

**Rule Summary and Fiscal Analysis (Part A)****Ohio Casino Control Commission**

Agency Name

Division

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**3772-10-08**

Rule Number

**NEW**

TYPE of rule filing

Rule Title/Tag Line

**Slot machine meter readings and related statistical reports.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB519**General Assembly: **128**Sponsor: **Book & Yuko**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **3772.03**

5. Statute(s) the rule, as filed, amplifies or implements: **3772.03**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

The purpose of this rule is to establish a set of guidelines that the casino operators must follow when taking meter readings and in the preparation of related statistical reports. This aids in the auditing process and helps to preserve the integrity of casino gaming.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

This rule establishes that each casino operator licensee or applicant's internal control system must include internal controls for meter readings and the preparation of related statistical reports. The rule states that any casino operator licensee may have a computer system to record any of the required meter readings and further describes who can access it. The rule goes on to describe when a bill validator meter reading shall be taken, that the accounting department shall review all meter readings, and that the accounting department shall prepare a monthly slot activity report. If any reports required in this rule reveal a significant variance, then an incident report documenting the variance must be filed with the commission no later than one week from discovery. Finally, the rule states that no person shall alter meter information on any statistical report, unless the meter was read or recorded incorrectly or a data entry error occurred. All changes must be supported by adequate documentation.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This proposed rule incorporates by reference proposed rule 3772-3-05 of the Administrative Code. Since this incorporated reference is of the Administrative Code, it is exempt from compliance with sections 121.71 to 121.74 of the Revised Code pursuant to section 121.76(A)(3) of the Revised Code.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

Not Applicable.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

*Not Applicable.*

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so. If applicable, indicate each specific paragraph of the rule that has been modified:

This rule is being revised filed to include CSI's recommendation memo in response to the BIA and to include the Commission's acknowledgement/response to CSI's recommendation memo. The rule was previously filed with only the BIA. There are no changes being made within the body of the rule.

12. 119.032 Rule Review Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

### **FISCAL ANALYSIS**

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

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Not Applicable.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not Applicable.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

The casino operators' costs for following this rule come in two stages. First, there is staff time required to establish the internal control standards. The amount of staff

time required to do so depends on whether the operators already have well-developed internal controls. Second, certain minimum internal control standards require that processes be established and followed, and those processes impact staff time. Again, we must defer to the operators regarding how efficiently they can train on and follow their own minimum internal controls, electronic gaming equipment procedures, and remote system access procedures. Notably, however, these costs are likely calculated as part of the operators' operational budgets because the operators are gaming companies that have affiliate casino operations in other jurisdictions and are familiar with these types of regulations.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

**S.B. 2 (129th General Assembly) Questions**

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

A.) Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? **Yes**

This rule requires, as part of the casino operators' internal control submissions, internal controls for meter readings and the preparation of related statistical reports. Approval of all the internal controls must occur before casino gaming may be conducted in Ohio.

B.) Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? **Yes**

Failure to comply with this proposed rule would prevent a casino operator from being authorized to conduct casino gaming in this state as well as may be the cause for administrative action.

C.) Does this rule require specific expenditures or the report of information as a condition of compliance? **Yes**

The accounting department must review all meter readings for reasonableness using

preestablished parameters and prior meter readings. Meter readings cannot be altered except to correct meters that were incorrectly recorded, and all changes must have adequate supporting documentation. The accounting department must notify the slot department of potentially faulty meters and follow up to ensure that proper maintenance is performed. Documentation that supports machine service and maintenance must be maintained in accordance with the record retention requirements contained within rule 3772-3-05 of the Administrative Code, which can be requested or reviewed by the Commission. Also, if a meter unexpectedly resets or "zeros out," then accounting personnel must notify the slot department to determine the cause of the reset. If a problem persists, the Commission must be notified.

In addition, if any of the comparison reports required in this rule, except for a noted exception, reveal a significant variance, then the casino operator licensee must prepare and file an incident report documenting the variance with the Commission. The casino operator licensee must report the actual cause of the variance, unless the cause cannot be definitively determined after an investigation, in which case the probable cause of the variance must be reported. The incident report must be filed no later than one week from discovery. Finally, no one can alter meter information on any statistical report, unless the meter was read or recorded incorrectly or a data entry error occurred. All such changes must be supported by adequate documentation.