



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

September 22, 2011

RECEIVED

SEP 23 2011

HARRISBURG OFFICE

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,

Mary R. Sprunk
Regulatory Coordinator

Enclosures

MRS:tnk
#31808



I

Zem Zem Shrine
2525 West 38th St.
Erie, PA 16506

To: Mary R. Sprunk
Office of Chief Counsel
Dept. Of Revenue
P.O. Box 281061
Harrisburg, PA 17128-1061

Ref. Pa. Small Games Law

9/12/2011

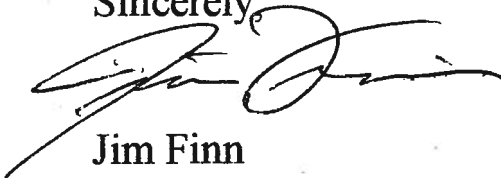
Dear Mary,

Our organization depends heavily on the sale of instant tickets. Any change in the PA Law that would reduce our selection of tickets would be harmful. Please continue to allow variety packs and multiple payouts. Multiple payouts helps our ticket sales.

Please do not take away multiple payouts, as they are well liked by the public.

We depend on our ticket sale structure as it is now, please do not change the law.

Sincerely,

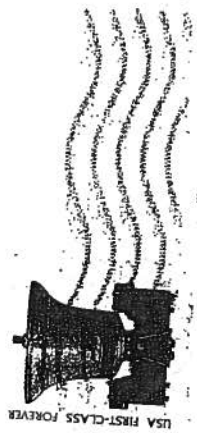


Jim Finn
Bingo Mgr.

DEPARTMENT OF REVENUE
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SEP 16 2011
OFFICE OF CHIEF COUNSEL

ZEM ZEM SHRINE
2525 WEST 38th ST,
ERIE, Pa. 16506

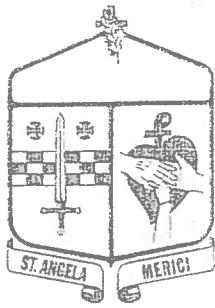
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MARY R. SPUNK
OFFICE OF CHIEF COUNSEL
DEPARTMENT OF REVENUE
P.O. Box 281061
HARRISBURG, Pa. 17128-1061

17128-1061





St. Angela Merici Parish

1640 Fawcett Avenue • White Oak, PA 15131-1899
412-672-9641 • Fax 412-672-1576

September 12, 2011

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

Dear Ms. Sprunk,

I am writing you this letter in response to the proposed rules relating to Small Games of Chance that were published in the PA Bulletin on Saturday August 27th. I am the manager of our weekly Parish BINGO which is one of our key Parish fundraisers. Our Parish depends on our BINGO fundraising to help cover costs associated with Parish Service Ministries, building maintenance, infrastructure repairs, and other planned and unplanned costs. One of the main components of our weekly Parish BINGO fundraiser is the Small Games of Chance to which the proposed rules would apply. The proposed rules would negatively affect our weekly Parish BINGO fundraising and place added hardship on our Parish to cover the aforementioned costs.

The enhanced invoicing requirements will surely cause our Distributors costs to rise which will be passed on to our Parish. The proposed rules will create an administrative nightmare for our Distributor and would negatively impact the Distributor who is a small business employer in our area.

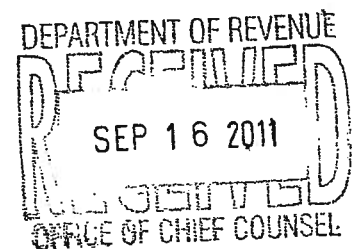
The rules would eliminate the variety packs with one form number and different names. These are some of our customer's favorite Small Games of Chance options. Having one form with multiple names provides our customers with variety and simplifies sales.

The rules would eliminate the options on the seal which places restrictions on our payout structures. Our customers enjoy having different payout options available. There is no good reason that the Commonwealth should regulate how our non-profit organization structures the payouts to our customers. Additionally PA would be the only state having such a requirement placing additional financial burden on us and our Distributor.

In summary we rely on our weekly Parish BINGO and Small Games of Chance as a key fundraiser. Our after cost margin is already small. The proposed rules will increase our costs, further diminish our margin and place added financial burden on our Parish. The added financial burden will force our Parish to make difficult choices when it comes to our Service Ministries, building maintenance, equipment repairs, and other planned and unplanned costs. Our service Ministries provide valuable services to our Parish members and Community. Our Parish is already struggling financially and the proposed rules will only add to our financial difficulties. Please do not enact the proposed rules as this will negatively impact our Parish and Community.

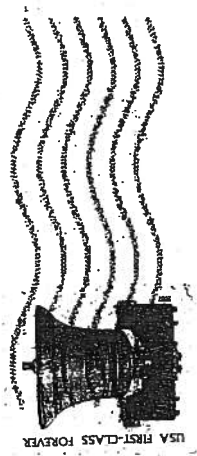
Very Sincerely,


Bill Oleyar
BINGO Manager

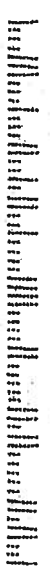


Bill Oberger Bingo Manager
St. Angela's Church
1640 Fairview Ave.
White Oak, PA 15131

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MARY R. SPUNK
Office of Chief Counsel
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NATIONAL ASSOCIATION OF FUNDRAISING TICKET MANUFACTURERS

1295 Bandana Boulevard

Suite 335

Saint Paul, Minnesota 55108

www.naftm.org

September 13, 2011

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

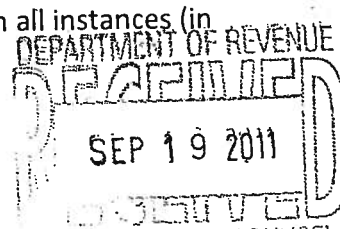
Dear Ms. Sprunk:

I am writing on behalf of the National Association of Fundraising Ticket Manufacturers (NAFTM) to provide comments on the proposed rules published in the Pennsylvania Bulletin on August 27, 2011. As you know, during the past several months, we have had some informal discussions with the Department with respect to the content of the proposed rules. We very much appreciate the opportunity afforded to us to discuss the proposed rules. As a result, there are only a few items in the rules that remain a concern to us.

§901.632 Predetermination of rules, winning chances and prizes

Our primary concern with the proposed rules rests with subsection (b) of this section. Subsection (b) prohibits a manufacturer from selling a game in Pennsylvania that permits the operator or a participant to choose between optional game rules, payout structures or methods of operating the game. We strongly believe that this language should be deleted.

The effect of subsection (b) will be to prohibit the most popular games in the Commonwealth of Pennsylvania and thereby, hurt the charities that rely on the games for fundraising proceeds. Currently, the majority of games sold in the Commonwealth are seal card games that allow the operator to choose from a small selection of prize awards, all of which are plainly printed on the seal card for the game. "Option games" are in all respects identical to all other seal card games, except that the operator has the option to select how the pre-determined prize amount is paid out. For example, the operator may pay 1 prize at \$500; 2 prizes at \$250 or 5 prizes at \$100. The prize payout for the game is the same in all instances (in



this example \$500). The amount of the payout and the various prize options are pre-determined by the manufacturer. The only difference is how the \$500 is paid out.

The operators like these "option games" because it reduces their inventory of games and significantly reduces the possibility that they will be left with 'dead' or unsellable games. Players are a particular and fairly sophisticated lot. They like certain games, and certain payouts, and they dislike others. If an operator buys 10 deals of "option games" (with 3 options per seal), the operator can ensure that it can meet the needs of any crowd, whether they like large prizes or multiple smaller prizes. Without the "option games" the operator has to buy: (1) more deals (which increases its expenses); (2) guess which type of prize payout will be the easiest to sell; and (3) be prepared to be stuck with games that do not sell (because the prize payout was not what the players were looking for). In short, the loss of the "option games" will cost the operators money in the form of higher expenses and lower proceeds. Given the competition in Pennsylvania from the slot parlors, charitable operators cannot afford higher expenses, nor can they afford to be left with games that do not sell.

The manufacturers and distributors like the "option games" because they reduce the number of games needed to be carried in inventory and reduce the number of games that need to be submitted to the Department for Approval. The "option games" decrease the amount of inventory the distributors need to carry, thereby reducing expenses. "Option games" also reduce the number of games that need to be submitted to the Department for approval. If the games are prohibited, as proposed in the rule, the Department can expect a significant increase in the number of games submitted for approval each month. Instead of one game being submitted (with 3 payouts), the manufacturers will have to submit three games to cover all the payouts. Multiply this by all the manufacturers and by all the new games developed each month, and we would expect a dramatic increase in the number of games submitted for approval. This will undoubtedly increase the work of the department and presumably, the department's costs as well.

These "option games" have been sold in Pennsylvania for years without incident. We have heard of no "player disputes" over the chosen option, nor have we heard of any confusion among the players. It is our understanding that when a game is put into play, the operator selects the prize payout option by marking it clearly and legibly on the flare (typically with marker or other easily seen ink). Often, the operators verbally announce the option in play as well. Because the flare is clearly marked, no player can really dispute the selected option and no player can claim confusion over the method of play.

The Department could consider adding some language to Sections 901.634 and 901.731 to govern "option games." For example, in section 901.634, the Department could add in item (b)(6) the following:

"The exact payout prize payment for each winning chance, *including each prize option for seal cards containing optional prizes.*"

In section 901.731, the department could add a subsection that states:

For seal card games containing optional prizes, the operator must clearly designate the selected prize option on the flare and post the flare prior to the sale of any tickets in the game."

§901.601 Uniform minimum quality standards

The newly renumbered subsection (d) prohibits the sale of pull-tab games in sub-deals. We understand and support the idea that all tickets in a deal be put out for play and played at the same time. This is an issue of fairness to the players. However, in the case of a game with sub-deals, each sub-deal is *designed* to be played separately. It is produced by the manufacturer to be played separately. Each sub-deal has a defined payout, and all of the sub-deals are identical in all respects.

Sub-Deals are a primary way for small charities to offer pull-tab games with larger prizes. Generally, in order to support larger prizes amounts (i.e. \$500), there must be a large number of tickets in the deal (usually about 4000). Small charities typically cannot sell an entire 4,000 ticket count deal in one session. In a game with sub-deals, the entire deal of 4000 tickets is divided into smaller sub-deals, each containing 200-300 tickets. The sub-deals are linked to a seal card with multiple seal prizes, one tied to each sub-deal in the game. The prizes on the seal card are based on the entire 4000 tickets in the deal, so they are higher than the typical prizes that would be found in a game with 200-300 tickets.

Sub-deals allow the small charities to sell one or two sub-deals of 200-300 tickets in one session. Because the sub-deals are linked to the "master" seal card, smaller charities can offer the same size prizes as the bigger games. This allows a small charity to sell only 200-300 tickets and offer the winner a chance at a \$500 prize. This results in a game that is the same as if you sold the 4,000 ticket count deal all at once.

We recommend changing section 901.601, subsection (d) as follows:

(d) *Sub-deals.* ~~A deal in a pull-tab game may not be segregated into sub-deals or portions [so that a]~~ 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 the pull-tab game, unless the pull-tab game the game is divided into sub-deals by the manufacturer, the sub-deals are identical in all respects, and the total number of tickets in the deal does not exceed 4000.

§901.117 Denial, notice of violation and revocation.

This section provides for the mandatory denial of a manufacturer's application for the failure to file a complete application. We are concerned about this language and the affect it may have on our licenses in other jurisdictions. Most state regulatory statutes and/or rules consider the "denial" of a license application in one state to be grounds for the denial or revocation of a license in their state. This is true regardless of the basis for the denial. We would suggest amending this section slightly to provide the manufacturer with the opportunity to cure an application defect prior to a formal denial.

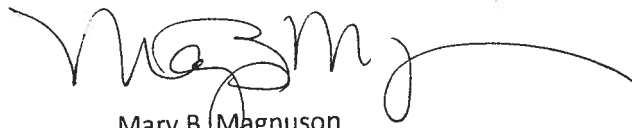
Accordingly, we suggest modifying the language in subsection (a)(1) as follows:

(a) *Mandatory denial and revocation.* The Department will deny a manufacturer's application for registration and certificate and will revoke a registration and certificate if the applicant or registered manufacturer fails to do one or more of the following:

(1) File a complete application, but only if the manufacturer was provided written notification from the Department that the application was incomplete and the manufacturer fails to submit a complete application within thirty (30) days of its receipt of the written notification.

We appreciate your consideration of these comments. If you have any questions, please do not hesitate to contact me.

Very truly yours,



Mary B. Magnuson

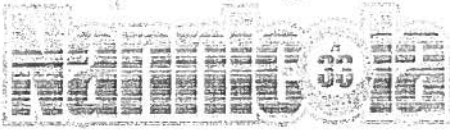
FIRST CLASS MAIL

NATIONAL ASSOCIATION OF FUNDRAISING
TICKET MANUFACTURERS
1295 Bandana Boulevard
Suite 335
Saint Paul, Minnesota 55108

Ms. Mary Sprunk
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Pennsylvania Department of Revenue
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DEPARTMENT OF REVENUE
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SEP 19 2011
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September 14, 2011

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

Dear Ms. Sprunk,

I am a Sales Representative for Nannicola Incorporated in Western Pennsylvania. I am writing in response to the Department of Revenue's proposed changes to the PA Small Games Law.

First, these changes are not consistent with the laws in neighboring states. Pennsylvania charities along the borders of Ohio and West Virginia are already at a disadvantage because these states have no payout limits and no profit limits. Additional restrictions in Pennsylvania will only add to that hardship. My charities will be unable to earn the money that they need to survive.

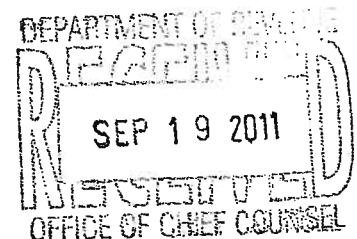
The proposal to eliminate multiple payout options on Seal Card prizes forces my charities to offer the same payout all of the time. Depending on the size of the bingo, one option may be more appealing than another. By eliminating options, you are truly impacting profits. In addition, the proposal to eliminate variety packs with one form no. and different names will affect the variety that I can offer my charities and that they can offer their players. That limited variety will also impact the fun and excitement of the bingo experience which quite frankly, drives this fundraising source.

No one benefits from these changes. My charities suffer, the communities they serve will be affected, Nannicola will be burdened in many ways and I personally will be negatively affected as well.

Please do not allow these proposed changes to be enacted. It is to the benefit of no one and to the detriment of so many. Thanks.

Yours truly,

Thomas Szczepankowski



Mr. Thomas Szczepankowski
2321 Clinton St.
Homestead, PA 15120



PITTSBURGH PA 152
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Dept. of Revenue
Mary R. Sprank,
Office of Chief Counsel
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Harrisburg, PA 17128-1061

17128+1061
Intelligent Mail Barcode

Export Volunteer Fire Department

5815 Washington Ave.

Export, PA 15632

(724) 327-0259

FAX: (724) 325-1521

Westmoreland County - Station 22

exportvfd@windstream.net

<http://www.exportfire.org>

President - Joseph Zaccagnini

1st Vice President - Kenneth Nutter

2nd Vice President - Louis Biesuz

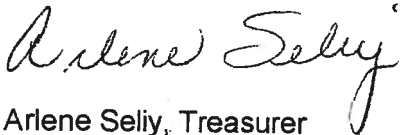
SMALL GAMES LAW CHANGES

This letter is regarding the changes that the Department of Revenue is proposing for the PA Small Games Law.

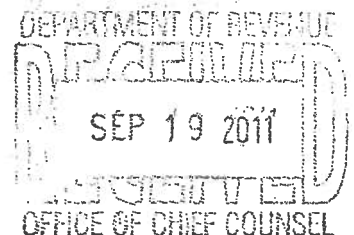
The Export Volunteer Fire Department is a small organization that depends on our ticket sales in order to survive and keep our doors open. This is the only profit that we can depend on during our weekly bingo event. Changing the process would guarantee reduced sales and an increase in our expenses. This could possibly result in the cancellation of our bingo. Instituting these changes would ripple down to decreased sales for ticket/bingo vendors as well. I am sure that our fire department is not alone in this situation.

Please consider the financial burden that this change would have on all organizations that are trying to raise money and do not make the proposed changes to the Games Law. Thank you for your consideration on this matter.

Sincerely,



Arlene Sely, Treasurer



EXPORT VOLUNTEER FIRE DEPT.
5815 Washington Ave.
Export, PA 15632

PITTSBURGH PA 152

15 SEP 2011 PM 7:11



MARY R. SPRUNK
OFFICE OF CHIEF COUNCIL
DEPARTMENT OF REVENUE

PO Box 281061

HARRISBURG PA 17128-1061

17128-1061



9/20/2011

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

Alonewith Company
d.b.a. St. Thomas Gaming
63 Opal Drive
Chambersburg, PA 17202
PA Distributor D-0393

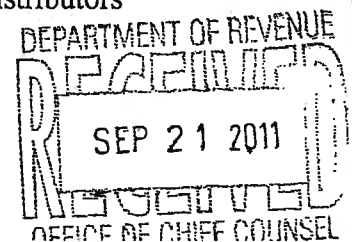
Dear Sir/Madame:

I am a PA-licensed Distributor of Small Games of Chance. I am writing is strict objection to the proposed rule change 901.632(b), which states:

"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".

This idea is TOTALLY UNACCEPTABLE. Here are a few of the many problems with this proposal;

1. This rule would invalidate over 80% of my inventory. I expect all other PA Distributors would likely have the same problem. My inventory constitutes the bulk of my life savings, and I certainly cannot afford to "write it off".
2. This change would require a significant increase in the inventory I would need to carry, in order to satisfy my customers. It makes absolutely no business sense to carry multiple versions of the exact same game except for the pre-packaged seal cards (flairs). For example, if I have ten (10) cases of 2640-count Red, White, and Blue, paying one seal winner \$200.00, I should not need to buy ten (10) additional cases of the exact same product with the exception that the latter games would pay two seal winners at \$100.00 each. The current method using a single seal card with the option to play the game with different seal prize distributions makes perfect sense. This option does not in any way alter the game total payout, percentage payout, nor any other aspect of the odds.
3. Most manufacturer's "stock" games contain seal card options. Passing this proposed rule would significantly limit small games operator's selection and variety of available games.
4. This rule change, if passed, would likely put me out of business. This proposal unfairly targets small businesses like mine. While large, multi-state distributors



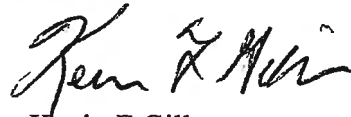
may be able to absorb the losses and additional inventory requirements this proposal would generate, small businesses will be literally crushed.

5. I do not understand what perceived problem this proposed rule is trying to fix! If operators choose to operate games in an illegal method, this does nothing to stop them from continuing to do so. For example, if an operator wanted to alter the game play and operate the game with a progressive payout, this rule change does absolutely nothing to prevent that practice.

So in conclusion, this proposed rule change is everything bad and nothing good. I hope the Department will make the correct decision and abandon this proposed change.

Additionally, the elimination of "Variety Packs" is another terrible idea. I hope you will drop that proposed rule change as well.

Respectfully,



Kevin F Gillan

Owner

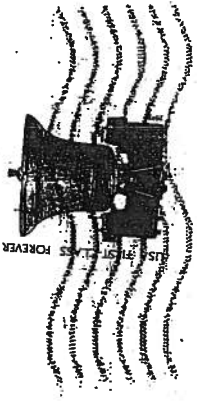
St. Thomas Gaming

ST THOMAS CANAL
63 ORLE DRIVE
ST THOMAS, PA 17202

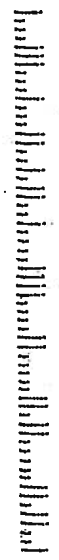
DEPARTMENT OF REVENUE
DEPARTMENT
SEP 21 2011
OFFICE OF CHIEF COUNSEL

MARY R SPAUR
OFFICE OF CHIEF COUNSEL
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20 SEP 2011 PM 11:17



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September 13, 2011

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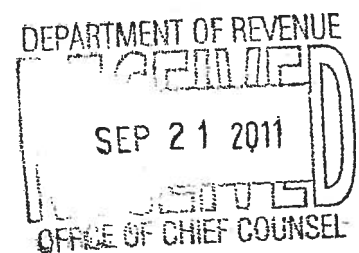
Dear Ms. Sprunk,

Regarding one of the significant changes that the Department of Revenue has proposed for the Pennsylvania Small Games Law, I personally feel that in reference to predetermination of rules, winning chances and prizes (901.632.b) that it is necessary to have optional payout structures available and should be left up to the individual organization to play as they see beneficial for the players involved. Often, the number of players in a certain gaming hall should be able to determine how they would prefer the payouts, example, one winner for a \$300 prize or two individuals for \$150 each. Depending on the size of the crowd, it is sometimes necessary to make different options available to the players. Please take this into consideration before making alterations in this area.

Sincerely,



Terri Sarcinella



T. Sarsenille
9 Penn Ave. Apt 607
Greenville PA 16125

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17 SEP 1961 3PM '61



Ms. Mary Sprent
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