

# Regulatory Analysis Form

RECEIVED  
This space for use by IRRC

2018 JAN -9 PM 2:12

INDEPENDENT REGULATORY  
REVIEW COMMISSION

(1) Agency

Pennsylvania Gaming Control Board

(2) I.D. Number (Governor's Office Use)

125 - 78

IRRC Number: 2606

(3) Short Title

Unredeemed Gaming Vouchers

(4) PA Code Cite

58 PA. Code §§ 461a.1 & 461a.8

(5) Agency Contacts & Telephone Numbers

Primary Contact: Richard Sandusky  
717-214-8111 / rsandusky@state.pa.us

(6) Type of Rulemaking (check one)

- Proposed Rulemaking  
 Final Order Adopting Regulation  
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No  
 Yes: By the Attorney General  
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

These amendments add provisions governing how slot machine licensees should treat unredeemed gaming vouchers.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

§§ 1202(b)(30) and 1207 of the Pennsylvania Race Horse Development and Gaming Act (4 Pa.C.S. §§ 1202(b)(30) and 1207) provide the Board with the authority to promulgate regulations to prescribe internal control requirements.

The Disposition of Abandoned and Unclaimed Property Law (72 P.S. § 1301 *et seq.*) applies to unredeemed gaming vouchers.

## Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

No.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The amendments will provide direction to and require slot machine licensees to establish internal controls for unredeemed gaming vouchers.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

There are no public health, safety, environmental or general welfare risks affected by these amendments.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Slot machine licensees will have a clearer understanding of their responsibilities related to unredeemed gaming vouchers.

There are currently 11 slot machine licensees.

Patrons who did not redeem gaming vouchers issued to them may benefit by receiving the value of the unredeemed gaming vouchers from the slot machine licensees.

Because the slot machine licensees have recently or are just beginning operations, the number of patrons who may benefit can not be determined.

### Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No one will be adversely affected by these changes.

(15) 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 will have to comply with these regulations.

There are currently 11 slot machine licensees.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

No specific public input was solicited prior to the proposal of these amendments.

Discussions were held with Treasury to discuss the applicability of The Disposition of Abandoned and Unclaimed Property Law to gaming vouchers.

(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.

The Board anticipates that there will be very little, if any, cost associated with these amendments because the slot machine licensees are already required to track unredeemed gaming vouchers.

## Regulatory Analysis Form

(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.

The Board anticipates that there will be no costs or savings to local governments as a result of these amendments.

(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.

The Board anticipates that there will be some minor costs to Treasury associated with receiving the annual reports and unredeemed gaming vouchers from the slot machine licensees. However, because of the small number of slot machine licensees, the Board anticipates that existing Treasury staff will be adequate to handle the reports from the slot machine licensees.

There will be no costs or savings to other agencies in state government as a result of these amendments.

## Regulatory Analysis Form

(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<br>Year | FY +1<br>Year | FY +2<br>Year | FY +3<br>Year | FY +4<br>Year | FY +5<br>Year |
|-----------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|
| <b>SAVINGS:</b>             | \$                 | \$            | \$            | \$            | \$            | \$            |
| <b>Regulated Community</b>  | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Local Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>State Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Total Savings</b>        | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>COSTS:</b>               | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Regulated Community</b>  | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Local Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>State Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Total Costs</b>          | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>REVENUE LOSSES:</b>      | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Regulated Community</b>  | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Local Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>State Government</b>     | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |
| <b>Total Revenue Losses</b> | N/A                | N/A           | N/A           | N/A           | N/A           | N/A           |

(20a) Explain how the cost estimates listed above were derived.

The Board anticipates that there will be no significant costs or savings imposed as a result of the adoption of these amendments.

Patrons who did not redeem gaming vouchers issued to them may benefit by receiving the value of unredeemed gaming vouchers from the slot machine licensees. However, because the slot machine licensees have limited operating experience, the number of patrons who may benefit and the dollar amount of this benefit can not be determined.

Because The Disposition of Abandoned and Unclaimed Property Law does not require the transfer of unclaimed property for 5 years no cost figures have been included above. However, based on estimate obtained from the operating casinos, the value of unclaimed vouchers may be about \$ 400,000 annually. This amount will increase as additional casinos open.

## Regulatory Analysis Form

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

| Program      | FY -3       | FY -2        | FY -1        | Current FY   |
|--------------|-------------|--------------|--------------|--------------|
| Board Budget | \$2,900,000 | \$13,200,000 | \$26,400,000 | \$29,984,000 |
|              |             |              |              |              |
|              |             |              |              |              |
|              |             |              |              |              |

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

As noted in the previous responses, there may be some minor costs associated with tracking unredeemed gaming vouchers and filing reports with Treasury.

The Board believes that these costs will be less than the amount of money that patrons will receive for gaming vouchers that they did not redeem at the licensed facilities.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

There were no alternatives considered because the current regulations could only be changed by amending the current regulations.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

No other regulatory schemes were considered.

## Regulatory Analysis Form

(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 regulation.

There are no corresponding Federal requirements.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

Nothing in these amendments will put Pennsylvania at a competitive disadvantage with other states.

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

These regulations will amend existing provisions in Chapter 461a in 58 Pa. Code.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No additional hearings or meetings have been scheduled.

## Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The proposed amendments will require slot machine licensees to annually prepare reports for Treasury and submit copies of those reports to the Board.

(29) 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.

There are no special provisions for these groups in these regulations.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

These regulations will be effective upon publication as a final rule in the *Pennsylvania Bulletin*.

It is anticipated that final regulations will be adopted in the second quarter of 2008.

(31) Provide the schedule for continual review of the regulation.

No formal review schedule has been established. Instead, the Board will be constantly reviewing its regulations and proposing amendments as the need arises.



**FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE  
BUREAU**

**(Pursuant to Commonwealth Documents Law)**

RECEIVED

2008 JAN -9 PM 2:12

INDEPENDENT REGULATORY  
REVIEW COMMISSION

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality.  
Attorney General

*[Signature]*

By: \_\_\_\_\_  
(Deputy Attorney General)

**JAN 08 2008**

DATE OF APPROVAL

Check if applicable  
Copy not approved. Objections attached.

Copy below is hereby certified to be true and correct  
copy of a document issued, prescribed or promulgated  
by:

**Pennsylvania Gaming  
Control Board**

FISCAL NOTE NO. : 125- 78

DATE OF ADOPTION: 12/18/07

BY: *[Signature]*  
Mary DiGiorgio Colins, CHAIRMAN

Copy below is hereby approved as to form and legality  
Executive or Independent Agencies

BY: *[Signature]*  
Frank Donaghue, Chief Counsel

12/14/07

DATE OF APPROVAL

(Deputy General Counsel)  
(Chief Counsel - Independent Agency)  
(Strike inapplicable title)

Check if applicable. No Attorney General Approval or  
objection within 30 days after submission.

**PROPOSED RULEMAKING  
COMMONWEALTH OF PENNSYLVANIA**

**58 PA. CODE, SUBPART E  
CHAPTERS 461a**

PENNSYLVANIA GAMING CONTROL BOARD

[58 PA.CODE CHAPTER 461a]

SLOT MACHINE TESTING AND CONTROL

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 (relating to regulatory authority of the board) proposes to amend Chapter 461a (relating to slot machine testing and control) to read as set forth in Annex A.

*Purpose of the Proposed Rulemaking*

These amendments add provisions governing how slot machine licensees should treat unredeemed gaming vouchers.

*Explanation of Amendments to Chapter 461a*

The Board's current regulations require that gaming voucher systems must be in compliance with the Board's technical standards. The Board has recently amended the technical standards related to gaming vouchers to eliminate the requirement that gaming vouchers have an expiration date. The Board also revised the technical standards to clarify that The Disposition of Abandoned and Unclaimed Property Law (72 P.S. § 1301.1 et seq.) applies to unredeemed gaming vouchers.

Consistent with those changes the Board is proposing to amend §§ 461a.1 and 461a.8 (relating to definitions; and gaming vouchers). In § 461a.1 the Board is adding a definition of "unredeemed gaming voucher." In § 461a.8 the Board is adding new requirements which must be addressed in each slot machine licensee's internal controls. More specifically, slot machine licensees will be required to establish procedures: to pay the value of unredeemed gaming vouchers to patrons that can be identified by the slot machine licensee; to track unredeemed gaming vouchers and forward the unredeemed gaming vouchers to the Pennsylvania Treasury Department (Treasury) as required by The Disposition of Abandoned and Unclaimed Property Law; and to file copies with the Board of any reports submitted to Treasury related to the unredeemed vouchers.

*Affected Parties*

Slot machine licensees will have clearer guidance as to how they should treat unredeemed gaming vouchers.

There are currently 11 slot machine licensees.

#### *Fiscal Impact*

#### *Commonwealth*

There will be no new costs to the Board or other Commonwealth agencies as a result of this regulation. Reports filed with Treasury by the slot machine licensees will be handled by existing staff.

#### *Political Subdivisions*

This proposed rulemaking will have no fiscal impact on political subdivisions of the Commonwealth.

#### *Private Sector*

Slot machine licensees will be required to track unredeemed gaming vouchers and forward them to Treasury as required by The Disposition of Abandoned and Unclaimed Property Law.

#### *General Public*

The Board anticipates that some patrons who did not redeem gaming vouchers issued to them will benefit by receiving the value of the unredeemed vouchers from the slot machine licensees.

#### *Paperwork requirements*

The proposed amendments will require slot machine licensees to annually prepare reports for Treasury and submit copies of those reports to the Board.

#### *Effective Date*

The proposed rulemaking will become effective upon final-form publication in the *Pennsylvania Bulletin*.

#### *Public Comments*

Interested persons are invited to submit written comments, suggestions or objections regarding the proposed rulemaking,

within 30 days after the date of publication in the *Pennsylvania Bulletin* to Paul Resch, Secretary, Pennsylvania Gaming Control Board, P.O. Box 69060, Harrisburg, PA 17106-9060, Attention: Public Comment on Regulation #125-78.

*Contact Person*

The contact person for questions about this proposed rulemaking is Richard Sandusky, Director of Regulatory Review, at (717) 214-8111.

*Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on January 9, 2008, the Board submitted a copy of this proposed rulemaking and a copy of the Regulatory Analysis Form to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Gaming Oversight Committee and the Senate Community, Economic and Recreational Development Committee. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC may convey any comments, recommendations or objections to the proposed rulemaking within 30 days of the close of the public comment period. The comments, recommendations or objections must specify the regulatory review criteria which have not been met. The Regulatory Review Act specifies detailed procedures for review, prior to final publication of the rulemaking, by the Board, the General Assembly and the Governor of comments, recommendations or objections raised.

MARY DIGIACOMO COLINS,  
Chairman

Annex A

Title 58. RECREATION

PART VII. GAMING CONTROL BOARD

SUBPART E. SLOT MACHINES AND ASSOCIATED EQUIPMENT

\* \* \* \* \*

CHAPTER 461a. SLOT MACHINE TESTING AND CONTROL

§ 461a.1. Definitions.

The following words and terms, when used in this subpart, have the following meanings, unless the context clearly indicates otherwise:

\* \* \* \* \*

Unredeemed gaming voucher - A gaming voucher that has not been presented to a slot machine licensee for redemption or a gaming voucher that has been found and returned to a slot machine licensee.

\* \* \* \* \*

§ 461a.8. Gaming vouchers.

\* \* \* \* \*

(b) The design specifications for a gaming voucher, [the expiration terms applicable thereto,] the voucher verification methodologies utilized and any limitation on the value of a gaming voucher must be in compliance with technical standards on gaming vouchers under § 461b.3 (relating to gaming vouchers).

\* \* \* \* \*

(d) Prior to issuing a gaming voucher, a slot machine licensee shall establish a system of internal controls for the issuance and redemption of gaming vouchers. The internal controls shall be submitted and approved by the Board under [§ 465.3] § 465a.2 (relating to internal control systems and audit protocols) and address:

\* \* \* \* \*

(9) Procedures for the payment of the value of unredeemed gaming vouchers to patrons whose identity can be determined by the slot machine licensee.

(10) Procedures for the retention, tracking and payment of the value of unredeemed gaming vouchers to the Pennsylvania Treasury Department as required by The Disposition of Abandoned and Unclaimed Property Law (72 P.S. § 1301.1 et seq.).

(11) Procedures for filing with the Board a copy of any report submitted to the Pennsylvania Treasury Department as required by The Disposition of Abandoned and Unclaimed Property Law.

**TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE  
REGULATORY REVIEW ACT**

I.D. NUMBER: 125-78

DATE: 1/9/2008

SUBJECT: Subpart E, Chapter 461a

AGENCY: Pennsylvania Gaming Control Board

2008 JAN -9 PM 2:12

INDEPENDENT REGULATORY  
REVIEW COMMISSION

RECEIVED

**TYPE OF REGULATION**

- Proposed Regulation
- Final-Form Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor
- Delivery of Tolloed Regulation
  - a. With Revisions
  - b. Without Revisions

**FILING OF REGULATION**

| DATE             | SIGNATURE          | DESIGNATION  |
|------------------|--------------------|--|
| 1. <u>1-9-08</u> | <u>[Signature]</u> | <b>House</b> Gaming Oversight Committee                    |
| 2. <u>1-9-08</u> | <u>[Signature]</u> |  |
| 3. <u>1-9-08</u> | <u>[Signature]</u> | <b>Senate</b> Community, Economic & Recreational Committee |
| 4. <u>1-9-08</u> | <u>[Signature]</u> |  |
| 5. <u>1/9/08</u> | <u>[Signature]</u> | Independent Regulatory Review Commission                   |
| 6. <u>1/9/08</u> | <u>[Signature]</u> | Legislative Reference Bureau                               |