

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1598 Session of  
2019

INTRODUCED BY MOUL, SCHMITT, MILLARD, DeLUCA AND JAMES,  
JUNE 11, 2019

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, JUNE 11, 2019

AN ACT

1 Amending the act of December 19, 1988 (P.L.1262, No.156),  
2 entitled "An act providing for the licensing of eligible  
3 organizations to conduct games of chance, for the licensing  
4 of persons to distribute games of chance, for the  
5 registration of manufacturers of games of chance, and for  
6 suspensions and revocations of licenses and permits;  
7 requiring records; providing for local referendum by  
8 electorate; and prescribing penalties," in preliminary  
9 provisions, further providing for definitions; in games of  
10 chance, further providing for games of chance permitted, for  
11 prize limits and for sales limited, providing for pull-tab  
12 deal, further providing for distributor licenses, providing  
13 for skill machine distributor licenses, further providing for  
14 registration of manufacturers, providing for registration of  
15 skill machine manufacturers, further providing for  
16 regulations of department, providing for regulations of  
17 board, further providing for licensing of eligible  
18 organizations and for special permits and providing for  
19 special location permits, for vertical wheel game permits and  
20 for poker run permits; in club licensees, repealing  
21 provisions relating to club licensee, providing for  
22 definitions and for club licensee, further providing for  
23 distribution of proceeds and providing for club licensee  
24 location permits; in enforcement, further providing for  
25 revocation of licenses and for enforcement; and, in tavern  
26 gaming, further providing for definitions, for licenses, for  
27 application, for approval, for prize limits, for tavern  
28 raffle, for distribution of net revenue, for tavern games  
29 tax, for host municipality tavern games tax and for  
30 restricted receipts account, providing for skill machine  
31 revenue and further providing for enforcement and for  
32 prohibitions.

33 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. The definitions of "games of chance," "proceeds,"  
3 "pull-tab" and "tavern games" in section 103 of the act of  
4 December 19, 1988 (P.L.1262, No.156), known as the Local Option  
5 Small Games of Chance Act, are amended and the section is  
6 amended by adding definitions to read:

7 Section 103. Definitions.

8 The following words and phrases when used in this act shall,  
9 except as provided under section 902, have the meanings given to  
10 them in this section unless the context clearly indicates  
11 otherwise:

12 \* \* \*

13 "Amusement game." A mechanical, electrical or computerized  
14 contrivance, terminal, machine or other device that requires the  
15 insertion of a coin, currency, token or similar object to play  
16 or activate a game and meets the following criteria:

17 (1) The outcome of the game is predominantly and  
18 primarily determined by the skill of the player.

19 (2) Winning the game entitles the player to noncash  
20 prizes, including gift cards or gift certificates that may  
21 not be redeemable for cash, and the value of the noncash  
22 prize does not exceed the cost of playing the game or the  
23 total aggregate cost of playing multiple games.

24 \* \* \*

25 "Bingo." As defined in section 3 of the act of July 10, 1981  
26 (P.L.214, No.67), known as the Bingo Law.

27 "Board." The Pennsylvania Gaming Control Board.

28 \* \* \*

29 "Coin auction." A game in which a participant buys a  
30 numbered paddle for a chance to bid on a donated prize with the

1 winner determined by a random drawing of corresponding numbers.

2 \* \* \*

3 "Event game." A type of pull-tab game, played simultaneously  
4 with bingo and with or without a seal card, in which certain  
5 prizes are determined by the draw of a bingo ball which randomly  
6 selects numbers or symbols that correspond to the numbers or  
7 symbols printed by the manufacturer on the pull-tab and which  
8 game satisfies the following:

9 (1) No event pull-tab may be both an instant winner and  
10 a hold card.

11 (2) The game may not contain duplicate hold  
12 combinations. If the game contains multiple sets of hold  
13 combinations, each set must be distinguishable by color or  
14 distinguishing features.

15 (3) An event pull-tab ticket may contain more than one  
16 hold combination.

17 (4) The number of winners and the prize amount must be  
18 built into the payout structure for the game by the  
19 manufacturer.

20 \* \* \*

21 "Games of chance." Punchboards, daily drawings, weekly  
22 drawings, 50/50 drawings, raffles, tavern games, pools, race  
23 night games, poker runs, coin auctions, vertical wheel games,  
24 event games, skill machines and pull-tabs, as defined in this  
25 act, provided that no such game, except vertical wheel games,  
26 event games and skill machines, shall be played by or with the  
27 assistance of any mechanical or electrical devices or media  
28 other than a dispensing machine or passive selection device and  
29 further provided that the particular chance taken by any person  
30 in any such game shall not be made contingent upon any other

1 occurrence or the winning of any other contest, but shall be  
2 determined solely at the discretion of the purchaser. This  
3 definition shall not be construed to authorize any other form of  
4 gambling currently prohibited under any provision of 18 Pa.C.S.  
5 (relating to crimes and offenses) or authorized under 4 Pa.C.S.  
6 (relating to amusements). Nothing in this act shall be construed  
7 to authorize games commonly known as "slot machines" or "video  
8 poker" or other games regulated by the Pennsylvania Gaming  
9 Control Board.

10 \* \* \*

11 "Poker run." A game operated by one or more licensed  
12 eligible organizations in which a participant purchases a  
13 scorecard to participate in a game where all of the following  
14 occurs:

15 (1) A participant meets at a designated location to  
16 receive instructions for the event.

17 (2) Each participant receives a detailed explanation of  
18 the game destinations and a score card to be completed as the  
19 participant progresses to each location within the county.

20 (3) At each designated location on the run route, the  
21 participant draws or is dealt a playing card at random. The  
22 card which is drawn or dealt is recorded on the participant's  
23 score card.

24 (4) The participant or participants who have obtained  
25 the highest hand or hands, according to the instructions  
26 established for the event under paragraph (1), wins a prize  
27 or prizes, which is determined at the final location on the  
28 run route.

29 For purposes of this act, the term is not a "table game" as  
30 defined in 4 Pa.C.S. § 1103 (relating to definitions).

1 \* \* \*

2 "Proceeds." [The difference between:

3 (1) the actual gross revenue collected by a licensed  
4 eligible organization, or a licensee under Chapter 9, from a  
5 game of chance; and

6 (2) the actual amount of prizes paid by a licensed  
7 eligible organization, or a licensee under Chapter 9, from a  
8 game of chance, plus the cost to purchase games of chance.]

9 (1) Except for a skill machine, the difference between:

10 (i) the actual gross revenue collected by a licensed  
11 eligible organization, or a licensee under Chapter 9,  
12 from a game of chance; and

13 (ii) the actual amount of prizes paid by a licensed  
14 eligible organization, or a licensee under Chapter 9,  
15 from a game of chance, plus the cost to purchase games of  
16 chance.

17 (2) For a skill machine, the amount received by an  
18 eligible organization from a distributor licensed by the  
19 board for the operation of skill machines on its premises or  
20 location in which it is authorized to operate games of  
21 chance.

22 "Progressive pull-tab game." A game of one or more pull-tab  
23 deals, each bearing a different serial number that, in addition  
24 to any consolation prize awarded by a winning ticket, offers a  
25 winning player a chance to select and open a sealed tab on the  
26 flare that accompanies the game to determine if the jackpot  
27 prize has been won, and the jackpot prize of which game is  
28 predetermined by the manufacturer and consists of an amount to  
29 which each deal of the game where the jackpot prize is not won  
30 contributes to an accumulating jackpot prize level.

1 \* \* \*

2 "Pull-tab." A single folded or banded ticket or a strip  
3 ticket or card with a face covered to conceal one or more  
4 numbers or symbols, where one or more of each set of tickets or  
5 cards has been designated in advance as a winner. The term  
6 includes a subset pull-tab game and progressive pull-tab game.

7 \* \* \*

8 "Skill." The knowledge, dexterity, adroitness, acumen or  
9 other mental or physical ability of an individual.

10 "Skill-based contest." A competitive event among two or more  
11 individuals or teams through which individuals or teams compete  
12 against each other in one or more games utilizing electronic,  
13 computerized or mechanical devices, including, but not limited  
14 to, personal computers and home video game consoles, and meets  
15 the following criteria:

16 (1) Winning individuals or teams are determined solely  
17 by the skill of individuals or teams relative to the skill of  
18 other individuals or teams competing in the competitive  
19 event.

20 (2) Elements of chance do not affect or have a de  
21 minimis effect on the outcome of the game utilized in the  
22 competitive event.

23 (3) One or more winning individuals or teams are awarded  
24 a prize, including cash, that may exceed the cost of any  
25 consideration paid for entry into the competitive event.

26 (4) The electronic or mechanical device utilized in the  
27 competitive event is not a device or game that may only be  
28 operated lawfully by a person with the required authorization  
29 under 4 Pa.C.S. (relating to amusements).

30 "Skill machine."

1           (1) A mechanical, electrical or computerized  
2 contrivance, terminal, machine or other device that:

3           (i) is used to play or operate a game upon insertion  
4 of a coin, bill, ticket, token or similar object or upon  
5 payment of consideration, including the use of an  
6 electronic payment system;

7           (ii) winning outcomes are determined primarily by  
8 the player's skill; and

9           (iii) awards a winning individual, directly or  
10 indirectly, cash, merchandise or anything of value for  
11 playing or operating the game in excess of the cost of  
12 playing or operating the game.

13           (2) The term shall not include an amusement game or a  
14 device used in a skill-based contest.

15           "Subset pull-tab game." A game consisting of a single pull-  
16 tab deal of tickets having the same serial number that is  
17 segregated and packaged by the manufacturer into smaller  
18 subdeals, each of which is played separately from the rest of  
19 the subsets during the game, and the winning tickets purchased  
20 by a player of which game will bear a designation that entitles  
21 the player to select and open a sealed tab on the flare which  
22 accompanies the game to determine the prize level to be awarded  
23 to the player.

24           "Tavern games." Pull-tabs, race night games, tavern weekly  
25 drawings, tavern daily drawings, skill machines and tavern  
26 raffles.

27           "Vertical wheel game." A game in which a participant places  
28 a coin or token on a color, number or word or purchases a ticket  
29 containing a color, number or word and watches a spinning  
30 vertical wheel until the pointer of the wheel rests on a section

1 of the wheel designating a winner. Vertical wheel game chances  
2 may not be sold for an amount in excess of \$10. For the purposes  
3 of this act, the term is not a "table game" as defined in 4  
4 Pa.C.S. § 1103.

5 \* \* \*

6 Section 2. Sections 301, 302 and 303(b) of the act are  
7 amended to read:

8 Section 301. Games of chance permitted.

9 [Every] (a) General rule.--Except as otherwise provided in  
10 subsection (b), every eligible organization to which a license  
11 has been issued under the provisions of this chapter may conduct  
12 games of chance for the purpose of raising funds for public  
13 interest purposes. Except as provided in Chapter 5, all proceeds  
14 of a licensed eligible organization shall be used exclusively  
15 for public interest purposes, for the purchase of games of  
16 chance or for the payment of the license fee, as required by  
17 this act. An eligible organization whose primary purpose is the  
18 promotion of a public interest may utilize the proceeds from  
19 small games of chance to fulfill that purpose.

20 (b) Exception.--An event game may only be operated by a  
21 licensed eligible organization that:

22 (1) is an association as defined in section 3 of the act  
23 of July 10, 1981 (P.L.214, No.67), known as the Bingo Law;  
24 and

25 (2) holds a bingo license issued to the association  
26 under section 5 of the Bingo Law.

27 Section 302. Prize limits.

28 (a) Individual prize limit.--

29 (1) Except as provided under subsections (d) [and  
30 (d.1)], (d.1) and (d.2), the maximum prize which may be

1 awarded for:

2 (i) any single chance shall be \$2,000[.]; and

3 (ii) any single play of a skill machine shall be  
4 \$2,000.

5 (2) For an event game, the maximum prize limit contained  
6 in paragraph (1) shall only apply to the prizes awarded  
7 through the play of the event game and shall not apply to the  
8 prizes awarded through the play of bingo that is  
9 simultaneously conducted with the event game.

10 [(b) Aggregate prize limit.--No more than \$35,000 in prizes  
11 shall be awarded from games of chance by a licensed eligible  
12 organization in any seven-day period.]

13 (c) Raffle prize limit.--Up to \$15,000 in prizes may be  
14 awarded in raffles in any calendar month.

15 [(c.1) Total limit.--All prizes awarded under this section  
16 shall be subject to the aggregate prize limits under subsection  
17 (b).]

18 (d) Exception for raffles.--Notwithstanding subsection [(b)  
19 or] (c), a licensed eligible organization may conduct a raffle  
20 under section 308 and award a prize or prizes valued in excess  
21 of \$3,000 each only under the following conditions:

22 (1) The licensing authority has issued a special permit  
23 for the raffle under section 308.

24 (2) A licensed eligible organization shall be eligible  
25 to receive no more than ten special permits in any [licensed  
26 term] calendar year except that a volunteer fire, ambulance,  
27 rescue or conservation organization that is not a club  
28 licensee shall be eligible to receive 12 special permits in  
29 any [licensed term] calendar year.

30 (3) Only one raffle may be conducted under each special

1 permit issued under section 308.

2 (4) Except as provided under subsection (d.1), the total  
3 of all prizes awarded under this subsection shall be no more  
4 than \$150,000 per calendar year, which shall not be subject  
5 to the aggregate limit under subsection [(b) or] (c).

6 (d.1) Additional award.--A volunteer fire, ambulance, rescue  
7 or conservation organization may, in addition to the total under  
8 subsection (d) (4), award up to \$100,000 from raffles which shall  
9 not be subject to the aggregate limit under subsection [(b),]  
10 (c) or (d).

11 (d.2) Exception for poker runs.--Notwithstanding subsection  
12 (a), a licensed eligible organization may conduct a poker run  
13 under section 311 and award a prize or prizes valued in excess  
14 of \$2,000, subject to the following conditions:

15 (1) The licensing authority has issued a poker run  
16 permit to each participating eligible organization under  
17 section 311.

18 (2) Only one poker run may be conducted under each poker  
19 run permit issued under section 311.

20 (3) The total of all prizes awarded for a single poker  
21 run may not exceed \$15,000.

22 (f) Daily drawing carryover.--The prize limitation contained  
23 in [subsections] subsection (a) [and (b)] may be exceeded by a  
24 daily drawing under the following circumstances: a daily drawing  
25 may award a prize in excess of \$2,000 if such prize is the  
26 result of a carryover of a drawing which resulted from the  
27 winning number in such drawing not being among the eligible  
28 entrants in such drawings. Nothing contained herein shall  
29 authorize the prize limitation as contained in [subsections]  
30 subsection (a) [and (b)] to be exceeded as a result of a failure

1 to conduct a drawing on an operating day during which chances  
2 were sold for a daily drawing or for a daily drawing for which  
3 chances were sold in excess of \$1 or for which more than one  
4 chance was sold to an eligible participant.

5 [(g) Additional exception.--When a daily drawing or weekly  
6 drawing is set up or conducted in such a manner as to pay out or  
7 award 100% of the gross revenues generated from such drawing,  
8 the limitation contained in subsection (b) shall not apply.

9 (h) Weekly drawing carryover exception.--Weekly drawings  
10 shall be governed by the prize limitation contained in  
11 subsection (b). The prize limitation contained in subsection (b)  
12 may be exceeded by a weekly drawing under the following  
13 circumstances: a weekly drawing may award a prize where the cash  
14 value is in excess of \$35,000 if such prize is the result of a  
15 carryover of a drawing or drawings which resulted from the  
16 winning number or numbers in such drawing or drawings not being  
17 among the eligible entrants in such drawings. Nothing contained  
18 in this chapter shall authorize the prize limitation under  
19 subsection (b) to be exceeded as a result of a failure to  
20 conduct a drawing for a week during which chances were sold for  
21 a weekly drawing or for a weekly drawing for which chances were  
22 sold in excess of \$1.]

23 (i) Concurrent operation.--Nothing under this act shall  
24 prohibit the concurrent operation of daily or weekly drawings.  
25 Section 303. Sales limited.

26 \* \* \*

27 (b) Limitation.--No game of chance, other than a raffle  
28 under section 302(d) or a poker run under section 302(d.2),  
29 sold, offered for sale or furnished to a licensed eligible  
30 organization for use within this Commonwealth shall contain,

1 permit, depict or designate a prize having a prize limit in  
2 excess of \$2,000.

3 Section 3. The act is amended by adding a section to read:  
4 Section 303.2. Pull-tab deal.

5 Nothing in this act shall be construed:

6 (1) To prohibit the sale of a pull-tab deal which  
7 contains more than 4,000 individual pull-tabs.

8 (2) To place any restriction on the number of pull-tabs  
9 that may be put out for public play as part of a single deal.

10 Section 4. Section 304(i) of the act is amended to read:  
11 Section 304. Distributor licenses.

12 \* \* \*

13 (i) Exception.--This section shall not apply to the  
14 manufacture or distribution of raffle tickets, 50/50 drawings,  
15 daily drawings, weekly drawings, poker runs, coin auctions,  
16 vertical wheel games, tavern raffles, tavern daily drawings,  
17 tavern weekly drawings, skill machines or pools.

18 Section 5. The act is amended by adding a section to read:  
19 Section 304.2. Skill machine distributor licenses.

20 (a) License required.--No person shall place for operation a  
21 skill machine on the premises of an eligible organization  
22 licensed under this chapter or tavern licensed under Chapter 9  
23 unless such person shall have obtained a distributor license  
24 from the board as provided in this section.

25 (b) Application.--An applicant for the grant or renewal of a  
26 distributor license issued pursuant to this section shall  
27 provide to the board, upon a form prescribed by the board, all  
28 of the following:

29 (1) The applicant's State sales tax number.

30 (2) The applicant's State corporate tax number.

1           (3) The applicant's State employer withholding tax  
2           number.

3           (4) The applicant's unemployment compensation account  
4           number.

5           (5) A statement that:

6           (i) all State tax reports have been filed and all  
7           State taxes paid;

8           (ii) all State taxes are subject to a timely  
9           administrative or judicial appeal; or

10           (iii) all State taxes are subject to a duly approved  
11           deferred payment plan.

12           (6) The names and business addresses of all owners,  
13           officers, directors, partners and sales personnel.

14           (7) Any other information required by the board  
15           necessary to ensure the integrity of skill machines or  
16           compliance with this act.

17           (c) Waiver of confidentiality.--An applicant for the grant  
18           or renewal of a distributor license issued pursuant to this  
19           section shall, by the filing of an application insofar as it  
20           relates to the department, waive any confidentiality with  
21           respect to State tax information in the possession of the  
22           department, the Office of Attorney General or the Department of  
23           Labor and Industry regarding the applicant, regardless of the  
24           source of the information, and shall consent to the providing of  
25           the information to the department by the Office of Attorney  
26           General or the Department of Labor and Industry.

27           (d) Background.--The department shall conduct and annually  
28           update a criminal history record check on each individual listed  
29           under subsection (b) (6).

30           (e) Review of tax status.--Upon receipt of any application

1 for the grant or renewal of a distributor license issued  
2 pursuant to this section, the board shall require the department  
3 to review the State tax status of the applicant. The department  
4 shall request State tax information regarding the applicant from  
5 the Office of Attorney General or the Department of Labor and  
6 Industry and the information shall be provided.

7 (f) Limitation on approval.--The board shall not approve an  
8 application for the grant or renewal of a distributor license  
9 issued pursuant to this section where the applicant has failed  
10 to:

11 (1) provide information required by subsection (b);

12 (2) file required State tax reports; or

13 (3) pay State taxes not subject to a timely  
14 administrative or judicial appeal or subject to a duly  
15 authorized deferred payment plan.

16 (g) Records.--A distributor licensee shall keep records,  
17 reports and books as the department prescribes. Applicants shall  
18 be required to make the records, reports and books available as  
19 required by the board pursuant to regulation.

20 (h) Ineligibility.--The board shall not issue or renew a  
21 distributor license to a person, including a corporation, firm  
22 or partnership that has as an officer, director or other person  
23 in a supervisory or management position, or employee eligible to  
24 make sales on behalf of the distributor, who:

25 (1) has been convicted of a felony in a state or Federal  
26 court within the past five years; or

27 (2) has been convicted within 10 years of the date of  
28 application in a state or Federal court of a violation of any  
29 of the following:

30 (i) This act.

1           (ii) The act of July 10, 1981 (P.L.214, No.67),  
2           known as the Bingo Law.

3           (iii) A gambling-related offense under 4 Pa.C.S.  
4           (relating to amusements).

5           (iv) A gambling-related offense under 18 Pa.C.S.  
6           (relating to crimes and offenses).

7           (v) A Federal or State law comparable to the  
8           statutes listed under subparagraphs (i), (ii), (iii) and  
9           (iv).

10          (i) License and renewal fees.--The fee for a distributor  
11          license shall be \$2,000. Licenses shall be renewable on an  
12          annual basis.

13          (j) Prohibition.--An eligible organization or tavern  
14          licensed under Chapter 9 may not be licensed as a distributor.

15          Section 6. Section 305(d) of the act is amended to read:  
16          Section 305. Registration of manufacturers.

17          \* \* \*

18          (d) Exception.--This section shall not apply to the  
19          manufacture or distribution of raffle tickets, 50/50 drawings,  
20          daily drawings, weekly drawings, poker runs, coin auctions,  
21          vertical wheel games, tavern raffles, tavern daily drawings,  
22          tavern weekly drawings, skill machines or pools.

23          Section 7. The act is amended by adding a section to read:  
24          Section 305.1. Registration of skill machine manufacturers.

25          (a) Registration required.--No manufacturer shall sell any  
26          skill machine to any distributor licensed under section 304.1  
27          or manufacture a skill machine for use in this Commonwealth  
28          unless the manufacturer has registered with the board and has  
29          been issued a certificate of registration.

30          (b) Annual certificate; fee.--A certificate under this

1 section shall be valid for one year. The annual fee for  
2 registration shall be \$2,000.

3 (c) Prohibited sales.--A manufacturer shall not sell any  
4 skill machine to any person not licensed as a distributor under  
5 section 304.2.

6 (d) Prohibition.--An eligible organization or tavern  
7 licensed under Chapter 9 may not be registered as a  
8 manufacturer.

9 (e) Concurrent authorizations.--A registered manufacturer  
10 may also be licensed as a distributor under section 304.2.

11 Section 8. Section 306 of the act is amended to read:  
12 Section 306. Regulations of department.

13 (a) Authorization.--The department shall promulgate  
14 regulations to:

15 (1) Impose minimum standards [and restrictions]  
16 applicable to games of chance manufactured for sale in this  
17 Commonwealth[, which may include standards and restrictions  
18 which specify the maximum number of chances available to be  
19 sold for any single game of chance or prize and such other  
20 standards and restrictions] as the department deems necessary  
21 for the purposes of this chapter. The department shall  
22 consider standards adopted by the National Association of  
23 Gambling Regulatory Agencies and other standards commonly  
24 accepted in the industry.

25 (2) Establish procedures by which manufacturers may  
26 register and distributors of games of chance may apply for  
27 licensure on forms which the department shall provide.  
28 Procedures shall include a requirement that manufacturer and  
29 distributor applicants provide criminal history record  
30 information obtained from the Pennsylvania State Police under

1 18 Pa.C.S. § 9121(b) (relating to general regulations) for  
2 each officer and manager of the manufacturer's or  
3 distributor's organization and for any other individual  
4 specified by the department. As used in this paragraph, the  
5 term "criminal history record information" has the meaning  
6 given in 18 Pa.C.S. § 9102 (relating to definitions).

7 (3) Provide for the suspension or revocation of  
8 distribution licenses or manufacturer certificates for  
9 violations of this act or regulations of the department.

10 (3.1) Establish procedures to ensure that race night  
11 games are secure, random and totally dependent upon chance.

12 (3.2) Nothing in this act shall be construed to require  
13 games of chance distributed for play in this Commonwealth to  
14 be approved by the department.

15 (4) Carry out other provisions of this act.

16 (b) Limitation on recordkeeping requirements.--This section  
17 shall not be construed to authorize the department to promulgate  
18 regulations providing for recordkeeping requirements for  
19 licensed eligible organizations which require unreasonable or  
20 unnecessary information or a repetitious listing of information.  
21 The department shall strive to keep such recordkeeping  
22 requirements from being an undue hardship or burden on licensed  
23 eligible organizations. [Except as provided under section  
24 701(b), the] The department may not require the retention of  
25 records for a period in excess of two years. If an individual  
26 prize is in excess of \$600, the record shall include the name  
27 and address of the winner. An eligible organization shall  
28 provide each winner with a receipt of the value of the prize  
29 when the prize exceeds \$600.

30 (c) (Reserved).

1 (d) Application.--This section shall not apply to skill  
2 machines.

3 Section 9. The act is amended by adding a section to read:  
4 Section 306.1. Regulations of board.

5 (a) Authorization.--The board shall promulgate regulations  
6 to:

7 (1) Impose minimum standards and restrictions applicable  
8 to skill machines manufactured for sale and operation in this  
9 Commonwealth as the board deems necessary for the purposes of  
10 this chapter or necessary to protect the integrity and  
11 fairness of skill machines.

12 (2) (i) Establish procedures by which manufacturers may  
13 register and distributors may apply for licensure on  
14 forms which the board shall provide. Procedures shall  
15 include a requirement that manufacturer and distributor  
16 applicants provide criminal history record information  
17 obtained from the Pennsylvania State Police under 18  
18 Pa.C.S. § 9121(b) (relating to general regulations) for  
19 each officer and manager of the manufacturer's or  
20 distributor's organization and for any other individual  
21 specified by the board.

22 (ii) As used in this paragraph, the term "criminal  
23 history record information" has the meaning given in 18  
24 Pa.C.S. § 9102 (relating to definitions).

25 (3) Provide for the suspension or revocation of  
26 distribution licenses or manufacturer certificates  
27 for violations of this act or regulations of the board.

28 (4) Establish standards and information requirements for  
29 irremovable plates that must be conspicuously placed on every  
30 skill machine manufactured for use in this Commonwealth.

1           (5) Require every skill machine manufactured for use in  
2 this Commonwealth to be tested and certified by the board.

3           (6) Establish a fee to be paid by registered  
4 manufacturers for the testing and certification of skill  
5 machines.

6           (7) Prohibit skill machines from accepting credit or  
7 debit cards for play or operation.

8           (b) Promulgation.--In order to facilitate the prompt  
9 implementation of this section, regulations promulgated by the  
10 board shall be deemed temporary regulations which shall expire  
11 no later than two years following the publication of the  
12 temporary regulations. The board may promulgate temporary  
13 regulations not subject to:

14           (1) Sections 201, 202, 203, 204 and 205 of the act of  
15 July 31, 1968 (P.L.769, No.240), referred to as the  
16 Commonwealth Documents Law.

17           (2) Section 204(b) of the act of October 15, 1980  
18 (P.L.950, No.164), known as the Commonwealth Attorneys Act.

19           (3) The act of June 25, 1982 (P.L.633, No.181), known as  
20 the Regulatory Review Act.

21           (c) Expiration.--The authority provided to the board to  
22 adopt temporary regulations in subsection (b) shall expire two  
23 years following the publication of the temporary regulations.  
24 Regulations adopted after that date shall be promulgated as  
25 provided by law.

26           Section 10. Section 307(a)(1), (b), (b.1) and (b.2) of the  
27 act are amended, subsection (d) is amended by adding a paragraph  
28 and the section is amended by adding a subsection to read:  
29 Section 307. Licensing of eligible organizations.

30           (a) License required.--The following shall apply:

1 (1) An eligible organization shall not conduct or  
2 operate games of chance unless the eligible organization has  
3 obtained a valid license as follows:

4 (i) A regular license which must be renewed  
5 annually.

6 (ii) A triennial license which must be renewed every  
7 three years.

8 ~~[(ii)] (iii)~~ A monthly license which permits the  
9 eligible organization to conduct games of chance, except  
10 for skill machines, for a 30-consecutive-day period.

11 \* \* \*

12 (b) Issuance.--The licensing authority shall issue a license  
13 within 30 days of the submission of an application by an  
14 eligible organization that meets the requirements under this  
15 chapter. Upon issuance, the licensing authority shall provide  
16 the eligible organization with a unique license number, the  
17 first number or numbers of which shall be the uniform county  
18 code numbers used by the Department of Revenue for the filing of  
19 tax returns.

20 (b.1) Fee.--The ~~[license fee to be charged to each eligible~~  
21 ~~organization for a regular license shall be \$125. The license~~  
22 ~~fee to be charged for a monthly license shall be \$25. A regular~~  
23 ~~license must be renewed annually. The fee shall be used by the~~  
24 ~~licensing authority to administer this act.]~~ licensing authority  
25 shall charge a license fee to each eligible organization to be  
26 used by the licensing authority to administer this act. The fees  
27 shall be as follows:

28 (1) A regular license fee shall be \$125.

29 (2) A triennial license fee shall be \$375.

30 (3) A monthly license fee shall be \$25.

1 (b.2) Location.--[An] Except as provided for in section 311  
2 and notwithstanding sections 309 and 505.2, an eligible  
3 organization that holds a license under subsection (a) and that  
4 is not a club licensee may conduct small games of chance in the  
5 county where the license is issued at a premises which is the  
6 operating site of the eligible organization or at a premises or  
7 other location not prohibited by local ordinance, and for which  
8 the treasurer has been notified. The following shall apply:

9 (1) No more than three licensees, including the licensee  
10 that owns or leases the premises, may conduct small games of  
11 chance simultaneously at a premises or location.

12 (2) A licensee shall ensure that the conduct of small  
13 games of chance by different organizations are separate and  
14 clearly identified within a premises or location.

15 (3) A licensee that is not a club licensee may conduct  
16 games of chance simultaneously with the conduct of games of  
17 chance by a club licensee on not more than three occasions  
18 covering a total of seven days during the year.

19 (4) The following shall apply:

20 (i) Notwithstanding paragraph (1), if a club  
21 licensee is unable to conduct games of chance at the  
22 location listed on its application and license due to  
23 natural disaster, fire or other circumstance that renders  
24 the location unusable, the club licensee may submit a  
25 written request to the district attorney to conduct games  
26 of chance in a different location, including the licensed  
27 premises of another eligible organization.

28 (ii) A request under subparagraph (i) must include  
29 the change in the location and the dates and times the  
30 games of chance will be operated at the alternative

1 location.

2 (iii) The district attorney shall approve or deny  
3 the request and shall establish a limit on the duration  
4 of the authorization to conduct games of chance at the  
5 alternative location. Following the expiration of the  
6 authorization period, the club licensee must return to  
7 the location specified in its application and license or  
8 apply to the licensing authority for a new permanent  
9 location. The district attorney may stipulate additional  
10 requirements as a condition of approval.

11 (iv) If a club licensee permits another club  
12 licensee to use its licensed premises under this  
13 paragraph to conduct games of chance, the host club  
14 licensee must cease its operation of games of chance  
15 during the time the club licensee utilizing its premises  
16 is conducting its games of chance.

17 \* \* \*

18 (b.5) License renewal.--A regular license or triennial  
19 license may be renewed by the eligible organization up to 90  
20 days prior to the expiration of the license. A renewed regular  
21 or triennial license shall contain the same unique license  
22 number provided to the eligible organization under subsection  
23 (b), the first number or numbers of which shall be the uniform  
24 county code numbers used by the Department of Revenue for the  
25 filing of tax returns.

26 \* \* \*

27 (d) Operation.--Each licensed eligible organization shall be  
28 prohibited from the following:

29 \* \* \*

30 (7) (i) receiving a profit from a skill machine that

1 has not been manufactured or distributed by a person  
2 authorized by the board to manufacture or distribute  
3 skill machines;

4 (ii) permitting the operation of a skill machine on  
5 its premises that has not been manufactured or  
6 distributed by a person authorized by the board to  
7 manufacture or distribute skill machines; or

8 (iii) permitting the operation of more than five  
9 skill machines on its premises or location in which it is  
10 authorized to operate games of chance.

11 \* \* \*

12 Section 11. Section 308 of the act is amended to read:

13 Section 308. Special raffle permits.

14 (a) Issuance and fee.--The licensing authority shall issue a  
15 special permit for each raffle in which the licensed eligible  
16 organization proposes to award individual prizes in excess of  
17 \$3,000. The licensing authority may establish and collect a fee  
18 not to exceed \$25 for the issuance of special permits under this  
19 section.

20 (b) Permit application.--Each special permit application  
21 shall specify the location where the actual drawing will be  
22 held, the number of chances to be sold, the price per chance and  
23 the prize to be awarded.

24 Section 12. The act is amended by adding sections to read:

25 Section 309. Special location permits.

26 (a) Special permit required.--Notwithstanding section 307  
27 (b.2), a licensed eligible organization that is not a club  
28 licensee may conduct games of chance in any county outside the  
29 county where the license is issued at a premises or other  
30 location not prohibited by local ordinance or this act and for

1 which the licensing authority of the county in which the  
2 licensed eligible organization proposes to conduct games of  
3 chance has issued a special location permit under this section.

4 (b) Permit application.--Each special location permit  
5 application shall be submitted on a form and in a manner as  
6 required by the licensing authority, provided that each  
7 application shall specify:

8 (1) The games of chance to be offered.

9 (2) The date, time and location of where the games of  
10 chance will be offered.

11 (3) The prices for chances to be sold.

12 (4) The prizes to be awarded.

13 (5) The license number of the licensed eligible  
14 organization.

15 (6) The address of the operating site of the licensed  
16 eligible organization.

17 (c) Issuance and fee.--Prior to issuing a special location  
18 permit, the licensing authority shall confirm with the licensing  
19 authority that issued the license to the eligible organization  
20 that the eligible organization's license is valid. A licensed  
21 eligible organization whose license is valid and proposes to  
22 offer games of chance at a location not otherwise prohibited by  
23 local ordinance or this act shall be considered suitable for  
24 issuance of a special location permit by the licensing  
25 authority. The licensing authority may establish and collect a  
26 fee not to exceed \$25 for the issuance of special location  
27 permits under this section.

28 (d) Limitations.--The following limitations shall apply to a  
29 licensed eligible organization issued a special location permit  
30 under this section:

1       (1) A licensed eligible organization shall be eligible  
2 to receive no more than ten special location permits in a  
3 calendar year, except that a volunteer fire, ambulance,  
4 rescue or conservation organization that is not a club  
5 licensee shall be eligible to receive 12 special location  
6 permits in a calendar year.

7       (2) A special location permit shall authorize the  
8 licensed organization to conduct games of chance only at the  
9 location, time and date as indicated on the application for  
10 the special location permit, provided that the duration does  
11 not exceed one calendar day.

12       (3) No more than three licensed eligible organizations,  
13 including the licensed eligible organization that owns or  
14 leases the premises, may conduct games of chance  
15 simultaneously at a premises or location.

16       (4) A licensed eligible organization shall ensure that  
17 the conduct of games of chance by different licensed eligible  
18 organizations are separate and clearly identified within a  
19 premises or location.

20       (5) A licensed eligible organization that is not a club  
21 licensee may conduct games of chance simultaneously with the  
22 conduct of games of chance by a club licensee not more than a  
23 total of seven days during the calendar year.

24       (e) Proceeds.--A licensed eligible organization shall use  
25 proceeds from games of chance operated under a special location  
26 permit for public interest purposes within or directly  
27 benefiting the county in which the licensing authority issued  
28 the special location permit. Nothing in this paragraph shall be  
29 construed to require proceeds to be used exclusively for public  
30 interest purposes within the county.

1 (f) Additional permits.--A licensed eligible organization  
2 issued a special location permit under this section may also  
3 apply to the licensing authority for a special raffle permit in  
4 accordance with section 308 and a vertical wheel game permit in  
5 accordance with section 310. A special raffle permit or a  
6 vertical wheel game permit shall only be valid for the duration  
7 of the special location permit.

8 Section 310. Vertical wheel game permits.

9 (a) Special permit required.--Notwithstanding any other  
10 provisions of this act, a licensed eligible organization may  
11 operate a vertical wheel game at one location not prohibited by  
12 local ordinance or this act for no more than seven consecutive  
13 days upon issuance of a vertical wheel game permit from the  
14 licensing authority.

15 (b) Permit application.--Each vertical wheel game permit  
16 application shall be submitted on a form and in a manner as  
17 required by the licensing authority, provided that each  
18 application shall specify the location where the vertical wheel  
19 game will be offered, the price per chance and the prizes to be  
20 awarded.

21 (c) Issuance and fee.--A licensed eligible organization  
22 whose license is valid, who proposes to offer the vertical wheel  
23 game at a location not otherwise prohibited by local ordinance  
24 or this act and whose application specifies that no single  
25 chance will be sold in excess of \$10 shall be considered  
26 suitable for issuance of a vertical wheel game permit by the  
27 licensing authority. The licensing authority may establish and  
28 collect a fee not to exceed \$25 for the issuance of vertical  
29 wheel game permits under this section.

30 (d) Limitation.--A licensing authority may issue no more

1 than four vertical wheel game permits under this section to any  
2 one licensed eligible organization in a calendar year.

3 Section 311. Poker run permits.

4 (a) Special permit required.--A licensed eligible  
5 organization may operate a poker run for no more than one day  
6 upon issuance of a poker run permit from the licensing  
7 authority. Licensed eligible organizations may jointly operate a  
8 single poker run, provided that each participating licensed  
9 eligible organization is issued a poker run permit. No more than  
10 five licensed eligible organizations may jointly operate a poker  
11 run.

12 (b) Permit application.--Each poker run permit application  
13 shall be submitted on a form and in a manner as required by the  
14 licensing authority. A licensing authority may require the  
15 submission of a single consolidated application for a poker run  
16 to be operated jointly by multiple licensed eligible  
17 organizations. Each application shall include:

- 18 (1) The poker run locations of operation.  
19 (2) The date and hours of operation of the poker run.  
20 (3) The price per chance.  
21 (4) The prizes to be awarded.  
22 (5) A copy of the agreement required under subsection  
23 (e) if the poker run will be operated jointly with other  
24 licensed eligible organizations.  
25 (6) Any other information required by the licensing  
26 authority.

27 (c) Issuance and fee.--A licensed eligible organization  
28 whose license is valid, who proposes to offer a poker run at  
29 locations permitted under subsection (d) and whose application  
30 specifies that the total of all prizes to be awarded for the

1 poker run will not exceed \$15,000 shall be considered suitable  
2 for issuance of a poker run permit. The licensing authority may  
3 establish and collect a fee not to exceed \$25 for the issuance  
4 of poker run permits under this section. A licensing authority  
5 shall issue no more than two poker run permits to a single  
6 licensed eligible organization in any calendar year.

7 (d) Locations.--A poker run may only be operated at  
8 locations within the county in which the eligible organization  
9 has been issued a poker run permit under this section and a  
10 license under section 307 by the licensing authority, provided  
11 that the locations are not prohibited by local ordinance. A club  
12 licensee issued a poker run permit under this section may  
13 operate a poker run, either independently or jointly with other  
14 eligible organizations, at its own licensed premises, locations  
15 outside its licensed premises not prohibited by local ordinance  
16 or at the licensed premises of another club licensee also  
17 holding a poker run permit.

18 (e) Joint operation agreement.--If a poker run is to be  
19 jointly operated by more than one licensed eligible  
20 organization, each licensed eligible organization must enter  
21 into a written agreement that is signed by the executive officer  
22 or secretary of each participating eligible organization. The  
23 written agreement shall contain at minimum:

- 24 (1) The date and hours of operation of the poker run.  
25 (2) The locations where the poker run will be operated.  
26 (3) The responsibilities of each eligible organization  
27 for operating the poker run.  
28 (4) Use of the proceeds from the poker run.  
29 (5) A list of other games of chance that will be  
30 operated at poker run locations, itemized by licensed

1 eligible organization.

2 (f) Concurrent operation.--The following shall apply to the  
3 concurrent operation of a poker run with other games of chance  
4 operated by a licensed eligible organization holding a poker run  
5 permit:

6 (1) Except at the licensed premises of a club licensee,  
7 an eligible organization that is not a club licensee may  
8 operate other games of chance at any location where the poker  
9 run is operated.

10 (2) A club licensee operating a poker run may  
11 concurrently operate other games of chance at its licensed  
12 premises. A club licensee may not operate any game of chance,  
13 other than a poker run, outside its licensed premises during  
14 the operation of a poker run.

15 (3) If a poker run is operated by more than one licensed  
16 eligible organization, each licensed eligible organization  
17 issued a poker run permit that is not a club licensee may  
18 operate other games of chance at any poker run location,  
19 provided that:

20 (i) The location is not the licensed premises of a  
21 club licensee.

22 (ii) The operation of games of chance by each  
23 licensed eligible organization is separate and clearly  
24 identified at the poker run location.

25 (g) Applicability.--Section 307(b.2) shall not apply to a  
26 poker run or other games of chance operated at poker run  
27 locations by a licensed eligible organization issued a poker run  
28 permit under this section.

29 Section 13. Section 501 of the act is repealed:

30 [Section 501. Club licensee.]

1 (a) Report.--

2 (1) Beginning in 2014, a club licensee with proceeds in  
3 excess of \$20,000 in a calendar year shall submit annual  
4 reports to the department for the preceding 12-month period  
5 on a form and in a manner prescribed by the department.

6 (2) The report under paragraph (1) must be filed under  
7 oath or affirmation of an authorized officer of the club  
8 licensee and shall include all of the following information:

9 (i) The proceeds received by the club licensee from  
10 each game of chance conducted, itemized by week.

11 (ii) The amount of prizes paid from all games of  
12 chance, itemized by week.

13 (iii) Other costs incurred related to the conduct of  
14 games of chance.

15 (iv) Verification and itemization of amounts  
16 distributed for public interest.

17 (vii) Other information or documentation required by  
18 the department.

19 (b) Distribution.--The department shall provide a copy of  
20 the report to the Bureau of Liquor Control Enforcement.

21 (c) Posting.--The reports under subsection (a) shall be  
22 published on the department's Internet website.]

23 Section 14. The act is amended by adding sections to read:

24 Section 501.1. Definitions.

25 The following words and phrases when used in this chapter  
26 shall have the meanings given to them in this section unless the  
27 context clearly indicates otherwise:

28 "Proceeds." As follows:

29 (1) For any game of chance, other than a poker run  
30 operated jointly with other licensed eligible organizations

1 under section 311, the difference between:

2 (i) the actual gross revenue collected by a club  
3 licensee from a game of chance; and

4 (ii) the actual amount of prizes paid by a club  
5 licensee from a game of chance plus the cost to purchase  
6 games of chance.

7 (2) For a poker run operated jointly by a club licensee  
8 with other licensed eligible organizations under section 311,  
9 an amount, unless otherwise specified in the joint operation  
10 agreement between the club licensee and the other licensed  
11 eligible organizations, equal to:

12 (i) the difference between the actual gross revenue  
13 collected from the operation of the poker run and the  
14 actual amount of prizes paid from the poker run plus the  
15 cost to purchase the poker run; divided by

16 (ii) the total number of eligible organizations  
17 jointly operating the poker run.

18 Section 501.2. Club licensee.

19 (a) Report.--

20 (1) A club licensee with proceeds in excess of \$20,000  
21 in a calendar year shall submit annual reports to the  
22 department for the preceding 12-month period on a form and in  
23 a manner prescribed by the department.

24 (2) The report under paragraph (1) must be filed under  
25 oath or affirmation of an authorized officer of the club  
26 licensee and shall include all of the following information:

27 (i) The proceeds received by the club licensee from  
28 each game of chance conducted.

29 (ii) The amount of prizes paid from all games of  
30 chance.

- 1           (iii) Other costs incurred related to the conduct of  
2 games of chance.
- 3           (iv) Verification and itemization of amounts  
4 distributed for public interest.
- 5           (v) Other information or documentation required by  
6 the department.

7       (b) Distribution.--The department shall provide a copy of  
8 the report to the Bureau of Liquor Control Enforcement.

9       (c) Posting.--The reports under subsection (a) shall be  
10 published on the department's publicly accessible Internet  
11 website.

12       Section 15. Section 502(a.1) of the act is amended to read:  
13 Section 502. Distribution of proceeds.

14       \* \* \*

15       (a.1) Amounts retained.--

16           (1) Notwithstanding subsection (a), [if in a calendar  
17 year beginning January 1, 2013, the proceeds from a game of  
18 chance for a club licensee are \$40,000 or less, the licensee  
19 shall be eligible to retain the first \$20,000 in proceeds in  
20 the following calendar year before subsection (a) applies.]  
21 in each calendar year beginning on or after January 1, 2019,  
22 a club licensee may retain the greater of the following:

23           (i) the first \$20,000 in proceeds before subsection  
24 (a) applies; or

25           (ii) an amount necessary for the purchase or repair  
26 of electronic pull-tab dispensing machines or a point-of-  
27 sale software system which records data relative to the  
28 sale of games of chance before subsection (a) applies.

29           (2) Amounts retained by a club licensee under subsection  
30 (a) (2) shall be expended within one year of the end of the

1 calendar year in which the proceeds were obtained unless the  
2 club licensee notifies the department that funds are being  
3 retained for a substantial public interest purchase or  
4 project.

5 \* \* \*

6 Section 16. The act is amended by adding a section to read:  
7 Section 505.2. Club licensee location permits.

8 (a) Special permit required.--Notwithstanding section  
9 307(b.2), a club licensee may conduct games of chance outside  
10 the club licensee's licensed premises in the county where the  
11 license is issued at a premises or other location not prohibited  
12 by local ordinance or this act and for which the licensing  
13 authority has issued a club licensee location permit under this  
14 section.

15 (b) Permit application.--Each club licensee location permit  
16 application shall be submitted on a form and in a manner as  
17 required by the licensing authority, provided that each  
18 application shall specify:

19 (1) The games of chance to be offered.

20 (2) The dates, times and location of where the games of  
21 chance will be offered.

22 (3) The prices for chances to be sold.

23 (4) The prizes to be awarded.

24 (c) Issuance and fee.--A club licensee whose license is  
25 valid and proposes to offer games of chance at a location not  
26 otherwise prohibited by local ordinance or this act shall be  
27 considered suitable for issuance of a club licensee location  
28 permit by the licensing authority. The licensing authority may  
29 establish and collect a fee not to exceed \$25 for the issuance  
30 of club licensee location permits under this section.

1 (d) Limitations.--The following limitations shall apply to a  
2 club licensee issued a club licensee location permit under this  
3 section:

4 (1) The club licensee shall be eligible to receive no  
5 more than two club licensee location permits in a calendar  
6 year.

7 (2) The club licensee location permit shall authorize  
8 the club licensee to conduct games of chance only at the  
9 location, times and dates as indicated on the application for  
10 the club licensee location permit, provided that the duration  
11 does not exceed seven consecutive calendar days.

12 (3) No more than three licensed eligible organizations,  
13 including the licensed eligible organization that owns or  
14 leases the premises, may conduct games of chance  
15 simultaneously at a premises or location.

16 (4) A licensed eligible organization shall ensure that  
17 the conduct of games of chance by different licensed eligible  
18 organizations are separate and clearly identified within a  
19 premises or location.

20 (5) Except as provided for in section 307(b.2)(4), a  
21 club licensee may not conduct games of chance at the licensed  
22 premises of another club licensee.

23 (e) Additional permits.--

24 (1) A club licensee issued a club licensee location  
25 permit under this section may operate a raffle or vertical  
26 wheel game in accordance with sections 308 and 310.

27 (2) A club licensee location permit shall not be  
28 required for the operation of a poker run in accordance with  
29 section 311.

30 Section 17. Section 701(a)(8) and (b) of the act are amended

1 and subsection (a) is amended by adding a paragraph to read:

2 Section 701. Revocation of licenses.

3 (a) Grounds.--The following shall be grounds for suspension,  
4 revocation or nonrenewal of a license:

5 \* \* \*

6 (8) The eligible organization has violated any condition  
7 of a [special] permit issued pursuant to section 308, 309,  
8 310, 311 or 505.2.

9 \* \* \*

10 (16) The eligible organization:

11 (i) receives proceeds from a skill machine that has  
12 not been manufactured or distributed by a person  
13 authorized by the board to manufacture or distribute  
14 skill machines;

15 (ii) permits the operation of a skill machine on its  
16 premises that has not been manufactured or distributed by  
17 a person authorized by the board to manufacture or  
18 distribute skill machines; and

19 (iii) permits the operation of more than five skill  
20 machines on its premises or location in which it is  
21 authorized to operate games of chance.

22 (b) Production of records.--The district attorney may  
23 require licensees to produce their books, accounts and records  
24 relating to the conduct of games of chance in order to determine  
25 if a violation of this act has occurred. Licensees shall also be  
26 required, upon request, to provide their license, books,  
27 accounts and records relating to the conduct of games of chance  
28 to the licensing authority, the Bureau of Liquor Control  
29 Enforcement or to a law enforcement agency or official. [A club  
30 licensee shall retain records for a period of five years.]

1 Section 18. Section 702(g) of the act is amended to read:

2 Section 702. Enforcement.

3 \* \* \*

4 (g) [General rule] Violations of Liquor Code.--

5 (1) Except as provided in paragraph (2), a violation of  
6 this act by a club licensee shall not constitute a violation  
7 of the Liquor Code.

8 (2) If a club licensee has committed three or more  
9 violations of this act, the Bureau of Liquor Control  
10 Enforcement may enforce a violation of this act as a  
11 violation of the Liquor Code.

12 (3) A violation of this act shall not constitute a  
13 violation of the Liquor Code for the purposes of section  
14 471(c) of the Liquor Code.

15 (4) A violation of section 304.1 or 304.2 shall not  
16 constitute a violation of the Liquor Code.

17 Section 19. The definitions of "bureau" and "net revenue" in  
18 section 902 of the act are amended and the section is amended by  
19 adding a definition to read:

20 Section 902. Definitions.

21 The following words and phrases when used in this chapter  
22 shall have the meanings given to them in this section unless the  
23 context clearly indicates otherwise:

24 \* \* \*

25 ["Bureau." The Bureau of Investigations and Enforcement of  
26 the Pennsylvania Gaming Control Board.]

27 \* \* \*

28 "Net revenue." As follows:

29 (1) For [tavern games] a tavern game required to be  
30 purchased from a licensed distributor under this act, the

1 difference between:

2 (i) the amount of the face value, as indicated by  
3 the manufacturer, minus the cost of the game, collectible  
4 by a licensee from [a] the tavern game; and

5 (ii) the maximum amount of prizes payable, as  
6 indicated by the manufacturer, by a licensee from [a] the  
7 tavern game.

8 (2) For [tavern games] a tavern game not required to be  
9 purchased from a licensed distributor, the term has the same  
10 meaning as proceeds.

11 (3) For a skill machine, the total cash received by a  
12 skill machine minus the total cash paid out to players as a  
13 result of playing a skill machine.

14 \* \* \*

15 "Tavern weekly drawing." A game in which:

16 (1) an individual at a tavern selects or is assigned a  
17 number for a chance at a prize with the winner determined by  
18 random drawing to take place at the tavern at the end of a  
19 seven-day period;

20 (2) a winner may be determined with the aid of a passive  
21 selection device or reference to drawings conducted by the  
22 department under the act of August 26, 1971 (P.L.351, No.91),  
23 known as the State Lottery Law;

24 (3) chances are not sold for an amount in excess of \$1;  
25 and

26 (4) no more than one chance per individual is sold per  
27 drawing.

28 Section 20. Sections 903, 904, 905, 907(a), 908.1 and 909 of  
29 the act are amended to read:

30 Section 903. Licenses.

1 (a) Application.--A restaurant licensee may apply to the  
2 board for a license to conduct tavern games at a licensed  
3 premises located in a municipality that has adopted a referendum  
4 to allow small games of chance under section 703.

5 (b) Information.--The application under subsection (a) shall  
6 include the following information:

7 (1) The name, address and photograph of the applicant.

8 (2) A current tax lien certificate issued by the  
9 department and a certificate from the Department of Labor and  
10 Industry of payment of all workers' compensation and  
11 unemployment compensation owed.

12 (3) The details of any license issued under 4 Pa.C.S.  
13 Pt. II (relating to gaming), the act of April 12, 1951  
14 (P.L.90, No.21), known as the Liquor Code, or this act which  
15 was applied for or in which the applicant or other owner has  
16 an interest.

17 (4) Certified consent by the applicant, including each  
18 owner and officer of the restaurant licensee, to a background  
19 investigation [by the bureau] in accordance with subsection  
20 (e).

21 (5) Relating to criminal information, disclosure of all  
22 arrests and citations of the applicant, including nontraffic  
23 summary offenses. The information shall include all of the  
24 following:

25 (i) A brief description of the circumstances  
26 surrounding the arrest or issuance of the citation.

27 (ii) The specific offense charged.

28 (iii) The ultimate disposition of the charge,  
29 including any dismissal, plea bargain, conviction,  
30 sentence[, pardon, expungement] or order of Accelerated

1           Rehabilitative Disposition.

2           (6) Financial interests and transactions as required by  
3 the [bureau] board.

4           (7) Relating to citations of the applicant issued under  
5 the Liquor Code.

6           (8) Relating to disclosure of conditional license  
7 agreements entered into under the Liquor Code.

8           (9) Any other information required by the board.

9           [(c) Duty of bureau.--The bureau shall conduct a background  
10 investigation of each applicant, the scope of which shall be  
11 determined by the bureau.]

12           (d) Review.--[Within six months of receipt of the background  
13 investigation report from the bureau, the] The board shall  
14 approve or disapprove the application within 30 days of receipt  
15 of the application.

16           (e) Background investigation.--Each applicant shall include  
17 information and documentation as required to establish personal  
18 and financial suitability, honesty and integrity. Information  
19 shall include:

20           (1) [Criminal history record information.] A criminal  
21 history record information check obtained from the  
22 Pennsylvania State Police as defined in 18 Pa.C.S. § 9102  
23 (relating to definitions) and permitted by 18 Pa.C.S. §  
24 9121(b) (relating to general regulations), for the applicant,  
25 including each owner and officer of the restaurant licensee.

26           (2) Financial background information.

27           (3) Regulatory history before the board or other  
28 Commonwealth agency.

29           (4) Other information required by the [bureau] board.

30           (f) Personal interview.--If the [bureau] board determines

1 that the results of the background report investigation warrant  
2 additional review of the individual, the [bureau] board shall  
3 conduct a personal interview with the applicant and may request  
4 information and interviews from other personal or professional  
5 associates.

6 (g) Cooperation.--The applicant shall cooperate with the  
7 [bureau] board as requested during the conduct of the background  
8 investigation. Any refusal to provide the information required  
9 under this section or to consent to a background investigation  
10 shall result in the immediate denial of a license by the board.

11 [(h) Costs.--The applicant shall reimburse the bureau for  
12 the actual costs of conducting the background investigation. The  
13 board shall not approve an applicant that has not fully  
14 reimbursed the bureau for the investigation.]

15 (i) Approval.--[The bureau shall transmit the investigative  
16 report and may make a recommendation to the board.] The board  
17 shall review the information [obtained] required under this  
18 section to determine if the applicant possesses the following:

19 (1) Financial stability, integrity and responsibility.

20 (2) Sufficient business experience and ability to  
21 effectively operate tavern games as part of the restaurant  
22 licensee's operator.

23 (3) Character, honesty and integrity to be licensed to  
24 operate tavern games in a responsible and lawful manner.

25 (j) Disapproval.--The board may disapprove the issuance of a  
26 tavern gaming license for the following reasons:

27 (1) A license shall not be issued to a restaurant  
28 licensee whose liquor license is in safekeeping pursuant to  
29 section 474.1 of the Liquor Code.

30 (2) A license shall not be issued to a location that is

1 subject to a pending objection under section 470(a.1) of the  
2 Liquor Code.

3 (3) A license shall not be issued to a location that is  
4 subject to:

5 (i) a pending license suspension under section 471  
6 of the Liquor Code; or

7 (ii) a one-year prohibition on the issuance or  
8 transfer of a license under section 471(b) of the Liquor  
9 Code.

10 Section 904. Application.

11 (a) Application fee.--An applicant shall pay the board a  
12 nonrefundable application fee of [~~\$1,000~~] \$500.

13 [(b) Investigative fee.--An applicant shall pay an  
14 investigative fee of \$1,000 to the bureau.]

15 [(c) Costs.--In addition to the fee under subsection (b), an  
16 applicant and any owner and officer of the applicant shall pay  
17 for the actual costs of a background investigation conducted by  
18 the bureau that exceed the application fee. The bureau may:

19 (1) Charge an estimated amount to be provided prior to  
20 the background investigation.

21 (2) Submit for reimbursement from the applicant for the  
22 additional costs incurred in the background investigation.

23 [(d) Funds.--Funds collected under subsections (b) and (c)  
24 shall augment the funds appropriated to the Pennsylvania Gaming  
25 Control Board under 4 Pa.C.S. (relating to amusements).]

26 Section 905. Approval.

27 (a) Issuance.--Upon being satisfied that the requirements of  
28 section 903 have been met, the board may approve the application  
29 and issue a tavern games license for a period of one year. The  
30 board may enter into an agreement with the licensee concerning

1 additional restrictions on the license, and this agreement shall  
2 be binding on the licensee. Failure of the licensee to adhere to  
3 the agreement will be cause for penalties under section 913(c)  
4 and for the nonrenewal of the license under section 913(f).

5 (b) Renewal.--A license shall be renewed annually. A license  
6 renewal shall not require review of the [bureau] board, unless  
7 [requested] required by the board. The board may refuse to renew  
8 a tavern gaming license for the following reasons:

9 (1) A license shall not be issued to a restaurant  
10 licensee whose liquor license is in safekeeping under section  
11 474.1 of the act of April 12, 1951 (P.L.90, No.21), known as  
12 the Liquor Code.

13 (2) A license shall not be issued to a location that is  
14 subject to a pending objection under section 470(a.1) of the  
15 Liquor Code.

16 (3) A license shall not be issued to a location that is  
17 subject to:

18 (i) a pending license suspension under section 471  
19 of the Liquor Code; or

20 (ii) a one-year prohibition on the issuance or  
21 transfer of a license under section 471(b) of the Liquor  
22 Code.

23 (c) Fee.--Upon approval, the applicant shall pay a [\$2,000]  
24 \$1,000 license fee to be deposited in the General Fund. The  
25 annual renewal fee shall be [\$1,000] \$500.

26 (d) Entitlement.--Nothing under this chapter shall be  
27 construed to create an entitlement to a license by a person. The  
28 board shall have sole discretion to issue, renew, condition,  
29 suspend, revoke or deny a license based on the requirements of  
30 this chapter and whether the issuance and maintenance of the

1 license are in the best interests of the Commonwealth.

2 (e) Nontransferability.--A license shall be a grant of  
3 privilege to conduct tavern games. A license may not be sold,  
4 transferred or assigned to any other person. A licensee may not  
5 pledge or otherwise grant a security interest in or lien on the  
6 license. The board shall have the sole discretion to issue,  
7 renew, condition or deny the issuance of a license.

8 Section 907. Prize limits.

9 (a) Individual prize limit.--The maximum prize which may be  
10 awarded for any single chance shall be \$2,000. No tavern game  
11 sold, offered for sale or furnished may contain, permit, depict  
12 or designate a prize having a prize limit in excess of \$2,000.  
13 The maximum prize which may be awarded for any single play of a  
14 skill machine shall be \$2,000.

15 \* \* \*

16 Section 908.1. Tavern raffle.

17 The following shall apply to a tavern raffle:

18 (1) No more than [one] two tavern [raffle] raffles may  
19 be held in a calendar month.

20 (2) A tavern raffle must be held for a designated  
21 charitable purpose.

22 (3) Each individual participating in the tavern raffle  
23 must be informed of the charitable purpose involved.

24 (4) At least 50% of the net revenues from the tavern  
25 raffle shall be transmitted to the designated charity within  
26 seven days of the tavern raffle.

27 (5) Any net revenues not transmitted under paragraph (4)  
28 shall be distributed as follows:

29 (i) [Sixty] Fifty percent shall be paid to the  
30 Commonwealth as the tax imposed under section 909.1(c).

1 (ii) [Thirty-five] Forty-five percent may be  
2 retained by the licensee.

3 (iii) Five percent shall be paid to the Commonwealth  
4 as the tax imposed under section 909.2(c) and deposited  
5 into the restricted receipts account established in  
6 section 909.3.

7 (6) A tavern raffle prize remaining unclaimed by a  
8 winner 60 days after the tavern raffle was held shall be  
9 donated by the licensee within 30 days to the designated  
10 charitable organization for which the tavern raffle was  
11 conducted.

12 Section 909. Distribution of net revenue.

13 Beginning January 1, 2014, except for net revenue derived  
14 from skill machines, the net revenue from tavern games received  
15 by a licensee shall be distributed as follows:

16 (1) [Sixty] Fifty percent of the net revenue obtained in  
17 any calendar year shall be paid to the Commonwealth.

18 (2) [Thirty-five] Forty-five percent of the net revenue  
19 obtained in any calendar year may be retained by the  
20 licensee.

21 (3) Five percent shall be paid to the Commonwealth and  
22 deposited into the restricted receipts account established in  
23 section 909.3.

24 Section 21. Sections 909.1(a) and (c) and 909.2(c) of the  
25 act are amended and the sections are amended by adding  
26 subsections to read:

27 Section 909.1. Tavern games tax.

28 (a) Imposition.--There is imposed a tax of [60%] 50% of the  
29 net revenue from tavern games sold by a licensed distributor to  
30 a licensee within this Commonwealth.

1 \* \* \*

2 (c) Other games.--In an instance where the tavern game is  
3 not required to be purchased from a licensed distributor under  
4 this act, a tax of [60%] 50% is imposed upon the net revenue  
5 from tavern daily drawings, tavern weekly drawings and tavern  
6 raffles under section 908.1 and must be paid to the Commonwealth  
7 by the licensee.

8 \* \* \*

9 (k) Construction.--This section shall not apply to net  
10 revenue derived from skill machines.

11 Section 909.2. Host municipality tavern games tax.

12 \* \* \*

13 (c) Other games.--In an instance where the tavern game is  
14 not required to be purchased from a licensed distributor under  
15 this act, a tax of 5% is imposed upon the net revenue from  
16 tavern daily drawings, tavern weekly drawings and tavern raffles  
17 under section 908.1 and must be paid to the Commonwealth and  
18 deposited into the restricted receipts account established in  
19 section 909.3.

20 \* \* \*

21 (j) Construction.--This section shall not apply to net  
22 revenue derived from skill machines.

23 Section 22. Section 909.3(b) of the act is amended to read:

24 Section 909.3. Restricted receipts account.

25 \* \* \*

26 (b) Distributions.--The department shall make distributions  
27 from the Host Municipality Tavern Games Local Share Account to  
28 each host municipality. Each host municipality shall receive a  
29 distribution equal to the revenue remitted into the Host  
30 Municipality Tavern Games Local Share Account by:

1 (1) licensees located within the host municipality;

2 [and]

3 (2) licensed distributors under section 909.2 generated  
4 by purchases from licensees in the host municipality[.]; and

5 (3) licensed distributors under section 909.4 generated  
6 by skill machines operated on the premises of licensees  
7 within the host municipality.

8 \* \* \*

9 Section 23. The act is amended by adding a section to read:

10 Section 909.4. Skill machine revenue.

11 (a) Tax and assessments.--

12 (1) The department shall determine and licensed skill  
13 machine distributors shall pay on a bimonthly basis:

14 (i) A tax of 50% of its net revenue from all skill  
15 machines operated by the licensed skill machine  
16 distributor within this Commonwealth.

17 (ii) A 5% local share assessment from its net  
18 revenue from all skill machines operated by the licensed  
19 skill machine distributor within this Commonwealth.

20 (2) All money owed under this section shall be held in  
21 trust by the licensed skill machine distributor until the  
22 money is paid or transferred to the department.

23 (3) Unless otherwise agreed to by the board, a licensed  
24 skill machine distributor shall establish a separate bank  
25 account to maintain net revenue until such time as the money  
26 is paid or transferred under this section.

27 (b) Transfers and distributions.--The department shall:

28 (1) Transfer the tax imposed under subsection (a)(1)(i)  
29 to the General Fund.

30 (2) Transfer the local share assessment imposed under

1 subsection (a) (1) (ii) to the Host Municipality Tavern Games  
2 Local Share Account.

3 (c) Construction.--This section shall not apply to skill  
4 machines operated on the premises of an eligible organization  
5 licensed under Chapter 3.

6 Section 24. Section 913 of the act is amended to read:  
7 Section 913. Enforcement.

8 (a) Board.--The board may, following notice and hearing,  
9 impose penalties or suspend or revoke a license under this  
10 chapter.

11 (b) Authority of department.--Notwithstanding any law to the  
12 contrary, the department may report violations of this chapter  
13 to the board and to the Bureau of Liquor Control Enforcement.

14 (c) [~~Penalties~~] Civil penalties.--The board may impose a  
15 civil penalty for a violation of this chapter in accordance with  
16 the following:

17 (1) Up to [~~\$2,000~~] \$800 for an initial violation.

18 (2) Up to [~~\$3,000~~] \$1,000 for a second violation.

19 (3) Up to [~~\$5,000~~] \$2,000 for a third violation.

20 (d) Criminal [~~penalty~~] penalties.--A violation of this  
21 chapter shall be a [~~misdemeanor of the third degree~~] summary  
22 offense. A second or subsequent offense shall be a misdemeanor  
23 of the [~~second~~] third degree.

24 (e) Administrative law judge.--An administrative law judge  
25 under section 212 of the act of April 12, 1951 (P.L.90, No.21),  
26 known as the Liquor Code, may impose the penalties under this  
27 section following the issuance of a citation by the Bureau of  
28 Liquor Control Enforcement.

29 (f) Suspension, revocation or failure to renew.--

30 (1) In addition to any other sanctions the board may

1 impose under this chapter or under the Liquor Code, the board  
2 may, at its discretion, suspend, revoke or deny renewal of  
3 any license issued under this chapter if it receives any  
4 information from any source and determines that:

5 (i) The applicant or any of its officers, directors,  
6 owners or employees:

7 (A) Is in violation of any provision of this  
8 chapter.

9 (B) Furnished the board with false or misleading  
10 information.

11 (ii) The information contained in the applicant's  
12 initial application or any renewal application is no  
13 longer true and correct.

14 (2) In the event of a revocation, suspension or failure  
15 to renew, the applicant's authorization to conduct the  
16 previously approved activity shall immediately cease, and all  
17 fees paid in connection therewith shall be deemed to be  
18 forfeited. In the event of a suspension, the applicant's  
19 authorization to conduct the previously approved activity  
20 shall immediately cease until the board has notified the  
21 applicant that the suspension is no longer in effect.

22 (3) The board shall immediately and permanently revoke a  
23 license issued under this chapter if the licensee has  
24 committed four or more violations of this chapter in a two-  
25 year period.

26 (g) Law enforcement officials.--Nothing in this chapter  
27 shall be construed to restrict or limit the power of a State,  
28 county or local law enforcement official to conduct  
29 investigations and file criminal charges under this chapter.

30 (h) Violations.--

1           (1) Except as provided in paragraph (2), a violation of  
2 this chapter by a restaurant licensee shall not constitute a  
3 violation of the Liquor Code.

4           (2) If a restaurant licensee has committed three or more  
5 violations of this act in a calendar year, the bureau may  
6 enforce a violation of this chapter as a violation of the  
7 Liquor Code.

8           (3) A violation of this chapter shall not constitute a  
9 violation of the Liquor Code for the purposes of section  
10 471(c) of the Liquor Code.

11       Section 25. Section 914 of the act is amended by adding  
12 paragraphs to read:

13       Section 914. Prohibitions.

14       The following shall apply to any license authorized or issued  
15 under this chapter:

16           \* \* \*

17           (9) No licensee may permit the operation of a skill  
18 machine on its premises that has not been manufactured and  
19 distributed by a person authorized by the board to  
20 manufacture or distribute skill machines.

21           (10) No licensee may permit the operation of more than  
22 five skill machines on its premises.

23       Section 26. Within two years of the effective date of this  
24 section, the Department of Revenue shall publish regulations to  
25 implement and administer the provisions of this act.

26       Section 27. This act shall take effect as follows:

27           (1) The amendment or addition of the following  
28 provisions shall take effect in 180 days:

29           (i) The definitions of "amusement game," "board,"  
30 "proceeds," "skill," "skill-based contest" and "skill

1 machine" in section 103 of the act.

2 (ii) Section 302(a)(1) of the act.

3 (iii) Section 304(i) of the act, as it relates to  
4 the phrase "skill machines."

5 (iv) Section 304.2 of the act.

6 (v) Section 305(d) of the act, as it relates to the  
7 phrase "skill machines."

8 (vi) Sections 305.1, 306(d), 306.1, 307(a)(1)(ii)  
9 and (d)(7) and 701(a)(16) of the act.

10 (vii) Paragraph (3) of the definition of "net  
11 revenue" in section 902 of the act.

12 (viii) Sections 907(a), 909 introductory paragraph,  
13 909.1(k), 909.2(j), 909.3(b), 909.4 and 914(9) and (10)  
14 of the act.

15 (2) This section shall take effect immediately.

16 (3) The remainder of this act shall take effect in 60  
17 days.