19984, Business and Professions
 25 Code. Reference: Sections 19801, 19811, 19824, 19826, 19841, 19850, 19851, 19852, 19855, 19864, 19865, 19866,
 26 19867, 19868, 19878, 19880(d), 19883, 19890(e), 19893, 19912, 19951, 19982 and 19984, Business and
 27 Professions Code.

28
 29 **CHAPTER 3. CONDITIONS OF OPERATION FOR TPPPS BUSINESSES**

30 **ARTICLE 1. GENERAL PROVISIONS**

31
 32 **§ 12252. TPPPS Annual Fee.**

- 33 (a) The Bureau will provide each TPPPS business licensee an invoice, pursuant to Section 12006, by
- 34 October 1, 2022, and each October 1 thereafter, of their annual fee, as provided in Section 12252.2. No
- 35 later than September 1 of each year, each TPPPS business licensee must submit to the Bureau the annual
- 36 fee set forth in subsection (b) of this section, based on the total number of TPPPS endorsee licensees and

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1 ~~TPPPS employee type licensees affiliated with the TPPPS business licensee on the immediately preceding~~
2 ~~August 1.~~

3 ~~(b) Each TPPPS business licensee must pay the annual sum of two thousand eight hundred dollars~~
4 ~~(\$2800) for each TPPPS endorsee licensee and each TPPPS employee type licensee.~~

5 ~~(b)(e) The annual fee may be paid in installments. The TPPPS business licensee must submit a written~~
6 ~~request to the Bureau to make installment payments within 30 calendar days from the date the invoice~~
7 ~~was served prior to August 1 of that same year.~~

8 ~~(c) A request for installment payments will be considered approved, unless within 14 calendar days of~~
9 ~~the request being received, the Bureau provided notification, pursuant to Section 12006, that the request~~
10 ~~has been disapproved. The Bureau will disapprove the request if the TPPPS business licensee has a~~
11 ~~history of failing to make installment payments as required or has not submitted the request pursuant~~
12 ~~subsection (b). Upon approval by the Bureau, installment payments must be made in the year following~~
13 ~~the request pursuant to subsection (b) as follows: one-third of the annual fee to be submitted no later than~~
14 ~~January ~~September 1~~, one-third no later than ~~April~~ December 1, and the balance no later than June~~
15 ~~30 ~~March 1~~. If installment payments were not requested or a request for installment payments was~~
16 ~~disapproved, the entire amount of the annual fee must be submitted no later than January 1.~~

17 ~~(d) Refunds will not be available in the event of a subsequent decrease in the number of TPPPS~~
18 ~~endorsee licensees or TPPPS employee type licensees upon which the annual fee payment was based.~~

19 ~~(e)(1) Following assessment of the annual fee, if the TPPPS business licensee increases the number of~~
20 ~~its TPPPS endorsee licensees and TPPPS employee type licensees above the number upon which the~~
21 ~~annual fee assessment was based, the TPPPS business licensee must submit to the Bureau the additional~~
22 ~~per player annual fee set forth in subsection (b) within 30 calendar days of employment or transfer of~~
23 ~~ownership.~~

24 ~~(2) Upon the first issuance of a TPPPS business license, be it either a temporary TPPPS business~~
25 ~~license or an initial TPPPS business license, the TPPPS business licensee must submit to the Bureau the~~
26 ~~annual fee appropriate for its TPPPS endorsee licensees and any TPPPS employee type licensees. The~~
27 ~~TPPPS certificate will not be issued until the Bureau has received the annual fees or is approved for~~
28 ~~installment payments.~~

29 ~~(3) Annual fees due under this subsection will be prorated on a monthly basis.~~

30 ~~(4) Annual fees due under this subsection may be paid in installments, on the conditions that the~~
31 ~~installment payment request is submitted in writing, that one third of the fees are paid upon submission of~~
32 ~~the installment request, and that two subsequent equal payments are paid at reasonable intervals prior to~~
33 ~~expiration of the applicable term, subject to the approval of the Bureau.~~

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1 (d) The TPPPS license certificate will not be issued until the Bureau has received the annual fee or
2 has approved the TPPPS business licensee for installment payments.

3 (e)(f) Any ~~renewal~~ application for ~~the~~ a renewal TPPPS business licensee will not be approved by the
4 Commission until any delinquent annual fees have been paid in full.

5 (f)(e) No application for a TPPPS contract may be approved by the Bureau until any delinquent
6 annual fees have been paid in full.

7 (g)(1) Upon the first issuance of a TPPPS business license, as either a temporary TPPPS business
8 license or an initial TPPPS business license, whichever occurs first, the Bureau will issue an invoice,
9 pursuant to Section 12006, in the annual fee amount required of an active licensee with a gross revenue
10 under \$1,500,000, as provided in Section 12252.2, divided by 12, multiplied by the number of whole
11 months remaining in the current calendar year. The TPPPS business licensee must submit to the Bureau
12 the annual fee within 30 calendar days of service.

13 (2) For the first full calendar year of licensure, the Bureau will invoice, pursuant to Section 12006, the
14 TPPPS business licensee the unadjusted annual fee required of an active licensee with a gross revenue
15 under \$1,500,000, as provided in Section 12252.2 for the following calendar year. If the license is
16 approved after October 1, this invoice will be issued at the same time as the invoice required in paragraph
17 (1).

18 Note: Authority cited: Sections 19823, 19824, 19826, 19840, 19841 and 19984, Business and Professions Code.
19 Reference: Sections 19841 and 19984, Business and Professions Code.
20

21 **§ 12252.2. TPPPS Annual Fee Amounts.**
22

<u>Type of TPPPS Business Licensee</u>	<u>Annual Fee</u>
<u>Surrendered or Revoked Licensee</u>	<u>\$0</u>
<u>Non-Operational Licensee</u>	<u>\$2,035</u>
<u>Active Licensee – 3-Year Average Gross Revenue Under \$1.5M</u>	<u>\$4,069</u>
<u>Active Licensee – 3-Year Average Gross Revenue of \$1.5M or More</u>	<u>1.54%</u> <u>of the 3-year Average</u> <u>Gross Revenue</u>

23 Note: Authority cited: Sections 19823, 19824, 19826, 19840, 19841, and 19984, Business and Professions Code.
24 Reference: Sections 19826, 19841, 19867 and 19984, Business and Professions Code.
25

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1 **CHAPTER 5. ACCOUNTING AND TRANSACTION APPROVALS**

2 **ARTICLE 1. ACCOUNTING AND FINANCIAL REPORTING**

3
4 **§ 12318. Cardroom Business License Gaming Revenue Report.**

5 Each cardroom business licensee must submit, no later than 120 calendar days following the end of
6 the cardroom business licensee's preceding fiscal year, a completed Cardroom Business License: Gaming
7 Revenue Report, form CGCC-CH5-01 (New 09/22), which is hereby attached in Appendix A to this
8 chapter.

9 Note: Authority cited: Sections 19824, 19840, and 19841 Business and Professions Code. Reference: Section 19841
10 Business and Professions Code.

11
12 **CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS**

13 **ARTICLE 1. GENERAL PROVISIONS**

14
15 **§ 12360. Chapter Definitions.**

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

18 (b) As used in this chapter:

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

21 (2) “Annual fee” is the amount that a cardroom business licensee is required to pay to cover non-
22 application costs ~~Non-Application Costs~~ pursuant to Section 12368.42.

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

25 (4)(1) “Cage bank” means a fund consisting of monetary assets including, but not limited to,
26 gambling chips, cash, and cash equivalents, maintained inside a cage for use in gambling operations.

27 (5)(2) “Cashier bank” means an imprest fund consisting of monetary assets including, but not limited
28 to, gambling chips, cash, and cash equivalents, maintained for or by an individual cashier inside a cage.

29 (6)(3) “Confidential document” means any document or record, whether maintained in writing or
30 electronically, concerning any entity, individual, or group of individuals that contains any private
31 financial or personal information directly obtained from or provided by the subject (e.g., credit and check
32 cashing information, exclusion lists, Title 31 reports, etc.), or documents that are otherwise protected
33 under any other provision of law, and includes documents and information the public disclosure of which
34 may jeopardize the safety and security of patrons, employees, and their property, the assets of the
35 cardroom business licensee, or the integrity of gambling operations.

1 ~~(7) “Cost Pool 1” or “Even Across All” means a cost allocation for all Non-Application Costs that are~~
2 ~~not directly attributed to an application fee or deposit, and are appropriately borne by all TPPPS business~~
3 ~~licensees and cardroom business licensees equally. This includes, but is not limited to, costs associated~~
4 ~~with administration, information technology, and legislative and regulatory workload.~~

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

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

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

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

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

27 ~~(7)(13)(4)~~ “Floor bank” means an imprest fund consisting of monetary assets including, but not
28 limited to, gambling chips, cash, and cash equivalents, maintained outside a cage on or near the gambling
29 floor.

30 ~~(8)(14)(5)~~ “Gambling equipment” means any equipment, devices, or supplies used or intended for use
31 in the play of any controlled game, and includes, but is not limited to, playing cards, tiles, dice, dice cups,
32 card shufflers, and gaming tables.

Initial adoption shown in underline; deletions shown in ~~strikeout~~.

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1 ~~(9)(15)~~(6) "House rules" means a set of written policies and procedures, established by a cardroom
2 business licensee, which set general parameters under which that cardroom business licensee operates the
3 play of controlled games.

4 ~~(16)~~"New Business Licensee" means a ~~TPPPS business licensee or cardroom business licensee who~~
5 ~~first became licensed prior to August 31 of the year the invoices are created.~~

6 ~~(10)(17)~~ "Non-Application Cost" means all costs other than application costs. ~~Application Costs~~ borne
7 by the Commission, Department of Justice, and all other State operations expenditures for the
8 administration and enforcement of the Act.

9 ~~(11)(18)~~ "Non-Operational Licensee" means a ~~TPPPS business licensee or cardroom business~~
10 ~~licensee that maintains a valid TPPPS business license or cardroom business license or registration, and~~
11 ~~has not generated revenue in the past year as reported pursuant to Section 12313.~~

12 ~~(12)(19)~~(7) "Security department" means the operational entity within a gambling establishment that
13 is responsible, but not necessarily solely responsible, for patrol of the public areas of the establishment,
14 and to assist in:

- 15 (A) Maintaining order and security;
- 16 (B) Excluding underage patrons;
- 17 (C) Responding to incidents involving patrons or others;
- 18 (D) Detecting, reporting and deterring suspected illegal activity; and
- 19 (E) Completing incident reports.

20 ~~(13)(20)~~ "Surrendered or Revoked Licensee" means a former cardroom business licensee who
21 stopped operating and ceased to maintain a cardroom business licensee prior to August 31 of the year the
22 invoices are created.

23 ~~(14)(21)~~(8) "Surveillance unit" means the operational system or entity within a gambling
24 establishment that is responsible for the video recording, as may be specified in Article 3 of this chapter,
25 of all activities required to be under surveillance, monitored and/or recorded pursuant to the Act and this
26 division for the purposes of detecting, documenting and reporting suspected illegal activities, including
27 suspected gambling by persons under 21 years of age, and assisting the personnel of the security
28 department in the performance of their duties.

29 Note: Authority cited: Sections 19811, 19824, 19840, 19841 and 19924, Business and Professions Code. Reference:
30 Sections 19805, 19841, 19860 and 19924, Business and Professions Code.

31
32 **§ 12368. Cardroom Business License Annual Fee.**

33 (a) The Bureau will provide each cardroom business licensee an invoice, pursuant to Section 12006,
34 by October 1, 2022, and each October 1 thereafter, of their annual fee, as provided in Section 12368.2.

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