

AMENDMENTS TO HOUSE BILL NO. 169

Sponsor:

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1 Amend Bill, page 1, lines 1 through 20, by striking out all
2 of said lines and inserting

3 Amending the act of December 19, 1988 (P.L.1262, No.156),
4 entitled, as amended, "An act providing for the licensing of
5 eligible organizations to conduct games of chance, for the
6 licensing of persons to distribute games of chance, for the
7 registration of manufacturers of games of chance, and for
8 suspensions and revocations of licenses and permits;
9 requiring records; providing for local referendum by
10 electorate; and prescribing penalties," further providing for
11 legislative intent, for definitions, for games of chance
12 permitted, for prize limits, for limits on sales, for
13 distributor licenses, for regulations, for licensing of
14 eligible organizations and for special permits; providing for
15 club licensees; further providing for revocation of licenses,
16 for enforcement, for local option, for advertising and for
17 prohibited persons; providing for civil penalties; further
18 providing for penalties; and making editorial changes.

19 Amend Bill, page 1, lines 23 and 24; pages 2 through 55,
20 lines 1 through 30; page 56, lines 1 through 3, by striking out
21 all of said lines on said pages and inserting

22 Section 1. The act of December 19, 1988 (P.L.1262, No.156),
23 known as the Local Option Small Games of Chance Act, is amended
24 by adding a chapter heading to read:

25 CHAPTER 1

26 PRELIMINARY PROVISIONS

27 Section 2. Section 1 of the act is renumbered to read:
28 Section [1] 101. Short title.

29 This act shall be known and may be cited as the Local Option
30 Small Games of Chance Act.

31 Section 2.1. Section 2 of the act is renumbered and amended
32 to read:

33 Section [2] 102. Legislative intent.

34 The General Assembly hereby declares that the playing of
35 [small] games of chance for the purpose of raising funds, by

1 certain nonprofit associations, for the promotion of charitable
2 or civic purposes, is in the public interest. In some cases the
3 proceeds from games of chance may be utilized to support certain
4 operating expenses of certain organizations.

5 It is hereby declared to be the policy of the General
6 Assembly that all phases of licensing, operation and regulation
7 of [small] games of chance be strictly controlled, and that all
8 laws and regulations with respect thereto as well as all
9 gambling laws should be strictly construed and rigidly enforced.

10 The General Assembly recognizes the possibility of
11 association between commercial gambling and organized crime, and
12 wishes to discourage commercialization of [small] games of
13 chance, prevent participation by organized crime and prevent the
14 diversion of funds from the purposes herein authorized.

15 Section 3. The definitions of "civic and service
16 associations," "club," "daily drawing," "eligible
17 organizations," "fraternal organizations," "games of chance,"
18 "public interest purposes," "raffle" and "weekly drawing" in
19 section 3 of the act, amended December 19, 1990 (P.L.812,
20 No.195) and October 18, 2000 (P.L.602, No.79), are amended and
21 the section is renumbered and amended by adding definitions to
22 read:

23 Section [3] 103. Definitions.

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

27 * * *

28 "Civic and service [associations] association." Any
29 Statewide or branch, lodge or chapter of a nonprofit national or
30 State organization which is authorized by its written
31 constitution, charter, articles of incorporation or bylaws to
32 engage in a civic or service purpose within this Commonwealth,
33 which shall have existed in this Commonwealth for one year. The
34 term also means a similar local nonprofit organization, not
35 affiliated with a national or State organization, which is
36 recognized by a resolution adopted by the governing body of the
37 municipality in which the organization conducts its principal
38 activities. The term shall include[, but not be limited to,]
39 Statewide or local bona fide sportsmen's and wildlife
40 associations, federations or clubs, [Statewide or local in
41 nature,] volunteer fire companies, volunteer rescue squads and
42 volunteer ambulance associations and [bona fide] senior citizens
43 organizations. In the case of bona fide senior citizens
44 organizations, the licensing authority may accept alternative
45 documentation for proof of purposes when there are no bylaws or
46 articles of incorporation in existence. The term shall also
47 include nonprofit organizations which are established to promote
48 and encourage participation and support for extracurricular
49 activities within the established primary and secondary public,
50 private and parochial school systems. Such organizations must be
51 recognized by a resolution adopted by the appropriate governing

body. In the case of organizations associated with the public school system, the governing body shall be the school board of the school district. In the case of private or parochial school organizations, that body shall be either the board of trustees or the Archdiocese.

"Club." [A club, as defined in section 102] An organization that:

(1) is licensed to sell liquor under section 404 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code[, that]; and

(2) qualifies as an exempt organization under section 501(c) or 527 of the Internal Revenue Code of [1954 (68A Stat. 3] 1986 (Public Law 99-514, 26 U.S.C. § 501(c) or 527) [and is licensed to sell liquor at retail and has a charitable, religious or civic purpose or is organized to benefit a political party].

"Club licensee." A club that holds a license to conduct small games of chance.

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

* * *

"Eligible [organizations." Includes qualifying nonprofit charitable, religious, fraternal and veterans organizations, clubs and civic and service associations as defined by this act] organization." A charitable, religious, fraternal or veterans' organization, club, club licensee or civic and service association. In order to qualify as an eligible organization for purposes of this act, an organization shall have been in existence and fulfilling its purposes for one year prior to the date of application for a license.

"Fraternal [organizations] organization." A nonprofit organization within this Commonwealth which is created and carried on for the mutual benefit of its members, has a limited membership and a representative form of government and is a branch, lodge or chapter of a national or State organization.

1 Such organizations shall have been in existence in this
2 Commonwealth and fulfilling their purposes for one year prior to
3 the date of application for a license.

4 "Games of chance." Punchboards, daily drawings, weekly
5 drawings, raffles and pull-tabs, as defined in this act,
6 provided that no such game shall be played by or with the
7 assistance of any mechanical or electrical devices or media
8 other than a dispensing machine or passive selection device and
9 further provided that the particular chance taken by any person
10 in any such game shall not be made contingent upon any other
11 occurrence or the winning of any other contest, but shall be
12 determined solely at the discretion of the purchaser. This
13 definition shall not be construed to authorize any other form of
14 gambling currently prohibited under any provision of Title 18 of
15 the Pennsylvania Consolidated Statutes (relating to crimes and
16 offenses) or authorized under 4 Pa.C.S. (relating to
17 amusements). Nothing in this act shall be construed to authorize
18 games commonly known as "slot machines" or "video poker."

19 * * *

20 "Licensed distributor." A distributor of games of chance
21 licensed under section 307.

22 * * *

23 "Prize." Cash or merchandise awarded for games of chance.

24 "Proceeds." The difference between:

25 (1) the actual gross revenue collected by a licensed
26 eligible organization from a game of chance; and

27 (2) the actual amount of prizes paid by a licensed
28 eligible organization from a game of chance, plus the cost to
29 purchase games of chance.

30 "Public interest [purposes] purpose." One or more of the
31 following:

32 (1) [Benefiting persons by enhancing their opportunity
33 for religious or education advancement, by relieving or
34 protecting them from disease, suffering or distress, by
35 contributing to their physical, emotional or social well-
36 being, by assisting them in establishing themselves in life
37 as worthy and useful citizens or by increasing their
38 comprehension of and devotion to the principles upon which
39 this nation was founded.] The activities and operations of a
40 nonprofit benevolent, religious, educational, philanthropic,
41 humane, scientific, patriotic, social welfare, social
42 advocacy, public health, public safety, emergency response,
43 environmental or civic objective.

44 (2) Initiating, performing or fostering worthy public
45 works or enabling or furthering the erection or maintenance
46 of public structures.

47 (3) Lessening the burdens borne by government or
48 voluntarily supporting, augmenting or supplementing services
49 which government would normally render to the people.

50 (4) Improving, expanding, maintaining or repairing real
51 property owned or leased by an eligible organization and used

1 for purposes specified in paragraphs (1), (2) and (3).
2 The term does not include the erection or acquisition of any
3 real property, unless the property will be used exclusively for
4 one or more of the purposes specified in this definition.

5 * * *

6 "Raffle." A game of chance in which a participant buys a
7 ticket for a chance at a prize with the winner determined by a
8 random drawing of corresponding ticket stubs to take place at a
9 location and date or dates printed upon each ticket. Such games
10 of chance shall include lotteries but not daily drawings. Raffle
11 winners may be determined by reference to drawings conducted by
12 the department pursuant to the act of August 26, 1971 (P.L.351,
13 No.91), known as the State Lottery Law.

14 * * *

15 "Weekly drawing." A game of chance in which a bona fide
16 member selects or receives a number or numbers for a chance at a
17 prize with the winner determined by a random drawing to take
18 place on the licensed eligible organization's licensed premises
19 at the end of a seven-day period. [Nothing in this act shall be
20 construed to prohibit the carrying over of a jackpot where the
21 winning number has not been entered in the game in a particular
22 week.] Weekly drawing winners may be determined with the aid of
23 a passive selection device or reference to drawings conducted by
24 the Department of Revenue pursuant to the act of August 26, 1971
25 (P.L.351, No.91), known as the State Lottery Law. Weekly drawing
26 chances may not be sold for an amount in excess of \$1.

27 Section 4. The act is amended by adding a chapter heading to
28 read:

29 CHAPTER 3

30 GAMES OF CHANCE

31 Section 5. Section 4 of the act, amended December 19, 1990
32 (P.L.812, No.195), is renumbered and amended to read:

33 Section [4] 301. Games of chance permitted.

34 Every eligible organization to which a license has been
35 issued under the provisions of this [act] chapter may conduct
36 games of chance for the purpose of raising funds for public
37 interest purposes. [All] Except as provided in Chapter 5, all
38 proceeds of [games of chance] a licensed eligible organization
39 shall be used exclusively for public interest purposes or for
40 the purchase of games of chance as permitted by this act.

41 Section 6. Section 5 of the act, amended December 19, 1990
42 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
43 renumbered and amended to read:

44 Section [5] 302. Prize limits.

45 (a) Individual prize limit.--[The] Except as provided under
46 subsections (c) and (d), the maximum [cash value] prize which
47 may be awarded for any single chance shall be [\$500] \$1,000.

48 (b) [Weekly] Aggregate prize limit.--No more than [\$5,000]
49 \$25,000 in [cash or merchandise] prizes shall be awarded from
50 games of chance by [any] a licensed eligible organization in any
51 seven-day period.

(c) [Limit on raffles] Raffle prize limit.--[No more than \$5,000 in cash or merchandise shall] Up to \$10,000 in prizes may be awarded in raffles in any calendar month.

(c.1) Total limit.--All prizes awarded under this section shall be subject to the aggregate prize limits under subsection (b).

(d) Exception for raffles.--[An] Notwithstanding subsection (b) or (c), a licensed 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] 308.

(2) [Eligible organizations] A licensed eligible organization shall be eligible to receive no more than [two] eight special permits in any licensed [year] term except that a volunteer fire, ambulance [and] or rescue [organizations] organization that is not a club licensee shall be eligible to receive [no more than three] ten special permits in any licensed [year] term.

(3) Only one raffle may be conducted under each special permit issued under section 308.

(4) [The] Except as provided under paragraph (5), the total [cash value] of all prizes awarded under this subsection shall be no more than [\$100,000 per calendar year.] \$200,000 per licensed term.

(5) A volunteer fire, ambulance or rescue organization may, in addition to the total under paragraph (4), award up to \$50,000 from raffles which shall not be subject to the aggregate limit under subsection (b) or (c).

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

(f) [Exception] Daily drawing carryover.--The prize limitation contained in subsections (a) and (b) 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) and (b) to be exceeded as a result of a failure to conduct a drawing on an operating day during which chances were sold for a daily drawing or for a daily drawing for which chances were sold in excess of \$1 or for which more than one chance was sold to an eligible participant.

(g) [Daily drawing and weekly drawing] Additional exception.--When a daily drawing or weekly drawing is set up or conducted in such a manner as to pay out or award 100% of the gross revenues generated from such drawing, the [limitations]

1 limitation contained in subsection (b) shall not apply.

2 (h) [Limit on weekly drawings] Weekly drawing carryover
3 exception.--Weekly drawings shall be governed by the prize
4 [limitations] limitation contained in subsection (b). [The prize
5 limitation contained in subsection (b) may be exceeded by a
6 weekly drawing under the following circumstances: a weekly
7 drawing may award a prize where the cash value is in excess of
8 \$5,000 if such prize is the result of a carryover of a drawing
9 or drawings which resulted from the winning number or numbers in
10 such drawing or drawings not being among the eligible entrants
11 in such drawings.] The portion of a prize awarded in a weekly
12 drawing that results from the carryover of a weekly drawing in
13 which the number or numbers were not among the eligible entrants
14 in the drawing shall not be included when applying the
15 limitation under subsection (b). Nothing contained in this [act]
16 chapter shall authorize the prize [limitations as contained in]
17 limitation under subsection (b) to be exceeded as a result of a
18 failure to conduct a drawing for a week during which chances
19 were sold for a weekly drawing or for a weekly drawing for which
20 chances were sold in excess of \$1. [An eligible organization
21 shall not conduct weekly drawings during a period when a daily
22 drawing is taking place.]

23 Section 7. Sections 6 and 7 of the act, amended December 19,
24 1990 (P.L.812, No.195), are renumbered and amended to read:

25 Section [6] 303. Sales limited.

26 (a) General rule.--No person shall sell, offer for sale or
27 furnish games of chance for use within this Commonwealth except
28 to an eligible organization or [distributor] licensed
29 distributor under this [act] chapter.

30 (b) Organizations.--No game of chance, other than a raffle
31 under section 302(d), sold, offered for sale or furnished to a
32 licensed eligible organization for use within this Commonwealth
33 shall contain, permit, depict or designate a prize having a
34 [cash value] prize limit in excess of [\$500] \$1,000.

35 Section [7] 304. Distributor licenses.

36 (a) License required.--No person shall sell, offer for sale
37 or furnish games of chance to eligible organizations licensed
38 under this [act] chapter unless such person shall have obtained
39 a distributor license as provided in this section.

40 (b) Application.--An applicant for the grant or renewal of a
41 distributor license issued pursuant to this section shall
42 provide to the department, upon the form prescribed, all of the
43 following:

- 44 (1) The applicant's State sales tax number.
- 45 (2) The applicant's State corporate tax number.
- 46 (3) The applicant's State employer withholding tax
47 number.
- 48 (4) The applicant's unemployment compensation account
49 number.
- 50 (5) A statement that:
 - 51 (i) all State tax reports have been filed and all

1 State taxes paid;

2 (ii) all State taxes are subject to a timely
3 administrative or judicial appeal; or

4 (iii) all State taxes are subject to a duly approved
5 deferred payment plan.

6 (6) The names and business addresses of all owners,
7 officers, directors, partners and sales personnel.

8 (c) Waiver of confidentiality.--An applicant for the grant
9 or renewal of [any] a distributor license issued pursuant to
10 this section shall, by the filing of an application insofar as
11 it relates to the department, waive any confidentiality with
12 respect to State tax information in the possession of the
13 department, the Office of Attorney General or the Department of
14 Labor and Industry regarding that applicant, regardless of the
15 source of that information, and shall consent to the providing
16 of that information to the department by the Office of Attorney
17 General or the Department of Labor and Industry.

18 (d) Review of tax status.--Upon receipt of any application
19 for the grant or renewal of [any] a distributor license issued
20 pursuant to this section, the department shall review the State
21 tax status of the applicant. The department shall request State
22 tax information regarding the applicant from the Office of
23 Attorney General or the Department of Labor and Industry and
24 that information shall be provided.

25 (e) Limitation on approval.--The department shall not
26 approve any application for the grant or renewal of [any] a
27 distributor license issued pursuant to this section where the
28 applicant has failed to:

29 (1) provide any of the information required by
30 subsection (b);

31 (2) file required State tax reports; or

32 (3) pay any State taxes not subject to a timely
33 administrative or judicial appeal or subject to a duly
34 authorized deferred payment plan.

35 (f) Records.--[The] A distributor licensee shall keep such
36 records, reports and books as the department shall prescribe.
37 Applicants shall be required to make such records, reports and
38 books available as required by the department pursuant to
39 regulation.

40 (g) Ineligibility.--The department shall not issue or renew
41 a distributor license for the sale of games of chance to a
42 person, including any corporation, firm or partnership which has
43 as an officer, director or other person in a supervisory or
44 management position, or employee eligible to make sales on
45 behalf of the distributor, who:

46 (1) has been convicted of a felony in a state or Federal
47 court within the past five years; or

48 (2) has been convicted within ten years of the date of
49 application in a state or Federal court of a violation of the
50 act of July 10, 1981 (P.L.214, No.67), known as the Bingo
51 Law, or of this act or of a gambling-related offense under

1 Title 18 of the Pennsylvania Consolidated Statutes (relating
2 to crimes and offenses) or other comparable State or Federal
3 law.

4 (h) License and renewal fees.--The fee for a distributor
5 license shall be \$1,000. Licenses shall be renewable on an
6 annual basis.

7 (i) Exception.--This section shall not apply to the
8 manufacture or distribution of raffle tickets.

9 Section 8. Section 8 of the act is renumbered to read:

10 Section [8] 305. Registration of manufacturers.

11 (a) Registration required.--No manufacturer of games of
12 chance shall sell any games of chance to any person unless the
13 manufacturer has registered with the department and has been
14 issued a certificate of registration.

15 (b) Annual certificate; fee.--A certificate under this
16 section shall be valid for one year. The annual fee for
17 registration shall be \$2,000.

18 (c) Prohibited sales.--A manufacturer shall not sell games
19 of chance to any person not licensed as a distributor unless the
20 manufacturer is also a licensed distributor.

21 (d) Exception.--This section shall not apply to the
22 manufacture or distribution of raffle tickets.

23 Section 9. Section 9 of the act, amended December 19, 1990
24 (P.L.812, No.195), is renumbered and amended to read:

25 Section [9] 306. Regulations of department.

26 (a) Authorization.--The department shall promulgate
27 regulations to:

28 (1) Impose minimum standards and restrictions applicable
29 to games of chance manufactured for sale in this
30 Commonwealth, which may include standards and restrictions
31 which specify the maximum number of chances available to be
32 sold for any single game of chance or prize and such other
33 standards and restrictions as the department deems necessary
34 for the purposes of this [act] chapter. The department shall
35 consider standards adopted by the National Association of
36 Gambling Regulatory Agencies and other standards commonly
37 accepted in the industry.

38 (2) Establish procedures by which manufacturers may
39 register and distributors of games of chance may apply for
40 licensure on forms which the department shall provide.
41 Procedures shall include a requirement that manufacturer and
42 distributor applicants provide criminal history record
43 information obtained from the Pennsylvania State Police under
44 18 Pa.C.S. § 9121(b) (relating to general regulations) for
45 each officer and manager of the manufacturer's or
46 distributor's organization and for any other individual
47 specified by the department. As used in this paragraph, the
48 term "criminal history record information" has the meaning
49 given in 18 Pa.C.S. § 9102 (relating to definitions).

50 (3) Provide for the suspension or revocation of
51 distribution licenses or manufacturer certificates for

violations of this act or regulations of the department.

(4) Carry out other provisions of this act.

(b) Limitation on recordkeeping requirements.--This section shall not be construed to authorize the department to promulgate regulations providing for recordkeeping requirements for licensed eligible organizations which require unreasonable or unnecessary information or a repetitious listing of information. The department shall strive to keep such recordkeeping requirements from being an undue hardship or burden on licensed eligible organizations. Under no circumstances shall the department require the retention of records for a period in excess of two years.

(c) Reporting requirements.--Each eligible organization shall file an annual report to the department including:

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

(2) Amounts expended for public interest purposes.

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

Section [10] 307. Licensing of eligible organizations to conduct games of chance.

(a) License required.--No eligible organization shall conduct or operate any games of chance unless such eligible organization has obtained and maintains a valid license or limited occasion license issued pursuant to this section. [Auxiliary groups within] An auxiliary group of a licensed eligible [organizations] organization shall be eligible to conduct [small] games of chance using the license issued to the eligible organization provided that the auxiliary group or groups are listed on the application and license of the eligible organization. An auxiliary group is not eligible to obtain a license or a limited occasion license. No additional licensing fee shall be charged for an auxiliary group's eligibility under this [act] chapter. Auxiliary groups shall not include branches, lodges or chapters of a Statewide organization.

(b) Issuance and fees.--The licensing authority shall license, upon application, within 30 days any eligible organization meeting the requirements for licensure contained in this [act] chapter to conduct and operate games of chance at such locations within the county or in such manner as stated on the application as limited by subsection (b.1). The license fee to be charged to each eligible organization shall be [\$100] \$200, except for limited occasion licenses which shall be [\$10] \$20. Licenses shall be renewable [annually] on a biennial basis upon the anniversary of the date of issue. The license fee shall be used by the licensing authority to administer this act.

(b.1) Location of [small] games of chance.--

(1) Every licensed eligible organization, except a limited occasion licensee, may conduct small games of chance

1 only at a licensed premises. The licensed premises shall be
2 indicated on the eligible organization's license application.
3 Only one license shall be issued per licensed premises.
4 Except as provided under paragraph (4), a licensed eligible
5 organization may not share a licensed premises with another
6 licensed eligible organization; and no licensed eligible
7 organization may permit its premises to be used for small
8 games of chance by another licensed eligible organization.

9 (2) Where there exists a location or premises which is
10 the normal business or operating site of the eligible
11 organization and the location or premises is owned or leased
12 by that eligible organization to conduct its normal business,
13 that site shall be the eligible organization's licensed
14 premises [for small games of chance conducted by the eligible
15 organization]. If that location consists of more than one
16 building [and the eligible organization wishes to conduct its
17 games in a different building at that location from the one
18 that is listed on its application and license, the eligible
19 organization must notify, in writing, the district attorney
20 and the licensing authority of the change in building site
21 and the dates and times that will be affected], the eligible
22 organization shall choose the building that will be the
23 licensed premises.

24 (3) When an eligible organization does not own or lease
25 a specific location to conduct its normal business, [that]
26 the eligible organization [may use another eligible
27 organization's premises to conduct its games or] may make
28 [such other] arrangements that are consistent with this act
29 to establish a licensed premises, including[, but not limited
30 to,] leasing a premise under a written agreement for a rental
31 [which is not]; however, the rental may not be determined by
32 either the amount of receipts realized from the [playing]
33 conduct of games of chance [nor] or the number of people
34 attending [except that an]. An eligible organization may
35 lease a facility for a banquet [where a per head charge is
36 applied] in connection with the serving of a meal based on a
37 per-head charge. [When such eligible organization changes the
38 site of its games from that which is listed on its
39 application and license, the eligible organization must
40 notify, in writing, the district attorney and licensing
41 authority of the change in their games' site and dates and
42 times that will be affected.]

43 (4) An eligible organization that has obtained a limited
44 occasion license under subsection (b.3) may use another
45 eligible organization's licensed premises to conduct its
46 games of chance. When a licensed eligible organization is
47 permitting a limited occasion licensee to use its licensed
48 premises for purposes of games of chance, it shall cease the
49 operation of its own games of chance during the period that
50 the limited occasion licensee is conducting its games on the
51 premises.

1 (b.2) Off-premises games of chance.--Notwithstanding any
2 other provisions of this section, [an] all of the following
3 apply:

4 (1) A licensed eligible organization may conduct [small]
5 games of chance at a location off its premises when [such
6 games] the games of chance are part of an annual carnival,
7 fair, picnic or banquet held or participated in by that
8 licensed eligible organization on a historical basis. The
9 licensed eligible organization must notify, in writing, the
10 district attorney and licensing authority of the location,
11 date and times of [such events] the event where it will be
12 conducting [small] games of chance.

13 (2) Raffle tickets may be sold off the licensed premises
14 in a municipality which has adopted the provisions of this
15 act by an affirmative vote in a municipal referendum. A
16 licensed eligible organization which plans to sell raffle
17 tickets in a municipality located in a county other than the
18 county in which the eligible organization is licensed shall
19 notify that county's district attorney and licensing
20 authority as to the location and the dates that the licensed
21 eligible organization plans to sell raffle tickets.

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

36 (b.4) Gambling facility prohibited.--It shall be unlawful
37 for a person, corporation, association, partnership or other
38 business entity to offer for rent or offer for use a building or
39 facility to be used exclusively for the [conducting] conduct of
40 [small] games of chance. It shall also be unlawful for any
41 eligible organization to rent or lease under any terms a
42 [facility or] building or facility which is used exclusively for
43 the [conducting] conduct of [small] games of chance.

44 (c) Display.--Licenses issued pursuant to this section shall
45 be publicly displayed at the site [of the small] where games of
46 chance will be conducted.

47 (d) Operation.--Each licensed eligible organization shall
48 [comply with the following restrictions and rules governing the
49 operation of games of chance] be prohibited from the following:

50 (1) [No] Permitting any person under 18 years of age
51 [shall be permitted] to operate or play games of chance.

1 (2) [No eligible organization shall permit] Permitting
2 any person who has been convicted of a felony in a Federal or
3 State court within the past five years or has been convicted
4 in a Federal or State court within the past ten years of a
5 violation of the act of July 10, 1981 (P.L.214, No.67), known
6 as the Bingo Law, or of this act to manage, set up, supervise
7 or participate in the operation of games of chance.

8 (3) [No eligible organization shall pay] Paying any
9 compensation to any person for conducting any games of
10 chance. Games of chance may only be conducted by managers,
11 officers, directors, bar personnel and bona fide members of
12 the eligible organization.

13 (4) [Games shall be conducted only] Conducting games of
14 chance on any premises other than on the licensed premises or
15 as otherwise provided by this [act] chapter.

16 (5) [The eligible organization shall not lease such]
17 Leasing the licensed premises under either an oral or a
18 written agreement for a rental which is determined by either
19 the amount of receipts realized from the playing of games of
20 chance or the number of people attending, except that an
21 eligible organization may lease a facility for a banquet
22 where a per head charge is applied in connection with the
23 serving of a meal. An eligible organization shall not lease
24 such premises from any person who has been convicted of a
25 violation of this act or the Bingo Law within the past ten
26 years.

27 (6) [Games] Purchasing games of chance, other than
28 raffles, daily drawings and weekly drawings, [shall be
29 purchased only from manufacturers and distributors] from any
30 person other than a registered manufacturer or licensed
31 distributor approved by the department.

32 [(7) No licensed eligible organization shall permit its
33 premises to be used for small games of chance by another
34 licensed eligible organization at the same time that it is
35 conducting small games of chance on the premises. When a
36 licensed eligible organization is permitting another licensed
37 eligible organization to use its premises for purposes of
38 small games of chance, it must cease the operation of its own
39 small games of chance during the period that the other
40 licensed eligible organization is conducting its games on the
41 premises.]

42 (8) Raffle tickets may be sold off the licensed premise
43 in any municipality in this Commonwealth which has adopted
44 the provisions of this act by an affirmative vote in a
45 municipal referendum. A licensed eligible organization which
46 plans to sell raffle tickets in a municipality located in a
47 county other than the county in which the eligible
48 organization is licensed must notify that county's district
49 attorney and licensing authority as to the location and the
50 dates that the eligible organization plans to sell raffle
51 tickets.]

1 (d.1) Bank account and records.--The licensed eligible
2 organization shall keep a bank account to hold the proceeds of
3 games of chance, which shall be separate from all other funds
4 belonging to the licensed eligible organization. Account records
5 shall show all expenditures and income and shall be retained by
6 the licensed eligible organization for at least two years.

7 (e) Application for license.--Each eligible organization
8 shall apply to the licensing authority for a license on a form
9 to be prescribed by the Secretary of Revenue. For a club
10 license, the application shall include the most recent annual
11 report filed by the club licensee under Chapter 5. The form
12 shall contain an affidavit to be affirmed by the executive
13 officer or secretary of the eligible organization stating that:

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

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

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

28 (e.1) Proceedings.--Proceedings before the licensing
29 authority are subject to 2 Pa.C.S. Chs. 5 Subch. B (relating to
30 practice and procedure of local agencies) and 7 Subch. B
31 (relating to judicial review of local agency action).

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

35 (g) List of municipalities.--The licensing authority shall
36 include with any license or renewal license issued to an
37 eligible organization, an up-to-date listing of those
38 municipalities within the licensing county which have approved
39 the referendum question on small games of chance.

40 (h) Background checks.--Each application for a license shall
41 include the results of a criminal history record information
42 check obtained from the Pennsylvania State Police, as defined in
43 18 Pa.C.S. § 9102 (relating to definitions) and permitted by 18
44 Pa.C.S. § 9121(b) (relating to general regulations), for the
45 executive officer and secretary of the eligible organization
46 making the application for a license or any other person
47 required by the department.

48 Section 11. Section 11 of the act, amended December 19, 1990
49 (P.L.812, No.195), is renumbered and amended to read:
50 Section [11] 308. Special permits.

51 (a) Issuance and fee.--The licensing authority shall issue a

1 special permit for each raffle in which the [licensee] licensed
2 eligible organization proposes to award individual prizes
3 [having a cash value] in excess of [\$500] \$1,000. The licensing
4 authority may establish and collect a fee not to exceed \$25 for
5 the issuance of special permits under this section.

6 (b) Permit application.--Each special permit application
7 shall specify the location where the actual drawing will be
8 held, the number of chances to be sold, the price per chance and
9 the [cash value of the prize or prizes] prize to be awarded.

10 Section 12. The act is amended by adding a chapter to read:

11 CHAPTER 5

12 CLUB LICENSEES

13 Section 501. Club licensee.

14 (a) Report.--

15 (1) Beginning in 2013, the club licensee shall submit
16 semi-annual reports to the department for the preceding six-
17 month period on a form and in a manner prescribed by the
18 department.

19 (2) The report must be filed under oath or affirmation
20 of an authorized officer of the club licensee.

21 (3) The report shall include all of the following
22 information:

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

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

27 (iii) The amount of proceeds for all games of chance
28 not purchased from a licensed distributor operated in the
29 prior calendar year.

30 (iv) Other costs incurred related to the conduct of
31 games of chance.

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

35 (vi) An itemized list of expenditures made or
36 amounts retained and expenditures under section
37 502(a)(3).

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

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

42 (b) Distribution.--The department shall provide a copy of
43 the report to the Bureau of Liquor Control Enforcement.

44 (c) Posting.--The reports under subsection (a) shall be
45 published on the department's Internet website.

46 Section 502. Distribution of proceeds.

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

49 (1) No less than 70% of the proceeds shall be paid to
50 organizations other than the club licensee for public
51 interest purposes in the calendar year in which the proceeds

1 were obtained.

2 (2) No more than 30% of the proceeds obtained in a
3 calendar year may be retained by a club licensee and used for
4 the following expenses relating to the real property of the
5 club licensee:

6 (i) Real property taxes.

7 (ii) Utility and fuel costs.

8 (iii) Heating and air conditioning equipment or
9 repair costs.

10 (iv) Water and sewer costs.

11 (v) Property or liability insurance costs.

12 (vi) Mortgage payments.

13 (vii) Interior and exterior repair costs, including
14 repair to parking lots.

15 (viii) New facility construction costs.

16 (ix) Entertainment equipment, including television,
17 video and electronic games.

18 (a.1) Amounts retained.--Amounts retained by a club licensee
19 under subsection (a)(2) shall be expended within the same
20 calendar year unless the club licensee notifies the department
21 that funds are being retained for a substantial purchase or
22 project. Notification shall include a description of the
23 purchase or project, the cost and the anticipated date of the
24 purchase or the project.

25 (b) Prohibition.--Proceeds shall not be used for wages,
26 alcohol or food purchases or for the payment of any fine levied
27 against the club licensee.

28 Section 503. Records.

29 A club licensee shall maintain records as required by this
30 act or by the department. Records necessary to conduct an audit
31 under section 702(c) shall be made available to the Bureau of
32 Liquor Control Enforcement or other entity authorized to enforce
33 this act.

34 Section 504. Raffle tickets.

35 A club licensee shall purchase all raffle tickets from a
36 licensed distributor.

37 Section 505. Weekly drawings.

38 A club licensee shall maintain records relating to the
39 printing or purchase of materials to be used for weekly
40 drawings. Records shall include a receipt from the place of
41 purchase that shows the cost and number of materials purchased.
42 Records shall include potential proceeds, drawings sold and such
43 other information as the Bureau of Liquor Control Enforcement
44 may require to monitor and audit weekly drawings.

45 Section 13. The act is amended by adding a chapter heading
46 to read:

47 CHAPTER 7
48 ENFORCEMENT

49 Section 14. Section 12 of the act, amended December 19, 1990
50 (P.L.812, No.195), is renumbered and amended to read:

51 Section [12] 701. Revocation of licenses.

1 (a) Grounds.--The [licensing authority shall revoke or
2 refuse to renew the license of any eligible organization
3 whenever the district attorney finds upon complaint and
4 investigation that] following shall be grounds for suspension,
5 revocation or nonrenewal of a license:

6 (1) Any of the funds derived from the operation of games
7 of chance by an eligible organization are used for any
8 purpose other than for:

9 (i) public interest purposes [or for];

10 (ii) the purchase of games of chance [as]; or

11 (iii) a purpose permitted by [this act] Chapter 5.

12 (1.1) Any of the funds derived from the operation of
13 games of chance by a club licensee are used in a manner that
14 does not comply with section 502.

15 (2) Any person under 18 years of age is operating or
16 playing games of chance [as defined in this act].

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

24 (4) The facility in which the games of chance are played
25 does not have adequate means of ingress and egress and does
26 not have adequate sanitary facilities available in the area.

27 (5) Any person or persons other than a manager, officer,
28 director, bar personnel or a bona fide member of an eligible
29 organization have been involved in managing, setting up,
30 operating or running games of chance.

31 (6) Any person has received compensation for conducting
32 games of chance.

33 (7) Any prize has been awarded in excess of the limits
34 permitted under this act.

35 (8) The eligible organization has violated any condition
36 of a special permit issued pursuant to section [11] 308.

37 (9) The eligible organization conducts the games of
38 chance under a lease which calls for:

39 (i) leasing such premises from the owner thereof
40 under an oral agreement; or

41 (ii) leasing such premises from the owner thereof
42 under a written agreement at a rental which is determined
43 by the amount of receipts realized from the playing of
44 games of chance.

45 (10) False or erroneous information was provided in the
46 original application or in any information provided to the
47 licensing authority or the department in any report.

48 (11) An eligible organization has been convicted of a
49 violation of this act as evidenced by a certified record of
50 the conviction.

51 (12) The eligible organization has permitted another

1 eligible organization to conduct [small] games of chance on
2 its licensed premises without suspending its own operation of
3 [small] games of chance during the period that the other
4 licensed eligible organization is conducting its games on the
5 premises.

6 (13) A club licensee has failed to file an accurate
7 report under section 501(a).

8 (14) A club licensee has failed to comply with section
9 502.

10 (15) Failure to file reports under section 501.

11 (b) Production of records.--The district attorney may
12 require licensees to produce their books, accounts and records
13 relating to the conduct of games of chance in order to determine
14 [whether a license should be revoked or renewal thereof denied]
15 if a violation of this act has occurred. Licensees shall also be
16 required, upon request, to [produce] provide their license,
17 books, accounts and records relating to the conduct of games of
18 chance to [other] the licensing authority, the Bureau of Liquor
19 Control Enforcement or to a law enforcement [officials upon
20 proper request.] agency or official. A club licensee shall
21 retain records for a period of five years.

22 Section 15. Section 13 of the act is renumbered and amended
23 to read:

24 Section [13] 702. Enforcement.

25 [(a) District attorney.--The district attorney shall
26 investigate alleged violations of this act. If the district
27 attorney finds probable cause to believe that a violation has
28 occurred, he may file a complaint against the alleged violator
29 in the court of common pleas of said county, except in counties
30 of the first class where the complaint may be filed in the
31 municipal court. In addition, the district attorney shall
32 prosecute said complaint in the manner provided by law.

33 (b) Other law enforcement officials.--Nothing in this act
34 shall be interpreted to restrict the power of a State, county or
35 local law enforcement officials to conduct investigations and
36 enforce the provisions of this act.]

37 (a) Licensing authority.--The licensing authority may
38 enforce the provisions of this act and may impose the penalties
39 under subsection (d).

40 (b) Bureau of Liquor Control Enforcement.--If the licensee
41 is a club licensee, the Bureau of Liquor Control Enforcement may
42 enforce the provisions of this act. An administrative law judge
43 under section 212 of the act of April 12, 1951 (P.L.90, No.21),
44 known as the Liquor Code, may impose the penalties under
45 subsection (d) following the issuance of a citation by the
46 bureau.

47 (c) Random audits.--The Bureau of Liquor Control Enforcement
48 shall conduct annual random audits of 5% of all club licensees.

49 (d) Powers and duties.--The licensing authority, or, in the
50 case of a club licensee, the Bureau of Liquor Control
51 Enforcement may impose the following penalties:

(1) A civil penalty.

(2) Suspension or revocation of the license.

(e) District attorney.--The district attorney of the county that issued the license shall investigate alleged violations of this act. If the district attorney finds probable cause to believe that a criminal violation has occurred, the district attorney may file criminal charges and prosecute the complaint against the alleged violator in the court of common pleas of the county, except in counties of the first class where the complaint may be filed in the municipal court.

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

(g) Liquor Code.--A violation of this act shall not constitute a violation of the Liquor Code.

Section 16. Section 14 of the act, amended July 11, 1990 (P.L.449, No.108) and December 19, 1990 (P.L.812, No.195), is renumbered and amended to read:
Section [14] 703. Local option.

(a) Election to be held.--In any municipality, an election may be held on the date of the primary election immediately preceding any municipal election, but not more than once in four years, to determine the will of the electors with respect to the issuance of licenses within the limits of such municipality under the provisions of this act. Where an election shall have been held at the primary election preceding a municipal election in any year, another election may be held under the provisions of this act at the primary election occurring the fourth year after such prior election. Whenever electors equal to at least 25% of the highest vote cast for any office in the municipality at the last preceding general election shall file a petition with the county board of elections of the county, or the governing body of the municipality adopts, by a majority vote, a resolution to place such a question on the ballot and a copy of the resolution is filed with the board of elections of the county, for a referendum on the question of issuing licenses, the county board of elections shall cause a question to be placed on the ballot or on the voting machine board and submitted at the primary election immediately preceding the municipal election. The question shall be in the following form:

Do you favor the issuance of licenses
to conduct small games of chance in the
of _____?

(b) Vote.--If a majority of the electors voting on the question vote "yes," then licenses shall be issued by the licensing authority in such municipality, but if a majority of the electors voting on any such question vote "no," then the licensing authority shall have no power to issue or to renew, upon their expiration, any licenses in such municipality, unless and until, at a later election, a majority of the voting

1 electors vote "yes" on such question.

2 (c) Voting proceedings.--Proceedings under this section
3 shall be in accordance with the provisions of the act of June 3,
4 1937 (P.L.1333, No.320), known as the Pennsylvania Election
5 Code.

6 (d) Applicability.--This act applies only to those eligible
7 organizations located in municipalities which have adopted the
8 provisions of this act by an affirmative vote in a municipal
9 referendum in accordance with the provisions of this section.

10 (e) Withdrawal of approval.--The referendum procedure
11 contained in this section shall also be available to withdraw
12 the approval of the issuance of such licenses within such
13 municipality which was granted through a prior referendum.

14 (f) Special exception.--Notwithstanding any other provision
15 of this act to the contrary, in any municipality except a city
16 of the first class where an election was held pursuant to this
17 section on May 16, 1989, and a majority of the electors voted
18 "NO" on the question, the municipality shall be able to resubmit
19 the question, in accordance with the procedures set forth in
20 this section, at the general election immediately following [the
21 effective date of this amendatory act] July 11, 1990.

22 Section 17. Section 15 of the act, amended December 19, 1990
23 (P.L.812, No.195), is renumbered to read:
24 Section [15] 704. Advertising.

25 It shall be unlawful for any eligible organization or person
26 to advertise the prizes or their dollar value to be awarded in
27 games of chance, provided that prizes may be identified on
28 raffle tickets. Notwithstanding the prohibition of advertising
29 contained within this section, an eligible organization may
30 advertise prizes and values thereof in periodic publications
31 which are limited in their circulation to members of the
32 eligible organization.

33 Section 18. Section 16 of the act is renumbered and amended
34 to read:

35 Section [16] 705. Certain persons prohibited.

36 No licensed distributor nor any person who has been convicted
37 of a felony or of a violation of the act of July 10, 1981
38 (P.L.214, No.67), known as the Bingo Law, or of this act or of
39 any comparable State or Federal law shall have a pecuniary
40 interest in the operation [or proceeds of games of chance] or in
41 proceeds.

42 Section 19. The act is amended by adding a section to read:
43 Section 706. Civil penalties.

44 (a) Penalty.--An eligible organization, other than a club
45 licensee, that violates the provisions of this act shall be
46 subject to the following civil penalties:

47 (1) For an initial violation, up to \$500.

48 (2) For a second violation, up to \$1,000.

49 (3) For a third or subsequent violation, up to \$1,500.

50 (b) Club licensee.--A club licensee that violates the
51 provisions of this act shall be subject to the following civil

1 penalties:

2 (1) For an initial violation, up to \$800.

3 (2) For a second violation, up to \$1,000.

4 (3) For a third or subsequent violation, up to \$2,000.

5 (c) Records.--The intentional or willful failure of a club
6 licensee to provide accurate records shall result in a license
7 suspension of a minimum of six months.

8 Section 20. Section 17 of the act, amended December 19, 1990
9 (P.L.812, No.195), is renumbered and amended to read:

10 Section [17] 707. [Penalties] Criminal penalties.

11 (a) Eligible organizations and club licensees.--Any eligible
12 organization violating the provisions of this act shall be
13 guilty of a summary offense and, upon conviction thereof, shall
14 be sentenced to pay a fine not exceeding \$1,000 [and shall] for
15 a first offense[,] and \$1,500 for a subsequent offense. In
16 addition:

17 (1) For a first offense, the eligible organization shall
18 forfeit the license to conduct games of chance issued to the
19 eligible organization for [the remainder of the licensing
20 period or six months, whichever is longer, for] a period of
21 not more than 30 days.

22 (2) For a second offense, the eligible organization
23 shall forfeit [the] its license [issued to the eligible
24 organization] for [the remainder of the current licensing
25 period and be ineligible to be licensed for the following
26 licensing period, for] a period of not less than 30 days nor
27 more than 180 days.

28 (3) For a third or subsequent offense[,] within three
29 years of the first offense, the eligible organization shall
30 forfeit [the] its license [issued to the eligible
31 organization] and be ineligible for a license renewal for 30
32 months thereafter.

33 (b) Individuals.--Any person who conducts or assists in the
34 conducting of games of chance in violation of the provisions of
35 this act is guilty of a summary offense for a first violation. A
36 second violation of this act shall be punishable as a
37 misdemeanor of the third degree. A third or subsequent violation
38 shall be punishable as a misdemeanor of the first degree.

39 (c) Distributors and manufacturers.--Any person who
40 distributes games of chance without a license or in violation of
41 any provision of this act or applicable regulations, and any
42 manufacturer of games of chance who delivers games of chance for
43 sale or distribution in this Commonwealth who fails to register
44 and obtain a permit therefor is guilty of a misdemeanor of the
45 first degree, provided that no license or permit shall be
46 required for the manufacture or distribution of raffle tickets.

47 (d) Rigging.--A person commits a misdemeanor of the first
48 degree if, with intent to prevent a game of chance from being
49 conducted in accordance with the requirements of this act or the
50 rules and usages governing the game of chance, he:

51 (1) confers or offers or agrees to confer any benefit

1 upon or threatens any injury to a participant or other person
2 associated with the game of chance;

3 (2) tampers with any person or [games] game of chance;
4 or

5 (3) solicits, accepts or agrees to accept any benefit.

6 (e) Contingent fees.--Any person who distributes,
7 manufactures or operates a small game of chance and who
8 requires, for equipment furnished or to play a game of chance,
9 payment equal to a percentage of the total winnings of any game
10 of chance commits a misdemeanor of the first degree.

11 Section 21. The act is amended by adding a chapter heading
12 to read:

13 CHAPTER 31

14 MISCELLANEOUS PROVISIONS

15 Section 22. Section 18 of the act is renumbered to read:
16 Section [18] 3101. Effective date.

17 This act shall take effect in 60 days.

18 Section 23. This act shall take effect in 30 days.