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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 169      Session of  
2007

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INTRODUCED BY SOLOBAY, BELFANTI, BUXTON, CALTAGIRONE, CAPPELLI,  
CARROLL, FABRIZIO, FRANKEL, GALLOWAY, GEIST, GEORGE, GIBBONS,  
GOODMAN, GRUCELA, HORNAMAN, JAMES, KOTIK, KULA, MAHONEY,  
MANN, MELIO, NAILOR, PALLONE, PETRARCA, PETRONE, SAINATO,  
TANGRETTI, WOJNAROSKI, YOUNGBLOOD, SIPTROTH, LONGIETTI AND  
VULAKOVICH, FEBRUARY 1, 2007

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SENATOR BROWNE, FINANCE, AS AMENDED, OCTOBER 15, 2007

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AN ACT

1 Amending the act of December 19, 1988 (P.L.1262, No.156),  
2 entitled, as amended, "An act providing for the licensing of  
3 eligible organizations to conduct games of chance, for the  
4 licensing 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," further providing for  
9 definitions, for permitted games of chance, for prize limits,  
10 for insured games, for limited sales, for recordkeeping, for  
11 eligible organizations' use of locations for conducting small  
12 games of chance, for separate individual prize limitations  
13 and for advertising.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 Section 1. The definitions of "daily drawing" and "games of  
17 chance" in section 3 of the act of December 19, 1988 (P.L.1262,  
18 No.156), known as the Local Option Small Games of Chance Act,  
19 amended December 19, 1990 (P.L.812, No.195) and October 18, 2000  
20 (P.L.602, No.79), are amended and the section is amended by  
21 adding definitions to read:

1 Section 3. Definitions.

2 The following words and phrases when used in this act shall  
3 have the meanings given to them in this section unless the  
4 context clearly indicates otherwise:

5 \* \* \*

6 "Daily drawing." A game in which a bona fide member selects  
7 or is assigned a number for a chance at a prize with the winner  
8 determined by [a] random drawing to take place on the eligible  
9 organization's premises [during the same operating day]. The  
10 term includes games commonly known as "member sign-in lotteries"  
11 and "half-and-half lotteries." Nothing in this act shall be  
12 construed to prohibit the carrying over of a jackpot where the  
13 winning number has not been entered in the game on a particular  
14 operating day. Daily drawing winners may be determined with the  
15 aid of a passive selection device or reference to drawings  
16 conducted by the department pursuant to the act of August 26,  
17 1971 (P.L.351, No.91), known as the State Lottery Law. Daily  
18 drawing chances may not be sold for an amount in excess of \$1,  
19 and no more than one chance per individual may be sold [to an  
20 individual during the same operating day.] per drawing. Nothing  
21 in this definition shall restrict an eligible organization from  
22 conducting more than one drawing per day.

23 \* \* \*

24 "Games of chance." Punchboards, daily drawings, weekly  
25 drawings, monthly drawings, raffles and pull-tabs, as defined in  
26 this act, provided that no such game shall be played by or with  
27 the 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 Title 18 of  
5 the Pennsylvania Consolidated Statutes (relating to crimes and  
6 offenses). Nothing in this act shall be construed to authorize  
7 games commonly known as "slot machines" or "video poker."

8 "General operating expenses." The following operating  
9 expenses associated with the real property owned or leased by an  
10 eligible organization and used for public interest purposes or  
11 for conducting small games of chance:

12 (1) Real property taxes.

13 (2) Utilities.

14 (3) Heating and air conditioning.

15 (4) Water and sewer.

16 (5) Property insurance.

17 (6) Liability insurance.

18 (7) Any other expense as provided in regulations  
19 promulgated by the department.

20 \* \* \*

21 "Monthly drawing." A game in which a bona fide member  
22 selects or receives a number or numbers for chance at a prize  
23 with the winner determined by a random drawing to take place on  
24 the eligible organization's premises during any operating month.  
25 Nothing in this act shall be construed to prohibit the carrying  
26 over of a jackpot where the winning number has not been entered  
27 in the game in a particular month. Monthly drawing winners may  
28 be determined with the aid of a passive selection device or  
29 reference to drawings conducted by the Department of Revenue  
30 pursuant to the act of August 26, 1971 (P.L.351, No.91), known

1 as the State Lottery Law. Monthly drawing chances may not be  
2 sold for an amount in excess of \$1.

3 \* \* \*

4 Section 2. Section 4 of the act, amended December 19, 1990  
5 (P.L.812, No.195), is amended to read:

6 Section 4. Games of chance permitted.

7 Every eligible organization to which a license has been  
8 issued under the provisions of this act may conduct games of  
9 chance for the purpose of raising funds for general operating  
10 expenses and for public interest purposes. All proceeds of games  
11 of chance shall be used [exclusively] for general operating  
12 expenses, for public interest purposes or for the purchase of  
13 games of chance as permitted by this act.

14 Section 3. Section 5 of the act, amended December 19, 1990  
15 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is  
16 amended to read:

17 Section 5. Prize limits.

18 (a) Individual prize limit.--[The] Except as provided for in  
19 subsection (j), the maximum cash value which may be awarded for  
20 any single chance shall be [\$500] \$1,000.

21 (b) Weekly limit.--No more than [\$5,000] \$20,000 in cash or  
22 merchandise shall be awarded by any eligible organization in any  
23 seven-day period. Payouts of less than \$26 shall not be counted  
24 toward the weekly limit.

25 (c) Limit on raffles.--No more than \$5,000 in cash or  
26 merchandise shall be awarded in raffles in any calendar month.

27 (d) Exception.--An eligible organization may conduct a  
28 raffle and award a prize or prizes valued in excess of [\$500]  
29 \$1,000 each only under the following conditions:

30 (1) The licensing authority has issued a special permit

1 for the raffle under section 11.

2 (2) Eligible organizations shall be eligible to receive  
3 no more than [two] THREE special permits in any licensed year <—  
4 [except that volunteer fire, ambulance and rescue <—  
5 organizations shall be eligible to receive no more than three  
6 special permits in any licensed year]. <—

7 (3) Only one raffle may be conducted under each special  
8 permit.

9 (4) The total cash value of all prizes shall be no more  
10 than \$100,000 per calendar year.

11 (e) Limit on daily drawings.--Daily drawings shall be  
12 governed by the prize [limitations] limitation contained in  
13 [subsections (a) and (b)] subsection (a). [An eligible  
14 organization shall not conduct daily drawings during a period  
15 when a weekly drawing is taking place.]

16 (f) Exception.--The prize limitation contained in  
17 [subsections (a) and (b)] subsection (a) may be exceeded by a  
18 daily drawing under the following circumstances: a daily drawing  
19 may award a prize where the cash value is in excess of [\$500]  
20 \$1,000 if such prize is the result of a carryover of a drawing  
21 or drawings which resulted from the winning number in such  
22 drawing or drawings not being among the eligible entrants in  
23 such drawings. Nothing contained herein shall authorize the  
24 prize [limitations] limitation as contained in [subsections (a)  
25 and (b)] subsection (a) to be exceeded as a result of a failure  
26 to conduct a drawing on an operating day during which chances  
27 were sold for a daily drawing or for a daily drawing for which  
28 chances were sold in excess of \$1 or for which more than one  
29 chance was sold to an eligible participant.

30 (g) Daily drawing and weekly drawing exception.--When a

1 daily drawing or weekly drawing is set up or conducted in such a  
2 manner as to pay out or award 100% of the gross revenues  
3 generated from such drawing, the limitations contained in  
4 subsection (b) shall not apply.

5 (h) Limit on weekly drawings.--Weekly drawings shall be  
6 governed by the prize limitations contained in subsection (b).  
7 The prize limitation contained in subsection (b) may be exceeded  
8 by a weekly drawing under the following circumstances: a weekly  
9 drawing may award a prize where the cash value is in excess of  
10 [\$5,000] \$20,000 if such prize is the result of a carryover of a  
11 drawing or drawings which resulted from the winning number or  
12 numbers in such drawing or drawings not being among the eligible  
13 entrants in such drawings. Nothing contained in this act shall  
14 authorize the prize limitations as contained in subsection (b)  
15 to be exceeded as a result of a failure to conduct a drawing for  
16 a week during which chances were sold for a weekly drawing or  
17 for a weekly drawing for which chances were sold in excess of  
18 \$1. [An eligible organization shall not conduct weekly drawings  
19 during a period when a daily drawing is taking place.]

20 (i) Limit on monthly drawings.--No more than \$50,000 in cash  
21 or merchandise may be awarded in any calendar month except under  
22 the following circumstances: a monthly drawing may award a prize  
23 where the cash value is in excess of \$50,000 if the prize is the  
24 result of a carryover of a drawing or drawings that resulted  
25 from the winning number or numbers in the drawing or drawings  
26 not being among the eligible entrants in the drawing. Nothing  
27 contained in this act shall authorize the prize limitations to  
28 be exceeded as a result of a failure to conduct a drawing for a  
29 month during which chances were sold for a monthly drawing or  
30 for a monthly drawing for which chances were sold in excess of

1 \$1.

2 (j) Progressive games.--Progressive games shall be permitted  
3 with a maximum cash value of \$5,000. Contributions to the pot  
4 shall be counted against the limit for the week in which the  
5 contribution is made except that when the limit is reached the  
6 amount awarded shall be counted toward the limit only to the  
7 extent it was not previously counted toward a prior week's  
8 limit. For the purpose of this section, progressive games are  
9 those in which a winning ticket awards the ticket holder an  
10 additional chance at another game or games.

11 Section 4. The act is amended by adding a section to read:  
12 Section 5.1. Insured games.

13 Notwithstanding any provision of this act to the contrary, an  
14 eligible organization may conduct small games of chance using  
15 insured games. Insured games sold by a licensed distributor  
16 shall be backed by a valid insurance contract issued by an  
17 insurance company licensed to do business in this Commonwealth.  
18 Proof of the insurance contract must be provided to the  
19 department prior to the game being sold. The license of a  
20 distributor and an insurance company issuing a contract for an  
21 insured game may be suspended or revoked for failure to pay an  
22 award. For the purposes of this section, an insured game is a  
23 game in which the distributor or other licensed third party  
24 guarantees making the payment on a win of a jackpot.

25 Section 5. Sections 6 and 9(b) of the act, amended December  
26 19, 1990 (P.L.812, No.195), are amended to read:

27 Section 6. Sales limited.

28 No person shall sell, offer for sale or furnish games of  
29 chance for use within this Commonwealth except to an eligible  
30 organization or distributor licensed under this act. No game of

1 chance, other than a raffle, sold, offered for sale or furnished  
2 for use within this Commonwealth shall contain, permit, depict  
3 or designate a prize having a cash value in excess of [\$500]  
4 \$1,000.

5 Section 9. Regulations of department.

6 \* \* \*

7 (b) Limitation on recordkeeping requirements.--This section  
8 shall not be construed to authorize the department to promulgate  
9 regulations providing for recordkeeping requirements for  
10 eligible organizations which require unreasonable or unnecessary  
11 information or a repetitious listing of information. The  
12 department shall strive to keep such recordkeeping requirements  
13 from being an undue hardship or burden on eligible  
14 organizations. Under no circumstances shall the department  
15 require the retention of records for a period in excess of two  
16 years. Each eligible organization shall report to the department  
17 prizes awarded as required by section 335 of the act of March 4,  
18 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

19 Section 6. Section 10 of the act, amended December 19, 1990  
20 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is  
21 amended to read:

22 Section 10. Licensing of eligible organizations to conduct  
23 games of chance.

24 (a) License required.--No eligible organization shall  
25 conduct or operate any games of chance unless such eligible  
26 organization has obtained and maintains a valid license issued  
27 pursuant to this section. Auxiliary groups within eligible  
28 organizations shall be eligible to conduct small games of chance  
29 using the license issued to the eligible organization provided  
30 that the auxiliary group or groups are listed on the application



1 and license of the eligible organization. No additional  
2 licensing fee shall be charged for an auxiliary group's  
3 eligibility under this act. Auxiliary groups shall not include  
4 branches, lodges or chapters of a Statewide organization.

5 (b) Issuance and fees.--The licensing authority shall  
6 license, upon application, within 30 days any eligible  
7 organization meeting the requirements for licensure contained in  
8 this act to conduct and operate games of chance at such  
9 locations within the county or in such manner as stated on the  
10 application as limited by subsection (b.1). The license fee to  
11 be charged to each eligible organization shall be [~~\$100~~] \$300,  
12 except for limited occasion licenses which shall be [~~\$10~~] \$30.  
13 Licenses shall be renewable [~~annually~~] on a biennial basis upon  
14 the anniversary of the date of issue.

15 (b.1) Location of small games of chance.--Where there exists  
16 a location or premises which is the normal business or operating  
17 site of the eligible organization and is owned or leased by that  
18 eligible organization to conduct its normal business, that site  
19 shall be the licensed premises for small games of chance  
20 conducted by the eligible organization. If that location  
21 consists of more than one building and the eligible organization  
22 wishes to conduct its games in a different building at that  
23 location from the one that is listed on its application and  
24 license, the eligible organization must notify, in writing, the  
25 district attorney and the licensing authority of the change in  
26 building site and the dates and times that will be affected.  
27 When an eligible organization does not own or lease a specific  
28 location to conduct its normal business, that eligible  
29 organization may use another eligible organization's premises to  
30 conduct its games or may make such other arrangements that are

1 consistent with this act, including, but not limited to, leasing  
2 a premise under a written agreement for a rental which is not  
3 determined by either the amount of receipts realized from the  
4 playing of games of chance nor the number of people attending  
5 except that an eligible organization may lease a facility for a  
6 banquet where a per head charge is applied in connection with  
7 the serving of a meal. When such eligible organization changes  
8 the site of its games from that which is listed on its  
9 application and license, the eligible organization must notify,  
10 in writing, the district attorney and licensing authority of the  
11 change in their games' site and dates and times that will be  
12 affected. More than one organization may use the same location,  
13 provided that each organization has its own license and that the  
14 prize limitations of this act shall apply separately to each  
15 organization.

16 (b.2) Off-premises games of chance.--Notwithstanding any  
17 other provisions of this section, an eligible organization may  
18 conduct small games of chance at a location off its premises  
19 when such games are part of an annual carnival, fair, picnic or  
20 banquet held or participated in by that eligible organization on  
21 a historical basis. The eligible organization must notify, in  
22 writing, the district attorney and licensing authority of the  
23 location, date and times of such events where it will be  
24 conducting small games of chance.

25 (b.3) Limited occasion licenses.--Eligible organizations  
26 which do not own their own premises or which do not lease a  
27 specific location to conduct their normal business may apply for  
28 a limited occasion license to conduct small games of chance on  
29 not more than three occasions covering a total of seven days  
30 during a licensed year. A limited occasion license entitles

1 eligible organizations holding such a license to conduct no more  
2 than two raffles during a licensed year where prizes may not  
3 exceed the established limits for regular monthly raffles.  
4 Holders of limited occasion licenses may not apply or be granted  
5 any other license or special permit under this act. No holder of  
6 a regular license or special permit under this act shall apply  
7 or be granted a limited occasion license.

8 (b.4) Gambling facility prohibited.--It shall be unlawful  
9 for a person, corporation, association, partnership or other  
10 business entity to offer for rent or offer for use a building or  
11 facility to be used exclusively for the conducting of small  
12 games of chance. It shall also be unlawful for any eligible  
13 organization to lease under any terms a facility or building  
14 which is used exclusively for the conducting of small games of  
15 chance.

16 (c) Display.--Licenses issued pursuant to this section shall  
17 be publicly displayed at the site of the small games of chance.

18 (d) Operation.--Each licensed eligible organization shall  
19 comply with the following restrictions and rules governing the  
20 operation of games of chance:

21 (1) No person under 18 years of age shall be permitted  
22 to operate or play games of chance.

23 (2) No eligible organization shall permit any person who  
24 has been convicted of a felony in a Federal or State court  
25 within the past five years or has been convicted in a Federal  
26 or State court within the past ten years of a violation of  
27 the act of July 10, 1981 (P.L.214, No.67), known as the Bingo  
28 Law, or of this act to manage, set up, supervise or  
29 participate in the operation of games of chance.

30 (3) No eligible organization shall pay any compensation

1 to any person for conducting any games of chance. Games of  
2 chance may only be conducted by managers, officers,  
3 directors, bar personnel and bona fide members of the  
4 eligible organization.

5 (4) Games shall be conducted only on the licensed  
6 premises or as otherwise provided by this act.

7 (5) The eligible organization shall not lease such  
8 premises under either an oral or a written agreement for a  
9 rental which is determined by either the amount of receipts  
10 realized from the playing of games of chance or the number of  
11 people attending, except that an eligible organization may  
12 lease a facility for a banquet where a per head charge is  
13 applied in connection with the serving of a meal. An eligible  
14 organization shall not lease such premises from any person  
15 who has been convicted of a violation of this act within the  
16 past ten years.

17 (6) Games, other than raffles, daily drawings [and],  
18 weekly drawings and monthly drawings, shall be purchased only  
19 from manufacturers and distributors approved by the  
20 department.

21 (7) No licensed eligible organization shall permit its  
22 premises to be used for small games of chance by another  
23 licensed eligible organization at the same time that it is  
24 conducting small games of chance on the premises. When a  
25 licensed eligible organization is permitting another licensed  
26 eligible organization to use its premises for purposes of  
27 small games of chance, it must cease the operation of its own  
28 small games of chance during the period that the other  
29 licensed eligible organization is conducting its games on the  
30 premises.

1           (8) Raffle tickets may be sold off the licensed premise  
2           in any municipality in this Commonwealth which has adopted  
3           the provisions of this act by an affirmative vote in a  
4           municipal referendum. A licensed eligible organization which  
5           plans to sell raffle tickets in a municipality located in a  
6           county other than the county in which the eligible  
7           organization is licensed must notify that county's district  
8           attorney and licensing authority as to the location and the  
9           dates that the eligible organization plans to sell raffle  
10          tickets.

11          (e) Application for license.--Each eligible organization  
12          shall apply to the licensing authority for a license on a form  
13          to be prescribed by the Secretary of Revenue. The form shall  
14          contain an affidavit to be affirmed by the executive officer or  
15          secretary of the eligible organization stating that:

16               (1) No person under 18 years of age will be permitted by  
17               the eligible organization to operate or play games of chance.

18               (2) The facility in which the games of chance are to be  
19               played has adequate means of ingress and egress and adequate  
20               sanitary facilities available in the area.

21               (3) The eligible organization is not leasing such  
22               premises from the owner thereof under an oral agreement, nor  
23               is it leasing such premises from the owner thereof under a  
24               written agreement at a rental which is determined by the  
25               amount of receipts realized from the playing of games of  
26               chance or by the number of people attending, except that an  
27               eligible organization may lease a facility for a banquet  
28               where a per head charge is applied in connection with the  
29               serving of a meal.

30          (e.1) Supplemental materials to accompany application.--An

1 annual financial report limited to the operation of games of  
2 chance detailing gross profit, allowable expenses, rent, staff  
3 per diem, cost of supplies, net profit and contributions to  
4 charitable causes shall be filed with the licensing authority  
5 and submitted with the application. This report shall be filed  
6 with the application for license and shall be filed by the  
7 midterm anniversary date of the license in nonapplication years.  
8 This report shall be prepared on a one-page form to be designed  
9 by the department. The report shall contain information for the  
10 12-month period immediately preceding a date 60 days prior to  
11 the filing of the report. Failure to file the report by the  
12 midterm anniversary date of the license shall result in the  
13 automatic suspension of the license until the county treasurer  
14 certifies the report has been filed in compliance with this act.

15 (f) List of licensees.--The licensing authority, on a  
16 semiannual basis, shall send a copy of all licensees to the  
17 Department of Revenue.

18 (g) List of municipalities.--The licensing authority shall  
19 include with any license or renewal issued to an eligible  
20 organization, an up-to-date listing of those municipalities  
21 within the licensing county which have approved the referendum  
22 question on small games of chance.

23 (h) Background checks.--Each application shall include  
24 criminal history records obtained from the Pennsylvania State  
25 Police for the executive officer or secretary of the eligible  
26 organization making the application and all other responsible  
27 persons listed on the application.

28 Section 7. Section 15 of the act, amended December 19, 1990  
29 (P.L.812, No.195), is amended to read:  
30 Section 15. Advertising.

1 It shall not be unlawful for any eligible organization or  
2 person to advertise the prizes or their dollar value to be  
3 awarded in games of chance, provided that [prizes may be  
4 identified on raffle tickets. Notwithstanding the prohibition of  
5 advertising contained within this section, an eligible  
6 organization may advertise prizes and values thereof in periodic  
7 publications which are limited in their circulation to members  
8 of the eligible organization.] such advertisements shall contain  
9 the date, time, location, whether cash or merchandise prizes  
10 will be awarded and the name of the eligible organization  
11 licensed to conduct games of chance and the name of the person  
12 who conducts the games of chance.

13 Section 8. The amendment or addition of section 10(b), (e.1)  
14 and (h) of the act shall apply to applications filed more than  
15 two years after the effective date of this section.

16 Section 9. This act shall take effect as follows:

17 (1) The following provisions shall take effect  
18 immediately:

19 (i) The amendment or addition of section 10(b),  
20 (e.1) and (h) of the act.

21 (ii) Section 8 of this act.

22 (iii) This section.

23 (2) The remainder of this act shall take effect in 60  
24 days.