



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 290

PRINTERS NO. 2651

PRIME SPONSOR: Brooks

### COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 290, Printer's Number 2651, amends the Local Option Small Games of Chance Act of 1988 (P.L. 1262, No. 156), adding definitions; increasing prize limits; providing for the licensing and payment of fees; for raffle sales and pool selling; for locations; for affiliated clubs; and for additional rules, regulations and enforcement of licensed organizations.

**ANALYSIS:** This legislation adds the definition of a "conservation organization" as a local federation, club or chapter or a national or statewide nonprofit organization whose mission includes environmental/conservation education, management of natural resources, and maintenance of wildlife, including hunting practices and education and adds a conservation district to the list of organizations eligible for additional award for raffles.

Language is added clarifying that "daily drawings" and "weekly drawings" are permitted to be purchased immediately following the preceding drawing and clarifying that concurrent operation of daily and weekly drawings is not prohibited.

"Race night games" is defined and added as a game of chance. A race night game is a game of chance where multiple participants place wagers on a prerecorded horse race displayed on a single screen. The Department of Revenue shall promulgate regulations to establish procedures to ensure that race night games are secure, random and totally dependent upon chance.

"Pools" are defined and permitted as a game of chance. A pool is a game in which a person pays an entry fee for each chance to win cash or merchandise based on the outcome of an event or series of events.

Prize Limits are amended as follows:

- Individual prize limit - Increases the maximum prize for any single chance from \$1,000 to \$2,000.
- Aggregate prize limit - Increases the aggregate prizes that may be award by a licensed eligible organization during any seven-day period from \$25,000 to \$35,000.
- Raffle prize limit - Increases the monthly raffle prize limit from \$10,000 to \$15,000.
- Exception for raffles (Special Permits) - In certain instances the individual prizes may exceed \$3,000 (up from \$1,000) and the aggregate amount per calendar year shall be no more than \$150,000 (up from \$100,000). Such limits on special permits shall not be part of the aggregate prize limits for other small games of chance.

- Additional award for raffles – A volunteer fire, ambulance, rescue, or conservation organization may award up to \$100,000 from raffles which is in addition to the calendar year aggregate limit.
- Daily drawing carryover – Modification is made to correspond to the increase in the maximum individual prize limit of \$2,000, by allowing a daily drawing to award a prize in excess of \$2,000 (up from \$1,000) where such prize is the result of a carryover.
- Weekly drawing carryover – Modification is made to correspond to the increase in the maximum individual prize limit by allowing a weekly drawing to award a prize in excess of \$35,000 where such prize is the result of a carryover.
- Limits a game of chance, other than a raffle, from having a prize limit in excess of \$2,000 (up from \$1,000).

In addition to nonprofit benevolent, religious, and educational objectives the term “public interest purpose” is modified to include “charitable” and “historic” objectives; nonprofit youth sports activities; activities relating to volunteer fire, ambulance or rescue services; and activities conducted by a veterans organization including scholarships, economic or social supporting of veterans, honoring veterans or other activities qualifying under the definition of public interest purpose.

Eligible organizations are required to keep a record of the name and address of the winner and provide each winner with a receipt of the value of a prize when the prize exceeds \$600.

Non-club licensees may conduct games of chance in the county where the license is issued at a premise which is in the normal business or operating site of the licensee or at another premise not prohibited by local ordinance. Certain off-premises restrictions are maintained for club licensees and club licensees may continue games of chance operations simultaneously with only non-club licensees. Exceptions from off-premises restrictions for club licensees are permitted because of a natural disaster, fire or other circumstance that renders the location unusable.

The regular annual license fee is increased from \$100 to \$125. Any eligible organization shall have the option to apply for a monthly license versus a regular license for a monthly fee of \$25. A monthly license permits an eligible organization to conduct games of chance for a 30 consecutive-day period. The annual fee for a distributor license is increased from \$1,000 to \$2,000. Separate bank accounts are only required if proceeds from games of chance exceed \$40,000.

The Department of Revenue is required to conduct biennial random audits of 5% of all club licensees.

The act shall take effect in 60 days.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth or local funds. Games of chance license fees are deposited into the Commonwealth’s General Fund. In fiscal year 2012-13, the state collected \$183,710 in small games of chance licensing fees. The increase in the fees is expected to generate a minimal amount of additional revenues for the General Fund.

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**DATE:** November 15, 2013

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*