

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 444

PRINTER'S NO. 625

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

February 23, 2011

PRIME SPONSOR

Senator Earl

HISTORY OF BILL

Referred to FINANCE, Feb. 23, 2011
Re-reported as committed, Sept. 26, 2011
First consideration, Sept. 26, 2011
Second consideration, Oct. 17, 2011
Re-referred to APPROPRIATIONS, Oct. 17, 2011
Re-reported as committed, Oct. 24, 2011

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 444 amends the Local Option Small Games of Chance Act of 1988 (P.L. 1262, No. 156) to amend 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 Senate Bill 444 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 \$20,000
- Increases the maximum raffle award from \$500 to \$1,000
- Allows for progressive games with a maximum cash value of \$5,000
- Allows for games of chance using insured games
- Requires that each licensee shall report to the Department of Revenue prizes awarded as required by section 335 of the Tax Reform Code (PIT)
- Increases the issuance fees charged by a licensing authority from \$100 to \$300

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- Licenses shall be renewable on a biennial basis instead of annually
- Provides that more than one licensee may use the same location and that the prize limits shall apply separately
- Requires licensees to keep separate bank accounts to hold the proceeds of games of chance
- Requires the maintenance of accounting records for at least two years
- Requires eligible organizations to submit an annual financial report with the licensing authority on a form designed by the Department of Revenue
- Requires games of chance training
- 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

FISCAL IMPACT:

The legislation will have no fiscal impact on Commonwealth or local funds. The Department of Revenue is required to develop a one-page form for organizations to file annual financial reports with the local licensing authorities. The Department should be able to fulfill this requirement within its existing appropriation.

Local licensing authorities are required to receive financial reports. The increased licensing fees should be sufficient to offset any additional costs that may be incurred by the licensing authorities.