

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 864 Session of 2017

INTRODUCED BY MUSTIO, D. COSTA, DeLUCA, ORTITAY, SANKEY, WARD, MILLARD, DEASY, MATZIE AND KORTZ, MARCH 16, 2017

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 12, 2017

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," in preliminary
9 provisions, further providing for legislative intent and for
10 definitions; in games of chance, providing for airport 50/50
11 drawing AND FURTHER PROVIDING FOR LICENSING OF ELIGIBLE
12 ORGANIZATIONS; IN CLUB LICENSEES, FURTHER PROVIDING FOR CLUB
13 LICENSEE AND FOR DISTRIBUTION OF PROCEEDS; and, in
14 enforcement, further providing for enforcement.

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15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 102 of the act of December 19, 1988
18 (P.L.1262, No.156), known as the Local Option Small Games of
19 Chance Act, is amended to read:

20 Section 102. Legislative intent.

21 The General Assembly hereby declares that the playing of
22 games of chance for the purpose of raising funds, by certain
23 nonprofit associations, for the promotion of charitable or civic

1 purposes, is in the public interest. In some cases, the proceeds
2 from games of chance may be utilized to support certain
3 operating expenses of certain organizations.

4 The General Assembly hereby declares that raising public
5 funds from games of chance in licensed restaurants and
6 protecting the competitiveness of these restaurants is also in
7 the public interest.

8 The General Assembly hereby declares that raising funds from
9 a 50/50 drawing conducted in airport systems, the net proceeds
10 of which will be used for charitable purposes, is in the public
11 interest.

12 It is hereby declared to be the policy of the General
13 Assembly that all phases of licensing, operation and regulation
14 of games of chance be strictly controlled, and that all laws and
15 regulations with respect thereto as well as all gambling laws
16 should be strictly construed and rigidly enforced.

17 The General Assembly recognizes the possibility of
18 association between commercial gambling and organized crime, and
19 wishes to prevent participation by organized crime and prevent
20 the diversion of funds from the purposes herein authorized.

21 Section 2. Section 103 of the act is amended by adding
22 definitions to read:

23 Section 103. Definitions.

24 The following words and phrases when used in this act shall,
25 except as provided under section 902, have the meanings given to
26 them in this section unless the context clearly indicates
27 otherwise:

28 * * *

29 "Airport." A publicly owned commercial service airport that
30 is designated by the Federal Government as an international

1 airport.

2 "Airport 50/50 drawing." A 50/50 drawing that is conducted
3 by an airport in accordance with section 304.2.

4 * * *

5 Section 3. The act is amended by adding a section to read:

6 Section 304.2. Airport 50/50 drawing.

7 (a) General rule.--A person may purchase one or more airport
8 50/50 drawing tickets, and each ticket shall represent one entry
9 in the drawing for a winner. A single ticket shall be randomly
10 chosen as the winner after a certain number of tickets are sold
11 or a specified time period expires, as designated by the
12 airport. Purchase of airport 50/50 drawing tickets may be made
13 by cash, credit card or debit card.

14 (b) Frequency and location.--An airport 50/50 drawing may be
15 conducted at an airport no more than one time per calendar day.
16 Drawings may only be held within the spaces of an airport
17 terminal to which the general public, including ticketed
18 passengers, regularly has access.

19 (c) Distribution.--The prize amount of an airport 50/50
20 drawing shall be 50% of the total amount collected from the sale
21 of airport 50/50 drawing tickets. The other 50% of the total
22 amount collected from the sale of airport 50/50 drawing tickets
23 shall be donated within seven days from the date of the drawing
24 by the airport to the designated charitable organization for
25 which the drawing was conducted.

26 (d) Designated charitable organization.--The identity of the
27 designated charitable organization for which the airport 50/50
28 drawing is being conducted shall be disclosed to all ticket
29 purchasers.

30 (e) Eligibility.--In order to receive proceeds from an

1 airport 50/50 drawing, a charitable organization must be in
2 existence and fulfill its purposes prior to the airport 50/50
3 drawing and shall be eligible for exemption under section 501(c)
4 (3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26
5 U.S.C. § 501(c)(3)). A political subdivision shall not qualify
6 as a charitable organization under this act, but an organization
7 formed by a political subdivision that is eligible for exemption
8 under section 501(c)(3) of the Internal Revenue Code of 1986
9 shall qualify as a charitable organization under this act.

10 (f) Unclaimed prizes.--Any airport 50/50 drawing prize
11 remaining unclaimed by a winner 180 days after the drawing shall
12 be donated to the designated charitable organization for which
13 the airport 50/50 drawing was conducted.

14 (g) Applicability.--The limitations under sections 302,
15 303(b), 308 and 704 shall not apply to an airport 50/50 drawing.

16 (h) Additional recordkeeping.--The department may require
17 additional recordkeeping or accountability measures for airport
18 50/50 drawings.

19 ~~Section 4. Section 702(g) of the act is amended to read:~~ <--

20 SECTION 4. SECTIONS 307(D.1), 501(A)(1), 502(A.1)(1) AND <--

21 702(G) OF THE ACT ARE AMENDED TO READ:

22 SECTION 307. LICENSING OF ELIGIBLE ORGANIZATIONS.

23 * * *

24 (D.1) BANK ACCOUNT AND RECORDS.--AN ELIGIBLE ORGANIZATION
25 WITH PROCEEDS OF GAMES OF CHANCE THAT EXCEED [\$40,000] \$60,000
26 PER YEAR SHALL MAINTAIN A BANK ACCOUNT, WHICH SHALL BE SEPARATE
27 FROM ALL OTHER FUNDS BELONGING TO THE LICENSED ELIGIBLE
28 ORGANIZATION. ACCOUNT RECORDS SHALL SHOW ALL EXPENDITURES AND
29 INCOME AND SHALL BE RETAINED BY THE LICENSED ELIGIBLE
30 ORGANIZATION FOR AT LEAST TWO YEARS.

1 * * *

2 SECTION 501. CLUB LICENSEE.

3 (A) REPORT.--

4 (1) BEGINNING IN 2014, A CLUB LICENSEE WITH PROCEEDS IN
5 EXCESS OF [\$20,000] \$30,000 IN A CALENDAR YEAR SHALL SUBMIT
6 ANNUAL REPORTS TO THE DEPARTMENT FOR THE PRECEDING 12-MONTH
7 PERIOD ON A FORM AND IN A MANNER PRESCRIBED BY THE
8 DEPARTMENT.

9 * * *

10 SECTION 502. DISTRIBUTION OF PROCEEDS.

11 * * *

12 (A.1) AMOUNTS RETAINED.--

13 (1) NOTWITHSTANDING SUBSECTION (A), IF IN A CALENDAR
14 YEAR BEGINNING JANUARY 1, 2013, THE PROCEEDS FROM A GAME OF
15 CHANCE FOR A CLUB LICENSEE ARE [\$40,000] \$60,000 OR LESS, THE
16 LICENSEE SHALL BE ELIGIBLE TO RETAIN THE FIRST [\$20,000]
17 \$30,000 IN PROCEEDS IN THE FOLLOWING CALENDAR YEAR BEFORE
18 SUBSECTION (A) APPLIES.

19 * * *

20 Section 702. Enforcement.

21 * * *

22 (g) [General rule] Violations of Liquor Code.--

23 (1) Except as provided in paragraph (2), a violation of
24 this act by a club licensee shall not constitute a violation
25 of the Liquor Code.

26 (2) If a club licensee has committed three or more
27 violations of this act, the Bureau of Liquor Control
28 Enforcement may enforce a violation of this act as a
29 violation of the Liquor Code.

30 (3) A violation of this act shall not constitute a

1 violation of the Liquor Code for the purposes of section
2 471(c) of the Liquor Code.

3 (4) A violation of section 304.1 or 304.2 shall not
4 constitute a violation of the Liquor Code.

5 Section 5. Within two years of the effective date of this
6 section, the Department of Revenue shall publish regulations to
7 implement and administer the provisions of this act.

8 Section 6. This act shall take effect in 60 days.