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December 28, 2022

To All Interested Parties

Re: GPAC Project – Invitation to Provide Alternative Annual Fee Calculation Methodologies

At the last Gaming Policy Advisory Committee (GPAC) public meeting, held on November 29, 2022, and as properly noticed on the agenda prior, there was discussion regarding the Cardroom and Third-Party Provider of Proposition Player Services (TPPPS) Annual Fee methodology. During the meeting, the current methodology utilized by the California Gambling Control Commission (Commission) was explained, and Commission staff provided a brief overview of the steps previously taken to develop the current methodology, which included several previous opportunities for discussion on the Annual Fee methodology in prior regulatory and other meetings. Also announced at the GPAC meeting was another upcoming opportunity for any interested parties to provide alternative Annual Fee calculation methodologies for the Commission's consideration. If interested, you can listen to the November 29, 2022 GPAC meeting audio [HERE](#).

To assist interested parties in developing alternative Annual Fee calculation methodologies, mock data you may want to utilize has been provided for your convenience. You can locate the mock data, in Excel format, [HERE](#). All cardroom and TPPPS data provided via the link is mock data solely intended for the use of this project. No actual cardroom or TPPPS figures have been provided to protect confidentiality. Should you wish to include additional data in your proposed alternative methodology that was not captured in the data provided, feel free to develop your own mock data to include in your methodology.

Mock data has been provided for the following:

- Provided in Tab 1 of the Excel Document:
 - Number of licensed or registered cardrooms and TPPPS, categorized by non-operational (“non-op”), those making under \$1.5 million in gross revenue over a three-year average (“active under”), and those making \$1.5 million or over in gross revenue over a three-year average (“active over”).

- Three prior years and three-year average of gross revenue for each licensed or registered entity.
 - Number of authorized tables per cardroom.
 - Number of employees per entity.
 - Three-year average of Commission actions.
 - Three-year average of applications received.
 - Total Mock Annual Fee amounts that need to be recovered broken out per Cost Pool (detail provided in Tab 2 of the Excel Document).
- Provided in Tab 2 of the Excel Document:
 - Annual Fee Commission and Department of Justice position and cost breakdown by Cost Pool, and Cost Pool definitions.
 - Provided in Tab 3 of the Excel Document:
 - An outline of the current Annual Fee methodology utilized by the Commission using the mock data provided.

To submit an alternative methodology for the Commission's consideration, please follow these instructions:

- Must be submitted in unprotected Excel file so that any formulas utilized can be identified.
- Must submit a narrative description that clearly explains each step of the methodology and justification for each step/methodology utilized. This narrative description can be provided in a separate tab within the Excel file submitted or a separate Word or PDF document can be provided.
- Must provide a point of contact name, email, and phone number for the individual who can respond to any questions regarding the alternative methodology submitted.
- Must provide an explanation as to why you believe the current methodology used is not appropriate. As mentioned above, the current methodology is outlined in Tab 3 of the Excel document, using the mock data provided.
- **All documentation must be submitted via email only to Comments@cgcc.ca.gov no later than Wednesday, March 1, 2023.**

All alternatives submitted will be thoroughly reviewed and considered, and discussed at a future GPAC public meeting, likely to be scheduled in March or April 2023.

It is important to note that the current methodology has been approved by the Department of Finance, the Office of Administrative Law (OAL), and was reviewed by the State Auditor. Any changes to the current methodology will require regulatory action. As such, should the Commission decide to move forward with any changes to the Annual Fee methodology, the current methodology will remain in place until any necessary regulatory changes are made and approved by the OAL.

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If you have any questions about this project, please submit your questions via email to Comments@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

cc: Cardroom and TPPPS Designated Agents
GPAC Members