



Senate Finance Committee

168 Main Capitol Building
Harrisburg, PA 17120-0036
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Senator Mike Brubaker
Chairman

Mark Ryan
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September 26, 2011
Off-the-Floor
Rules Room

AGENDA

Senate Bill 444 (Earll)

Amends the Local Option Small Games of Chance Act to further provide for increased prize limits, regulation and licensing, reporting, training, use of licensed premises, advertising and penalties.



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BILL SUMMARY

Legislation: Senate Bill 444, P.N. 625
Sponsor: Senator Earll
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.

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 444 Session of 2011

INTRODUCED BY EARLL, FOLMER, SOLOBAY, CORMAN, ORIE, SCARNATI, BOSCOLA, FONTANA, FERLO, RAFFERTY, ALLOWAY, PICCOLA, COSTA, YAW, HUGHES, KASUNIC, WAUGH, M. WHITE, WASHINGTON, EICHELBERGER, BROWNE, VOGEL, LEACH, YUDICHAK, PIPPY AND MENSCH, FEBRUARY 23, 2011

REFERRED TO FINANCE, FEBRUARY 23, 2011

AN ACT

1 Amending the act of December 19, 1988 (P.L.1262, No.156),
 2 entitled, as amended, "An act providing for the licensing of
 3 eligible organizations to conduct games of chance, for the
 4 licensing of persons to distribute games of chance, for the
 5 registration of manufacturers of games of chance, and for
 6 suspensions and revocations of licenses and permits;
 7 requiring records; providing for local referendum by
 8 electorate; and prescribing penalties," further providing for
 9 definitions and for prize limits; providing for insured games
 10 of chance; further providing for sales limited, for
 11 regulations of department, for licensing of eligible
 12 organizations to conduct games of chance, for revocation of
 13 licenses, for advertising and for penalties; and making
 14 editorial changes.

15 The General Assembly of the Commonwealth of Pennsylvania
 16 hereby enacts as follows:

17 Section 1. Section 2 of the act of December 19, 1988
 18 (P.L.1262, No.156), known as the Local Option Small Games of
 19 Chance Act, is amended to read:

20 Section 2. Legislative intent.

21 The General Assembly hereby declares that the playing of
 22 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.

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

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

13 Section 2. The definitions of "daily drawing," "games of
14 chance," "raffle" and "weekly drawing" in section 3 of the act,
15 amended or added December 19, 1990 (P.L.812, No.195) and October
16 18, 2000 (P.L.602, No.79), are amended to read:

17 Section 3. Definitions.

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

21 * * *

22 "Daily drawing." A game of chance in which a bona fide
23 member selects or is assigned a number for a chance at a prize
24 with the winner determined by [a] random drawing to take place
25 on the eligible organization's premises [during the same
26 operating day]. The term includes games of chance commonly known
27 as "member sign-in lotteries" and "half-and-half lotteries."
28 Nothing in this act shall be construed to prohibit the carrying
29 over of a jackpot where the winning number has not been entered
30 in the game of chance on a particular operating day. Daily

1 drawing winners may be determined with the aid of a passive
2 selection device or reference to drawings conducted by the
3 department pursuant to the act of August 26, 1971 (P.L.351,
4 No.91), known as the State Lottery Law. Daily drawing chances
5 may not be sold for an amount in excess of \$1, and no more than
6 one chance per individual may be sold [to an individual during
7 the same operating day.] per drawing. Nothing in this definition
8 shall be construed to restrict a licensed eligible organization
9 from conducting more than one drawing per day.

10 * * *

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

26 * * *

27 "Raffle." A game of chance in which a participant buys a
28 ticket for a chance at a prize with the winner determined by a
29 random drawing of corresponding ticket stubs to take place at a
30 location and date or dates printed upon each ticket. Such games

1 of chance shall include lotteries but not daily drawings. Raffle
2 winners may be determined by reference to drawings conducted by
3 the department pursuant to the act of August 26, 1971 (P.L.351,
4 No.91), known as the State Lottery Law.

5 * * *

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

18 Section 3. Section 5 of the act, amended December 19, 1990
19 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
20 amended to read:

21 Section 5. Prize limits.

22 (a) Individual prize limit.--[The] Except as provided for in
23 subsection (i), the maximum cash value which may be awarded for
24 any single chance shall be [\$500] \$1,000.

25 (b) Weekly limit.--No more than [\$5,000] \$20,000 in cash or
26 merchandise shall be awarded by any licensed eligible
27 organization in any seven-day period.

28 (c) Limit on raffles.--No more than \$5,000 in cash or
29 merchandise shall be awarded in raffles in any calendar month.

30 (d) Exception.--[An] A licensed eligible organization may

1 conduct a raffle and award a prize or prizes valued in excess of
2 [\$500] \$1,000 each only under the following conditions:

3 (1) The licensing authority has issued a special permit
4 for the raffle under section 11.

5 (2) [Eligible organizations] A licensed eligible
6 organization shall be eligible to receive no more than two
7 special permits in any licensed year except that volunteer
8 fire, ambulance and rescue organizations shall be eligible to
9 receive no more than three special permits in any licensed
10 year.

11 (3) Only one raffle may be conducted under each special
12 permit.

13 (4) The total cash value of all prizes shall be no more
14 than \$100,000 per calendar year.

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

20 (f) Exception.--The prize limitation contained in
21 [subsections (a) and (b)] subsection (a) may be exceeded by a
22 daily drawing under the following circumstances: a daily drawing
23 may award a prize where the cash value is in excess of [\$500]
24 \$1,000 if such prize is the result of a carryover of a drawing
25 or drawings which resulted from the winning number in such
26 drawing or drawings not being among the eligible entrants in
27 such drawings. Nothing contained herein shall authorize the
28 prize [limitations] limitation as contained in [subsections (a)
29 and (b)] subsection (a) to be exceeded as a result of a failure
30 to conduct a drawing on an operating day during which chances

1 were sold for a daily drawing or for a daily drawing for which
2 chances were sold in excess of \$1 or for which more than one
3 chance was sold to an eligible participant.

4 (g) Daily drawing and weekly drawing exception.--When a
5 daily drawing or weekly drawing is set up or conducted in such a
6 manner as to pay out or award 100% of the gross revenues
7 generated from such drawing, the limitations contained in
8 subsection (b) shall not apply.

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

24 (i) Progressive games of chance.--Progressive games of
25 chance shall be permitted with a maximum cash value of \$5,000.
26 Contributions to the pot shall be counted against the limit for
27 the week in which the contribution is made except that when the
28 limit is reached the amount awarded shall be counted toward the
29 limit only to the extent it was not previously counted toward a
30 prior week's limit.

1 (j) Definitions.-- For the purpose of this section,
2 progressive games of chance are games of chance in which a
3 winning ticket awards the ticket holder an additional chance at
4 another game of chance or games of chance.

5 Section 4. The act is amended by adding a section to read:
6 Section 5.1. Insured games of chance.

7 (a) Authorization.--Notwithstanding any provision of this
8 act to the contrary, a licensed eligible organization may
9 conduct games of chance using insured games. Insured games of
10 chance sold by a licensed distributor shall be backed by a valid
11 insurance contract issued by an insurance company licensed to do
12 business in this Commonwealth. Proof of the insurance contract
13 must be provided to the department prior to the game of chance
14 being sold.

15 (b) Revocation of license.--The license of a distributor and
16 an insurance company issuing a contract for an insured game of
17 chance may be suspended or revoked for failure to pay an award.

18 (c) Definition.--For the purposes of this section, an
19 insured game of chance is a game of chance in which the licensed
20 distributor or other licensed third party guarantees making the
21 payment on a win of a jackpot.

22 Section 5. Sections 6 and 9 of the act, amended December 19,
23 1990 (P.L.812, No.195), are amended to read:

24 Section 6. Sales limited.

25 No person shall sell, offer for sale or furnish games of
26 chance for use within this Commonwealth except to [an] a
27 licensed eligible organization or distributor licensed under
28 this act. No game of chance, other than a raffle, sold, offered
29 for sale or furnished for use within this Commonwealth shall
30 contain, permit, depict or designate a prize having a cash value

1 in excess of [~~\$500~~] \$1,000.

2 Section 9. Regulations of department.

3 (a) Authorization.--The department shall promulgate
4 regulations to:

5 (1) Impose minimum standards and restrictions applicable
6 to games of chance manufactured for sale in this
7 Commonwealth, which may include standards and restrictions
8 which specify the maximum number of chances available to be
9 sold for any single game of chance or prize and such other
10 standards and restrictions as the department deems necessary
11 for the purposes of this act. The department shall consider
12 standards adopted by the National Association of Gambling
13 Regulatory Agencies and other standards commonly accepted in
14 the industry.

15 (2) Establish procedures by which manufacturers may
16 register and distributors of games of chance may apply for
17 licensure on forms which the department shall provide.

18 (3) Provide for the suspension or revocation of
19 distribution licenses or manufacturer certificates for
20 violations of this act or regulations of the department.

21 (4) Carry out other provisions of this act.

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

1 excess of two years.

2 (c) Reporting requirements.--Each licensed eligible
3 organization shall report to the department prizes awarded as
4 required by section 335 of the act of March 4, 1971 (P.L.6,
5 No.2), known as the Tax Reform Code of 1971.

6 Section 6. Section 10 of the act, amended December 19, 1990
7 (P.L.812, No.195) and October 18, 2000 (P.L.602, No.79), is
8 amended to read:

9 Section 10. Licensing of eligible organizations to conduct
10 games of chance.

11 (a) License required.--No eligible organization shall
12 conduct or operate any games of chance unless such eligible
13 organization has obtained and maintains a valid license issued
14 pursuant to this section. Auxiliary groups within a licensed
15 eligible [organizations] organization shall be eligible to
16 conduct [small] games of chance using the license issued to the
17 eligible organization provided that the auxiliary group or
18 groups are listed on the application and license of the eligible
19 organization. No additional licensing fee shall be charged for
20 an auxiliary group's eligibility under this act. Auxiliary
21 groups shall not include branches, lodges or chapters of a
22 Statewide organization.

23 (b) Issuance and fees.--The licensing authority shall
24 license, upon application, within 30 days any eligible
25 organization meeting the requirements for licensure contained in
26 this act to conduct and operate games of chance at such
27 locations within the county or in such manner as stated on the
28 application as limited by subsection (b.1). The license fee to
29 be charged to each eligible organization shall be [\$100] \$300,
30 except for limited occasion licenses which shall be [\$10] \$30.

1 Licenses shall be renewable [annually] on a biennial basis upon
2 the anniversary of the date of issue.

3 (b.1) Location of [small] games of chance.--Where there
4 exists a location or premises which is the normal business or
5 operating site of the eligible organization and is owned or
6 leased by that eligible organization to conduct its normal
7 business, that site shall be the licensed premises for [small]
8 games of chance conducted by the licensed eligible organization.
9 If that location consists of more than one building and the
10 licensed eligible organization wishes to conduct its games in a
11 different building at that location from the one that is listed
12 on its application for a license and on its license, the
13 licensed eligible organization must notify, in writing, the
14 district attorney and the licensing authority of the change in
15 building site and the dates and times that will be affected.
16 When [an] a licensed eligible organization does not own or lease
17 a specific location to conduct its normal business, that
18 licensed eligible organization may use another licensed eligible
19 organization's premises to conduct its games of chance or may
20 make such other arrangements that are consistent with this act,
21 including, but not limited to, leasing a premise under a written
22 agreement for a rental which is not determined by either the
23 amount of receipts realized from the playing of games of chance
24 nor the number of people attending except that an eligible
25 organization may lease a facility for a banquet where a per head
26 charge is applied in connection with the serving of a meal. When
27 such eligible organization changes the site of its games of
28 chance from that which is listed on its application for a
29 license and on its license, the licensed eligible organization
30 must notify, in writing, the district attorney and licensing

1 authority of the change in their [games'] games of chance site
2 and dates and times that will be affected. More than one
3 licensed eligible organization may use the same location,
4 provided that each eligible organization has its own license and
5 that the prize limitations of this act shall apply separately to
6 each licensed eligible organization.

7 (b.2) Off-premises games of chance.--Notwithstanding any
8 other provisions of this section, [an] a licensed eligible
9 organization may conduct [small] games of chance at a location
10 off its premises when such games of chance are part of an annual
11 carnival, fair, picnic or banquet held or participated in by
12 that licensed eligible organization on a historical basis. The
13 licensed eligible organization must notify, in writing, the
14 district attorney and licensing authority of the location, date
15 and times of such events where it will be conducting [small]
16 games of chance.

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

1 (b.4) Gambling facility prohibited.--It shall be unlawful
2 for a person, corporation, association, partnership or other
3 business entity to offer for rent or offer for use a building or
4 facility to be used exclusively for the conducting of [small]
5 games of chance. It shall also be unlawful for any eligible
6 organization to lease under any terms a facility or building
7 which is used exclusively for the conducting of [small] games of
8 chance.

9 (c) Display.--Licenses issued pursuant to this section shall
10 be publicly displayed at the site of the [small] games of
11 chance.

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

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

17 (2) [No eligible organization shall permit] Permitting
18 any person who has been convicted of a felony in a Federal or
19 State court within the past five years or has been convicted
20 in a 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, supervise
23 or participate in the operation of games of chance.

24 (3) [No eligible organization shall pay] Paying any
25 compensation to any person for conducting any games of
26 chance. Games of chance may only be conducted by managers,
27 officers, directors, bar personnel and bona fide members of
28 the eligible organization.

29 (4) [Games shall be conducted only] Conducting games of
30 chance on any premises other than on the licensed premises or

1 as otherwise provided by this act.

2 (5) [The eligible organization shall not lease such]
3 Leasing the licensed premises under either an oral or a
4 written agreement for a rental which is determined by either
5 the amount of receipts realized from the playing of games of
6 chance or the number of people attending, except that an
7 eligible organization may lease a facility for a banquet
8 where a per head charge is applied in connection with the
9 serving of a meal. An eligible organization shall not lease
10 such premises from any person who has been convicted of a
11 violation of this act or the Bingo Law, within the past ten
12 years.

13 (6) [Games] Purchasing games of chance, other than
14 raffles, daily drawings and weekly drawings[, shall be
15 purchased only from manufacturers and distributors] from any
16 person, other than a manufacturer or distributor approved by
17 the department.

18 (7) [No licensed eligible organization shall permit]
19 Except as provided in subsection (d.1)(1), permitting its
20 licensed premises to be used for [small] games of chance by
21 another licensed eligible organization at the same time that
22 it is conducting [small] games of chance on the licensed
23 premises. When a licensed eligible organization is permitting
24 another licensed eligible organization to use its licensed
25 premises for purposes of [small] games of chance, it must
26 cease the operation of its own [small] games of chance during
27 the period that the other licensed eligible organization is
28 conducting its games of chance on the licensed premises.

29 [(8) Raffle tickets may be sold off the licensed premise
30 in any municipality in this Commonwealth which has adopted

1 the provisions of this act by an affirmative vote in a
2 municipal referendum. A licensed eligible organization which
3 plans to sell raffle tickets in a municipality located in a
4 county other than the county in which the eligible
5 organization is licensed must notify that county's district
6 attorney and licensing authority as to the location and the
7 dates that the eligible organization plans to sell raffle
8 tickets.]

9 (d.1) Sale of raffle tickets.--

10 (1) A licensed eligible organization may sell on its
11 licensed premises the raffle tickets of another licensed
12 eligible organization that has been issued a limited occasion
13 license under subsection (b.3).

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

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

30 (e) Application for license.--Each eligible organization

1 shall apply to the licensing authority for a license on a form
2 to be prescribed by the Secretary of Revenue. The form shall
3 contain an affidavit to be affirmed by the executive officer or
4 secretary of the eligible organization stating that:

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

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

10 (3) The eligible organization is not leasing such
11 premises from the owner thereof under an oral agreement, nor
12 is it leasing such premises from the owner thereof under a
13 written agreement at a rental which is determined by the
14 amount of receipts realized from the playing of games of
15 chance or by the number of people attending, except that an
16 eligible organization may lease a facility for a banquet
17 where a per head charge is applied in connection with the
18 serving of a meal.

19 (4) The eligible organization has complied with the
20 annual financial report filing.

21 (5) The eligible organization has a separate bank
22 account to hold all proceeds of games of chance.

23 (6) The eligible organization has complied with the
24 applicable games of chance training requirements.

25 (e.1) Financial report and training requirements.--Each
26 eligible organization shall comply with all of the following:

27 (1) An eligible organization shall file an annual
28 financial report with the licensing authority. The following
29 shall apply:

30 (i) The first annual report required under this

1 paragraph shall contain information for the 12-month
2 period ending at least 60 days, but not more than 90
3 days, prior to the submission of the application.
4 Subsequent annual reports shall contain information for
5 the most recent 12-month period ending in the same month
6 as the initial report.

7 (ii) The annual report shall detail gross receipts
8 from the conduct of games of chance, the expenses related
9 to the conduct of the games of chance, the prizes paid
10 out for games of chance and the details as to how the net
11 proceeds from games of chance were used or disbursed by
12 the eligible organization.

13 (iii) The annual report shall be prepared on a one-
14 page form to be designed by the department. Additional
15 schedules shall be included, if necessary, to provide
16 specific details on the use or disbursement of the net
17 proceeds from games of chance by the eligible
18 organization.

19 (iv) A copy of the most recent annual report shall
20 be filed with the application to renew the liquor license
21 of an eligible organization.

22 (2) An eligible organization shall provide evidence to
23 the licensing authority that games of chance training has
24 been completed under this paragraph. The following shall
25 apply:

26 (i) A minimum of four hours of training shall have
27 been completed within the 24-month period immediately
28 preceding the date of the application.

29 (ii) The training shall have been completed by the
30 executive officer, secretary or a responsible person

1 listed on the application for a license of the eligible
2 organization. The person receiving the training shall be
3 associated with the conduct of games of chance by the
4 eligible organization.

5 (iii) The training shall consist of the completion
6 of training materials prepared by the department. The
7 training materials shall be designed to assist eligible
8 organizations in their compliance with statutory and
9 regulatory requirements associated with the conduct of
10 games of chance. The training materials shall be
11 available on the department's publicly accessible
12 Internet website. Upon request, the department shall
13 provide hard copies of the training materials at a cost
14 not to exceed the actual cost of printing and postage.

15 (iv) This paragraph shall not apply if the eligible
16 organization submits an affidavit affirmed by the
17 executive officer or secretary of the eligible
18 organization that the eligible organization will not
19 conduct games of chance on 60 or more days during the
20 licensing period.

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

24 (g) List of municipalities.--The licensing authority shall
25 include with any license or renewal license issued to an
26 eligible organization, an up-to-date listing of those
27 municipalities within the licensing county which have approved
28 the referendum question on [small] games of chance.

29 (h) Background checks.--Each application for a license shall
30 include the results of a criminal history record information

1 check obtained from the Pennsylvania State Police, as defined in
2 18 Pa.C.S. § 9102 (relating to definitions) and permitted by 18
3 Pa.C.S. § 9121(b) (relating to general regulations), for the
4 executive officer or secretary of the eligible organization
5 making the application for a license and all other responsible
6 persons listed on the application.

7 Section 7. Section 12(a)(12) of the act, amended December
8 19, 1990 (P.L.812, No.195), is amended and the subsection is
9 amended by adding a paragraph to read:

10 Section 12. Revocation of licenses.

11 (a) Grounds.--The licensing authority shall revoke or refuse
12 to renew the license of any eligible organization whenever the
13 district attorney finds upon complaint and investigation that:

14 * * *

15 (12) The licensed eligible organization has permitted
16 another licensed eligible organization to conduct [small]
17 games of chance on its licensed premises without suspending
18 its own operation of [small] games of chance during the
19 period that the other licensed eligible organization is
20 conducting its games of chance on the licensed premises.

21 (13) The licensed eligible organization has failed to
22 keep and maintain the records required under this act for a
23 period of two years.

24 * * *

25 Section 8. Section 14(a) of the act is amended to read:

26 Section 14. Local option.

27 (a) Election to be held.--In any municipality, an election
28 may be held on the date of the primary election immediately
29 preceding any municipal election, but not more than once in four
30 years, to determine the will of the electors with respect to the

1 issuance of licenses within the limits of such municipality
2 under the provisions of this act. Where an election shall have
3 been held at the primary election preceding a municipal election
4 in any year, another election may be held under the provisions
5 of this act at the primary election occurring the fourth year
6 after such prior election. Whenever electors equal to at least
7 25% of the highest vote cast for any office in the municipality
8 at the last preceding general election shall file a petition
9 with the county board of elections of the county, or the
10 governing body of the municipality adopts, by a majority vote, a
11 resolution to place such a question on the ballot and a copy of
12 the resolution is filed with the board of elections of the
13 county, for a referendum on the question of issuing licenses,
14 the county board of elections shall cause a question to be
15 placed on the ballot or on the voting machine board and
16 submitted at the primary election immediately preceding the
17 municipal election. The question shall be in the following form:

18 Do you favor the issuance of licenses
19 to conduct [small] games of chance in the
20 of ?

21 * * *

22 Section 9. Sections 15 and 17(a), (d) and (e) of the act,
23 amended December 19, 1990 (P.L.812, No.195), are amended to
24 read:

25 Section 15. Advertising.

26 [It shall be unlawful for any eligible organization or person
27 to] Any licensed eligible organization or person may advertise
28 the prizes or their dollar value to be awarded in games of
29 chance, provided that [prizes may be identified on raffle
30 tickets. Notwithstanding the prohibition of advertising

1 contained within this section, an eligible organization may
2 advertise prizes and values thereof in periodic publications
3 which are limited in their circulation to members of the
4 eligible organization.] such advertisements shall contain the
5 date, time, location, whether cash or merchandise prizes will be
6 awarded and the name of the licensed eligible organization and
7 the name of the person who conducts the games of chance.

8 Section 17. Penalties.

9 (a) Eligible organizations.--Any eligible organization
10 violating the provisions of this act shall be guilty of a
11 summary offense and, upon conviction thereof, shall be sentenced
12 to pay a fine not exceeding [\$1,000] \$2,000 and shall for a
13 first offense, forfeit the license to conduct games of chance
14 issued to the eligible organization for the remainder of the
15 licensing period or six months, whichever is longer, for a
16 second offense, forfeit the license issued to the eligible
17 organization for the remainder of the current licensing period
18 and be ineligible to be licensed for the following licensing
19 period, for a third or subsequent offense, forfeit the license
20 issued to the eligible organization and be ineligible for a
21 license renewal for 30 months thereafter.

22 * * *

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

27 (1) confers or offers or agrees to confer any benefit
28 upon or threatens any injury to a participant or other person
29 associated with the game of chance;

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

1 or

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

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

8 Section 10. This act shall apply as follows:

9 (1) The amendment or addition of section 10(e) (4) and
10 (5), (e.1) (1) and (h) of the act shall apply to an
11 application for a license filed more than 60 days after the
12 effective date of this section.

13 (2) The amendment or addition of section 10(e) (6) and
14 (e.1) (2) of the act shall apply to an application for a
15 license filed more than one year after the effective date of
16 this section.

17 Section 11. This act shall take effect as follows:

18 (1) The following provisions shall take effect
19 immediately:

20 (i) The amendment or addition of section 10(b), (e),
21 (e.1) and (h) of the act.

22 (ii) Section 10 of this act.

23 (iii) This section.

24 (2) The remainder of this act shall take effect in 60
25 days.