

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** House Bill 864

**PRINTER NO.** 3433

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

March 17, 2017

**PRIME SPONSOR**

Representative Mustio

**DESCRIPTION**

House Bill 864 amends the Local Option Small Games of Chance Act, authorizing 50/50 drawings to be conducted by designated international airports and at athletic events at institutions of higher education. Additionally, the legislation makes changes to club licensee reporting requirements and their distribution of proceeds.

House Bill 864 allows each of the Commonwealth's six international airports to conduct 50/50 drawings with the proceeds to be donated to a designated charitable organization. The legislation also renames section 304.1 to "Athletic Event Drawing" and defines terms ("athletic team" and "institution of higher education").

House Bill 864 eliminates the aggregate prize limit of \$35,000 which may be awarded in a 7-day period and clarifies that the maximum prize amount which may be awarded for any weekly drawing is \$14,000.

Section 307 of the legislation requires eligible organizations with proceeds from games of chance that exceed \$60,000 annually to maintain a separate bank account. House Bill 864 increases the threshold to \$60,000 from the current \$40,000.

Section 501 of House Bill 864 requires club licensees to submit an annual report to the Department of Revenue if proceeds are in excess of \$30,000 in a calendar year. This is an increase from \$20,000.

Currently club licensees' with proceeds of \$40,000 or less are able to retain the first \$20,000 in the following calendar year. House Bill 864 amends this provision, allowing a club licensee with proceeds of \$60,000 or less to retain the first \$30,000 in the following calendar year.

House Bill 864 further provides that violations of Section 304.1 (athletic event drawings) and Section 304.2 (Airport 50/50 drawings) do not constitute a violation of the Liquor Code.

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The sections of House Bill 864 pertaining to maintenance of separate bank accounts, club license annual reports, amounts retained by a club licensee, and violations not constituting a violation of the Liquor Code, take effect on January 1, 2019. The remainder of the legislation is scheduled to take effect in 60 days.

### **FISCAL IMPACT:**

House Bill 864 will have no adverse fiscal impact on Commonwealth funds. The Local Option Small Games of Chance Act currently allows entities to offer games of chance with the intent of raising funds for non-profits, charitable and civic organizations. Expanding this to allow international airports and collegiate athletic teams to conduct 50/50 drawings will create new opportunities to raise funds for those organizations. Moreover, club licensees will be able to retain additional dollars in proceeds under House Bill 864.