## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## HOUSE BILL

No. $290{ }^{\substack{\text { sessiond } \\ 2013}}$

INTRODUCED BY BROOKS, P. DALEY, KRIEGER, SACCONE, P. COSTA, REESE, BOBACK, KULA, PICKETT, YOUNGBLOOD, SNYDER, HARHAI, CALTAGIRONE, D. COSTA, RAPP, CONKLIN, CAUSER, DUNBAR, SAINATO, HARHART, TALLMAN, MATZIE, V. BROWN, KORTZ, C. HARRIS, KAUFFMAN, KNOWLES, COHEN, CARROLL, GINGRICH, EVERETT, DeLUCA, READSHAW, HELM, GROVE, MILLER, WATSON, F. KELLER, MOUL, ROAE, DAY, ROCK, NEUMAN, SCHLOSSBERG, STEVENSON AND MAHONEY, JANUARY 30, 2013

AS REPORTED FROM COMMITTEE ON GAMING OVERSIGHT, HOUSE OF REPRESENTATIVES, FEBRUARY 5, 2013

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," in preliminary provisions, further providing for definitions and providing for relationship to table games; in games of chance, further providing for games of chance permitted, for prize limits, for regulations of the Department of Revenue and for licensing of eligible organizations to conduct games of chance; in club licensees, further providing for reports by a club licensee and for distribution of proceeds; in enforcement, further providing for REVOCATION OF LICENSES AND <-FOR enforcement by the Bureau of Liquor Control Enforcement; and abrogating regulations.

The General Assembly of the Commonwealth of Pennsylvania
hereby enacts as follows:
Section 1. The definitions of "games of chance" and "public
interest purpose" 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), 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:
"A night at the races." A game in which a participant places a wager on a prerecorded horse race.
"Coin auction." A game in which a participant buys a numbered paddle for a chance to bid on a donated prize with the winner determined by a random drawing of corresponding numbers. * * *
"Games of chance." Punchboards, daily drawings, weekly drawings, 50/50 drawings, raffles, selective raffles, POKER RUNS, coin auctions, a night at the races, Texas Hold'em card tournament, vertical wheel game 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 Title 18 of the Pennsylvania Consolidated Statutes (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 RUN." A GAME IN WHICH ALL OF THE FOLLOWING OCCUR: <--
(1) PARTICIPANTS MEET AT AN ELIGIBLE ORGANIZATION'S

LICENSED PREMISES TO RECEIVE INSTRUCTIONS FOR THE EVENT.
(2) EACH PARTICIPANT RECEIVES A DETAILED EXPLANATION OF THE GAME DESTINATIONS AND A SCORE CARD WHICH WILL BE COMPLETED AS THEY PROGRESS TO EACH DESTINATION.
(3) AT EACH DESIGNATED STOP ON THE RUN ROUTE, THE PARTICIPANT DRAWS OR IS DEALT A CARD AT RANDOM. THE CARD WHICH IS DRAWN OR DEALT IS RECORDED ON THE PARTICIPANT'S SCORE CARD.
(4) A WINNER IS DETERMINED AS THE PARTICIPANT WHICH MAKES THE BEST FIVE-CARD POKER HAND AT THE END OF THE EVENT. * * *
"Public interest purpose." One or more of the following:
(1) The activities and operations of a nonprofit benevolent, religious, educational, philanthropic, humane, scientific, patriotic, social welfare, social advocacy, public health, public safety, emergency response, environmental 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
authorization of a vertical wheel game or a Texas Hold'em card tournament as a table game under 4 Pa.C.S. Pt. II (relating to gaming).

Section 3. 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, for the payment of the license fee or for the payment of the fee for background checks, as required by this act. An eligible organization, except a club licensee, may use itsproceeds from <-games of chance to fulfill its THE PROCEEDS RECEIVED FROM GAMES <-OF CHANCE CONDUCTED BY THE ELIGIBLE ORGANIZATION TO FULFILL THE ORGANIZATION'S own public interest purpose.

Section 4. Section 302 of the act is amended by adding a subsection to read:

Section 302. Prize limits.
(e.1) Texas Hold'em requirements.--A licensed eligible organization shall charge an entry fee of not more than $\$ 10$ per person to play in a Texas Hold'em tournament. The licensed eligible organization shall pay out prizes to no more than the top five winning persons in a declining manner based on the player's final placement in the tournament. The prize pool shall consist solely of entry fees collected.

[^0]Section 5. Section 306 (b) and (c) of the act, amended October 24, 2012 (P.L.1462, No.184), are amended and the section is amended by adding subsections to read:

Section 306. Regulations of department.
(a.1.) Review.--The department shall, on an annual basis, review this act and regulations promulgated under this act to determine if regulations relating to games of chance require revision. If the department determines that the regulations need modification, the department may promulgate such regulations within 60 days of its review.
(a.2) Expansion.--The department may authorize any additional games of chance for eligible organizations, except for club licensees, and promulgate regulations it deems necessary for such additional games of chance. The department may consult with law enforcement officials responsible for enforcement of this act prior to authorizing any additional games of chance. Additional games of chance shall not include any games that require Internet access for play.
(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. For individual prizes of $\$ 600$ <-OR MORE, records shall include the name and address of the <-winner. An eligible organization shall not obtain or retain receipts of prizes that are donated. An eligible organization
shall provide each winner with a receipt of the value of the prize won, unless the prize is cash. Except as provided under section $701(\mathrm{~b})$, the department may not require the retention of records for a period in excess of two years.
(c) Reporting requirements.--[Each eligible organization which has proceeds in excess of $\$ 2,500$ in a calendar year shall submit an annual report to the department including:] Except for an organization licensed under section 307 (b) (1) (i), each eligible organization shall submit an annual report to the department for the $12-m o n t h$ period commencing upon the anniversary of the date the license was issued. The form for the report shall be available in a paper form HARD COPY from the <-licensing authority and ELECTRONICALLY from the department's <-Internet website. The report may be filed SUBMITTED by mail to <-the department or by THROUGH the department's Internet website. <-The report shall include the following:
(1) Prizes awarded as required under section 335 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.
(2) Amounts expended for public interest purposes. Section 6. Section $307(\mathrm{a})$, (b), (b.1), (b.2), (b.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 and subsection (b.1) is amended by adding a paragraph to read: Section 307. Licensing of eligible organizations to conduct games of chance.
(a) License required.--No eligible organization shall conduct or operate any games of chance unless such eligible organization has obtained and maintains a valid license [or limited occasion license] issued pursuant to this section. An
auxiliary group of a licensed eligible organization shall be eligible to conduct games of chance using the license issued to the eligible organization provided that the auxiliary group [or groups are] is listed on the application and license of the eligible organization. An auxiliary group is not eligible to obtain a license [or a limited occasion license]. No additional licensing fee shall be charged to an eligible organization for an auxiliary [group's eligibility under this chapter. Auxiliary groups] group of the organization. An auxiliary group shall not include branches, lodges or chapters of a Statewide organization.
(b) Issuance and fees.--The following shall apply:
(1) [The licensing authority shall license, upon application, within 30 days any eligible organization] Within 30 days of receiving an application FROM an organization, <-the licensing authority shall grant a license to an eligible organization meeting the requirements for licensure contained in this chapter to conduct and operate games of chance at such locations within the county or in such manner as stated on the application as limited by subsection (b.1). The license fee to be charged to [each] an eligible organization shall be [\$100, except for limited occasion licenses which shall be $\$ 10]$ as follows:
(i) For an eligible organization making $\$ 40,000$ or less a year in proceeds from games of chance, $\$ 25$. (ii) For an eligible organization making more than $\$ 40,000$ in proceeds from games of chance, $\$ 100$.
(2) Licenses shall be [renewable annually upon] issued for a period of one year and may be renewed on or after the anniversary of the date of issue. The license fee shall be
used by the licensing authority to administer this act. (b.1) Location of games of chance.--
(1) Except as otherwise provided in this section, a licensed eligible organization[, except a limited occasion licensee,] may conduct small games of chance at a licensed premises. The licensed premises shall be indicated on the eligible organization's license application. [Only one license shall be issued per licensed premises. Except as provided under paragraph (4), a licensed eligible organization may not share a licensed premises with another licensed eligible organization; and no licensed eligible organization may permit its premises to be used for small games of chance by another licensed eligible organization.]
(2) Where there exists a location or premises which is the normal business or operating site of the eligible organization and the location or premises is owned or leased by that eligible organization to conduct its normal business, that site shall be the eligible organization's licensed premises. If that location consists of more than one building, the eligible organization shall identify the building that will be designated as the licensed premises.
(2.1) If AN eligible organization MAY REQUEST <-APPROVAL to conduct games of chance in a different location from the location OF THE LICENSED PREMISE that is listed on <-its THE ELIGIBLE ORGANIZATION'S application and license, the.<-THE eligible organization must submit a written request to the district attorney. The request must include the change in <-the, INCLUDING THE ADDRESS OF THE NEW location and the dates <-and times the games of chance will be CONDUCTED at <-the new location. The district attorney may approve or deny as a condition of approval.
(3) When an eligible organization does not own or lease a specific location to conduct its normal business, the eligible organization may use the premise of another eligible organization to conduct games of chance or may make arrangements that are consistent with this act to establish a licensed premises, including leasing a premise under a written agreement for a rental; however, the rental may not be determined by either the amount of receipts realized from the conduct of games of chance or the number of people attending. An eligible organization may lease a facility for a banquet in connection with the serving of a meal based on a per-head charge. Prior to the use of the premises of another eligible organization to conduct games of chance, an eligible organization must notify, in writing, the district attorney regarding the location USE OF THE PREMISE OF ANOTHER ELIGIBLE<-ORGANIZATION, INCLUDING THE ADDRESS of the premise and the dates and times the games of chance will be operated.
[(3.1) Notwithstanding paragraphs (1), (2) and (3), if an eligible organization 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 eligible organization 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. The request must include the change in the location and the dates and times the games of chance will be operated at the alternative location. The district attorney 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 eligible organization must return to the location specified in its application and license or apply to the licensing authority for a new permanent location for the conduct of games of chance. The district attorney may approve or deny the request or stipulate additional requirements as a condition of approval. If an eligible organization permits another eligible organization to use its licensed premises to conduct games of chance under this paragraph, the eligible organization shall cease its operation of games of chance during the time the eligible organization utilizing its premises is conducting its games of chance] (Reserved).
(3.2) Notwithstanding paragraphs (1), (2) and (3), the following eligible organizations established to raise funds shall not be required to conduct a $50 / 50$ drawing or a raffle at a licensed premises or to own, lease or establish a licensed premises:
(i) A nonprofit sports team.
(ii) A primary or secondary school-sponsored club, sports team or organization.
[(4) An eligible organization that has obtained a limited occasion license under subsection (b.3) may use another eligible organization's licensed premises to conduct its games of chance. When a licensed eligible organization is permitting a limited occasion licensee to use its licensed premises for purposes of games of chance, it shall cease the operation of its own games of chance during the period that the limited occasion licensee is conducting its games on the
premises.]
(5) For purposes of major league sports drawings, the facility at which a major league sports team conducts its games shall constitute a premises for purposes of this act. (b.2) Off-premises games of chance.--Notwithstanding any other provisions of this section, all of the following apply:
(1) A licensed eligible organization may conduct games of chance at a location off its premises when the games of chance are part of an annual carnival, fair, picnic or banquet held or participated in by that licensed eligible organization on a historical basis. The licensed eligible organization must notify, in writing, the district attorney and licensing authority of the location, date and times of the event where it will be conducting games of chance.
(2) Raffle and $50 / 50$ drawing tickets may be sold off the licensed premises in a municipality which has adopted the provisions of this act by an affirmative vote in a municipal referendum. A licensed eligible organization which plans to sell raffle and 50/50 drawing tickets in a municipality located in a county other than the county in which the eligible organization is licensed shall notify that county's district attorney and licensing authority as to the location and the dates that the licensed eligible organization plans to sell raffle tickets.
[(b.3) Limited occasion licenses.--Eligible organizations which do not own their own premises or which do not lease a specific location to conduct their normal business may apply for a limited occasion license to conduct games of chance on not more than three occasions covering a total of seven days during a licensed year. A limited occasion license entitles an eligible
organization to conduct no more than two raffles during a licensed year where prizes may not exceed the established limits for regular monthly raffles. Holders of a limited occasion license may not apply or be granted any other license or special permit under this act. No holder of a regular license or special permit under this act shall apply or be granted a limited occasion license.]
(d.1) Bank account and records.--The licensed eligible organization, except for an organization licensed under subsection (b) (1) (i), shall keep a bank account to hold the proceeds of games of chance, 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.

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(h) Background checks.--Each application for a license submitted by an eligible organization [which has proceeds in excess of $\$ 2,500$ in a year] except for an organization licensed under subsection (b) (1) (i), shall include the results of a criminal history record information check obtained from the Pennsylvania State Police, as defined in 18 Pa.C.S. § 9102 (relating to definitions) and permitted by 18 Pa.C.S. § 9121 (b) (relating to general regulations), for the executive officer and [secretary] treasurer of the eligible organization making the application for a license or any other person required by the department.

Section 7. Sections 501 and 502 of the act, added February 2, 2012 (P.L.7, No.2), are amended to read:

Section 501. Club licensee.
(a) Report.--
(1) Beginning in 2013, a club licensee shall submit semiannual reports to the department for the preceding sixmonth period on a form and in a manner prescribed by the department. The form shall be available in a paper form HARD <-COPY from the licensing authority and ELECTRONICALLY from the <-department's Internet website. The report may be filed SUBMITTED by mail to the department or THROUGH the department's Internet website.
(2) The report must be filed under oath or affirmation of an authorized officer of the club licensee.
(3) The report shall include all of the following information:
(i) The proceeds received by the club licensee from each game of chance conducted, itemized by week.
(ii) The amount of prizes paid from all games of chance, itemized by week.
(iii) Other costs incurred related to the conduct of games of chance.
(iv) The verification of amounts distributed for public interest purposes itemized under section [502(a)(1)] 502(a)(2)(i), itemized by the recipient.
(v) An itemized list of expenditures made or amounts retained and expenditures under section [502(a)(2)] 502(a)(2)(ii).
(vi) The address and the county in which the club licensee is located.
(vii) Other information or documentation required by the department.
(b) Distribution.--The department shall provide a copy of the report to the Bureau of Liquor Control Enforcement.
(c) Posting.--The reports under subsection (a) shall be published on the department's Internet website.

Section 502. Distribution of proceeds.
(a) Distribution.--The proceeds from games of chance received by a club licensee shall be distributed as follows:
[(1) No less than $70 \%$ of the proceeds shall be paid to organizations for public interest purposes in the calendar year in which the proceeds were obtained.
(2) No more than $30 \%$ of the proceeds obtained in a calendar year may be retained by a club licensee and used for the following operational expenses relating to the club licensee:
(i) Real property taxes.
(ii) Utility and fuel costs.
(iii) Heating and air conditioning equipment or repair costs.
(iv) Water and sewer costs.
(v) Property or liability insurance costs.
(vi) Mortgage payments.
(vii) Interior and exterior repair costs, including repair to parking lots.
(viii) New facility construction costs.
(ix) Entertainment equipment, including television, video and electronic games.
(x) Other expenses adopted in regulation by the department.]
(1) $\$ 40,000$ may be retained by the club licensee. There are no restrictions on the use of these proceeds by the club
licensee.
(2) Any club licensee proceeds remaining after distribution under paragraph (1) shall be distributed as follows:
(i) No less than $70 \%$ of the proceeds shall be paid to organizations for public interest purposes in the calendar year in which the proceeds were obtained.
(ii) No more than $30 \%$ of the proceeds obtained in a calendar year may be retained by a club licensee and used for the following operational expenses relating to the club licensee:
(A) Real property taxes.
(B) Utility and fuel costs.
(C) Heating and air conditioning equipment or
repair costs.
(D) Water and sewer costs.
(E) Property or liability insurance costs.
(F) Mortgage payments.
(G) Interior and exterior repair costs, including repair to parking lots.
(H) New facility construction costs.
(I) Entertainment equipment, including
television, video and electronic games.
(J) Other expenses adopted in regulation by the department.
(a.1) Amounts retained.--Amounts retained by a club licensee under subsection (a) (2) shall be expended within [the same calendar year] a 12-month period from when the proceeds were received unless the club licensee notifies the department that funds are being retained for a substantial purchase or project.

Notification shall include a description of the purchase or project, the cost and the anticipated date of the purchase or project.
(b) Prohibition.--
(1) Proceeds shall not be used for wages, alcohol or food purchases or for the payment of any fine levied against the club licensee.
(2) An officer or employee of a club licensee who operates the game of chance shall not participate in the game. This paragraph shall not apply to a raffle.

SECTION 8. SECTION 701(B) OF THE ACT, AMENDED FEBRUARY 2, <-2012 (P.L.7, NO.2), IS AMENDED TO READ:

SECTION 701. REVOCATION OF LICENSES.

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(B) PRODUCTION OF RECORDS.--THE DISTRICT ATTORNEY MAY

REQUIRE LICENSEES TO PRODUCE THEIR BOOKS, ACCOUNTS AND RECORDS RELATING TO THE CONDUCT OF GAMES OF CHANCE IN ORDER TO DETERMINE IF A VIOLATION OF THIS ACT HAS OCCURRED. LICENSEES SHALL ALSO BE REQUIRED, UPON REQUEST, TO PROVIDE THEIR LICENSE, BOOKS, ACCOUNTS AND RECORDS RELATING TO THE CONDUCT OF GAMES OF CHANCE TO THE LICENSING AUTHORITY, THE BUREAU OF LIQUOR CONTROL ENFORCEMENT OR TO A LAW ENFORCEMENT AGENCY OR OFFICIAL. A CLUB LICENSEE SHALL RETAIN RECORDS FOR A PERIOD OF [FIVE] TWO YEARS.

Section \& 9. Section $702(b)$ of the act, amended October 24, <-2012 (P.L.1462, No.184), is amended to read:

Section 702. Enforcement.

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(b) Bureau of Liquor Control Enforcement.--The following shall apply to enforcement:
(1) If the licensee is a club licensee, 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.
(2) 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 act of April 12, 1951 (P.L.90, No.21), known as 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.

Section 9 10. The provisions of 61 Pa . Code §§ 901.463(4) (relating to raffle records), 901.464(9) (relating to punchboard and pull-tab records), 901.464a(9) (relating to daily and weekly drawing records), 901.466(1) (relating to prize records) and 901.733(f) (relating to control of prizes) are abrogated.

Section 10 11. This act shall take effect immediately.


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