



Common Sense Initiative

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Business Impact Analysis

Agency, Board, or Commission Name: Ohio Casino Control Commission (“Commission”)

Rule Contact Name and Contact Information:

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Regulation/Package Title (a general description of the rules’ substantive content):

OCCC 2021 5YR Batch 2 (Ohio Adm.Code Chapters 3772-7 (Insurance), 3772-9 (Electronic Gaming Equipment), 3772-17 (Approval of Third-Party Engineering and Accounting Firms), and 3772-29 (Debt Transactions))

Rule Number(s): 3772-7-01, 3772-9-01, 3772-9-02, 3772-9-03, 3772-9-05, 3772-9-06, 3772-9-07, 3772-9-08, 3772-9-09, 3772-9-10, 3772-9-12, 3772-9-13, 3772-17-01, and 3772-29-01

Date of Submission for CSI Review: 4/28/2021

Public Comment Period End Date: 5/12/2021

Rule Type/Number of Rules:

New/___ rules

No Change/___ rules (FYR? ___)

Amended/11 rules (FYR? Yes)

Rescinded/3 rules (FYR? Yes)

The Common Sense Initiative is established in R.C. 107.61 to eliminate excessive and duplicative rules and regulations that stand in the way of job creation. Under the Common Sense Initiative, agencies must balance the critical objectives of regulations that have an adverse impact on business with the costs of compliance by the regulated parties. Agencies should promote transparency, responsiveness, predictability, and flexibility while developing regulations that are fair and easy to follow. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

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Reason for Submission

- 1. R.C. 106.03 and 106.031 require agencies, when reviewing a rule, to determine whether the rule has an adverse impact on businesses as defined by R.C. 107.52. If the agency determines that it does, it must complete a business impact analysis and submit the rule for CSI review.**

Which adverse impact(s) to businesses has the agency determined the rule(s) create?

The rule(s):

- a. Requires a license, permit, or any other prior authorization to engage in or operate a line of business.**
- b. Imposes a criminal penalty, a civil penalty, or another sanction, or creates a cause of action for failure to comply with its terms.**
- c. Requires specific expenditures or the report of information as a condition of compliance.**
- d. Is likely to directly reduce the revenue or increase the expenses of the lines of business to which it will apply or applies.**

Regulatory Intent

- 2. Please briefly describe the draft regulation in plain language.**

Please include the key provisions of the regulation as well as any proposed amendments.

The rules contained within this package are being reviewed pursuant to the state's rule-review requirement in R.C. 106.03 and are those rules in Ohio Adm.Code Chapters 3772-7 (Insurance), -9 (Electronic Gaming Equipment) ("EGE"), -17 (Approval of Third-party Engineering and Accounting Firms), and -29 (Debt Transactions). Many of the revisions are meant to improve clarity or readability, or to reduce redundancies in and between the Administrative and Revised Codes.

- 3772-7-01 (amendment),** titled "Insurance." This rule requires casino operators, management companies, holding companies, and gaming-related vendors to obtain and maintain insurance, as required by the Commission. The purpose of this rule is to ensure all covered entities, and therefore the State of Ohio, are adequately protected from unexpected events. Additionally, the rule is required by statutory sections, including R.C. 3772.03 and 3772.10. The amendment to the rule removes "crime" insurance as a required policy, as the Commission received inconsistent policies on this matter that were mostly captured by other types of insurance required by the rule. The amendment also removes unnecessary language designed to streamline the rule.

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- **3772-9-01 (amendment)**, titled “Definitions.” This rule contains definitions of “EGE,” “redemption kiosk,” and “activated voucher feature.” The purpose of this rule is to provide clear and consistent definitions of common phrases regarding EGE, which will create a more streamlined and easy-to-use Administrative Code. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendment to this rule first removes the definition of “activated voucher feature,” as the term no longer exists in the Administrative Code. Next, the amendment updates the definition of EGE by moving specifications from Ohio Adm.Code 3772-9-02 here. As part of the update to EGE, a longstanding practice of having the Executive Director determine which additional technology may impact casino gaming has been codified. Most other updates are to streamline rule language or to use more current terminology.
- **3772-9-02 (amendment)**, titled “Approval for use in a casino facility.” This rule governs how EGE may be approved for use in a casino facility. The purpose of this rule is to ensure all EGE in a casino is compliant with and meets the requisite standards. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendment to the rule greatly streamlines rule language and updates terminology. Further, the changes in paragraph (A) allow the Executive Director to approve certain EGE without the need for it to be tested by a casino-gaming certified independent testing lab (“CITL”). For instance, systems which access and analyze gaming data, but do not have the ability to alter the data will not need to be tested by a casino-gaming CITL, but will still be evaluated by the Commission’s compliance staff. Meanwhile, all EGE that directly touches upon casino gaming or patron transactions will continue to be tested. The amendment also adds a requirement that all EGE that accepts wagers, currency, or any cashless wagering instrument must be connected to an on-line monitoring system. While this requirement is new, every casino in the state is already in compliance. The amendment also moves a requirement for gaming authentication terminals (“GAT”) into this rule from Ohio Adm.Code 3772-9-12, as the requirement for GAT is fundamental for approval, since it allows for the uniform verification of EGE. Finally, the rule moved two other provisions: the first, some additional descriptors on EGE were moved to the definition in Ohio Adm.Code 3772-9-01; and second, the appendix of EGE standards, which casino-gaming CITLs use to test EGE has been moved to Ohio Adm.Code 3772-9-03. Those topics are covered in the summaries of those rules.
- **3772-9-03 and appendix (amendment)**, titled “Evaluation by a certified independent testing laboratory.” This rule requires all gaming-related devices, software, hardware, and technology to be tested by a casino-gaming CITL before they are included in the Commission’s database of approved equipment. The rule further specifies that the equipment will not be included in the database unless the lab concludes that the equipment is compliant with R.C. Chapter 3772 and the administrative rules adopted thereunder. The purpose of this rule is to ensure that all EGE in a casino is compliant with and meets the requisite standards. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendments to this rule largely streamline rule language. However, changes to paragraph (A) build upon changes in Ohio Adm.Code 3772-9-02 to allow EGE to be approved by the Executive

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Director without the need for a casino-gaming CITL evaluation. The amendment also codifies that the Executive Director may require previously approved EGE to be re-tested upon a determination that it may jeopardize integrity. Finally, the rule moves the EGE testing-standard appendix from Ohio Adm.Code 3772-9-02 to this rule. This appendix is what all casino-gaming CITLs test against in approving EGE. The only amendment to the appendix is to improve phrasing.

- **3772-9-05 (amendment)**, titled “Transportation of electronic gaming machines to and from a casino facility.” This rule prescribes the requirements related to the transportation of all electronic gaming machines into, out of, and within the State of Ohio. Presently, the rule requires that all electronic gaming machines be shipped to the casino only after the Executive Director has received notice of the shipment at least five days in advance and has approved the same. The purpose of this rule is to ensure the integrity of EGE covered in the rule during their transportation. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. In the amendment, the language in this rule has been largely streamlined and updated. Additionally, the provision requiring Executive Director approval before shipment occurs has been removed. This is similar to how the Commission now handles promotions, which no longer need approval, but must be submitted for review and could thus be objected to.
- **3772-9-06 (amendment)**, titled “Possession and storage of electronic gaming equipment.” This rule relates to how EGE can be possessed or stored, including requirements that the Commission be provided with and updated on an inventory list of all EGE possessed by the casino operators, and that all EGE not on the casino floor be stored in a specified and secured manner. The purpose of this rule is to ensure that EGE is not tampered with and maintains compliance with the technical standards required under R.C. Chapter 3772 and the rules adopted thereunder. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendments to this rule remove unnecessary provisions in the Administrative Code and streamline rule language.
- **3772-9-07 (rescind)**, titled “Transportation of electronic gaming equipment to and from a certified independent testing laboratory located in this state.” This rule is being rescinded as unnecessary. While there are currently no casino-gaming CITLs in Ohio, the amendments to Ohio Adm.Code 3772-9-05 and 3772-9-06 have removed any need for a special rule on this topic.
- **3772-9-08 (amendment)**, titled “Movement of electronic gaming equipment within a casino facility.” This rule requires casino operators to maintain a log of all EGE movements. The purpose of this rule is to ensure the Commission can track all EGE, allowing for EGE to be appropriately identified, investigated, and audited. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendment to this rule removes an unnecessary reference to Ohio Adm.Code 3772-1-07.

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- **3772-9-09 (amendment)**, titled “Installation or removal of electronic gaming equipment.” Presently, this rule mandates casino operators to follow certain requirements when installing or removing EGE from the casino gaming floor. These requirements include Executive Director approval and the logging of any access to the secure area within the machine. Additionally, the rule requires that before any game is installed, it’s critical storage program media must be verified and sealed by a Commission employee. The purpose of this rule is to ensure that all EGE are operating in accordance with the law and that the Commission can track any access to EGE should an investigation into it be needed. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendment to this rule largely streamlines language and removes an unnecessary reference to Ohio Adm.Code 3772-1-07.
- **3772-9-10 (amendment)**, titled “Electronic gaming equipment maintenance, repair, or other servicing standards.” Presently, this rule governs the maintenance of EGE, including requiring all EGE to be suitable and requiring casino operators to remove any unsuitable EGE from operation until the equipment is made suitable and a report is filed with the Commission detailing how any issues were resolved. Finally, the rule requires the logging of access to the secure area of EGE and that any maintenance to EGE be conducted in the presence of appropriately licensed personnel. The purpose of this rule is to ensure that all machines are operating in accordance with the law and that the Commission can track any access to machines should an investigation into the machine be needed. Additionally, the rules in Ohio Adm.Code Chapter 3772-9 are all meant to fulfill statutory requirements in R.C. 3772.03, 3772.20, and 3772.31. The amendments to the rule remove some duplicative restrictions and streamlines rule language.
- **3772-9-12 (rescind)**, titled “Electronic gaming equipment authentication.” This rule provides the authentication requirements that EGE must support, so that the Commission and casino-gaming CITLs can verify EGE’s critical program storage media. The purpose of this rule is to ensure that all EGE can be verified by the Commission and casino-gaming CITLs as compliant with R.C. Chapter 3772 and the rules adopted thereunder. This rule is being rescinded, as paragraphs (C) and (D) were either no longer necessary or could be covered the exception in paragraph (B). Paragraphs (A) and (B) have been moved to Ohio Adm.Code 3772-9-02 to better streamline the Administrative Code.
- **3772-9-13, (rescind)** titled “Redemption kiosks.” Presently, the rule has requirements for redemption kiosks. However, all three requirements are no longer necessary. Paragraph (A) is already covered by Ohio Adm.Code 3772-9-06; paragraph (B) is dictated by anti-money laundering laws; paragraph (C) is no longer necessary as kiosks can now provide vouchers for insufficient funds.
- **3772-17-01 (amendment)**, titled “Approval of third-party engineering and accounting firms.” This rule requires casino operators to engage third-party engineering or accounting firms to certify or attest to the cost of its initial investment. The purpose of this rule is to ensure that all operators are complying with their constitutional mandate. Additionally, the rule has been adopted pursuant to statutory requirements in R.C. 3772.03, 3772.09, and

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3772.27. The amendments to this rule are all meant to streamline language or remove redundancies between the rule and the Revised Code.

- **3772-29-01 (amendment)**, titled “Approval for debt transactions.” This rule requires a casino operator to submit certain documentation to the Commission and to receive Commission approval before entering into a debt transaction to ensure that the debt transaction will not jeopardize the suitability of the licensee. The purpose of this rule is to allow the Commission to continue to ensure the financial suitability and viability of the four casinos on an ongoing basis. Additionally, this rule has been adopted pursuant to statutory requirements in R.C. 3772.28. The amendments to this rule are all meant to reflect present practice, streamline rule language, or remove redundancies between the rule and the Revised Code.

3. Please list the Ohio statute(s) that authorize the agency, board or commission to adopt the rule(s) and the statute(s) that amplify that authority.

3772.03, 3772.033, 3772.09, 3772.10, 3772.20, 3772.27, 3772.28, and 3772.31

4. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?

If yes, please briefly explain the source and substance of the federal requirement.

Not Applicable.

5. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.

This question is not applicable to these amendments because the federal government does not regulate casino gaming in this state. Rather, casino gaming is permitted pursuant to Article XV, Section 6(C) of the Ohio Constitution and is controlled by Ohio’s Casino Control Act (i.e., R.C. Chapter 3772).

6. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?

Article XV, Section 6(C) of the Ohio Constitution and R.C. Chapter 3772 require the Commission to ensure the integrity of casino gaming and to prescribe rules for how casino gaming should be conducted, including rules on minimum amounts of insurance (*see e.g.* 3772.03(D)(5)), gaming equipment (*see e.g.* 3772.03(D)(4), (7), (8), (25), 3772.20, and 3772.31), approval of third party engineering and accounting firms (*see e.g.* 3772.03(D)(16) and 3772.09), and approval of debt transactions (*see e.g.* 3772.28). Further, these rules strengthen other Commission statutory mandates or powers, including those to inspect and investigate gaming supplies, devices, and equipment (R.C. 3772.033), and to ensure the ongoing financial suitability of casino operators (R.C. 3772.10). These rules and their amendments are designed to effectuate this constitutional and statutory mandate.

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7. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?

Overall, the Commission will measure the success of the amendments in terms of whether they help to ensure the integrity of casino gaming while recognizing the limited practical concerns casino operators face. This can be done in two ways: First, through evaluating whether the administrative cost of implementing and enforcing the proposed amendments outweighs their public benefit. Second, through analyzing the regulated community's comments about requests for amendments to the rules or for waivers or variances from the rules. No such comments have been received on these rules during their review period or in the informal comment opportunities that preceded this filing.

8. Are any of the proposed rules contained in this rule package being submitted pursuant to R.C. 101.352, 101.353, 106.032, 121.93, or 121.931?

If yes, please specify the rule number(s), the specific R.C. section requiring this submission, and a detailed explanation.

No.

Development of the Regulation

9. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.

If applicable, please include the date and medium by which the stakeholders were initially contacted.

In reviewing these rules, an email was sent on March 15 to over 100 stakeholders. (Exhibits 1 and 2). Stakeholders were asked to submit any written comments on the rule by 5:00 p.m. on March 26, 2021. (Exhibit 1.) These stakeholders included employees or representatives from casino operators, management companies, holding companies, gaming-related vendors, and independent testing laboratories. No written comments from stakeholders were received. Finally, stakeholders had the opportunity to comment during the Commission's public meeting on April 21, 2021. No comments were made.

10. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?

No input was provided by stakeholders.

11. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?

This question does not apply to these rules because no scientific data was necessary to develop or measure their outcomes. Instead, Commission staff reviewed its statutory mandates and looked at how other jurisdictions approached the rule topics in this package. Further, staff considered whether existing rules were the most efficient means by which to maintain the integrity of casino gaming and whether any requests for amendments, waivers, or variances

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had been requested or granted to the regulated community. In so doing, the Commission was able to use, as much as possible, rules the regulated community is accustomed to and is common in other jurisdictions, with minor adaptations to remain in compliance with Ohio law.

12. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?

When first adopting these rules, Commission staff reviewed the rules adopted in other jurisdictions, including Kansas and New Jersey, where members of staff had formerly been employed. In reviewing these amendments, staff considered past practices of the Commission, any comments on the rules, any waivers or variances to existing rules that had been requested and granted, and current trends in the casino regulatory environment. These rules are a conglomeration of the rules used in other jurisdictions with adaptations made for Ohio law.

13. Did the Agency specifically consider a performance-based regulation? Please explain. *Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.*

Where appropriate, the rules include a performance-based component wherein they set the floor for compliance but do not completely dictate how stakeholders are to achieve compliance (i.e. they dictate minimum, statutorily required standards, but leave the specifics of how to achieve those standards to the affected stakeholders). Additionally, Ohio Adm.Code 3772-1-04 allows stakeholders to seek waivers and variances from these rules, which the Commission will evaluate on a case-by-case basis and may grant as long as it determines that doing so is in the public's best interest. Past performance of any requestor would be considered in determining whether a waiver from any specific provisions of these rules is appropriate.

14. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?

This question does not apply to these rules because no other regulations in this area currently exist with respect to casino gaming. To the extent that this package amends existing administrative rules, many of those amendments are meant to ensure these rules are not duplicative of the Casino Control Law or other Administrative Code requirements adopted thereunder.

15. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.

For those rules in Chapter 9, at each casino facility, there are gaming agents and financial auditors observing, evaluating, and investigating the operations. The Commission's Regulatory Compliance personnel consistently oversee these actions and perform various operational audits, including EGE audits. Moreover, any approved EGE is stored in a database

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that vendors, operators, and testing labs can access, creating a consistent, predictable list of approved technology for casino gaming, regardless of the entity in question.

For the insurance (3772-7-01) and debt transaction (3772-29-01) rules, those rules are overseen by the Commission's Division of Licensing and Investigations. For the approval of third-party engineering and accounting firms (3772-17-01), the Commission's Compliance and Licensing & Investigations Divisions coordinate all reviews and approvals thereof. Moreover, the final approval of any insurance, third-party engineering and accounting firms, or debt transactions are all ultimately voted on by the Commission at a public meeting, ensuring an additional layer of transparency and predictability in the process.

Finally, any issues that arise in these processes are all funneled to the Commission's central office in Columbus, Ohio, where the Executive Director and all division directors coordinate a consistent response and conduct outreach to the regulated community.

Adverse Impact to Business

16. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:

a. Identify the scope of the impacted business community; and

The affected stakeholders include casino operators, management companies, holding companies, gaming-related vendors, and independent testing laboratories.

b. Identify the nature of all adverse impact (e.g., fees, fines, employer time for compliance,); and

The nature of the potential adverse impact from the rules includes certain private contract costs, including insurance coverage and those fees charged by any third-party engineering or accounting firms or any testing laboratory. Additionally, the entities may face costs related to retaining records, training employees, submitting written requests, notifications, or reports to the Commission, as well as general employer time and payroll and any fines that may be issued for noncompliance, as described more fully below.

c. Quantify the expected adverse impact from the regulation.

The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a "representative business." Please include the source for your information/estimated impact.

3772-7-01 Insurance.

The Commission does not anticipate an adverse impact from this rule, which is statutorily required by R.C. 3772.03 and 3772.10, and even without this statutory mandate, common business and industry practice dictates that entities would purchase these insurance policies anyway. Moreover, this insurance purchase is made from other private-sector businesses. The elimination of "crime insurance" in the amendment may have a positive impact on business; however, the Commission anticipates that impact to be minimal, as many of the

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policies submitted on this matter were already mostly captured by the other types of insurance detailed in the rule.

3772-9-01 Definitions.

As this rule is solely definitional, the Commission does not anticipate a negative impact on business from this rule itself. However, because these definitions set the base for the Commission’s casino gaming regulations, it is filing this rule and has made it available for stakeholder comment. Any potential business impact would likely be triggered by other rules’ substantive provisions.

3772-9-02 Approval for use in a casino facility.

The Commission anticipates a minimal adverse impact on business from this rule. This is because the rule, as amended, largely does three things (1) requires EGE to be approved; (2) requires certain EGE to be connected to an online monitoring system; and (3) requires EGE to support gaming authentication terminals. R.C. 3772.03 and 3772.20 require the Commission to approve and identify approved EGE for use in the state, negating the impact of number (1). Number (2), which is a “new” requirement, is standard to the industry and each casino in Ohio already has a system that does so, meaning no outlays will be made as a result of the rule. Further, this system is one way the Commission fulfills its statutory requirement to ensure the proper reporting of EGE under R.C. 3772.31, without having to mandate a central system. Number (3), which has been moved from 3772-9-12, has been in place since the inception of casino gaming and is something all EGE in the state already complies with, meaning no outlays will be made because of this requirement. Additionally, number (3) is the manner in which the Commission fulfills its R.C. 3772.31 statutory obligation to ensure the proper operation of EGE without mandating a central system, further blunting any impact from this provision.

3772-9-03 Testing.

The Commission anticipates a minimal adverse impact to business from this rule. This rule simply implements the statutory requirements that certain gaming-related equipment be tested by certified independent laboratories under R.C. 3772.03(D)(4) and R.C. 3772.31 and that the equipment meet certain minimum standards under R.C. 3772.03(D)(8), 3772.20, and 3772.31. Of course, each vendor will incur costs from doing so, but these costs will be paid to and determined by the private sector, are standard in all casino-gaming jurisdictions, and again, are a statutory requirement. Additionally, the testing standards in the appendix are a national standard used in most other casino-gaming jurisdictions, meaning all casino operators and vendors have these standards built into their business model. The only Ohio-specific change to these standards is to account for the statutorily required 85% minimum payout percentage. R.C. 3772.20. That being said, the Commission anticipates a minor positive business impact from a clarifying amendment that allows the Commission to approve certain non-game-altering EGE without the need for it to be approved by a testing laboratory—a change the Commission views as still compliant with its statutory mandates.

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3772-9-05 Transportation of electronic gaming machines to and from a casino facility.

The Commission anticipates a minimal adverse impact on business from this rule. The only “regulatory restriction” in the rule is a requirement that casino operators notify the Executive Director of a proposed shipment of certain EGE five days in advance. When this rule was last filed, in 2018, the Commission worked closely with the premiere casino gaming trade association, the American Gaming Association, on this requirement to ensure that this requirement was uniform with other jurisdictions, meaning any business impact is already built into the casino-gaming model. Further, the amendments to this rule lessen any burden on casino operators, as this notification used to be a notification and formal approval from the Executive Director, and that approval requirement has been removed. As with all rules in Chapter 9, this rule helps ensure that machines used in casino gaming in the state meet certain statutory mandates, including that the machines used in Ohio are ones that have been approved and that meet the standards of this state.

3772-9-06 Possession and storage of electronic gaming equipment.

The Commission anticipates a minimal adverse business impact as a result of this rule. This rule’s requirement for an EGE list is one way the Commission is able to fulfill its statutory mandate to have proper operation and reporting of EGE under R.C. 3772.31 without having to require a central system. And the rest of the requirements in this rule all relate to ensuring that EGE and their critical program storage media are appropriately secured, so that they cannot be tampered with, again, allowing the Commission to ensure EGE’s proper operation and adherence to approved standards, as required by statute and without the need for a central system. Because these requirements are all based in statute and are built into the casino gaming business model, these requirements have not and are not expected to have a meaningful impact on the casino operators. Moreover, the amendments to this rule reduce any business impacts that do exist, including removing regulatory restrictions on the possession of slot machines generally and on casino operators storing non-critical-program-storage-media components of EGE outside of casino facilities.

3772-9-07 Transportation of electronic gaming equipment to and from a certified independent testing laboratory located in this state.

The Commission anticipates no business impact from the rescission of this rule. The rule is being rescinded as unnecessary. While there are currently no CITLs in Ohio, should one come to exist, the amendments to Ohio Adm.Code 3772-9-05 and 3772-9-06 have removed any need for a special rule on this topic.

3772-9-08 Movement of electronic gaming equipment within a casino facility.

The Commission anticipates a minimal adverse business impact from the log that is required to be kept by this rule. This rule again helps to implement the statutory requirement that the Commission ensure the necessary reporting of casino gaming, and specifically EGE, without implementing a central system. R.C. 3772.31. Moreover, the log that is required to be kept by this rule is common practice in the casino gaming industry and helps operators track their own assets. Therefore, all operators have complied with this

requirement since the inception of casino gaming in Ohio, and it is baked into the casino-gaming business model, negating its potential impact.

3772-9-09 Installation or removal of electronic gaming equipment.

The Commission anticipates a minimal adverse business impact from this rule. The requirements in this rule relate to how EGE are installed or removed from the gaming floor, including requirements on obtaining commission approval for installation and removal and the maintenance of logs. Again, these requirements are all necessary corollaries to the Commission being able to determine the proper operation and reporting of all EGE under R.C. 3772.31 and of the Commission ensuring that all games that are actually offered on the gaming floor are approved, as required by R.C. 3772.03 and 3772.20. Moreover, these requirements are common in every casino gaming jurisdiction are thus built into the business model—all blunting any potential business impact.

3772-9-10 Electronic gaming equipment maintenance, repair, or other servicing standards.

The Commission anticipates a minimal adverse business impact from this rule in the form of notification and logging requirements. However, this rule is explicitly required by R.C. 3772.03(D)(25) and the requirements in the rule are both common casino-gaming business practice and necessary to ensure that all EGE continues to be running in the manner approved, as required by statute, blunting any business impact. The amendment further removes any business impact by only requiring logging of access to the secure area of EGE (that which contains the approved software and critical program storage media) and not of all EGE undergoing maintenance.

3772-9-12 Electronic gaming equipment authentication.

The Commission anticipates a minimal positive business impact from this rule's rescission. Although a rescission, the impact will be minimal because many of the individual provisions were moved to Ohio Adm.Code 3772-9-02, discussed above. However, there will be some positive impact from the complete removal of paragraph (C) and from the streamlined regulations, which will make it easier and less time consuming for the entities to find applicable regulatory standards.

3772-9-13 Redemption kiosks.

The Commission anticipates a minimal positive business impact from this rule's rescission. Only one of this rule's three regulatory restrictions will continue on, as paragraph (A)'s requirement of limited access within a redemption kiosk is now encompassed in 3772-9-06(B). The requirements for internal controls related to maximum amounts kiosks can pay being detailed in internal controls and the requirement that kiosks reject vouchers that it would have insufficient funds for have been completely removed. However, practically speaking, each operator will still have to determine maximum amounts kiosks can pay, given federal and state anti-money laundering regulations, and will need to ensure that patrons are paid for the full amount of any voucher, regardless of any particular kiosk having insufficient funds, blunting those positive impacts.

3772-17-01 Approval of third-party engineering and accounting firms.

This rule will have a minimal adverse business impact, including costs to hire the third-party firms and the costs associated with obtaining Commission approval. However, this rule is again statutorily required by R.C. 3772.03, 3772.09, and 3772.27 and ensures that casino operators are meeting not just a statutory, but also a constitutional requirement in their minimum initial investment. Notably, this rule, as written, only applies to initial applicants and all required investments have been made. Therefore, it is unlikely that an operator will need to incur these statutorily required costs for the foreseeable future.

3772-29-01 Debt Transactions.

The Commission anticipates a minimal adverse impact on business from this rule, from the requirements of submitting information to the Commission and from obtaining its approval. This impact is minimal because approval of debt transactions is required by statute, R.C. 3772.28, and is common in every casino-gaming jurisdiction, meaning operators already have dedicated staff to ensure the requirement is met in each jurisdiction. Therefore, the cost to the operator of doing so in Ohio is both statutorily required and built into their business model.

17. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?

The regulatory intent justifies any adverse impact because Article XV, Section 6(C) of the Ohio Constitution and R.C. Chapter 3772 require the Commission to ensure the integrity of casino gaming, specifically by performing many of the tasks listed here (ensuring operators obtain insurance; approving and monitoring gaming supplies, equipment, and devices, including specifically through testing and means other than a central system; approving third-party firms to certify the constitutional and statutorily required initial investment amounts; and approving debt transactions and the ongoing financial suitability of casino operators). Moreover, the regulatory intent justifies any adverse impact because casino gaming is a highly regulated industry and is accustomed to these regulations in every jurisdiction in which they operate. Unregulated gaming poses a threat to the public welfare and raises the potential for fraud and abuse. To mitigate these threats, the Commission, like other gaming regulatory bodies, is using its several statutory mandates and regulatory authority to establish a best practice framework. Finally, the amendments in this package largely lessen any business impact, including removing redundant provisions of law or clarifying the Commission's interpretation of a particular rule, while still ensuring the Commission is not shirking these constitutional and statutory mandates. For a more detailed analysis of the individual justifications applicable to each rule, please see the answers given in 16.c.

Regulatory Flexibility

18. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.

Yes (indirectly), though it is unlikely this will be necessary since these regulations mostly impact casino operators, gaming-related vendors, and testing laboratories, none of which likely constitute a small business. These amendments indirectly provide exemption or alternative means of compliance through Ohio Adm.Code 3772-1-04, which permits the Commission, upon written request, to grant waivers and variances from the rules adopted under R.C. Chapter 3772, including these rules, if doing so is in the best interest of the public and will maintain the integrity of casino gaming in the State of Ohio.

19. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?

Though it is unlikely R.C. 119.14 will apply to these amendments because the rules largely impact casino operators, gaming-related vendors, and testing laboratories, none of which likely constitute a small business, the Commission will adhere to the statutory requirements thereunder, if applicable.

To the extent R.C. 119.14 would apply to a violation of these amendments, the Commission will provide verbal and written notification to the small business to correct the paperwork violation. Thereafter, the Commission would allow the small business a reasonable time to correct the violation. The Commission and its staff would also offer any additional assistance necessary to aid in remediation of the violation. No further action would be taken unless the small business fails to remedy the violation within the reasonable time allotted by the Commission.

20. What resources are available to assist small businesses with compliance of the regulation?

The Commission and its staff are dedicated to working with members of the regulated community and the public to effectively and efficiently regulate casino gaming in this state. As a result, the following resources are available:

- Commission's mailing address: 100 E. Broad St., 20th Floor, Columbus, OH 43215
- Commission's toll-free telephone number: (855) 800-0058
- Commission's Division of Licensing telephone number: (614) 387-5688
- Commission's fax number: (614) 485-1007
- Commission's website: <http://www.casinocontrol.ohio.gov/>
- Commission's email: info@casinocontrol.ohio.gov
- Commission's casino gaming listserv:

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<https://ohio.us7.list-manage.com/subscribe?u=1c618d44ec5c718843ae2e7bb&id=3d36674d21>

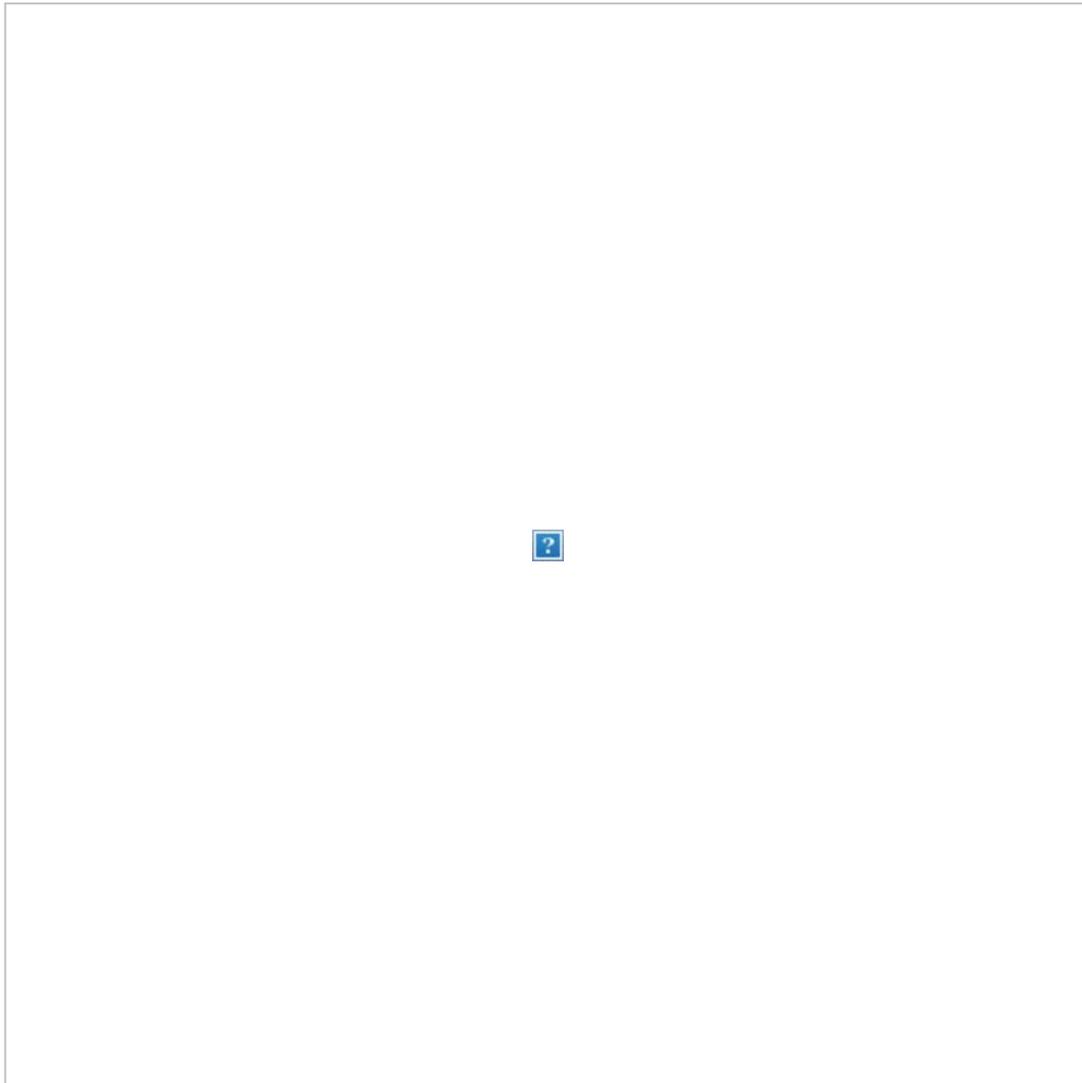
Also, all members of the regulated community and public may, in accordance with rule 3772-2-04, request to address the Commission during a public meeting. Finally, all members of the regulated community may, pursuant to rule 3772-1-04, request waivers and variances from the Commission's casino gaming regulations.

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CSIPublicComments@governor.ohio.gov

From: [Ohio Casino Control Commission](#)
To: [Cox, William](#)
Subject: Casino Gaming Rules for Comment
Date: Monday, March 15, 2021 3:46:30 PM

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Casino Gaming Stakeholders,

As you may know, Ohio law generally requires rules to be reviewed and refiled at least once every five years. Pursuant to that requirement, the following rules have been reviewed by Commission staff and are now being put forward for comment: 3772-7-01 (Insurance), 3772-17-01 (Approval of third-party engineering and accounting firms), 3772-29-01 (Approval for debt transactions) and those rules contained in Chapter 3772-9 (Electronic Gaming Equipment). The proposed versions of the above-listed rules can be found [here](#).

As always, please feel free to forward this communication to anyone else you think may be interested in these rules. Additionally, anyone may sign up for the Commission's casino-gaming listserv themselves [here](#). If you would like to unsubscribe from this listserv, you may do so using the link located at the bottom of this email.

We understand that you may have questions or would like additional information before commenting, and if that is the case, we encourage you to reach out to your normal contacts at the Commission or to Matt Oyster, (614) 387-5859 or Matt.Oyster@casinocontrol.ohio.gov, at your earliest convenience. **If, in the end, you would like to provide formal written comments, please email them to Matt by 5:00 p.m. on March 26.**

You will have some additional chances to comment on these rules, including when they are filed with the state's Common Sense Initiative Office. Please note, however, that it is much easier for the Commission and for stakeholders to work out any questions or comments directly before the rules start the formal rule filing process.



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You are receiving this email because the Ohio Casino Control Commission identified you as a casino gaming stakeholder.

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Exhibit 2

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