

TITLE 4. CALIFORNIA GAMBLING CONTROL COMMISSION

NOTICE OF PROPOSED RULEMAKING

"INITIAL STATE GAMBLING LICENSE FEE"

The California Gambling Control Commission (“Commission”) proposes to adopt the regulation described below after considering all comments, objections, or recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION: The Commission proposes to adopt Section 12341 of Title 4 of the California Code of Regulations, concerning fees for initial state gambling licenses.

NO APA PUBLIC HEARING

At this time, the Commission has not scheduled an APA (Administrative Procedure Act) public hearing. Any interested person or his or her duly authorized representative may request such a hearing pursuant to Government Code section 11346.8 no later than 15 days prior to the close of the comment period.

WRITTEN COMMENT PERIOD CLOSSES OCTOBER 30, 2006

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 considered for summary and response, however, all written comments must be received no later than 5:00 p.m., Monday, October 30, 2006.

Written comments for the Commission’s consideration should be directed to:

Herb Bolz, Senior Legal Counsel and Regulations Coordinator

California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100 Sacramento, CA 95833-4231; Telephone: 916-263-0490

E-mail: hbolz@cgcc.ca.gov

FAX 916-263-0452.

OPEN MEETING OF COMMISSION

After the APA public comment period is concluded, the Commission will place this regulation item on its agenda for consideration and possible action during one of its regular public meetings, likely in November 2006. The dates of Commission public meetings are posted on the Commission website, www.cgcc.ca.gov. Also, agendas are mailed out 10 days in advance to anyone who asks to be placed on the agenda mailing list. Requests to be placed on the agenda mailing list may be addressed to Lisa King, Executive Assistant, at lking@cgcc.ca.gov or 916-263-0700.

AUTHORITY AND REFERENCE

Authority for the proposed regulations is provided by various provisions of the Gambling Control Act, which may be found in Business and Professions ("B & P") Code sections 19800--19980. In particular, B & P Code sections 19811, 19824, 19840, 19841(a), and 19951(b)(2)(A).

The reference citation is as follows: the proposed regulations implement, interpret, or make specific B & P Code section 19951, as that section will read as of January 1, 2007 if AB 1620 becomes law.

INFORMATIVE DIGEST AND POLICY STATEMENT OVERVIEW

A bill that would raise fees applying to cardroom owner licensee applicants and otherwise revise B & P section 19951 has been passed by the Legislature and sent to the Governor. It is anticipated that the bill--AB 1620-- will be signed. In order to avoid a situation in which the Commission loses the power to assess certain fees as of January 1, 2007, it is necessary to initiate the rulemaking process without delay to set by regulation the annual fee applying to initial owner-licensee state gambling license applicants. AB 1620 does not provide that the current statutorily set fee will continue until the regulations take effect; nor does it authorize the Commission to adopt emergency regulations without satisfying the normal emergency standard (in other words, the bill has no "deemed emergency" provision). Thus, in order to avoid a lapse in the fee authority, this rulemaking action is necessary.

In the event that the Governor does not sign AB 1620, Section 19951 would continue to set the annual fee in question, and there would be no need for this rulemaking action. Therefore, if AB 1620 is not signed or allowed to

take effect, then this rulemaking action will be discontinued in compliance with Government Code section 11347.

Existing law requires owners applying for initial state gambling licenses to pay three fees: (1) an application fee of \$500, (2) a deposit to cover costs incurred by the Division of Gambling Control in conducting background investigations, (3) and annual fees, sometimes referred to as "table fees." This action concerns the third fee. For several years, the annual fee has been set by reference to the schedule found in Subdivision (c) of B & P section 19951, which bases fees on the number of authorized tables in the cardroom.

Assuming that the amendments to B & P Code section 19951 that have been proposed in AB 1620 take effect, Section 19951 will be revised effective January 1, 2007. Section 19951, as amended, would do two things relevant here: raise the fees set in the schedule found in Subdivision (c) and provide that the fee for initial applicants will be set in an amount determined by the Commission in accordance with regulations. The proposed regulation provides that this fee would continue to be set by reference to the schedule found in Subdivision (c) of Section 19951.

DISCLOSURES REGARDING THE PROPOSED ACTION

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

Cost or savings to any state agency: None.

Cost to any local agency or school district that must be reimbursed in accordance with Government Code section 17561: None

Other non-discretionary cost or savings imposed upon local agencies: None

Cost or savings in federal funding to the state: None

Cost impact on representative private person or business: Applicants for initial owner-licensee gambling licenses would continue to pay the fees specified in B & P Code section 19951(c), at the somewhat higher levels prescribed by the Legislature in Subdivision (c), assuming that AB 1620 becomes law.

Impact on Business: The Commission has made an initial 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.

Significant effect on housing costs: The Commission has made an initial determination that the proposed regulatory action would not affect housing costs.

Effect on small business: The Commission has made an initial determination that the effect these regulations will have on small business will be minor.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), 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 or would be as effective and less burdensome to affected private persons than the proposed action.

ASSESSMENT REGARDING CREATION OR ELIMINATION OF JOBS IN CALIFORNIA

The Commission has made an assessment and determined that the adoption of the proposed regulation will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

CONTACT PERSONS

Inquiries concerning the substance of the proposed action should be directed to:

Herb Bolz, Senior Legal Counsel and Regulations Coordinator, California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833-4231; Telephone: 916-263-0490, E-mail:
hbolz@cgcc.ca.gov, FAX 916-263-0452.

Requests for a copy of the proposed text of the regulation, the initial statement of reasons, the modified text of the regulation, if any, or other technical information upon which the rulemaking is based should be directed to:

Pam Ramsay, Legal Division Analyst, California Gambling Control Commission, 2399 Gateway Oaks Drive, Suite 100 Sacramento, CA 95833-4231 Telephone: 916-263-8111, Email: pramsay@cgcc.ca.gov, Fax: 916-263-0499

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Commission will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at the office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulation, and the Initial Statement of Reasons. A copy may be obtained by contacting Pam Ramsay at the address or telephone number listed above or accessing the Commission's website at <http://www.cgcc.ca.gov>. Upon its completion, the Final Statement of Reasons will be available and copies may be requested from Pam Ramsay or viewed on the website.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

Following the public hearing, the Commission may adopt the proposed regulation substantially as described in this notice. If modifications are made which are sufficiently related to the originally proposed text, the modified text, with changes clearly indicated, will be made available to the public for at least 15 days prior to the date on which the Commission adopts the regulation. Requests for copies of any modified regulation should be sent to the attention of Pam Ramsay at the address indicated above. The Commission will accept written comments on the modified regulation for 15 days after the date on which it is made available.