

Short Bullets
Small Games of Chance (SGOC)

{Gut-n-Replace} [A06868](EarlI)
HB 169, PN 2694 (Delozier)

* Generally, this gut-n-replace amendment would make HB 169 mirror SB 444, PN 1737 as passed by the full Senate on 11/1/11, except as otherwise indicated via "green" text. It should also be noted that HB 169, PN 2694 and SB 444, PN 1737 are already similar in numerous ways.

Chapter 1 – Preliminary Provisions

{Legislative Intent}

- Modified in relation to allowing proceeds from SGOC to be utilized with certain operating expenses.

{Definitions}

- {new}"Club licensee" – Club [exempt organization w/ liquor license] that holds license to conduct SGOC.
- "Daily drawing" – Modified to allow more than one drawing per day (with individuals continuing to be limited to one chance per drawing).
- {clarification}"Eligible organization"
- {clarification}"Public Interest purpose" – This definition is further modified so that it includes a reference to the activities and operations of emergency response. Also note that this language is repositioned within the definition.
- {new}"Proceeds" – This new definition is further modified {technical in nature} to accurately reflect the current version of this legislation in that no longer carrying provisions related to the previously proposed concept of a Veterans' and Military Services Account (which would have been a specifically designated category of public interest purpose).

Chapter 3 – Games of Chance

{Prize limits}

- Individual prize limits – [\$500] to \$1,000 (per single chance)
- Aggregate prize limits – [5,000] to \$25,000 (max. total prize amount per seven day period) – Applies to all games of chance (unless exception otherwise provided)
- Raffles prize limit – [5,000] to \$10,000 (per calendar month)
 - Subject to the aggregate prize limit of \$25,000
- Raffles prize limit exception – Prizes in excess of [\$500] to \$1,000 (w/ special permit)
 - Number of special permits allowed increased from [two] to eight for licensed eligible organization and [three] to ten for non-club rescue organizations (per two-year licensed term vs. annual licensed year).
 - Total prizes award modified to reflect [\$100,000 per calendar year] to \$200,000 per two-year licensed term and \$250,000 (extra \$50,000) for non-club rescue organization (not subject to the aggregate prize limits).
- Daily Drawings – Provisions modified so that nothing precludes a daily drawing taking place at the same time as a weekly drawing.
- Weekly Drawings – Provisions modified so that nothing precludes a weekly drawing taking place at the same time as a daily drawing.

{Regulation of Dept. of Revenue (DOR)}

- {new}Criminal Background checks:

- Manufacturers and distributor applicants (officers, managers, and other individuals as specified by DOR).
- {new}Reporting requirements – Eligible organization shall report prizes awarded to DOR.

{Licensing of eligible organizations}

- {clarification}Auxiliary group not eligible to obtain a separate SGOC license or limited occasion license.
- Licensing term increased from [one] to two years.
- {new}Separate bank accounts for SGOC proceeds.

{new}
Chapter 5 – Club Licensees

{Club licensee limits}

- Annual Report to Dept. of Revenue:
 - Copy to Bureau of Liquor Enforcement
 - Posted on Dept. website.

{Distribution}

- Distribution of Proceeds:
 - **70%** for public interest purposes
 - **30%** for operating expenses:
 - Real property taxes, utility and fuel costs, heating and air conditioning equipment or repair costs, water and sewer costs, property or liability insurance, mortgage payments, interior and exterior repairs (including parking lots), new facility construction, entertainment equipment
 - Proceeds shall not be used for wages, alcohol, food or fines.
- Club licensee retained amounts shall be used within same calendar year, (exception if retained for substantial purpose or project).

{Records}

- Club licensee shall maintain records required by the SGOC Act or DOR. Also records necessary to conduct an audit under section 702 (c) shall be made available to the Bureau of Liquor Control Enforcement or other entity authorized to enforce the SGOC.

{Raffle Tickets}

- Club licensee shall purchase all raffle tickets from a licensed distributor.

{Weekly Drawing}

- Club licensee required to maintain records (receipt showing cost, number of materials, potential proceeds, etc.) relating to the printing or purchase of materials to be used for weekly drawings for monitoring and audit purposes per the Bureau of Liquor Control.

Chapter 7 – Enforcement

{Revocation of licenses}

- Grounds – Grounds For suspension, revocation or nonrenewal of license:
 - {new}Funds used by club licensee for unauthorized purposes.
 - Expands the false and erroneous information in application grounds **by including any information provided to licensing authority or DOR in any report.**
 - {new}Club licensee has failed to file an accurate report.

- {new}Club licensee has failed to comply with distribution of proceeds provisions.
- {new}Failure to file reports under section 501 (relating to club licensee report).
- Production of records:
 - Provisions requiring licensees in general to produce records to the district attorney or other law enforcement agency expanded to require production of records to the Bureau of Liquor Control Enforcement.
 - {new}Club licensee shall retain records for five years.

{Enforcement}

- Existing enforcement provisions are deleted and replaced with the following that mirror existing enforcement powers and more:
 - Licensing authority [County Treasurer] has general enforcement powers and may impose civil penalties, license suspension, or license revocation.
 - {new}If a club licensee the Bureau of Liquor Control Enforcement has enforcement powers and an admin. law judge under the Liquor Code may impose penalties (civil penalty and suspension or revocation) following the issuance of a citation.
 - {new} Random annual audits – Bureau of Liquor Control Enforcement shall conduct random annual audits of 5% of all club licensees.
 - District Attorney – The Dist. Atty. of the county that issued the SGOC license shall investigate alleged violations and may file criminal charges if find probable cause.
 - Law enforcement officials – Nothing in this act restricts the power of a State, county or local law enforcement to investigate and file criminal charges under this act.
 - {new}A violation of this act shall not constitute a violation of the Liquor Code.

{new}{Civil Penalties}

- Civil penalties – eligible organization (other than a club licensee):
 - 1st violation – up to \$500
 - 2nd violation – up to \$1,000
 - 3rd or subsequent violation – up to \$1,500
- Civil penalties – club licensee:
 - 1st violation – up to ~~\$1,000~~ \$800
 - 2nd violation – up to ~~\$2,000~~ \$1,000
 - 3rd or subsequent violation – up to ~~\$3,000~~ \$2,000
- Records – Minimum six month license suspension for initial or willful failure of club licensee to provide accurate records.

{Criminal Penalties}

- Existing criminal penalties applicable to any eligible organization (including a club licensee) enhanced as follows:
 - Violation of provisions of this act - summary offense subject to:
 - 1st offense – up to \$1,000
 - 2nd and subsequent offense – up to \$1,500
 - In addition, modifies existing general forfeit provision as follows:
 - 1st offense – [remainder of license period or six months, whichever is longer] to period not less than 30 days.
 - 2nd offense – [remainder of license period and ineligible for 30 months thereafter] to not less than 30 days nor more than 180 days.
 - 3rd offense (within three years of first offense) forfeits license and ineligible for renewal for 30 months.