



**Statement of the Pennsylvania Federation of Fraternal and Social Organizations on
HB 1598
Presented to the House Gaming Oversight Committee by
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October 30, 2019**

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Good morning. Chairman Marshall, Chairman Conklin, distinguished members of the House Gaming Oversight Committee, I would like to thank you for the opportunity to present testimony today on the bill before us today, HB 1598.

By way of background, the Pennsylvania Federation of Fraternal and Social Organizations (PFFSO) is a statewide association of nearly 500 social clubs, veterans clubs, fire companies and other non-profit service organizations, most of whom hold liquor licenses. Our clubs provide numerous charitable works in the local communities, funded largely, by law, by small games of chance. Our clubs are constantly struggling to find ways to attract younger members, who will take over the essential community activities of the clubs and fire companies, in the future, while retaining the existing membership as they age. Our members have in the past supported the updating of the Local Option Small Games of Chance Act, as a way of supporting club activities, and have worked with this Committee for many years to that end. PFFSO has worked closely with the committee, and its Senate counterpart, over the past decade or longer, to pass legislation updating the small games of chance and Bingo laws, based on the premise that these bills were not an expansion of gambling, but a mechanism for these non-profit organizations to increase the amount of money they can raise and contribute to other local charities.

As we have testified before you before, including earlier this year, for many clubs, dues revenues have not been able to keep pace with the structural and other overhead needs of aging facilities, and clubs have been forced to find other ways to attract new members, and to keep existing members coming into the club. We fully support, as we have in past sessions, the authorization of additional charitable games, such as the vertical wheels, poker runs, progressive games, and skill based contests. Clearly some clubs, and taverns as well as other small businesses, have already taken advantage of the popularity of the so-called "skill" games over the past several years, even as their legality has been in question. These games have far exceeded expectations from a revenue standpoint, and join the recently added lottery games in the overall arsenal of non-dues income for clubs, bars, and first responder organizations, among others.

Our member clubs have heard for years that enforcement would be stepped up on these machines, which the PA State Police believe to be illegal, as they search for a "friendly" jurisdiction to plead a case to overturn the Beaver County ruling. Due primarily to the lack of clear guidance outside of the Beaver County case, as to whether these machines are in fact legal in the other 66 counties, clubs all over the state report receiving mixed messages from both the PSP/LCE and from the Skill game manufacturers and vendors themselves. We applaud Rep. Moul's attempt to clarify the matter, and to provide a structure for legal use, reporting and revenue distribution.

Although committee members have likely heard from local clubs and taverns that they fully support the authorization of skill games, along with the other games added in HB 1598, many of our club members remain legitimately concerned that adding these machines at the VFW or Moose Lodge will impact on the SGOC ticket sales that lead to their charitable giving, which is a central part of the mission of many clubs. Other clubs have indicated that the presence of a limited number of machines have actually increased strip ticket and pull tab play, as folks wait their turn to play the skill games. These clubs consider it a "win-win" – literally. The revenue

generated by the skill games, which would under this bill join the 40% retained from SGOC, will contribute greatly to the maintenance of many clubs.

Still, reaching a consensus among club folks in this diverse state on whether to support skill games, like VGT's in past sessions, has been difficult. Our Board met in June, and again in late September to discuss the issue, and the general consensus is that if these machines are in fact legal, clubs would like to have the right to have them in their bar areas. With the inclusion of a regulatory structure, which allows the games to be placed in a controlled number of establishments, with the Gaming Control Board licensing the manufacturers and distributors, as well as the distributors collecting and remitting the taxes, is a positive step forward. As I mentioned in my previous testimony, we are aware of a pending Commonwealth Court case that may further inform this issue in the near future, but in the interim we would like to work with the committee and the other stakeholders, including the PSP, on legislation that makes sense for clubs and bars, for the lottery, casinos, and for the state coffers. We fully support the stated purposes of the Gaming Control Act, and do not wish to interfere with those revenue streams.

The language in Rep. Moul's legislation, which would put skill games under the Local Option Small Games of Chance Act, is a little confusing, since the machines are by definition NOT games of chance. Nonetheless, we support the structure that both limits the proliferation and distribution of the machines, and access to them, and welcome the additional help on both the retained and charitable sides of the books from their proceeds.

We appreciate this opportunity to comment on this legislation, and will certainly be interested in seeing how it plays out.

Thank you again for this opportunity, and I would welcome any questions.