

INITIAL STATEMENT OF REASONS

Adoption of Section 12341 of Title 4 of the California Code of Regulations ("Fee for Initial State Gambling License") is mandated by recent legislative action.

Specifically, this action is needed to comply with a recently passed bill, which raises fees for gambling licenses held by cardroom owners. In the past, fees for both initial and renewal applications were set in statute. AB 1620 raises fees for renewal applications and also directs the California Gambling Control Commission ("Commission") to set fees for initial applications in regulation. This proposed regulation would set fees for initial applications by incorporating the revised statutory fee schedule.

Since approximately 1998, the fee for initial issuance of a state gambling license has been set following the schedule found in Subdivision (c) of Business and Professions ("B & P") Code section 19951. Currently, Section 19951(b)(2)(A) provides:

"The fee for initial issuance of a state gambling license shall be an amount determined by the division pursuant to the schedule in subdivision (c)." (Emphasis added.)

Section 19951(c) currently provides:

"The schedule based on the number of tables is as follows:

- (1) For a license authorizing one to five tables, inclusive, at which games are played, two hundred fifty dollars (\$250) for each table.
- (2) For a license authorizing six to eight tables, inclusive, at which games are played, four hundred fifty dollars (\$450) for each table.
- (3) For a license authorizing 9 to 14 tables, inclusive, at which games are played, one thousand fifty dollars (\$1,050) for each table.
- (4) For a license authorizing 15 to 25 tables, inclusive, at which games are played, two thousand one hundred fifty dollars (\$2,150) for each table.

- (5) For a license authorizing 26 to 70 tables, inclusive, at which games are played, three thousand two hundred dollars (\$3,200) for each table.
- (6) For a license authorizing 71 or more tables at which games are played, three thousand seven hundred dollars (\$3,700) for each table."

Effective January 1, 2007, AB 1620 (assuming it becomes law) raises the fees paid for renewals of state gambling licenses, and requires the Commission to adopt a regulation setting the fee for initial gambling license applications. Effective January 1, 2007, B & P Code section 19951(b)(2)(A) provides:

"The fee for initial issuance of a state gambling license shall be an amount determined by the commission in accordance with regulations adopted pursuant to this chapter." (Emphasis added.)

Effective January 1, 2007, B & P Code sec. 19951(c) will provide:

- "(c) The schedule based on the number of tables is as follows:
- (1) For a license authorizing one to five tables, inclusive, at which games are played, three hundred dollars (\$300) for each table.
 - (2) For a license authorizing six to eight tables, inclusive, at which games are played, five hundred fifty dollars (\$550) for each table.
 - (3) For a license authorizing 9 to 14 tables, inclusive, at which games are played, one thousand three hundred dollars (\$1,300) for each table.
 - (4) For a license authorizing 15 to 25 tables, inclusive, at which games are played, two thousand seven hundred dollars (\$2,700) for each table.
 - (5) For a license authorizing 26 to 70 tables, inclusive, at which games are played, four thousand dollars (\$4,000) for each table.
 - (6) For a license authorizing 71 or more tables at which games are played, four thousand seven hundred dollars (\$4,700) for each table."

The proposed regulation would conform to the statute by increasing the fees.

If this regulation is not adopted, the Commission may suffer a substantial loss of revenue due to inability to continue to collect fees from applicants seeking initial gambling licenses.

Required Determinations

LOCAL MANDATE

These regulations do not impose a mandate on local agencies or school districts.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATIONS AND REASONS FOR REJECTING THOSE ALTERNATIVES.

The Commission is not aware of any reasonable alternatives that would as effectively achieve the regulatory purpose of continuing in force the fee applying to applicants for initial state gambling licenses, while adhering as closely as possible to legislative intent.

REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION THAT WOULD LESSEN ANY ADVERSE IMPACT ON SMALL BUSINESSES

The Commission is not aware of any reasonable alternatives that would lessen any adverse impact on small businesses.

IMPACT ON PRIVATE PERSONS

The Commission is not aware of any reasonable alternatives that would be more effective or as effective and less burdensome to private persons.

IMPACT ON BUSINESS

The Commission has made a determination that the proposed regulatory changes will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.