



**Statement of the Pennsylvania Federation of Fraternal and Social Organizations on
HB 1317 – Video Lottery
Presented to the House Gaming Oversight Committee by Ted Mowatt, CAE
Executive Director
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**Ted Mowatt, CAE
Executive Director
PA Federation of Fraternal & Social Organizations
908 North Second Street
Harrisburg, PA 17102
717-441-6048
FAX 717-236-2046
Tmowatt@wannerassoc.com**

Chairmen Santoni and Schroder, I am Ted Mowatt, Executive Director of the Pennsylvania Federation of Fraternal and Social Organizations. I very much appreciate this opportunity to comment on **HB 1317**.

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. Our clubs provide numerous charitable works in the local communities, funded largely, by law, by small games of chance. Particularly in these times of budgetary constraints on state and local governments, our organizations are counted on increasingly to help, but the sources of revenue have not kept up with the need. Further, as our members age, the 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. Our members have for years supported the concept of legalizing video poker machines, as a way of supporting club activities.

As your committee is well aware, there have been no substantive changes in the Bingo law since 1981 and in Small Games of Chance since 1989. We very much appreciate the fact that the committee has already reported out bills, **HB 169**, and **HB 1284** which essentially accomplish the purpose of updating those laws, but thus far final action has not been achieved. Small Games of Chance legislation remains the primary goal of PFFSO.

PFFSO has worked with other interested groups, such as the Allied Charities of PA, and the PA Association of Nationally Chartered Organizations (PANCO), the PA Taverns Association and the PA Amusement Machine Manufacturers Association on video poker legislation in the past. PFFSO believes the Bingo and Small Games of Chance laws should remain separate from the video poker issue, and be dealt with separately, and we appreciate that this is being kept separate in **HB 1317**. We share some of the logistical concerns expressed by some of these groups, particularly the cash flow issues, but in general would like to see this bill pass. As you may be aware, the Senate is concurrently considering similar bills, **SB 211**, and **SB 212**, which deal with the issues in a slightly narrower fashion. Primarily, at this point, the use of proceeds language contained in **HB 169**, and passed in the previous session by the House, is not included in **SB 211**. **HB 1317** provides a potential alternative solution for many clubs, as the share of the revenues that the club keeps could be used for maintenance and improvements and other expenses not currently allowed under the Small Games of Chance law.

For many clubs, dues revenues have not been able to keep pace with the structural and other overhead needs, and clubs have been forced to find other ways to survive. Much has been made of the purported existence paying video poker machines in clubs and taverns across the state operating illegally, and that this legislation would simply capitalize on their currently untapped profits. We have not done any formal surveys of our member clubs on this issue, for reasons that should be apparent, but we have polled our members on whether they would want the machines legalized, taxed and have the revenue benefit the Commonwealth budget through various programs. It is our unscientific finding that by and large the opinions vary on a regional basis, for a number of reasons. There are clubs, clearly who do have machines on their premises, and are using that money to fill in the holes left by the outdated small games limits. Some of these

clubs would rather keep things the way they are, and take their chances with law enforcement. Others in this category would be relieved that the threat of losing their liquor license, a “death penalty” for most clubs, and so they support the legislation. Clubs who currently have machines are concerned about how the process of transition to the state-operated machines will be handled, and would like to see some sort of amnesty provision, so that they are not at risk simply by applying for a license.

There are many clubs in other regions who, either because of a philosophical opposition to the machines, or because there is increased enforcement by local and state authorities, they choose not to have them. Some of these clubs are in real trouble, but they try their best to play by the rules, until better rules exist. Our organization as a whole has resolved this issue by generally supporting the concept, with the possible suggestion that the committee and the Administration consider making it, too, a Local Option, and let communities decide whether they want to allow it.

On the issue of funding college students through this mechanism, we have no strong opinion, though our prior discussions had centered around finding additional funds for local governments, to reduce local taxes. As a parent of a recent college graduate, and three more to follow, I can attest to the cost of attending college in Pennsylvania, and applaud the Rendell administration and the General Assembly for attempting to find ways to reduce those costs, without raising taxes. Many of our club members attended college through GI Bills, and other government programs, so we are not opposed to aid in this manner as a rule. We would hope (and I as a parent of an entering Penn State student surely hope) that this program, should it be implemented, could be successful enough to be expanded to benefit all Pennsylvania students, regardless of where in Pennsylvania they choose to attend college.

Let me close by reiterating that, whereas our primary objective is to remove outdated restriction on the Small Games of Chance and Bingo laws, the Federation of Fraternal and Social Organization stands ready to work with the Committee and the Rendell Administration to craft a workable bill to add video poker terminals to our available revenue sources, so that we can continue to be a viable, essential member of our local communities.

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