

<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>IRRC Number: 3279</p>
<p>(2) Agency Number: 125 Identification Number: 234</p>		
<p>(3) PA Code Cite: 58 Pa.Code §§ 1401a – 1411a</p>		
<p>(4) Short Title: Sports Wagering</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 checked="" type="checkbox"/> Final Regulation <input 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 form rulemaking establishes the regulatory oversight structure for the conduct of sports wagering in this Commonwealth.</p>		
<p>(8) State the statutory authority for the regulation. Include <u>specific</u> statutory citation.</p> <p>The Pennsylvania Gaming Control Board's general authority is in 4 Pa.C.S. § 1202(b)(30) (relating to general and specific powers) and the specific authority in 4 Pa.C.S. § 13C02.</p>		

(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 rulemaking provides the regulatory framework for slot machine licensees to obtain sports wagering certificates and offer sports wagering in the Commonwealth, either directly or through a sports wagering operator. These regulations are necessary to provide for the oversight of the sports wagering industry and provide a fair and secure environment for patrons who engage in sports wagering.

(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 is reasonably similar to other jurisdictions that permit sports wagering. Other than Pennsylvania, sports wagering is currently legal in Arkansas, Colorado, Delaware, Illinois, Indiana, Iowa, Michigan, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, Tennessee, Virginia, Washington DC, and West Virginia. There are some provisions where Pennsylvania sports wagering may differ from other states based upon language in the Act that narrowly defines what sort of events can be wagered on and what sort of wagers may be placed. Additionally, some states only permit retail sports wagering, whereas others like Pennsylvania allow both retail and interactive sports wagering. This rulemaking should not negatively impact Pennsylvania's ability to compete with other states, as these regulations pertain only to Pennsylvania based slot machine licensees and players engaged in the play of sports wagering in the Commonwealth, and sports wagering may not be done across state lines.

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

These regulations will not directly affect any other regulations of another 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 Board previously adopted Temporary Sports Wagering regulations that were used as the basis of this rulemaking. The Board held a public comment period after the adoption and publication of those Temporary Regulations and the comments received by the Board were considered when developing the proposed regulations. After the Board adopted its proposed rulemaking, public comments were received from two entities, Mohegan Sun Pocono and Parx Casino. The Board maintained regular contact with the industry regarding the regulatory provisions in the temporary regulations and proposed rulemaking.

(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?

Any slot machine licensee who wishes to offer sports wagering in the Commonwealth will be affected by these regulations. 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. Those business also affected are entities that wish to be licensed as a sports wagering operator, sports wagering manufacturer, sports wagering supplier, sports wagering service provider, and the principals, key employees, gaming employees and nongaming employees thereof. It is unknown what number of operators, manufacturers, suppliers, or gaming service providers are small businesses. They will be affected by requiring to be licensed and complying with all applicable regulatory provisions contained in the rulemaking.

(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.

Any slot machine licensee that wishes to offer sports wagering in the Commonwealth will be required to comply with the regulation. Currently there are 15 slot machine licensees, and 13 of these slot machine licensees have applied for or received a sports wagering certificate. Also required to comply are entities that are currently licensed or wish to be licensed as a sports wagering operator (currently 11 licensed), sports wagering manufacturer (currently 6 licensed), sports wagering supplier (currently 1 licensed), sports wagering gaming service provider (currently 190 accepted), and the principals, key employees, gaming employees and nongaming employees thereof. Additionally, individuals in the Commonwealth who wish to participate in sports wagering will be required to comply with the provisions in this rulemaking.

(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 any negative financial or economic impact on the regulated community or other individuals. Any costs incurred by sports wagering certificate holders associated with implementing sports wagering will be recouped by way of the generated revenue from the activity. These regulations provide the regulatory framework for sports wagering which will generate considerable tax revenue for the Commonwealth and local municipalities via the local share assessment. These regulations also act to provide a fair and secure environment for patrons to engage in sports wagering.

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

This rulemaking will provide all necessary oversight for sports wagering in the Commonwealth. These regulations establish the standards that all entities in the interactive gaming industry must comply with, which will help to provide a fair and secure environment for interactive gaming. It is not anticipated there will be any adverse effects, and any costs incurred by sports wagering certificate holders associated with implementing sports wagering will be recouped by way of the generated revenue from the activity.

(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 anticipated that there will be no additional costs to the regulated community other than the initial costs of licensure, as the costs of implementation and offering sports wagering have already been accrued under the temporary regulations.

(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 expects that this final form rulemaking will have a relatively small fiscal impact on the Board and other Commonwealth agencies, which primarily is the result of the need for some additional personnel needed to process applications and review, as well as to monitor and regulate the conduct of sports wagering. Most of the additional duties will be absorbed by existing Board staff. The costs of the final form regulations will be paid for by an assessment against the sports wagering revenue as determined by the Department of Revenue.

(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.

Any slot machine licensee wishing to offer sports wagering in Commonwealth will be required to first obtain authority to do so from the Board, in the form of a Petition. Upon granting of a sports wagering certificate, the entities are required to file internal controls that detail the operation of the entity as it pertains to sports wagering. Entities that wish to be licensed as a sports wagering operator, sports wagering manufacturer, sports wagering supplier, sports wagering gaming service provider, and the principals, key employees, gaming employees and nongaming employees thereof must file applications with the Board.

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

Applications for licensure are required.

(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.**

The applications are voluminous required can be found under the licensure tab of the Board’s public website: <https://gamingcontrolboard.pa.gov/>

If an individual wishes to self-exclude, he or she may fill out the webform on the Board’s self-exclusion website: <https://responsibleplay.pa.gov/self-exclusion/>

Copies of the Reports that must be filed by sports wagering certificate holders or sports wagering operators relating to integrity monitoring and risk management are attached.

(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 2020/2021
PGCB Overall Budget	\$41,665,000	\$46,153,000	\$46,067,000	\$43,357,000

(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.

Slot machine licensees that operate in the Commonwealth of Pennsylvania and entities involved in sports wagering 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 entities 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.

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 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. This regulation reflects the least burdensome means of maintaining regulatory oversight of sports wagering.

(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.

As stated above, there is no adverse impact on small businesses in the Commonwealth.

(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 length of the public comment period: | n/a |
| B. The date or dates on which any public meetings or hearings will be held: | May 19, 2021 |
| C. The expected date of delivery of the final-form regulation: | 2nd Quarter - 2021 |
| 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.