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HEALTH CARE

House of Representatives

COMMONWEALTH OF PENNSYLVANIA

HARRISBURG

June 15, 1993

The enactment of legislation last month to ban the sale of out-of-state lottery tickets in Pennsylvania closed a loophole in our state law that had been threatening the security of our state lottery fund and, consequently, the important programs which benefit many Pennsylvania senior citizens.

As the prime sponsor of this legislation, which was strongly supported by Governor Casey, the Department of Aging, and the Pennsylvania Lottery, I am pleased that the legislature has closed this costly loophole.

It is important to note that, prior to the enactment of this legislation, Pennsylvania was the only state in the entire country to permit the sale of out-of-state lottery tickets within our borders. A Pennsylvanian could buy a California lottery ticket here, but a Californian could not buy a Pennsylvania lottery ticket in California. These one-way arrangements were sending Pennsylvanians' money into other states' coffers without permitting Pennsylvania to attract individuals from other states to play the Pennsylvania lottery.

To level the playing field between Pennsylvania and other states, my legislation allows the Secretary of Revenue to enter into a compact with other states who express an interest in selling the Pennsylvania Lottery within their borders. Compacts would permit both states to "win" in terms of maximizing their respective lottery funds.

The primary purpose of the lottery, and the most important one, is to provide benefits to over 400,000 senior citizens throughout the Commonwealth. Conservative estimates suggest the Lottery Fund will be depleted by \$1 million by the sale of out-of-state lottery tickets before the ban goes into effect. \$1 million is equivalent to more than 400,000 free transit rides for older Pennsylvanians; or property tax and rent rebates for at least 600 older persons; or more than 25,000 prescriptions for blood pressure medication. The real winners from the ban on out-of-sale tickets are the senior citizens who receive these important benefits.

While I am pleased a gentleman from Johnstown won the Florida lottery a few months ago, I wish someone in Florida could have had the same chance to win the Pennsylvania lottery. My legislation will allow this to occur.

Keep in mind that there are only so many disposable dollars for people to spend on lottery games of chance. For every dollar that goes out of Pennsylvania, one dollar less will go towards Pennsylvania's elderly programs. Some may consider this irrelevant, but I consider it only fair. It only makes sense that we should be interested in protecting our own.

State Representative Leo Trich, Jr.
47th District

A handwritten signature in black ink, appearing to read "Leo Trich, Jr.", written over the typed name.



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF ATTORNEY GENERAL

August 6, 1993

ERNEST D. PREATE, Jr.
ATTORNEY GENERAL

Reply To:

15th Fl., Strawberry Sq.
Harrisburg, PA 17120
(717) 787-1100
(717) 772-4526 (Fax No.)

Honorable Leo J. Trich, Jr., Member
House of Representatives
Commonwealth of Pennsylvania
Room 25, East Wing
Main Capitol Building
Harrisburg, PA 17120

Dear Representative Trich:

Attorney General Preate has asked me to respond to your letter to him of August 2, 1993, regarding Judge Rambo's decision invalidating Act 8 of 1993.

Yesterday, we filed with Judge Rambo a Motion for Reconsideration, which is responsive to the Judge's decision.

If you would like additional information, please feel free to contact me directly at 787-1100.

Sincerely yours,

A handwritten signature in cursive script that reads "Louis J. Rovelli".

Louis J. Rovelli
Executive Deputy Attorney General
Director, Civil Law Division

LJR/bjm
cc: Frances B. Cleaver, Esq.

AUG 10 1993

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HEALTH CARE

House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

To: All House Members

From: Representative Leo Trich *LT*

Re: House Bill 559

Date: March 30, 1993

In light of our pending floor vote today on HB 559, I felt it was necessary to reiterate the reasons why I believe HB 559 is in the best interests of all Pennsylvanians.

- * No other state currently permits other state lottery tickets to be sold within their borders. The Lottery Department conservatively estimates out of state sales will decrease Pennsylvania lottery ticket sales \$1 million this year alone.
- * The Pennsylvania lottery provides funds to support programs for over 400,000 older Pennsylvanians. These include drug rebates, property and tax rent assistance and mass transit fare subsidies.
- * A Pennsylvania Lottery study revealed a 23% decline in instant ticket sales for Pennsylvania lottery retailers with out of state terminals in their store.
- * There is no guarantee that these out of state lottery businesses will deliver on their promise to reimburse winning tickets.
- * A recent survey in the Tribune-Review indicated, by a 3 to 1 margin, that people would support legislation to prohibit the sale of out of state lottery tickets in Pennsylvania.
- * HB 559 will preserve the integrity of the Pennsylvania lottery. Any scandal involving out of state ticket sales will adversely impact the Pennsylvania lottery, and consequently our own ticket sales.
- * HB 559 is supported by the Governor's office, the Department of Revenue and the Department of Aging. The Department of Aging has urged support of this measure by all senior advocacy groups, including the AARP, across the state.

Finally, I have attached a letter sent today from Charles Kline, Executive Director of the Pennsylvania Lottery, to the Pittsburgh Post-Gazette explaining the necessity of HB 559.
Thank you for your attention to these considerations.

(Leah's lottery introduction speech) (1)

My remarks will be brief

Let me begin by saying that

I echo and support the comments of ~~of~~ my distinguished colleague from the Senate, and that I too, will be formally introducing parallel legislation in the House, later today.

Dealing with an elderly constituent base in my district, I believe I know first hand the on-going tough

choices facing many of our seniors

* THEY ASK THEMSELVES

Do we pay our school taxes on time — ~~or~~ do we pay to have our

furnace repaired. Do I ~~try to buy~~ ~~buy~~ ~~prescription~~

my wife's heart medicine this month

or do I ~~try~~ try and catch up on

our back rent.

(2)

The PA lottery fund was designed specifically for and thank God ~~is~~ has only been used for the purpose of ~~to~~ assisting the elderly who are most needy. The proceeds generated ~~by~~ through the lottery have been allocated to assist the Commonwealth seniors by providing ~~help with~~ for such critical ~~as~~ items as pharmaceutical products, it has also helped with basic transportation needs and giving financial assistance through ~~the~~ property tax and rent rebate programs.

(3)

Therefore our first, and most important mission ~~has to~~ ^{should} be to protect the interests of Pennsylvania's elderly, and clearly that means protecting

the interests of our state lottery

program. ~~For~~ Every dollar that is

intended and ~~is~~ used to purchase ~~out~~ ^{out} of state chances, ~~that is~~ ^{will equal}

to a dollar ~~less~~ ^{less}, for ~~over~~ the PA lottery - and a dollar less for

our ^{own} senior ~~citizens~~

The issue in my estimation is simple - we need the passage of this legislation to close a loop hole in our statutes, ~~The intent~~ ^{is to insure} so as to insure

(4)

that the intent ^{of} our laws are carried out, and that they are constant, with those of all other states. This measure will do just that.

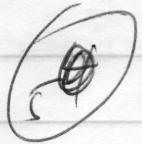
To those merchants who complain that they have not been able to acquire the right to sell PA lottery tickets, and ~~believe~~ believe the out of state option is a good one for them — I would merely ask that they reconsider their position and ^{also} include what is in the best interest ~~is~~ of

Pennsylvania's older citizens

Perhaps there is ^{as a need} a need for our

lottery officials to review their

~~present~~ ^{present} requirements



and ~~therefore permit~~ ^{so} permit
more opportunities for ^{our} businesses
statewide — but that is a
separate issue — and should
be dealt with as such, at
a later date.

In closing, I ^{strongly} support
the position of the Casey
Administration, and the
PA lottery

and would ^{respectfully} urge leadership

on both side of the ~~General~~ ^{side} and

in both chambers of the General
Assembly, to act positively

and expeditiously. ~~to act~~

NEWS **RELEASE**



State Senator
MIKE DAWIDA

Serving the 43rd Senatorial District _____

FOR IMMEDIATE RELEASE

SENATOR MIKE DAWIDA
PHONE: (717) 787-7683

CONTACT: STEVE KNILEY
PHONE: (717) 787-5166

Ban sought on out-of-state lottery sales

HARRISBURG, February 10, 1993 -- The direct or in-direct sale of lottery tickets from other states and countries would be banned in Pennsylvania under legislation introduced today by state Sen. Michael M. Dawida.

Dawida (D-Allegheny) said sales of tickets from out-of-state lotteries are having an adverse impact on the Pennsylvania Lottery.

"The Pennsylvania Lottery is the sole source of funding for a variety of essential -- and increasingly expensive -- programs to serve the state's senior citizens," Dawida said. "Out-of-state ticket sales take money away from the Pennsylvania Lottery and jeopardize senior citizen programs."

Dawida said it is already illegal to sell lottery tickets from other states and countries in Pennsylvania. But he said several companies are exploiting a loophole which allows them to sell receipts for other lotteries, rather than the tickets themselves.

"The legislation I have introduced today would close the loophole in current law which has allowed the indirect sale of lottery tickets from other states," Dawida said. "It would protect the financial integrity of the Lottery Fund, and help ensure that older Pennsylvanians continue to receive reduced-cost prescriptions, help with rent and property tax payments and other benefits financed by lottery proceeds."

Dawida's legislation would specifically prohibit the sale of out-of-state or out-of-country lottery tickets, receipts, contingent promises to pay, orders to purchase or other records of interest. Current state law only prohibits ticket sales at prices higher than set by law and by non-licensed persons. Federal law prohibits the sale of actual lottery tickets.

The legislation would also increase the maximum fine for violations of lottery ticket sale laws to \$2,000. The current maximum fine is \$500.

Dawida's legislation is supported by the state Revenue Department. He announced the legislation today at a news conference in Harrisburg. Also present at the news conference were Charles Kline, executive director of the Pennsylvania Lottery, and Rep. Leo Trich (D-Washington). Trich will introduce similar legislation in the state House.



PENNSYLVANIA LOTTERY

Commonwealth of Pennsylvania
Department of Revenue
2850 Turnpike Industrial Drive
Middletown, Pennsylvania 17057

May 11, 1993

Honorable Leo J. Trich, Jr.
Member, House of Representatives
House Post Office Box 133
Main Capitol Building
Harrisburg, Pennsylvania 17120-0028

Dear Leo:

This is a follow-up to our discussion yesterday morning and your recent letter concerning the placement of advertisements on Lottery tickets.

As I mentioned, we devoted resources to this effort and plan to look at it in more detail within the next few months.

As you may know, we have already experimented with this concept. Last year, we not only placed advertisements on our instant tickets, we also provided players with cents-off food coupons. The results of this experiment, however, were not very positive. We received little interest from advertisers. In fact, the Commonwealth paid for the production of these advertisements and received no revenue in return from the sponsors. More importantly, the game, "Cookout Cash", performed well below our expectations for ticket sales.

We are in the process of gathering information to determine if anyone is interested in placing ads on our tickets. At this point, it looks like there may be interest on a regional basis. However, the printing and distribution problems associated with regional advertising are many. How do we make certain that retailers cycle their inventory of Lottery products? How do we print the advertisements on the tickets?

In addition, we are concerned that our retailers may have problems with the concept. For example, what if we decide to advertise a product such as "Coke" in a retail outlet that only sells "Pepsi"? What happens to our sales if we advertise a product that is being boycotted, such as veal? How will older Pennsylvanians feel about the Lottery's promoting products which have been proven to cause heart disease?

If we elect to print advertisements on on-line lottery ticket stock at the retail location, we will experience more printer wear and failures. Will the additional amount of time needed to print the ads at the retail location lead to longer lines and result in lower sales?

Where do we actually place the advertisement? Do we have to produce a larger ticket or eliminate copy on the current ticket stock? (We were obligated in the case of "Cookout Cash" to print a larger ticket at increased cost to accommodate the advertising and coupons.)

MAY 13 1993

Honorable Leo J. Trich, Jr.

May 12, 1993

Page 2

How much will we actually generate in increased revenues? Will the shifting of resources to this effort result in a corresponding loss in Lottery sales?

I think you will agree that these are serious questions and concerns. We are a \$1.4 billion business enterprise operating within the framework of state government, and charged with the responsibility of generating revenues to sustain the quality of life for over 400,000 older Pennsylvanians. I think that we are obligated to first define and then confine the risks before we undertake projects of this magnitude.

We have contacted other lottery states and have been unable to locate any state that has experienced success with this concept. To my knowledge, California has not done anything in this area. Please let me know if you know of any states that place ads on their tickets.

We are always open to ideas that may lead to increased revenues. We have already devoted considerable resources to this effort and are committed to investigating the concept even further. However, at this time, we think that the risks associated with the placement of ads on our tickets are too numerous, and the implications inadequately researched.

Please let me know if you have any additional questions or suggestions.

Sincerely,

A handwritten signature in cursive script that reads "Chuck" followed by a diagonal slash and the initials "lew".

Charles W. Kline (dictated but not read)
Executive Director

CWK/lew

cc: Jonathan Bigley

HOUSE OF REPRESENTATIVES
Office of Democratic Legislative Information
G-01, South Office Building
Harrisburg, PA 17120-0028

FOR IMMEDIATE RELEASE

CONTACT: Karen M. Visintainer (717) 787-7895

HARRISBURG, May 11 - The state House today concurred in Senate amendments to legislation that bans the sale of out-of-state lottery tickets in Pennsylvania, announced Rep. Leo Trich, D-Washington, who sponsored the bill.

The measure (H.B. 559), which passed 180-11, will be sent to the governor for his signature.

"I am gratified that my colleagues have voted overwhelmingly to guard the lottery funds for our senior citizens," Trich said. "On the Senate side, the help I received from the Democratic leadership and Senator J. Barry Stout in particular, was critical to the success of this measure."

Trich noted while Pennsylvania is the only state that currently allows the sale of other states' tickets, this legislation will bring Pennsylvania into nationwide compliance. House Bill 559 closes a loophole in Pennsylvania law by prohibiting the sale of out-of-state tickets that are purchased by an electronic receipt or a promise to pay.

As amended in the House, the legislation would allow states that sell Pennsylvania Lottery tickets to sell their tickets in the Commonwealth. Another amendment requires the state Department of Revenue to survey each establishment that sells out-of-state tickets to determine if they meet the criteria to sell Pennsylvania Lottery tickets.

"The funds generated by our own state lottery are extremely important to nearly half a million of our elderly, and the passage of H.B. 559 has ensured their continuation -- without being jeopardized by out-of-state profiteers," Trich added.

The legislator said the measure is supported by the Casey administration and Pennsylvania Lottery officials and expects it will be signed into law shortly.

###kmv/1993

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HOUSE OF REPRESENTATIVES
Office of Democratic Legislative Information
G-01, South Office Building
Harrisburg, PA 17120-0028

FOR IMMEDIATE RELEASE

CONTACT: Karen M. Visintainer (717) 787-7895

HARRISBURG, May 5 -- State Rep. Leo Trich, D-Washington, today announced the Senate overwhelmingly passed his legislation to ban the sale of out-of-state Lottery tickets in Pennsylvania.

The measure (H.B. 559) was passed 47-2. The bill now goes back to the House, where it passed 180-19 on March 30, for concurrence.

"I am pleased this bill was passed as it was amended in a Senate committee," Trich said. "While I was always confident House Bill 559 was properly drafted, I was initially concerned it would be held hostage by partisan politics in the Senate last week.

"However, I'm glad to see the Senate Republicans have joined their Democratic colleagues to support the merits of the bill and put partisan politics aside. In particular, I want to thank Sen. Barry Stout, D-Washington, for his tireless efforts to pursue passage of this bill."

The measure would bring the Commonwealth into nationwide compliance by closing a loophole in Pennsylvania law to prohibit the sale of out-of-state tickets that are purchased by an electronic receipt or a promise to pay.

Currently, Pennsylvania is the only state that allows the sale of other states' lottery tickets.

"This legislation puts Pennsylvania in conformity with every other state in the nation and protects the programs that benefit more than 400,000 of our senior citizens," Trich added. "Were out-of-state ticket sales allowed to continue, the existence of some of these programs may have been placed in jeopardy."

As amended in the House, the bill would permit any other state that allows the sale of Pennsylvania lottery tickets to sell their tickets in the Commonwealth. Another amendment requires the Department of Revenue to survey each establishment that currently sells out-of-state tickets to determine if they meet the criteria to sell Pennsylvania Lottery tickets.

Trich is hopeful H.B. 559 will come before the House for concurrence next week. The bill has the support of the administration and the Pennsylvania Lottery.

###kmv/1993

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House of Representatives

COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

STEEL CAUCUS
COAL CAUCUS
GOVERNOR'S ECONOMIC
DEVELOPMENT PARTNERSHIP —
HEALTH CARE

May 12, 1993

Dear Colleague:

Thank you for your affirmative vote on concurrence with Senate Amendments to H.B. 559 yesterday. With the agreed to amendments offered by Representatives Gigliotti and Steighner, H.B. 559 brings Pennsylvania into conformity with every other state in the nation, and allows Pennsylvania to enter into agreements with other states who would be willing to sell our lottery tickets. Most importantly, this protects the important services which are provided to over 400,000 of our senior citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "Leo J. Trich, Jr.", written over a circular flourish.

Leo J. Trich, Jr.
47th District

LJT:ls

COMMITTEES

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LOCAL GOVERNMENT
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AGRICULTURE & RURAL AFFAIRS

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

March 8, 1993

At a news conference in the State Capitol on February 10th, State Representative Leo Trich, D-Washington, introduced legislation, House Bill 559, to ban the sale of out-of-state lottery tickets in Pennsylvania.

"Our first mission should be to protect the interests of older Pennsylvanians, and that means protecting the funds generated by the state lottery," Trich said. "These funds make it possible for those seniors who are eligible to receive assistance with prescription drugs, tax rebate programs and transportation needs." Officials from the Pennsylvania Lottery indicate the lottery provides funds for programs supporting over 400,000 older Pennsylvanians.

Trich added "The sale of out-of-state lottery tickets is not generating any revenue for the Commonwealth." Although it is illegal for anyone to bring out-of-state lottery tickets into Pennsylvania to resell them, a number of companies are employing purchasing agents in other states and then providing Pennsylvanians with only a ticket receipt. "However, there is absolutely no guarantee that the receipt given to a player indicates a ticket was actually purchased or that a company will provide payment on a winning ticket," Trich noted. "This can only damage the integrity of the Pennsylvania lottery, and ultimately hurt our senior citizens. We cannot allow that to occur."

Trich realizes that some merchants who sell out-of-state lottery tickets may be affected by the legislation. He noted, "To those merchants who have not been able to acquire the right to sell Pennsylvania lottery tickets and believe the out-of-state option is a good one, I merely ask them to reconsider their position to include the best interests of Pennsylvania's elderly." Trich added, "Perhaps there is a need for our Pennsylvania lottery to review their requirements and to permit more opportunities for businesses statewide, but that is a separate issue."

Lottery Officials note that no other state allows out of state tickets to be sold in their own state. A lottery official noted, "This is hurting lottery business and we cannot allow that to happen," said Mark Schreiber, a lottery spokesman. "The Pennsylvania Lottery has a serious purpose and we don't take kindly to people who try to take advantage of that." House Bill 559 has the support of the Governor's Office, the Pennsylvania Lottery and the Department of Aging.

LEO J. TRICH, JR., MEMBER

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House of Representatives
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HARRISBURG

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DEVELOPMENT PARTNERSHIP —
HEALTH CARE

To: All House Members

From: Representative Leo Trich *LT*

Re: House Bill 559

Date: March 30, 1993

In light of our pending floor vote today on HB 559, I felt it was necessary to reiterate the reasons why I believe HB 559 is in the best interests of all Pennsylvanians.

- * No other state currently permits other state lottery tickets to be sold within their borders. The Lottery Department conservatively estimates out of state sales will decrease Pennsylvania lottery ticket sales \$1 million this year alone.
- * The Pennsylvania lottery provides funds to support programs for over 400,000 older Pennsylvanians. These include drug rebates, property and tax rent assistance and mass transit fare subsidies.
- * A Pennsylvania Lottery study revealed a 23% decline in instant ticket sales for Pennsylvania lottery retailers with out of state terminals in their store.
- * There is no guarantee that these out of state lottery businesses will deliver on their promise to reimburse winning tickets.
- * A recent survey in the Tribune-Review indicated, by a 3 to 1 margin, that people would support legislation to prohibit the sale of out of state lottery tickets in Pennsylvania.
- * HB 559 will preserve the integrity of the Pennsylvania lottery. Any scandal involving out of state ticket sales will adversely impact the Pennsylvania lottery, and consequently our own ticket sales.
- * HB 559 is supported by the Governor's office, the Department of Revenue and the Department of Aging. The Department of Aging has urged support of this measure by all senior advocacy groups, including the AARP, across the state.

Finally, I have attached a letter sent today from Charles Kline, Executive Director of the Pennsylvania Lottery, to the Pittsburgh Post-Gazette explaining the necessity of HB 559.

Thank you for your attention to these considerations.

HOUSE OF REPRESENTATIVES
Office of Democratic Legislative Information
G-01, South Office Building
Harrisburg, PA 17120-0028

FOR IMMEDIATE RELEASE

CONTACT: Karen M. Visintainer (717) 787-7895

HARRISBURG, March 30 -- Legislation to ban the sale of out-of-state lottery tickets in Pennsylvania overwhelmingly passed the House 180-19 today, said Rep. Leo Trich, D-Washington, the measure's sponsor.

"From the very beginning, my concern, and that of Pennsylvania Lottery officials, was to make certain that the best interests of Pennsylvania's elderly were kept first and foremost in this debate," Trich said. "With the passage of H.B. 559, we have accomplished that good, and at the same time, insured the integrity of the state lottery program."

Trich noted Pennsylvania is the only state that permits the sale of other states' lottery tickets. However, this measure would close a loophole in Pennsylvania's law to stop out-of-state lottery tickets from being sold by including those that are purchased by an electronic receipt or a promise to pay.

"It is important to remember at present no other state permits the across-state sales of their lottery tickets. This measure brings Pennsylvania into nationwide conformity, while at the same time, guards the interests of our own Lottery Fund and the 400,000 senior citizens it serves."

Currently, it is against state law to bring out-of-state tickets into the Commonwealth for resale. However, it is not illegal for companies to employ purchasing agents in other states to buy tickets and provide Pennsylvania customers with a ticket receipt.

The bill was amended, with Trich's support, to permit any state that allows the sale of Pennsylvania lottery tickets to sell their tickets in the Commonwealth. Another amendment requires the Department of Revenue to survey each establishment that sells out-of-state tickets to determine if they have the capability to sell Pennsylvania Lottery tickets.

"The amendments offered will make this legislation responsive to the concerns of future local vendors and possible agreements with other states, if such deals can be struck," Trich said.

"At a minimum, the Revenue department has estimated that the present out-of-state 'receipt' sales could cost our elderly programs \$2.4 million in lost revenue. Each day we see some vendors who are witnessing nearly a 25 percent reduction in Pennsylvania Lottery sales

where out-of-state sales are taking place. Each passing day brings about more losses to our Lottery Fund and jeopardizes the services provided to our senior citizens. Therefore, I hope the Senate will act promptly on this important issue."

The measure now will go before the Senate.

###kmv/1993

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