

<h1 style="margin: 0;">Regulatory Analysis Form</h1> <p style="margin: 0;">(Completed by Promulgating Agency)</p> <p style="margin: 0;">(All Comments submitted on this regulation will appear on IRRC's website)</p>		INDEPENDENT REGULATORY REVIEW COMMISSION
<p>(1) Agency</p> <p>Revenue</p>		
<p>(2) Agency Number:</p> <p>Identification Number: 15- _____</p>		<p>IRRC Number:</p>
<p>(3) PA Code Cite: 61 Pa.Code §§ 901a.1 – 901a.904</p>		
<p>(4) Short Title: Amendments to Local Option Small Games of Chance Regulations</p>		
<p>(5) Agency Contacts (List Telephone Number and Email Address):</p> <p>Primary Contact: Mary R. Sprunk (717) 783-7524</p> <p>Secondary Contact: Douglas A. Berguson (717) 346-4633</p>		
<p>(6) Type of Rulemaking (check applicable box):</p> <p><input checked="" type="checkbox"/> Proposed Regulation</p> <p><input type="checkbox"/> Final Regulation</p> <p><input type="checkbox"/> Final Omitted Regulation</p>		<p><input type="checkbox"/> Emergency Certification Regulation;</p> <p><input type="checkbox"/> Certification by the Governor</p> <p><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>The Department is promulgating amendments to 61 Pa. Code, Part VII. Local Option Small Games of Chance to account for legislative changes made by the act of February 2, 2012 (P.L. 7, No. 2) (Act 2). The Department proposes to rescind the regulations at Chapter 901 and reorganize and recodify the regulations in a new Chapter 901a to improve their clarity, effectiveness and format. The Department is also proposing to amend its regulations to clarify or modify rules related to (1) sales and invoicing of games of chance in the Commonwealth, (2) the manufacturer registration and distributor licensing process, registration and license application denials and registration and license revocations, and (3) games of chance manufacturing standards. Please reference the preamble for a detailed explanation on every section of the proposed regulations.</p>		
<p>(8) State the statutory authority for the regulation. Include <u>specific</u> statutory citation.</p> <p>Statutory authority for the regulation is set forth in section 306 of the Local Option Small Games of Chance Act (10 P.S. § 328.306).</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.

The regulation is not mandated by federal or state law, court order or federal regulation.

(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.

The regulation is being amended to account for statutory changes made to the Local Option Small Games of Chance Law by Act 2 of 2012. This new regulatory language will provide uniformity and guidance to eligible organizations, manufacturers, distributors and licensing authorities that reference the regulations at Chapter 901a. Local Option Small Games of Chance.

(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.

The Local Option Small Games of Chance Law is a purely Pennsylvania piece of legislation. There is no federal equivalent. Therefore, there are no federal standards to which these regulations can be compared.

(12) How does this regulation compare with those of the other states? How will this affect Pennsylvania's ability to compete with other states?

The Pennsylvania regulation is similar to charitable gaming regulations in other states. However, because charitable gaming laws in other states do differ from Pennsylvania's laws, the Pennsylvania regulations may differ from the regulations of other states. The regulation will not put Pennsylvania at a competitive disadvantage 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 does not affect any other existing or proposed regulations of the Department 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.)

A copy of the proposed regulation was forwarded to the Pennsylvania Bar Association, the Philadelphia Bar Association, the Pennsylvania Institute of Certified Public Accountants, the Pennsylvania Society of Public Accountants, and the Pennsylvania Chamber of Business and Industry, the Pennsylvania County Treasurer's Association, the Pennsylvania District Attorney's Association, the Liquor Control Board, and the State Police. A copy of the regulation was also forwarded to several nonprofit charitable, religious, fraternal, veteran and civic associations. The regulation is listed on the Department's Quarterly Regulatory Report posted on the Department's website and will be forwarded to interested parties upon request.

(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?

Small Games of Chance manufacturers, distributors and eligible organizations will be affected by the regulation, which is promulgated as a result of the implementation of Act 2 of 2012. The regulation is not imposing any greater burden than what is already imposed by statute. The majority of the regulation is merely organizational changes, so there is no affect. Many of the other changes are mere promulgation of existing policies, procedures and rules. Consequently, there should not be any substantial effect on the public other than the regulation will make existing policies, procedures and rules have the force and effect of law.

(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.

Games of Chance manufacturers and distributors will be required to comply with the regulation. The regulations will apply to eligible organizations located in municipalities which have adopted the act by an affirmative vote in a municipal referendum under the act.

(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.

There is no substantial impact as a result of this regulation. It is the promulgation of Act 2 of 2012 and reorganizes and recodifies the regulations to provide uniformity and clarity.

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

The adoption of the proposed amendments will improve the clarity and effectiveness of the Department's regulations relating to games of chance. By improving the clarity and effectiveness, the regulation will provide uniformity and guidance to eligible organizations, manufacturers, distributors and licensing authorities that reference the regulation.

The proposed regulation creates no revenue impact. There are no adverse effects from this regulation and implementation costs are minimal.

(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.

This regulation does not increase costs or savings to the regulated community. No legal, accounting or consulting procedures are required by this regulation.

(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 regulation does not increase costs or savings to local governments. No legal, accounting or consulting procedures are required by this regulation.

(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 regulation does not increase costs or savings to state government. No legal, accounting or consulting procedures are required by this regulation.

(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.

Effective February 1, 2013, Act 2 of 2012 (10 P.S. §§ 328.306(c), 328.501) requires new reporting requirements for eligible organizations and club licenses. The Department is developing an electronic reporting system which will be accessible for online reporting. Detailed information on the electronic reporting system is available on the DOR website at www.revenue.state.pa.us/SGOC. Questions regarding reporting requirements will be directed to a dedicated Department number at 717-787-8275.

Beginning February 1, 2013, eligible organizations must electronically file an annual report with the Department for the preceding calendar year.

Beginning February 1, 2013, club licensees (organizations with liquor licenses) must electronically file with the Department semiannual reports as follows:

- February 1 – preceding six-month period beginning July 1 and ending December 31
- August 1 - preceding six-month period beginning January 1 and ending June 30

The required reporting information is explained on the attached Small Games of Chance Overview that is available on the Department's website at www.revenue.state.pa.us/SGOC.

(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.

Not Applicable

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(23a) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
N/A	N/A	N/A	N/A	N/A

(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.
- (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.
- (c) A statement of probable effect on impacted small businesses.
- (d) A description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation.

There is no new or adverse impact on small businesses as a result of this regulation. It is the promulgation of Act 2 of 2012 and reorganizes and recodifies the regulations to provide uniformity and clarity.

(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.

The regulations have been developed in accordance with Act 2 of 2012, amending the Local Option Small Games of Chance Act, to increase prize limits, provide additional licensing rules and regulations for organizations and amend enforcement provisions.

(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.

There are no alternative regulatory provisions associated with the regulation.

(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 performing 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.

Pursuant to Executive Order 1996-1, the Department conducts public outreach (see #14) to solicit informal comments and to adjust the regulation accordingly. The Department did not take any special efforts to tailor the regulation to be more or less burdensome on any type of business, as the promulgation of the regulation is an implementation of Act 2 of 2012.

(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.

No scientific data, studies or references are used to justify this regulation.

(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: 3rd Quarter, 2013
- D. The expected effective date of the final-form regulation: Upon final publication
- E. The date by which compliance with the final-form regulation will be required: Upon final publication*
- F. The date by which required permits, licenses or other approvals must be obtained: N/A

* See (22). Reporting requirements are effective 2/01/13 as required in 10 P.S. §§ 328.306(c), 328.501.

(30) Describe the plan developed for evaluating the continuing effectiveness of the regulations after its implementation.

This regulation is scheduled for review within five years of final publication. No sunset date has been assigned.