
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 960 Session of
2017

INTRODUCED BY MASSER, JAMES, SAINATO, HELM, PICKETT, GROVE,
A. HARRIS, NEILSON, SAYLOR AND WHEELAND, MARCH 27, 2017

REFERRED TO COMMITTEE ON GAMING OVERSIGHT, MARCH 27, 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 definitions; in games of
10 chance, further providing for distributor licenses and for
11 registration of manufacturers; in enforcement, further
12 providing for enforcement; and, in tavern gaming, further
13 providing for definitions, for licenses, for application, for
14 approval, for change in ownership, for tavern raffle, for
15 distribution of net revenue, for tavern games tax, for host
16 municipality tavern games tax, for reports, for enforcement
17 and for prohibitions.

18 The General Assembly of the Commonwealth of Pennsylvania
19 hereby enacts as follows:

20 Section 1. The definition of "tavern games" in section 103
21 of the act of December 19, 1988 (P.L.1262, No.156), known as the
22 Local Option Small Games of Chance Act, is amended 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

1 them in this section unless the context clearly indicates
2 otherwise:

3 * * *

4 "Tavern games." Pull-tabs, tavern daily drawings, tavern
5 weekly drawings and tavern raffles.

6 * * *

7 Section 2. Sections 304(i), 305(d) and 702(b) of the act are
8 amended to read:

9 Section 304. Distributor licenses.

10 * * *

11 (i) Exception.--This section shall not apply to the
12 manufacture or distribution of raffle tickets, 50/50 drawings,
13 daily drawings, weekly drawings, tavern daily drawings, tavern
14 weekly drawings, tavern raffles or pools.

15 Section 305. Registration of manufacturers.

16 * * *

17 (d) Exception.--This section shall not apply to the
18 manufacture or distribution of raffle tickets, 50/50 drawings,
19 daily drawings, weekly drawings, tavern daily drawings, tavern
20 weekly drawings, tavern raffles or pools.

21 Section 702. Enforcement.

22 * * *

23 (b) Bureau of Liquor Control Enforcement.--If the licensee
24 is a club licensee [or a licensee under Chapter 9], the Bureau
25 of Liquor Control Enforcement may enforce the provisions of this
26 act in accordance with subsection (g). An administrative law
27 judge under section 212 of the act of April 12, 1951 (P.L.90,
28 No.21), known as the Liquor Code, may impose the penalties under
29 subsection (d) following the issuance of a citation by the
30 bureau. The Bureau of Liquor Control Enforcement shall have no

1 jurisdiction to enforce the provisions of this act on any
2 special occasion permit holder under section 408.4 of the Liquor
3 Code. The Bureau of Liquor Control Enforcement shall retain all
4 powers and duties to enforce the provisions of the Liquor Code
5 on a special occasion permit holder.

6 * * *

7 Section 3. The definition of "net revenue" in section 902 of
8 the act is amended and the section is amended by adding
9 definitions to read:

10 Section 902. Definitions.

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

14 * * *

15 "Eating place licensee." An eating place as defined in
16 section 102 of the act of April 12, 1951 (P.L.90, No.21), known
17 as the Liquor Code, that is licensed to sell liquor under the
18 Liquor Code.

19 * * *

20 "Net revenue." As follows:

21 (1) For tavern games required to be purchased from a
22 licensed distributor under this act, the difference between:

23 (i) the amount of the face value, as indicated by
24 the manufacturer, minus the cost of the game, collectible
25 by a licensee from a tavern game; and

26 (ii) the maximum amount of prizes payable, as
27 indicated by the manufacturer, by a licensee from a
28 tavern game.

29 (2) For tavern games not required to be purchased from a
30 licensed distributor, the term has the same meaning as

1 proceeds.

2 * * *

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

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

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

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

14 (4) no more than one chance per individual is sold per
15 drawing.

16 Section 4. Sections 903, 904, 905, 906, 908.1, 909,
17 909.1(a), (c) and (h), 909.2(c) and (g), 912, 913 and 914 of the
18 act are amended to read:

19 Section 903. Licenses.

20 (a) Application.--A restaurant licensee or eating place
21 licensee may apply to the [board] department for a license to
22 conduct tavern games at a licensed premises located in a
23 municipality that has adopted a referendum to allow small games
24 of chance under section 703.

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

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

28 (2) A current tax lien certificate issued by the
29 department and a certificate from the Department of Labor and
30 Industry of payment of all workers' compensation and

1 unemployment compensation owed.

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

7 (4) Certified consent by the applicant, including each
8 owner and officer of the restaurant licensee or eating place
9 licensee, to a background investigation by the [bureau]
10 department.

11 (5) Relating to criminal information, disclosure of all
12 arrests and citations of the applicant, including nontraffic
13 summary offenses. The information shall include all of the
14 following:

15 (i) A brief description of the circumstances
16 surrounding the arrest or issuance of the citation.

17 (ii) The specific offense charged.

18 (iii) The ultimate disposition of the charge,
19 including any dismissal, plea bargain, conviction,
20 sentence[, pardon, expungement] or order of Accelerated
21 Rehabilitative Disposition.

22 (6) Financial interests and transactions as required by
23 the [bureau] department.

24 (7) Relating to citations of the applicant issued under
25 the Liquor Code.

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

28 (9) Any other information required by the [board]
29 department.

30 (c) Duty of [bureau] department.--The [bureau] department

1 shall conduct a background investigation of each applicant, the
2 scope of which shall be determined by the [bureau] department.

3 (d) Review.--Within six months of receipt of the background
4 investigation report from the [bureau] department, the [board]
5 department shall approve or disapprove the application.

6 (e) Background investigation.--Each applicant shall include
7 information and documentation as required to establish personal
8 and financial suitability, honesty and integrity. Information
9 shall include:

10 (1) [Criminal history record information.] A criminal
11 history record information check obtained from the
12 Pennsylvania State Police, as defined in 18 Pa.C.S. § 9102
13 (relating to definitions) and permitted by 18 Pa.C.S. §
14 9121(b) (relating to general regulations), for the applicant
15 or any other person required by the department.

16 (2) Financial background information.

17 (3) Regulatory history before the [board] department or
18 other Commonwealth agency.

19 (4) Other information required by the [bureau]
20 department.

21 (f) Personal interview.--If the [bureau] department
22 determines that the results of the background report
23 investigation warrant additional review of the individual, the
24 [bureau] department shall conduct a personal interview with the
25 applicant and may request information and interviews from other
26 personal or professional associates.

27 (g) Cooperation.--The applicant shall cooperate with the
28 [bureau] department as requested during the conduct of the
29 background investigation. Any refusal to provide the information
30 required under this section or to consent to a background

1 investigation shall result in the immediate denial of a license
2 by the [board] department.

3 (h) Costs.--The applicant shall reimburse the [bureau]
4 department for the actual costs of conducting the background
5 investigation. The [board] department shall not approve an
6 applicant that has not fully reimbursed the [bureau] department
7 for the investigation.

8 (i) Approval.--[The bureau shall transmit the investigative
9 report and may make a recommendation to the board.] The [board]
10 department shall review the information obtained under this
11 section to determine if the applicant possesses the following:

12 (1) Financial stability, integrity and responsibility.

13 (2) Sufficient business experience and ability to
14 effectively operate tavern games as part of the restaurant
15 licensee's operator or eating place licensee's operator.

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

18 (j) Disapproval.--The [board] department may disapprove the
19 issuance of a tavern gaming license for the following reasons:

20 (1) A license shall not be issued to a restaurant
21 licensee or eating place licensee whose liquor license is in
22 safekeeping pursuant to section 474.1 of the Liquor Code.

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

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

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

30 (ii) a one-year prohibition on the issuance or

1 transfer of a license under section 471(b) of the Liquor
2 Code.

3 Section 904. Application.

4 [(a) Application fee.--]An applicant shall pay the [board]
5 department a nonrefundable application fee of \$1,000.

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

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

12 (1) Charge an estimated amount to be provided prior to
13 the background investigation.

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

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

19 Section 905. Approval.

20 (a) Issuance.--Upon being satisfied that the requirements of
21 section 903 have been met, the [board] department may approve
22 the application and issue a tavern games license for a period of
23 one year. The [board] department may enter into an agreement
24 with the licensee concerning additional restrictions on the
25 license, and this agreement shall be binding on the licensee.
26 Failure of the licensee to adhere to the agreement will be cause
27 for penalties under section 913(c) and for the nonrenewal of the
28 license under section 913(f).

29 (b) Renewal.--A license shall be renewed annually. A license
30 renewal shall not require review of the [bureau, unless

1 requested by the board] department. The [board] department may
2 refuse to renew a tavern gaming license for the following
3 reasons:

4 (1) A license shall not be issued to a restaurant
5 licensee or eating place licensee whose liquor license is in
6 safekeeping under section 474.1 of the act of April 12, 1951
7 (P.L.90, No.21), known as the Liquor Code.

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

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

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

15 (ii) a one-year prohibition on the issuance or
16 transfer of a license under section 471(b) of the Liquor
17 Code.

18 (c) Fee.--Upon approval, the applicant shall pay [a \$2,000]
19 an annual renewal license fee [to be deposited in the General
20 Fund] of \$500. The department shall deposit the annual renewal
21 license fee [shall be \$1,000] in the General Fund.

22 (d) Entitlement.--Nothing under this chapter shall be
23 construed to create an entitlement to a license by a person. The
24 [board] department shall have sole discretion to issue, renew,
25 condition, suspend, revoke or deny a license based on the
26 requirements of this chapter and whether the issuance and
27 maintenance of the license are in the best interests of the
28 Commonwealth.

29 (e) Nontransferability.--A license shall be a grant of
30 privilege to conduct tavern games. A license may not be sold,

1 transferred or assigned to any other person. A licensee may not
2 pledge or otherwise grant a security interest in or lien on the
3 license. The [board] department shall have the sole discretion
4 to issue, renew, condition or deny the issuance of a license.

5 Section 906. Change in ownership.

6 (a) Notice.--A licensee shall notify the [board] department
7 of a change of ownership of the premises or sale or transfer of
8 the restaurant license.

9 (b) Qualification.--The purchaser or transferee of the
10 assets or premises of a licensee must independently qualify for
11 a license[,] and pay the license fee [and undergo and pay fees
12 and costs for a background investigation] under section 903.

13 Section 908.1. Tavern raffle.

14 The following shall apply to a tavern raffle:

15 (1) No more than one tavern raffle may be held in a
16 calendar month.

17 (2) A tavern raffle must be held for a designated
18 charitable purpose.

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

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

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

26 (i) [~~Sixty~~] Fifty percent shall be paid to the
27 Commonwealth.

28 (ii) [~~Thirty-five~~] Forty-five percent may be
29 retained by the licensee.

30 (iii) Five percent shall be paid to the Commonwealth

1 and deposited into the restricted receipts account
2 established in section 909.3.

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

8 Section 909. Distribution of net revenue.

9 Beginning January 1, 2014, the net revenue from tavern games
10 received by a licensee shall be distributed as follows:

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

13 (2) [~~Thirty-five~~] Forty-five percent of the net revenue
14 obtained in any calendar year may be retained by the
15 licensee.

16 (3) Five percent shall be paid to the Commonwealth and
17 deposited into the restricted receipts account established in
18 section 909.3.

19 Section 909.1. Tavern games tax.

20 (a) Imposition.--There is imposed a tax of [~~60%~~] 55% of the
21 net revenue from tavern games sold by a licensed distributor to
22 a licensee within this Commonwealth.

23 * * *

24 (c) Other games.--In an instance where the tavern game is
25 not required to be purchased from a licensed distributor under
26 this act, a tax of [~~60%~~] 55% is imposed upon the net revenue
27 from tavern daily drawings, tavern weekly drawings and tavern
28 raffles under section 908.1 and must be paid to the Commonwealth
29 by the licensee.

30 * * *

1 (h) Penalties and interest.--If a licensee or licensed
2 distributor fails to file the return required under subsection
3 (e) or fails to pay the tax imposed under subsection (a) or (c),
4 the department may do the following:

5 (1) assess the amount of tax due;

6 (2) impose and assess an administrative penalty equal to
7 10% of the tax due but unpaid for each quarter or fraction
8 thereof that the tax remains unpaid together with interest at
9 the rate established under section 806 of the act of April 9,
10 1929 (P.L.343, No.176), known as The Fiscal Code, on the tax
11 from the time the tax became due. The penalty provided in
12 this paragraph must be added to the tax and assessed and
13 collected at the same time and in the same manner as a part
14 of the tax. Unless otherwise specified, the tax must be
15 assessed, collected and enforced by the department under the
16 provisions of Article II of the act of March 4, 1971 (P.L.6,
17 No.2), known as the Tax Reform Code of 1971;

18 (3) [notify the board that a licensee has not filed
19 returns or has not paid tax. The board may] suspend or revoke
20 a licensee's license; or

21 (4) revoke a licensed distributor's license.

22 * * *

23 Section 909.2. Host municipality tavern games tax.

24 * * *

25 (c) Other games.--In an instance where the tavern game is
26 not required to be purchased from a licensed distributor under
27 this act, a tax of 5% is imposed upon the net revenue from
28 tavern daily drawings, tavern weekly drawings and tavern raffles
29 under section 908.1 and must be paid to the Commonwealth and
30 deposited into the restricted receipts account established in

1 section 909.3.

2 * * *

3 (g) Penalties and interest.--If a licensee or licensed
4 distributor fails to file the return required under subsection
5 (e) or fails to pay the tax imposed under subsection (a) or (c),
6 the department may do the following:

7 (1) assess the amount of tax due;

8 (2) impose and assess an administrative penalty equal to
9 10% of the tax due but unpaid for each quarter or fraction
10 thereof that the tax remains unpaid together with interest at
11 the rate established under section 806 of the act of April 9,
12 1929 (P.L.343, No.176), known as The Fiscal Code, on the tax
13 from the time the tax became due. The penalty provided in
14 this paragraph must be added to the tax and assessed and
15 collected at the same time and in the same manner as a part
16 of the tax. Unless otherwise specified, the tax must be
17 assessed, collected and enforced by the department under the
18 provisions of Article II of the act of March 4, 1971 (P.L.6,
19 No.2), known as the Tax Reform Code of 1971;

20 (3) [notify the board that a licensee has not filed
21 returns or has not paid tax. The board may] suspend or revoke
22 a licensee's license; or

23 (4) revoke a licensed distributor's license.

24 * * *

25 Section 912. Reports.

26 A licensee shall submit an annual report to the [board and
27 the] department for the preceding year on a form and in a manner
28 prescribed by the department. The department shall develop a
29 schedule for the submission of the annual report. The report
30 shall include:

1 (1) Prizes awarded as required under section 335 of the
2 act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform
3 Code of 1971.

4 [(2) Net revenue received from each tavern game
5 conducted, itemized by week.

6 (3) Amount of prizes paid from all tavern games,
7 itemized by week.]

8 (4) Amount of tax remitted to the department.

9 (5) Amount given to designated charities from tavern
10 raffles.

11 (6) Other information as required by the department.

12 Section 913. Enforcement.

13 (a) [Board] Department.--The [board] department may,
14 following notice and hearing, impose penalties or suspend or
15 revoke a license under this chapter.

16 [(b) Authority of department.--Notwithstanding any law to
17 the contrary, the department may report violations of this
18 chapter to the board and to the Bureau of Liquor Control
19 Enforcement.]

20 (c) [Penalties] Civil penalties.--The [board] department may
21 impose a civil penalty for a violation of this chapter in
22 accordance with the following:

23 (1) Up to [\$2,000] \$100 for an initial violation.

24 (2) Up to [\$3,000] \$500 for a second violation.

25 (3) Up to [\$5,000] \$1,000 for a third violation.

26 [(d) Criminal penalty.--A violation of this chapter shall be
27 a misdemeanor of the third degree. A second or subsequent
28 offense shall be a misdemeanor of the second degree.

29 (e) Administrative law judge.--An administrative law judge
30 under section 212 of the act of April 12, 1951 (P.L.90, No.21),

1 known as the Liquor Code, may impose the penalties under this
2 section following the issuance of a citation by the Bureau of
3 Liquor Control Enforcement.]

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

5 (1) In addition to any other sanctions the [board]
6 department may impose under this chapter [or under the Liquor
7 Code], the [board] department may, at its discretion,
8 suspend, revoke or deny renewal of any license issued under
9 this chapter if it receives any information from any source
10 and determines that:

11 (i) The applicant or any of its officers, directors,
12 owners or employees:

13 (A) Is in violation of any provision of this
14 chapter.

15 (B) Furnished the [board] department with false
16 or misleading information.

17 (ii) The information contained in the applicant's
18 initial application or any renewal application is no
19 longer true and correct.

20 (2) In the event of a revocation, suspension or failure
21 to renew, the applicant's authorization to conduct the
22 previously approved activity shall immediately cease, and all
23 fees paid in connection therewith shall be deemed to be
24 forfeited. In the event of a suspension, the applicant's
25 authorization to conduct the previously approved activity
26 shall immediately cease until the [board] department has
27 notified the applicant that the suspension is no longer in
28 effect.

29 (3) The department shall immediately and permanently
30 revoke a license issued under this chapter if the licensee

1 has committed four or more violations of this chapter in a
2 two-year period.

3 (g) Law enforcement officials.--Nothing in this chapter may
4 restrict or limit the power of a State, county or local law
5 enforcement official to conduct investigations and file criminal
6 charges under this chapter.

7 (h) Violations.--

8 (1) Except as provided in paragraph (2), a violation of
9 this chapter by a restaurant licensee or eating place
10 licensee shall not constitute a violation of the act of April
11 12, 1951 (P.L.90, No.21), known as the Liquor Code.

12 (2) If a restaurant licensee or eating place licensee
13 has committed four or more violations of this act, the bureau
14 may enforce a violation of this chapter as a violation of the
15 Liquor Code.

16 (3) A violation of this chapter shall not constitute a
17 violation of the Liquor Code for the purposes of section
18 471(c) of the Liquor Code.

19 Section 914. Prohibitions.

20 The following shall apply to any license authorized or issued
21 under this chapter:

22 (1) No license may be issued to a restaurant licensee or
23 eating place licensee whose place of business is located in a
24 licensed facility as defined in 4 Pa.C.S. § 1103 (relating to
25 definitions).

26 (2) No license may be issued to a place of business on
27 the grounds of a facility where a major league sports team
28 conducts games or races.

29 (3) No license may be issued to a place of business that
30 has been decreed a nuisance pursuant to section 611 of the

1 act of April 12, 1951 (P.L.90, No.21), known as the Liquor
2 Code.

3 (4) The [board] department shall be prohibited from
4 issuing a license to any person who has been convicted of a
5 felony offense or misdemeanor gambling offense in any
6 jurisdiction unless 15 years have elapsed from the date of
7 conviction of the offense.

8 (5) It shall be unlawful for an individual under 21
9 years of age to play or attempt to play or otherwise
10 participate in a tavern game.

11 (6) It shall be unlawful for a licensee to permit an
12 employee under 18 years of age to operate tavern games.

13 (7) It shall be unlawful for an owner, officer or
14 employee of a licensee to sell, operate or otherwise
15 participate in the conduct of tavern games if the employee
16 has been convicted in any jurisdiction of a felony or a
17 misdemeanor gambling offense unless 15 years have elapsed
18 from the date of conviction of the offense.

19 (8) It shall be unlawful for an owner or officer of a
20 licensee or for an employee of the licensee who operates the
21 tavern game to participate in the game. This paragraph shall
22 not apply to a raffle.

23 Section 5. This act shall take effect in 60 days.