

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 845** Session of
2007

INTRODUCED BY BROWNE, FOLMER, BOSCOLA, CORMAN, ERICKSON,
KASUNIC, WASHINGTON, O'PAKE AND EARLL, MAY 8, 2007

SENATOR BROWNE, FINANCE, AS AMENDED, JUNE 20, 2007

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 prize limits, for insured games, for limited
10 sales, for recordkeeping, for eligible organizations' use of
11 locations for conducting small games of chance, for separate
12 individual prize limitations and for advertising.

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

15 Section 1. The definition of "daily drawing" in section 3 of
16 the act of December 19, 1988 (P.L.1262, No.156), known as the
17 Local Option Small Games of Chance Act, amended December 19,
18 1990 (P.L.812, No.195), is amended to read:

19 Section 3. Definitions.

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

1 * * *

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

19 * * *

20 Section 2. Section 5 of the act, amended December 19, 1990
21 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
22 amended to read:

23 Section 5. Prize limits.

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

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

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

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

(1) The licensing authority has issued a special permit for the raffle under section 11.

(2) Eligible organizations shall be eligible to receive no more than two special permits in any licensed year except that volunteer fire, ambulance and rescue organizations shall be eligible to receive no more than three special permits in any licensed year.

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

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

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

(f) Exception.--The prize limitation contained in [subsections (a) and (b)] subsection (a) may be exceeded by a daily drawing under the following circumstances: a daily drawing may award a prize where the cash value is in excess of [\$500] \$1,000 if such prize is the result of a carryover of a drawing or drawings which resulted from the winning number in such drawing or drawings not being among the eligible entrants in such drawings. Nothing contained herein shall authorize the prize [limitations] limitation as contained in [subsections (a)

1 and (b)] subsection (a) to be exceeded as a result of a failure
2 to conduct a drawing on an operating day during which chances
3 were sold for a daily drawing or for a daily drawing for which
4 chances were sold in excess of \$1 or for which more than one
5 chance was sold to an eligible participant.

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

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

26 (i) Progressive games.--Progressive games shall be permitted
27 with a maximum cash value of \$5,000. Contributions to the pot
28 shall be counted against the limit for the week in which the
29 contribution is made except that when the limit is reached the
30 amount awarded shall be counted toward the limit only to the

1 extent it was not previously counted toward a prior week's
2 limit. For the purpose of this section, progressive games are
3 those in which a winning ticket awards the ticket holder an
4 additional chance at another game or games.

5 Section 3. The act is amended by adding a section to read:
6 Section 5.1. Insured games.

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

19 Section 4. Sections 6 and 9(b) of the act, amended December
20 19, 1990 (P.L.812, No.195), are amended to read:

21 Section 6. Sales limited.

22 No person shall sell, offer for sale or furnish games of
23 chance for use within this Commonwealth except to an eligible
24 organization or distributor licensed under this act. No game of
25 chance, other than a raffle, sold, offered for sale or furnished
26 for use within this Commonwealth shall contain, permit, depict
27 or designate a prize having a cash value in excess of [\$500]
28 \$1,000.

29 Section 9. Regulations of department.

30 * * *

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

13 Section 5. Section 10 of the act, amended December 19, 1990
14 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
15 amended to read:

16 Section 10. Licensing of eligible organizations to conduct
17 games of chance.

18 (a) License required.--No eligible organization shall
19 conduct or operate any games of chance unless such eligible
20 organization has obtained and maintains a valid license issued
21 pursuant to this section. Auxiliary groups within eligible
22 organizations shall be eligible to conduct small games of chance
23 using the license issued to the eligible organization provided
24 that the auxiliary group or groups are listed on the application
25 and license of the eligible organization. No additional
26 licensing fee shall be charged for an auxiliary group's
27 eligibility under this act. Auxiliary groups shall not include
28 branches, lodges or chapters of a Statewide organization.

29 (b) Issuance and fees.--The licensing authority shall
30 license, upon application, within 30 days any eligible

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

9 (b.1) Location of small games of chance.--Where there exists
10 a location or premises which is the normal business or operating
11 site of the eligible organization and is owned or leased by that
12 eligible organization to conduct its normal business, that site
13 shall be the licensed premises for small games of chance
14 conducted by the eligible organization. If that location
15 consists of more than one building and the eligible organization
16 wishes to conduct its games in a different building at that
17 location from the one that is listed on its application and
18 license, the eligible organization must notify, in writing, the
19 district attorney and the licensing authority of the change in
20 building site and the dates and times that will be affected.
21 When an eligible organization does not own or lease a specific
22 location to conduct its normal business, that eligible
23 organization may use another eligible organization's premises to
24 conduct its games or may make such other arrangements that are
25 consistent with this act, including, but not limited to, leasing
26 a premise under a written agreement for a rental which is not
27 determined by either the amount of receipts realized from the
28 playing of games of chance nor the number of people attending
29 except that an eligible organization may lease a facility for a
30 banquet where a per head charge is applied in connection with

1 the serving of a meal. When such eligible organization changes
2 the site of its games from that which is listed on its
3 application and license, the eligible organization must notify,
4 in writing, the district attorney and licensing authority of the
5 change in their games' site and dates and times that will be
6 affected. More than one organization may use the same location,
7 provided that each organization has its own license and that the
8 prize limitations of this act shall apply separately to each
9 organization.

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

19 (b.3) Limited occasion licenses.--Eligible organizations
20 which do not own their own premises or which do not lease a
21 specific location to conduct their normal business may apply for
22 a limited occasion license to conduct small games of chance on
23 not more than three occasions covering a total of seven days
24 during a licensed year. A limited occasion license entitles
25 eligible organizations holding such a license to conduct no more
26 than two raffles during a licensed year where prizes may not
27 exceed the established limits for regular monthly raffles.
28 Holders of limited occasion licenses may not apply or be granted
29 any other license or special permit under this act. No holder of
30 a regular license or special permit under this act shall apply

1 or be granted a limited occasion license.

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

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

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

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

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

24 (3) No eligible organization shall pay any compensation
25 to any person for conducting any games of chance. Games of
26 chance may only be conducted by managers, officers,
27 directors, bar personnel and bona fide members of the
28 eligible organization.

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

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

11 (6) Games, other than raffles, daily drawings and weekly
12 drawings, shall be purchased only from manufacturers and
13 distributors approved by the department.

14 (7) [No] EXCEPT AS PROVIDED IN PARAGRAPH (7.1), NO <—
15 licensed eligible organization shall permit its premises to
16 be used for small games of chance by another licensed
17 eligible organization at the same time that it is conducting
18 small games of chance on the premises. When a licensed
19 eligible organization is permitting another licensed eligible
20 organization to use its premises for purposes of small games
21 of chance, it must cease the operation of its own small games
22 of chance during the period that the other licensed eligible
23 organization is conducting its games on the premises.

24 (7.1) A LICENSED ELIGIBLE ORGANIZATION MAY SELL ON ITS <—
25 LICENSED PREMISES THE RAFFLE TICKETS OF ANOTHER LICENSED
26 ELIGIBLE ORGANIZATION THAT HAS BEEN ISSUED A LIMITED OCCASION
27 LICENSE UNDER SUBSECTION (B.3).

28 (8) Raffle tickets may be sold off the licensed premise
29 in any municipality in this Commonwealth which has adopted
30 the provisions of this act by an affirmative vote in a

1 municipal referendum. A licensed eligible organization which
2 plans to sell raffle tickets in a municipality located in a
3 county other than the county in which the eligible
4 organization is licensed must notify that county's district
5 attorney and licensing authority as to the location and the
6 dates that the eligible organization plans to sell raffle
7 tickets.

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

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

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

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

27 (e.1) Supplemental materials to accompany application.--The
28 following materials shall be submitted with the application
29 under subsection (e):

30 (1) An annual financial report limited to the operation

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

15 (2) A licensed eligible organization that conducts games
16 of chance 30 or more times in one calendar year must provide
17 evidence to the county treasurer that a bona fide member or
18 designee of the organization has completed four hours of
19 education in the corresponding license period. The education
20 program shall include seminars on law applicable to games of
21 chance and any other related topics the department may
22 require. An education program shall be provided by any
23 nonprofit association approved by the department. This
24 paragraph shall not apply to organizations seeking or holding
25 limited occasion licenses.

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

29 (g) List of municipalities.--The licensing authority shall
30 include with any license or renewal issued to an eligible

1 organization, an up-to-date listing of those municipalities
2 within the licensing county which have approved the referendum
3 question on small games of chance.

4 (h) Background checks.--Each application shall include
5 criminal history records obtained from the Pennsylvania State
6 Police for the executive officer or secretary of the eligible
7 organization making the application and all other responsible
8 persons listed on the application.

9 Section 6. Section 15 of the act, amended December 19, 1990
10 (P.L.812, No.195), is amended to read:

11 Section 15. Advertising.

12 It shall not be unlawful for any eligible organization or
13 person to advertise the prizes or their dollar value to be
14 awarded in games of chance, provided that [prizes may be
15 identified on raffle tickets. Notwithstanding the prohibition of
16 advertising contained within this section, an eligible
17 organization may advertise prizes and values thereof in periodic
18 publications which are limited in their circulation to members
19 of the eligible organization.] such advertisements shall contain
20 the date, time, location, whether cash or merchandise prizes
21 will be awarded and the name of the eligible organization
22 licensed to conduct games of chance and the name of the person
23 who conducts the games of chance.

24 Section 7. The amendment or addition of section 10(b), (e.1)
25 and (h) of the act shall apply to applications filed more than
26 two years after the effective date of this section.

27 Section 8. This act shall take effect as follows:

28 (1) The following provisions shall take effect
29 immediately:

30 (i) The amendment or addition of section 10(b),

1 (e.1) and (h) of the act.
2 (ii) Section 7 of this act.
3 (iii) This section.
4 (2) The remainder of this act shall take effect in 60
5 days.