

PLEASE NOTE: THESE ARE THE AMENDMENTS MADE TO ACT IN NOVEMBER 2013. YOU MUST COMPARE THESE AMENDMENTS AGAINST THE ACT AMENDED FEBRUARY 2012 (ALSO POSTED TO THE DISTRICT ATTORNEY'S WEBSITE AS: Local Option Small Games of Chance Act as of 02-2012) TO INSURE YOU HAVE THE COMPLETE ACT. A COMPILATION OF ALL AMENDMENTS TO THE ACT HAS NOT BEEN PRINTED

The Pennsylvania Local Option Small Games of Chance Act

AN ACT

Amending the act of December 19, 1988 (P.L.1262, No.156), entitled, as amended, "An act providing for the licensing of eligible organizations to conduct games of chance, for the licensing of persons to distribute games of chance, for the registration of manufacturers of games of chance, and for suspensions and revocations of licenses and permits; requiring records; providing for local referendum by electorate; and prescribing penalties," further providing for definitions and for games of chance permitted; providing for prohibition regarding pools; further providing for prize limits and for limited sales; providing for raffle sales; further providing for distributor licenses, for registration of manufacturers, for regulations of department, for licensing of eligible organizations to conduct games of chance, for special permits and for revocation of licenses; providing for affiliated clubs; further providing for enforcement; and providing for pool selling. The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The definitions of "daily drawing," "games of chance," "public interest purpose," "raffle," "veterans organization" and "weekly drawing" in section 103 of the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act, amended February 2, 2012 (P.L.7, No.2) and October 24, 2012 (P.L.1462, No.184), are amended and the section is amended by adding definitions to read:

Section 103. Definitions.

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

"Auxiliary group." The term shall not include a branch, lodge or chapter of a Statewide organization.

"Conservation organization." A national or Statewide nonprofit organization or local federation, club or chapter of a national or Statewide nonprofit organization whose mission or activities include any of the following:

- (1) Environmental education to promote conservation, maintenance, acquisition or improvement of a natural area for public use.
- (2) Protection, preservation or management of natural resources.

(3) Restoration, conservation or maintenance of wildlife. This paragraph includes the creation or preservation of wildlife sanctuaries or preserves.

(4) Best hunting practices, hunter education and hunting safety.

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

"Games of chance." Punchboards, daily drawings, weekly drawings, 50/50 drawings, raffles, pools, race night games and pull-tabs, as defined in this act, provided that no such game shall be played by or with the assistance of any mechanical or electrical devices or media other than a dispensing machine or passive selection device and further provided that the particular chance taken by any person in any such game shall not be made contingent upon any other occurrence or the winning of any other contest, but shall be determined solely at the discretion of the purchaser. This definition shall not be construed to authorize any other form of gambling currently prohibited under any provision of 18 Pa.C.S. (relating to crimes and offenses) or authorized under 4 Pa.C.S. (relating to amusements). Nothing in this act shall be construed to authorize games commonly known as "slot machines" or "video [poker.] poker" or other games regulated by the Pennsylvania Gaming Control Board.

"Pool." An activity in which a person pays an entry fee for each chance to win cash or merchandise based on the outcome of an event or series of events wherein the participants in the event or series of events are natural persons or animals, and to which all of the following apply:

(1) The maximum number of individuals that may participate in a pool is 100 people.

(2) The maximum entry fee for each individual entry in a pool is \$20.

(3) Other than the entry fee, no other money or thing of value is paid or given for participation in a pool.

(4) There is at least one guaranteed winner from among the participants.

(5) All entry fees collected for entry into the pool are paid as prizes to one or more participants in the pool.

(6) No entry fees or portions thereof are retained by the person or eligible organization operating the pool.

"Public interest purpose." One or more of the following:

(1) The activities and operations of a nonprofit organization that provides a benevolent, charitable, religious, educational, philanthropic, humane, scientific, patriotic, social welfare, social advocacy, public health, public safety, emergency response, environmental, historic or civic objective.

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

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

(4) Improving, expanding, maintaining or repairing real property owned or leased by an eligible organization and relating operational expenses used for purposes specified in paragraphs (1), (2) and (3).

(5) Nonprofit youth sports activities.

(6) Activities relating to the provision of volunteer fire, ambulance or rescue services.

(7) Activities conducted by a veterans organization, whether or not the veterans organization holds a club license. Activities under this paragraph may include:

(i) Scholarships.

(ii) Services to economically or socially support veterans.

(iii) Activities to honor veterans.

(iv) Other activities that qualify under paragraphs (1), (2), (3), (4), (5) and (6).

The term does not include the erection or acquisition of any real property, unless the property will be used exclusively for one or more of the purposes specified in this definition.

"Race night game." A game of chance in which multiple participants place entry fees or wagers on a prerecorded horse race displayed on a single screen to multiple participants simultaneously during a gaming session that does not exceed eight consecutive hours and is not conducted more frequently than once a month. The term

does not include an instant racing machine, historical racing machine or other similar pari-mutuel device.

"Raffle." A game of chance in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing of corresponding ticket stubs. Such games of chance shall include lotteries but not daily and weekly drawings. Raffle winners may be determined by reference to drawings conducted by the department pursuant to the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law. The term shall include a raffle auction.

"Raffle auction." A game of chance in which a participant buys a ticket for a chance to win a prize as follows:

(1) Tickets are placed in a location assigned to a particular prize.

(2) The winner of each prize is determined by a random drawing of a ticket that corresponds to the ticket held by the participant.

"Veterans organization." Any congressionally chartered organization within this Commonwealth, or any branch or lodge or chapter of a nonprofit national or State organization within this Commonwealth, the membership of which consists of individuals who were members of the armed services or armed forces of the United States. The term shall also include [home associations.] a home association, affiliate or other nonprofit organization established by or in cooperation with the veterans organization to provide services to veterans or to the community. Such organizations shall have been in existence in this Commonwealth fulfilling their purposes for one year prior to the date of application for a license.

"Weekly drawing." A game of chance in which a bona fide member selects or receives a number or numbers for a chance at a prize with the winner determined by a random drawing to take place on the licensed eligible organization's licensed premises at the end of a seven-day period. Weekly drawing winners may be determined with the aid of a passive selection device or reference to drawings conducted by the Department of Revenue pursuant to the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law. Weekly drawing chances may not be sold for an amount in excess of \$1. After a weekly drawing is held, a bona fide member may immediately select a number for a chance at a prize for the next weekly drawing.

Section 2. Section 301 of the act, amended October 24, 2012 (P.L.1462, No.184), is amended to read:

Section 301. Games of chance permitted.

Every eligible organization to which a license has been issued under the provisions of this chapter may conduct games of chance for the purpose of raising funds for public interest purposes. Except as provided in Chapter 5, all proceeds of a licensed eligible organization shall be used exclusively for public interest purposes, for the purchase of games of chance or for the payment of the license fee as required by this act. An eligible organization whose primary purpose is the promotion of a public interest may utilize the proceeds from small games of chance to fulfill that purpose.

Section 2.1. The act is amended by adding a section to read:

Section 301.1. Prohibition regarding pools.

The operation of a pool must comply with the Professional and Amateur Sports Protection Act (Public Law 102-559, 28 U.S.C. § 3701 et seq.) or other Federal law in the operation of or participation in the pool.

Section 3.

Section 302(a), (b), (c), (d), (d.1), (f) and (h) of the act, amended February 2, 2012 (P.L.7, No.2), are amended and the section is amended by adding a subsection to read:

Section 302. Prize limits.

(a) Individual prize limit.--Except as provided under subsections (d) and (d.1), the maximum prize which may be awarded for any single chance shall be \$2,000.

(b) Aggregate prize limit.--No more than \$35,000 in prizes shall be awarded from games of chance by a licensed eligible organization in any seven-day period.

(c) Raffle prize limit.--Up to \$15,000 in prizes may be awarded in raffles in any calendar month.

(d) Exception for raffles.--Notwithstanding subsection (b) or (c), a licensed eligible organization may conduct a raffle under section 308 and award a prize or prizes valued in excess of \$3,000 each only under the following conditions:

(1) The licensing authority has issued a special permit for the raffle under section 308.

(2) A licensed eligible organization shall be eligible to receive no more than ten special permits in any licensed term except that a volunteer fire, ambulance rescue or conservation organization that is not a club licensee shall be eligible to receive 12 special permits in any licensed term.

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

(4) Except as provided under subsection (d.1), the total of all prizes awarded under this subsection shall be no more than \$150,000 per calendar year, which shall not be subject to the aggregate limit under subsection (b) or (c).

(d.1) Additional award.--A volunteer fire, ambulance rescue or conservation organization may, in addition to the total under subsection (d)(4), award up to \$100,000 from raffles which shall not be subject to the aggregate limit under subsection (b), (c) or (d).

(f) Daily drawing carryover.--The prize limitation contained in subsections (a) and (b) may be exceeded by a daily drawing under the following circumstances: a daily drawing may award a prize in excess of \$2,000 if such prize is the result of a carryover of a drawing which resulted from the winning number in such drawing not being among the eligible entrants in such drawings. Nothing contained herein shall authorize the prize limitation as contained in subsections (a) and (b) to be exceeded as a result of a failure to conduct a drawing on an operating day during which chances were sold for a daily drawing or for a daily drawing for which chances were sold in excess of \$1 or for which more than one chance was sold to an eligible participant.

(h) Weekly drawing carryover exception.--Weekly drawings shall be governed by the prize limitation contained in subsection (b). The prize limitation contained in subsection (b) may be exceeded by a weekly drawing under the following circumstances: a weekly drawing may award a prize where the cash value is in excess of \$35,000 if such prize is the result of a carryover of a drawing or drawings which resulted from the winning number or numbers in such drawing or drawings not being among the eligible entrants in such drawings. Nothing contained in this chapter shall authorize the prize limitation under subsection (b) to be exceeded as a result of a failure to conduct a drawing for a week during which chances were sold for a weekly drawing or for a weekly drawing for which chances were sold in excess of \$1.

(i) Concurrent operation.--Nothing under this act shall prohibit the concurrent operation of daily or weekly drawings.

Section 3.1. Section 303(b) of the act, amended February 2, 2012 (P.L.7, No.2), is amended to read:

Section 303. Sales limited.

(b) Limitation.--No game of chance, other than a raffle under section 302(d), sold, offered for sale or furnished to a licensed eligible organization for use within this Commonwealth shall contain, permit, depict or designate a prize having a prize limit in excess of \$2,000.

Section 3.2. The act is amended by adding a section to read:

Section 303.1. Raffle sales.

Nothing in this act shall prohibit the sale of a raffle ticket available to an individual who lawfully may enter the raffle. Tickets may be issued in accordance with the following:

- (1) Issued at a discounted price.
- (2) Issued as part of the sale of other tickets.
- (3) Issued free of charge or as part of the sale of other tickets.
- (4) Issued as bonus tickets as part of the sale of other tickets.
- (5) Issued as prizes, including prizes at auctions.

Section 4. Section 304(g), (h) and (i) of the act, amended February 2, 2012 (P.L.7, No.2), are amended and the section is amended by adding a subsection to read:

Section 304. Distributor licenses.

(c.1) Background.--The department shall conduct and annually update a criminal history record check on each individual listed under subsection (b)(6).

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

- (1) has been convicted of a felony in a state or Federal court within the past five years;
or
- (2) has been convicted within ten years of the date of application in a state or Federal court of a violation of any of the following:
 - (i) This act.
 - (ii) The act of July 10, 1981 (P.L.214, No.67), known as the Bingo Law.
 - (iii) A gambling-related offense under 4 Pa.C.S.(relating to amusements).
 - (iv) A gambling-related offense under 18 Pa.C.S. (relating to crimes and offenses).

(v) A Federal or State law comparable to the statutes listed under subparagraphs (i), (ii), (iii) and (iv).

(h) License and renewal fees.--The fee for a distributor license shall be \$2,000. Licenses shall be renewable on an annual basis.

(i) Exception.--This section shall not apply to the manufacture or distribution of raffle tickets, 50/50 drawings, daily drawings, weekly drawings or pools.

Section 4.1. Section 305(d) of the act, amended October 24, 2012 (P.L.1462, No.184), is amended to read:

Section 305. Registration of manufacturers.

(d) Exception.--This section shall not apply to the manufacture or distribution of raffle tickets, 50/50 drawings, daily drawings, weekly drawings or pools.

Section 5. Section 306(b) and (c) of the act, amended October 24, 2012 (P.L.1462, No.184), are amended and subsection (a) is amended by adding a paragraph to read:

Section 306. Regulations of department.

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

(3.1) Establish procedures to ensure that race night games are secure, random and totally dependent upon chance.

(b) Limitation on recordkeeping requirements.--This section shall not be construed to authorize the department to promulgate regulations providing for recordkeeping requirements for licensed eligible organizations which require unreasonable or unnecessary information or a repetitious listing of information. The department shall strive to keep such recordkeeping requirements from being an undue hardship or burden on licensed eligible organizations. Except as provided under section 701(b), the department may not require the retention of records for a period in excess of two years. If an individual prize is in excess of \$600, the record shall include the name and address of the winner. An eligible organization shall provide each winner with a receipt of the value of the prize when the prize exceeds \$600.(Reserved).

Section 6. Section 307 heading, (a), (b), (b.1), (b.2), (b.3), (d)(3), (d.1) and (h) of the act, amended February 2, 2012 (P.L.7, No.2) and October 24, 2012 (P.L.1462, No.184), are amended to read:

Section 307. Licensing of eligible organizations.

(a) License required.--The following shall apply:

(1) An eligible organization shall not conduct or operate games of chance unless the eligible organization has obtained a valid license as follows:

(i) A regular license which must be renewed annually.

(ii) A monthly license which permits the eligible organization to conduct games of chance for a 30-consecutive-day period.

(2) An auxiliary group of a licensed eligible organization may conduct games of chance using the license issued to the eligible organization if the auxiliary group is listed on the application and license of the eligible organization. An auxiliary group shall not be eligible to obtain a license. No additional licensing fee shall be charged for an auxiliary group. If the eligible organization is a club licensee, the games of chance conducted by the auxiliary group must be held on the club's licensed premises.

(b) Issuance.--The licensing authority shall issue a license within 30 days of the submission of an application by an eligible organization that meets the requirements under this chapter.

(b.1) Fee.--The license fee to be charged to each eligible organization for a regular license shall be \$125. The license fee to be charged for a monthly license shall be \$25. A regular license must be renewed annually. The fee shall be used by the licensing authority to administer this act.

(b.2) Location.--An eligible organization that holds a license under subsection (a) and that is not a club licensee may conduct small games of chance in the county where the license is issued at a premises which is the operating site of the eligible organization or at a premises or other location not prohibited by local ordinance, and for which the treasurer has been notified. The following shall apply:

(1) No more than three licensees, including the licensee that owns or leases the premises, may conduct small games of chance simultaneously at a premises or location.

(2) A licensee shall ensure that the conduct of small games of chance by different organizations are separate and clearly identified within a premises or location.

(3) A licensee that is not a club licensee may conduct games of chance simultaneously with the conduct of games of chance by a club licensee on not more than three occasions covering a total of seven days during the year.

(4) The following shall apply:

(i) Notwithstanding paragraph (1), if a club licensee is unable to conduct games of chance at the location listed on its application and license due to natural disaster, fire or other circumstance that renders the location unusable, the club licensee may submit a written request to the district attorney to conduct games of chance in a different location, including the licensed premises of another eligible organization.

(ii) A request under subparagraph (i) must include the change in the location and the dates and times the games of chance will be operated at the alternative location.

(iii) The district attorney shall approve or deny the request and shall establish a limit on the duration of the authorization to conduct games of chance at the alternative location. Following the expiration of the authorization period, the club licensee must return to the location specified in its application and license or apply to the licensing authority for a new permanent location. The district attorney may stipulate additional requirements as a condition of approval.

(iv) If a club licensee permits another club licensee to use its licensed premises under this paragraph to conduct games of chance, the host club licensee must cease its operation of games of chance during the time the club licensee utilizing its premises is conducting its games of chance.

(d) Operation.--Each licensed eligible organization shall be prohibited from the following:

(3) Paying any compensation to any person for conducting any games of chance. Games of chance may only be conducted by managers, officers, directors, bar personnel and bona fide members of the eligible organization. This paragraph shall not apply to the sale of a raffle or raffle auction ticket.

(d.1) Bank account and records.-- An eligible organization with proceeds of games of chance that exceed \$40,000 per year shall maintain a bank account, which shall be separate from all other funds belonging to the licensed eligible organization. Account records shall show all expenditures and income and shall be retained by the licensed eligible organization for at least two years.

Section 7. Section 308(a) of the act, amended February 2, 2012 (P.L.7, No.2), is amended to read:

Section 308. Special permits.

(a) Issuance and fee.--The licensing authority shall issue a special permit for each raffle in which the licensed eligible organization proposes to award individual prizes in excess of \$3,000. The licensing authority may establish and collect a fee not to exceed \$25 for the issuance of special permits under this section.

Section 7.1. The act is amended by adding a section to read:

Section 505.1. Affiliated clubs.

(a) Applicability.--This section shall apply to a club licensee that meets any of the following:

(1) Is affiliated with a veterans organization or volunteer fire company.

(2) Uses the name of a veterans organization or volunteer fire company or holds itself out as being affiliated or directly associated with a veterans organization or volunteer fire company.

(3) Has a licensed premises that is connected to the premises of a veterans organization or volunteer fire company.

(b) Proceeds.--A club licensee under subsection (a) may provide funds from proceeds under section 502(a)(1) to a veterans organization or volunteer fire company or an organization affiliated with a veterans organization or volunteer fire company that conducts activities that include public interest activities.

Section 7.2. Section 701(a)(5) of the act, amended February 2, 2012 (P.L.7, No.2), is amended to read:

Section 701. Revocation of licenses.

(a) Grounds.--The following shall be grounds for suspension, revocation or nonrenewal of a license:

(5) Any person or persons other than a manager, officer, director, bar personnel or a bona fide member of an eligible organization have been involved in managing, setting up, operating or running games of chance. This paragraph shall not apply to the sale of a raffle or raffle auction ticket.

Section 8. Section 702(b) and (c) of the act, amended February 2, 2012 (P.L.7, No.2) and October 24, 2012 (P.L.1462, No.184), are amended to read:

Section 702. Enforcement.

(b) Bureau of Liquor Control Enforcement.--If the licensee is a club licensee or a licensee under Chapter 9, the Bureau of Liquor Control Enforcement may enforce the provisions of this act in accordance with subsection (g). An administrative law judge under section 212 of the act of April 12, 1951 (P.L.90, No.21), known as the Liquor Code, may impose the penalties under subsection (d) following the issuance of a

citation by the bureau. The Bureau of Liquor Control Enforcement shall have no jurisdiction to enforce the provisions of this act on any special occasion permit holder under section 408.4 of the Liquor Code. The Bureau of Liquor Control Enforcement shall retain all powers and duties to enforce the provisions of the Liquor Code on a special occasion permit holder.

(c) Random audits.--The department shall conduct biennial random audits of 5% of all club licensees.

Section 9. The act is amended by adding a section to read:

Section 708. Pool selling.

Notwithstanding 18 Pa.C.S. § 5514 (relating to pool selling and bookmaking), the operation of or participation in a pool in accordance with this act shall not constitute a criminal activity.

Section 10. This act shall take effect in 60 days. APPROVED--The 27th day of November, A.D. 2013. TOM CORBETT