

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
Identification Number: 125-162

IRRC Number:

(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):

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(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, transfer or modification of progressive jackpots; will require operators to provide monthly table game device master lists to the Bureau of Gaming Laboratory Operations; codifies an agency policy on slot machine tournaments; and adds 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 relating to the termination of progressive jackpots and winning wagers acceptance as tips.

(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 or 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.)

No formal meetings were held on these proposed revisions. However, many of the changes are based on feedback from the industry, patrons of the licensed facilities as well as the Board’s experience to date.

(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 11 slot machine licensees will be affected by this regulation, none of which are small businesses. prior to shipping fully automated electronic gaming tables into the Commonwealth, the 35 manufacturers and suppliers licensed by the Board will be required to notify the agency. Approximately 4,000 table game dealers will have to comply with this regulation to the extent that they are given tips from patrons in the form of winning wagers.

(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.

Eleven slot machine licensees, 35 manufacturers and suppliers and approximately 4,000 table game dealers will be required to comply with this regulation.

(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.

As this regulation primarily addresses reporting requirements for the possession and transport of table games, requirements for slot machine tournaments and the termination or transfer of progressive jackpots, the Board does not anticipate this regulation will have an adverse financial, social or economic impact.

(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, similar to the current requirement for slot machines; 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 provided for slot machines. Additionally, persons transporting table games and table game devices (manufacturers and suppliers) into 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.

Operators, manufacturers and suppliers create their own notification forms for shipping slot machines and fully automated tables into the Commonwealth and typically submit the forms via email. Operators create their own notification forms for slot machine tournaments.

(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	N/A	N/A	N/A	N/A	N/A	N/A
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

(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	\$33,744,500	\$35,800,000	\$35,501,000	\$36,098,000

(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.
 - There are 35 manufacturers and suppliers, some of which may be classified as a small business depending on their annual receipts.
- (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.
 - The manufacturers and suppliers create their own notification forms, which are typically sent electronically. Professional skills should not be necessary to complete a notification.

Because this regulation requires only a notification, anticipated costs for compliance should be negligible.

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

- This should not negatively impact small business manufacturers or suppliers.

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

- This requirement is necessary for all manufacturers and suppliers that are shipping slot machines into the Commonwealth and is consistent with the federal law regarding the shipment of gambling devices found in 4 Pa.C.S. § 1511. This is a basic notification, the cost of which is negligible.

(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 as the additional requirements for reporting are consistent with previous provisions applicable to slot machines and are necessary since the legalization of table gaming in the Commonwealth.

(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:

Because this will require manufacturers and suppliers to simply notify the agency, and the costs associated with notification would be negligible, no other regulatory methods were considered.

(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:

- | | |
|---|---|
| A. The date by which the agency must receive public comments: | 30 days after publication |
| 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: | 1 st /2 nd quarter 2013 |
| 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 is constantly reviewing its regulations and proposing amendments as the need arises.