

The Pennsylvania Gaming Alliance



**Testimony Presented to the Pa. House Gaming Oversight
Committee**

Pa. Small Games of Chance Act

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Paramount Games

Good Morning to both Chairman, committee members and staff. As Mike indicated, my name is Tony Devitz, and I oversee the sales department at Paramount Games. Paramount is a manufacturer of pull-tabs; specifically jar tickets, used as a means of fundraising by charitable and other non-profit organizations, and taverns across the nation. We are located in the Borough of Wheatland in Mercer County, just south of Sharon, PA. on the Ohio border.

Paramount was founded in 1995 and, over those 21 years, has grown in size and production volume. We began operations with 3 employees and now have the privilege to employ nearly 100 individuals, many who are PA residents, with stable, good paying jobs. We are proud of what the company has become, a positively recognized and respected employer in our community.

Since our inception, we have significantly grown our business footprint and now place our products with distributors in 15 states, including our border states of Ohio, New York, West Virginia, Delaware, and Maryland. Of the charitable gaming manufacturers in this country, we are the only one with the distinction of calling PA home. I may be bias considering I am a Lebanon County native, but I am honored to help lead such a successful company domiciled here in the Commonwealth.

As a manufacturer, I am thrilled that PA hosts upwards of 6200 licensed entities that conduct charitable gaming. My concern is that their continued success is predicated on a system that is less user-friendly and more restrictive for clubs, charities, and taverns than in other states.

Today I would like to highlight two specific issues with the committee; the first of which involves the game approval process in the Commonwealth. Presently, Pennsylvania law and

regulation require that any manufactured game of chance to be distributed in the state must receive the approval of the Department of Revenue. The department, which I believe is severely understaffed for this purpose, has done an excellent job over the years working with all manufacturers to expedite the approval process as quickly as possible. We usually receive a decision on each game within a 30-day period. Sometimes that decision comes more quickly and, understandably, sometimes it is delayed depending on the workload of the small staff. I have absolutely no complaints with the departments work with us.

While I understand the historical reasoning for the approval process for games over the past 30 years, I believe that approval for all games distributed for play in Pennsylvania is just not necessary anymore. Here are the reasons why.

First, Pennsylvania is one of only 3 states in the entire nation that still require game approval. The other states are New York and Minnesota. The remaining states allow manufacturers to self-police the compliance aspects of their games. Self-policing works because manufacturers like me place their games in a multitude of states around the country. Our ability to continue to do business in those states is purely predicated on the prudence that we demonstrate to remain in statutory and regulatory compliance. Our credibility is critical. Should we violate compliance in the manufacturing of games in any state, our credibility with regulators is shot and the future of our business is in jeopardy not to mention the stiff fines that can be handed down to repeat offenders. Trust me, word of a violation of self-policing in any state will travel to all other states where we do business.

This scenario applies to all manufacturers. These are mature, high quality companies. There is little chance that they would compromise the future of their businesses by taking advantage of their self-policing privileges.

The second reason is that probably 90% of the games played in our state have the same game style and concept. They are not new games, but games for which the face of the game, the artwork, or the flair design has been changed. Requiring approval of these games is redundant, and unnecessarily saddles the department with a heavy workload.

Therefore, I would like to suggest to the committee that language be placed in the small games act to require department approval for only new games. New referring to any games with a different gaming concept not formerly introduced in Pennsylvania. This change will eliminate the need for the department to approve same style games that have undergone nothing but a facelift in the manufacturing process. Manufacturers around the country have easily self-policed compliance in this manner for years. This revenue saving change means manufacturers will be able to get same style games to distributors for circulation more quickly, and the department would be relieved of an unnecessary and high volume administrative burden. This is just another win-win for the Commonwealth and our industry.

The second issue we would like brought to light is the Tavern gaming provisions in the small games act. It's widely known that this act has been a hot topic of discussion in the industry over the last 2 1/2 years. I am sure that it has generated similar dialogue here in the General Assembly. Clearly, the tavern gaming law is highly restrictive, overly penal, and, with only 51 or so licenses issued to date, generally unattractive to the tavern industry. Even with the popularity of my products, you would be hard pressed to find a tavern offering them for sale.

The PA. Gaming Alliance has drafted suggested changes to the tavern gaming law to recreate it as a more practical, user-friendly document. The initiatives include: A reduction in licensing and renewal fees; a fairer split in the net proceeds; a reduction in the tavern game tax; a reduction in monetary penalties; the elimination of criminal penalties; a transition to a less cumbersome criminal background check; and the elimination of the provision which has a gaming violation negatively impacting ones liquor license.

Obviously, these are not new concepts to you, as I know you have examined the tavern gaming law and discussed potential changes with the Tavern Association. We too, have had conversations with our friends at the Tavern Association and our suggestions are completely in line with their vision for the law. We are aware that this committee has reviewed the legislative draft of Rep Kurt Masser aimed at improving the tavern section of the law. The draft may not have been introduced yet, but the PA. Gaming Alliance is willing to work with the taverns in support of that bill.

Ultimately, it is a goal of the group to be a part of the advocacy process that eventually leads to the creation of a tavern law that will attract more businesses to seek licensure. With certain practical changes, tavern gaming can become a vibrant source of entertainment and revenue; one that makes good business sense for the taverns, provides a fun source of entertainment for their patrons, benefits charities, and remains a meaningful source of revenue for the Commonwealth.

Mr. Chairman, that concludes my testimony. I would now like to turn the microphone over to my colleague, John Smith.