



KEYSTONE BINGO SUPPLY

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

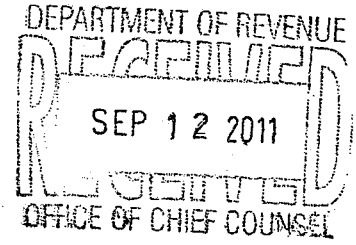
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August 30, 2011

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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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

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