

# Regulatory Analysis Form

(Completed by Promulgating Agency)

**INDEPENDENT REGULATORY  
REVIEW COMMISSION**

(All Comments submitted on this regulation will appear on IRRC's website)

(1) Agency:

Pennsylvania Gaming Control Board

(2) Agency Number: 125-142

Identification Number:

IRRC Number:

(3) PA Code Cite:

58 Pa.Code §§ 601a., 609a. and 611a.

(4) Short Title:

General Table Games Provisions; Credit; Table Game Minimum Training Standards

(5) Agency Contacts (List Telephone Number and Email Address):

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Secondary Contact:

None

(6) Type of Rulemaking (check applicable box):

- |  |  |
|--|--|
| <input type="checkbox"/> Proposed Regulation         | <input type="checkbox"/> Emergency Certification Regulation;   |
| <input checked="" type="checkbox"/> Final Regulation | <input type="checkbox"/> Certification by the Governor         |
| <input type="checkbox"/> Final Omitted Regulation    | <input type="checkbox"/> Certification by the Attorney General |

(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)

Chapter 601a. requires operators to provide rules submissions for all table games with options, requires that gaming guides be made available to patrons regarding the rules of play for all games offered, requires notice to patrons of the minimum and maximum permissible wagers, and specifies how operators calculate gross table game revenue which is reported to the Department of Revenue.

Chapter 609a. sets forth the requirements for the issuance of credit to slot and table games players and addresses the placement of a patron on the voluntary credit suspension list.

Chapter 611a. addresses the training requirements for dealers and supervisors as well as the curriculum requirements for in-house dealer schools.

(8) State the statutory authority for the regulation. Include specific statutory citation.

Under the general authority in 4 Pa.C.S. § 1202(b)(3) (relating to general and specific powers) and the specific authority in authority in 4 Pa.C.S. §§ 1302A (relating to regulatory authority), 1327A (relating to other financial transactions), 1701 (relating to curriculum) and 1702 (relating to gaming school gaming equipment) proposes to rescind Chapters 521, 526 and 527 (relating to general provisions; credit; and minimum training standards).

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

There are no other applicable federal or state statutes, regulations or court decisions that mandate adoption of these changes contained in this rulemaking.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

Pursuant to the Act, the Board was tasked with establishing: standards and rules to govern the conduct of table games; the method for calculating gross table game revenue; notice requirements pertaining to minimum and maximum wagers; minimum proficiency requirements for individuals to successfully complete a course of training at a gaming school; and minimum standards relating to the extension of credit to a player. These regulations are necessary to protect the integrity of gaming and ensure the accurate collection of taxes for the Commonwealth on table game revenue.

Table game patrons will benefit from these regulations as they will have notice of the rules of play and permissible wagers at each game offered in the licensed facility. Additionally, with this rulemaking certificate holders and dealer training schools will have a clear understanding of the training requirements necessary to become a dealer or supervisor of table games.

(11) If data is the basis for this regulation, please provide a description of the data, explain in detail how the data was obtained, and how it meets the acceptability standard for empirical, replicable and testable data that is supported by documentation, statistics, reports, studies or research. Please submit data or supporting materials with the regulatory package. If the material exceeds 50 pages, please provide it in a searchable electronic format or provide a list of citations and internet links that, where possible, can be accessed in a searchable format in lieu of the actual material. If other data was considered but not used, please explain why that data was determined not to be acceptable.

There is no data, as defined under section (3) of the Regulatory Review Act (71 P.S. § 745.3), upon which this rulemaking is based.

(12) Describe who and how many people will be adversely affected by the regulation. How are they affected?

The Board does not anticipate that anyone will be adversely affected by this regulation.

(13) List the persons, groups or entities that will be required to comply with the regulation. Approximate the number of people who will be required to comply.

Slot machine licensees that have elected to become certificate holders, gaming schools that are independent of the slot machine licensee as well as gaming related gaming service providers and table game device manufacturers will be required to comply with these requirements.

(14) Provide a specific estimate of the costs and/or savings to the **regulated community** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

Regarding Chapter 601a, certificate holders will experience minor costs associated with the signage requirements for gaming tables and the production costs associated with the gaming guides. However, the cost will vary between facilities. The Board does not expect these costs to be significant.

Regarding Chapter 609a, certificate holders that elect to offer credit to patrons will have to develop procedures governing the credit application process and procedures for administering credit and the use of Counter Checks. These procedures will be part of the certificate holder's internal controls which shall be submitted to the Board for approval. Because credit must be interest free, the certificate holder will have to absorb costs regarding the issuance of credit.

Regarding Chapter 611a, this rulemaking resulted in additional costs for slot machine licensees that elected to become certificate holders. More specifically, certificate holders that elected to train its dealers in-house were required to hire trainers and purchase training equipment. While these costs were significant, they would vary between facilities and will be offset by the revenues generated from the operation of table games.

(15) Provide a specific estimate of the costs and/or savings to **local governments** associated with compliance, including any legal, accounting or consulting procedures which may be required. Explain how the dollar estimates were derived.

It is not anticipated that this specific regulation will require expenditures or provide savings to local governments; however, with the passage of table game legislation, local governments will receive a local share assessment of 2% if a certificate holder's daily gross table game revenue.

(16) Provide a specific estimate of the costs and/or savings to **state government** associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required. Explain how the dollar estimates were derived.

It is not anticipated that this regulation will require expenditures or provide savings to state government; however, with the passage of table games, state government will receive 14% if a certificate holder's daily gross table game revenue for two years following the commencement of table game operations at a licensed facility. After the first two years, the state will receive 12% of a certificate holder's daily gross table game revenue.

(17) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	<b>Current FY Year</b>	<b>FY +1 Year</b>	<b>FY +2 Year</b>	<b>FY +3 Year</b>	<b>FY +4 Year</b>	<b>FY +5 Year</b>
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
<b>Regulated Community</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Local Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>State Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Savings</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>COSTS:</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Regulated Community</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Local Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>State Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Costs</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>REVENUE LOSSES:</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Regulated Community</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Local Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>State Government</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Revenue Losses</b>	N/A	N/A	N/A	N/A	N/A	N/A

(17a) Provide the past three year expenditure history for programs affected by the regulation.

<b>Program</b>	<b>FY -3</b>	<b>FY -2</b>	<b>FY -1</b>	<b>Current FY</b>
PGCB Budget	\$33,310,000	\$33,744,500	\$35,800,000	\$35,501,000

(18) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The requirements of these chapters are necessary to ensure the protection of the public, the accurate collection of taxes on table game revenue and the integrity of gaming in the Commonwealth. The requirement for written information and signage at table games regarding the rules of play and permissible wagers was required under the Gaming Act. The Board does not expect the costs for signage and gaming guides to be significant.

Regarding training, for slot operators that conducted in-house training, the costs for the training program and equipment varied between facilities and will be offset by the revenues generated from the operation of table games. For dealer training schools that are not associated with the slot machine

licensees, the costs associated with complying with the training requirements will be recovered from the students enrolled in the dealer training program.

(19) Describe the communications with and input from the public and any advisory council/group in the development and drafting of the regulation. List the specific persons and/or groups who were involved.

When the temporary regulations were promulgated, the Board established a 30 day public comment period whereby the industry was invited to provide suggestions for revision to the temporary regulations. Several of the suggestions received were incorporated into subsequent revisions to the temporary regulation while others were incorporated into this proposed rulemaking.

(20) Include a description of any alternative regulatory provisions which have been considered and rejected and a statement that the least burdensome acceptable alternative has been selected.

The agency did review the regulations in other gaming jurisdictions, particularly in the area of credit and adopted several of the provisions which were consistent with the requirements of the Gaming Act.

(21) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulations.

There are no corresponding Federal requirements.

(22) How does this regulation compare with those of other states? How will this affect Pennsylvania's ability to compete with other states?

The requirements regarding the availability of gaming guides to patrons, the issuance of credit and the training requirements for dealers and supervisors varies between gaming jurisdictions. These regulations, however, are consistent with the objectives and requirements of the Gaming Act and should not affect Pennsylvania's ability to compete with other states.

(23) Will the regulation affect any other regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

Upon publication as a final-form rulemaking, this regulation will supersede the temporary regulations on: General Provisions found in 58 Pa.Code §§ 521.1 - 521.11; Credit found in 58 Pa.Code §526.1–526.17; and Minimum Training Standards found in 58 Pa.Code §§ 527.1 – 527.5.

(24) Submit a statement of legal, accounting or consulting procedures and additional reporting, recordkeeping or other paperwork, including copies of forms or reports, which will be required for implementation of the regulation and an explanation of measures which have been taken to minimize these requirements.

This rulemaking will require certificate holders to: post signs at gaming tables; have complete sets of rules for all the games they offer available for public inspection; produce a gaming guide summarizing the rules of the games they offer; and file Rules Submissions for each table game they elect to offer. The

Rules Submissions are standardized checklists for each game, are relatively simple to fill out and are available on the Gaming Board website. <http://www.pgcb.state.pa.us/?p=187>

With regard to table game taxes, this rulemaking and the Act requires certificate holders to submit supporting documentation on forms prescribed by the Department with their weekly remittance of the tax on table game revenue.

Regarding Chapter 609a. (relating to credit), certificate holders that elect to offer credit will be required to submit the paperwork necessary to update their internal controls. The regulation will also require certificate holders to properly account for all counter checks and maintain all supporting documentation regarding credit transactions.

With respect to Chapter 611a on table game training, a certificate holder that conducts in-house training must submit its curriculum to the Board for approval.

(25) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

No special provisions have been added.

(26) Include a schedule for review of the regulation including:

- |   |                                    |
|---|------------------------------------|
| A. The date by which the agency must receive public comments:                               | <u>Final-form – N/A</u>            |
| B. The date or dates on which public meetings or hearings will be held:                     | <u>N/A</u>                         |
| C. The expected date of promulgation of the proposed regulation as a final-form regulation: | <u>1<sup>st</sup> Quarter 2012</u> |
| D. The expected effective date of the final-form regulation:                                | <u>Upon Publication</u>            |
| E. The date by which compliance with the final-form regulation will be required:            | <u>Upon Publication</u>            |
| F. The date by which required permits, licenses or other approvals must be obtained:        | <u>Ongoing – N/A</u>               |

(27) Provide the schedule for continual review of the regulation.

No formal review schedule has been established. Instead, the Board is constantly reviewing its regulations and proposing amendments as the need arises.