



Senate Finance Committee

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BILL SUMMARY

Legislation: Senate Bill 444, P.N. 625
Sponsor: Senator Earl I
Act Amended: Local Option Small Games of Chance Act
Topic(s): Increased prize limits, regulation of games, licensing and other provisions
Date: September 23, 2011

Summary:

Senate Bill 444 provides for increased prize limits for games of chance and it enhances the regulation of games of chance. It also makes changes regarding licensing and the use of licensed premises. The bill allows the advertising of prizes and increases penalties for violations of the act. Various editorial changes are made throughout. Detailed provisions are as follows:

Prize Limits and Game of Chance Provisions

- The maximum cash value that may be awarded for any single chance is increased from \$500 to \$1,000.
- The weekly prize limit for a licensed organization is increased from \$5,000 to \$20,000.
- The prize limit for raffles is increased from \$500 to \$1,000.
- A licensed organization is permitted to hold more than one daily drawing per day.
- Progressive games with a maximum cash value of \$5,000 are permitted (new).
- Insured games backed by a valid insurance contract are permitted (new).

Regulation and Accountability

- Prize winnings required to be reported to the Internal Revenue Service are required to be reported to the Department of Revenue.
- The license of an eligible organization shall be revoked or not renewed if it has failed to keep and maintain records required by this act for two years.
- A licensed organization shall have a separate bank account to hold the proceeds from games of chance. Account records showing all income and expenditures shall be retained by the licensed organization for two years.

- A licensed organization shall file with the licensing authority an annual financial report containing detail regarding games of chance, including receipts, expenses, prizes and use of the proceeds. The most recent annual report shall be filed with an application to renew the liquor license of a licensed organization.
- A licensed organization shall certify completion of at least four hours of games of chance training every two years. Training must be completed by the executive officer, secretary or a responsible person of the eligible organization. Training requirements do not apply if the eligible organization does not conduct games of chance on 60 or more days during the licensing period.
- A criminal history record information check is required to be obtained from the Pennsylvania State Police for the executive officer or secretary of the eligible organization and all other responsible persons listed on the application for a license.
- The application for a games of chance license shall include an affidavit that the eligible organization:
 - Complied with the annual financial report filing.
 - Has a separate bank account to hold all proceeds of games of chance.
 - Complied with the training requirements

Licensing and Licensed Premises

- The term of the license is changed from annual to biennial (2 years).
- The licensing fee is changed from \$100 annually to \$300 on a biennial basis.
- The limited occasion license fee is changed from \$10 to \$30.
- More than one licensed eligible organization may use the same location. Each eligible organization shall have its own license, and the prize limitations shall apply separately to each licensed eligible organization.
- The prohibition on leasing premises from any person who has been convicted of a violation of this act within the past ten years is expanded to include the prohibition of the leasing of premises from any person who has violated the Bingo Law within the past ten years.
- A licensed eligible organization is permitted to sell on its licensed premises the raffle tickets of another licensed eligible organization that has been issued a limited occasion license.

Advertising

- The advertising of games of chance prizes and their dollar values is permitted. The advertisement shall contain the date, time, location, whether cash or merchandise prizes will be awarded and the name of the licensed eligible organization and name of the person who conducts the games of chance.

Penalties

- The maximum penalty for violations of the act is increased from \$1,000 to \$2,000.

Applicability and Effective Dates

- Provisions regarding affidavits on the licensing application, the filing of annual financial reports and background checks shall apply to applications for a license filed more than one year after the effective date.
- Provisions relating to the term of the license, licensing fees, license application, financial reporting and training and background checks take effect immediately.
- The remainder of the act shall take effect in 60 days.