

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 864 Session of 2017

INTRODUCED BY MUSTIO, D. COSTA, DeLUCA, ORTITAY, SANKEY, WARD, MILLARD, DEASY, MATZIE, KORTZ AND MICCARELLI, MARCH 16, 2017

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 13, 2017

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," in preliminary
9 provisions, further providing for legislative intent and for
10 definitions; in games of chance, FURTHER PROVIDING FOR PRIZE <--
11 LIMITS, providing for airport 50/50 drawing and further
12 providing for licensing of eligible organizations; in club
13 licensees, further providing for club licensee and for
14 distribution of proceeds; and, in enforcement, further
15 providing for enforcement.

16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 Section 1. Section 102 of the act of December 19, 1988
19 (P.L.1262, No.156), known as the Local Option Small Games of
20 Chance Act, is amended to read:

21 Section 102. Legislative intent.

22 The General Assembly hereby declares that the playing of
23 games of chance for the purpose of raising funds, by certain
24 nonprofit associations, for the promotion of charitable or civic

1 purposes, is in the public interest. In some cases, the proceeds
2 from games of chance may be utilized to support certain
3 operating expenses of certain organizations.

4 The General Assembly hereby declares that raising public
5 funds from games of chance in licensed restaurants and
6 protecting the competitiveness of these restaurants is also in
7 the public interest.

8 The General Assembly hereby declares that raising funds from
9 a 50/50 drawing conducted in airport systems, the net proceeds
10 of which will be used for charitable purposes, is in the public
11 interest.

12 It is hereby declared to be the policy of the General
13 Assembly that all phases of licensing, operation and regulation
14 of games of chance be strictly controlled, and that all laws and
15 regulations with respect thereto as well as all gambling laws
16 should be strictly construed and rigidly enforced.

17 The General Assembly recognizes the possibility of
18 association between commercial gambling and organized crime, and
19 wishes to prevent participation by organized crime and prevent
20 the diversion of funds from the purposes herein authorized.

21 Section 2. Section 103 of the act is amended by adding
22 definitions to read:

23 Section 103. Definitions.

24 The following words and phrases when used in this act shall,
25 except as provided under section 902, have the meanings given to
26 them in this section unless the context clearly indicates
27 otherwise:

28 * * *

29 "Airport." A publicly owned commercial service airport that
30 is designated by the Federal Government as an international

1 airport.

2 "Airport 50/50 drawing." A 50/50 drawing that is conducted
3 by an airport in accordance with section 304.2.

4 * * *

5 SECTION 3. SECTION 302 OF THE ACT IS AMENDED TO READ: <--

6 SECTION 302. PRIZE LIMITS.

7 (A) INDIVIDUAL PRIZE LIMIT.--

8 (1) EXCEPT AS PROVIDED UNDER SUBSECTIONS (D) AND (D.1),
9 THE MAXIMUM PRIZE WHICH MAY BE AWARDED FOR ANY SINGLE CHANCE
10 SHALL BE \$2,000[.], OTHER THAN A WEEKLY DRAWING.

11 (2) THE MAXIMUM PRIZE WHICH MAY BE AWARDED FOR ANY
12 WEEKLY DRAWING SHALL BE \$14,000.

13 [(B) AGGREGATE PRIZE LIMIT.--NO MORE THAN \$35,000 IN PRIZES
14 SHALL BE AWARDED FROM GAMES OF CHANCE BY A LICENSED ELIGIBLE
15 ORGANIZATION IN ANY SEVEN-DAY PERIOD.]

16 (C) RAFFLE PRIZE LIMIT.--UP TO \$15,000 IN PRIZES MAY BE
17 AWARDED IN RAFFLES IN ANY CALENDAR MONTH.

18 [(C.1) TOTAL LIMIT.--ALL PRIZES AWARDED UNDER THIS SECTION
19 SHALL BE SUBJECT TO THE AGGREGATE PRIZE LIMITS UNDER SUBSECTION
20 (B).]

21 (D) EXCEPTION FOR RAFFLES.--NOTWITHSTANDING SUBSECTION [(B)
22 OR] (C), A LICENSED ELIGIBLE ORGANIZATION MAY CONDUCT A RAFFLE
23 UNDER SECTION 308 AND AWARD A PRIZE OR PRIZES VALUED IN EXCESS
24 OF \$3,000 EACH ONLY UNDER THE FOLLOWING CONDITIONS:

25 (1) THE LICENSING AUTHORITY HAS ISSUED A SPECIAL PERMIT
26 FOR THE RAFFLE UNDER SECTION 308.

27 (2) A LICENSED ELIGIBLE ORGANIZATION SHALL BE ELIGIBLE
28 TO RECEIVE NO MORE THAN TEN SPECIAL PERMITS IN ANY LICENSED
29 TERM EXCEPT THAT A VOLUNTEER FIRE, AMBULANCE, RESCUE OR
30 CONSERVATION ORGANIZATION THAT IS NOT A CLUB LICENSEE SHALL

1 BE ELIGIBLE TO RECEIVE 12 SPECIAL PERMITS IN ANY LICENSED
2 TERM.

3 (3) ONLY ONE RAFFLE MAY BE CONDUCTED UNDER EACH SPECIAL
4 PERMIT ISSUED UNDER SECTION 308.

5 (4) EXCEPT AS PROVIDED UNDER SUBSECTION (D.1), THE TOTAL
6 OF ALL PRIZES AWARDED UNDER THIS SUBSECTION SHALL BE NO MORE
7 THAN \$150,000 PER CALENDAR YEAR, WHICH SHALL NOT BE SUBJECT
8 TO THE AGGREGATE LIMIT UNDER SUBSECTION [(B) OR] (C).

9 (D.1) ADDITIONAL AWARD.--A VOLUNTEER FIRE, AMBULANCE, RESCUE
10 OR CONSERVATION ORGANIZATION MAY, IN ADDITION TO THE TOTAL UNDER
11 SUBSECTION (D) (4), AWARD UP TO \$100,000 FROM RAFFLES WHICH SHALL
12 NOT BE SUBJECT TO THE AGGREGATE LIMIT UNDER SUBSECTION [(B),]
13 (C) OR (D).

14 (F) DAILY DRAWING CARRYOVER.--THE PRIZE LIMITATION CONTAINED
15 IN [SUBSECTIONS] SUBSECTION (A) [AND (B)] MAY BE EXCEEDED BY A
16 DAILY DRAWING UNDER THE FOLLOWING CIRCUMSTANCES: A DAILY DRAWING
17 MAY AWARD A PRIZE IN EXCESS OF \$2,000 IF SUCH PRIZE IS THE
18 RESULT OF A CARRYOVER OF A DRAWING WHICH RESULTED FROM THE
19 WINNING NUMBER IN SUCH DRAWING NOT BEING AMONG THE ELIGIBLE
20 ENTRANTS IN SUCH DRAWINGS. NOTHING CONTAINED HEREIN SHALL
21 AUTHORIZE THE PRIZE LIMITATION AS CONTAINED IN [SUBSECTIONS]
22 SUBSECTION (A) [AND (B)] TO BE EXCEEDED AS A RESULT OF A FAILURE
23 TO CONDUCT A DRAWING ON AN OPERATING DAY DURING WHICH CHANCES
24 WERE SOLD FOR A DAILY DRAWING OR FOR A DAILY DRAWING FOR WHICH
25 CHANCES WERE SOLD IN EXCESS OF \$1 OR FOR WHICH MORE THAN ONE
26 CHANCE WAS SOLD TO AN ELIGIBLE PARTICIPANT.

27 [(G) ADDITIONAL EXCEPTION.--WHEN A DAILY DRAWING OR WEEKLY
28 DRAWING IS SET UP OR CONDUCTED IN SUCH A MANNER AS TO PAY OUT OR
29 AWARD 100% OF THE GROSS REVENUES GENERATED FROM SUCH DRAWING,
30 THE LIMITATION CONTAINED IN SUBSECTION (B) SHALL NOT APPLY.]

1 (H) WEEKLY DRAWING CARRYOVER EXCEPTION.--WEEKLY DRAWINGS
2 SHALL BE GOVERNED BY THE PRIZE LIMITATION CONTAINED IN
3 SUBSECTION [(B)] (A). THE PRIZE LIMITATION CONTAINED IN
4 SUBSECTION [(B)] (A) MAY BE EXCEEDED BY A WEEKLY DRAWING UNDER
5 THE FOLLOWING CIRCUMSTANCES: A WEEKLY DRAWING MAY AWARD A PRIZE
6 WHERE THE CASH VALUE IS IN EXCESS OF [\$35,000] \$14,000 IF SUCH
7 PRIZE IS THE RESULT OF A CARRYOVER OF A DRAWING OR DRAWINGS
8 WHICH RESULTED FROM THE WINNING NUMBER OR NUMBERS IN SUCH
9 DRAWING OR DRAWINGS NOT BEING AMONG THE ELIGIBLE ENTRANTS IN
10 SUCH DRAWINGS. NOTHING CONTAINED IN THIS CHAPTER SHALL AUTHORIZE
11 THE PRIZE LIMITATION UNDER SUBSECTION [(B)] (A) TO BE EXCEEDED
12 AS A RESULT OF A FAILURE TO CONDUCT A DRAWING FOR A WEEK DURING
13 WHICH CHANCES WERE SOLD FOR A WEEKLY DRAWING OR FOR A WEEKLY
14 DRAWING FOR WHICH CHANCES WERE SOLD IN EXCESS OF \$1.

15 (I) CONCURRENT OPERATION.--NOTHING UNDER THIS ACT SHALL
16 PROHIBIT THE CONCURRENT OPERATION OF DAILY OR WEEKLY DRAWINGS.

17 Section 3 4. The act is amended by adding a section to read: <--
18 Section 304.2. Airport 50/50 drawing.

19 (a) General rule.--A person may purchase one or more airport
20 50/50 drawing tickets, and each ticket shall represent one entry
21 in the drawing for a winner. A single ticket shall be randomly
22 chosen as the winner after a certain number of tickets are sold
23 or a specified time period expires, as designated by the
24 airport. Purchase of airport 50/50 drawing tickets may be made
25 by cash, credit card or debit card.

26 (b) Frequency and location.--An airport 50/50 drawing may be
27 conducted at an airport no more than one time per calendar day.
28 Drawings may only be held within the spaces of an airport
29 terminal to which the general public, including ticketed
30 passengers, regularly has access.

1 (c) Distribution.--The prize amount of an airport 50/50
2 drawing shall be 50% of the total amount collected from the sale
3 of airport 50/50 drawing tickets. The other 50% of the total
4 amount collected from the sale of airport 50/50 drawing tickets
5 shall be donated within seven days from the date of the drawing
6 by the airport to the designated charitable organization for
7 which the drawing was conducted.

8 (d) Designated charitable organization.--The identity of the
9 designated charitable organization for which the airport 50/50
10 drawing is being conducted shall be disclosed to all ticket
11 purchasers.

12 (e) Eligibility.--In order to receive proceeds from an
13 airport 50/50 drawing, a charitable organization must be in
14 existence and fulfill its purposes prior to the airport 50/50
15 drawing and shall be eligible for exemption under section 501(c)
16 (3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26
17 U.S.C. § 501(c) (3)). A political subdivision shall not qualify
18 as a charitable organization under this act, but an organization
19 formed by a political subdivision that is eligible for exemption
20 under section 501(c) (3) of the Internal Revenue Code of 1986
21 shall qualify as a charitable organization under this act.

22 (f) Unclaimed prizes.--Any airport 50/50 drawing prize
23 remaining unclaimed by a winner 180 days after the drawing shall
24 be donated to the designated charitable organization for which
25 the airport 50/50 drawing was conducted.

26 (g) Applicability.--The limitations under sections 302,
27 303(b), 308 and 704 shall not apply to an airport 50/50 drawing.

28 (h) Additional recordkeeping.--The department may require
29 additional recordkeeping or accountability measures for airport
30 50/50 drawings.

1 Section 4 5. Sections 307(d.1), 501(a)(1), 502(a.1)(1) and <--
2 702(g) of the act are amended to read:

3 Section 307. Licensing of eligible organizations.

4 * * *

5 (d.1) Bank account and records.--An eligible organization
6 with proceeds of games of chance that exceed [\$40,000] \$60,000
7 per year shall maintain a bank account, which shall be separate
8 from all other funds belonging to the licensed eligible
9 organization. Account records shall show all expenditures and
10 income and shall be retained by the licensed eligible
11 organization for at least two years.

12 * * *

13 Section 501. Club licensee.

14 (a) Report.--

15 (1) Beginning in 2014, a club licensee with proceeds in
16 excess of [\$20,000] \$30,000 in a calendar year shall submit
17 annual reports to the department for the preceding 12-month
18 period on a form and in a manner prescribed by the
19 department.

20 * * *

21 Section 502. Distribution of proceeds.

22 * * *

23 (a.1) Amounts retained.--

24 (1) Notwithstanding subsection (a), if in a calendar
25 year beginning January 1, 2013, the proceeds from a game of
26 chance for a club licensee are [\$40,000] \$60,000 or less, the
27 licensee shall be eligible to retain the first [\$20,000]
28 \$30,000 in proceeds in the following calendar year before
29 subsection (a) applies.

30 * * *

1 Section 702. Enforcement.

2 * * *

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

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

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

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

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

16 Section ~~5~~ 6. Within two years of the effective date of this <--
17 section, the Department of Revenue shall publish regulations to
18 implement and administer the provisions of this act.

19 Section ~~6~~ 7. This act shall take effect in 60 days. <--