

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 599 Session of  
2013

---

INTRODUCED BY ERICKSON, SOLOBAY, VULAKOVICH, STACK, FONTANA,  
ALLOWAY, WHITE, RAFFERTY, YUDICHAK, MENSCH, YAW, BOSCOLA,  
TOMLINSON, FERLO AND SCARNATI, MARCH 8, 2013

---

REFERRED TO FINANCE, MARCH 8, 2013

---

AN ACT

1 Amending the act of December 19, 1988 (P.L.1262, No.156),  
2 entitled, as amended, "An act providing for the licensing of  
3 eligible organizations to conduct games of chance, for the  
4 licensing of persons to distribute games of chance, for the  
5 registration of manufacturers of games of chance, and for  
6 suspensions and revocations of licenses and permits;  
7 requiring records; providing for local referendum by  
8 electorate; and prescribing penalties," expanding the scope  
9 of the act to include certain retail licensees; and further  
10 providing for distribution of proceeds.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 hereby enacts as follows:

13 Section 1. The definition of "eligible organization" in  
14 section 103 of the act of December 19, 1988 (P.L.1262, No.156),  
15 known as the Local Option Small Games of Chance Act, amended  
16 October 24, 2012 (P.L.1462, No.184), is amended and the section  
17 is amended by adding a definition to read:

18 Section 103. Definitions.

19 The following words and phrases when used in this act shall  
20 have the meanings given to them in this section unless the  
21 context clearly indicates otherwise:

1 \* \* \*

2 "Eligible organization." A charitable, religious, fraternal  
3 or veterans' organization, club, club licensee, retail licensee  
4 or civic and service association. In order to qualify as an  
5 eligible organization for purposes of this act, an organization  
6 shall have been in existence and fulfilling its purposes for one  
7 year prior to the date of application for a license. The term  
8 shall include an affiliated nonprofit organization licensed  
9 under section 307.

10 \* \* \*

11 "Retail licensee." A hotel, restaurant, privately owned  
12 public golf course, brew pub or malt beverage eating place that  
13 is licensed to sell liquor under the act of April 12, 1951  
14 (P.L.90, No.21), known as the Liquor Code.

15 \* \* \*

16 Section 2. Sections 302(d) and 307(e) of the act, amended  
17 February 2, 2012 (P.L.7, No.2), are amended to read:

18 Section 302. Prize limits.

19 \* \* \*

20 (d) Exception for raffles.--Notwithstanding subsection (b)  
21 or (c), a licensed eligible organization may conduct a raffle  
22 and award a prize or prizes valued in excess of \$1,000 each only  
23 under the following conditions:

24 (1) The licensing authority has issued a special permit  
25 for the raffle under section 308.

26 (2) A licensed eligible organization shall be eligible  
27 to receive no more than eight special permits in any licensed  
28 term except that a volunteer fire, ambulance or rescue  
29 organization that is not a club licensee or retail licensee  
30 shall be eligible to receive ten special permits in any

1 licensed term.

2 (3) Only one raffle may be conducted under each special  
3 permit issued under section 308.

4 (4) Except as provided under subsection (d.1), the total  
5 of all prizes awarded under this subsection shall be no more  
6 than \$100,000 per calendar year.

7 \* \* \*

8 Section 307. Licensing of eligible organizations to conduct  
9 games of chance.

10 \* \* \*

11 (e) Application for license.--Each eligible organization  
12 shall apply to the licensing authority for a license on a form  
13 to be prescribed by the Secretary of Revenue. For a club license  
14 or retail license, the application and each renewal application  
15 shall include the most recent annual report filed by the club  
16 licensee or retail licensee under Chapter 5. The form shall  
17 contain an affidavit to be affirmed by the executive officer or  
18 secretary of the eligible organization stating that:

19 (1) No person under 18 years of age will be permitted by  
20 the eligible organization to operate or play games of chance.

21 (2) The facility in which the games of chance are to be  
22 played has adequate means of ingress and egress and adequate  
23 sanitary facilities available in the area.

24 (3) The eligible organization is not leasing such  
25 premises from the owner thereof under an oral agreement, nor  
26 is it leasing such premises from the owner thereof under a  
27 written agreement at a rental which is determined by the  
28 amount of receipts realized from the playing of games of  
29 chance or by the number of people attending, except that an  
30 eligible organization may lease a facility for a banquet

1 where a per head charge is applied in connection with the  
2 serving of a meal.

3 \* \* \*

4 Section 3. Chapter 5 heading and sections 501, 502, 503, 504  
5 and 505 of the act, added February 2, 2012 (P.L.7, No.2), are  
6 amended to read:

7 CHAPTER 5

8 CLUB AND RETAIL LICENSEES

9 Section 501. Club licensee and retail licensee.

10 (a) Report.--

11 (1) Beginning in 2013, a club licensee and retail  
12 licensee shall submit semiannual reports to the department  
13 for the preceding six-month period on a form and in a manner  
14 prescribed by the department.

15 (2) The report must be filed under oath or affirmation  
16 of an authorized officer of the club licensee or retail  
17 licensee.

18 (3) The report shall include all of the following  
19 information:

20 (i) The proceeds received by the club licensee or  
21 retail licensee from each game of chance conducted,  
22 itemized by week.

23 (ii) The amount of prizes paid from all games of  
24 chance, itemized by week.

25 (iii) Other costs incurred related to the conduct of  
26 games of chance.

27 (iv) The verification of amounts distributed for  
28 public interest purposes itemized under section  
29 502(a) (1), itemized by the recipient.

30 (v) An itemized list of expenditures made or amounts

1 retained and expenditures under section 502(a) (2).

2 (vi) The address and the county in which the club  
3 licensee or retail licensee is located.

4 (vii) Other information or documentation required by  
5 the department.

6 (b) Distribution.--The department shall provide a copy of  
7 the report to the Bureau of Liquor Control Enforcement.

8 (c) Posting.--The reports under subsection (a) shall be  
9 published on the department's Internet website.

10 Section 502. Distribution of proceeds.

11 (a) [Distribution] Club licensees.--The proceeds from games  
12 of chance received by a club licensee shall be distributed as  
13 follows:

14 (1) [No less than 70%] An amount equal to 50% of the  
15 proceeds shall be paid to organizations for public interest  
16 purposes in the calendar year in which the proceeds were  
17 obtained.

18 (2) [No more than 30%] An amount equal to 50% of the  
19 proceeds obtained in a calendar year may be retained by a  
20 club licensee and used for the following operational expenses  
21 relating to the club licensee:

22 (i) Real property taxes.

23 (ii) Utility and fuel costs.

24 (iii) Heating and air conditioning equipment or  
25 repair costs.

26 (iv) Water and sewer costs.

27 (v) Property or liability insurance costs.

28 (vi) Mortgage payments.

29 (vii) Interior and exterior repair costs, including  
30 repair to parking lots.

- 1 (viii) New facility construction costs.  
2 (ix) Entertainment equipment, including television,  
3 video and electronic games.  
4 (x) Other expenses adopted in regulation by the  
5 department.

6 [(a.1) Amounts retained.--Amounts retained by a club  
7 licensee under subsection (a) (2) shall be expended within the  
8 same calendar year unless the club licensee notifies the  
9 department that funds are being retained for a substantial  
10 purchase or project. Notification shall include a description of  
11 the purchase or project, the cost and the anticipated date of  
12 the purchase or project.]

13 (a.2) Retail licensees.--The proceeds from games of chance  
14 received by a retail licensee shall be distributed as follows:

15 (1) An amount equal to 20% of the proceeds shall be paid  
16 to organizations for public interest purposes in the calendar  
17 year in which the proceeds were obtained.

18 (2) An amount equal to 30% of the proceeds obtained in a  
19 calendar year shall be paid to the secretary for deposit into  
20 the General Fund.

21 (3) An amount equal to 50% of the proceeds obtained in a  
22 calendar year may be retained by a retail licensee and used  
23 for the following operational expenses relating to the retail  
24 licensee:

25 (i) Real property taxes.

26 (ii) Utility and fuel costs.

27 (iii) Heating and air conditioning equipment or  
28 repair costs.

29 (iv) Water and sewer costs.

30 (v) Property or liability insurance costs.

- 1           (vi) Mortgage payments.  
2           (vii) Interior and exterior repair costs, including  
3           repair to parking lots.  
4           (viii) New facility construction costs.  
5           (ix) Entertainment equipment, including television,  
6           video and electronic games.  
7           (x) Other expenses adopted in regulation by the  
8           department.

9           (a.3) Amounts retained.--Amounts retained by a club licensee  
10          or retail licensee under subsection (a) (2) or (a.2) (3) shall be  
11          expended within the same calendar year unless the club licensee  
12          notifies the department that funds are being retained for a  
13          substantial purchase or project. Notification shall include a  
14          description of the purchase or project, the cost and the  
15          anticipated date of the purchase or project.

16          (b) Prohibition.--

17               (1) Proceeds shall not be used for wages, alcohol or  
18               food purchases or for the payment of any fine levied against  
19               the club licensee or retail licensee.

20               (2) An officer or employee of a club licensee or retail  
21               licensee who operates the game of chance shall not  
22               participate in the game. This paragraph shall not apply to a  
23               raffle.

24          Section 503. Records.

25               A club licensee and retail licensee shall maintain records as  
26               required by this act or by the department, including invoices  
27               for games of chance purchased. Records necessary to conduct an  
28               audit under section 702(b) shall be made available to the Bureau  
29               of Liquor Control Enforcement or other entity authorized to  
30               enforce this act.

1 Section 504. Raffle tickets.

2 A club licensee and retail licensee shall maintain records  
3 relating to the printing or purchase of raffle tickets. Records  
4 shall include a receipt or invoice from the place of purchase  
5 that shows the cost and number or amount of tickets purchased.

6 Section 505. Weekly drawings.

7 A club licensee and retail licensee shall maintain records  
8 relating to the printing or purchase of materials to be used for  
9 weekly drawings. Records shall include a receipt or invoice from  
10 the place of purchase that shows the cost and number or amount  
11 of materials purchased.

12 Section 4. Section 701(a)(1.1), (13) and (14) of the act,  
13 amended February 2, 2012 (P.L.7, No.2), is amended to read:

14 Section 701. Revocation of licenses.

15 (a) Grounds.--The following shall be grounds for suspension,  
16 revocation or nonrenewal of a license:

17 \* \* \*

18 (1.1) Any of the funds derived from the operation of  
19 games of chance by a club licensee or retail licensee are  
20 used in a manner that does not comply with section 502.

21 \* \* \*

22 (13) A club licensee or retail licensee has failed to  
23 file an accurate report under section 501(a).

24 (14) A club licensee or retail licensee has failed to  
25 comply with section 502.

26 \* \* \*

27 Section 5. Section 702 of the act, amended February 2, 2012  
28 (P.L.7, No.2) and October 24, 2012 (P.L.1462, No.184), is  
29 amended to read:

30 Section 702. Enforcement.

1 (a) Licensing authority.--The licensing authority may  
2 enforce the provisions of this act and may impose the penalties  
3 under subsection (d).

4 (b) Bureau of Liquor Control Enforcement.--If the licensee  
5 is a club licensee or retail licensee, the Bureau of Liquor  
6 Control Enforcement may enforce the provisions of this act in  
7 accordance with subsection (g). An administrative law judge  
8 under section 212 of the act of April 12, 1951 (P.L.90, No.21),  
9 known as the Liquor Code, may impose the penalties under  
10 subsection (d) following the issuance of a citation by the  
11 bureau.

12 (c) Random audits.--The Bureau of Liquor Control Enforcement  
13 shall conduct annual random audits of 5% of all club licensees  
14 and retail licensees.

15 (d) Powers and duties.--The licensing authority, or, in the  
16 case of a club licensee or retail licensee, the Bureau of Liquor  
17 Control Enforcement, may impose the following penalties:

18 (1) A civil penalty.

19 (2) Suspension or revocation of the license.

20 (e) District attorney.--The district attorney of the county  
21 that issued the license shall investigate alleged violations of  
22 this act. If the district attorney finds probable cause to  
23 believe that a criminal violation has occurred, the district  
24 attorney may file criminal charges and prosecute the complaint  
25 against the alleged violator in the court of common pleas of the  
26 county except in counties of the first class where the complaint  
27 may be filed in the municipal court.

28 (f) Law enforcement officials.--Nothing in this act may  
29 restrict or limit the power of a State, county or local law  
30 enforcement official to conduct investigations and file criminal

1 charges under this act.

2 (g) General rule.--

3 (1) Except as provided in paragraph (2), a violation of  
4 this act by a club licensee or retail licensee shall not  
5 constitute a violation of the Liquor Code.

6 (2) If a club licensee or retail licensee has committed  
7 three or more violations of this act, the Bureau of Liquor  
8 Control Enforcement may enforce a violation of this act as a  
9 violation of the Liquor Code.

10 (3) A violation of this act shall not constitute a  
11 violation of the Liquor Code for the purposes of section  
12 471(c) of the Liquor Code.

13 Section 6. Section 706 of the act, added February 2, 2012  
14 (P.L.7, No.2), is amended to read:

15 Section 706. Civil penalties.

16 (a) Penalty.--An eligible organization, other than a club  
17 licensee or retail licensee, that violates the provisions of  
18 this act shall be subject to the following civil penalties:

- 19 (1) For an initial violation, up to \$500.  
20 (2) For a second violation, up to \$1,000.  
21 (3) For a third or subsequent violation, up to \$1,500.

22 (b) Club or retail licensee.--A club licensee or retail  
23 licensee that violates the provisions of this act shall be  
24 subject to the following civil penalties:

- 25 (1) For an initial violation, up to \$800.  
26 (2) For a second violation, up to \$1,000.  
27 (3) For a third or subsequent violation, up to \$2,000.

28 (c) Records.--The intentional or willful failure of a club  
29 licensee or retail licensee to provide accurate records shall  
30 result in a license suspension of a minimum of six months.

1 Section 7. This act shall take effect in 60 days.