

PANCO

Pennsylvania Association of Nationally Chartered Organizations

TESTIMONY
House Gaming Oversight Committee
House Bill 1663
Public Hearing
Tuesday July, 29, 2008

Good afternoon. Chairman James, Chairman Clymer, distinguished members of the House Gaming Oversight Committee; I would like to thank you for the opportunity to present testimony today on House Bill 1663.

My name is Tom Helsel and I am the secretary of the Pennsylvania Association of Nationally Chartered Organizations. PANCO's membership consists of fraternal and veteran organizations that are nationally chartered. We count among our membership lodges and posts from the Benevolent and Protective Order of Elks, the Loyal Order of Moose, the Fraternal Order of Eagles, the American Legion and the VFW.

On the outset of reviewing House Bill 1663, it is our consensus to support the measure. We welcome any opportunity to help our organizations to raise funds for their purposes. However, we are concerned that there are many issues that currently exist with the Small Games of Chance Act and that those issues could be further exasperated if not addressed.

Let me first say that as the bill is currently proposed, it provides a vehicle for accountability. Accountability of small games revenue has been an issue raised by this legislature in the past. Linking each terminal with a central control system under the control of the Commonwealth would assure accurate accounting for both club revenue and property tax relief revenue. It would reduce the opportunity to commit fraud and embezzlement and insure that all concerned are realizing the income that is due.

Outside of the positive of increased accountability, we quickly can come to the negatives. Under the Small Games Act, the raising of funds is tied to payouts. Currently the weekly payout limit is set at \$5,000 and the single prize limit of \$500. The bill does not address the issue of either increasing these limits or setting revenue derived from video poker separately from the current established weekly limit.

If the revenue derived from video poker is subject to the current weekly limitations then we must question the licensing fee. If the revenue limit is unrestricted or is exclusively and separately limited, then the \$1000 per machine licensing fee becomes valid.

As many of you are aware, the issue of payout limits is paramount to our industry. In June of 2007, this chamber passed House Bill 169 and sent it to the Senate for their approval. HB 169 has languished there since. To refresh your memory, the bill would increase the weekly payout from \$5,000 to \$20,000 and increase the single prize limit from \$500 to \$1,000. We are expected under current legislation to be held to a limit established 20 years ago that has not and does not account for inflation or any other form of economic change. Imagine being asked to make due with today's prices on a salary from 1988.

Our collective focus has been to get this inequity changed. Without having these necessary and vital increases, adding an additional source of potential revenue is somewhat defeatist. We need to have significant changes to the Small Games Act in order to make this work properly.

A second issue rises in that HB 1663 does not address the question of use of proceeds. As it is currently written, proceeds derived from video poker would be subject to the use of proceeds as defined by the current Act. Again, HB 169 addressed that issue by allowing proceeds to be used for certain general operating expenses.

Use of proceeds is a significant issue that will only get worse if not properly addressed. What seems to be lost on many is that our organizations are predicated on helping our communities and our veterans. We provide funding for youth sport activities; such as Legion baseball. Funding for local scholarships. Funding for veteran programs. Funding for police and EMS needs that small municipalities can not provide. Funding for the disabled and infirmed. At the center of these funding sources are our local lodges, posts and clubs. Without them, these financial sources go away.

Our local organizations bear the brunt of increasing operating costs and the expectation of providing increases in charitable giving. We pay real estate taxes on the property we own. We will not see property tax relief. This upcoming heating season will no doubt prove to be the most expensive on record. The proposals in HB169 provide some relief in allowing us to use proceeds to offset expenses such as these.

We have entered an age where our gaming entertainment dollars are at their most sought after. Charitable, fraternal and veteran organizations are seeing these dollars less frequently. High gas prices, alternative sources of gaming entertainment and other factors have weighed in and created this decline. Locally, several volunteer fire companies have and/or are contemplating eliminating bingo as a source of revenue. These organizations rely on small games revenue generated during bingo as a supplement. We need to be appreciative, helpful and understanding of the plights of our organizations and recognize that when they die, a significant portion of charitable funding is lost forever.

HB 1663 offers our organizations a new and valuable source of revenue. But without the significant changes already sought to the Small Games Act, its potential is negated.