

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

**BILL NO.** House Bill 169

**PRINTER'S NO.** 2819

**AMOUNT**

No Fiscal Impact

**FUND**

General

**DATE INTRODUCED**

January 19, 2011

**PRIME SPONSOR**

Representative Delozier

**HISTORY OF BILL**

Referred to GAMING OVERSIGHT, Jan. 19, 2011

Reported as amended, Nov. 2, 2011

First consideration, Nov. 2, 2011

Laid on the table, Nov. 2, 2011

Removed from table, Nov. 3, 2011

Second consideration, Nov. 14, 2011

Re-committed to APPROPRIATIONS, Nov. 14, 2011

(Remarks see House Journal Page ), Nov. 14, 2011

Re-reported as committed, Nov. 15, 2011

Third consideration and final passage, Nov. 15, 2011 (184-12)

(Remarks see House Journal Page ), Nov. 15, 2011

In the Senate

Referred to COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT, Nov. 22, 2011

Reported as amended, Dec. 5, 2011

First consideration, Dec. 5, 2011

Re-referred to APPROPRIATIONS, Dec. 7, 2011

Re-reported as committed, Dec. 12, 2011

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 169 amends the Local Option Small Games of Chance Act of 1988 (P.L. 1262, No. 156) to expand legislative intent, amend and add definitions, increase prize limits, allow for progressive and insured games, provide for the licensing and payment of fees, provide for locations, provide for additional rules and regulations for licensing of organizations, require that a separate bank account be maintained to hold proceeds from games of chance, allow for advertising, and require licensed eligible organizations to file annual financial reports.

A summary of the provisions of House Bill 169 is as follows:

- Allows eligible organizations to conduct more than one drawing per day
- Increases the maximum cash value which may be awarded for any single chance from \$500 to \$1,000
- Increases the weekly limit from \$5,000 to \$25,000

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- Increases the maximum raffle award from \$5,000 to \$10,000 in any calendar month
- Increases the number of special permits allowed for a licensed eligible organization from two to eight and from three to ten for volunteer fire, ambulance and rescue organizations
- Increases the total value of all prizes from \$100,000 to \$200,000 (volunteer fire, ambulance and rescue organizations may award up to \$50,000 from raffles in addition to the \$200,000)
- Requires manufacturer and distributor applicants provide criminal history record information obtained from the PA State Police
- Requires that each licensee shall report to the Department of Revenue prizes awarded as required by section 335 of the Tax Reform Code (PIT)
- Requires that each licensee shall report to the Department of Revenue amounts expended for public interest purposes
- Increases the issuance fees charged by a licensing authority from \$100 to \$200
- Licenses shall be renewable on a biennial basis instead of annually
- Except for a limited occasion licensee, every eligible organization may conduct small games of chance only at a licensed premises
- Raffle tickets may be sold off the licensed premises in a municipality which has adopted the provisions of this act by an affirmative vote in a municipal referendum
- Requires licensees to keep separate bank accounts to hold the proceeds of games of chance
- Requires the maintenance of accounting records
- Requires the club licensee to submit a semi-annual financial report with the to the Department of Revenue to be published on its Internet website
- Requires random audits by the Bureau of Liquor Control Enforcement of 5% of all club licensees
- Requires background checks of an organization's executive officer or secretary and all other responsible persons listed on the license application
- Requires the revocation or refusal to renew the license of an organization that fails to keep and maintain the records required by this bill
- Allows for advertisement of prizes provided that such advertisements contain certain information

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The bill permits an organization to raise funds for general operating expenses. Specifically, not less than 70% of the proceeds shall be used for public interest purposes. Up to 30% may be used for general operating expenses, but proceeds may not be used for wages, alcohol or food purchases or for the payment of any fine levied against the organization.

### **FISCAL IMPACT:**

The legislation will have no adverse fiscal impact on Commonwealth or local funds. The additional requirements of the Department of Revenue regarding the preparation and receipt of reports should be able to be accomplished within existing funding levels.

Games of chance license fees are deposited into the commonwealth's General Fund. In fiscal year 2010-11, the state collected \$193,850 in small games of chance licensing fees. House Bill 169 does not increase the manufacturer or distributor fees from the existing levels of \$2,000 and \$1,000, respectively, and so this amount is unlikely to change significantly.

The licensing fee for eligible organizations is increased from \$100 to \$200, but the legislation provides that the license fee shall be used by the licensing authority (i.e. county treasurer, or a designee in home rule locations) to administer this act.