

PREAMBLE

The Department of Revenue (Department), under authority contained in section 306 of the Local Option Small Games of Chance Act (act) (10 P.S. § 328.306), proposes to rescind Chapter 901 of Title 61 and replace it with Chapter 901a (relating to local option small games of chance) to read as set forth in Annex A.

The Department previously proposed changes to Chapter 901 in a prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011). The Department discontinued promulgation of the prior rulemaking in light of the changes made by the act of February 2, 2012 (P.L. 7, No. 2) (Act 2) to the Local Option Small Games of Chance Act (10 P.S. §§ 328.101 - 328.707). This proposed rulemaking is being issued in lieu of the prior rulemaking and to address the Act 2 changes.

Purpose of Proposed Rulemaking

This proposed rulemaking contains comprehensive amendments to the Local Option Small Games of Chance regulations to account for legislative changes made by Act 2 of 2012. The Department is also proposing to amend its regulations to clarify or modify rules related to (1) sales and invoicing of games of chance in the Commonwealth, (2) the manufacturer registration and distributor licensing process, registration and license application denials and registration and license revocations, and (3) games of chance manufacturing standards. This proposed rulemaking also

reorganizes and recodifies existing regulations to improve their clarity, effectiveness and format.

Explanation of Regulatory Requirements

Subchapter A. General Provisions

Definitions

Proposed § 901a.1 (relating to definitions) adds the following new definitions to the regulations: "carryover drawing," "club licensee," "form number," "liquor identification number," "payout percentage," "prize," "proceeds" and "special permit raffle." Some of the new definitions are added to provide clarity to the existing regulations while others are added in conformity with the statutory changes of Act 2.

The following definitions in proposed § 901a.1 mirror the definitions that currently appear in § 901.1 (relating to definitions) or have minor editing changes: "act," "applicant," "auxiliary group," "Bingo Law," "bona fide member," "charitable organization," "civic and service association," "deal," "Department," "dispensing machine," "distributor's representative," "eligible organization," "fraternal organization," "hold ticket," "home association," "law enforcement official," "licensed premises," "licensee," "licensing authority," "limited occasion license," "manufacturer's representative," "NAGRA," "nonoperating day," "normal business or operating site," "Office of Attorney General," "operating day," "operating week,"

"passive selection device," "person," "petitioner," "pull-tab game," "seal card," "seven-day period," "special raffle permit," "stamp machine," "State Lottery Law," "veterans organization" and "weekly drawing."

The following definitions currently appear in § 901.1 and are being revised for clarity and conformity with statutory changes in proposed § 901a.1: "application," "board," "chance," "club," "daily drawing," "distributor," "flare," "game of chance or game," "license," "manufacturer," "manufacturer registration certificate or certificate," "petition," "pull-tab," "punch," "punchboard," "raffle," "registration," "religious organization" and "responsible person."

Restrictions on Game of Chance Sales

Proposed § 901a.21 (relating to sale restrictions on manufacturers) contains language that currently appears in § 901.23(a) that has been revised for clarity. It also contains language that currently appears in § 901.631(a) and (b) (relating to subcontracting and manufacturer responsibility), the provisions of which have been placed in proposed § 901a.21(a) (3).

Proposed § 901a.22 (relating to sale restrictions on distributors) contains language that currently appears in § 901.23(b) with additional clarifying language that a licensed distributor may only sell, offer for sale or furnish a game of

chance for use in this Commonwealth that has been approved by the Department.

Proposed § 901a.23 (relating to sale restrictions on eligible organizations) contains language that currently appears in § 901.23(c) with additional clarifying language. Subsection (b) specifically provides that a licensed eligible organization may only purchase a game of chance for use in this Commonwealth that has been approved by the Department.

**Subchapter B. Manufacturer and Distributor
Registration and Licensing**

General rules

The regulations contained in the existing §§ 901.101 - 901.119 (relating to manufacturer registration) and §§ 901.131 - 901.153 (relating to distributor licensing) contain similar rules. For simplicity and better organization, those rules have been consolidated in a new "general rules" section applicable to both manufacturer registration and distributor licensing in the proposed regulation beginning at § 901a.101.

Proposed § 901a.101 (relating to complete applications) clarifies the Department's policy on completed applications. This expands on the language that currently appears in §§ 901.102(c) and 901.132.

Proposed §§ 901a.102 and 901a.103 (relating to application decision time limit; and receipt of applications) expand on the language that currently appears in §§ 901.118 and 901.152.

Proposed § 901a.104 (relating to vested rights) clarifies language that currently appears in § 901.25.

Proposed § 901a.105 (relating to effect of denial, revocation or expiration of a registration, license or game of chance) contains the language that currently appears in § 901.23a with modifications for clarity and simplicity.

Proposed § 901a.106 (relating to ineligibility due to convictions) is a new section to this regulatory package to the extent that it doesn't have an identical, corresponding section in the existing regulation. However, the registration and licensing criteria contained in this section are not new. They mirror existing statutory and regulatory criteria found at section 304(g) of the act (10 P.S. § 328.304(g)) and §§ 901.103(10), 901.117(a)(6)-(a)(7), 901.133(11) and 901.151(a)(6)-(a)(7) of existing department regulations. This regulation is being added merely to provide an "affirmative" statement regarding the existence of the registration and licensing criteria found in this section.

Proposed § 901a.107 (relating to criminal history information record check) sets forth the statutory requirement for criminal history record information checks required under section 306(a)(2) of the act (10 P.S. § 328.306(a)(2)).

Proposed § 901a.108 (relating to proration of fees) contains and expands on language that currently appears in § 901.27.

Proposed § 901a.109 (relating to Commonwealth resident designee) mirrors the language that currently appears in § 901.38 with the exception that the word "registration" replaces "certificate."

Proposed § 901a.110 (relating to change of information) combines the language that currently appears in §§ 901.103a and 901.133a.

Proposed § 901a.111 (relating to waiver of confidentiality) combines the language that currently appears in §§ 901.104 and 901.134. The word "certificate" in § 901.104 is proposed to be replaced with "application."

Proposed § 901a.112 (relating to replacement) combines and clarifies the language that currently appears in §§ 901.110 and 901.140. The proposed language allows for the Department to charge a fee for a replacement certificate or license.

Proposed § 901a.113 (relating to transfer) combines the language that currently appears in §§ 901.111 and 901.141.

Proposed § 901a.114 (relating to manufacturer or distributor's representative) combines the language that currently appears in §§ 901.113 and 901.142.

Proposed § 901a.115 (relating to dissolutions, terminations, mergers and bankruptcies) combines the language that currently appears in §§ 901.114 and 901.148.

Manufacturer Registration and Game Approval

Proposed § 901a.131 (relating to registration application) has two subsections: Subsection (a), application, contains language that currently appears in § 901.102(a). Subsection (b), form, is identical to the language that currently appears at § 901.103(1)-(12).

Proposed § 901a.132 (relating to game of chance approval) has two subsections: Subsection (a), application, expands on the language that currently appears in § 901.102(b). Subsection (b), form, mirrors the language that currently appears in § 901.102(b)(1)-(6). Paragraph § 901a.132(b)(7) contains language currently appearing in paragraph § 901.102(b)(7) which has been revised for clarity.

Proposed § 901a.133 (relating to registration application fee) contains language currently found in § 901.105.

Proposed § 901a.134 (relating to registration term) mirrors the language currently found in § 901.106 with the exception that the word "certificate" has been replaced with "application."

Proposed § 901a.135 (relating to time for filing applications) has two subsections: Subsection (a), registration application, contains language similar to the language currently found in § 901.107. Subsection (b), game approval applications, contains language that has been enhanced from § 901.102(b).

Proposed § 901a.136 (relating to registration number) is identical to the language that currently appears in § 901.108.

Proposed § 901a.137 (relating to certificate) contains language that currently appears in § 901.109.

Proposed § 901a.138 (relating to denial, notice of violation and revocation) contains subsections (a) - (e). Subsection (a), mandatory denial and revocation, is new and explains what factors will cause a mandatory denial or revocation. Subsections (b)-(e) mirror or clarify language that currently appears in § 901.117 as follows:

Proposed § 901a.138

Currently appears

Subsection (b) Discretionary denial and revocation:

Subsection (b) (1)	§ 901.117 (a) (1)
Subsection (b) (2) (i)-(vii)	§ 901.117 (a) (4) (i)-(vii)
Subsection (b) (3) (i)-(iii)	§ 901.117 (a) (5) (i)-(iii)
Subsection (b) (4)	§ 901.117 (a) (6)
Subsection (b) (5)	§ 901.117 (a) (7)
Subsection (b) (6)	§ 901.117 (a) (8)
Subsection (b) (7)	§ 901.117 (a) (9)
Subsection (b) (8)	§ 901.117 (a) (2)

Subsection (c) Notice of violation:

Subsection (c) (1)-(5)	§ 901.117 (c) (1)-(5)
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Subsection (d) Game of chance denial, notice of violation and revocation:

Subsection (d) § 901.117(b)

Subsection (e) Notice:

Subsection (e)(1)-(3) § 901.117(d)(1)-(3)

The Department proposed similar revisions to § 901.117 in the Department's prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Proposed § 901a.139 (relating to registration following denial or revocation) expands on the language that currently appears in § 901.117a. Subsection (a), denial, outlines reapplying after a denial that is the result of an incomplete application or a violation of the act. Subsection (b), revocations, outlines the period of time manufacturers are ineligible to apply for and receive another registration certificate following revocation. The Department proposed similar revisions to § 901.117a in the Department's prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Distributor Licensing

Proposed § 901a.161 (relating to license application) consists of two subsections. Subsection (a), application, contains language that currently appears in § 901.132. Subsection (b), form, mirrors the language currently appearing in § 901.133 (1)-(13).

Proposed § 901a.162 (relating to license application fee) contains language that currently appears in § 901.135.

Proposed § 901a.163 (relating to license term) mirrors the language currently appearing in § 901.136.

Proposed § 901a.164 (relating to time for filing applications) contains language similar to the language currently appearing in § 901.137.

Proposed § 901a.165 (relating to license number) mirrors the language currently appearing in § 901.138.

Proposed § 901a.166 (relating to license) revises language that currently appears in § 901.139. This section is revised to be consistent with proposed § 901a.137 (relating to certificate).

Proposed § 901a.167 (relating to restrictions on distributor interest) contains language that currently appears in § 901.143 and expands on the subject matter of pecuniary interest in subsection (b). The provisions contained in subsection (b) were previously proposed in the revisions to § 901.143(b) in the Department's prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Proposed § 901a.168 (relating to restrictions of distributor employees) mirrors the language currently appearing in § 901.144.

Proposed § 901a.169 (relating to division of territories) mirrors the language currently appearing in § 901.145.

Proposed § 901a.170 (relating to sales promotion) mirrors the language currently appearing in § 901.146.

Proposed § 901a.171 (relating to fixed prices) mirrors the language currently appearing in § 901.147.

Proposed § 901a.172 (relating to denial, notice of violation and revocation of licenses) contains subsections (a) - (d). Subsection (a), mandatory denial and revocation, clearly explains what factors will cause a mandatory denial or revocation. Subsections (b)-(d) mirror or clarify language that currently appears in § 901.151 as follows:

Proposed § 901a.172

Currently appears

Subsection (b) Discretionary denial and revocation:

Subsection (b) (1)

§ 901.151(a) (1)

Subsection (b) (2) (i)-(vii)

§ 901.151(a) (4) (i)-(vii)

Subsection (b) (3) (i)-(iii)

§ 901.151(a) (5) (i)-(iii)

Subsection (b) (4)

§ 901.151(a) (6)

Subsection (b) (5)

§ 901.151(a) (7)

Subsection (b) (6)

§ 901.151(a) (8)

Subsection (b) (7)

§ 901.151(a) (2)

Subsection (c) Notice of violation:

Subsection (c) (1)-(5)

§ 901.151(b) (1)-(5)

Subsection (d) Notice:

Subsection (d) (1)-(3)

§ 901.151(c) (1)-(3)

The Department proposed similar revisions to § 901.151 in the Department's prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Proposed § 901a.173 (relating to licensing following denial or revocation) expands on the language that currently appears in § 901.151a. Subsection (a), denial, outlines reapplying after a denial that is the result of an incomplete application or a violation of the act. Subsection (b), revocations, outlines the period of time distributors are ineligible to apply for and receive another license following revocation. The Department proposed similar revisions to § 901.151a in the Department's prior proposed rulemaking that was published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Board Procedure

Proposed § 901a.191 (relating to jurisdiction and purpose) contains language that currently appears in § 901.161.

Proposed § 901a.192 (relating to petitions) contains language currently appearing in § 901.164(a) relating to the time frame for filing a petition.

Proposed § 901a.193 (relating to board procedure) mirrors the language currently appearing in § 901.165.

Proposed § 901a.194 (relating to stay of appeal) contains language that currently appears in § 901.168(a).

**Subchapter C. Eligible Organization Licensing
and Issuance of Special Raffle Permits**

Eligible Organization Licensing

Proposed § 901a.201 (relating to criminal history record information check) sets forth the new statutory requirement for criminal history record information checks required under section 307(h) of the act (10 P.S. § 328.307(h)).

Proposed § 901a.202(a)-(c) (relating to license application form) contains language currently appearing in § 901.191(a)-(c) with a few minor editing changes: Subsection (a) contains additional language regarding obtaining the form from the Department's website. In subsection (c)(2)-(3), the word "eligible" is inserted before organization.

Proposed § 901a.203 (relating to types of license) contains language currently appearing in § 901.195. This section has been reorganized for clarity. The provision regarding special raffle permits currently appearing in § 901.195(1) has been moved to § 901a.221 (regarding special raffle permit eligibility).

Proposed § 901a.204 (relating to limited occasion license requirements, limits and restrictions) contains language that currently appears in § 901.196 which has been rewritten and reorganized for clarity.

Proposed § 901a.205 (relating to change of application information) mirrors the language that currently appears in

§ 901.197 with the exception that "licensed" has been added in front of "eligible organization."

Proposed § 901a.206 (relating to license term) is a new section that explains a game of chance license or a limited occasion license shall be valid for one year following its date of issuance. This has always been the licensing term. So, this rule does not change existing practice. The rule is being added to the regulation for completeness.

Special Raffle Permits and Issuance

Proposed § 901a.221 (relating to special raffle permit eligibility) is a new section that explains the eligibility requirement for special raffle permits. This is not a new rule. The provisions of this rule currently appear in §§ 901.195(1) and 901.196(b)(1). The rule has just been given its own section.

Proposed § 901a.222 (relating to special raffle permit limit) reflects the amendments under section 302(d)(2) to the act (10 P.S. § 328.302(d)(2)) that increase the number of special raffle permits allowed per license term.

Proposed § 901a.223 (relating to issuance of permits) expands on the language currently appearing in § 901.804 to clarify that special raffle permits shall be obtained by application from the licensing authority that issued the license to the eligible organization.

Proposed § 901a.224 (relating to special raffle permit application) contains language currently appearing in § 901.808. Paragraphs (1)-(9) are the identical list of required information on a special raffle permit application that currently appears in § 901.808 (1)-(9).

Proposed § 901a.225 (relating to effective period) mirrors the language that currently appears in § 901.810.

Subchapter D. Recordkeeping and Reporting Requirements

Licensing Authority Reports

Proposed § 901a.301 (relating to report of licensed eligible organizations) expands on the language that currently appears in § 901.405. Subsection (a) explains the licensing authority shall keep a list of active licensed eligible organizations and details the information that shall be transmitted electronically to the Department on a semiannual basis. Proposed subsection (b) mirrors language that appears in § 901.405.

Proposed § 901a.302 (relating to list of municipalities) is identical to the language currently appearing in § 901.407.

Manufacturer Records and Reports

Proposed § 901a.321 (relating to distributor license record) contains some language that currently appears in § 901.421 which has been rewritten for clarity.

Proposed § 901a.322 (relating to games of chance records and retention) combines language that currently appears in §§ 901.422 - 901.423 and retains the 5 year records retention requirement.

Proposed § 901a.323 (relating to records) clarifies documentation on sales invoices other records. The majority of this language currently appears in § 901.425.

Proposed § 901a.324 (relating to form and serial numbers) contains language that currently appears at § 901.426.

Distributor Records and Reports

Proposed § 901a.341 (relating to license of purchasers) adds clarifying language to the text that currently appears at § 901.441.

Proposed § 901a.342 (relating to games of chance records and retention) combines language that currently appears in §§ 901.442 - 901.443 and retains the 5 year records retention requirement.

Proposed § 901a.343 (relating to records) enhances language that currently appears at § 901.445 to address invoice requirements for the selling of games of chance to another Pennsylvania licensed distributor or a Pennsylvania licensed eligible organization.

Eligible Organizations and Club Licensee Records and Reports

Proposed § 901a.361 (relating to games of chance records and retention) contains language that currently appears at § 901.461 with the addition of an exception for club licensees to maintain

records for a minimum of 5 years in subsection (b). The 5 year record retention requirement was added by section 701(b) of the act (10 P.S. § 328.701(b)).

Proposed § 901a.362 (relating to records) contains language that currently appears at § 901.462, as well as new record and reporting requirements under the act (10 P.S. § 328.503).

Proposed § 901a.363 (relating to pull-tab game and punchboard records) revises language for clarity that currently appears at § 901.464.

Proposed § 901a.364 (relating to daily drawing, weekly drawing and raffle records) combines language that currently appears in §§ 901.463 - 901.464a and contains new recordkeeping requirements as a result of the act (10 P.S. §§ 328.307(d.1), 328.504 and 328.505 (relating to bank account and records; raffle tickets; and weekly drawings).) Subsection (b)(2) addresses recordkeeping requirements for special permit raffles.

Proposed § 901a.365 (relating to raffle ticket invoice or receipt) explains the recordkeeping requirements relating to the printing or purchase of raffle tickets. Section 901a.365 is a combination of the previous regulatory requirements under § 901.750 and the provisions of section 504 of the act (10 P.S. § 328.504). Although section 504 of the act only references club licensees, there is no reason why the requirement should not apply

to all licensed eligible organizations. Thus, the provisions of § 901a.365 apply to all licensed eligible organizations.

Proposed § 901a.366 (relating to daily and weekly drawing invoice or receipt) explains the recordkeeping requirements relating to the printing or purchase of materials to be used for daily and weekly drawings. See section 505 of the act (10 P.S. § 328.505) that imposes record requirements for weekly drawings. The Department has applied the statutory record requirements for weekly drawings to daily drawings. Although the statute only references weekly drawings in section 505, it is reasonable to extend the same requirement to daily drawings given their similarities. The Department believes it was a legislative drafting oversight not to include the record requirement to daily drawings.

Proposed §§ 901a.367 - 901a.369 (relating to reports; time to file reports; and manner of filing reports) explain the new annual reporting requirements under section 306(c) of the act (10 P.S. § 328.306(c)) for licensed eligible organizations and the new semiannual reporting requirements under section 501 of the act (10 P.S. § 328.501) for club licensees.

Proposed § 901a.370 (relating to availability of reports) contains the new requirement under section 501(c) of the act (10 P.S. § 328.501(c)) of posting club licensees' semiannual reports on the Department's website.

Subchapter E. Prohibited Practices

Prohibited Practices

Proposed § 901a.401 (relating to prohibited practices, contracts, gifts, and the like) mirrors the language currently appearing in § 901.30.

Proposed § 901a.402 (relating to sales promotions) mirrors the language currently appearing in § 901.606.

Proposed § 901a.403 (relating to rigging) contains language that currently appears in § 901.534.

Proposed § 901a.404 (relating to contingent fees) contains language that currently appears in § 901.535.

Subchapter F. Games of Chance and Operation of Games

General Rules

Proposed § 901a.501 (relating to credit play) mirrors the language that currently appears at § 901.506.

Proposed § 901a.502 (relating to ownership of merchandise prizes) enhances for clarity the language that currently appears at § 901.744, and applies the requirement to merchandise prizes awarded in any game of chance not just raffles.

Proposed § 901a.503 (relating to merchandise prize valuation) enhances the language that currently appears at § 901.39 to further explain cash value.

Proposed § 901a.504 (relating to illegal prizes) contains language that currently appears in § 901.29.

Proposed § 901a.505 (relating to compensation) mirrors the language that currently appears in §§ 901.503 and 901.707.

Proposed § 901a.506 (relating to persons who may conduct games of chance) contains: Subsection (a) that mirrors the language that currently appears in §§ 901.504 and 901.708. Subsection (b) enhances for clarity the language that currently appears in §§ 901.502(b) and 901.706(a).

Proposed § 901a.507 (relating to promotional use of games of chance) mirrors the language currently appearing in § 901.505.

Proposed § 901a.508 (relating to operating days, nonoperating days and operating weeks) mirrors the language currently appearing in § 901.40.

Proposed § 901a.509 (relating to disputes) contains language that currently appears in § 901.34.

Proposed § 901a.510 (relating to chances as prizes in games of chance) is new to the regulations and explains that a chance in a game of chance may not be offered or awarded as a prize in the same or another game of chance. This new provision is authorized under section 306(a)(1) of the act (10 P.S. § 328.306(a)(1)).

Prize Limits

Proposed § 901a.531 (relating to prize limits) is a recodification of the provision contained in § 901.702, with some modifications. The modifications include changes to the prize

limits as proscribed by section 302 of the act (10 P.S. § 328.302).

Pull-tab games and punchboards

Proposed § 901a.541 (relating to pull-tab game and punchboard operation) contains the following subsections regarding modification of a pull-tab game or punchboard: Subsection (a)(1) enhances for clarity the language currently appearing at § 901.632. Subsection (a)(2) mirrors the language currently appearing in § 901.731(b)(1). Subsection (a)(3) expands on the language currently appearing in § 901.731(b)(2) regarding modification exceptions. Subsection (b) contains language currently appearing in § 901.731(e)(1). Subsection (c) mirrors the language currently appearing in § 901.731(e)(2). Subsection (d) clarifies language that currently appears in § 901.731(e)(3). Subsection (e) modifies language that currently appears in § 901.731(e)(4). Subsections (f) and (g) mirror the language that currently appears in § 901.731(e)(5) and (e)(6). Subsection (h) modifies language that currently appears in § 901.731(f). Subsection (i) mirrors the language currently appearing in § 901.732(a). Subsection (j) combines the language currently appearing in §§ 901.607 and 901.626. Subsection (k) contains language currently appearing in § 901.731(g).

Proposed § 901a.542 (relating to control of prizes) contains language that currently appears in § 901.733 as follows:

Subsection (a) expands on language currently appearing in § 901.733(a). Subsection (b) mirrors the language currently appearing in § 901.733(d). Subsection (c) expands on the language currently appearing in § 901.733(e). Subsection (d) contains language currently appearing in § 901.733(g).

Daily Drawings, Weekly Drawings and Raffles - General rules

Proposed § 901a.551 (relating to raffle, daily drawing and weekly drawing game rules and prizes) contains: Subsection (a) that mirrors language currently appearing in § 901.712. Subsection (b) expands on language that currently appears in §§ 901.783 and 901.793 regarding the availability of rules, prize structure and prizes to persons buying a chance.

Raffles and Special Permit Raffles

Proposed § 901a.552 (relating to raffle drawing dates) mirrors the language that currently appears in § 901.742.

Proposed § 901a.553 (relating to raffle tickets) contains the language currently appearing in § 901.743. Proposed subsection (e) contains clarifying exception language when a raffle winner is determined by a drawing conducted by the Department under the State Lottery law.

Proposed § 901a.554 (relating to printing requirements) mirrors the language currently appearing in § 901.745 with additions. Clarifying language (currently appearing in § 901.753(3)) is proposed in Paragraph (1) when the winner of the

raffle is to be determined by reference to a drawing of the Department under the State Lottery Law, then both the date and the name of the State Lottery Law drawing that will be used must be identified on the raffle ticket. Paragraph (8) requires the ticket number must be printed upon each raffle ticket sold.

Proposed § 901a.555 (relating to prize awarding) mirrors the language currently appearing in § 901.746.

Proposed § 901a.556 (relating to free tickets) mirrors the language currently appearing in § 901.747.

Proposed § 901a.557 (relating to prohibition of joint raffles held by licensees) mirrors the language currently appearing in § 901.748.

Proposed § 901a.558 (relating to open drawing) contains language that currently appears in § 901.749.

Proposed § 901a.559 (relating to ticket sales) mirrors the language currently appearing in § 901.751.

Proposed § 901a.560 (relating to means of determining winning numbers) contains the language currently appearing in § 901.753 with one exception. The second sentence currently appearing in § 901.753(c) is proposed to be included in § 901a.554(1) (relating to printing requirements).

Proposed § 901a.561 (relating to rules consistent with regular raffles) explains the rules applicable to raffles are also applicable to special permit raffles.

Proposed § 901a.562 (relating to raffles per special raffle permit) mirrors the language currently appearing in § 901.802.

Daily Drawings

Amendments to the definition of "daily drawing" in section 103 of the act (10 P.S. § 328.103) are reflected in proposed § 901a.591 (relating to daily drawing procedures). The majority of the language proposed in this section is currently appearing in § 901.781 with the following exceptions: Proposed subsection (a) allows a licensed eligible organization to sell chances for and hold one "or more" daily drawings during an operating day. Proposed subsection (d) does not contain the restriction of no more than 7 daily drawings during an operating week currently found in § 901.781(d). The language that currently appears in § 901.781(e) is not proposed in this rulemaking as a result of the recent amendments to section 302(h) of the act (10 P.S. § 328.302(h)) which eliminated restrictions on daily drawings during a period when weekly drawings were taking place.

Proposed § 901a.592 (relating to daily drawing chances) contains language that currently appears in § 901.782. Proposed subsection (a) clarifies that only a bona fide member of the licensed eligible organization "that is conducting the drawing" may purchase a chance in a daily drawing. Proposed subsections (b) - (f) mirror the language that currently appears in § 901.782 (b)-(f).

Proposed § 901a.593 (relating to posting rules) contains language that currently appears in § 901.783. The list in proposed subsection (b) for posted rules mirrors the list that currently appears in § 901.783(b)(1)-(7).

Proposed § 901a.594 (relating to claiming prizes) mirrors the language that currently appears in § 901.784 regarding claiming prizes for daily drawings.

Proposed § 901a.595 (relating to invalid state lottery drawing) mirrors the language that currently appears in § 901.785.

Proposed § 901a.596 (relating to unclaimed prize money) contains language that currently appears in § 901.786 and has been rewritten for clarity regarding unclaimed daily drawing prizes.

Weekly Drawings

Proposed § 901a.601 (relating to weekly drawing procedures) mirrors the language currently appearing in § 901.791 with one exception. The language that currently appears in § 901.791(d) is not proposed in this rulemaking as a result of the recent amendments to section 302(h) of the act (10 P.S. § 328.302(h)) which eliminated restrictions on daily drawings during a period when weekly drawings were taking place.

Proposed § 901a.602 (relating to weekly drawing chances) mirrors the language that currently appears at § 901.792(b)-(e). Proposed subsection (a) has been rewritten for clarity to explain that only a bona fide member of the licensed eligible organization

"that is conducting the drawing" may purchase chances in a weekly drawing.

Proposed § 901a.603 (relating to posting rules) contains language that currently appears in § 901.793. The list in proposed subsection (b) for posted rules mirrors the list that currently appears in § 901.793(b)(1)-(7).

Proposed § 901a.604 (relating to claiming prizes) mirrors the language that currently appears in § 901.794 regarding claiming prizes for weekly drawings.

Proposed § 901a.605 (relating to invalid state lottery drawing) mirrors the language that currently appears in § 901.795.

Proposed § 901a.606 (relating to unclaimed prize money) contains language that currently appears in § 901.796 and has been rewritten for clarity regarding unclaimed weekly drawing prizes.

Subchapter G. Manufacturing Standards

General Manufacturing Standards

Proposed § 901a.701 (relating to predetermination of rules, winning chances and prizes) expands on the language currently appearing at § 901.632 to further explain predetermination at the manufacturer level. Subsection (b) is a redraft of the language that the Department proposed to add to § 901.632 as part of its previous regulatory package published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011). The proposed language addresses comments that the Department received related to games

with optional seal prizes and proposes to allow certain games to be produced with optional seal prizes. Also proposed is an example of a game flare that contains three optional seals for the seal prize.

Proposed § 901a.702 (relating to prohibition against participant control of winning chances or prizes) contains language that currently appears in § 901.633 which has been revised for clarity.

Proposed § 901a.703 (relating to game of chance form numbers) is added to the regulations to explain the rules regarding the assignment of a form number for each game of chance by a registered manufacturer. An example is proposed to illustrate the requirement that every game produced with the same game of chance form number must be designated with the same name and must be identical including the payout percentage, total payout and prize structure. The provisions of § 901a.703 are similar to the provisions that the Department proposed to add to the games of chance regulations at § 901.634 as part of its previous regulatory package published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Pull-tab Games

Proposed § 901a.721 (relating to uniform minimum quality standards) expands on language that currently appears in § 901.601. Proposed subsection (d), separate and distinct pull-

tabs, explains that each pull-tab in a pull-tab game deal must be produced as a separate and distinct chance that can be purchased separately from all other pull-tabs in the deal. Proposed subsection (e), contingent purchases, explains that a pull-tab game may not make the purchase of one pull-tab contingent upon the purchase of another pull-tab, chance or item. Subsections (d) and (e) mirror the provisions that the Department proposed to add to § 901.601(e) and (f) as part of its previous regulatory package published in the *Pennsylvania Bulletin* at 41 Pa.B. 4638 (August 27, 2011).

Proposed § 901a.722 (relating to payout percentage) updates language that currently appears at § 901.603 regarding minimum percentages for prizes. Specifically, the required payout percentage of a pull-tab game is decreased from "at least 65%" to "at least 60%." This change is being made to make the payout percentage required for both pull-tab games and punchboards to be identical.

Proposed § 901a.723 (relating to deal in multiple packages) mirrors the language that currently appears in § 901.605.

Proposed § 901a.724 (relating to flares) contains language that currently appears in § 901.602 that requires a flare provided by the manufacturer must accompany every pull-tab game deal.

Proposed § 901a.725 (relating to one flare per game) contains language that currently appears in § 901.607 which is revised for clarity.

Proposed § 901a.726 (relating to standards for flares) contains language that currently appears in § 901.608. Proposed subsection (a) contains only the first sentence that explains that a pull-tab game flare must be made only by the manufacturer. (The provisions from the second sentence have been placed at proposed § 901a.541 (relating to pull-tab game and punchboard operation).) Proposed subsections (b)-(e) mirror the current language appearing in § 901.608(b)-(e).

Proposed § 901a.727 (relating to name or logo imprinting) contains language that currently appears in § 901.609 which has been revised for clarity and explains the requirement that the manufacturer's name or logo shall be placed on the pull-tabs in a pull-tab game.

Proposed § 901a.728 (relating to pull-tab count) expands on the language currently appearing in § 901.731(g) outlining the requirement that a pull-tab game deal may not contain more than 4,000 individual pull-tabs and what will be counted as an individual pull-tab.

Punchboards

Proposed § 901a.741 (relating to standards for construction) mirrors the language currently appearing in § 901.622.

Proposed § 901a.742 (relating to punchboard restrictions) contains language that is currently appearing at § 901.623 which has been revised for clarity.

Proposed § 901a.743 (relating to payout percentage) contains the same requirement that currently appears in § 901.624(1) that a punchboard game must have a payout percentage of at least 60%.

Proposed § 901a.744 (relating to flares) contains language that currently appears in § 901.621 that explains that a flare provided by the manufacturer must accompany every punchboard. (The provisions from the second sentence have been placed at proposed § 901a.541 (relating to pull-tab game and punchboard operation).)

Proposed § 901a.745 (relating to one flare per punchboard) contains the same requirement that currently appears in § 901.626 that a punchboard may only have one flare.

Proposed § 901a.746 (relating to standards for flares) contains language that currently appears in § 901.627. Proposed subsection (a) contains only the first sentence that explains that a punchboard flare must be made only by the manufacturer. (The provisions from the second sentence have been placed at proposed § 901a.541 (relating to pull-tab game and punchboard operation).) Proposed subsections (b)-(d) mirror the language currently appearing in § 901.627(b)-(d).

Proposed § 901a.747 (relating to name or logo imprinting) mirrors the language that currently appears in § 901.628.

Subchapter H. Enforcement

Enforcement

Proposed § 901a.801 (relating to inspection of premises) contains the language that is currently appearing in § 901.28.

Proposed § 901a.802 (relating to examination of records) mirrors the language that currently appears in § 901.31.

Subchapter I. Miscellaneous Provisions

Miscellaneous Provisions

Proposed § 901a.901 (relating to governing law) mirrors the language that currently appears in § 901.33.

Proposed § 901a.902 (relating to federal withholding and reporting requirements) mirrors the language that currently appears in § 901.36.

Proposed § 901a.903 (relating to state withholding and reporting requirements) mirrors the language that currently appears in § 901.37.

Proposed § 901a.904 (relating to bad checks submitted as payment of fees) contains the language that is currently appearing in § 901.54(b) regarding the fees that will be charged to cover the cost of collection.

Affected Parties

Manufacturers and distributors of games of chance doing business in this Commonwealth, licensing authorities and eligible organizations may be affected by the proposed rulemaking.

Fiscal Impact

The Department has determined that the proposed rulemaking, will have minimal fiscal impact on the Commonwealth.

Paperwork

Section 306(c) of Act 2 of 2012 (10 P.S. § 328.306(c)) requires the submission of annual reports to the Department by licensed eligible organizations. Section 501(a) of Act 2 of 2012 (10 P.S. § 328.501) requires the submission of semiannual reports to the Department by club licensees and the publication of these reports on the Department's website.

Effectiveness/Sunset Date

The regulation will become effective upon final-form publication in the Pennsylvania Bulletin. The regulations are scheduled for review within 5 years of final publication. A sunset date has not been assigned.

Contact Person

Interested persons are invited to submit in writing comments, suggestions, or objections regarding the proposed rulemaking to Mary R. Sprunk, Office of Chief Counsel, Pennsylvania Department of Revenue, P.O. Box 281061, Harrisburg, Pennsylvania 17128-1061,

within thirty (30) days after publication of this notice in the Pennsylvania Bulletin.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. § 745.5(a)), on _____, the Department submitted a copy of this proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the House Committee on Gaming Oversight and the Senate Committee on Finance. In addition to submitting the amendment, the Department has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Department in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of this material is available to the public upon request.

The Committees may, at any time prior to the submittal of the final-form regulation, convey to the agency and the Commission, their comments, recommendations and objections to the proposed regulation. The Independent Regulatory Review Commission may, within 30 days of the close of the public comment period, submit to the agency and Committees any comments, recommendations and objections to the proposed regulation. The notification shall specify the regulatory review criteria which have not been met by that portion. The Regulatory Review Act specifies detailed procedures for review of objections raised, prior to final

publication of the amendments, by the Department, the General Assembly and the Governor.

DANIEL MEUSER
SECRETARY OF REVENUE

08/30/12 - Public Outreach Version

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