



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 864

PRINTERS NO. 1984

PRIME SPONSOR: Mustio

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	\$0

SUMMARY:

House Bill 864, Printer's Number 1984, amends the Local Option Small Games of Chance Act (P.L. 1262, No. 156) further providing for airport 50/50 drawings and making changes to club licensee reporting requirements and club licensee distribution of proceeds.

ANALYSIS:

HB 864 amends the Local Option Small Games of Chance Act to authorize airport 50/50 drawings in publicly owned commercial service federally designated international airports. An airport may conduct no more than one 50/50 drawing per day and may only be conducted in the areas accessible to the general public. The prize amount of the drawing will be 50% of the total amount collected from the sale of airport 50/50 drawing tickets and the other 50% will be donated within seven (7) days from the date of the drawing to the designated charitable organization for which the drawing was conducted.

The designated charitable organization will be disclosed to all ticket purchasers. In order to be eligible to receive proceeds from an airport 50/50 drawing, a charitable organization must be eligible for exemption under section 501(c) (3) of the Internal Revenue Code of 1986. Political subdivisions will not qualify as a charitable organization; however, an organization formed by a political subdivision that is eligible for 501(c) (3) will qualify as a charitable organization. Any prizes remaining unclaimed by the winner for 180 days after the drawing will be donated to the designated charitable organization. The PA Department of Revenue may require additional recordkeeping or accountability measures for 50/50 drawings.

Section 307 (Licensing of eligible organizations) requires eligible organizations with proceeds of games of chance that exceed \$40,000 per year to maintain a separate bank account. HB 864 increases the threshold from \$40,000 to \$60,000.

Section 501 (Club Licenses) requires club licenses with proceeds in excess of \$20,000 in a calendar year to submit annual reports to the PA Department of Revenue for the preceding 12-month period. HB 864 increases the threshold from \$20,000 to \$30,000.

Section 502 (Distributions of proceeds) allows club licensees with proceeds of \$40,000 or less to retain the first \$20,000 in the following calendar year. HB 864 changes this provision allowing a club licensee with proceeds of \$60,000 or less to retain the first \$30,000.

Section 702 (g) (Violations of Liquor Code) is renamed and amended to further provide that violations of the Sections 304.1 (Major League Sports drawings) and Section 304.2 (Airport 50/50 drawing) do not constitute a violation of the Liquor Code.

FISCAL IMPACT:

Enactment of this legislation will have no adverse fiscal impact to Commonwealth funds. The Local Option Small Games of Chance Act authorizes certain entities the ability to offer games of chance for the sole purpose of raising funds for non-profit, charitable and civic associations. Authorizing airport 50/50 drawings will provide new opportunities to raise additional funds for such associations. Furthermore, club licensees with proceeds of \$60,000 or less will be able to retain an additional \$10,000 in proceeds from games of chance.

PREPARED BY: Jenny P. Stratton
House Appropriations Committee (R)

DATE: June 13, 2017

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