

AMENDMENTS TO HOUSE BILL NO. 1098

Sponsor:

Printer's No. 1793

1 Amend Bill, page 1, lines 9 through 11, by striking out all
2 of lines 9 and 10 and "chance" in line 11 and inserting
3 definition applicability, for the definitions of "major league
4 sports drawing" and "major league sports team," for distributor
5 licenses, for major league sports drawing, for club licensee,
6 for distribution of proceeds, for records and for raffle
7 tickets; providing for background checks; further providing for
8 enforcement; providing for tavern gaming and for a transfer; and
9 making an editorial change

10 Amend Bill, page 1, lines 14 through 21; pages 2 through 4,
11 lines 1 through 30; page 5, lines 1 through 9, by striking out
12 all of said lines on said pages and inserting

13 Section 1. The introductory paragraph and the definitions of
14 "major league sports drawing" and "major league sports team" in
15 section 103 of the act of December 19, 1988 (P.L.1262, No.156),
16 known as the Local Option Small Games of Chance Act, amended
17 October 24, 2012 (P.L.1462, No.184), are amended to read:
18 Section 103. Definitions.

19 The following words and phrases when used in this act shall,
20 except as provided under section 901, have the meanings given to
21 them in this section unless the context clearly indicates
22 otherwise:

23 * * *

24 "Major league sports drawing." [A 50/50 drawing conducted by
25 an affiliated nonprofit organization at a home game of a major
26 league sports team in which 50% of the money collected from
27 ticket sales from the drawing are offered as the prize and the
28 remaining 50% is retained by the affiliated nonprofit
29 organization sponsoring the drawing for distribution to
30 charitable organizations.] A 50/50 drawing conducted by a
31 nonprofit affiliate of a major league sports team in accordance
32 with section 304.1.

33 "Major league sports team." [A professional team that is a
34 member of Major League Baseball, the National Hockey League, the
35 National Basketball Association or Major League Soccer.] A

1 sports team that is any of the following:

2 (1) A member of Major League Baseball, the National
3 Hockey League, the National Basketball Association, the
4 National Football League or Major League Soccer.

5 (2) A professional sports team affiliated with a team
6 under paragraph (1).

7 (3) Any other professional sports team that has a sports
8 facility or an agreement with a sports facility to conduct
9 home games at the facility.

10 * * *

11 Section 1.1. Section 304(a) of the act, amended February 2,
12 2012 (P.L.7, No.2), is amended to read:

13 Section 304. Distributor licenses.

14 (a) License required.--No person shall sell, offer for sale
15 or furnish games of chance to eligible organizations licensed
16 under this chapter or a licensee under chapter 9 unless such
17 person shall have obtained a distributor license as provided in
18 this section.

19 * * *

20 Section 1.2. Section 304.1(c) and (f) of the act, added
21 October 24, 2012 (P.L.1462, No.184), are amended and the section
22 is amended by adding subsections to read:

23 Section 304.1. Major league sports drawing.

24 * * *

25 (c) Distribution.--The prize amount of a major league sports
26 drawing shall be 50% of the total amount collected from the sale
27 of major league sports drawing tickets. The other 50% of the
28 total amount collected from the sale of major league sports
29 drawing tickets shall be donated within seven days from the date
30 of the drawing by the affiliated nonprofit organization
31 conducting the major league sports drawing to [a] one or more
32 designated charitable [organization] organizations for which the
33 drawing was conducted.

34 (c.1) Use of funds.--

35 (1) The affiliated nonprofit organization may utilize
36 nonprize money collected for the following:

37 (i) To employ or provide payment to individuals 18
38 years of age or older to sell major league sports drawing
39 tickets at a professional sporting event.

40 (ii) For administrative expenses directly related to
41 the conduct of the drawing under this section.

42 (2) Authorized expenses under paragraph (1)(ii) may not
43 exceed 2% of the total amount collected from the sale of
44 major league sports drawing tickets.

45 * * *

46 (f) Unclaimed prizes.--Any major league [baseball] sports
47 drawing prize remaining unclaimed by a winner at the end of the
48 major league sports team's season shall be donated within 30
49 days from the end of the season by the affiliated nonprofit
50 organization to the designated charitable organization for which
51 the major league sports drawing was conducted.

1 * * *

2 (h) Additional recordkeeping.--The department may require
3 additional recordkeeping of accountability measures for major
4 league sports drawings.

5 Section 2. Sections 501(a), 502(a) and (a.1) and 503 of the
6 act, added February 2, 2012 (P.L.7, No.2), are amended to read:
7 Section 501. Club licensee.

8 (a) Report.--

9 (1) [Beginning in 2013, a club licensee shall submit
10 semiannual reports to the department for the preceding six-
11 month period on a form and in a manner prescribed by the
12 department.] Beginning January 1, 2014, and each January 1
13 thereafter, a club licensee that has proceeds in excess of
14 \$30,000 in a calendar year shall submit an annual report to
15 the department for the preceding year on a form and in a
16 manner prescribed by the department.

17 (1.1) The report under paragraph (1) shall include:

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

21 (ii) Amounts expended for public interest purposes.

22 (2) The report under paragraph (1) must be filed under
23 oath or affirmation of an authorized officer of the club
24 licensee.

25 (3) The report under paragraph (1) shall include all of
26 the following information:

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

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

31 (iii) Other costs incurred related to the conduct of
32 games of chance.

33 (iv) The verification of amounts distributed for
34 public interest purposes itemized under section
35 502(a)(1), itemized by the recipient.

36 (v) An itemized list of expenditures made or amounts
37 retained and expenditures under section 502(a)(2).

38 (vi) The address and the county in which the club
39 licensee is located.

40 (vii) Other information or documentation required by
41 the department.

42 * * *

43 Section 502. Distribution of proceeds.

44 (a) Distribution.--The proceeds from games of chance
45 received by a club licensee shall be distributed as follows:

46 (1) No less than [70%] 60% of the proceeds shall be paid
47 to organizations for public interest purposes [in the
48 calendar year in which] within one year of the date the
49 proceeds were obtained.

50 (2) No more than [30%] 40% of the proceeds obtained in a
51 calendar year may be retained by a club licensee and used for

1 the following operational expenses relating to the club
2 licensee:

- 3 (i) Real property taxes.
- 4 (ii) Utility and fuel costs.
- 5 (iii) Heating and air conditioning equipment or
6 repair costs.
- 7 (iv) Water and sewer costs.
- 8 (v) Property or liability insurance costs.
- 9 (vi) Mortgage payments.
- 10 (vii) Interior and exterior repair costs, including
11 repair to parking lots.
- 12 (viii) New facility construction costs.
- 13 (ix) Entertainment equipment, including television,
14 video and electronic games.
- 15 (x) Personnel, other than a bartender or individual
16 who operates games of chance.
- 17 [(x)] (xi) Other expenses adopted in regulation by
18 the department.

19 (a.1) Amounts retained.--Amounts retained by a club licensee
20 under subsection (a) (2) shall be expended within [the same
21 calendar year] one year from the time the proceeds were obtained
22 unless the club licensee notifies the department that funds are
23 being retained for a substantial public interest purchase or
24 project. [Notification shall include a description of the
25 purchase or project, the cost and the anticipated date of the
26 purchase or project.]

27 * * *

28 Section 503. Records.

29 A club licensee shall maintain records as required by this
30 act or by the department, including invoices for games of chance
31 purchased. Records necessary to conduct an audit under section
32 702(b) shall be made available to the [Bureau of Liquor Control
33 Enforcement] department or other entity authorized to enforce
34 this act.

35 Section 3. Section 504 of the act, added February 2, 2012
36 (P.L.7, No.2), is repealed:

37 [Section 504. Raffle tickets.

38 A club licensee shall maintain records relating to the
39 printing or purchase of raffle tickets. Records shall include a
40 receipt or invoice from the place of purchase that shows the
41 cost and number or amount of tickets purchased.]

42 Section 4. The act is amended by adding a section to read:

43 Section 505.1. Background checks.

44 Each application for a club license under this act submitted
45 by an eligible organization which has proceeds in excess of
46 \$30,000 in a year shall include the results of a criminal
47 history record information check obtained from the Pennsylvania
48 State Police, as defined in 18 Pa.C.S. § 9102 (relating to
49 definitions) and permitted by 18 Pa.C.S. § 9121(b) (relating to
50 general regulations), for the executive officer and secretary of
51 the eligible organization making the application for a club

1 license or any other person required by the department.

2 Section 5. Section 702(c) of the act, amended February 2,
3 2012 (P.L.7, No.2), is amended to read:

4 Section 702. Enforcement.

5 * * *

6 (c) Random audits.--The [Bureau of Liquor Control
7 Enforcement] department shall conduct annual random audits of 5%
8 of all club licensees.

9 * * *

10 Section 6. The act is amended by adding a chapter to read:

11 CHAPTER 9

12 TAVERN GAMING

13 Section 901. Scope of chapter.

14 This chapter relates to tavern gaming.

15 Section 902. Definitions.

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

19 "Board." The Pennsylvania Liquor Control Board.

20 "Bureau." The Bureau of Investigations and Enforcement of
21 the Pennsylvania Gaming Control Board.

22 "License." A license to conduct tavern games under this
23 chapter.

24 "Licensee." A person that holds a license under this
25 chapter.

26 "Pull-tab." A single folded or banded ticket or a strip
27 ticket or card with a face covered to conceal one or more
28 numbers or symbols, where one or more of each set of tickets or
29 cards has been designated in advance as a winner.

30 "Restaurant licensee." A for-profit hotel, restaurant,
31 privately owned public golf course, brew pub or micro brewery
32 eating place licensed to sell liquor under the act of April 12,
33 1951 (P.L.90, No.21), known as the Liquor Code.

34 "Tavern game." The conduct of pull-tab games, daily drawings
35 or tavern raffles by a for-profit restaurant licensee in
36 accordance with this chapter.

37 "Tavern raffle." A raffle held for a charitable or public
38 purpose in accordance with section 908.1.

39 Section 903. Licenses.

40 (a) Application.--A restaurant licensee may apply to the
41 board for a license to conduct tavern games at a licensed
42 premises in accordance with this chapter.

43 (b) Information.--The application under subsection (a) shall
44 include the following information regarding the applicant and
45 all owners of the restaurant license:

46 (1) The name, address and photograph.

47 (2) A photograph of the applicant.

48 (3) The proposed location of the conduct of tavern
49 games.

50 (4) A current tax lien certificate issued by the
51 department.

1 (5) The details of any gaming, slot machine or any
2 casino license applied for or in which the applicant or other
3 owner has an interest.

4 (6) Consent to conduct a background investigation by the
5 bureau.

6 (7) The following relating to criminal information:

7 (i) Disclosure of all arrests and all citations of
8 the applicant and all owners of the restaurant license
9 for nontraffic summary offenses. The information shall
10 include all of the following:

11 (A) A brief description of the circumstances
12 surrounding the arrest of issuance of the citation.

13 (B) The specific offense charged.

14 (C) The ultimate disposition of the charge,
15 including any dismissal, plea bargain, conviction,
16 sentence, pardon, expungement or order of Accelerated
17 Rehabilitative Disposition.

18 (ii) No applicant shall be required to provide
19 documentation relating to a summary offense. Failure of
20 the board or the bureau to recover a record of a summary
21 offense may not be grounds for denying an application.

22 (8) Any other information required by the department.

23 (c) Review.--Within six months of receipt of an application
24 under subsection (a), the board shall approve or disapprove the
25 application.

26 (d) Background investigation.--Every applicant and owner of
27 a proposed license shall include information and documentation
28 as required to establish the applicant's and each owner's
29 suitability, honesty and integrity. Information shall include:

30 (1) Criminal history record information.

31 (2) Financial background information.

32 (3) Data investigation by the bureau.

33 (4) Regulatory history before the board or other
34 Commonwealth agency.

35 (5) Other information required by the bureau.

36 (e) Personal interview.--If the bureau determines that a
37 criminal history record warrants additional review of the
38 individual, the bureau shall conduct a personal interview with
39 the applicant and may request information from personal or
40 professional associates.

41 (f) Cooperation.--The bureau shall conduct a background
42 investigation of the applicant and all other owners of the
43 restaurant license in cooperation with the board.

44 (g) Costs.--The applicant and each owner shall reimburse the
45 board and the bureau for the actual costs of conducting the
46 investigation.

47 (h) Approval.--The bureau shall make a recommendation to the
48 board. The board shall review the information obtained and the
49 recommendation under this section to determine if the applicant
50 and other owners of the license possess the following:

51 (1) Financial stability, integrity and responsibility.

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

4 (3) Character, honesty and integrity to operate tavern
5 games in a responsible and lawful manner.

6 Section 904. Application.

7 (a) Application fee.--An applicant shall pay an application
8 fee of \$1,000.

9 (b) Costs.--A restaurant licensee and any additional owners
10 shall pay for the actual costs of a background investigation
11 conducted by the bureau. The bureau may:

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

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

16 Section 905. Approval.

17 (a) Issuance.--Upon being satisfied that the requirements of
18 section 903 have been met, the board may approve the application
19 and issue an initial license for a period of one year. The board
20 may place conditions on the license as it deems appropriate.

21 (b) Renewal.--A license shall be renewed annually.

22 (c) Fee.--The license fee and renewal fee shall be \$1,000.

23 (d) Entitlement.--Nothing under this chapter shall be
24 construed to create an entitlement to a license by a person. The
25 board shall have sole discretion to issue, renew, condition or
26 deny a license based on the requirements of this chapter and
27 whether the issuance is 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,
31 transferred or assigned to any other person. A licensee may not
32 pledge or otherwise grant a security interest in or lien on the
33 license. The board shall have the sole discretion to issue,
34 renew, condition or deny the issuance of a license.

35 Section 906. Change in ownership.

36 (a) Notice.--A licensee shall notify the board upon becoming
37 aware of a proposed or contemplated change of ownership of the
38 premises of the restaurant license.

39 (b) Qualification.--The purchaser of the assets or premises
40 of a licensee must independently qualify for a license, pay the
41 license fee and undergo a background investigation under section
42 903. A new license fee shall be paid upon the assignment and
43 actual change of control or ownership of the license.

44 Section 907. Prize limits.

45 (a) Individual prize limit.--The maximum prize which may be
46 awarded for any single chance shall be \$2,000. No tavern game
47 sold, offered for sale or furnished may contain, permit, depict
48 or designate a prize having a prize limit in excess of \$2,000.

49 (b) Aggregate prize limit.--No more than \$35,000 in prizes
50 may be awarded from tavern games by a licensee in a seven-day
51 period.

1 Section 908. Bank account.

2 A licensee shall maintain a bank account to hold the proceeds
3 of tavern games which shall be separate from all other funds
4 belonging to the licensee. Account records shall show all
5 expenditures and income and shall be retained by the licensee
6 for at least two years.

7 Section 908.1. Tavern raffle.

8 The following shall apply to a tavern raffle:

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

11 (2) A tavern raffle must be held for a designated
12 charitable purpose.

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

15 (4) At least 50% of the proceeds from the tavern raffle
16 shall be transmitted to the designated charity within seven
17 days of the tavern raffle.

18 (5) Any proceeds not transmitted under paragraph (4)
19 shall be distributed as follows:

20 (i) Sixty percent shall be paid to the Commonwealth.

21 (ii) Forty percent may be retained by the licensee.

22 Section 909. Distribution of proceeds.

23 Beginning January 1, 2014, the proceeds from tavern games
24 received by a licensee shall be distributed as follows:

25 (1) Sixty percent of the proceeds obtained in any
26 calendar year shall be paid to the Commonwealth.

27 (2) Forty percent of the proceeds obtained in any
28 calendar year may be retained by the licensee.

29 Section 910. Reports.

30 (a) Reports.--A licensee shall submit annual reports to the
31 board for the preceding year on a form and in a manner
32 prescribed by the department. The report shall include:

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

36 (2) Amounts transferred to the General Fund.

37 (3) Amounts given to designated charities.

38 (4) Other information as required by the department.

39 (b) Prizes.--The report shall include prizes awarded as
40 required under section 335 of the act of March 4, 1971 (P.L.6,
41 No.2), known as the Tax Reform Code of 1971.

42 Section 911. Enforcement.

43 (a) Board.--The board may, following notice and hearing
44 impose the following penalties or suspend or revoke a license
45 under this chapter.

46 (b) Penalties.--The board may impose a civil penalty for a
47 violation of this chapter in accordance with the following:

48 (1) Up to \$1,000 for an initial violation of this act.

49 (2) Up to \$3,000 for a second or subsequent violation.

50 (c) Criminal penalty.--A violation of this act shall be a
51 summary offense.

1 (d) Department of Revenue.--The Department of Revenue shall
2 enforce the provisions of section 909 as a tax in accordance
3 with the enforcement provisions under Article XXVII of the act
4 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
5 1971.

6 Section 7. The act is amended by adding a section to read:
7 Section 3101. Transfer from General Fund to State Lottery Fund.

8 If, on June 15, 2015, and June 15 of each year thereafter,
9 the department determines that a decrease in the revenue
10 deposited in that fiscal year in the State Lottery Fund is due
11 to the play of small games of chance in retail licensed
12 establishments in this Commonwealth, the department shall
13 certify the amount of the decrease due to the activity. The
14 department's determination shall be based upon an audit or other
15 report of an independent expert regarding the decrease.

16 Section 8. Section 3101 of the act, added February 2, 2012
17 (P.L.7, No.2), is amended to read:

18 Section [3101] 3110. Effective date.

19 This act shall take effect in 60 days.

20 Section 9. This act shall take effect in 60 days.