



Senate Committee on Community, Economic and Recreational Development

Jason R. Brehouse, Esq.
Executive Director & Counsel
jbrehouse@pasen.gov

Senator Kim L. Ward
Chairman

Senate Box 203039 • Harrisburg, PA 17120-3039 • (717) 787-6063

House Bill 290, Printer's No. 814

Date: June 19, 2013

Sponsor: Representative Brooks

Bill Summary

House Bill 290, Printer's No. 814 amends the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act, in preliminary provisions, further providing for definitions; in games of chance, further providing for games of chance permitted, for prize limits, for regulations of the Department of Revenue and for licensing of eligible organizations to conduct games of chance; in club licensees, further providing for reports by a club licensee and for distribution of proceeds; in enforcement, further providing for revocation of licenses and for enforcement by the Bureau of Liquor Control Enforcement; providing for social card games; and abrogating regulations.

Adds the following types of SGOC:

- coin auctions
- poker runs
- race night games
- selective raffles
- vertical wheel game (which can be played with the assistance of mechanical or passive selection devices or media)
- codifies in relation to raffles that such includes reverse raffles
- {new} Chapter 8 – Social Cards Games is added [**See below for more details**]

In regards to a vertical wheel game it is specified that such are not a "table game" and defined in the Gaming Act [4 Pa.C.S. § 1103 (relating to definitions)]. It goes on to provide that the designation of a vertical wheel game under SGOC act doesn't preclude the authorization of such as a table game under the Gaming Act.

Codifies that an eligible organization may use proceeds to fulfill its own public interest purpose.

{Public Interest Purpose}

- Codifies the definition of "public interest purpose" by including historic preservation, conservation, athletic, sportsman's safety and education, charitable or civic services or benefits.
- Modifies the definition of "public interest purpose" in relation to the erection or acquisition of real property where such property is currently included only where the property will be used exclusively for one or more of the purposes specified in the definition by striking the term [exclusively].

{Prize Limits}

It increases the aggregate seven-day prize limit from \$25,000 to \$35,000.

{Annual Review} - Dept. of Revenue (DOR) is required on an annual basis to review SGOC act and regulations to determine if regulations need revision. DOR is required to submit a report to the General Assembly by March 1, 2015 and every two years thereafter on such, including recommendations for additional games of chance (although such shall not include any game regulated by the Pennsylvania Gaming Control Board (PGCB) under Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, keno games or any game that requires internet access to play.

{Recordkeeping Requirements} - Specifies with regards to individual prizes in excess of \$600 that records shall include name and address of winner. But eligible organization shall not obtain or retain receipts of prizes donated. Eligible organizations shall provide winners with receipt of prize value (when prize other than cash).

{Reporting} - Strikes \$2,500 reporting trigger and replaces it with a more than \$40,000 in proceeds trigger. Also allows for report in paper form (or electronically) with regard to reports to be filed by either an eligible organization that is a non-club licensee or a club licensee.

{Licensing of Eligible Organization Auxiliary Group} - Tweaks language in relation to auxiliary groups.

{Licensing Issuance and Fee} - Eliminates the limited occasion license and instead establishes a two-tiered licensing system as follows:

- \$25 annual licensing fee for eligible organizations making \$40,000 or less in SGOC proceeds in the preceding calendar year.
- \$100 annual licensing fee for eligible organizations making more than \$40,000 in SGOC proceeds in the preceding calendar year.

It specifies all licenses are good for a one year period and are renewable.

{Different Location} - Strikes previously added provision that allows for a different location to be used by an eligible organization to conduct SGOC due to natural disaster, fire or other circumstances via written request and approval by district attorney and replaces it with a broad provision that allows an eligible organization to request (in writing and subject to approval by district attorney) an alternative location for any reason.

{Limited Occasion License and Use of Another's Premises} - Strikes provision related a limited occasion licensee using the premises of another eligible organization and which requires the eligible organization to cease operations of its on SGOC at the same time. Also strikes the provisions related to providing for limited occasion licenses for eligible organizations which do not own their own premises.

{Off Premises Sales} - Expands off premises sales from just raffles to 50/50 drawings.

{Bank Accounts} - Drops the separate bank account requirement with regard to eligible organizations that have proceeds of \$40,000 or less.

{Background Checks} - Strikes \$2,500 reporting trigger and replaces it with a more than \$40,000 in proceeds trigger. Also subjects executive officer and treasurer to background checks (current law requires executive officer and secretary).

{Club Licensee - Distribution of Proceeds} - Modifies the distribution of proceeds provisions for club licensees by specifying [first] \$40,000 of proceeds may be retained by the club licensee with no restriction on the use of such (except that it further specifies that such shall not be used for wages, alcohol

or food purchases or for the payment of any fine levied against the club licensee). Thereafter (with regard to proceeds in excess of [first] \$40,000), it maintains the provisions requiring 70% for public interest purposes and 30% may be retained by club licensee for operational expenses.

- Also provides that amounts retained (up to 30%) by club license shall expended within 12-month period from when received (vs. within the same calendar year).

{Enforcement - Bureau of Liquor Control Enforcement} - Specifies that the Bureau of Liquor Control Enforcement shall have no jurisdiction to enforce provisions of SGOC act on any special occasion permit holder.

{new} {Chapter 8 – Social Card Games}

The addition of Chapter 8 (relating to social card games would allow the conduct social card games and card games tournaments involving nonbanking card games (including poker games [i.e. Texas Hold'em. etc.], hearts, rummy, pinochle and bid whist) played by members at the licensed premises of the eligible organization. The maximum prize (payout) shall be limited to \$100. Eligible organization is prohibited from charging a fee for play. The number of players is limited to ten per table with a five table maximum. Card games may not be played between the hours of 1 a.m. and 1 p.m. The eligible organization is required to submit a schedule of proposed dates of play and must post wagering limits, rules of play, problem gambling information. Similar provisions also apply to card game tournaments (limited to five times annually) although prizes related to such can be up to \$200 (except Texas Hold'em tournaments where up to \$200 per table). Violations are subject to penalty.

The following terms are defined:

- “Nonbanking card game” – Includes poker games (i.e. Texas Hold'em. etc.), hearts, rummy, pinochle and bid whist.
- “Nonbanking card game tournament” or “tournament” – series of card games not for a consecutive period of more than 24 hours.
- “Pyramid” or “build-up” – Card game in which a prize must be returned to play another game or be eligible for a bigger prize.
- “Social card game” or “card game” – A nonbanking card game that is played by members at the licensed premises of an eligible organization.

This act shall take effect immediately.

[A-----] (Ward) Amendment Summary

This is a gut and replacement amendment that further provides for omnibus reforms and enhancements to the SGOC Act with regard to eligible organizations (non-club licensees). **[See Attachment for Details]**

Existing Law and Recent Changes

Local Option Small Games of Chance Act (Act 156 of 1988).

Act 156 of 1998 was modified in the prior legislative session (2011-2012) by Act 2 of 2012 (HB 169) and Act 184 of 2012 (SB 444). Act 2 provided for increases in prize limits and various omnibus reforms. Act 184 provided for some additional reforms and tweaks among, including 50/50 drawings (including Major League Sports Drawing) as a new category of SGOC.