

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 1159

**PRINTER NO.** 1507

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

March 22, 2022

**PRIME SPONSOR**

Senator Brooks

**DESCRIPTION**

Senate Bill 1159 amends the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act (act), by making changes to club licensees' distributions of proceeds from games of chance.

Senate Bill 1159 amends section 502(c) of the act to allow a club licensee to retain and utilize the proceeds from games of chance for operating expenses through December 31, 2022.

Act 118 of 2020, which was enacted on November 25, 2020, in response to the pandemic, permitted a club licensee to utilize the 60% of proceeds normally paid for public interest purposes for its own operating expenses. The temporary redirection of proceeds was authorized for a period of one year after the disaster emergency was terminated, which occurred June 10, 2021, with the adoption of House Resolution 106 (Session of 2021).

Under the provisions of Senate Bill 1159, beginning January 1, 2023, the distribution of proceeds from games of chance will revert back to the original method prescribed in the act prior to Act 118 of 2020, as follows:

1. No less than 60% of the proceeds shall be paid for public interest purposes within one year of the end of the calendar year in which the proceeds were obtained; and
2. No more than 40% of the proceeds obtained in a calendar year may be retained by a club licensee.

This legislation shall take effect immediately.

**FISCAL IMPACT:**

Senate Bill 1159 will have no fiscal impact on Commonwealth funds.

The Local Option Small Games of Chance Act allows clubs to offer games of chance with the original intent of raising funds for non-profits, charitable and civic

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organizations. Under the act, a club must qualify as an exempt organization under section 501(c) or 527 of the Internal Revenue Code of 1986, and in many respects the club licensees themselves already perform similar charitable and civic duties as the organizations receiving proceeds under current law.

Allowing club licensees to temporarily retain proceeds until the end of calendar year 2022 as a means to move beyond the COVID-19 pandemic will help to ensure that these club licensees will continue their charitable missions in the future.