

Economic Impact Statement

LSA Document #20-466

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

IC 4-22-2.1-5(a) provides that an agency that intends to adopt a rule under IC 4-22-2 that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in IC 4-22-2.1-5(b). That statement must be submitted to the Indiana Economic Development Corporation (IEDC). The IEDC is required to review the rule and submit written comments to the agency not later than seven days before the public hearing.

The Indiana Gaming Commission (IGC) proposes a rule that repeals the current charity gaming rule and replaces it with an updated rule to incorporate statutory changes made during the 2019 legislative session.

Estimated Number of Small Businesses Affected:

The provisions of the proposed rule primarily apply to nonprofit organizations that conduct charitable gaming activities. A small number of provisions apply to manufacturers and distributors of licensed supply, which are certain products designed to be used in charitable gaming activities. As of September 29, 2020, the IGC estimates that one (1) manufacturer out of 12, and 17 distributors out of 26, meet the statutory definition of a small business. The impact on these small business is expected to be minimal.

Pursuant to IC 4-22-2.1-4, a small business is a business entity that satisfies the following requirements:

- (1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.
- (2) The majority of the employees of the business entity work in Indiana.

Estimated Administrative Costs Imposed on Small Businesses:

There are no new administrative costs imposed on small businesses. Recordkeeping and reporting requirements remain the same as under the current administrative rule. The total estimated administrative costs imposed on small businesses is approximately \$12,000.

Estimated Total Annual Economic Impact on Small Businesses:

Under the current administrative rule, manufacturers and distributors are required to pay an annual \$5,000 license fee, which will remain the same under the proposed rule. The IGC estimates that there will be \$17,000 total annual fiscal impact on small businesses as a result of compliance with this proposed rule. This figure represents the total estimated administrative costs imposed on small businesses of \$12,000 plus the \$5,000 annual license fee.

Justification of Requirements or Costs:

The minor costs imposed are justified because the IGC performs due diligence on these entities to ensure they meet statutory requirements to manufacture or distribute licensed supply. Requiring licensure and oversight of these entities accords qualified organizations consumer protection. Further, records required to be maintained by a manufacturer or distributor are frequently used to assist investigations and conduct regulatory oversight to ensure the integrity of charitable gaming activities and reduce illegal gambling in Indiana.

Regulatory Flexibility Analysis:

The Commission does not propose an alternative regulatory method.

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