

#2905

Respond to:

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COMMITTEES  
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GAMING OVERSIGHT - CHAIRMAN  
IRRC

2011 SEP 23 P 3 21

## House of Representatives

Commonwealth of Pennsylvania  
Harrisburg September 23, 2011

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Mary R. Sprunk, Regulatory Coordinator  
Office of the Chief Counsel  
Pennsylvania Department of Revenue  
10<sup>th</sup> Floor, Strawberry Square  
Harrisburg, PA 17128-1061

Dear. Ms. Sprunk:

As Chairman of the House Gaming Oversight Committee, I would like to comment on Regulation #15-451, the Department of Revenue's regulations addressing small games of chance. This is a proposed rulemaking currently before IRRC.

I have several areas of concern and have broken these concerns down into two categories (1) affecting manufacturers, (2) affecting operators and player

### Concerns affecting manufacturers:

- *Requiring manufacturers to include "that the Department has approved for use in this Commonwealth"* Many of our small games of chance manufacturers also manufacture games for other states and it will not be cost effective for the manufacturer to print this on each of their games.
- *Requiring a manufacturer to indicate on the invoice if the game is approved in PA.* Any game a manufacturer should be selling to a distributor or directly to an operator should already be approved for use in PA and the manufacturer should have no need to make this indication. Many games are made exclusively for the PA market and there would be no other jurisdiction where the game could be sold. This will cause a significant financial loss to many individuals.

### Concerns affecting operators and players:

- *Requiring one eligible organization per licensed premise.* This requirement is not currently in the Local Option Small Games of Chance Act; therefore, this is out of the scope of Revenue's regulatory powers.


- *Prohibiting variety pack games with one form number and different names.* Currently, manufacturers produce different looking symbols and themes of games that have the same payout structure and play the same way as the other games in the package. This change would require every game title to have a separate form number and will eliminate variety packs, affecting the variety of games operators can give their players.
- *Prohibiting multiple payout options on "Seal Card" prizes.* Currently, seal cards allow for manufacturers, distributors and game operators to reduce their investment in inventory or games that are similar. Under this proposed change, distributors will be forced to select the best selling games. In turn, it eliminates an operators ability to choose which payout options work best for their organization.

Small games of chance are the prime fundraising source for many of the non-profit organizations throughout the Commonwealth. It is imperative that they are able to raise funds, without unnecessary regulatory hindrance, by offering small games of chance.

Also to note, the Legislature is working diligently on making changes to the Local Option Small Games of Chance Act and these changes may affect the proposed regulations. It may be in the Department's best interest at this time to withdraw the regulations until the legislation is signed into law.

I recommend that you make the necessary changes to ensure our organizations can be sustained through these games or withdraw the regulations until updated legislation is passed.

Very truly yours,

  
CURT SCHRODER, Member  
155<sup>th</sup> Legislative District

CS/cjm

cc: Fiona Wilmarth, Acting Director ✓  
Independent Regulatory Review Commission  
Scott Schalles, Independent Regulatory Review Commission