

State Budget Office  
**Office of Regulatory Reinvention**  
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**REGULATORY IMPACT STATEMENT  
and COST-BENEFIT ANALYSIS (RISCBA)**

**PART 1: INTRODUCTION**

Under the Administrative Procedures Act (APA), 1969 PA 306, the agency that has the statutory authority to promulgate the rules must complete and submit this form electronically to the Office of Regulatory Reinvention (ORR) at [orr@michigan.gov](mailto:orr@michigan.gov) no less than 28 days before the public hearing.

**1. Agency Information**

Agency name:	Michigan Gaming Control Board		
Division/Bureau/Office:			
Name, title, phone number, and e-mail of person completing this form:	Wendy Harns (517) 335-2163 harnsw@michigan.gov		
Name of Departmental Regulatory Affairs Officer reviewing this form:	Margaret Patterson		

**2. Rule Set Information**

ORR assigned rule set number:	2017-092-TY		
Title of proposed rule set:	Casino Gaming		

**PART 2: KEY SECTIONS OF THE APA**

**24.207a “Small business” defined.**

Sec. 7a. “Small business” means a business concern incorporated or doing business in this state, including the affiliates of the business concern, which is independently owned and operated, and which employs fewer than 250 full-time employees or which has gross annual sales of less than \$6,000,000.00.

**24.240 Reducing disproportionate economic impact of rule on small business; applicability of section and MCL 24.245(3).**

Sec. 40. (1) When an agency proposes to adopt a rule that will apply to a small business and the rule will have a disproportionate impact on small businesses because of the size of those businesses, the agency shall consider exempting small businesses and, if not exempted, the agency proposing to adopt the rule shall reduce the economic impact of the rule on small businesses by doing all of the following when it is lawful and feasible in meeting the objectives of the act authorizing the promulgation of the rule:

- (a) Identify and estimate the number of small businesses affected by the proposed rule and its probable effect on small businesses.
  - (b) Establish differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.
  - (c) Consolidate, simplify, or eliminate the compliance and reporting requirements for small businesses under the rule and identify the skills necessary to comply with the reporting requirements.
  - (d) Establish performance standards to replace design or operational standards required in the proposed rule.
- (2) The factors described in subsection (1)(a) to (d) shall be specifically addressed in the small business impact statement required under section 45.
- (3) In reducing the disproportionate economic impact on small business of a rule as provided in subsection (1), an agency shall use the following classifications of small business:
- (a) 0-9 full-time employees.

(b) 10-49 full-time employees.

(c) 50-249 full-time employees.

(4) For purposes of subsection (3), an agency may include a small business with a greater number of full-time employees in a classification that applies to a business with fewer full-time employees.

(5) This section and section 45(3) do not apply to a rule that is required by federal law and that an agency promulgates without imposing standards more stringent than those required by the federal law.

**MCL 24.245 (3)** Except for a rule promulgated under sections 33, 44, and 48, the agency shall prepare and include with the notice of transmittal a **regulatory impact statement** which shall contain specific information (information requested on the following pages).

[**Note:** Additional questions have been added to these statutorily-required questions to satisfy the **cost-benefit analysis** requirements of Executive Order 2011-5].

**MCL 24.245b Information to be posted on office of regulatory reinvention website.**

Sec. 45b. (1) The office of regulatory reinvention shall post the following on its website within 2 business days after transmittal pursuant to section 45:

(a) The regulatory impact statement required under section 45(3).

(b) Instructions on any existing administrative remedies or appeals available to the public.

(c) Instructions regarding the method of complying with the rules, if available.

(d) Any rules filed with the secretary of state and the effective date of those rules.

(2) The office of regulatory reinvention shall facilitate linking the information posted under subsection (1) to the department or agency website.

**PART 3: AGENCY RESPONSE**

Please provide the required information using complete sentences. **Do not answer any question with “N/A” or “none.”**

**Comparison of Rule(s) to Federal/State/Association Standards:**

1. Compare the proposed rule(s) to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

There are no parallel federal rules or standards set by a state or national licensing agency or accreditation association.

**A.** Are these rule(s) required by state law or federal mandate?

These rules are required under § 4(17)(d) of Michigan Gaming Control and Revenue Act, as amended, which states that the MGCB’s duties include: “Promulgating the rules as may be necessary to implement, administer, and enforce this act.” MCL 432.204(17)(d).

**B.** If these rule(s) exceed a federal standard, identify the federal standard or citation, describe why it is necessary that the proposed rule(s) exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

There are no federal standards.

2. Compare the proposed rule(s) to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

Each state establishes its own requirements for licensing and regulating casino gaming. These rules provide a regulatory framework for the licensing and operation of the three commercial casinos whereby the public’s interest in fair and honest gaming is protected.

A. If the rule(s) exceed standards in those states, explain why and specify the costs and benefits arising out of the deviation.

In comparing certain areas of Michigan’s licensing and regulation of three commercial casinos, we found that Michigan’s standards were the same or exceeded those of surrounding states. Ohio and Pennsylvania were selected as similarly situated states because they have both authorized commercial casinos and have similar demographics to Michigan. New Jersey and Nevada were selected as similarly situated states because they are the original states that authorized commercial casinos and their gaming regulations are considered well established.

The proposed rules continue to meet or exceed industry standards and protect the public’s interest in ensuring fair and honest gaming. Comparisons were conducted in the following areas: (a) reporting requirements; (b) supplier-licensing requirements; (c) electronic gaming device requirements; (d) patron disputes; and (e) responsible gambling programs.

**Reporting requirements:**

In comparing reporting requirements in Ohio, Pennsylvania, New Jersey, and Nevada to those provided for in R 432.1224, we determined the Michigan reporting requirements were like other jurisdictions.

**Supplier licensing requirements:**

In providing a regulatory framework for suppliers to provide non-gaming related goods and services to the three commercial casinos in this state, the MGCB believes it is imperative that companies either be licensed or registered with the MGCB, i.e. by receiving an exemption from supplier licensing, based on the Gaming Control and Revenue Act’s broad definition of “supplier.”

In comparing supplier-licensing requirements for providers of non-gaming related goods and services found in R 432.1322 to the requirements in the other selected states, we determined the following:

- Michigan’s rule exceeds Ohio’s standards because Ohio licenses only gaming-related suppliers.
- Michigan’s rule exceeds New Jersey’s standards because New Jersey only requires nongaming-related suppliers to be “registered” with the state and not licensed, without considering the amount of business the supplier is conducting with the casinos.
- Michigan’s rule is like Pennsylvania’s standards because Pennsylvania has three levels of “gaming service providers” and imposes different requirements based on the amount of revenue involved:
  - Revenue more than \$15,000 but below \$100,000 requires completion of a Notification of Material Gaming Service Provider form.
  - Revenue more than \$100,000 but below \$500,000 requires the provider to be a Registered Service Provider.
  - Revenue above \$500,000 must be licensed as a Certified Gaming Service Provider.

**Electronic gaming device requirements:**

In comparing Michigan’s requirements for electronic gaming devices found in R 432.1839 to the requirements in the selected states, we determined that where new standards were introduced, the standards were consistent with industry standards found in regulations in Ohio, Pennsylvania, New Jersey, and Nevada.

The general purpose of electronic gaming device technical standards is to: (a) eliminate subjective criteria in analyzing and certifying the electronic gaming device’s operation; (b) establish criteria that helps ensure the credibility and integrity of the electronic gaming device from both a revenue collection standpoint and player’s point of view; (c) promote innovation; and (d) provide flexibility and allow for a range of methods that can be used to conform with the standards.

Michigan’s technical standards are also consistent with standards published by the industry. Gaming Laboratories International (GLI) has been testing gaming devices for almost 30 years. GLI develops and publishes electronic gaming device standards. GLI develops these standards by reviewing technical standards, regulations, and other documents from other gaming jurisdictions as well as obtaining manufacturer input. Michigan technical standards are consistent with GLI standard GLI-11 (electronic gaming devices) and GLI-12 (progressive gaming devices).

**Patron disputes:**

In comparing the 14-day requirement for casinos to respond to a patron dispute as provided for in R 432.11502, we determined:

Pennsylvania is 7 days,  
New Jersey is 5 days,  
Ohio does not have a rule addressing patron disputes,  
Nevada is 5 days.

In comparing the 28-day requirement for patrons to file a patron dispute as provided for in R 432.11502, we determined:

Pennsylvania is 30 days,  
New Jersey has no time limit,  
Ohio does not have a rule addressing patron disputes,  
Nevada has no time limit.

In comparing the requirement to maintain the video recording of the patron dispute incident the latter of 90 days or until the dispute is fully resolved as provided for in R 432.11502, we determined:

Pennsylvania is 7 days unless it involves cash or ticket redemption disputes where

the recording must be kept for 30 days,  
New Jersey is indefinite,  
Ohio does not have a rule addressing this,  
Nevada is 7 days.

**Disassociated persons:**

In comparing the requirement for the casino licensee to inform the MGCB when it learns of a change in the disassociated person’s previously provided information as provided in R 432.11601, we found neither Ohio, New Jersey, Pennsylvania, or Nevada has this requirement.

In comparing the requirement for the casino licensee to maintain a system to detect disassociated persons and prevent them from receiving promotional material, engaging in cage transactions, and check cashing as provided in R 432.11601, all four jurisdictions have these requirements.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rule(s).

There are no other laws, rules, or other legal requirements that duplicate, overlap, or conflict with the proposed rules.

A. Explain how the rule has been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

To the extent that another law may apply, such as carrying a weapon in the casino, transporting a gaming device, or reporting Title 31 information, the rules defer to the state or federal requirement; thus, the MGCB has avoided duplication.

**Purpose and Objectives of the Rule(s):**

4. Identify the behavior and frequency of behavior that the proposed rule(s) are designed to alter.

**R 432.1316, R 432.1402, R 432.1405, R 432.1406, R 432.1504, R 432.1905, R 432.11203, & R 432.11308**

The distinction between “business” and “calendar” day was eliminated because casinos operate 24 hours a day, 7 days a week.

**R 432.1304, R 432.1316, R 432.1324, R 432.1402, R 432.1501, & R 432.1504**

“More” was changed to “greater” where appropriate throughout the rules relative to percentages of direct or indirect interest in an applicant or licensee.

**R 432.1101 through R 432.1108**

Changes to definitions, including:

- Different reference to the Michigan Gaming Control and Revenue Act.

- Eliminating the definition of “complaint form” because it was added to the definition of “patron dispute” in R 432.1106.
- Clarifying the definition of “drop” to include the total amount of both EGD drop and table drop.
- Clarifying the definition of “drop box” to include electronic gaming device and what can be collected in the drop box.
- Adding the abbreviation for “electronic gaming device” (EGD) to reflect gaming industry standard language.
- Clarifying the definition of “EGD drop” to include the amount transferred by a patron utilizing an electronic card.
- Clarifying the definition of “EGD win” to include tickets issued and electronic credits transferred from an EGD.
- Broadening the definition of “felony” to encompass more than offenses with a penalty of imprisonment for more than one year.
- Clarifying what constitutes “gaming equipment & supplies.”
- Eliminating the definition of “give-away” because the term is not used in the rules.
- Amending the definition of “hearing officer” to reflect that the chairperson does not assign the hearing officer and does not assist the MGCB in conducting a hearing.
- Eliminating the definition of “inappropriate token-in” because the term is no longer being used in the rules.
- Amending the definition of “irrevocable letter of credit” to accurately reference an international chamber of commerce publication.
- Adding “table layout” to the definition of live gaming device. Language regarding electronic progressive, bonusing, and monitoring equipment was moved to R 432.1811.
- Eliminating definitions of “Michigan taxpayer identification number” and “one on one continuance surveillance” because the terms are no longer being used in the rules.
- Changing “patron complaint” to “patron dispute.”
- Simplifying the definition of “petitioner” to a person who files a petition under part 7 of the rules.
- Further defining “picture identification” to include specific acceptable forms of identification.

- Adding the abbreviations for “random access memory” (RAM) and “random number generator” (RNG) to reflect gaming industry standard language.
- Eliminating the definition of “public official” because the term is not used in the rules.
- Eliminating the definitions of “sensitive keys,” “substantial creditor,” and “suspected problem area” because the terms are not used in the rules.
- Adding tickets to the definition of “table drop.”
- Adding a definition of “ticket.”
- Eliminating the definition of “token” because the term is no longer being used in the rules.
- Clarifying the definition of “wide-area progressive system” to reflect that the system can be located in one or more of the licensed casinos.

**R 432.1204, R 432.1701, & R 432.1702**

These rules are being changed to reflect that the MGCB’s principal office is no longer in Ingham County.

**R 432.1210**

“Instruments of monetary value” is being added to take into consideration other forms of cash equivalents beyond chip and tokens.

**R 432.1212**

The rule is being changed to clarify what persons are authorized to carry weapons in casinos.

**R 432.1214**

The rule was changed to remove a redundancy.

**R 432.1215**

The rule change eliminates the requirement that a casino licensee maintain a central repository for all contracts at the licensed premises. This rule still requires a casino licensee to maintain copies of contracts, but not in one location.

**R 432.1216 & R 432.1221**

Language allowing the MGCB to direct a casino licensee to cancel a contract or transaction that does not comply with the act or rules was moved from R 432.1221 to R 432.1216. Further, language requiring the casino licensee to have a provision in its contracts permitting it to terminate the contract if the MGCB determines the contract does not comply with the act or rules was moved from R 432.1221 to R 432.1216.

**R 432.1224**

The rule change eliminates the supplier licensee responsibility to provide an immediate oral report of suspected criminal activity. The rule change also requires the casino licensee or casino license applicant to notify the MGCB and Michigan state police when management of its security or surveillance department receives a request for assistance from law enforcement officers conducting business in a casino enterprise.

**R 432.1302**

The rule change eliminates “casino license applicant” and adds “holder of a certificate of suitability” because a supplier cannot supply goods or services that are directly related to or affect gambling operations to a casino license applicant but may supply them to a holder of a certificate of suitability. The rule change also requires occupational licensing of an employee of a person with an exemption from the supplier-licensing requirements.

**R 432.1303**

The rule change sets a uniform licensing fee for suppliers.

**R 432.1306 & R 432.1324**

The rule change eliminates specific application requirements while still affording the MGCB the ability to request information necessary to conduct an investigation on an applicant.

**R 432.1307**

The rule change clarifies the public investigative hearing process and action to be taken by the MGCB for a casino license applicant.

**R 432.1308 & R 432.1321**

The rule changes provide use of an industry abbreviation and accounts for the industry change to a cashless wagering systems and other counting equipment.

**R 432.1312, R 432.1330, & 432.1341**

The rule changes eliminate specific requirements for applying to renew a license while still affording the MGCB the ability to request information necessary to conduct a renewal investigation.

**R 432.1322**

The rule change increases the monetary threshold for deeming a person as “transacting business with and providing nongaming-related goods or services” on a “regular and continuing basis.” The MGCB may grant supplier-licensing exemptions based on the value of goods and services provided to a casino on a regular and continuous basis. The change will provide greater flexibility for the MGCB to update exemption thresholds when appropriate. The MGCB retains control to monitor the transactions between the suppliers and casinos.

**R 432.1323**

The rule change allows a casino licensee, casino license applicant, or holder of a certificate of suitability to purchase, lease, or otherwise acquire goods or services from a person exempted from the supplier licensing requirements.

**R 432.1325**

The rule change clarifies that a temporary supplier license is only valid while an application is pending or until the temporary supplier license is suspended, revoked, or expires.

**R 432.1326**

The rule change strikes casino license applicant from the rule.

**R 432.1327**

The rule change makes a MGCB decision to deny an application for a supplier license a finding that the applicant is ineligible, unsuitable, or unqualified for licensure. As such, the temporary supplier license expires, and the applicant is prohibited from transacting business with a casino licensee, casino license applicant or holders of certificates of suitability.

**R 432.1331 through R 432.1334**

The rule changes do the following: (a) add the requirement that an employee of a person exempted from supplier licensing must obtain an occupational license before performing certain functions; and, (b) give the MGCB authority to determine the appropriate level of occupational licensing based on an employee's authority and job description.

**R 432.1337**

The rule change eliminates the temporal limitation on a temporary occupational license and clarifies that a person working on a temporary license can only work until the occupational-license application is withdrawn, denied, or the temporary license is suspended or revoked, or a license is issued by the MGCB.

**R 432.1338**

The rule change gives the Executive Director authority to grant level 3 occupational licenses. The rule also ensures that when an application for an occupational license is denied the applicant does not continue to perform duties requiring licensure.

**R 432.1339**

The rule change eliminates the specific information that must be found on an occupational license and eliminates the requirement that an occupational license be returned to the MGCB upon termination of employment.

**R 432.1340**

The rule change clarifies when a person can reapply for licensure.

**R 432.1501 & R 432.1504**

The rule change clarifies who must receive approval prior to a transfer of ownership. It also allows the Executive Director to approve certain transfers of ownership interest if the involved parties were already approved by the MGCB.

**R 432.1508**

The rule change eliminates the necessity of stamping each page "confidential" when submitting debt transaction documents.

**R 432.1509 & R 432.1511**

The rule change allows a person to enter into, but not close on, a debt transaction without MGCB approval.

**R 432.1701, R 432.1702, 432.1706, R 432.1707, & R 432.1712**

The rule changes reflect case proceedings under the Administrative Procedures Act (APA). The changes also reduce the time for processing appeals.

**R 432.1715**

The rule change provides the MGCB with additional time to decide whether to issue a declaratory ruling. It also allows the MGCB to reconsider its decision to issue a declaratory ruling.

**R 432.1803**

The rule change provides the casino licensee with the ability to limit the amount a patron may wager.

**R 432.1804**

The rule change provides clarification on submitting material changes in a casino floor plan to the MGCB.

**R 432.1811**

The rule change eliminates certain requirements on the drop box for live gaming devices. The change also incorporated language moved from R 432.1104 regarding electronic progressive, bonusing, and monitoring equipment to Part 8 on the conduct of gaming/gaming equipment.

**R 432.1812**

The rule change clarifies that a live gaming device may only be installed on the gaming floor of a casino.

**R 432.1813**

The rule change removes a packaging requirement for playing cards.

**R 432.1816**

The rule change removes the requirement that casino licensees conduct a physical inventory of cards and dice every three months.

**R 432.1817**

The rule change allows use of a mechanical verification of pre-shuffled cards, eliminates requiring sequential sorting of cards by hand, and clarifies the card inspection process.

**R 432.1819**

The rule change adds tickets and coupons to the list of cashless wagering options and removes language that is unnecessary.

**R 432.1820**

The rule title was changed to accurately reflect the purpose of the rule.

**R 432.1821**

The rule change adds a restriction on the use of chips with the same center design of a chip approved for use in Michigan. The rule change also clarifies that the MGCB approves value and non-value chips.

**R 432.1822**

The rule was changed to add two value-chip denominations: \$.25 and \$25,000.00.

**R 432.1823**

The rule was changed to clarify that it relates to the primary set of value-chips only and reduce the denominations of secondary set value chips to those greater than \$5.00.

**R 432.1826**

The rule change allows the casino licensee to exchange chips at places other than the cages and tables, if approved by the MGCB. This rule change also eliminates the requirement that a casino licensee place signage regarding the redemption and wagering of foreign chips.

**R 432.1828**

The rule change does the following: (a) allows a manager from a department other than security to be present when the reserve chips or secondary chips are being moved; (b) allows the casino licensee's unredeemed liability of chips to be counted monthly instead of biweekly; (c) changes the frequency of the physical inventory of chips in reserve from annually to biennially; and (d) allows the casino licensee, during nongaming hours, to have chips stored in a secured area of the casino other than the chip bank, vault, or locked compartment in a cashier's cage.

**R 432.1830**

Because tokens are no longer used in the casinos, the rule change eliminates the necessity of submitting a plan for their destruction.

**R 432.1831**

The rule change eliminates reference to tokens and provides for the disposal of certain coins received by the casino licensee.

**R 432.1832**

The rule change incorporates language from R 432.1825 to clarify the complimentary chip distribution program. The reference to acting in accordance with the internal controls was eliminated because R 432.1907 requires compliance with all internal controls.

**R 432.1833 & R 432.1835**

The rule change incorporates language from R 432.1835 regarding submission of internal control procedures for the complimentary chip distribution program.

**R 432.1834**

The rule change reflects the 30-day process for proposed amendments to the internal control procedures to make it consistent with R 432.1904.

**R 432.1836**

The rule change eliminates reference to a token coupon distribution program because casino licensees no longer use tokens.

**R 432.1838**

The rule change does the following: (a) clarifies that wide-area progressives are addressed in a different rule and that the requirements in this rule only apply to casino-linked progressives; (b) requires certain reports and compliance with internal controls in transferring the progressive amount; and (c) eliminates the requirement that the casino licensee provide the MGCB with a control key and list of those persons who have access to the progressive controller.

**R 432.1839**

The rule change modifies the requirements for submitting an EGD to the MGCB for approval and the standards for approval.

**R 432.1840**

The rule change removes the requirement that the MGCB approve EGD tournament rules within 30 days of receipt. The change also clarifies that once the rules for a tournament are approved by the MGCB, the casino licensee can offer the same tournament at any time.

**R 432.1841**

The rule change will require: (a) a casino licensee utilizing a wide area progressive system to suspend play on the system if a communication failure in the system cannot be corrected within 24 consecutive hours; (b) a licensee to notify the MGCB prior to an inspection of the wide-area progressive jackpot instead of having a MGCB agent accompanying the licensee on the inspection; and (c) MGCB approval for a supplier licensee to monitor the wide-area progressives from outside the state of Michigan.

**R 432.1842**

The rule change is to clarify the process for obtaining MGCB approval of associated equipment.

**R 432.1843**

The rule change clarifies the process for analyzing an EGD because of a patron complaint. It also adds permissive language to make an EPROM memory test optional.

**R 432.1903 through R 432.1905**

The rule changes do the following: (a) remove terms no longer being used; (b) require the casino licensee to provide requested information on a proposed amendment to internal controls procedures within 30 days or the request for amendment will be considered withdrawn; and (c) change the length of time to submit emergency internal control procedures from 10 business days to 14 days.

**R 432.11001-11009, R 432.11011-11016, & R 432.11018**

The rule changes eliminate certain requirements relative to security and surveillance in a casino. Such requirements were outdated or not practical for use by the casino licensees. Language was also changed to authorize the MGCB to ask for additional parking spaces at casinos based on staffing needs.

**R 432.11202**

The rule change implements industry standard abbreviations and removes references to tokens, which are no longer used by casino licensees.

**R 432.11208**

The rule change allows some gaming employees who were previously prohibited from accepting a tip or gratuity from a patron to accept a tip or gratuity from a patron. It also provides the casino licensee with discretion to determine whether poker room dealers will keep their own tips under certain circumstances.

**R 432.11304, R 432.11308, & R 432.11309**

The rule changes clarify procedures for the casino licensee to establish credit for a patron. The changes also take into account technologic advances in banking.

**R 432.11401, R 432.11402, & R 432.11405**

The rule changes modify requirements for moving gaming equipment for suppliers and casino licensees. The changes eliminate the necessity of having MGCB staff present upon delivery of certain gaming equipment.

**R 432.11501 through R 432.11503**

The rule changes increase the number of days a patron has to submit his or her dispute form from 21 to 28 days and increases the number of days a casino licensee has to attempt to resolve all patron disputes from 10 business days to 14 days.

**R 432.11601 & R 432.11602**

These rules have been added to clarify the process of tracking and withholding promotional marketing and financial services from disassociated persons in an effort to maintain current databases and prevent disassociated persons from participating in gaming activities.

**A. Estimate the change in the frequency of the targeted behavior expected from the proposed rule(s).**

**R 432.1101-R 432.1108, R432.1204, R 432.1210, R 432.1212, R 432.1214-R 432.1216, R 432.1221, R 432.1303, R 432.1304, R 432.1306-R 432.1308, R 432.1312, R 432.1316, R 432.1321, R 432.1323, R 432.1324, R 432.1326, R 432.1330, R 432.1338, R 432.1340, R 432.1341, R 432.1405, R 432.1406, R 432.1501, R 432.1504, R 432.1509, R 432.1511, R 432.1701, R 432.1702, R 432.1706, R 432.1707, R 432.1803, R 432.1804, R 432.1811, R 432.1812, R 432.1819, R 432.1820, R 432.1831, R 432.1832, R 432.1835, R 432.1836, R 432.1839, R 432.1842, R 432.11001, R 432.11002, R 432.11005-R 432.11009, R432.110013, R 432.11016, R 432.11202, R 432.11203, & R 432.11304**

There will be no change in the frequency of a targeted behavior from these rule changes. The changes to these rules are primarily for clarification purposes.

**R 432.1224**

The change in the frequency of the targeted behavior is that a supplier licensee will no longer have to provide an immediate oral report of suspected criminal activity. The change in the frequency of the targeted behavior is that a casino licensee or casino license applicant must notify the MGCB and Michigan state police when management of its security or surveillance department receives a request for assistance from law enforcement officers conducting business in a casino enterprise.

**R 432.1302**

The change in the frequency of the targeted behavior is that a supplier of goods and services that are directly related to or affect gambling operations will no longer be allowed to supply them to a casino licensee applicant but will be able to supply them to a holder of a certificate of suitability. Moreover, the existing occupational licensing requirements will now apply to an employee of a person with an exemption from the supplier-licensing requirements.

**R 432.1322**

The change in frequency of the targeted behavior is the greater ability to grant supplier-licensing exemptions with the increase in the maximum monetary threshold.

**R 432.1325**

The change in frequency of the targeted behavior is a temporary supplier license will only be valid while an application is pending or until the temporary supplier license is suspended, revoked, or expires.

**R 432.1327**

The change in frequency of the targeted behavior is that a supplier license applicant holding a temporary supplier license must cease doing business with casino licensees, casino license applicants, or holders of a certificate of suitability if the MGCB denies its application for a supplier license.

**R 432.1331 through R 432.1334**

The change in frequency of the targeted behavior is the occupational-licensing requirements will now apply to an employee of a person exempted from the supplier-licensing requirements and will give the MGCB authority to determine the appropriate level of occupational licensing based on an employee's authority and job description.

**R 432.1337**

There will be no change in frequency of the targeted behavior with the elimination of the expiration period for a temporary occupational license. Temporary licenses could previously be renewed during an investigation into the license application.

**R 432.1339**

The change in frequency of the targeted behavior is that returning an occupational license to the MGCB will no longer be required when an occupational licensee leaves his or her employment.

**R 432.1402**

The amendments do not change the frequency of the targeted behavior but increase the time for completing the notification requirement.

**R 432.1508**

The change of frequency in targeted behavior is eliminating the necessity of stamping each page "confidential" when submitting debt transaction documents to the MGCB.

**R 432.1712**

The change in frequency of targeted behavior is reducing the 90-day period for issuance of the proposal for decision to 60 days and reducing the period to file objections to the proposal for decision from 60 days to 21 days.

**R 432.1715**

The change in frequency of targeted behavior is the MGCB will have 90 days instead of 60 days to decide whether it will issue a declaratory ruling.

**R 432.1813**

The change in frequency of targeted behavior is that casinos no longer have to receive card decks in single-deck boxes or in boxes bearing the manufacturer's identification name on each deck box.

**R 432.1816**

The change in frequency of targeted behavior is that a physical inventory of cards and dice will not have to be taken every three months. Inventories are taken routinely.

**R 432.1817**

The change in frequency of the targeted behavior is that playing cards will no longer have to be sorted sequentially by suit during the inspection.

**R 432.1821 through R 432.1823**

The change in frequency of targeted behavior is that: (a) chips will have to have a center design that it is not used outside the state of Michigan; (b) casino licensees will be able to also issue value chips in denominations of \$.25 and \$25,000.00; and (c) casino licensees will no longer be required to possess secondary value chips in denominations of \$5.00 or less.

**R 432.1826**

The change in frequency of the targeted behavior is that casino licensees may now exchange chips in places other than the cages and tables, if approved by the MGCB. They also will no longer have to place signage regarding redeeming and wagering with foreign chips.

**R 432.1828**

The change in frequency of the targeted behavior is that casino licensees will now calculate the casino licensee's unredeemed liability of chips a monthly count instead of biweekly and will take a physical inventory of chips in reserve biennially instead of annually.

**R 432.1830**

The change in frequency of the targeted behavior is that a casino licensee will no longer have to submit a plan for the destruction of tokens.

**R 432.1833 & R 432.1834**

The change in frequency of the targeted behavior is that internal control procedures and amendments for the complimentary chip distribution program must be submitted 30 days before the proposed initiation or change to the program instead of 20 business days.

**R 432.1838**

The change in frequency of the targeted behavior is that casino licensee will no longer have to provide the list of occupational licensees who have access to the progressive controller and MGCB will no longer have to maintain a key for the progressive controller or accompany the casino licensee to unlock the progressive controller.

**R 432.1840**

The frequency in behavior being changed is that once rules for a tournament are approved by the MGCB, the casino licensee can offer the same tournament at any time.

**R 432.1841**

The change in frequency of the targeted behavior is that: (a) a casino licensee utilizing a wide area progressive system will have to suspend play on the system if a communication failure in the system cannot be corrected within 24 consecutive hours; (b) a licensee will have to merely notify the MGCB prior to an inspection of the wide-area progressive jackpot instead of having a MGCB agent accompany the licensee on the inspection; and, (c) if the monitoring system for the wide area progressive is located outside of Michigan, MGCB approval will be required.

**R 432.1843**

The change in frequency of the targeted behavior is that when a patron questions the operation of an EGD both the MGCB representative and casino licensee representative will not have to be present to resolve the issue. Further, there will be fewer EPROM memory test on a questioned EGD because the MGCB representative will have discretion to determine whether the test is necessary.

**R 432.1903 through R 432.1905**

The change in frequency of the targeted behavior is that a casino licensee must provide requested information on an amendment to internal controls procedures within 30 days or the request for amendment will be considered withdrawn. The amendment also changes the length of time from 10 business days to 14 days to submit emergency amendments to the internal control procedures.

**R 432.11003**

The change in frequency of the targeted behavior is that, when a person is detained, the casino licensee will no longer be required to search the detainee, retain and secure the detained person's personal property, or complete certain forms.

**R 432.11004**

The change in frequency of the targeted behavior is that the casino licensee's garage will not have to have two stalls for armored car delivery.

**R 432.11008**

The change in frequency of the targeted behavior is that the casino licensee will no longer have to post a notice in the security office stating that the area is under surveillance.

**R 432.11011**

The change in frequency of the targeted behavior is that the casino licensee will no longer have to change the surveillance log at each shift change or make unnecessary entries.

**R 432.11012**

The change in frequency of the targeted behavior is that the casino licensee will no longer have to provide a secure telephone line to the MGCB or provide 10 parking spots for MGCB. The number of parking spaces will be based on staffing needs and therefore could change periodically.

**R 432.11014**

The change in frequency of the targeted behavior is that the casino licensee will have to provide the MGCB an emergency action plan upon request. Further, the casino licensee will no longer have to take certain steps during an emergency.

**R 432.11015**

The change in frequency of the targeted behavior is that a casino licensee's annual incident management training will have to be developed in cooperation with the Michigan State Police, City of Detroit Fire Department, City of Detroit Police Department and other emergency response agencies and approved by the MGCB.

**R 432.11018**

The change in frequency of the targeted behavior is having an operable portable telephone or 2-way radio communication equipment available at all times in all areas of the casino or casino enterprise.

**R 432.11208**

The change in frequency of the targeted behavior is that gaming employees who were previously prohibited from accepting tips and gratuities from patrons will now be allowed to accept tips and gratuities from patrons. Further, the casino licensee will have discretion to determine whether poker room dealers will keep their own tips under the restrictions set forth in the rules.

**R 432.11308 & R 432.11309**

The change in frequency of the targeted behavior is that checks will have to be deposited within 4 days instead of by the next business day. Further, the casino licensee will no longer be required to stamp “for deposit only” on each check it receives.

**R 432.11401, R 432.11402, & R 432.11405**

The change in frequency of the targeted behavior is that casino licensees will no longer have to notify the MGCB when gaming equipment is being delivered or removed from the casino gaming floor.

**R 432.11501 through R 432.11503**

The change in frequency of the targeted behavior is: (a) the patron will have 28 days instead of 21 days to submit a patron dispute; (b) the casino licensee must maintain any video or audio recording of the subject incident for the latter of 90 days or until the dispute is fully resolved; and, (c) the casino licensee will have a period of 14 days to investigate and resolve the patron dispute.

**R 432.11601 & R 432.11602**

The change in frequency of the targeted behavior is a casino licensee will be required to report updated information about a disassociated person to the MGCB when the casino licensee becomes aware of a change in the person’s information.

**B. Describe the difference between current behavior/practice and desired behavior/practice.**

**R 432.1101-R 432.1108, R 432.1210, R 432.1212, R 432.1214, R 432.1216, R 432.1221, R 432.1303, R 432.1304, R 432.1307, R 432.1308, R 432.1316, R 432.1321, R 432.1324, R 432.1326, R 432.1340, R 432.1402, R 432.1405, R 432.1406, R 432.1803, R 432.1804, R 432.1812, R 432.1819, R 432.1820, R 432.1831, R 432.1832, R 432.1835, R 432.1836, R 432.1839, R 432.1842, R 432.11001, R 432.11002, R 432.11005, R 432.11006, R 432.11007, R 432.11009, R 432.11013, R 432.11016, and R 432.11202**

The changes to these rules are for clarification purposes only. There will be little or no difference between current behavior/practice and desired behavior/practice.

**R 432.1204, R 432.1701, & R 432.1702**

The difference between current behavior and desired behavior is that documents filed with the MGCB will go to its principal office in Detroit and not Lansing.

**R 432.1215**

The difference between current behavior and desired behavior is that there will no longer be a central repository for all contracts at the casino premises. The casino licensee will still have to maintain copies of contracts but will not have to maintain them at its casino.

**R 432.1224**

The difference between current behavior and desired behavior is that a supplier licensee will no longer have to provide an immediate oral report of suspected criminal activity; the supplier licensee will be required to provide only a written report at the time the supplier becomes aware of the suspected criminal activity. The difference between the current behavior and the desired behavior is that a casino licensee or casino license applicant must notify the MGCB and Michigan state police when management of its security or surveillance department receives a request for assistance from law enforcement officers conducting business in a casino enterprise.

**R 432.1302**

The difference between current behavior and desired behavior is a person providing goods or services that are directly related to or affect gambling operations to a holder of a certificate of suitability will have to hold a supplier license. The rule change also requires occupational licensing of certain employees of a person with an exemption from the supplier-licensing requirements.

**R 432.1306, R 432.1312, R 432.1324, R 432.1330, & 432.1341**

The difference between the current behavior and the desired behavior is that the MGCB will be able to determine what information to request on an application, instead of the rules dictating what information must be requested.

**R 432.1322**

The difference between the current behavior and the desired behavior is that, by increasing the maximum monetary threshold at which a person is deemed to be supplying goods or services on a regular and continuing basis, the MGCB will have greater flexibility to grant exemptions from the supplier-licensing requirements and update exemption thresholds when appropriate.

**R 432.1323**

The difference between the current behavior and the desired behavior is that a casino licensee, casino license applicant, or holder of a certificate of suitability will be permitted to purchase, lease, or otherwise acquire goods or services from a person exempted from the supplier-licensing requirements.

**R 432.1325**

The difference between the current behavior and the desired behavior is that a temporary supplier license will only be valid while an application is pending or until the temporary supplier license is suspended, revoked, or expires.

**R 432.1327**

The difference between the current behavior and the desired behavior is that a supplier-license applicant that is conducting business with a casino licensee, casino license applicant, or holder of a certificate of suitability under a temporary license will have to stop providing goods and services if its license application is denied, even if it files an appeal. The rule change makes a MGCB decision to deny an application for a supplier license a finding that the applicant is ineligible, unsuitable, or unqualified for licensure. Such a finding results in the temporary supplier license expiring and the applicant being prohibited from providing goods and services to the casino licensee, casino license applicants, or holders of certificates of suitability.

**R 432.1331 through R 432.1334**

The difference between the current behavior and the desired behavior is: (a) an employee of a person exempted from supplier licensing will be required to obtain an occupational license before

performing certain functions; and, (b) the MGCB will expressly have authority to determine the appropriate level of occupational licensing, based on an employee’s authority and job description.

**R 432.1337**

The difference between the current behavior and the desired behavior is that a person working with a temporary license will be allowed to work in a licensed position only until the occupational-license application is withdrawn or denied or the temporary license is suspended or revoked, or a license is issued by the MGCB. Further, the temporary occupational license will no longer expire 90 days from when it is issued.

**R 432.1338**

There will be no change in the desired behavior because the Executive Director currently makes decisions on level 3 occupational license applications under authority delegated to him by the MGCB. The rule also ensures that when an application for an occupational license is denied the applicant cannot continue to perform duties requiring licensure.

**R 432.1339**

The difference between the current behavior and the desired behavior is that an occupational licensee, upon terminating employment with a casino licensee, will not be required to return the occupational license to the MGCB. Moreover, the rule change eliminates the specific information that must be found on an occupational license.

**R 432.1501 & R 432.1504**

The difference between the current behavior and the desired behavior is that the Executive Director will be able to approve certain transfers of ownership if the involved parties were already approved by the MGCB. The rule amendment also clarifies who must receive approval prior to a transfer of ownership.

**R 432.1508**

The difference between the current behavior and the desired behavior is that debt transaction documents will no longer have to be stamped “confidential” on each page.

**R 432.1509 & R 432.1511**

The difference between the current behavior and the desired behavior is that a person may enter into, but not close on, a debt transaction without MGCB approval.

**R 432.1701, R 432.1702, 432.1706, R 432.1707, & R 432.1712**

The difference between the current behavior and the desired behavior is that appeals will be processed in a shorter period.

**R 432.1715**

The difference between the current behavior and the desired behavior is that the MGCB will have additional time to decide whether to issue a declaratory ruling.

**R 432.1811**

The difference between the current behavior and the desired behavior is that the live gaming device drop box will no longer be required to state the type of game or the shift and will no longer have to be attached to the side of the live gaming device.

**R 432.1813**

The difference between the current behavior and the desired behavior is that casinos will no longer be required to receive decks of cards in single-deck boxes and, the deck boxes will no longer have to bear the manufacturer's identification name.

**R 432.1816**

The difference between the current behavior and the desired behavior is that a physical inventory of cards and dice will not have to be taken every three months. Instead, the casinos will maintain their daily inventory.

**R 432.1817**

The difference between current behavior and desired behavior is that the casino licensee will be able to mechanically verify that card decks are complete and will not have to sort the cards by hand.

**R 432.1821 through R 432.1823**

The difference between the current behavior and desired behavior is that: (a) chips will have to have a center design that it is not used outside the state of Michigan; (b) casino licensees will be able to also issue value chips in denominations of \$.25 and \$25,000.00; and (c) casino licensees will no longer be required to possess secondary value chips in denominations of \$5.00 or less.

**R 432.1826**

The difference between the current behavior and the desired behavior is that the casino licensee may be authorized to exchange chips at places other than the cages and tables, if approved by the MGCB. This rule change also eliminates the requirement that a casino licensee place signage regarding redeeming and wagering with foreign chips.

**R 432.1828**

The difference between the current behavior and the desired behavior is: (a) a manager from a department other than security can be present when the reserve chips or secondary chips are being moved; (b) the casino licensee's unredeemed liability of chips will be counted monthly instead of biweekly; (c) the physical inventory of chips in reserve will be taken biennially and not annually; and (d) the casino licensee, during nongaming hours, may store chips in another secured area of the casino besides the chip bank, vault, or locked compartment in a cashier's cage.

**R 432.1830**

The difference between the current behavior and the desired behavior is that the casino licensee will no longer have to submit a plan for the destruction of tokens.

**R 432.1833 & R 432.1834**

The difference between the current behavior and the desired behavior is that internal control procedures and amendments for the complimentary chip distribution program must be submitted 30 days before the proposed initiation of the program or amendment instead of 20 business days.

**R 432.1838**

The difference between the current behavior and the desired behavior is that the casino licensee will no longer have to provide the list of occupational licensees who have access to the

progressive controller and MGCB will no longer have to maintain a key for the progressive controller or accompany the casino licensee to unlock the progressive controller.

**R 432.1840**

The difference between the current behavior and the desired behavior is that the MGCB will not have to approve tournament rules within 30 days of receipt. The change also clarifies that once the rules for a tournament are approved by the MGCB, the casino licensee may offer the same tournament at any time.

**R 432.1841**

The difference between the current behavior and the desired behavior is: (a) a casino licensee utilizing a wide area progressive system will be required to suspend play on the system if a communication failure in the system cannot be corrected within 24 consecutive hours; (b) a licensee must notify the MGCB prior to an inspection of the wide-area progressive jackpot instead of having a MGCB agent accompanying the licensee on the inspection; and, (c) the MGCB may approve the monitoring of a wide-area progressive outside the state of Michigan.

**R 432.1843**

The difference between the current behavior and the desired behavior is that when a patron questions the operation of an EGD both the MGCB representative and casino licensee representative will not have to be present to resolve the issue. Further, the MGCB representative will have discretion to determine whether an EPROM memory test on a questioned EGD is required.

**R 432.1903 through R 432.1905**

The difference between the current behavior and the desired behavior is that casino licensees will have to (a) provide requested information on a proposed amendment to its internal controls procedures within 30 days or the request for amendment will be considered withdrawn; and (b) submit emergency amendments to internal control procedures within 14 days of the amendment.

**R 432.11003**

The difference between current behavior and desired behavior is that a casino licensee no longer has to search a detainee, remove and log his or her personal property, or complete certain forms.

**R 432.11004**

The difference between current behavior and desired behavior is that casino licensees will no longer be required to have two garage stalls for the armored car delivery.

**R 432.11008**

The difference between current behavior and desired behavior is that casino licensees will no longer have to display a notice that certain areas are under surveillance.

**R 432.11011**

The difference between current behavior and desired behavior is that a casino licensee will no longer have to change the surveillance log at each shift change. The rule change also eliminates unnecessary entries.

**R 432.11012**

The difference between current behavior and desired behavior is that the casino licensee will no longer have to provide a secure telephone line to the MGCB. The rule change will also base the number of MGCB parking spots on staffing needs.

**R 432.11014**

The difference between current behavior and desired behavior is that the casino licensee will have to submit its emergency action plan to the MGCB upon request, instead of only within the first 120 days of operation. Further, the rule change eliminates certain requirements placed on the casino licensee in an emergency.

**R 432.11015**

The difference between the current behavior and the desired behavior is that a casino licensee’s incident management training will have to be developed in cooperation with Michigan State Police, City of Detroit Fire Department, City of Detroit Police Department and other emergency response agencies and will have to have it approved by the MGCB, instead of having it administered by the MGCB and MSP.

**R 432.11018**

The difference between the current behavior and the desired behavior is that a casino licensee and a holder of a certificate of suitability will have to assure that portable telephone or 2-way radio communication equipment is operable from all areas of the casino or casino enterprise.

**R 432.11208**

The difference between the current behavior and the desired behavior is that with the limited exception of waiters, waitresses, bartenders or other food servers, casino employees were prohibited from accepting tips and gratuities, but under the amended rule, all gaming employees, except gambling operations key persons, and other employees who serve in a supervisory position will be allowed to accept tips or gratuities. The casino licensee will also be allowed to allow poker room dealers to keep their own tips under certain conditions.

**R 432.11304, R 432.11308, & R 432.11309**

The difference between the current behavior and the desired behavior is that the casino licensee will no longer have to time stamp a check upon receipt or stamp it with “for deposit only” upon receipt. Moreover, instead of depositing checks within the next business day, the casino licensee will have four days from receiving the check to deposit it.

**R 432.11401, R 432.11402 & R 432.11405**

The difference between the current behavior and the desired behavior is that the casino licensee may allow the movement of gaming equipment to the casino and off the casino gaming floor without notification to MGCB or MSP. This behavior/practice is different from the current procedure which requires notification and the presence of MGCB and/or MSP personnel.

**R 432.11501 through R 432.11503**

The difference between the current behavior and the desired behavior is that currently patrons only have 21 days to file a complaint and the amendment will give them 28 days. Currently, the casino licensee only has 10 days to try to resolve a patron complaint and the rule change will give them 14 days.

**R 432.11601 & R 432.11602**

The difference between the current behavior and the desired behavior is that the casino licensee will have to provide certain updated information it receives about a disassociated person to the MGCB, which is not currently required.

C. What is the desired outcome?

**R 432.1101-R 432.1108, R 432.1210, R 432.1214, R 432.1216, R 432.1221, R 432.1304, R 432.1307, R 432.1308, R 432.1316, R 432.1321, R 432.1324, R 432.1326, R 432.1340, R**

**432.1402, R 432.1405, R 432.1406, R 432.1803, R432.1804, R 432.1812, R 432.1819, R 432.1831, R 432.1832, R 432.1835, R 432.1836, R 432.1842, R 432.11202, & R 432.11203**

The desired outcome of these changes is clarity in the licensing, regulation, and enforcement process.

**R 432.1204, R 432.1701, and R 432.1702**

The desired outcome is that documents will be filed with the MGCB at its Detroit office and not in Lansing.

**R 432.1212**

The desired outcome is clarity on who is permitted to have a weapon in the casino.

**R 432.1215**

The desired outcome is to maintain access to all contracts, but provide flexibility in where they are located.

**R 432.1224**

The desired outcome is that a casino licensee or casino license applicant must notify the MGCB and Michigan state police when management of its security or surveillance department receives a request for assistance from law enforcement officers conducting business in a casino enterprise.

**R 432.1302**

The desired outcome is to encompass persons who supply goods or services that are directly related to or affect gambling operations to a holder of a certificate of suitability in the supplier-licensing requirements. The rule change also requires occupational licensing of an employee of a person with an exemption from the supplier-licensing requirements.

**R 432.1303**

The desired outcome is a uniform licensing fee for suppliers.

**R 432.1306, R 432.1312, R 432.1324, R 432.1330, & 432.1341**

The desired outcome is an application process that is less burdensome for an applicant or licensee but still provides necessary information to the MGCB to determine eligibility and suitability for licensure.

**R 432.1322**

The desired outcome is to provide greater flexibility to the MGCB to update exemption thresholds while retaining control to monitor transactions between suppliers and casinos.

**R 432.1323**

The desired outcome is to allow a casino licensee, casino license applicant, or holder of a certificate of suitability to purchase, lease, or otherwise acquire goods or services from a person exempted from the supplier-licensing requirements.

**R 432.1325**

The desired outcome is that a temporary supplier licensee will only have a valid license while its application is pending or until the temporary supplier license is suspended, revoked, or expires.

**R 432.1327**

The desired outcome is to require a business operating under a temporary supplier license to stop transacting business with a casino licensee, a casino license applicant, or a holder of a certificate of suitability when the MGCB denies its application for a supplier license, having found the applicant ineligible, unsuitable, or unqualified for licensure.

**R 432.1331 through R 432.1334**

The desired outcome is: (a) an employee of a person exempted from supplier licensing will be required to obtain an occupational-license before performing certain functions; and, (b) the MGCB will have authority to determine the appropriate level of occupational licensing based on an employee's authority and job description.

**R 432.1337**

The desired outcome is that a temporary occupational license will no longer have to be renewed pending completion of the background investigation because it will no longer expire. Further, the desired outcome is to clarify that a person working on a temporary license is allowed to work in a licensed position only until the occupational-license application is withdrawn, denied, or the temporary license is suspended or revoked, or a license is issued by the MGCB.

**R 432.1338**

The desired outcome is efficiency in processing applications for level 3 occupational licenses and ensuring a person who has been denied a license does not continue to perform duties which require licensure.

**R 432.1339**

The desired outcome is that an occupational licensee upon employment termination will not be required to return the occupational license to the MGCB. Moreover, the rule change eliminates the specific information that must be found on an occupational license.

**R 432.1501 & R 432.1504**

The desired outcome is to streamline the transfer of ownership process by clarifying who must receive approval prior to a transfer of ownership. The transfer of ownership process will also be streamlined by allowing the Executive Director to approve certain transfers of ownership interest if the involved parties were already approved by the MGCB.

**R 432.1508**

The desired outcome is to eliminate the necessity of stamping confidential on debt transaction papers in order to streamline the submission process.

**R 432.1509 & R 432.1511**

The desired outcome is to provide greater clarity on debt-transaction approval requirements. This recognizes the way in which business is transacted and still maintains regulatory oversight.

**R 432.1701, R 432.1702, 432.1706, R 432.1707, & R 432.1712**

The desired outcome is a shorter period to process appeals.

**R 432.1715**

The desired outcome is additional time for the MGCB to decide whether to issue a declaratory ruling.

**R 432.1811**

The desired outcome is that the live gaming device drop box will no longer require the type of game or the shift to be printed on the drop box and will no longer be attached to the side of the device.

**R 432.1813**

The desired outcome is to allow the casinos to receive multi-deck boxes of cards.

**R 432.1816**

The desired outcome of removing every three-month physical inventory of cards and dice is that inventory will be continuously maintained.

**R 432.1817**

The desired outcome is to permit mechanical verification of cards; eliminate the requirement of sequential sorting of cards by hand; and clarify the inspection process.

**R 432.1821 through R 432.1823**

The desired outcome is: (a) for a chip to have a unique center and edge design not used outside the state of Michigan; (b) for casino licensees to be able to issue \$.25 and \$25,000.00 value-chip denominations; and (c) to reduce required denominations of secondary set value chips to those greater than \$5.00.

**R 432.1826**

The desired outcome is for the casino licensee to be permitted to exchange chips at places other than the cages and tables, if approved by the MGCB. This rule change also eliminates the requirement that a casino licensee place signage regarding the redemption and wagering of foreign chips.

**R 432.1828**

The desired outcome is: (a) to permit a manager from a department other than security to be present when the reserve chips or secondary chips are being moved; (b) to reduce the frequency of counting the casino licensee's unredeemed liability of chips and the physical inventory of chips in reserve ; and (c) to permit the casino licensee, during nongaming hours, to store chips in a secured area of the casino besides the chip bank, vault, or locked compartment in a cashier's cage.

**R 432.1830**

The desired outcome is that the casino licensee will no longer have to submit a plan for the destruction of tokens because tokens are obsolete.

**R 432.1833 & R 432.1834**

The desired outcome is that internal control procedures and amendments for the complimentary chip distribution program will be submitted 30 days before the proposed initiation of the program or amendment instead of 20 business days.

**R 432.1838**

The desired outcome is that the casino licensee will no longer have to provide the list of occupational licensees who have access to the progressive controller and MGCB will no longer have to maintain a key for the progressive controller or accompany the casino licensee to unlock the progressive controller.

**R 432.1839**

The desired outcome is clarification of the submission and approval process for electronic gaming devices prior to use by the casino licensee. The rule change will also permit the MGCB to adopt new technical specifications by order or resolution.

**R 432.1840**

The desired outcome is that the MGCB will not have to approve rules within 30 days of receipt. The change also clarifies that once the rules for a tournament are approved by the MGCB, the casino licensee can offer the same tournament at any time.

**R 432.1841**

The desired outcome is: (a) a casino licensee utilizing a wide area progressive system will be required to suspend play on the system if a communication failure in the system cannot be corrected within 24 consecutive hours; (b) a licensee must notify the MGCB prior to an inspection of the wide-area progressive jackpot instead of having a MGCB agent accompanying the licensee on the inspection; and, (c) MGCB may approve the monitoring of a wide-area progressive outside the state of Michigan.

**R 432.1843**

The desired outcome is that the MGCB representative will not have to be present to resolve a patron complaint about an EGD and the MGCB representative will have discretion as to when an EPROM memory test on a questioned EGD will be conducted.

**R 432.1903 through R 432.1905**

The desired outcome is: (a) removing terms no longer being used; (b) adding a requirement for the casino licensee to provide requested information on an amendment to internal controls procedures within 30 days or the request for amendment will be considered withdrawn; and (c) requiring emergency amendment of internal control procedures to be submitted within 14 days.

**R 432.11001-11009 & R 432.11011-11016**

The desired outcome is operational efficiency while maintaining security and safety of all parties. Moreover, the MGCB will be able to have additional parking spaces based on staffing needs.

**R 432.11018**

The desired outcome is to assure operable portable telephone or 2-way radio communication equipment from all areas of the casino or casino enterprise.

**R 432.11208**

The desired outcome is to let certain gaming employees accept tips or gratuities from any patron. It is also to provide the casino licensee with discretion to allow poker room dealers to keep their own tips under certain circumstances.

**R 432.11304, R 432.11308, & R 432.11309**

The desired outcome is clarification to the procedures used by the casino licensee when a patron is establishing credit and a streamline of process to take into account technologic advances in banking.

**R 432.11401, R 432.11402, & R 432.11405**

The desired outcome is operational efficiency while maintaining regulatory oversight of electronic gaming equipment and live gaming device movement.

**R 432.11501 through R 432.11503**

The desired outcome of giving a patron additional time to file a complaint and giving the casino licensee additional time to attempt to resolve the patron complaint is that patrons will have a greater amount of time to decide whether to file a patron complaint and the casino licensee will have additional time to try to resolve the patron complaint.

**R 432.11601 & R 432.11602**

The desired outcome is maintaining current and accurate information about persons who have voluntarily excluded themselves from the casinos and to strengthen efforts to prevent the casino licensees from sending promotional materials to those persons.

5. Identify the harm resulting from the behavior that the proposed rule(s) are designed to alter and the likelihood that the harm will occur in the absence of the rule.

The current rules have requirements that are outdated by technologic advances and changes in industry standard operating procedures. If the rules are not changed, operational efficiencies for licensees cannot be implemented and enforcement activities are not prioritized.

- A. What is the rationale for changing the rule(s) instead of leaving them as currently written?

The rationale for changing the rules is to lessen the burden on the licensees without jeopardizing regulatory enforcement activity or the integrity of casino gaming. The changes also allow for clarification of processes and procedures.

6. Describe how the proposed rule(s) protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

The proposed rules provide for the continued strict regulation of casino gaming because of its susceptibility to criminal behavior. The strict regulation of casino gaming protects the health, safety, and welfare of Michigan citizens.

7. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

**R 432.1336** is being rescinded because its provisions have been incorporated into rule R 432.1337 when it states an applicant must complete and submit an application in the manner and form prescribed by the MGCB.

**R 432.1506** is being rescinded because the repurchase of an interest is addressed in R 432.1501.

**R 432.1704** is being rescinded because discovery is not allowed in contested cases. See R 792.11017.

**R 432.1713** is being rescinded because the status of an applicant or person put on the exclusion list is addressed in other rules.

**R 432.1824 & R 432.1829** are being rescinded because tokens are no longer used by casino licensees.

**R 432.1825** is being rescinded because the language was moved to R 432.1832.

**R 432.11010** is being rescinded because the State of Michigan installs its own phone system and therefore, there is no need to have a dedicated line installed by the casino licensee.

**R 432.11017** is being rescinded because it is understood that if you are working in a casino you are being surveilled.

**R 432.11404** is being rescinded because the language was partially incorporated into R 432.11405 and notice of movement of live gaming device was eliminated.

**Fiscal Impact on the Agency:**

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursement rates, etc. over and above what is currently expended for that function. It does not include more intangible costs or benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

8. Describe the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings).

Other than the costs to promulgate the proposed rules, the MGCB does not anticipate any additional costs or savings.

9. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rule(s).

The funding source for any expenditures associated with the proposed rules will be paid for as prescribed in §12a of the Gaming Control and Revenue Act, MCL 432.212a.

10. Describe how the proposed rule(s) is necessary and suitable to accomplish its purpose, in relationship to the burden(s) it places on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed rules provide for the strict regulation of casino gaming. Any burden on an applicant or licensee is necessary to maintain the regulatory structure.

- A. Despite the identified burden(s), identify how the requirements in the rule(s) are still needed and reasonable compared to the burdens.

Any burden on an applicant or licensee is necessary for the strict regulation of casino gaming.

**Impact on Other State or Local Governmental Units:**

11. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for such other state or local governmental units as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The proposed rules do not establish any new requirements that would either increase or decrease the revenues for state or local government units.

- A. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

The proposed rules do not establish any cost increase or reductions for other state or local governmental units.

12. Discuss any program, service, duty or responsibility imposed upon any city, county, town, village, or school district by the rule(s).

Rule 432.11015 requires the casino to develop annual incident management training in cooperation with the Michigan State Police, city of Detroit police department, city of Detroit fire department, and other emergency response agencies.

A. Describe any actions that governmental units must take to be in compliance with the rule(s). This section should include items such as record keeping and reporting requirements or changing operational practices.

Michigan State Police, city of Detroit police department, city of Detroit fire department, and other emergency response agencies must work with the casino to develop annual incident management training.

13. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rule(s).

No additional appropriations or funding source has been provided.

**Rural Impact:**

14. In general, what impact will the rule(s) have on rural areas?

The proposed rules have no impact on rural areas.

A. Describe the types of public or private interests in rural areas that will be affected by the rule(s).

The proposed rules have no impact on public or private interests in rural areas.

**Environmental Impact:**

15. Do the proposed rule(s) have any impact on the environment? If yes, please explain.

The proposed rules have no impact on the environment.

**Small Business Impact Statement:**

16. Describe whether and how the agency considered exempting small businesses from the proposed rule(s).

Under the Gaming Control and Revenue Act, a business must be licensed to supply gaming related goods and services to a casino licensee, MCL 432.207a; thus, the MGCB cannot exempt small businesses from the proposed rules. However, the proposed rules increase the monetary threshold at which a non-gaming related business must become licensed, which may mean that certain businesses do not have to become licensed. The rules do not have a disproportionate impact on small businesses because of their size. See MCL 24.240(1).

17. If small businesses are not exempt, describe (a) how the agency reduced the economic impact of the proposed rule(s) on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rule(s) upon small businesses as described below, per MCL 24.240(1)(a)-(d), or (b) the reasons such a reduction was not lawful or feasible.

The strict regulation of casino gaming is necessary. Therefore, it was not possible to specifically exempt small businesses from the supplier-licensing requirements. However, by increasing the monetary threshold at which a business must become licensed, the MGCB has potentially reduced the economic impact of the rules on all qualifying businesses.

A. Identify and estimate the number of small businesses affected by the proposed rule(s) and the probable effect on small business.

Potentially hundreds of businesses will be affected positively with the increased monetary threshold for licensing. Not having to be licensed reduces the economic impact to the business.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rule after projecting the required reporting, record-keeping, and other administrative costs.

Once the MGCB determines a business must be licensed, there are no differences in compliance, reporting requirements, or timetables for the businesses.

**C.** Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

The MGCB did not consolidate or simplify compliance or reporting requirements for businesses that must be licensed.

**D.** Describe how the agency established performance standards to replace design or operation standards required by the proposed rule(s).

The MGCB did not establish performance standards to replace design or operation standards for businesses that must be licensed.

**18.** Identify any disproportionate impact the proposed rule(s) may have on small businesses because of their size or geographic location.

The proposed rules do not have an impact on a business based on its size or geographic location. The licensing requirements are not based on a size or geographic location requirement.

**19.** Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rule(s).

The proposed rules do not add additional reporting requirements; thus, there is no estimated cost for preparation of a report by a business.

**20.** Analyze the costs of compliance for all small businesses affected by the proposed rule(s), including costs of equipment, supplies, labor, and increased administrative costs.

The proposed rules authorize an increase in the application fee for supplier licensing.

**21.** Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rule(s).

Businesses will not likely incur any costs for legal, consulting, or accounting services as a result of the proposed rules.

**22.** Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

Businesses will be able to absorb the application fee without suffering economic harm and without adversely affecting competition in the marketplace.

**23.** Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The rules do not exempt or set lesser standards for compliance by small businesses.

**24.** Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

Casino gaming is a strictly regulated industry and the regulatory structure is made to protect the public interest. The proposed rules do not change this.

**25.** Describe whether and how the agency has involved small businesses in the development of the proposed rule(s).

In processing applications for supplier licenses, the applicants have expressed varied and numerous concerns with the process. The MGCB weighed the input from the applicants against the mission of the agency to establish reasonable exemption thresholds.

- A.** If small businesses were involved in the development of the rule(s), please identify the business(es).  
During 2017 there were approximately 96 anonymous customer survey responses related to casino suppliers and vendors.

**Cost-Benefit Analysis of Rules (independent of statutory impact):**

- 26.** Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

We do not anticipate increased compliance costs with these amendments except that the tiered supplier license application fee system has been removed. Applicants for a supplier license will pay a flat fee of \$2,500.00.

- A.** Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rule(s).

A casino licensee will directly benefit from these rule changes because of increased efficiencies in reporting requirements, physical controls, and labor. A business supplying goods or services to a casino licensee may directly benefit from the increased threshold by which the MGCB determines if a person is transacting business with a casino on a regular and continuing basis. The change will provide a greater opportunity for persons to do business with a casino licensee without the necessity of full licensure.

- B.** What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

There should be no additional costs related to equipment, supplies, labor, accounting, or recordkeeping as a result of these rules.

- 27.** Estimate the actual statewide compliance costs of the proposed rule(s) on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

We do not anticipate increased compliance costs with these amendments except that the tiered supplier license application fee system has been removed. Applicants for a supplier license will pay a flat fee of \$2,500.00.

- A.** How many and what category of individuals will be affected by the rules?

An individual required to file an application for a supplier license will be affected by the flat fee requirement.

- B.** What qualitative and quantitative impact does the proposed change in rule(s) have on these individuals?

The qualitative and quantitative impact on individuals is minimal. Currently an individual conducting more than \$500,000 worth of business with a casino pays the \$2,500 application fee. If the individual only conducts between \$100,000 and \$500,000 with a casino, the fee was \$1,000. Because under the proposed rules an individual can be exempted from supplier licensing if conducting less than \$400,000 in business with a casino, only those individuals between \$400,000 and \$500,000 will see an increase in application fee.

- 28.** Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rule(s).

By increasing the monetary threshold under which a person must apply for a supplier license when providing non-gaming related goods and services to a casino licensee, the business application fee will be

reduced from \$2,500, \$1,000, or \$500 (depending on the amount of goods and services provided to the casino licensee in a 12-month period) to \$200 vendor exemption application fee. See R 432.1322(1).

The casino licensee will potentially have a cost reduction in the following situations: (a) when not having to retain all contracts at a central repository within the casino premises; (b) when receiving multi-deck reshuffled playing cards instead of single deck playing cards; (c) by eliminating denominations of \$5.00 and less on secondary sets of value chips; (d) when conducting a monthly instead of biweekly computation of unredeemed liability for each denomination of chips; (e) when having to conduct only a biennial instead of annual physical inventory of chips in reserve; (f) when not having to provide a dedicated phone system to the MGCB in each casino; (g) when not having to post that employees are under surveillance; (h) when not having to provide written acknowledgment from each employee that he or she is under surveillance at time of hire or before position change; and, (i) when no longer having to provide notice to MGCB staff of gaming equipment movement. See R 432.1215, R 432.1813, R 432.1817, R 432.1823, R 432.1828, R 432.11011, R 432.11012, R 432.11017, R 432.11402, and R 432.11404.

29. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rule(s). Provide both quantitative and qualitative information, as well as your assumptions.

The proposed rules will benefit those regulated by the MGCB because of the process clarifications and improvements, consistency with industry standards, and simplification of the licensing process including approval of gaming related and non-gaming related equipment. The direct benefit to the public is the continued strict regulation of casino gaming.

30. Explain how the proposed rule(s) will impact business growth and job creation (or elimination) in Michigan.

The MGCB does not expect job creation or elimination as a result of the rule changes. The proposed rules increasing the monetary threshold for supplier licensing could create business growth for those supplying non-gaming related goods and services to casino licensees.

31. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

There will be no disproportionate effect on individuals or businesses as a result of the proposed rules.

32. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of a proposed rule(s) and a cost-benefit analysis of the proposed rule(s).

The MGCB relied upon its regulatory experience to determine the impact of the rules.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., which demonstrate a need for the proposed rule(s).

The cost reduction to the businesses providing goods and services to the casino licensees is based on the annual submission of 889 applications for a license or exemption each year. Cost reduction to the casino licensee is based in part on the MGCB's regulatory experience and knowledge of casino operations.

**Alternatives to Regulation:**

33. Identify any reasonable alternatives to the proposed rule(s) that would achieve the same or similar goals. Include any statutory amendments that may be necessary to achieve such alternatives.

No reasonable alternative exists to achieve the desired result of continued strict regulation of casino gaming.

A. In enumerating your alternatives, include any statutory amendments that may be necessary to achieve such alternatives.

There are no statutory amendments necessary because there are no reasonable alternatives to the proposed rules to achieve the desired result of continued strict regulation of casino gaming.

34. Discuss the feasibility of establishing a regulatory program similar to that in the proposed rule(s) that would operate through private market-based mechanisms. Include a discussion of private market-based systems utilized by other states.

The Legislature has granted the MGCB the sole authority and responsibility for the licensing, regulations, and enforcement of casino gaming. There is no feasibility of establishing a regulatory program to operate a casino gaming system through a private market-based mechanism.

35. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rule(s). This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

Because of the nature of casino gaming, strict regulation is necessary and no alternatives to strict regulation were considered. In developing the rules, casino and supplier licensees were given the opportunity to provide alternative language. Some alternative language proposed by the casino and supplier licensees was incorporated into the proposed rules.

**Additional Information:**

36. As required by MCL 24.245b(1)(c), describe any instructions on complying with the rule(s), if applicable.

There are no instructions regarding the method of complying with the rules.

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 ↓ To be completed by the ORR ↓

**PART 4: REVIEW BY THE ORR**

Date RISCBA received:	10-29-2018
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Date RISCBA approved:	11/14/18
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Date of disapproval:	
Explanation:	