

ADVISORY NOTICE

APPROVED REGULATIONS REGARDING: UPDATE TO ANNUAL FEES

(CGCC-GCA-2023-03-R)

On May 22, 2024, the Office of Administrative Law approved regulations, which update the California Gambling Control Commission's (Commission) regulations concerning the annual fees for TPPPS business licensees and cardroom business licensees. The approved regulations were filed with the Secretary of State on May 22, 2024, and will be effective on July 1, 2024.

Approved Regulations

This adopted action changes the California Code of Regulations, Title 4, Division 18 as follows:

Section 12252. TPPPS Business Licensee Annual Fee.

Section 12252 provides the process and timelines for a TPPPS business licensee to submit their annual fee.

The title of Section 12252 is modified with a non-substantive change from "TPPPS Annual Fee" to "TPPPS Business Licensee Annual Fee."

Subsection (a) provides that no later than October 1st of each year beginning on October 1, 2022, an invoice in an amount determined by the Commission pursuant to Section 12252.2 will be sent by the Bureau of Gambling Control within the DOJ (Bureau) to each TPPPS business licensee. This provision as adopted changes the invoice date to October 5th of each year beginning on October 5, 2024.

Subsection (c) provides the timeline and standard for disapproval by the Bureau of a request for installment payments, and specifies annual fee payment deadlines for TPPPS business licensees. This provision as adopted changes the first two installment payment deadlines to January 5 and April 5, respectively, and changes the lump sum payment deadline to January 5 if the TPPPS business licensee is not making installment payments.

Paragraph (2) of subsection (g) provides that for the first full calendar year of licensure, a TPPPS business licensee will be invoiced the unadjusted annual fee required of an active licensee with a gross revenue under \$1,500,000, as provided in Section 12252.2, for the following calendar year. Additionally, paragraph (2) specifies that if the license is approved after October 1, this invoice will be issued concurrently with the invoice required in paragraph (1) of subsection (g). This provision as adopted changes the date after which approval of the license will result in issuance of the invoice concurrently with the invoice required in paragraph (1) of subsection (g), from October 1 to October 5.

Subsection (h) is adopted to specify that if three years of gross revenue data is unavailable for an active TPPPS business licensee, the Commission will utilize the available gross revenue data to

determine that TPPPS business licensee's annual fee pursuant to Section 12252.2. Paragraph (1) of subsection (h) specifies that if only one year of gross revenue data is available within the previous three years, that year's gross revenue will serve as the three-year average gross revenue to determine the TPPPS business licensee's annual fee pursuant to Section 12252.2. Paragraph (2) of subsection (h) specifies that if only two years of gross revenue data are available within the previous three years, the average of those two years' gross revenue will serve as the three-year average gross revenue to determine the TPPPS business licensee's annual fee pursuant to Section 12252.2.

Section 12252.2. TPPPS Business Licensee Annual Fee Amounts.

Section 12252.2 provides the annual fee amounts required of TPPPS business licensees. The title of Section 12252.2 is adopted with a non-substantive change from "TPPPS Annual Fee Amounts" to "TPPPS Business Licensee Annual Fee Amounts."

As adopted, Section 12252.2 specifies that the annual fee amounts for TPPPS business licensees include:

- \$0 for surrendered or revoked licensees;
- \$2,411 for non-operational licensees;
- \$4,823 for active licensees with a three-year average gross revenue under \$1,500,000; or,
- 1.48% of the three-year average gross revenue for active licensees with a three-year average gross revenue of \$1,500,000 or more.

CHAPTER 7. CONDITIONS OF OPERATION FOR GAMBLING ESTABLISHMENTS

ARTICLE 1. GENERAL PROVISIONS

Section 12368. Cardroom Business Licensee Annual Fee.

Section 12368 provides the process and timelines for a cardroom business licensee to submit their annual fee.

The title of Section 12368 is adopted with a non-substantive change from "Cardroom Business License Annual Fee" to "Cardroom Business Licensee Annual Fee."

Subsection (a) provides that no later than October 1st of each year beginning on October 1, 2022, an invoice in an amount determined by the Commission pursuant to Section 12368.2 will be sent by the Bureau to each cardroom business licensee. This provision as adopted changes the invoice date to October 5th of each year beginning on October 5, 2024.

Subsection (c) provides the timeline and standard for disapproval by the Bureau of a request for installment payments, and specifies annual fee payment deadlines for cardroom business licensees. This provision as adopted modifies the first two installment payment deadlines to January 5 and April 5, respectively, and changes the lump sum payment deadline to January 5 if the cardroom business licensee is not making installment payments.

Paragraph (2) of subsection (g) provides that for the first full calendar year of licensure, a cardroom business licensee will be invoiced the unadjusted annual fee required of an active

licensee with a gross revenue under \$1,500,000, as provided in Section 12368.2, for the following calendar year. Additionally, paragraph (2) specifies that if the license is approved after October 1, this invoice will be issued concurrently with the invoice required in paragraph (1) of subsection (g). This provision as adopted changes the date after which approval of the license will result in issuance of the invoice concurrently with the invoice required in paragraph (1) of subsection (g), from October 1 to October 5.

Subsection (h) is adopted to specify that if three years of gross revenue data is unavailable for an active cardroom business licensee, the Commission will utilize the available gross revenue data to determine that cardroom business licensee's annual fee pursuant to Section 12368.2. Paragraph (1) of subsection (h) specifies that if only one year of gross revenue data is available within the previous three years, that year's gross revenue will serve as the three-year average gross revenue to determine the cardroom business licensee's annual fee pursuant to Section 12368.2. Paragraph (2) of subsection (h) specifies that if only two years of gross revenue data are available within the previous three years, the average of those two years' gross revenue will serve as the three-year average gross revenue to determine the cardroom business licensee's annual fee pursuant to Section 12368.2.

Section 12368.2. Cardroom Business Licensee Annual Fee Amounts.

Section 12368.2 provides the annual fee amounts required of cardroom business licensees. The title of Section 12368.2 is adopted with a non-substantive change from "Cardroom Business License Annual Fee Amounts" to "Cardroom Business Licensee Annual Fee Amounts."

As adopted, Section 12368.2 specifies that the annual fee amounts for cardroom business licensees include:

- \$0 for surrendered or revoked licensees;
- \$6,234 for non-operational licensees;
- \$12,468 for active licensees with a three-year average gross revenue under \$1,500,000; or,
- 1.33% of the three-year average gross revenue for active licensees with a three-year average gross revenue of \$1,500,000 or more.

Regulation Text

A copy of the recently approved regulations is attached. That document is also available on the Commission's Web site under "Regulations/Recently Approved Regulations" at <http://www.cgcc.ca.gov/>.

Questions, Concerns, Suggestions

For any questions, concerns, or suggestions regarding the adoption of this regulation, please email lawsandregs@cgcc.ca.gov.