



**COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL**

September 15, 2011

Honorable Mike Brubaker  
Chairman  
Senate Finance Committee  
Senate of Pennsylvania  
Room 168, Main Capitol  
Harrisburg, PA 17120-3036

Re: Public Comments – 15-451  
Department of Revenue  
Notice of Proposed Rulemaking  
Local Option Small Games of Chance

Dear Senator Brubaker:

In accordance with Section 5(c) of the Regulatory Review Act (71 P.S. § 745.5(c)), please find the enclosed public comments received by the Department on Regulation 15-451, Local Option Small Games of Chance.

If you have any questions regarding this matter, please contact me at (717) 783-7524.

Sincerely,

A handwritten signature in cursive script that reads "Mary R. Sprunk".

Mary R. Sprunk  
Regulatory Coordinator

Enclosures

MRS:tnk  
#31808





September 7, 2011

Mary R. Sprunk  
Office of the Chief Counsel  
Department of Revenue  
P.O. Box 281061  
Harrisburg, PA 17128-1061

Dear Ms. Sprunk:

I am writing on behalf of Lancaster Bingo Company, Inc., a licensed distributor and manufacturer of small games of chance in the Commonwealth of Pennsylvania. For your reference, we are license numbers D-0069 and M-0053 and have been licensed to sell small games of chance in Pennsylvania for more than 18 years.

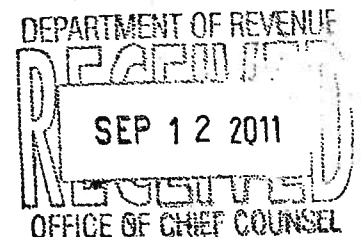
The purpose of my letter is to comment on and object to the Proposed Rulemakings by the Department of Revenue to amend 61 PA. CODE CH. 901, relating to Local Option Small Games of Chance, as published in The Pennsylvania Bulletin on August 27, 2011, 41 Pa.B. 4638.

Here are our comments, concerns and objections:

1. **Sections 901.117(a)(1) and 901.151(a)(1) Mandatory denial and revocation.** The Department will deny a manufacturer's/distributor's application for registration and certificate and will revoke a registration and certificate if the applicant or licensed manufacturer/distributor fails to do one of the following:

- (1) File a complete application

**Comments:** It has been our experience in the past that if the Department would need additional information or a mistake on the application is made, the Department would contact us and we would quickly rectify the issues. Will we still have an opportunity to do this? This seems quite serious for an incomplete application and could easily be subjectively applied. License revocations and denials have to be reported to other state regulatory agencies during our licensing process with these other jurisdictions. A license denial or revocation in Pennsylvania for an unintentional omission could lead to administrative actions by other jurisdictions. This new language is excessive we believe and could result in unintended consequences for both applicants and for the State of Pennsylvania.



Suggestion: Can language be added that allows for corrections or additional information to be made and provided within a specific time frame, perhaps 10 days, before the application is denied and the license revoked? Our concern is that by stating that it is a "mandatory denial and revocation" should the application be "incomplete" that this leaves no room for unintentional omissions or errors. Another suggestion might be to insert in (a) language such as: "if the applicant or registered manufacturer/distributor *with willful intent to withhold required information* fails to file a complete application." We hope you will reconsider this language so that inadvertent errors or omissions do not result in the automatic denial and revocation of a manufacturer or distributor license that is in every other regard acceptable to the Commonwealth.

2. Section 901.425 (1)(v) and 901.445(1)(v) and (vi) Records...Sales Invoices...For sales to a Pennsylvania registered manufacturer or Pennsylvania licensed distributor, the manufacturer shall indicate on the invoice each game that the Department has approved and not approved for sale in this Commonwealth.

For sales to a Pennsylvania licensed distributor, the distributor shall indicate on the invoice each game that the Department has approved and not approved for sale in this Commonwealth.

For sales to a Pennsylvania licensed eligible organization, the distributor shall confirm that the Department has approved for sale in this Commonwealth each game listed on the invoice and provide a written statement on the invoice affirming that each game listed on the invoice has been approved for sale in this Commonwealth.

Comments: We currently sell our products in 8 different state jurisdictions and we analyze each product and determine if it is legal within the statutory and regulatory framework for each of these jurisdictions. And we follow the requirements in Pennsylvania and submit all games for approval prior to sale. The proposed rule above will now require us to change our software programs so that our invoices will somehow print out a statement on each game regarding the approval process. This will restrict our ability to maintain a general inventory and may require that we maintain a completely separate inventory of Pennsylvania games and products. And, it appears that we will need to maintain separate invoice paper for Pennsylvania that includes a blanket statement regarding the approval of the games. Obviously, software, inventory and other additional costs will result for us should this rule take place.

Suggestion: Audit invoices and implement a disciplinary process should a manufacturer and/or distributor be found to be willfully selling products in Pennsylvania that have not been approved for sale. Consider revocation of licensing should this action continue. Requiring expensive software changes or asking for Distributors and Manufacturers to merely make statements on their invoices regarding compliance with the approval process will not ensure compliance but will result in more costs to those Distributors and Manufacturers that are already working to comply with current requirements. This will in turn increase prices for charitable organizations in Pennsylvania.

3. **Section 901.601 Uniform minimum quality standards (d) Sub-deals.** A deal in a pull-tab game may not be segregated into sub-deals or portions. A pull-tab game may not be manufactured so that a part of a deal may be distinguished or played separately from the rest of the deal in a pull-tab game.

**Comments:** Sub-Deals should be permitted as it is a primary way for smaller charities to offer pull-tab games with larger prizes. Smaller charities may not be able to play an entire 4,000 count deal in one session, but can easily play a couple of sub-deals of 200-300 count.

These sub-deals should be identical in count, number of winners, and losers and holders, if any.

4. **Section 901.632 (b) Predetermination of rules, winning chances, and prizes...**A registered manufacturer may not produce a pull-tab game or punchboard for sale or use in this Commonwealth that permits the operator or a participant in the game to choose between optional game rules, payout structures or methods of operating the game.

**Comments:** By restricting ALL options, even those that allow the game to be played within the current prize limitations, this rule will again increase costs by requiring the production of separate games and approvals. Games are regularly manufactured with seal cards that allow the operator to determine if there is one winner at \$500; two winners at \$250 each; or, five winners at \$100 each. This allows the manufacturer to produce several games and it allows the organization to determine which structure will work best for their market and players. Restricting these legal options will result in fewer games being available in Pennsylvania and additional costs to manufacturers and distributors, and ultimately to charitable organizations, in trying to meet the demand for various payout structures.

**Suggestion:** Instead of restricting all options, require that the seal cards only allow payout structures that fall within current statutory limitations and implement a disciplinary procedure that limits the ability for a distributor and/or manufacturer to renew their license should their games contain seal cards with prize structure options that are not legal with the current statute. In addition, require that these options appear on the tickets themselves so that players are fully aware of the payout options and can then ensure compliance by the operators.

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As you are in the process of rulemaking, we would like the Commonwealth to consider allowing the use of "bingo event tickets." Bingo event tickets are permitted by North American Gaming Regulators Association (NAGRA) standards for play with or without a seal card. These games are used in many jurisdictions successfully by charities in their fundraising efforts. They encourage audience participation and add fun and excitement to the charities' small games of chance offerings. The language defining Event Tickets by NAGRA is as follows:

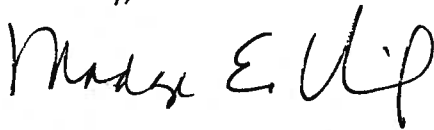
Event Game means a type of pull-tab game, played with or without a seal card, in which certain prizes are determined by the draw of a bingo ball or by some other approved specified event.

The approved specified event must consist of a method of randomly selecting numbers or symbols that correspond to the numbers or symbols printed by the manufacturer on the pull-tab.

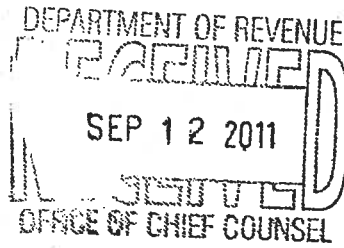
Again, these games are very popular in charitable jurisdictions throughout the country and are endorsed by NAGRA as a pull tab game.

Thank you for the opportunity to provide written comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Madge E. Vail". The signature is written in a cursive style with a large, looped initial "M".

Madge E. Vail  
Regulatory Compliance Officer  
Lancaster Bingo Company, Inc  
740-652-2544



Dear Mary

My Name Is Jerold A. Hoover, I'm a Small Games of Chance Distributer. My # is D-0002.

This Letter is Concerning Multiple Payout Options on Seal Cards.

I Have And Use A lot of the Seal Cards With 1-100<sup>00</sup> OR 2-50<sup>00</sup> OR 4-25<sup>00</sup> Payouts. Bings And Small Clubs Use these And Can Change The Payouts. Its Like Having 3 games in 1.

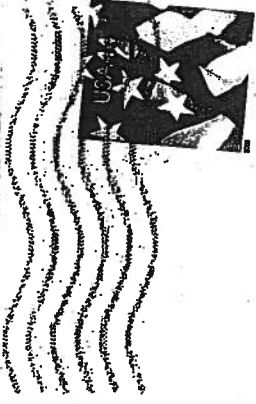
I'm Under the Understanding from the August 27<sup>th</sup> Pa Bulletin that these Games Mite Be No Longer Allowed.

Please Do Whatever You Can Do to Keep these Games In Play.  
Thank You  
Jerold A. Hoover

Hoooven's  
1019 Faunce Road  
Olanta, PA 16863  
814-236-2589

RECEIVED BY FAX

08 SEP 2011 11:17



Mary R. Sprunk  
Office of Chief Counsel  
Department of Revenue  
PO Box 281061

Harrisburg Pa. 17128-1061  
17128-1061

Glenn F Griffin  
267 S Franklin St  
Prospect PA 16052

Mary R Sprunk  
Office of Chief Counsel  
Dept of Revenue  
PO Box 281061  
Harrisburg PA 17128-1061


To whom it may concern:

I am writing regarding the proposed rule enforcement changes in the Small Games of Chance law as outlined in the PA Bulletin of August 27.

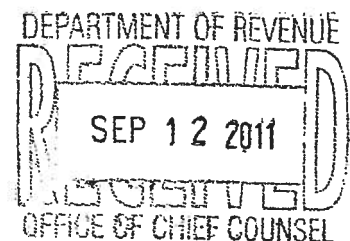
I can see no need or usefulness in any of these proposed changes. I don't believe the state, charitable games or their patrons are hurt or disadvantaged by the current disposition of the law. In fact, the industry is already at a considerable disadvantage to the casinos due to non-smoking exemptions and higher payout and jackpot allowances. These new rules would require a great amount of additional record keeping and increased inventory on the part of distributors. They would be forced to keep a complete separate inventory for PA, since no other state has any such restrictive and ridiculous rule preventing options on seal cards and variety packs.

Bingo and the Small Games of Chance are a primary and crucial fund raiser for many Volunteer Fire Dpets, Parochial Schools and Benevolent Orgs. I would strongly urge you to reconsider implementing these changes.

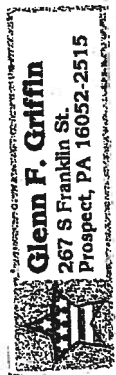
Thank you,



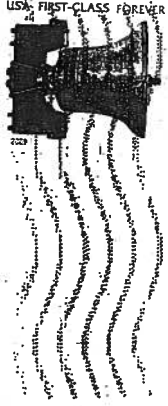
Glenn F Griffin







Glenn F. Griffin  
267 S Franklin St.  
Prospect, PA 16052-2515

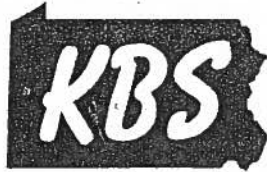


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Mary R Sprunk  
Office of Chief Counsel  
Dept of Revenue  
P O Box 281061  
Harrisburg PA 17128-1061

17128-1061



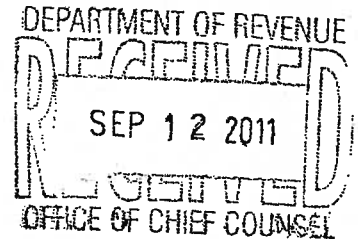


# KEYSTONE BINGO SUPPLY

PO BOX 350, 1625 JOHN BRADY DR., MUNCY, PA 17756

August 30, 2011

PA Dept. of Revenue  
Bureau of Trust Fund Taxes  
Harrisburg, PA 17128-0906



REFERENCE: Proposed changed in Seal Cards

Ladies and Gentlemen:

In talking to our manufacturers, we discovered that you are proposing to eliminate multi-option seal cards. I have many concerns about how this change would gravely impact the charities and would like to share them with you.

The number of seal card games that have multiple seals is approximately 99%, normally with three options. If you change this rule, for every one game they make now, they would have to make three, which I'm sure they wouldn't do because it would not be cost effective. If a seal card had a \$500 payout, the options would be 1 @ \$500 or 2 @ \$250 or 5 @ \$100. In our market, 60% of the charities would use 5 @ \$100; 30% would use 1 @ \$500; and 10% would use 2 @ \$250. Using these percentages, the manufacturers would only make the 5 @ \$100 because they would not sell enough to make the other two options. Or if they did, the price would go up considerably because they would have to run small quantities. This higher cost would then be passed on to the charity. These charities are having trouble making ends meet now without adding unnecessary costs. In a bingo hall, usually the number of players is what determines the payout they use. I would estimate that 99.9% of the time, either the charity announces how they are paying out the game or a player will ask how it is being paid out as they purchase them.

Making any kind of change like this would continue to hurt the charities as did allowing casinos in PA. Our charities, (VFW's, Legions and fire companies) are down between 20 to 40% since the casinos started and the enforcement of the \$5,000 law. We have about 15% of our bingo halls shut down because they could not make any money. I am not opposed to the casinos, however the charities do a lot of good work for our communities and this would just be another way of pushing them to close their doors. We have enough problems in PA without trying to put the charities out of business. The fire company in my area says that 50% of their income is from games of chance. Does the state have any idea how they can raise that money?

I also understand that you would have this go into effect 30 days after you make this change. We turn our inventory about once every four months on the good items and once a year on the not-so-good items. So by making this change, would the state of PA be willing to buy back our inventory, because

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FAX 570-546-3215

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the manufacturers will not. As you know, we only sell games that you have approved. If this change takes place, we should be able to sell through the games we have in stock.

One other thing to consider is that these multi-seal cards are not made just for PA. The states that allow multi-seal cards would still want them. Under your proposed change, the manufacturer would have to make four different games: multi-seal option and the other three listed above. This again would increase manufacturing costs.

In conclusion, I caution you against micro-managing that which you may not fully understand. I would suggest that you and your staff go to a VFW to see how a charity runs and then go to a bingo and see how a bingo is run. With the \$5,000 law, a charity can only make about \$1,400 a week, which is certainly not enough to cover a lot of their expenses.

I know it is a law you did not make it; however adding more obstacles to these already struggling organizations is certainly going to close more doors.

Thank you for your time in the matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael C. Philbin', written in a cursive style.

Michael C. Philbin  
President

Dlp

**KEYSTONE BINGO SUPPLY, INC**  
PO BOX 350, 1625 JOHN BRADY DR.  
MUNCY, PA 17756

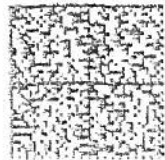
**CERTIFIED MAIL™**



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PA Dept. of Revenue  
Bureau of Trust Fund Taxes  
Harrisburg, PA 17128-0906

*Martin*



UNITED STATES POSTAGE  
PITNEY BOWES  
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MAILED FROM ZIP CODE 17756

"Still Serving America"

# The American Legion



HEADQUARTERS  
1 AMERICAN LEGION PLAZA  
P.O. BOX 4424  
PITTSBURGH, PA 15205

FRANK R. KIRK, POST 145  
CRAFTON - INGRAM

MEETING  
SECOND THURS.  
EACH MONTH

September 11. 2011

Mary R. Sprunk  
Office of Chief Counsel  
Department of Revenue  
Commonwealth of Pennsylvania

We understand that rule changes regarding Small Games of Chance are under consideration by your office. It appears these changes would eliminate options on payouts and create an expensive administrative burden for bingo suppliers.

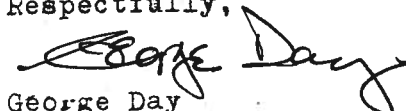
We are a small end user of bingo supplies and heavily dependent on our once weekly bingo for our financial survival. The availability of optional payouts allows us to allocate more distributions to our players. It seems more people will play if they have a chance to win something, (as compared to all or nothing).

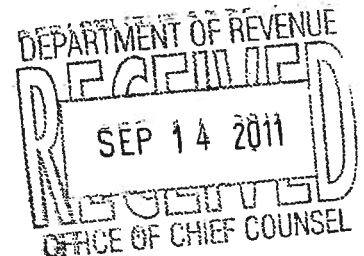
Also, it would seem inevitable if these rule changes are approved that increased administrative expenses of suppliers will be passed on to end users like our Post. Clearly, our interest is in keeping our costs as low as possible.

We do not know what impetus is driving these proposed rule changes. However, from our perspective, it seems unnecessary as well as potentially more expensive to our Post. It would also limit our players incentive to share in distributions from these small games.

It is hoped your office will consider the interests of small bingos like ours by not implementing these rule changes.

Respectfully,

  
George Day  
Finance Officer, Post 145



USA FIRST-CLASS FOREVER



PITTSBURGH, PA 152

12 SEP 30 11 PM '61

**American Legion**

FRANK R. KIRK, POST 145

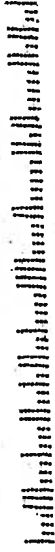
1 AMERICAN LEGION PLAZA

P.O. BOX 4424

PITTSBURGH, PA 15205

MARY R. SPEUNK  
OFFICE OF CHIEF COUNSEL  
DEPARTMENT OF REVENUE  
P.O. BOX 281061  
HARRISBURG, PA 17128-1061

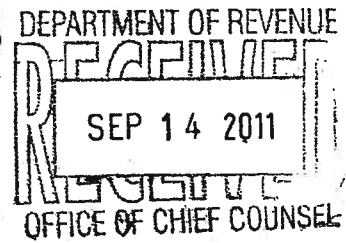
17128-1061



# Douglas

DOUGLAS PRESS INC.

2810 Madison Street  
Bellwood, IL 60104  
(708) 547-8400



September 12, 2011

Ms. Mary R. Sprunk  
Office of Chief Counsel  
Department of Revenue  
P.O. Box 281061  
Harrisburg, PA 17128-1061

Dear Ms. Sprunk,

This letter is in response to the proposed rulemaking looking to amend chapter 901 for Local Option Small Games of Chance filed on August 27, 2011 in the Pennsylvania Bulletin. There was an invite for interested persons to submit comments, suggestions or objections regarding the proposed rulemaking.

Douglas Press, Inc. is a manufacturer currently Licensed in Pennsylvania (number M-0005). We wish to submit comments and objections to the proposed new rules.

The first objection is to Subchapter B. section 901.117.c where the statement reads "**The Department may issue a notice of violation for or revoke an approved game of chance if the game of chance fails to meet the requirements of the act or this part**". How can it be a violation on the part of a manufacturer if the game was previously approved by your Agency? What is the manufacturer or distributor supposed to do with existing inventory of an approved game that would all of a sudden have the approval revoked? Many games are made exclusively for Pennsylvania market and some even exclusively for a specific distributor. There could be no place else for the distributor or manufacturer to sell the existing product. This would cause a big problem and could result in a significant financial loss to several parties. This does not seem to be fair and equitable to any of the parties that would be affected by this change.

The second objection is to General Manufacturing Standards section 901.632 (b) "**A registered manufacturer may not produce a pull-tab game or punchboard for sale or use in this Commonwealth that permits the operator of or a participant in the game to choose between optional game rules, payout structures or methods of operating the game**". It seems as though this is designed to prohibit the manufacturers from designing seal card games that offer the option of awarding the total seal value prizes in a game differently. An example of this would be a game with a seal value of \$500. In one instance the prize would be a single \$500 winner. Common options for this type of game is to also offer the following payouts: 2 winners @ \$250 or 5 winners @ \$100. All three of these options award the same total prize value of \$500. There are times when a game operator wants to spread out the prize payments to more players and other times that they are looking to award a big prize. By having the options available on a seal card, it allows them to decide how to award the prize money before they play the game.

The design of a seal card games with options came about many years back in an effort to limit the number of different game form numbers and different games required to be manufactured. It currently allows for manufacturers, distributors and game operators to reduce their investment in inventory of multiple games that are very similar. It also provides a cost advantage when manufacturing with this method. This is commonly done for most seal card games in the entire charitable game ticket marketplace today. If this would no longer be permitted in Pennsylvania, there would be a significant cost impact placed on the distributors and charities in Pennsylvania. All games that would be manufactured for sale in Pennsylvania would need to be made special and separately from games made for other states. This would add cost due to the lower quantity of sets being produced for use only in Pennsylvania. A change like this would certainly be moving the industry and Pennsylvania distributors and charities backwards in technology and would also provide a lack of variety of games for them to choose from.


A third objection is to General Manufacturing Standards section 901.634(b) (1) **“All aspects of a game to which a form number has been assigned must be identical. This includes the following: (1) The name of the game and its exact spelling, graphics, winning and losing numbers and symbols”**. There are many games manufactured today that are packaged as a “variety pack” style game. This is done to be able to offer a variety of different looking symbols and themes of games that have the same payout structure and play the same way. Game operators are forced to provide a variety of games to offer to players that do not want to be looking at the same graphics from one game to the next. The variety pack allows the manufacturer to provide a variety of graphics to distributors in an economical fashion. It also allows the distributors to provide the variety of game graphics to the charities in a more economical manner than if they had to purchase separate game form numbers. A change like this would also be moving the industry and Pennsylvania distributors and charities backwards and would provide a much greater lack of variety of games for them to choose from.

Douglas Press, Inc has spoken directly with many licensed distributors in Pennsylvania and they all have agreed with our objections. They have urged us to write to you with these objections and ask that you re-consider them and not move forward with them as planned.

If the department moves forward with these proposed new rules, there will most likely be significant cost implications in the form of increased pricing to charities. It doesn't seem that this is a good idea if it will negatively impact organizations that are working to help charitable causes in the State of Pennsylvania by taking dollars away from them in these hard economic times. It could also force some organizations that are currently struggling to stay in operation to close down and no longer be able to provide their services to those that need them. Please consider all of this before you make your final decisions regarding these proposed changes.

Sincerely,

Douglas Press, Inc.



Bill Thinner

VP Sales & Marketing



**Douglas**  
DOUGLAS PRESS INC.

Corporate Offices  
2810 Madison Street  
Bellwood, Illinois 60104-2295

DEPARTMENT OF REVENUE  
**RECEIVED**  
SEP 14 2011  
RECEIVED  
OFFICE OF CHIEF COUNSEL

MS. MARY R. SPRUNK  
OFFICE OF CHIEF COUNSEL  
DEPARTMENT OF REVENUE  
P. O. Box 281061  
HARRISBURG, PA. 17128-1061