

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:

Identification Number: 125-162

IRRC Number: **2975**

(3) PA Code Cite:

58 Pa.Code 461a, 463a,464a, 465a, 607a, 627a, 629a, 631a and 633a

(4) Short Title:

Slot machine and table game device testing and control; possession of slot machines and fully automated electronic gaming tables; slot machine tournaments; accounting and internal controls; possession of table game and table game devices; rules of play.

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

Primary Contact:

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Secondary Contact:

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

- Proposed Regulation
 Final Regulation
 Final Omitted Regulation

- Emergency Certification Regulation;
 Certification by the Governor
 Certification by the Attorney General

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

This rulemaking will modify the requirements for the termination or transfer of progressive jackpots; will require operators to provide monthly table game device master lists to the Bureau of Gaming Laboratory Operations; codify an agency policy on slot machine tournaments; and add an additional side wager to the Baccarat games.

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

The Pennsylvania Gaming Control Board (Board), under the general authority in 4 Pa.C.S. §

1202(b)(30)(relating to general and specific powers) and the specific authority in 4 Pa.C.S. §§ 1207(3), (6), (9), (21) and §§ 13A02(1), (2) and (4) proposes to amend chapters 461a, 463a, 465a, 627a, 629a, 631a and 633a and add chapters 464a and 607a to read as set forth in Annex A.

(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.

This regulation is needed to clarify existing chapters of the regulations, codify an existing agency policy relating to slot machine tournaments, to address the master list reporting requirements for table games that are already applicable to slot machines, to address issues that have recently arisen and is based on the Board's experience to date.

(11) 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 standards for any of these provisions in this rulemaking.

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

This rulemaking will have no impact on Pennsylvania's ability to compete with other states.

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

This regulation will not affect any other regulations of the PGCB nor any other state agency.

(14) Describe the communications with and solicitation of input from the public, any advisory council/group, small businesses and groups representing small businesses in the development and drafting of the regulation. List the specific persons and/or groups who were involved. ("Small business" is defined in Section 3 of the Regulatory Review Act, Act 76 of 2012.)

Agency staff has received complaints from patrons regarding large numbers of slot machine progressives

taken off the floor when no patron had won the progressive jackpot. To address the issue yet still allow operators to remove progressives, the regulations on termination of progressive jackpots were amended. Operators will be required to obtain approval and demonstrate that removal is necessary. With respect to side wagers, operators and table game manufacturers had requested approval of the side wager contained in this rulemaking. No other persons or groups were involved in the development and drafting of the regulation.

(15) Identify the types and number of persons, businesses, small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012) and organizations which will be affected by the regulation. How are they affected?

All twelve slot machine licensees will be required to comply with this rulemaking. Operators are already required to: provide a monthly master lists for slot machines and will now be required to provide a list for table games and specific table game devices; notify Board staff prior to moving slots or table game devices into or out of the licensed facility; provide notification prior to conducting any slot machine tournament and file any revenue reports to the Department of Revenue. The Board does not anticipate that anyone will be adversely affected by this regulation.

(16) List the persons, groups or entities, including small businesses, that will be required to comply with the regulation. Approximate the number that will be required to comply.

All slot machine licensees, those persons transporting slot machines and table games into the Commonwealth and all dealers at licensed facilities will be required to comply with this regulation. There are twelve slot machine licensees currently operational, approximately 35 manufacturers and suppliers and approximately 4,000 table game dealers in the Commonwealth that will have to comply with this regulation. Dealers will be impacted only to the extent that they are given tips in the form of winning wagers.

(17) Identify the financial, economic and social impact of the regulation on individuals, small businesses, businesses and labor communities and other public and private organizations. Evaluate the benefits expected as a result of the regulation.

It is not anticipated that this rulemaking will have a negative financial or economic impact on the regulated community. Slot machine licensees will be impacted by this rulemaking as they will be required to receive approval prior to terminating progressive jackpots from the gaming floor. This was implemented, in part, for patron protection and should reduce the number of patron complaints associated with removal of progressive jackpots.

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

It is not anticipated that this rulemaking will have a fiscal impact or adverse effect on the regulated community with the exception of the time it would take to prepare notices relating to the movement of table games into the Commonwealth; a master list, similar to the list required for slots, for all table games; and a notice prior to conducting a slot machine tournament.

(19) 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.

Slot machine licensees will be required to provide notice of slot machine tournaments and a monthly table game master list similar to the list already required for slot machines. Additionally, persons transporting table games and table game devices (manufacturers, suppliers and slot machine licensees) into, within or out of the Commonwealth will be required to notify the Gaming Lab and the Bureau of Casino Compliance of the shipment, which they already do with respect to slot machines. It is anticipated that the fiscal impact on the private sector, if any, would be negligible.

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

This rulemaking will have no direct fiscal impact on local governments in this Commonwealth.

(21) Provide a specific estimate of the costs and/or savings to the **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.

This rulemaking is not expected to generate any significant savings for or impose any significant new costs on the Board or other state agencies.

(22) For each of the groups and entities identified in items (19)-(21) above, 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.

Prior to conducting a slot tournament, operators will be required to submit a notice to the PGCB and the Department. Additionally, operators will be required to submit a monthly table game and table game device master list to the Bureau of Gaming Laboratory Operations. The table game master list, along with the master list of slot machines which operators are already required to provide, can be submitted electronically.

Manufacturers, suppliers and slot machine licensees that are transporting slot machines and table game devices to licensed facilities must also provide written notice to the PGCB of the pending shipment. This notice can also be submitted electronically.

(23) 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.

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

(23a) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
PGCB Overall Budget	33,800,000	35,501,000	36,098,000	36,908,000

(24) For any regulation that may have an adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), provide an economic impact statement that includes the following:

- (a) An identification and estimate of the number of small businesses subject to the regulation.
The twelve slot machine licensees that operate in the Commonwealth of Pennsylvania will be impacted by this rulemaking; however, in accordance with the United States Small Business Administration's Small Business Size Regulations, under 13 CFR Ch. 1 Part 121, none of the casinos qualify as a small business.
- (b) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed regulation, including the type of professional skills necessary for preparation of the report or record.

None of the slot machine licensees that will be impacted by this rulemaking are small businesses.

(c) A statement of probable effect on impacted small businesses.

As stated above, the slot machine licensees will be impacted by this rulemaking, none of which are small businesses.

(d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

NA

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

There are no special provisions included in this rulemaking for any particular group.

(26) 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.

No alternative regulatory approaches were considered.

(27) In conducting a regulatory flexibility analysis, explain whether regulatory methods were considered that will minimize any adverse impact on small businesses (as defined in Section 3 of the Regulatory Review Act, Act 76 of 2012), including:

This rulemaking will impact slot machine licensees, none of which are small businesses as defined in the United States Small Business Administration's Small Business Size Regulations, under 13 CFR Ch. 1 Part 121.

a) The establishment of less stringent compliance or reporting requirements for small businesses;

NA

b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;

NA

c) The consolidation or simplification of compliance or reporting requirements for small businesses;

NA

d) The establishment of performing standards for small businesses to replace design or operational standards required in the regulation; and

NA

e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

NA

(28) 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.

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

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

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

No formal review schedule has been established. Instead, the Board consistently reviews its regulations and proposes amendments as the need arises.