Regulatory Analysis Form

(Completed by Promulgating Agency)

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

INDEPENDENT REGULATORY REVIEW COMMISSION

(1) Agency

Pennsylvania Gaming Control Board

(2) Agency Number:

Identification Number: 125-168

IRRC Number**:**

(3) PA Code Cite:

421a, 421b, 439a, 465a, 481a, 501a, 503a, 503b 513a and 633a.

(4) Short Title:

Gaming Junket Enterprises, Accounting and Internal Controls, Compulsive and Problem Gambling, Self-Exclusion, Underage Gaming, Equipment, Blackjack

(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 transition two policy statements into binding regulations, allow for the conditional licensure of gaming junket enterprises, amend the procedure for removal from the exclusion list for individuals whose period of voluntary exclusion has concluded, add a procedure for the possible removal of an individual's name from the lifetime exclusion list, update several provisions to reflect the other forms of cash equivalents used by licensed facilities and add an additional pay table to an already existing side wager in Blackjack.

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

The Board's general authority is found in 4 Pa.C.S. § 1202(b)(15) and (30)(relating to general and specific powers) and the specific authority in 4 Pa.C.S. §§ 1207(2), (5), (8) and (9) and §§ 1212, 13A02(2), 13A26(c), 1509, 1516, 1518(a)(13) and 1602.

(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.

Applicants for a gaming junket enterprise license and individuals on the voluntary self-exclusion list who are requesting to come off the list when their term of voluntary exclusion has ended may benefit from this rulemaking. This rulemaking will also give certificate holders an additional pay table if offering Three Card Bonus wager in Blackjack.

The purpose of the gaming assistance message which is required on all gaming related advertising is to raise awareness that help for gambling addiction is available. The requirements in the rulemaking relating to advertising conducted by or on behalf of a slot machine licensee may therefore assist individuals and their family members who may have a gambling problem in accessing help.

(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?

Not all states that have legalized gambling offer a self-exclusion program. For the states that do offer a program, the terms vary from 1 year to lifetime. Some jurisdictions allow individuals to request to come off the lifetime list while others do not. With respect to advertising requirements, several other gaming jurisdictions do require gambling assistance messages on all advertising.

It is not anticipated that this rulemaking will have an 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.)

The revisions contained in this rulemaking are based on the Board's experience to date and communications between agency staff and the regulated community/those on the voluntary self-exclusion list. No other persons or groups were involved in the development and drafting of the regulations.

(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?

There are currently eleven operational slot machine licensees that will be impacted by this rulemaking. This rulemaking will require licensees to include the gambling assistance message on all advertisements, annually update compulsive and problem gambling plans to include current research and information, reduce the number of employees necessary to conduct jackpot credit meter payouts under $5,000, and will provide an additional payout table for the Three Card Poker wager in Blackjack.

Future applicants for a gaming junket enterprise license may benefit from the revisions contained in this rulemaking as the junket enterprise may qualify for a conditioned license which would allow the enterprise to offer its services to a slot machine licensee within a short duration of time after applying for a license.

The 4,980 individuals currently on the self-exclusion list and any individuals who may request to be placed on the self-exclusion list in the future may be impacted by this rulemaking. For those individuals who've requested a 1-year or 5-year term, when their term of voluntary self-exclusion has ended they will have to travel to a Board office only one time instead of two to complete the removal process. Individuals with lifetime exclusion may be impacted as they may be permitted to come off the list after a period of ten years provided they can demonstrate good cause for removal.

(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.

The twelve slot machine licensees currently licensed, and any future licensees, will be required to comply with the requirements contained in this rulemaking.

Although future applicants for a gaming junket enterprise license and the 4,980 individuals on the self-exclusion list may be impacted by this rulemaking, required compliance with the regulation will be contingent on whether an applicant for a gaming junket enterprise license qualifies for a conditioned license or if individuals on the self-exclusion list ever request to come off the list. If an applicant for a gaming junket enterprise license does not qualify for a conditioned license or if individuals on the self-exclusion list do not request to come off the list, the requirements contained in this rulemaking will be inapplicable.

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(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.

Slot machine licensees may see a slight cost savings as only one individual instead of two will be required to conduct a majority of the jackpot credit meter payouts that occur during the gaming day.

Slot machine licensees that conduct advertising will continue to be required to include the gambling assistance message on all advertising. The gambling assistance message on advertising provides a social benefit in that it promotes awareness that help for a gambling problem is available. It is not anticipated that this requirement will create a financial burden on licensees.

Gaming junket enterprises may benefit from this rulemaking as applicants for a license may be eligible for a conditioned license. A conditioned license would allow the gaming junket enterprise to provide its services to a slot machine licensee prior to completion of the full background investigation provided that the gaming junket enterprise is licensed or otherwise credentialed in another gaming jurisdiction and the gaming junket enterprise successfully completes a criminal history and tax clearance review.

Individuals on the self-exclusion list who are eligible to be removed from the list may benefit from the amendments made in this rulemaking. Previously, individuals on the voluntary self-exclusion list were required to attend two appointments at a Board office before their name could be removed from the list. Requiring individuals to travel to a Board office on two separate occasions created an issue, particularly for those individuals many hours away from a Board office. Individuals will now be required to attend one appointment, once their term of voluntary exclusion has expired, before their name may be removed from the list.

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

Regarding the gaming assistance message that licensees are required to include on all advertising: the Board recognizes the social effects of gaming and promotes problem gaming education programs in the

Commonwealth. The Board believes that requiring the gaming assistance message on all advertising promotes awareness that help for a gambling addiction is available.

Requiring licensees to update compulsive and problem gaming training and training materials annually ensures that employees are trained with the most up-to-date information to identify patrons who may have a gambling problem.

(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.

Licensees may see a slight cost savings as only one individual instead of two will be required to conduct a majority of the jackpot credit meter payouts that occur during the gaming day. With respect to the compulsive and problem gaming advertising and employee training requirements, it is not anticipated that the requirements will create an increase in costs to the licensees.

(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 fiscal impact on local governments.

(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.

The Board does not expect that the previsions contained in this rulemaking will have any fiscal impact on the Board or any other Commonwealth agency. Any updates to internal control procedures or training materials related to compulsive and problem gambling submitted by licensees will be reviewed by existing Board staff.

(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.

If an operator would like to offer any of pay table contained in this rulemaking, the operator will have to submit updated rules submission forms for approval. The rules submission forms are straightforward checklists and are submitted electronically.

Licensees are already required to submit to the OCPG the compulsive and problem gambling plans as

well as the gambling assistance message for approval. Licensees create their own plans which are submitted to the agency 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	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.

The eleven 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.

Future applicants for a gaming junket enterprise license may qualify as a small business, however, this regulation may be beneficial and would therefore not have an adverse impact on future applicants.

(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.
N/A

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

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

(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.

No special provisions have been added.

(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 this rulemaking primarily transitions statements of policy into regulations and amends the requirements for removal of an individual's name from the self-exclusion list.

(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:

As stated in (24), this rulemaking will impact slot machine licensees; however, slot machine licensees are not small businesses under the United States Small Business Administration's Small Business Size Regulations. Gaming junket enterprises that may apply for a license in the future may or may not be a small business but may benefit and won't be adversely impacted by this rulemaking irrespective of their status as a small business.

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

b) The establishment of less stringent schedules or deadlines for compliance or reporting

requirements for small businesses;
N/A

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

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

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

(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 from 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:	3rd 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. When table game regulations were finalized, agency staff began the process of compressively evaluating existing regulations and amending provisions accordingly. This rulemaking is the first amendment package addressing all applicable provisions in

Subparts G, I and J of the Board's regulations.