

**House Gaming Oversight Committee  
Hearing on House Bill 1891 PN 2940  
Pennsylvania Department of Revenue  
March 21, 2016**

Chairman Payne, Chairman Kotik and members of the committee, thank you for the opportunity to submit remarks regarding House Bill 1891, which shifts oversight authority of small games of chance (SGOC) from the Department of Revenue to the Pennsylvania Gaming Control Board (PGCB).

The Department of Revenue supports HB 1891 PN 2940.

The Small Games of Chance Act (Act 156 of 1988) is administered and enforced by several different governmental entities: local licensing authorities, the Pennsylvania Department of Revenue, the Pennsylvania Liquor Control Board, the Pennsylvania Gaming Control Board, the Pennsylvania State Police and local law enforcement officials. As an overview, the Department of Revenue has limited administrative authority and responsibility concerning small games of chance. The department is charged with the following:

- Registering games of chance manufacturers to sell games of chance for use in the commonwealth;
- Certifying certain games of chance (pull-tab games and punchboards) for use in the commonwealth;
- Licensing distributors to sell games of chance for use in the commonwealth;
- Maintaining the application used by counties to license clubs with liquor licenses and other eligible organizations;
- Receipt and retention of games of chance reports from club licensees;
- Random audits of club licensees;
- Administering the state and host municipality tavern games taxes.

As many of you are aware, the department's enforcement authority is limited to manufacturers and distributors. County treasurers, not the Department of Revenue, issue licenses to clubs with liquor licenses and other eligible organizations. Tavern games licenses are issued by the Pennsylvania Liquor Control Board. Law enforcement officials oversee small games of chance operations under the liquor code and criminal gambling statutes. The department assists the Pennsylvania State Police Bureau of Liquor Enforcement (PSP-LCE) by verifying the submission of annual club reports and verifying the approval of pull-tabs, punchboards and dispensing machines.

With regard to the department's responsibilities, the mission of the Department of Revenue is to fairly, efficiently and accurately administer the tax laws and other revenue programs of the commonwealth to fund necessary government services.

With our mission in mind, we support transferring oversight of SGOC from the Department of Revenue to the Pennsylvania Gaming Control Board. While the department has successfully

fulfilled our statutory responsibility, we do not believe that regulating SGOC truly falls within our mission to administer the commonwealth's tax laws. The transition of these responsibilities would enhance the efficiencies of the department's administration of the tax laws and the revenue needs of the commonwealth.

The department's regulations provide guidance regarding all games of chance and their operation, including those games which the department does not regulate, such as daily and weekly drawings and raffles. If House Bill 1891 PN 2940 is enacted and oversight is transferred to the PGCB, the applicability of existing regulations could be called into question. To ensure regulatory consistency, the department recommends the legislation be amended to include language to ensure that regulations in force at the time of enactment would remain until the new regulations are adopted.

Thank you for the opportunity to submit testimony.