



## BILL ANALYSIS

<b><u>COMMITTEE:</u></b>	Gaming Oversight	<b><u>DATE:</u></b>	11/27/13
<b><u>PRIME SPONSOR:</u></b>	Brooks	<b><u>BILL NO.:</u></b>	HB 290
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### A. SYNOPSIS:

Amends the Local Option Small Games of Chance Act to provide for additional rules and regulations for licensing organizations.

### B. BILL SUMMARY:

**The Senate amended this bill in the Senate Appropriations Committee. The bill was also amended in the House Rules Committee. This summary reflects all of those changes.**

House Bill 290 amends the Small Games of Chance Act to do the following:

- Defines auxiliary group and conservation organization;
- Adds Race Night games, Chinese auction (raffle auction) and pools as games of chance;
- Expands the definition of "public interest purpose" to include charitable or historic activities and nonprofit youth sports activities, activities relating to volunteer fire, ambulance or rescue services, and activities conducted by a veterans' organization such as scholarships, activities to honor veterans, services to support veterans;
- Clarifies that an organization operating solely in the public interest has the ability to retain proceeds for their own charitable services;
- Permits a member to immediately start a new daily or weekly drawing once the previous drawing has been held;
- Increases individual prize limit from \$1,000 to \$2,000;
- Increases weekly limit from \$25,000 to \$35,000;
- Increases raffle prize limit from \$10,000 to \$15,000;
- Increases the single prize limit for a special raffle permit from \$1,000 to \$3,000;
- Special raffle prize increased from \$100,000 to \$150,000 per year;

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- Clarifies that the prize of a special raffle is not part of the aggregate limit;
- Permits an eligible organization to apply for 10 (increased from 8) special raffle permits per year;
- Permits a volunteer fire, ambulance or rescue organization or conservation organization to apply for 12 (increased from 10) special raffle permits per year;
- Permits a volunteer fire, ambulance or rescue organization or conservation organization to have an additional award of \$100,000 that is not part of the limits;
- Permits concurrent operation of daily and weekly drawings;
- Permits raffle tickets to be sold as follows:
  - At a discounted price;
  - Free of charge or as part of the sale of the other tickets;
  - As bonus tickets as part of the sale of the other tickets;
  - As prizes, including prizes at auctions.
- Requires Revenue to conduct and annually update background checks of distributors;
- Expands the ineligibility for a distributor licensee to include violations of the Bingo Law, the Small Games Act, the Gaming Act, a gambling offense under Title 18, or any other state or federal law that is comparable;
- Increases the license fee for distributors from \$1000 to \$2000;
- Clarifies that raffles, 50/50 drawings, daily drawings, weekly drawings and pools do not need to be purchased from a distributor;
- Requires Revenue, per regulation, to ensure that race nice games are secure, random and totally dependent upon chance;
- Increases the amount, from \$100 to \$600, for which an organization must record the name and address of a winner;
- Increases the amount, from \$100 to \$600, for when a receipt designating the prize must be given to the winner;
- Removes all reporting requirements for eligible organizations (those without a liquor license);
- Increases the license fee from \$100 to \$125 for a regular license;
- Creates a monthly license for \$25 in which an organization can conduct games for a 30 day consecutive period and removes provisions for a limited occasion license;
- Clarifies where small games of chance can be played as follows:
  - An eligible organization, that is not a club licensee, may conduct games in the county where the license at their normal business site or at a location not prohibited by local ordinance. In addition, the following apply:
    - (1) No more than 3 licensees, including the licensee that owns the premise, can operate games simultaneously;
    - (2) A licensee shall ensure that the conduct of games by different organizations are separate and clearly identified on the premise;
    - (3) A licensee that is not a club licensee may conduct games simultaneously with the conduct of games by a club not more than 3 times covering a total of 7 days in a year.
- Removes provision which an organization must contact the District Attorney of another county if tickets are being sold out of the county which the organization is licensed;

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- Exempts organizations making less than \$40,000 in proceeds from maintaining a separate bank account;
- Removes provisions in which organizations must submit background checks as a part of their application for a license;
- Provides that if a club licensee is affiliated with a veteran's organization or volunteer fire company, the club licensee may provide funds from their 60% of small game proceeds to a veterans organization or volunteer fire organization that conducts activities for the public interest purpose;
- Clarifies that Revenue, not LCE, is required to do biennial (changed from annual) random audits of 5% of clubs ;
- Clarifies that Liquor Control Enforcement (LCE) does not have enforcement powers over small games of chance violations with organizations which solely have a special occasion permit under the Liquor Code. LCE will retain enforcement power over any Liquor Code violations of these organizations.

Effective Date: 60 Days.

#### **C. CURRENT LAW:**

The Local Option Small Games of Chance Act (Act 156 of 1988) recognizes that certain nonprofit organizations need to raise funds, for the promotion of charitable or civic purposes, by operating small games of chance. The Act establishes the rules, regulations, and guidelines necessary for the conducting of small games of chance.

#### **D. BACKGROUND OF BILL:**

Since the passage of Act 2 and 184 of 2012 (Small Games of Chance), many legislators have been contacted by the various clubs and organizations in their districts with concerns regarding some of the changes that were made.

#### **E. ISSUES AND POLICY QUESTIONS:**

**PRO:** The addition of the new games of chance is needed to clarify that current games commonly played by eligible organizations are legal forms of gambling under the Act.

Many of the administrative changes, such as background checks and annual reporting and clarifying the definition of "public interest purpose", have been made to the bill at the request of the organizations operating the games.

There were some unintended consequences from Act 2 of 2012 on organizations and these changes rectify those issues.

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