

Regulatory Analysis Form

(Completed by Promulgating Agency)



SECTION I: PROFILE

(1) Agency:

Pennsylvania Gaming Control Board

(2) Agency Number:

Identification Number: 125-137

IRRC Number:

(3) Short Title:

Table Game Equipment

(4) PA Code Cite:

58 Pa.Code Chapter 603a

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

Primary Contact:

Susan A. Yocum

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Secondary Contact:

None

(6) Primary Contact for Public Comments (List Telephone Number, Address, Fax Number and Email Address) – Complete if different from #5:

(All Comments will appear on IRRC'S website)

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

- Proposed Regulation
- Final Regulation
- Final Omitted Regulation

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

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

This proposed rulemaking sets forth the minimum design standards for all gaming chips, plaques, dice, cards, shufflers, Pai Gow tiles and Sic Bo shakers and addresses the requirements on the receipt, storage, distribution, inventory and destruction of the equipment.

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

- | | |
|---|------------------------------------|
| A. The date by which the agency must receive public comments: | <u>30 days after publication</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>2nd Quarter 2011</u> |
| D. The expected effective date of the final-form regulation: | <u>Upon final publication</u> |
| E. The date by which compliance with the final-form regulation will be required: | <u>Upon final publication</u> |
| F. The date by which required permits, licenses or other approvals must be obtained: | <u>N/A</u> |

(10) 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.

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SECTION II: STATEMENT OF NEED

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

§ 1202(b)(30) (relating to general and specific powers) and the specific authority in 4 Pa.C.S. §§ 1302A(1), (5) (relating to regulatory authority).

(12) 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.

(13) 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 for table game equipment. The regulation of table game equipment is vital to ensure the integrity of gaming. With this regulation, slot machine licensees that have obtained a certificate to operate table games, as well as manufacturers and suppliers that provide table game equipment, will have a clear understanding of the minimum design standards and the storage, receipt and inventory requirements for table game equipment applicable to all operators.

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(14) If scientific data, studies, references are used to justify this regulation, please submit material with the regulatory package. Please provide full citation and/or links to internet source.

There are no studies or research upon which this rulemaking is based.

(15) Describe who and how many 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.

(16) 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 obtain a certificate to operate table games at their licensed facilities will be required to comply with this regulation.

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SECTION III: COST AND IMPACT ANALYSIS

(17) 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.

There were significant costs to the regulated community associated with the acquisition of table game equipment; however, the exact costs varied from facility to facility depending on the type and quantity of table game equipment purchased. Because the design standards contained in this rulemaking are similar to those in other gaming jurisdictions, the Board does not anticipate that certificate holders will experience any unusual costs associated with purchasing the equipment.

Manufacturers of table game equipment will experience a significant licensing cost of \$50,000 for the first year and \$30,000 for the first annual renewal which could impact the price of products manufacturers provide to operators in the Commonwealth. These fees, however, were established in the Gaming Act and not set by regulation.

The costs associated with the acquisition of table game equipment are anticipated to be recovered with revenue generated from table game play.

(18) 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.

(19) 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 the 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.

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(20) 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: | | | | | | |
| 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 |

(20a) Provide the past three year expenditure history for programs affected by the regulation.

| Program | FY -3 | FY -2 | FY -1 | Current FY |
|--------------------------------|--------------|--------------|--------------|-------------------|
| PGCB Budget for Table Games | N/A | N/A | \$1,100,000 | \$2,700,000 |
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(21) Explain how the benefits of the regulation outweigh any cost and adverse effects.

The costs related to the acquisition of table game equipment are significant for the operators; however, the regulations are necessary to ensure the integrity of gaming and the protection of the public. Because the design standards contained in this rulemaking are similar to those in other gaming jurisdictions, the Board does not anticipate that certificate holders will experience any unusual costs associated with purchasing the equipment.

(22) 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 provided for a 30 day public comment period whereby the industry was invited to provide suggestions for revision to the temporary regulation. Several of the suggestions received were incorporated into subsequent revisions to the temporary regulation while others were incorporated into this proposed rulemaking.

(23) 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 other regulatory schemes were considered.

(24) 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.

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

The design standards and inventory control and accounting requirements in this rulemaking are consistent with the requirements in other gaming jurisdictions and should therefore not affect Pennsylvania's ability to compete with other states.

(26) 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 regulation on table game equipment found in 58 Pa.Code §§ 523.1 – 523.18.

(27) 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.

While there are reporting, recordkeeping and other paperwork and procedure requirements associated with this regulation, the certificate holders have discretion as to the types of forms and processes to utilize, provided they are consistent with this regulation. The forms the certificate holders chose to use were submitted to the Gaming Board as part of the certificate holder's internal controls and were approved for use prior beginning live table game play at the licensed facilities.

(28) 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.