

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 290

**PRINTER'S NO.** 2581

**AMOUNT**

Minimal Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

January 30, 2013

**PRIME SPONSOR**

Representative Brooks

**HISTORY OF BILL**

Referred to GAMING OVERSIGHT, Jan. 30, 2013

Reported as amended, Feb. 5, 2013

First consideration, Feb. 5, 2013

Laid on the table, Feb. 5, 2013

Removed from table, Feb. 6, 2013

Second consideration, with amendments, Feb. 12, 2013

Re-committed to APPROPRIATIONS, Feb. 12, 2013

(Remarks see House Journal Page 228-233), Feb. 12, 2013

Re-reported as committed, Feb. 13, 2013

Third consideration, with amendments, Feb. 13, 2013

Final passage, Feb. 13, 2013 (186-10)

(Remarks see House Journal Page 249), Feb. 13, 2013

In the Senate

Referred to COMMUNITY, ECONOMIC AND RECREATIONAL DEVELOPMENT,  
March 8, 2013

Reported as amended, June 19, 2013

First consideration, June 19, 2013

Second consideration, June 20, 2013

Re-referred to APPROPRIATIONS, June 20, 2013

Re-reported as amended, Oct. 22, 2013

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 290, as amended, amends the Local Option Small Games of Chance Act of 1988 (P.L. 1262, No. 156) to amend and add definitions, increase prize limits, provide for the licensing and payment of fees, provide for raffle sales and pool selling, provide for locations, and to provide for additional rules and regulations for the licensing of organizations.

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## FISCAL NOTE

A summary of the provisions of House Bill 290 is as follows:

### **Small Games of Chance**

- Creates a definition for "conservation organization", which is 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.
- Clarifies "daily drawings" and "weekly drawings" to allow for the purchase of the next daily or weekly drawing immediately following the preceding drawing.
- Includes "race night games" 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.
- Allows for "pools" 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.
- Provides that the Dept. of Revenue shall promulgate regulations to establish procedures to ensure race night games are secure, random and totally dependent upon chance.
- Specifies that concurrent operation of daily and weekly drawings is not prohibited.

### **Prize Limits**

- 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 – 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).
- 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.

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- Daily drawing carryover – Modification is made to correspond to the increase in the maximum individual prize limit of \$2,000, by allowing 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 SGOC, other than a raffle, from having a prize limit in excess of \$2,000 (up from \$1,000).

## **Requirements**

- Modifies the term “public interest purpose” to include “charitable” activities (along with nonprofit benevolent, religious, and educational), nonprofit youth sports activities, and services to support or honor veterans, volunteer fire and rescue activities.
- Modifies the requirement that the licensing authority issue a special permit for each raffle in which the licensed eligible organization proposes to award individual prizes in excess of \$3,000 (up from \$1,000).
- Requires eligible organizations 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.
- Specifies non-club licensees may conduct SGOC in the county where the license is issued at a premises 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 SGOC operations simultaneously with only non-club licensees.
- Allows for exceptions from off-premises restrictions for club licensees because of a natural disaster, fire or other circumstance that renders the location unusable.

## **Licenses**

- Increases the regular annual license fee from \$100 to \$125.
- Provides any eligible organization with the option to apply for a monthly license versus a regular license. The monthly license fee is \$25.
- A monthly license permits an eligible organization to conduct games of chance for a 30 consecutive-day period.

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- Increases the annual fee for a distributor license from \$1,000 to \$2,000.
- Separate bank accounts – Modifies the provisions requiring a separate bank account to apply only if proceeds from SGOC exceed \$40,000.
- Enforcement – Requires the Bureau of Liquor Control Enforcement to conduct biennial random audits of 5% of all club licensees.

## **Fiscal Impact:**

The 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.

House Bill 290 generally increases licensing fees, but it does not make drastic changes to the fee structure, and so the revenue increase is expected to be minimal.