



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

September 30, 2011

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

RECEIVED
SEP 30 2011
HARRISBURG OFFICE

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

**Patricia A. Cochran, Bingo Manager
Lake Shore Volunteer Fire Department Auxiliary
P.O. Box 8566
Erie, PA 16505**

September 21, 2011

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

Re: Bingo - Multiple Payout Options on seal card prizes

Dear Ms. Sprunk:

I have been advised of the proposed changes to the Small Games of Chance Law. I am deeply concerned about the changes proposed to the multiple payout options on the seal card.

The present economy and the rise of casinos in our area has greatly impacted bingo games. Limiting the options for payouts would be very detrimental to the games. We decide how to pay a game based on the size of the crowd, and the number of people purchasing the tickets. Without that option, we would have to carry a much larger inventory so that we are prepared each night to play the game that fits the size of our crowd and people buying the tickets.

If each game can be paid out three different ways on one card, that would be three different boxes we would have to purchase and carry in our inventory. That is just plain ridiculous. It would almost be impossible to carry an inventory of that size.

Also, that would lead to the distributor carrying larger inventories, and would also result in **increased costs for all**. We can ill afford any additional costs and still be profitable, as we are struggling as it is to support our volunteer firemen and firewomen.

The impact on bingo would be huge! **Please reconsider this change.** Our volunteer fire department needs our support.

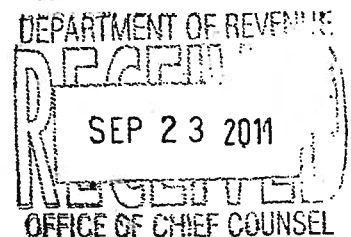
Thank you for your attention to this matter.

Very truly yours,

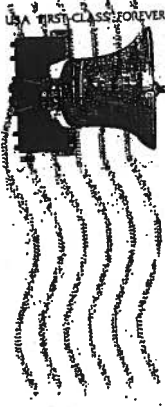
Patricia A. Cochran

Patricia A. Cochran

cc: Jane M. Earll, Senator



LSFD Aug
P.O. Box 8566
Erie, PA 16505



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

17128-1061



ANDERSON-ADKINS POST 19



NEW BRIGHTON, PA 15066

"God and Country - First"

September, 20, 2011

Mary R. Sprunk

RE: SMALL GAMES LAW CHANGES

The two changes the Department of Revenue has proposed for the PA Small Games Law will have an adverse effect on our organizations ability to satisfy our customers needs and our income. The lost income will not permit us to make our usual donations to charities, local events, and other deserving projects.

It is our Posts hope that these changes will not take effect.

A handwritten signature in cursive script, appearing to read "John Meanor".

John Meanor
Adjutant American Legion
Post 19
P.O. BOX 103
New Brighton, Pa. 15066
724 843 9935

DEPARTMENT OF REVENUE
RECEIVED
SEP 23 2011
OFFICE OF CHIEF COUNSEL



2750 Salt Springs Road • Youngstown, Ohio 44509
Phone: 330 / 799-0888 • Fax: 330 / 799-5844

September 2, 2001

RE: URGENT! Small Games Law Changes

Dear PA Customer,

It is critical that you are aware of two significant changes that the Department of Revenue has proposed for the PA Small Games Law. The proposed changes were published in the PA Bulletin on Saturday, August 27th and can be found at www.pabulletin.com (<http://www.pabulletin.com/secure/data/vol41/41-35/index.html>). **These changes will directly impact you and your players, as outlined below.**

1. **The Department of Revenue will no longer allow variety packs with one form # and different names.** This change would require every game title to have a separate form number and would eliminate the variety packs that share the same form number, ticket count and payout structure. This will seriously affect the variety that you can offer your players.
2. **The Department of Revenue will no longer allow multiple payout options on Seal Card prizes (i.e. 1 at \$500, 2 at \$250 or 5 at \$100).** Realistically, no distributor can afford to purchase entire runs of each seal option. Distributors will be forced to select the best selling option and eliminate all other options. In turn, this would eliminate your ability to choose the payout options that work best for you.

At this time, these changes are in a 30 Day Comment Period that will expire on September 26, 2011. If you do not want to see these changes take place, **you must act now.** Submit in writing, objections and concerns regarding this proposed rulemaking.

Written comments must arrive before September 26, 2011. They should be mailed to:

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

The Department of Revenue does not understand the impact that these changes will have on the charitable gaming industry. There will be a ripple affect from the manufacturers, to the distributors, to you and your ability to satisfy the needs of your players. Don't miss your chance to impact these proposed changes.

Thank you, in advance, for your prompt attention to this urgent matter.

Sincerely,

Kevin McHenry
Vice President

A Dependable Source of Supply For Over 70 Years

Anderson-Adkins Post 19

AMERICAN LEGION

P. O. BOX 103

NEW BRIGHTON, PA 15066

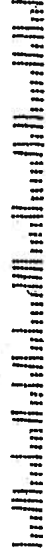
PITTSBURGH PA 152

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

17128+1061



Tabco, Inc.

Sprunk, Mary

From: Sprunk, Mary
Sent: Monday, September 26, 2011 11:49 AM
To: Sprunk, Mary
Subject: FW: Comments on Proposed Small Games of Chance rule changes
Attachments: PA Rule Changes 2011.doc

From: Richard Hueston [mailto:rhueston@specialtyprint.com]
Sent: Monday, September 26, 2011 11:37 AM
To: Sprunk, Mary
Subject: Re: Comments on Proposed Small Games of Chance rule changes

Tabco Inc.
417 Lakeshore Road
St. Catharines, Ontario, Canada
L2R 7K6
1-800-263-5064 x257 (ph)
1-900-667-6621 (fax)

From: Richard Hueston [mailto:rhueston@specialtyprint.com]
Sent: Monday, September 26, 2011 11:05 AM
To: Sprunk, Mary

Cc: Wagner, Cindy; sfinch@tabcousa.com
Subject: Comments on Proposed Small Games of Chance rule changes

Ms Sprunk
attached, please find the comments of Tabco Inc., a registered manufacturer of pull tabs in PA, relating to the proposed rules circulated to us on August 29.
I apologize for sending these via email rather than regular mail, but we were awaiting clarification on certain aspects of the proposed changes and we did not receive those until this morning.
If you have any questions, please do not hesitate to contact me at 1-800-263-5064 x257

Richard Hueston
Director of Government Affairs
Tabco Inc.

COMMENTS ON PROPOSED RULEMAKINGS

DEPARTMENT OF REVENUE

LOCAL OPTION SMALL GAMES OF CHANCE

Tabco Inc, a manufacturer of pull tabs licensed by the Commonwealth of Pennsylvania, is pleased to provide its comments on the Department of Revenue's proposals to amend the Local Option Small Games of Chance Act.

901.425 Records

The Department proposes that "For sales to a ... 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."

This provision would require a total re-design of our invoices to create a new invoice that would enable the identification of such information. The changes to invoices would have to be system-wide as we do not have the capability of producing a PA-specific invoice. This would lead to a significant cost increase as a result of changes to our invoicing program and the need for additional paper for invoices (e.g., if one invoice contained eight different games, there would have to be an additional eight lines of data reporting on whether each individual form number was approved for sale in PA).

Tabco Inc. submits that it is the responsibility of licensed distributors to determine the legality of charitable gaming products in any jurisdiction. It is our understanding that the Small Games of Chance (SGOC) Unit is presently developing a web page that would identify pull tab form numbers approved for sale in the Commonwealth. This would enable distributors to quickly check which products, from any manufacturer, could be sold in Pennsylvania. It would also create a database that SGOC inspectors could access in the field to determine the legality of any such product.

We are not aware of any similar requirement in any other jurisdiction. We are also not aware of any improvements to the security or integrity of the game that this type of rule revision would promote.

901.632 Predetermination of rules, winning chances and prizes

The Department proposes that "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."

Manufacturers typically design games featuring "seal card option prizes" for use wherever seal card pull tab games are permitted. For example, the seal card could indicate that there is a total seal card prize of \$500 which could be played as one prize of \$500, two prizes of \$250 or five prizes of \$100. Each seal card has a separate window for each of the three options. It is clearly indicated on the seal card that the game operator is to select only one of these options. The option selected by the operator is announced prior to the sale of any tickets for that game prior to the first ticket sold so that all participants are clearly informed as to the prize structure of the game that they are participating in. Whatever option is chosen, there is no difference in the pre-determined profit and payout levels that are set by the manufacturer.

For Pennsylvania to prohibit this type of approach would require the development of PA-specific seal cards which would lead to a significant increase in manufacturing costs. Tabco Inc. is not aware of any other jurisdiction that has adopted this approach. In addition, Tabco Inc. is not aware of any regulatory concerns that would motivate Pennsylvania to adopt this rule. If a seal card features optional prizing, the prizeboard is still determined by the manufacturer. The use of optional prizes has never been considered to contravene the North American Gaming Regulator's Association (NAGRA) standards on pull tabs – please see <http://www.nagra.org/> (under the Links and Resources tab) for these standards which have been adopted by most if not all jurisdictions that permit the sale of pull tabs.

General Comments

Both of the above proposals would increase manufacturing costs without addressing a demonstrated regulatory issue. These costs would either be passed on to distributors (who presumably would pass them on to their charitable customers) or result in a reduction in the number of games offered in the the PA marketplace. Reduced prizing flexibility and more stringent invoicing requirements would further dampen charitable fundraising capabilities at a time when charities are already facing severe competition from the significant expansion of slot machines.

Rather than diminish the ability of eligible organizations to raise funds for charitable purposes, Tabco Inc. submits that the Commonwealth should examine ways to enhance the capacity of charities to bolster their fundraising activities. This could be accomplished, for example, by allowing prizes to be awarded through play off of the bingo flashboard. Such “bingo event” games have proven very popular in jurisdictions that have allowed this form of play such as New Hampshire, Texas, Ohio, Kentucky, etc. In fact, since Texas permitted these games in 2002, it is the only state in the country that has seen its gross pull tab receipts increase each and every year since then. We urge the Department to consult with these jurisdictions to investigate whether the “bingo event” style of play has led to any regulatory problems. Indeed, a bill to allow this form of pull tab gaming has recently been passed by the New York legislature and is now on the governor's desk for final approval.

Another way to increase charitable fundraising capacity would be to permit a “progressive” style of play. Similar to above, many jurisdictions (New Hampshire, Texas, Ohio, Kentucky, etc.) allow this style of play without any regulatory concerns. In Ontario Canada, since bingo event and progressive bingo event games were approved for use a few years ago, there has been a dramatic turnaround in pull tab sales in bingo halls. It would be no exaggeration to say that these styles of play saved pull tab sales in bingo halls; in fact, many halls rely on bingo event and progressive bingo event ticket sales to contribute to a profit margin necessary to keep their doors open.

Respectfully submitted by:
Tabco Inc.
September 16, 2011

Gilpin Township Volunteer Fire Department

113 Fire Hall Road, Leechburg, PA 15656
Phone: 724-845-7200 FAX: 724-845-7200
E-mail: gtvfd@windstream.net

September 23, 2011

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

Dear Ms. Sprunk:

I am writing on behalf of my organization to object to the proposed regulations by the Department of Revenue regarding Small Games of Chance, specifically proposed Regulation #15-451.

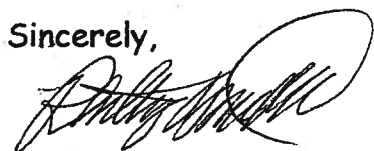
The changes you have proposed would directly impact our organization as well as the players of our small games of chance. Specifically, we have concerns about the following:

- 1) Prohibiting variety packs with one form number and different names. *This change would require every game to have a separate form title and eliminate variety packs which share this number. This would greatly affect the ability for us to offer different games to our players.*
- 2) Prohibiting multiple payout options. *With this change, distributors would be forced to select the best selling games and eliminate other options from us to offer our players. This change would also eliminate our ability to choose the payout option that works best for us.*

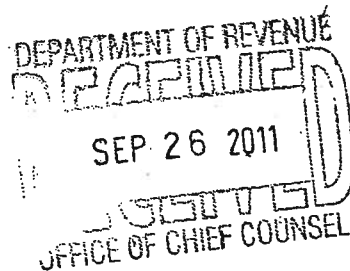
As a small organization, the changes you have proposed will have a significant impact on the operation of small games of chance, one of our only sources of income for our volunteer organization. Many organizations in our area and around the Commonwealth thrive on the proceeds from these games to raise money for ourselves and other charities. Any change in the rules of the game or payout options could significantly reduce our fundraising options.

Please take these comments and concerns into serious consideration.

Sincerely,



Phillip A. McConville, Bingo Committee Chair, Gilpin Twp. VFD



STVFD
113 Finchell Rd
Hearshburg PA 15856

PITTSBURGH PA 152
23 SEP 2011 PM 11



Mrs Mary R Sprunk
PA Dept of Revenue
PO Box 281061
Harrisburg PA 17128

17128+1061



Cathedral FOUNDATION

110 East Lincoln Ave.
New Castle, PA 16101
PHONE: 724-654-6683
FAX: 724-654-9631

EMAIL: info@cathedralnewcastle.com
WEB: www.cathedralnewcastle.com

September 19, 2011

The Cathedral Foundation
110 East Lincoln Avenue
New Castle , PA 16101

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

I am responding to the proposed PA Small Games Law changes .

We are not pleased with the elimination of multiple payout options on Seal Card prizes . This rule change takes away our ability to choose payout options that are best for our bingo operation .

These options allow us to offer payouts preferred by our bingo players . This provides better prize winning opportunities and definitely affects the amount of attendance at each bingo session . Our success is dependent on the attendance we receive .

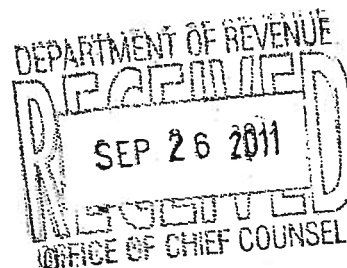
Bingo is our most popular fundraiser for our non-profit organization . We have lost players due to the state non- smoking ban and this current proposal will most assuredly have a negative impact on our operation .

Please review these proposed changes on the charitable gaming industry and withdraw these changes . Thank you for considering our opinion and stop this action .

Sincerely ,



James M. Kunselman , Bingo Manager



The Cathedral Foundation
110 Lincoln Ave.
New Castle, Pennsylvania 16101

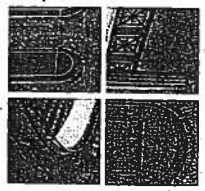
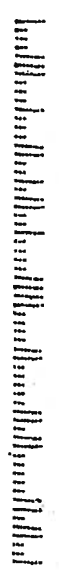
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Mary R. Sprunk
Office of Chief Council
Department of Revenue
P.O. Box 281061
Harrisburg, PA 17128-1061

17128-1061





2750 Salt Springs Road • Youngstown, Ohio 44509
Phone: 330 / 799-0888 • Fax: 330 / 799-5844

September 23, 2011

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

Dear Mary,

As a licensed charitable games distributor and manufacturer in Pennsylvania, I am writing in response to the recent changes that were proposed to the PA Small Games Law on August 27, 2011. I am seriously concerned about the impact that these changes would have on our business and on our customers throughout Pennsylvania.

First, the proposed changes will no longer allow variety packs with one form number and different names. This change would require every game title to have a separate form number. This will be a burden on distributors and manufacturers who will be forced to limit inventory and on charities that will be forced to limit the variety that they can offer their players. In bingo, variety is the name of the game. These changes will affect the sense of entertainment, excitement and spontaneity that drives this fundraising source

In addition, the new regulations would no longer allow multiple payout options on Seal Card prizes. Realistically, no distributor can afford to purchase entire runs of each seal card option and no charity can afford to maintain the increased inventory. In turn, this would force distributors and manufacturers to select the best selling option and eliminate all others. Since Pennsylvania is the only state that is proposing these changes, manufactures and distributors would also be forced to maintain an entirely different inventory for PA tickets. Again, this is a huge financial burden and will drastically impact the games that can be offered in the state

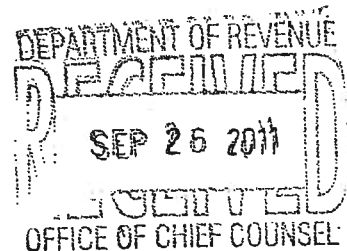
Distributors and Manufacturers will be further burdened by enhanced invoicing requirements, forcing us to identify every game that was approved by the state on each individual invoice. This translates into an administrative nightmare, forcing us to make expensive computer system changes and incur additional expense for manpower to manage this cumbersome data.

The bottom line is that the proposed changes in Pennsylvania would cause financial hardship for manufacturers and distributors while limiting the funds that charities and Volunteer Fire Departments depend upon to serve their communities. It should also be noted that these changes would do nothing to improve the integrity, security or profitability of the games. Sadly, these changes would have no positive impact on anyone other than to make life easier for the state administrator.

Nannicola Incorporated is a small business that supports charities, employs Pennsylvanians and pays taxes. We do not deserve this additional financial burden in the midst of an already struggling economy. I respectfully request that you do not enact these changes in Pennsylvania.

Best regards,

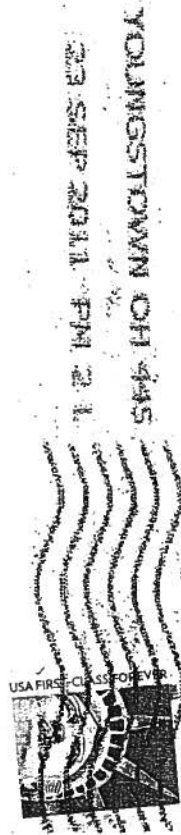
Charles Nannicola
President



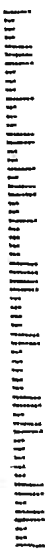
Namco
33
INCORPORATED
2750 SALT SPRINGS ROAD
YOUNGSTOWN, OHIO 44509



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



1712881061





2750 Salt Springs Road • Youngstown, Ohio 44509
Phone: 330 / 799-0888 • Fax: 330 / 799-5844

September 15, 2011

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

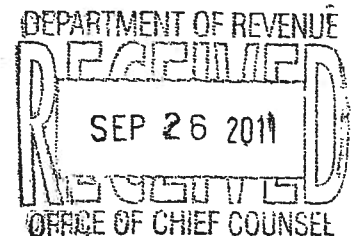
Dear Mary,

I am writing in response to the proposed changes to the PA Small Games Law. These changes were announced on August 27, 2011. As a PA Sales Rep for Nannicola, I have some real concerns with these proposed changes.

The two main changes have no positive impact on anyone involved. First, these changes will increase the administrative burden on already overworked, volunteer-based charities that will have to manage increased order processing and changes in inventory. Also, the changes will drastically decrease the variety of games that organizations can offer their players and variety is critically important to keeping existing players and attracting new ones. This will affect the charity's ability to earn money for the people that they help. Finally, charitable organizations in Pennsylvania are being unfairly overregulated in comparison to the other states nearby like Ohio and West Virginia. This would only add to that overregulation.

What concerns me most is that these changes do nothing to improve the profitability, security or even the integrity of the games. No one benefits from these changes. But we are all negatively affected. Enacting these changes is wrong. I ask you to reconsider before these changes become permanent.

Sincerely,





Mr. John McGlone
482 Baldwin St., Apt. 1N
Meadville, PA 16335



PITTSBURGH PA 152
24 SEP 2011 PM 5 T

Office of Chief Counsel

DEPT. OF REVENUE

P.O. Box 281061

Harrisburg PA 17128-1061

17128-1061
ATTN: Marybeth Shunk





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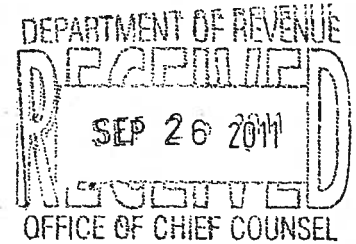
KEYSTONE BINGO SUPPLY

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

September 22, 2011

Department of Revenue
 PO Box 281061
 Harrisburg, PA 17128-1061

ATTN: Mary R. Sprunk
 Office of Chief Counsel



Dear Ms. Sprunk:

I have reviewed all thirteen pages of the Proposed Rulemakings, Department of Revenue [61 PA. Code Ch. 901] Local Option Small Games of Chance [41 Pa.B. 4638][Saturday, August 27, 2011], and have many concerns that I would like to share with you and also further clarification on a number of items, all of which are listed below.

901.23. Restriction of sales.

(a) *Manufacturers.*

(2) *Sales.* The proposal reads as follows: *A registered manufacturer may only sell, offer for sale or furnish games of chance that [have been approved by the Department for sale] the Department has approved for use in this Commonwealth. A registered manufacturer may only sell, offer for sale or furnish approved games of chance for sale or use in this Commonwealth to a licensed distributor. This paragraph does not apply to the sale of raffle, daily drawing or weekly drawing tickets.*

Our concern: We are a registered manufacturer in the state of Pennsylvania and all of our games that are for sale in the state of Pennsylvania are submitted to the state for approval prior to their release to licensed distributors in the Commonwealth or to a licensed eligible organization. This could be interpreted as a PA registered manufacturer only being allowed to sell PA approved games. I'm sure that is not what is meant.

(b) *Distributors.*

(2) *Sales.* The proposal reads as follows: *A licensed distributor may only sell, offer for sale or furnish approved games of change [for use] within this Commonwealth to another licensed distributor or to a licensed eligible organization. This paragraph does not apply to the sale of raffle, daily drawing or weekly drawing tickets.*

Our concern: We are a licensed distributor in several states. Our manufacturers sell us games that are approved in Pennsylvania for our Pennsylvania customers. But we also buy games that are not approved in Pennsylvania, but are for our New York and New Jersey customers. This paragraph could be interpreted as saying we are only being permitted to purchase PA approved games. I'm sure you didn't mean that, but I did want to bring it to your attention.

(3) *Purchase.* The proposal reads as follows: A licensed distributor may only purchase approved games of chance for **[resale] sale** in this Commonwealth from a registered manufacturer or licensed distributor. This paragraph does not apply to the purchase of raffle, daily drawing or weekly drawing tickets.

Our concern: Again, this paragraph could be misconstrued to say that as a licensed distributor in Pennsylvania, we can only purchase approved games from registered manufacturers or licensed distributors within the Commonwealth. Let me give you a scenario that will better illustrate my concern with this. A game is approved in PA by the Department of Revenue and is sold to us and an Ohio distributor. The Ohio distributor only sells a small amount of this game and is now overstocked in it. I then buy it from him. The serial numbers are tracked to the Ohio distributor. The Ohio distributor bills me for the games listing the serial numbers. Those numbers can now be tracked to me. This is done to help both us and them keep inventory under control. As long as the game is approved and the serial numbers are tracked, everyone should be happy.

901.143. *Restrictions on distributorship interest.* The proposal reads as follows:

(b) A person who is an officer, director, proprietor, consultant, employee or owner of a distributorship may not have a pecuniary interest in the operation of games of chance. **For purposes of this section, a pecuniary interest is the actual or potential for an accession to wealth, whether cash or property, resulting from the play and operation of a game of chance. It includes an interest resulting from one of the following acts:**

(1) The sale of a game of chance in exchange for a contingent fee based upon a percentage of the proceeds from chances sold in or prizes awarded in the game.

(2) A lease of a dispensing machine in which the rental is based upon the number of games purchased by the eligible organization, the percentage of proceeds from chances sold or prizes awarded in games of chance.

Our concern: We have had employees who work bingo games because they belong to that church, but are not compensated based on either of these two methods. Some of our salespeople have been hired because we connected with them through the bingo halls. Are they restricted from being involved in their church's bingo?

901.445. *Records.*

(1) *Sales Invoices.* All products are delivered to our customers using consecutively pre-numbered delivery slips. Computer generated consecutively numbered invoices are then generated at our office from those slips. Does this meet the guidelines presented in this publication?

(vi) Hundreds of games are approved each month by the Commonwealth and we are not made aware of it. How would a distributor confirm that a game is approved?

1. Place a phone call to the Department of Revenue. How are they going to have time to go over every game with us that is approved? If a manufacturer sends a copy of the letter from the state, we could get hundreds of letters a month.
2. They could e-mail all 120 or so distributors each day the games that are approved.

The state of New York has a website that lists all approved games. I recommend that you check out their web site www.racing.state.us/charitable/char.home.htm and make that a consideration in Pennsylvania.

(vii) The proposal reads as follows: The quantity and sales price of each individual item, including individual items of merchandise to be used as prizes on punchboards and pull-tabs.

Our Concern: I have many concerns about this one. Here's an example of how it works now. We sell a board with tickets, a seal prize, and a number of smaller prizes to an organization. The number of smaller prizes may have an average value of \$20 for each prize, but each prize individually may be higher or lower than the \$20. So what does the term 'sale price' of the individual items mean? Does it mean the retail value we place on it or what we paid for it? These boards are also manufactured with prizes that we have in stock, so they rarely if ever, contain the same prizes on each board. Does each unique board have to be submitted to you for approval? If we switch out a knife set for a toaster, does the game have to be resubmitted? If we have a TV as a seal prize on one and a laptop computer as a seal prize on another, both with the same value, do they individually have to be submitted for approval? Or if the laptop on one is a Dell and on another is a Gateway, does that have to be specified and submitted separately? My next question on this subject is if we buy an iPod for \$300 and put it on a board for a \$500 seal prize, is the value \$300 or \$500? If we list each item, then you will be getting calls that we sold an iPod for \$500 and they could buy it for \$300. What happens then? Is the plan to tell us how much we can make on an item? If the customer doesn't think the iPod is worth \$500, they won't buy it. If I have 40 prizes and list each item at \$20, who is to say that I'm wrong? Also, think of the extra paperwork we all will have. A three line invoice will turn into a two or three page invoice. Please see our Attachment #1 for the way we currently submit a board and our Attachment #2 for the way you are proposing we do it. We've also included Attachment #3, which is the way our current invoices look and Attachment #4, which is how they would look if these changes are made.

901.601. Uniform minimum quality standards.

[(2)] (d) *Sub-deals*. We believe that if you have a better understanding of how sub-deals work, then you may consider allowing them. The law allows 4,000 tickets per deal of tickets. A sub-deal would be equally divided portions of that 4,000 with one master seal card. For example, there could be a sub-deal of 400 tickets per pack with 10 packs per deal equaling 4,000 tickets and each sub-deal has a seal card. Once the sub-deal (400 tickets) is sold, then the seal is opened and that winner gets to go to the master seal card to see how much they won. The prize could be \$25 to \$400 depending on what seal amount is opened. That winner would also sign the master board for a chance at \$500. I believe the issue that the Dept. of Revenue has is that when a person wins \$25, the percentage of payout is less than 65%. But when the person wins \$400, they pay out 100% of what was taken in on that sub-deal. Once all 10 sub-deals are

played, the total payout would be 65% or more, which is required by state law. The sub-deal would be no different if a worker pulled 400 tickets out of the 4,000 count deal and sold them and a winner only won \$25. The advantage for the hall and the player is the following:

1. The player thinks they have a better chance of winning if there are fewer tickets.
2. It's easier for the charity to sell tickets in smaller quantities and also be able to offer big money.
3. A player will buy \$10 worth of tickets from each sub-deal trying to get a holder from each sub-deal as opposed to not having a sub-deal where they may only buy \$20 or until they get a holder, then they stop. As long as the player understands how it's played, they like the sub-deals.

Just as the state lottery does, it is the charity's job to try to get the player to buy as many tickets as they can afford. Keep in mind that when all 10 deals are sold, the payout is the same amount as not having a sub-deal. The state of New Jersey has the same laws in place as Pennsylvania, with the exception of sub-deals, which they allow.

GENERAL MANUFACTURING STANDARDS

910.632 Predetermination of rules, winning chances and prizes.

(b) The proposal reads as follows: 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 games rules, payout structures or methods of operating the game.

Our Concern: 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 may be 1 @ \$500 or 5 @ \$100 or 20 @ \$25. (See our Attachment #5) In our market, 60% of the charities would use 5 @ \$100; 35% would use 1 @ \$500; and 5% would use 20 @ \$25. 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. 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.

901.709. *One eligible organization and license per premises.*

(c) Does this limit the number of licenses that can play at a hall? Does the notification to the district attorney have to be prior to each game or at the organization's hall usage onset?

In closing, I would like to take a moment to go back to page 3 of the publication and address the areas of fiscal impact and paperwork. If these changes take place, there will be a lot more paperwork involved with everything from invoicing documentation changes to the multitude of games submitted for approval. Making any kind of change like this will continue to hurt the charities as did allowing casinos in PA. Our charities, (VFW's, Legions, fire companies, and churches) 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? It seems clear to me that these changes are being made to make it easier for Liquor Control Enforcement to do their job? I'm not against tracking the sales and money, but there are easier ways. This industry and the many charitable organizations associated with it should not have to suffer just because these bureaucrats wish to make their workload a little easier. These changes and their consequences can and will damage this industry greatly. I would strongly urge you to assemble a panel of advisors, including VFW and Legion Officers, bingo hall managers, and PA distributors and manufacturers to further evaluate these changes and their impact. We live in this industry, we know how it works, and we feel we have valuable insights to share with you.

I thank you for your consideration.

Sincerely,



Michael C. Philbin
President

Enclosures

CC: State Representative Garth Everett
State Representative Curt Schroder
State Representative Rick Mirabito
Senator Gene Yaw

PENNSYLVANIA SMALL GAMES OF CHANCE GAME APPROVAL FORM

MANUFACTURER INFORMATION

1 Name of Manufacturer: **KEYSTONE BINGO SUPPLY, INC.**
 2 License: **M0083**
 3 Contact Person: **MICHAEL PHILBIN**
 Phone: **570-546-3099 FAX: 570-546-3215**
 4 Address: **PO BOX 350, 1625 JOHN BRADY DR., MUNCY PA 17756**

ATTACHMENT #1

NAME OF GAME: **BEWARE OF THE GREAT PUMPKIN!**
 FORM NUMBER: **90-3984BGP40P** TICKETS USE: **BONANZA PRESS 55633JJ2 3984count**
 DESCRIPTION OF GAME: **Merchandise Prize Board**
 RULES FOR PLAY: **Buy a ticket and look for winning numbers**

GAME PRIZE: **60 Red Numbers Sign-up for Cash Seals:1@\$100,1@\$50 (\$150 payout)**

STRUCTURE: **40 Blue Numbers win Prizes(40 prizes @\$12.375 Value) (\$495 Value)**
14 Green Numbers win \$5.00 each (\$70 payout)

NUMBER OF CHANCES: **3984 Tickets @\$0.25 per ticket (\$996 Total)**
 PAYOUT PERCENTAGE: **72%** MERCHANDISE VALUE: **\$495** TOTAL CASH PAYOUT: **\$220**
 COIN VALUE: **\$0** CLUB PROFIT: **\$281(26%)**



PENNSYLVANIA SMALL GAMES OF CHANCE GAME APPROVAL FORM

MANUFACTURER INFORMATION

ATTACHMENT #2

1 Name of Manufacturer: KEYSTONE BINGO SUPPLY, INC.
 2 License: M0083
 3 Contact Person: MICHAEL PHILBIN
 Phone: 570-546-3099 FAX: 570-546-3215
 4 Address: PO BOX 350, 1625 JOHN BRADY DR., MUNCY PA 17756

NAME OF GAME: BEWARE OF THE GREAT PUMPKIN!
 FORM NUMBER: 90-4000BGP40P TICKETS USE: Muncy Novelty F1X03-14
 DESCRIPTION OF GAME: Merchandise Prize Board 4000Bundles Pasted 3
 RULES FOR PLAY: Buy a ticket and look for winning numbers

GAME PRIZE: 60 Red Numbers Sign-up for Cash Seals:1@\$100,1@\$50 (\$150 payout)

STRUCTURE: 40 Blue Numbers win Prizes (\$495 TOTAL VALUE)

ITEM	PRICE	QUANT
PBC PALMERS	\$3.90	1
SHIMMER LITES	\$13.20	1
PBC PALMERS	\$3.90	1
RESIN SHOE	\$9.35	1
GOOGLY EYES	\$3.75	1
JACK O LANT(XL)	\$16.65	1
GOOGLY EYES	\$3.75	1
JACK O LANT(MED)	\$ 9.85	1
FUN FAVORITES	\$3.55	1
SM GHOST	\$5.85	1
FUN FAVORITES	\$3.35	1
BOO STAKE	\$14.50	1
GHOST PEEPS	\$1.95	1
HAUNTED BIRD	\$26.35	1
GHOST PEEPS	\$1.95	1
MOVING SHINGLES	\$24.55	1
PUMPKIN PEEPS	\$1.95	1
SCARECROW MASK	\$18.25	1
PUMPKIN PEEPS	\$1.95	1
CARVING KIT	\$12.95	1
CANDY CORN	\$6.25	1
FLUTED GLASS	\$9.35	1
CANDY CORN	\$6.25	1
HORROR PC	\$16.65	1
TWISTED PUMPKINS	\$8.35	1
MASK	\$19.95	1
TWISTED PUMPKINS	\$8.35	1
60" EVIL PUMPKIN	\$49.95	1
COMBO BAG	\$19.35	1
ASST SPIDERS	\$12.45	1
COMBO BAG	\$19.35	1
STRING SPRAY	\$8.25	1

TRICK OR TREAT MIX	\$6.85	1
M/U HORROR LITE	\$14.65	1
TRICK OR TREAT MIX	\$6.85	1
AUTUMN TAFFY	\$5.75	1
FAKE BLOOD	\$12.95	1
AUTUMN TAFFY	\$5.75	1
3' LAMP REAPER	\$47.65	1
STROBE LIGHTS	\$28.55	1

14 Green Numbers win \$5.00 each (\$70 payout)

NUMBER OF CHANCES: 4000 Bundles @\$0.25 per bundle(\$1000 Total)
 PAYOUT PERCENTAGE: 71% MERCHANDISE \$495 TOTAL CASH PAYOUT: \$220
 COIN VALUE: \$0 CLUB PROFIT: \$285 (29%)

BEWARE OF THE GREAT PUMPKIN

\$0.25 A PLAY

\$100 Seal

\$50 Bonus Seal

ALL BLUE NUMBERS ENDING IN "50" WIN PRIZES BELOW

050	150	250	350	450	550	650	750	850	950
1050	1150	1250	1350	1450	1550	1650	1750	1850	1950
2050	2150	2250	2350	2450	2550	2650	2750	2850	2950
3050	3150	3250	3350	3450	3550	3650	3750	3850	3950



Keystone Bingo Supply
 P.O. Box 350 -:- Muncy, PA 17756
 800-598-5011 570-546-3099

Invoice

Invoice Number: 0164271-IN
 Invoice Date: 9/21/2011
 Customer No: 10-0001150
 Salesperson: HOUSE

ATTACHMENT #3

PA D261
 NY B&R 228
 NJ B 212-11
 NJ R 411-11

Sold To:
 MISC
 PA

Ship To:
 MISC
 PA

Control Slip #:	Ship Via	Exemption #:	Terms			
			NET 30 DAYS			
Shipped	Item #	Description	Price	Disc	Amount	
1	90-4000BGP40P	BEWARE OF THE GREAT PUMPKIN MB .25/1@100 IG \$1000 NET \$285	495.00	N	495.00	
1	93-F1X03-60 8782351	4000ct NUMERAL TICKET \$1	0.00	N	0.00	

SERVICE CHARGE OF 2% WILL BE CHARGED ON ALL
 INVOICES OVER 30 DAYS. PLEASE NOTE TERMS ABOVE.

**Any Games of Chance listed have been approved by the
 Commonwealth of PA Department of Revenue**

Net Invoice: 495.00
 Less Discount: 0.00
 Freight: 0.00
 Sales Tax: 29.70
 Invoice Total: \$524.70



Keystone Bingo Supply

P.O. Box 350 -:- Muncy, PA 17756

800-598-5011 570-546-3099

Invoice

Invoice Number: 0164268-IN
Invoice Date: 9/21/2011
Customer No: 10-0001150
Salesperson: HOUSE

ATTACHMENT #4

PA D261
NY B&R 228
NJ B 212-11
NJ R 411-11

Sold To:

MISC
PA

Ship To:

MISC
PA

Control Slip #: Ship Via Exemption #: Terms
NET 30 DAYS

Shipped	Item #	Description	Price	Disc	Amount
1	90-4000BGP40P	BEWARE OF THE GREAT PUMPKIN MB .25/1@100 IG \$1000 NET \$285	0.00	N	0.00
1	93-F1X03-60 8782351	4000ct NUMERAL TICKET \$1	0.00	N	0.00
1	MISC SALE	PBC PALMERS	3.90	N	3.90
1	MISC SALE	SHIMMER LITES	13.20	N	13.20
1	MISC SALE	PEANUT BUTTER CANDIES	3.90	N	3.90
1	MISC SALE	RESIN SHOE	9.35	N	9.35
1	MISC SALE	GOOGLY EYES	3.75	N	3.75
1	MISC SALE	JACK O LANT (XL)	16.65	N	16.65
1	MISC SALE	SPOOKY EYES	3.75	N	3.75
1	MISC SALE	JACK O LANT (MED)	9.85	N	9.85
1	MISC SALE	FUN FAVORITES	3.55	N	3.55
1	MISC SALE	SM GHOST	5.85	N	5.85
1	MISC SALE	GUMMY CANDIES	3.35	N	3.35
1	MISC SALE	BOO STAKE	14.50	N	14.50
1	MISC SALE	GHOST PEEPS	1.95	N	1.95
1	MISC SALE	HAUNTED BIRD	26.35	N	26.35
1	MISC SALE	PUMPKIN PEEPS	1.95	N	1.95
1	MISC SALE	MOVING SHINGLES	24.55	N	24.55
1	MISC SALE	WITCH PEEPS	1.95	N	1.95
1	MISC SALE	SCARECROW MASK	18.25	N	18.25
1	MISC SALE	PUMPKIN CHEWIES	1.95	N	1.95
1	MISC SALE	CARVING KIT	12.95	N	12.95
1	MISC SALE	CANDY CORN	6.25	N	6.25
1	MISC SALE	FLUTED GLASS	9.35	N	9.35
1	MISC SALE	MAPLE CANDIES	6.25	N	6.25
1	MISC SALE	HORROR PC	16.65	N	16.65

Continued



Keystone Bingo Supply

P.O. Box 350 -:- Muncy, PA 17756
800-598-5011 570-546-3099

Invoice

Invoice Number: 0164268-IN
Invoice Date: 9/21/2011
Customer No: 10-0001150
Salesperson: HOUSE

PA D261
NY B&R 228
NJ B 212-11
NJ R 411-11

Sold To:
MISC
PA

Ship To:
MISC
PA

Control Slip #: Ship Via Exemption #: Terms
NET 30 DAYS

Shipped	Item #	Description	Price	Disc	Amount
1	MISC SALE	TWISTED PUMPKINS	8.35	N	8.35
1	MISC SALE	MASK	19.95	N	19.95
1	MISC SALE	WITCH STAKE	8.35	N	8.35
1	MISC SALE	60" EVIL PUMPKIN	49.95	N	49.95
1	MISC SALE	COMBO BAG	19.35	N	19.35
1	MISC SALE	ASS'T SPIDERS	12.45	N	12.45
1	MISC SALE	BATS & SPIDERS	19.35	N	19.35
1	MISC SALE	STRING SPRAY	8.25	N	8.25
1	MISC SALE	TRICK OR TREAT MIX	6.85	N	6.85
1	MISC SALE	M/U HORROR	14.65	N	14.65
1	MISC SALE	TRICK BAG	6.85	N	6.85
1	MISC SALE	AUTUMN TAFFY	5.75	N	5.75
1	MISC SALE	FAKE BLOOD	12.95	N	12.95
1	MISC SALE	FALL LEAVES	5.75	N	5.75
1	MISC SALE	3' LAMP REAPER	47.65	N	47.65
1	MISC SALE	STROBE LIGHTS	28.55	N	28.55

SERVICE CHARGE OF 2% WILL BE CHARGED ON ALL
INVOICES OVER 30 DAYS. PLEASE NOTE TERMS ABOVE.

**Any Games of Chance listed have been approved by the
Commonwealth of PA Department of Revenue**

Net Invoice:	495.00
Less Discount:	0.00
Freight:	0.00
Sales Tax:	29.70
Invoice Total:	<u>524.70</u>



Keystone Bingo Supply

P.O. Box 350 -:- Muncy, PA 17756

800-598-5011 570-546-3099

Invoice

Invoice Number: 0164271-IN
Invoice Date: 9/21/2011
Customer No: 10-0001150
Salesperson: HOUSE

PA D261
NY B&R 228
NJ B 212-11
NJ R 411-11

Sold To:
MISC
PA

Ship To:
MISC
PA

Control Slip #: Ship Via Exemption #: Terms
NET 30 DAYS

Shipped	Item #	Description	Price	Disc	Amount
1	90-4000BGP40P	BEWARE OF THE GREAT PUMPKIN MB .25/1@100 IG \$1000 NET \$285	495.00	N	495.00
1	93-F1X03-60 8782351	4000ct NUMERAL TICKET \$1	0.00	N	0.00

SERVICE CHARGE OF 2% WILL BE CHARGED ON ALL INVOICES OVER 30 DAYS. PLEASE NOTE TERMS ABOVE.

Any Games of Chance listed have been approved by the Commonwealth of PA Department of Revenue

Net Invoice:	495.00
Less Discount:	0.00
Freight:	0.00
Sales Tax:	29.70
Invoice Total:	<u>524.70</u>

ATTACHMENT #5

\$1 PER CHIP



HOLD SYMBOLS 1-20 FOR A CHANCE TO WIN

BONANZA

OPEN 1 WINNER \$500 OR 5 WINNERS \$100 OR ALL HOLDERS WIN \$25

Operator: Open only 1 window.

\$100 \$100 \$100 \$100 \$100 \$100 \$100 \$100

\$50 \$50

\$10 12 WIN

\$2 285 WIN

SIGN UP

1	_____
2	_____
3	_____
4	_____
5	_____
6	_____
7	_____
8	_____
9	_____
10	_____
11	_____
12	_____
13	_____
14	_____
15	_____
16	_____
17	_____
18	_____
19	_____
20	_____

TICKET COUNT: 3955



DATE IN DATE OUT

SIGNATURE



OS

KEYSTONE BINGO SUPPLY, INC
PO BOX 350
MUNCY, PA 17756

CERTIFIED MAIL
7006 0630 0002 2756 6633

U.S. POSTAGE
PAID
MUNCY, PA
17756
SEP 23, 11
AMOUNT
\$7.20
00062506-11



17128



1005

ATTN MARY R SPRUNK
OFFICE OF CHIEF COUNSEL
DEPT OF REVENUE
PO BOX 281061
HARRISBURG PA 17128-1061

KELLY LINE INC.

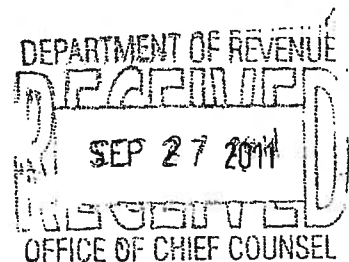
Kelly Printing – American Eagle Mfg.

500 South Centre Street, Pottsville, Pa. 17901

Phone: (570) 628-4423 – Fax: (570) 628-4427

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

In Reference to: Proposed Rulemakings (61 PA. CODE CH. 901)
Local Option Small Games of Chance
(41 Pa.B. 4638) Saturday, August 27, 2011)



The following is a List of Problems and complaints I have with the “Proposed Rulemakings”

“Fiscal Impact” The dept. has determined that proposed rulemaking will have minimal fiscal impact is seriously flawed.

There are approximately 110 Licensed Distributors and 30 Licensed Manufacturers of small games of chance. The current inventory of games that have been approved by the Department over the past 25 years is huge. Estimates are that between Manufacturers, Distributors and Clubs there is approximately **5 to 8 million dollars** of Inventory that could be deemed illegal under these proposed rules. *Keep in mind the department has already approved these games. These rules make no provisions as to whether these games will be “grandfathered” until sold or illegal upon approval.* This alone is a huge impact on the affected parties. Secondly, the manufacturers will now have to make 2 to 3 times the amount of new games with a “Single Seal Option*” and then submit them to the state for approval, This will at the very least **DOUBLE if not TRIPLE the paper work** going to the state for the approval process. Then the cost of manufacturing, coupled with the additional cost of paperwork involved will then increase prices to end users by about 20% (Another huge fiscal impact)

*under 901.632. section (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 participant in the game to choose between optional game rules, payout structures or methods of operating the game. **“This does not Clarify Anything”**. It is clearly an attempt by revenue to legislate. The Department has Approved Thousands of Games over the past 25 years with a “Multiple Seal Option” and now wants to change the law (*not clarify*) to eliminate multiple seals. Why? Nobody really knows! Currently 98% of all games Manufactured Nationwide have Multiple seal Options and changing to Single seal Options will have a huge fiscal impact as stated above. **THIS ONE CHANGE WILL COST THE INDUSTRY BETWEEN 10 AND 20 MILLION OVER THE NEXT 5 YEARS** again, another huge financial impact. *(I realize 10 to 20 million dollars compared to a multi billion dollar state budget does not sound like a lot of money, but the majority of the distributors and manufacturers of small games of chance are small business grossing from \$150 thousand to 3 million in sales and are struggling to survive in this economy. The financial impact to them will be huge and is sure to put 10 to 20% of them out of business if this becomes law)*

Under 901.1 Definitions - “Punch” THIS DEFINITION IS FLAWED.

Since the legality of Small games of chance a “Punch” has had as few as 1 number or symbols and up to 5 numbers or symbols on each crimped strip of paper AND there are from 1 to 4 individual punches in a punchboard receptacle hole representing a single chance in a punchboard . This is not something new. This is how punchboards have been manufactured since the early 1900’s.

Under 901.23. Restriction of Sales - I have one concern about section (3) Purchase

This section states Distributors may only purchase approved games from a Mfg or Distributor. This could be construed to mean that buying back games from clubs is illegal.

Under section 901.425. Records SECTION (V) For sales to a Pennsylvania registered Manufacturer or Pennsylvania Distributor, the manufacturer shall indicate on the invoice each game that the Dept. has approved and not approved for sale in this Commonwealth "THIS DOES NOT CLARIFY ANYTHING" Does this mean if a Manufacturer purchases a Christmas Basket from Walmart to use as a prize on a game that Walmart must list all items of merchandise in that basket? OR does the Manufacturer have to take the basket apart and list every item in the basket on the invoice? Does this Restrict a Club from Purchasing a Basket from Walmart and using it as a prize on a game? If Revenue already approves the games that are submitted with prizes why is all this additional paperwork needed. This rule is so vague that anyone could be in violation What Public interest could be served by this? We are talking about small games of chance here. Many clubs give away "Trinket items as prizes on games" What could be the purpose of trying to regulate or even have an invoice billing them for such items?

SECTION (vi) "The quantity and sale price of each individual item, including individual items of merchandise to be used as prizes - Again this is so vague and could create up to 100 times the paperwork to bill for merchandise games! Does revenue really care what is in a basket purchased from walmart? What could be served by this rule except to destroy the use of merchandise on games. This appears to be a rule that could be used as some kind of vendetta to get something or anything on someone an agent or the department does not like. What I really do not understand is that if the Dept. has already approved a game what purpose is served by all the confusion and paperwork it looks like you are trying to create. Small games of chance is limited to a \$500 top prize and 5000 a week in payout. The organizations running small games are NON PROFIT, Fire Companies, Churches, VFW's Legions, Fish & Games, etc. The average organization makes \$200 to \$500 per week profit on small games of chance. The proposed rule changes would increase their paperwork 5 to 10 fold. They are composed mostly of Volunteers who DO NOT GET PAID and certainly are not Accountants when it comes to paperwork. Is it really necessary to Over Regulate them in their quest to raise funds to Buy Fire Fighting Equipment, Fund Children's Activities, Repair Churches or Help buy a Wheel Chair for a Veteran coming home from war?

Under section 901.445. Records section (viii) (x) The ideal prizes per game – What does this really mean?

There is absolutely no clarity in this! Does the invoice have to List all the prizes?

Does it have to List the winners 4@\$250, 4@\$100, 6@\$50, 6@\$10, 24@\$5, 860@\$1 in the description?

For Merchandise games does it have to list 1@\$100, 1@\$50, 1@Ketchup, 1@Mustard, 1@Pickles, 1@Bologna, 1@Basket, 1@Baseball Hat, 1@Folding Chair and On and On and On and On??? Who really knows? How can you abide by the law if it is so ambiguous a college professor or judge could not even figure it out? Again I have to ask, what is Revenue trying to accomplish here. Certainly These rules *DO NOT Clarity Anything!* Is the Dept. really going to investigate a Fire Hall to See if they gave a jar of Pickles away?

The purpose of these rules are to "improve the clarity and effectiveness" of the Department's regulations regarding games of chance. I fail to see How these rules meet that standard. These rules are Vague, Ambiguous and Confusing to say the least. No one can figure out what is legal or not legal? They simply are going to incite legal battles over a bag of candy or jar of ketchup.

The Department of Revenue's Mission is to "Fairly, Efficiently and Accurately Administer the Tax Law and other Revenue programs of the commonwealth to fund government services"

Under the heading of "Fairly" does this mean Revenue will be reviewing all industries in the state with a microscope like they are reviewing small games of chance?

Sincerely,

Ron Kelly, President
Kelly Line, Inc.

cc: Representative Michael Tobash 125th District
Representative Neil Goodman 123th District
Representative Jerry Knowles 124th District
Senator David Argall 29th District

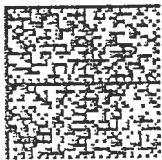
Kelly Printing

500 South Centre Street

P.O. Box 1265

Pottsville, Pa. 17901

Quality Printing Since 1921



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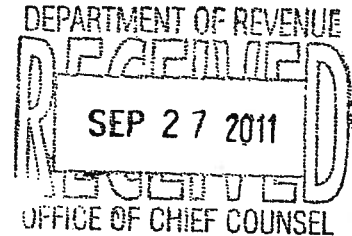
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September 26, 2011

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



RE: Proposed Rulemakings, Local Option Games of Chance

Dear Ms. Sprunk,

I am writing on behalf of Bonanza Press, Inc. We are a licensed, Small Games of Chance Manufacturer serving the distributors in the State of Pennsylvania. We currently manufacture products for more than 30 distributors and countless Charitable Organizations through those distributors.

We received notice of the proposed changes in the Local Option Small Games of Chance rules through the PA Bulletin. While I applaud the need to clarify some rules, we are concerned that some of the proposed changes will present a hardship for organizations and additional work for the Commonwealth.

Pennsylvania has a wide variety of both distributors and operators. While some are large, the majority are small. Several of the proposed rules will add labor for the small distributors and reduce the choices available to Charitable Organizations.

Fiscal Impact and Paperwork

The rules proposal states that the Commonwealth will have minimal fiscal impact and will not generate additional paperwork for the public or Commonwealth. I would challenge that assumption.

We submit many games per month to the Small Games of Chance office for approval. If one of those rules as proposed is approved, (901.632(b)), (no option on seal cards) the number of submissions per month could more than double, or even triple.

As for the public, requiring distributors and manufacturers to list every merchandise item on an invoice (902.425(1)(vi)) will create the need for all those items to have an SKU. This requires data entry for inventory. You will then need to enter it separately on orders and then produce pages upon pages of additional invoices. This would add up to more labor and cost.

One issue not addressed; If we purchase a basket of items from a wholesaler, they were purchased as a unit. If the basket contains 10 items, how do I report the cost for each item?

General Manufacturing Standards

We produce the options on seal cards to reduce inventory for individual distributors and provide organizations the option to payout a game depending on the crowd in attendance. If this rule is approved,



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(901.632(b)),(no option on seal cards) most games will now be produced as two or three form numbers to give organizations the payout that they require.

Some organizations may have to purchase more than one form number of a game to keep the variety they need to satisfy player demand. This increases the organizations inventory. Adding all of these additional forms would have a huge impact on the Small Games of Chance office in both cost and paperwork. These options on a seal card have no effect on the payout and profit of a game. Having 1 @ \$500 or 2 @ \$250 or 5 @ \$100 still pays the same payout. Only the number of registered hold tickets that receive a part of the prize amount would change.

As an alternate to the proposed rule please consider changing 901.634 (b) (5) & (6) to:

(5) The total prize payout structure including seal options

(6) The exact prize payout for each winning chance including seal options

The Example is clear that Instant winners may not change. It says nothing about optional seals. One other alternative would be to require operators to announce which seal is in play prior to selling the tickets.

The Proposed Rules will Increase Ticket Cost

With the increased paperwork and labor at both the distributor and manufacturer level, this will lead to both distributors and manufacturers to increase the cost per ticket. This will only affect the Charity and reduce the amount per game they ultimately contribute to their charitable needs.

General Applicability

As a manufacturer, we have products for several states. Our distributors also sell in several states. We often sell games that are destined for sales outside PA to distributors located and licensed in PA. Adding additional verbiage to a sales invoice to note approval or not by the Small Games of Chance Office is not an issue. However, the language in 901.23 (a)(2) seems to suggest that we will not be able to sell any products in PA even through they will not be sold within PA.

We encourage further review and public comment before these proposed rules go into effect. We would like to be a part of that public process and would encourage the Small Games of Chance Office to enlist comment directly from the organizations that use these products.

Sincerely,

Richard Norris
President
Bonanza Press, Inc.



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