

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 975 Session of
2007

INTRODUCED BY MARSICO, BELFANTI, BUXTON, CALTAGIRONE, CAPPELLI,
CARROLL, EVERETT, FRANKEL, GEIST, GIBBONS, GINGRICH, GRUCELA,
JAMES, M. KELLER, KILLION, KOTIK, MANN, MILLARD, R. MILLER,
NAILOR, NICKOL, PALLONE, RAPP, RAYMOND, SAINATO, SAYLOR,
SIPTROTH, SOLOBAY, SONNEY, STERN, R. STEVENSON, SWANGER,
THOMAS AND YOUNGBLOOD, MARCH 29, 2007

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, MARCH 29, 2007

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," further providing for
9 definitions, for prize limits, for insured games, for limited
10 sales, for recordkeeping, for eligible organizations' use of
11 locations for conducting small games of chance, for separate
12 individual prize limitations and for advertising.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The definition of "daily drawing" in section 3 of
16 the act of December 19, 1988 (P.L.1262, No.156), known as the
17 Local Option Small Games of Chance Act, amended December 19,
18 1990 (P.L.812, No.195), is amended to read:

19 Section 3. Definitions.

20 The following words and phrases when used in this act shall
21 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 * * *

3 "Daily drawing." A game in which a bona fide member selects
4 or is assigned a number for a chance at a prize with the winner
5 determined by [a] random drawing to take place on the eligible
6 organization's premises [during the same operating day]. The
7 term includes games commonly known as "member sign-in lotteries"
8 and "half-and-half lotteries." Nothing in this act shall be
9 construed to prohibit the carrying over of a jackpot where the
10 winning number has not been entered in the game on a particular
11 operating day. Daily drawing winners may be determined with the
12 aid of a passive selection device or reference to drawings
13 conducted by the department pursuant to the act of August 26,
14 1971 (P.L.351, No.91), known as the State Lottery Law. Daily
15 drawing chances may not be sold for an amount in excess of \$1,
16 and no more than one chance per individual may be sold [to an
17 individual during the same operating day.] per drawing. Nothing
18 in this definition shall restrict an eligible organization from
19 conducting more than one drawing per day.

20 * * *

21 Section 2. Section 5 of the act, amended December 19, 1990
22 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
23 amended to read:

24 Section 5. Prize limits.

25 (a) Individual prize limit.--[The] Except as provided for in
26 subsection (i), the maximum cash value which may be awarded for
27 any single chance shall be [\$500] \$1,000.

28 (b) Weekly limit.--No more than [\$5,000] \$20,000 in cash or
29 merchandise shall be awarded by any eligible organization in any
30 seven-day period. Payouts of less than \$26 shall not be counted

1 toward the weekly limit.

2 (c) Limit on raffles.--No more than \$5,000 in cash or
3 merchandise shall be awarded in raffles in any calendar month.

4 (d) Exception.--An eligible organization may conduct a
5 raffle and award a prize or prizes valued in excess of [\$500]
6 \$1,000 each only under the following conditions:

7 (1) The licensing authority has issued a special permit
8 for the raffle under section 11.

9 (2) Eligible organizations shall be eligible to receive
10 no more than two special permits in any licensed year except
11 that volunteer fire, ambulance and rescue organizations shall
12 be eligible to receive no more than three special permits in
13 any licensed year.

14 (3) Only one raffle may be conducted under each special
15 permit.

16 (4) The total cash value of all prizes shall be no more
17 than \$100,000 per calendar year.

18 (e) Limit on daily drawings.--Daily drawings shall be
19 governed by the prize [limitations] limitation contained in
20 [subsections (a) and (b)] subsection (a). [An eligible
21 organization shall not conduct daily drawings during a period
22 when a weekly drawing is taking place.]

23 (f) Exception.--The prize limitation contained in
24 [subsections (a) and (b)] subsection (a) may be exceeded by a
25 daily drawing under the following circumstances: a daily drawing
26 may award a prize where the cash value is in excess of [\$500]
27 \$1,000 if such prize is the result of a carryover of a drawing
28 or drawings which resulted from the winning number in such
29 drawing or drawings not being among the eligible entrants in
30 such drawings. Nothing contained herein shall authorize the

1 prize [limitations] limitation as contained in [subsections (a)
2 and (b)] subsection (a) to be exceeded as a result of a failure
3 to conduct a drawing on an operating day during which chances
4 were sold for a daily drawing or for a daily drawing for which
5 chances were sold in excess of \$1 or for which more than one
6 chance was sold to an eligible participant.

7 (g) Daily drawing and weekly drawing exception.--When a
8 daily drawing or weekly drawing is set up or conducted in such a
9 manner as to pay out or award 100% of the gross revenues
10 generated from such drawing, the limitations contained in
11 subsection (b) shall not apply.

12 (h) Limit on weekly drawings.--Weekly drawings shall be
13 governed by the prize limitations contained in subsection (b).
14 The prize limitation contained in subsection (b) may be exceeded
15 by a weekly drawing under the following circumstances: a weekly
16 drawing may award a prize where the cash value is in excess of
17 [\$5,000] \$20,000 if such prize is the result of a carryover of a
18 drawing or drawings which resulted from the winning number or
19 numbers in such drawing or drawings not being among the eligible
20 entrants in such drawings. Nothing contained in this act shall
21 authorize the prize limitations as contained in subsection (b)
22 to be exceeded as a result of a failure to conduct a drawing for
23 a week during which chances were sold for a weekly drawing or
24 for a weekly drawing for which chances were sold in excess of
25 \$1. [An eligible organization shall not conduct weekly drawings
26 during a period when a daily drawing is taking place.]

27 (i) Progressive games.--Progressive games shall be permitted
28 with a maximum cash value of \$5,000. Contributions to the pot
29 shall be counted against the limit for the week in which the
30 contribution is made except that when the limit is reached the

amount awarded shall be counted toward the limit only to the extent it was not previously counted toward a prior week's limit. For the purpose of this section, progressive games are those in which a winning ticket awards the ticket holder an additional chance at another game or games.

Section 3. The act is amended by adding a section to read:
Section 5.1. Insured games.

Notwithstanding any provision of this act to the contrary, an eligible organization may conduct small games of chance using insured games. Insured games sold by a licensed distributor shall be backed by a valid insurance contract issued by an insurance company licensed to do business in this Commonwealth. Proof of the insurance contract must be provided to the department prior to the game being sold. The license of a distributor and an insurance company issuing a contract for an insured game may be suspended or revoked for failure to pay an award. For the purposes of this section, an insured game is a game in which the distributor or other licensed third party guarantees making the payment on a win of a jackpot.

Section 4. Sections 6 and 9(b) of the act, amended December 19, 1990 (P.L.812, No.195), are amended to read:

Section 6. Sales limited.

No person shall sell, offer for sale or furnish games of chance for use within this Commonwealth except to an eligible organization or distributor licensed under this act. No game of chance, other than a raffle, sold, offered for sale or furnished for use within this Commonwealth shall contain, permit, depict or designate a prize having a cash value in excess of [\$500] \$1,000.

Section 9. Regulations of department.

1 * * *

2 (b) Limitation on recordkeeping requirements.--This section
3 shall not be construed to authorize the department to promulgate
4 regulations providing for recordkeeping requirements for
5 eligible organizations which require unreasonable or unnecessary
6 information or a repetitious listing of information. The
7 department shall strive to keep such recordkeeping requirements
8 from being an undue hardship or burden on eligible
9 organizations. Under no circumstances shall the department
10 require the retention of records for a period in excess of two
11 years. Each eligible organization shall report to the department
12 prizes awarded as required by section 335 of the act of March 4,
13 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

14 Section 5. Section 10 of the act, amended December 19, 1990
15 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
16 amended to read:

17 Section 10. Licensing of eligible organizations to conduct
18 games of chance.

19 (a) License required.--No eligible organization shall
20 conduct or operate any games of chance unless such eligible
21 organization has obtained and maintains a valid license issued
22 pursuant to this section. Auxiliary groups within eligible
23 organizations shall be eligible to conduct small games of chance
24 using the license issued to the eligible organization provided
25 that the auxiliary group or groups are listed on the application
26 and license of the eligible organization. No additional
27 licensing fee shall be charged for an auxiliary group's
28 eligibility under this act. Auxiliary groups shall not include
29 branches, lodges or chapters of a Statewide organization.

30 (b) Issuance and fees.--The licensing authority shall

1 license, upon application, within 30 days any eligible
2 organization meeting the requirements for licensure contained in
3 this act to conduct and operate games of chance at such
4 locations within the county or in such manner as stated on the
5 application as limited by subsection (b.1). The license fee to
6 be charged to each eligible organization shall be [\$100] \$300,
7 except for limited occasion licenses which shall be [\$10] \$30.
8 Licenses shall be renewable [annually] on a biennial basis upon
9 the anniversary of the date of issue.

10 (b.1) Location of small games of chance.--Where there exists
11 a location or premises which is the normal business or operating
12 site of the eligible organization and is owned or leased by that
13 eligible organization to conduct its normal business, that site
14 shall be the licensed premises for small games of chance
15 conducted by the eligible organization. If that location
16 consists of more than one building and the eligible organization
17 wishes to conduct its games in a different building at that
18 location from the one that is listed on its application and
19 license, the eligible organization must notify, in writing, the
20 district attorney and the licensing authority of the change in
21 building site and the dates and times that will be affected.
22 When an eligible organization does not own or lease a specific
23 location to conduct its normal business, that eligible
24 organization may use another eligible organization's premises to
25 conduct its games or may make such other arrangements that are
26 consistent with this act, including, but not limited to, leasing
27 a premise under a written agreement for a rental which is not
28 determined by either the amount of receipts realized from the
29 playing of games of chance nor the number of people attending
30 except that an eligible organization may lease a facility for a

1 banquet where a per head charge is applied in connection with
2 the serving of a meal. When such eligible organization changes
3 the site of its games from that which is listed on its
4 application and license, the eligible organization must notify,
5 in writing, the district attorney and licensing authority of the
6 change in their games' site and dates and times that will be
7 affected. More than one organization may use the same location,
8 provided that each organization has its own license and that the
9 prize limitations of this act shall apply separately to each
10 organization.

11 (b.2) Off-premises games of chance.--Notwithstanding any
12 other provisions of this section, an eligible organization may
13 conduct small games of chance at a location off its premises
14 when such games are part of an annual carnival, fair, picnic or
15 banquet held or participated in by that eligible organization on
16 a historical basis. The eligible organization must notify, in
17 writing, the district attorney and licensing authority of the
18 location, date and times of such events where it will be
19 conducting small games of chance.

20 (b.3) Limited occasion licenses.--Eligible organizations
21 which do not own their own premises or which do not lease a
22 specific location to conduct their normal business may apply for
23 a limited occasion license to conduct small games of chance on
24 not more than three occasions covering a total of seven days
25 during a licensed year. A limited occasion license entitles
26 eligible organizations holding such a license to conduct no more
27 than two raffles during a licensed year where prizes may not
28 exceed the established limits for regular monthly raffles.
29 Holders of limited occasion licenses may not apply or be granted
30 any other license or special permit under this act. No holder of

1 a regular license or special permit under this act shall apply
2 or be granted a limited occasion license.

3 (b.4) Gambling facility prohibited.--It shall be unlawful
4 for a person, corporation, association, partnership or other
5 business entity to offer for rent or offer for use a building or
6 facility to be used exclusively for the conducting of small
7 games of chance. It shall also be unlawful for any eligible
8 organization to lease under any terms a facility or building
9 which is used exclusively for the conducting of small games of
10 chance.

11 (c) Display.--Licenses issued pursuant to this section shall
12 be publicly displayed at the site of the small games of chance.

13 (d) Operation.--Each licensed eligible organization shall
14 comply with the following restrictions and rules governing the
15 operation of games of chance:

16 (1) No person under 18 years of age shall be permitted
17 to operate or play games of chance.

18 (2) No eligible organization shall permit any person who
19 has been convicted of a felony in a Federal or State court
20 within the past five years or has been convicted in a Federal
21 or State court within the past ten years of a violation of
22 the act of July 10, 1981 (P.L.214, No.67), known as the Bingo
23 Law, or of this act to manage, set up, supervise or
24 participate in the operation of games of chance.

25 (3) No eligible organization shall pay any compensation
26 to any person for conducting any games of chance. Games of
27 chance may only be conducted by managers, officers,
28 directors, bar personnel and bona fide members of the
29 eligible organization.

30 (4) Games shall be conducted only on the licensed

1 premises or as otherwise provided by this act.

2 (5) The eligible organization shall not lease such
3 premises under either an oral or a written agreement for a
4 rental which is determined by either the amount of receipts
5 realized from the playing of games of chance or the number of
6 people attending, except that an eligible organization may
7 lease a facility for a banquet where a per head charge is
8 applied in connection with the serving of a meal. An eligible
9 organization shall not lease such premises from any person
10 who has been convicted of a violation of this act within the
11 past ten years.

12 (6) Games, other than raffles, daily drawings and weekly
13 drawings, shall be purchased only from manufacturers and
14 distributors approved by the department.

15 (7) No licensed eligible organization shall permit its
16 premises to be used for small games of chance by another
17 licensed eligible organization at the same time that it is
18 conducting small games of chance on the premises. When a
19 licensed eligible organization is permitting another licensed
20 eligible organization to use its premises for purposes of
21 small games of chance, it must cease the operation of its own
22 small games of chance during the period that the other
23 licensed eligible organization is conducting its games on the
24 premises.

25 (8) Raffle tickets may be sold off the licensed premise
26 in any municipality in this Commonwealth which has adopted
27 the provisions of this act by an affirmative vote in a
28 municipal referendum. A licensed eligible organization which
29 plans to sell raffle tickets in a municipality located in a
30 county other than the county in which the eligible

organization is licensed must notify that county's district attorney and licensing authority as to the location and the dates that the eligible organization plans to sell raffle tickets.

(e) Application for license.--Each eligible organization shall apply to the licensing authority for a license on a form to be prescribed by the Secretary of Revenue. The form shall contain an affidavit to be affirmed by the executive officer or secretary of the eligible organization stating that:

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

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

(3) The eligible organization is not leasing such premises from the owner thereof under an oral agreement, nor is it leasing such premises from the owner thereof under a written agreement at a rental which is determined by the amount of receipts realized from the playing of games of chance or by the number of people attending, except that an eligible organization may lease a facility for a banquet where a per head charge is applied in connection with the serving of a meal.

(e.1) Supplemental materials to accompany application.--The following materials shall be submitted with the application under subsection (e):

(1) An annual financial report limited to the operation of games of chance detailing gross profit, allowable expenses, rent, staff per diem, cost of supplies, net profit and contributions to charitable causes shall be filed with

1 the licensing authority. This report shall be filed with the
2 application for license and shall be filed by the midterm
3 anniversary date of the license in nonapplication years. This
4 report shall be prepared on a one-page form to be designed by
5 the department. The report shall contain information for the
6 12-month period immediately preceding a date 60 days prior to
7 the filing of the report. Failure to file the report by the
8 midterm anniversary date of the license shall result in the
9 automatic suspension of the license until the county
10 treasurer certifies the report has been filed in compliance
11 with this act.

12 (2) A licensed eligible organization that conducts games
13 of chance 30 or more times in one calendar year must provide
14 evidence to the county treasurer that a bona fide member or
15 designee of the organization has completed four hours of
16 education in the corresponding license period. The education
17 program shall include seminars on law applicable to games of
18 chance and any other related topics the department may
19 require. An education program shall be provided by any
20 nonprofit association approved by the department. This
21 paragraph shall not apply to organizations seeking or holding
22 limited occasion licenses.

23 (f) List of licensees.--The licensing authority, on a
24 semiannual basis, shall send a copy of all licensees to the
25 Department of Revenue.

26 (g) List of municipalities.--The licensing authority shall
27 include with any license or renewal issued to an eligible
28 organization, an up-to-date listing of those municipalities
29 within the licensing county which have approved the referendum
30 question on small games of chance.

1 (h) Background checks.--Each application shall include
2 criminal history records obtained from the Pennsylvania State
3 Police for the executive officer or secretary of the eligible
4 organization making the application and all other responsible
5 persons listed on the application.

6 Section 6. Section 15 of the act, amended December 19, 1990
7 (P.L.812, No.195), is amended to read:

8 Section 15. Advertising.

9 It shall not be unlawful for any eligible organization or
10 person to advertise the prizes or their dollar value to be
11 awarded in games of chance, provided that [prizes may be
12 identified on raffle tickets. Notwithstanding the prohibition of
13 advertising contained within this section, an eligible
14 organization may advertise prizes and values thereof in periodic
15 publications which are limited in their circulation to members
16 of the eligible organization.] such advertisements shall contain
17 the date, time, location, whether cash or merchandise prizes
18 will be awarded and the name of the eligible organization
19 licensed to conduct games of chance and the name of the person
20 who conducts the games of chance.

21 Section 7. The amendment or addition of section 10(b), (e.1)
22 and (h) of the act shall apply to applications filed more than
23 two years after the effective date of this section.

24 Section 8. This act shall take effect as follows:

25 (1) The following provisions shall take effect
26 immediately:

27 (i) The amendment or addition of section 10(b),
28 (e.1) and (h) of the act.

29 (ii) Section 7 of this act.

30 (iii) This section.

1 (2) The remainder of this act shall take effect in 60
2 days.