

May 3, 2001

ADDITIONAL PAYOUTS

Due to some confusion on what constitutes an additional payout, the Division is providing the following clarification for all casinos. In the most basic form, an additional payout is an award based on a specific wager in addition to what the slot machine's par sheet specifies. For example, if the top award on the slot machine's par sheet is \$10,000, any additional money, the cost of merchandise, vehicles, etc., the casino elects to award above the \$10,000 is the additional payout amount. Another example is if the top award on the slot machine's par sheet is \$10,000 and the casino awards a vehicle as the top award costing the casino \$25,000, then the additional payout amount is \$15,000.

In order for the casino to be able to deduct the additional payout on the gaming tax return, the casino must meet the following requirements:

1. Prior to offering the additional payout to patrons, the casino must notify the Division in writing at least seven days in advance using the additional payout request form provided by the Division. A copy of this form is available in the Slots section of the Internal Control Minimum Procedures (ICMP).
2. Upon receipt and review of the additional payout request form, the Division will provide the casino written authorization for the additional payout. The casino **must** receive written authorization from the Division before offering the additional payout. Any additional payouts awarded prior to receiving written authorization from the Division are not an allowable deduction and can not be included on the gaming tax return.
3. The casino must clearly mark **all** slot machines offering an additional payout in such a manner to inform all patrons of the description of the additional payout, the times and conditions necessary for the additional payout to occur, and the dollar value of the additional payout. In cases where the casino elects to offer an item other than cash (i.e. car, motorcycle, merchandise), the casino may state the item only and not the dollar amount of the item, if the item is the only award. Additionally, if the casino elects to allow the patron to choose between two awards as additional payouts, then both awards must be posted.
4. The patron must sign all additional payout jackpot slips, regardless of the payout amount. The jackpot slip must show the machine's jackpot amount and the same jackpot slip must show the additional payout amount. From the vehicle example above, the casino will show a jackpot of \$10,000 on the jackpot slip and an additional payout of \$15,000 on the same jackpot slip.
5. The casino must ensure that the theoretical payback percentage on all slot machines offering an additional payout does not exceed 100% over the cycle of the game.

The Division authorizes additional payouts in six-month increments. If the additional payout program is going to extend beyond six months, the casino must resubmit the additional payout request in its entirety and obtain written authorization from the Division before the end of the six-month period.

During the six-month period the casino offers the additional payout, the casino must ensure any changes to the additional payout program are communicated immediately to the Division in writing. Updates to the additional payout program should include changes to any of the information on the additional payout request form such as the deletion of slot machines, adding new machines, changing machine numbers, canceling the additional payout program, changing the award amount, changing the times and conditions of the additional payout program, etc. The Division will provide written notice to the casino on any updates it receives.

Promotions are another means a casino may choose to award additional prizes and money to patrons. Promotional awards are not deductible on the gaming tax return. Promotions are not typically based on a specific wager and are more in the form of giveaways based on drawings, slot club points earned, etc. Casinos are not required to submit promotions to the Division for approval; however, the Division will review any promotions submitted to help mitigate potential patron disputes.

Refer to the ICMP Slots section D for full details on additional payout requirements. If you have questions regarding the offering of additional payouts at your casino, you can contact the Division's Audit Section for further information or clarification.