

Legionnaires and Legion Club officers

Our Governor has signed the “Gaming Bill”. The new law and its parameters will go into effect on 3 March 2012. This new law will pertain to every post running small games of chance. This is great news for many of our clubs who have been struggling with the LCE and their enforcement of small games of chance laws. We are in the process of dissecting the new law and building an informational package to go out to all our Legion Clubs. The following is the actual press release from our State and we have put together some quick bullet points describing the changes to the old law. Please see that you disseminate this information to all posts in your respective areas. This information will be available on our web site (www.pa-legion.com) If you have any questions please feel free to contact us. We will put out additional information as it is available.

Yours in comradeship,

Kit D. Watson

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Department Adjutant
Pennsylvania American Legion

Gov. Corbett signs bill increasing prizes for small games of chance

HARRISBURG - Governor Tom Corbett signed eight bills into law Thursday, including a bill that amends the Local Option Small Games of Chance Act to create new definitions, increase prize limits, and provide for additional rules and regulations for licensing of organizations.

The bill was sponsored by Rep. Sheryl Delozier (R-Cumberland), and would amend the current Small Games of Chance law to allow nonprofit associations, charitable organizations and other civic groups to raise revenues to support their community as well as maintain their operation.

Delozier's bill would update the Local Option Small Games of Chance Act, which has not been changed since 1988, allowing for increased limits for prize payouts.

Small games of chance licenses are used by charitable organizations to raise funds to assist those in the local community. These nonprofit groups assist community residents by sponsoring youth

sports, supporting fire companies and veteran events, refurbishing local parks, and giving out grants and scholarships to our students.

"The passage of this bill means we are actively working to preserve the role that local organizations have in our communities," said Delozier. "Most of the money that is spent on these small games of chance does return to the community with a multiplier effect that benefits all of us."

House Bill 169 would increase limits for prize payouts from \$500 to \$1,000 for daily drawings, from \$5,000 to \$25,000 for weekly drawings and from \$5,000 to \$10,000 for raffles per calendar month.

Under the bill, at least 70 percent of proceeds raised by these organizations would be distributed for public interest purposes, and up to 30 percent of the money raised can be used by the organizations to help maintain capital projects such as fixing a roof or heating system.

"The upcoming budget season is going to be a tough one," Delozier noted. "Allowing for increased fundraising will help our nonprofits to fill some of the gaps in funding from government and stay afloat during hard economic times. This bill is the support system our communities need."

House Bill 169 was amended in the Senate to include measures that permit fire and emergency services to hold a raffle with a \$50,000 limit. Measures to require clubs with liquor licenses to submit semi-annual reports to the Pennsylvania Department of Revenue were also among the changes to the House version of the bill.

"House Bill 169 has been overwhelmingly supported statewide by community organizations and legislators on both sides of the aisle," said Delozier. "I am pleased we are finally able to get this bill to the governor's desk and ensure our nonprofit organizations are able to continue to meet their expenses and fund projects and services throughout our local communities."

HOUSE BILL 169

A. SYNOPSIS:

Amends the Local Option Small Games of Chance Act to create new definitions, increase prize limits, and provide for additional rules and regulations for licensing of organizations.

B. BILL SUMMARY:

Preliminary Provisions:

- Clarifies the following terms: Civic and service organization, club, daily drawing, eligible organizations, fraternal organizations, games of chance, public interest purposes, raffle and weekly drawing.

- Defines “licensed distributor” as a distributor of games of chance that is licensed under Act.
- Defines “prize” as cash or merchandise awarded from a game of chance.
- Defines “proceeds” as the difference between the actual gross revenue collected by an organization from the conduct of games of chance and the actual amount of prizes paid by an organization from a game of chance, plus the cost of the purchase of the game.

Games of Chance:

- Increases the maximum prize for a single chance from \$500 to \$1,000.
- Increases the maximum weekly prize limit from \$5,000 to \$25,000 in a seven-day period.
- Raises the prize limit for raffles from \$5,000 to \$10,000 per calendar month.
- Allows a raffle to exceed the \$1,000 per single chance limit if the organization has obtained a special permit. Eligible organizations can obtain no more than 8 special permits per license term, except for volunteer fire, ambulance and rescue organizations which can obtain 10 per license term. Total cash value of all prizes under a special permit is \$100,000 per calendar year.
- Permits a volunteer fire, ambulance or rescue organization to award up to \$50,000 from raffles that is not subject to the aggregate limit.
- Clarifies that only a daily drawing and weekly drawing can be conducted at the same time.
- Requires each manufacturer and distributor to submit a background check for all officers, managers and other responsible persons. These background checks shall be obtained from the PA State Police and shall be submitted with their application or renewal.
- Requires organizations to report to Revenue on prizes awarded of \$600 or more, as required by the Tax Reform Code.
- Requires organizations to report the amounts expended on public interest purposes.
- Clarifies that an auxiliary group is not eligible to obtain a license or limited occasion license to conduct games of chance.
- Clarifies that the licensing authority can use the license fees to administer the act.
- Clarifies that an organization must conduct small games of chance at their licensed premise. The organization must list the licensed premise on their application. Only one license shall be issued per licensed premise.
- Allows an organization which has obtained a limited occasion license to use the premise of another licensed organization. When an organization permits a limited occasion licensee to use their premise, the organization must cease the operation of their own games of chance.
- Requires an organization to keep a separate bank account for proceeds of games of chance and retain account records for two years.
- Requires a club licensee to submit an annual report at the time of application for a license or renewal.
- Requires each organization to submit a background check for the executive officer and secretary or any other person required by Revenue. Background checks shall be obtained from the PA State Police and shall be submitted with their application or renewal.

Club Licensees:

- Provides additional requirements for club licensees.
- Beginning in 2013, a club shall submit semi-annual reports to Revenue for the preceding 6-month period containing the following information:
 - The proceeds received by the club from each game of chance, itemized by week.
 - The amount of prizes paid from all games of chance.
 - Other costs incurred related to the conduct of games of chance.
 - The verification of amounts distributed for public interest purposes, itemized by recipient.
 - An itemized list of expenditures made or amounts retained.

- The address and county where the club is located.
- Other information required by Revenue.
- Requires Revenue to provide a copy of the report to the Bureau of liquor Control Enforcement (BLCE).
- Requires Revenue to post reports on their internet site.
- Permits clubs to use proceeds for operating expenses, as well as public interest purposes (not less than 70% public interest, 30% general operating). Proceeds may not be used for wages, alcohol or food purchases, or fines levied against the organization. Operating expenses include: Real property taxes, utility and fuel costs, heating and air conditioning equipment and repair, water and sewer costs, mortgage payments, interior and exterior repair costs, new facility construction, entertainment equipment, and other expenses as regulated by Revenue.
- Requires that amounts retained for public interest purposes are to be expended within the same calendar year unless the organization notifies Revenue that the funds are being retained for a specific purchase or project.
- Requires a club to maintain records, including invoices for games purchased. Records shall be made available to the BLCE or other entity authorized to enforce the Act.
- Requires a club to maintain records relating to the printing or purchase of raffle tickets and the printing or purchase of materials to be used for a weekly drawing.

Enforcement:

- Adds the following as grounds for suspension, revocation or nonrenewal:
 - Failure of a club licensee to file an accurate report
 - Failure of a club licensee to comply with the filing requirements or the distribution of proceeds
- Requires licensees to, upon request, provide their license, books, accounts and records relating to games of chance to the licensing authority, BLCE, or law enforcement agency or official. A club licensee shall retain their records for 5 years.
- Permits the licensing authority to enforce the Act and impose civil penalties.
- Permits BLCE, for club licensees only, to enforce the Act. An administrative law judge may impose civil penalties following the issuance of a citation by BLCE.
- Requires BLCE to conduct random audits of 5% of club licensees.
- Permits the District Attorney to investigate all violations of the Act. If a violation has occurred the DA may impose a criminal penalty.
- Clarifies that, for a club licensee, violations of the Act do not constitute a violation of the Liquor Code. If the club has committed three or more violations of the Act, BLCE may enforce a violation of this Act as a violation of the Liquor Code.
- Imposes civil penalties as follows:
 - For organizations:
 - First violation – up to \$500.
 - Second violation – up to \$1,000.
 - Third or subsequent violation – up to \$1,500.
 - For Clubs:
 - First violation – up to \$800.
 - Second violation – up to \$1,000.
 - Third or subsequent violation – up to \$2,000.
- Changes criminal penalties to:
 - First violation – not exceeding \$1,000 and forfeiture of license for not more than 30 days;
 - Second violation – not exceeding \$1,500 and forfeiture of license for not less than 30 days and no more than 180; and

- Third violation (within 3 years of most recent violation) – not exceeding \$3,000 and forfeiture of license for 30 months.

New Law effective date: 30 days (3 March 2012)

C. CURRENT LAW:

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