

<h1 style="margin: 0;">Regulatory Analysis Form</h1> <p style="margin: 0;">(Completed by Promulgating Agency)</p>		<p><i>INDEPENDENT REGULATORY REVIEW COMMISSION</i></p>
<p>(All Comments submitted on this regulation will appear on IRRC's website)</p>		
<p>(1) Agency Pennsylvania Gaming Control Board</p>		
<p>(2) Agency Number: 125 Identification Number: 228</p>		<p>IRRC Number:</p>
<p>(3) PA Code Cite: 58 Pa.Code §§ 601a, 603a, 605a, 613a, 617a, 619a, 621a, 623a, 625a, 627a, 629a, 631a, 633a, 635a, 637a, 639a, 641a, 643a, 645a, 647a, 649a, 651a, 653a, 655a, 657a, 659a, 661a, 663a, 665a, 668a, 669a, 670a, 671a, 672a, 673a, 674a, 675a, 676a, 677a, 678a, 679a, 680a, 681a, 682a, 683a, 684a, 685a, 686a, 687a, 688a</p>		
<p>(4) Short Title: General Table Games Provisions; Table Game Equipment; Electronic Table Games; Gaming Related Gaming Service Providers; Table Game Rules of Play</p>		
<p>(5) Agency Contacts (List Telephone Number and Email Address):</p> <p>Primary Contact: Chad W. Zimmermann Assistant Chief Counsel Pennsylvania Gaming Control Board P.O. Box 69060 Harrisburg, PA 17101-8323 Phone: (717) 265-8356/ Fax: (717) 703-2988 Email: cwzimmerma@pa.gov</p> <p>Secondary Contact:</p>		
<p>(6) Type of Rulemaking (check applicable box):</p> <p><input type="checkbox"/> Proposed Regulation <input type="checkbox"/> Final Regulation <input checked="" type="checkbox"/> Final Omitted Regulation</p>		<p><input type="checkbox"/> Emergency Certification Regulation; <input type="checkbox"/> Certification by the Governor <input type="checkbox"/> Certification by the Attorney General</p>
<p>(7) Briefly explain the regulation in clear and nontechnical language. (100 words or less)</p> <p>This Final-Omitted rulemaking will make changes to the Board's policies and procedures for the approval new games and new features of existing games. These new policies and procedures will allow more flexibility to make changes to existing games and streamline the process for new games to be offered in licensed facilities in the Commonwealth.</p>		
<p>(8) State the statutory authority for the regulation. Include <u>specific</u> statutory citation.</p>		

The Pennsylvania Gaming Control Board's 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. § 13A02(1) and (2).

(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 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 Final-Omitted Regulation amends the policies and procedures of the Board regarding the approval of new table games and new features of existing table games previous authorized for play in the Commonwealth, which included the approval and the adoption of the specific rules of play and wagering for each game. Previously, after each game submitted by a manufacturer or gaming related gaming service provider was approved by the Executive Director, the rules of the new game or feature as submitted by the manufacturer and tested by the Gaming Lab were drafted into regulations by a member of the Office of Chief Counsel, and each game or new features' rules had to go through the regulatory process. The rules and the games themselves, however, are not created by the Board and remain the intellectual property of the creating entity/manufacturer of the game.

This has become increasingly burdensome, as not only are new games created regularly by manufacturers, but new features or changes to existing games are often created. Due to the rules being subject to the regulatory process, there is no flexibility to efficiently and quickly implement the changes.

With each new game or new feature having to go through the full regulatory process, there can be a significant delay in getting the new game or new feature into Pennsylvania casinos, which impacts the Commonwealth's ability to compete in the regional market. The new policies and procedures in this Final-Omitted Regulation will allow casinos in the Commonwealth to offer the newest games and new features or changes to existing games in a more expedient fashion. This will benefit the Board as well as the regulated community. Additionally, other Commonwealth agencies involved in the regulatory approval process will benefit, as less time will be spent on regulations pertaining to the rules of play and wagering for new table games or features, which, again, are the intellectual property of the manufacturer.

Additionally, the changes to the policies and procedures do not have any adverse impact on the general public or regulated community. Under the new procedures, the table games and rules thereof still go through the same testing procedure in the Gaming Lab to ensure fairness. The manufacturer's rules for the new game or feature are published not only in the *Pennsylvania Bulletin* for the general public to view, but are also then posted on the Board's public website at all times. The casinos must still file the Table Game Rules Submissions forms to the Bureau of Gaming Operations to inform the Board of the manner in which the game is being offered, the Executive Director still approves the manner in which the game may be offered, and the game must be offered in accordance with those rules as approved or else the casino may be subject to civil penalties, thereby protecting the patrons who frequent the casinos.

(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 Final-Omitted Regulation will get the newest games and new features or changes to existing games into casinos in the Commonwealth in a more expedient fashion, allowing patrons the ability to play games that may be already offered in other states. Other states in the region do have the rules of play and wagering as regulations, such as New Jersey and New York, with New York's being much abbreviated (See *N.J.A.C. § 13:69F* and *9 NYCRR § 5324*). Maryland does not have the rules of play for each individual game as regulations, but has general table game regulations regarding table game equipment and table game procedures (See *COMAR Sec. 36.05.01—03*).

Other states in the region, that use similar procedures to that of Maryland include Delaware, West Virginia, and Ohio, in that each state does not have the table game rules as regulations, but do provide for gaming authority approval of the games that may be offered and the submission to the authority of the rules under which the games will be offered, and general table game provisions regarding equipment and procedures (See *Delaware State Lottery Office, Video Lottery & Table Game Regulations Sec. 34, W. VA. Code R. § 179-8-51 to 79*, and *OAC Ch. 3772-11*). One state, Massachusetts has a similar procedure to the table game approval procedures as proposed by the Board in this Final-Omitted Regulation. The Massachusetts Gaming Commission approves new games and new features and the rules for each upon request, and after testing, posts them on the Commission's website for public access (See *205 CMR 147:00*).

(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.)

Both Standing Committees in the Legislature (Senate Community, Economic & Recreational Development and House Gaming Oversight), Chief Deputy Attorney General Amy Elliott, and representatives from the Governor's Office were consulted prior to the preparation of this Final-Omitted regulation package. No objection to the proposed amendments to the Board's policies and procedures was expressed.

(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 thirteen slot machine licensees that have a certificate to operate slot machines and

table games, all of which will be affected by the regulation in a positive manner in that they will have access to the newest games or new features or changes to existing games in a more efficient and time process which would create greater flexibility and efficiency for the industry. Casinos that operate in the Commonwealth of Pennsylvania are not small businesses as defined in the United States Small Business Administration's Small Business Size Regulations, under 13 C.F.R. Ch. 1 Part 121.

(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 of the thirteen slot machine licensees that would like to offer table games for play to their patrons will be required to comply with the requirements of the rulemaking. Any manufacturer or gaming related gaming service provider wishing to have a new game or new feature or change to an existing game approved by the Board will be required to comply with the rulemaking. There are currently 20 licensed Table Game Manufacturers and six gaming related gaming service providers.

(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 have the ability to more expediently offer the newest games or new features or changes to existing games, and the manufacturers of these games will have their products in casinos faster.

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

It is not anticipated that this Final-Omitted regulation will create any negative cost or adverse effects. The process for approving new table games or modifying existing table games will be stream-lined, thereby creating greater efficiencies for the Board, the casino industry, and the Commonwealth agencies involved in the regulatory process. At the same time, the new or modified table games will continue to be vetted by the Board's gaming lab and posted for the public to view. The Board will seek to receive public comment on the table game, with the table game and its rules eventually being published in multiple ways after final approval by the Board. This achieves the same desired result from the current process but in a much more efficient manner. The efficiency and flexibility created far outweigh any potential adverse effects which currently remain unidentified.

The table games approval process will be handled by current Board staff. The table games rules no longer being put into regulatory form will also decrease workload of other Commonwealth agencies tasked with review and approval of such materials.

(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.

It is not anticipated that there will be any substantive costs to the regulated community associated with this rulemaking.

Certificate holders that decide to offer table games in the Commonwealth will be required to submit

rules submission forms and internal controls to reflect any addition of as table game to its offering of games in its casino. The rules forms contain the options available to a casino in which the game may be offered, such as the use of certain table game devices or side wagers offered, and are available to the operators electronically on the Board's website at the following link:

<http://gamingcontrolboard.pa.gov/?p=187>

These forms are also submitted to agency staff electronically. An example of a Rules Submission form is included. Any costs incurred to purchase equipment and train employees should be offset by the proceeds of gaming. The process for manufacturers to submit their new games or features or changes for existing games for approval by the Board remains the same.

(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. Host municipalities and counties will benefit from the local share funding that is mandated by the Pennsylvania Race Horse Development and Gaming Act of 2004, as amended.

(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 requirements of this rulemaking will have any additional costs or negative fiscal impact on the Board or any other Commonwealth agency. Internal control procedures and table games rules submission forms will be reviewed by existing Board staff. It is anticipated, however, that significant time that was previously consumed by Board staff and other agencies involved in the regulatory process will no longer be spent drafting, reviewing, and commenting on the manufacturer's rules of play regulations for each new table game or feature that the Board approves.

(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.

As stated above, if an operator would like to offer table games, the operator will have to submit updated internal controls, rules submission forms, layout schematics, etc. for approval. The rules submission forms are straightforward checklists and are submitted electronically.

(22a) Are forms required for implementation of the regulation?

Yes, operators will be required to electronically submit a rules submission form for approval before offering the table game. An example of a Rules Submission form is provided.

(22b) If forms are required for implementation of the regulation, **attach copies of the forms here**. If your agency uses electronic forms, provide links to each form or a detailed description of the information required to be reported. **Failure to attach forms, provide links, or provide a detailed description of the information to be reported will constitute a faulty delivery of the regulation.**

An example of a Rules Submission form is provided

(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 2019/2020
PGCB Overall Budget	\$40,169,000	\$41,665,000	\$46,153,000	\$46,067,000

(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 thirteen 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.

As all rules submission forms are simple to complete and are submitted to the PGCB electronically, it is not anticipated that there will be any significant reporting, recordkeeping or other administrative costs associated with this regulation.

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

As stated above, none of the thirteen operational slot machine licensees are small businesses.

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

Not applicable.

(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.

(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:

- a) The establishment of less stringent compliance or reporting requirements for small businesses;
- b) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
- c) The consolidation or simplification of compliance or reporting requirements for small businesses;
- d) The establishment of performance standards for small businesses to replace design or operational standards required in the regulation; and
- e) The exemption of small businesses from all or any part of the requirements contained in the regulation.

The thirteen 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.

As it pertains to manufacturers, should one be designated as a small business, there is no impact as their procedure for approval of the games by the Board remains the same.

(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 length of the public comment period: | N/A – Final-Omitted |
| B. The date or dates on which any public meetings or hearings will be held: | Held November 20, 2019 |
| C. The expected date of delivery of the final-form regulation: | 4 th quarter- 2019 |
| D. The expected effective date of the final-form regulation: | Upon final publication |
| E. The expected date by which compliance with the final-form regulation will be required: | Upon final publication |
| F. The expected 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.