

LOCAL OPTION SMALL GAMES OF CHANCE
(Act of December 1988, P.L. 1262, No. 156)
(10 P.S. 311 et seq.) (Renumbered in 10 P.S. as §328.101, et seq.)

§101. Short Title

This act shall be known and may be cited as the Local Option Small Games of Chance Act.

§102. Legislative intent

The General Assembly hereby declares that the playing of games of chance for the purpose of raising funds, by certain nonprofit associations, for the promotion of charitable or civic purposes, is in the public interest. In some cases the proceeds from games of chance may be utilized to support certain operating expenses of certain organizations.

The General Assembly hereby declares that raising public funds from games of chance in licensed restaurants and protecting the competitiveness of these restaurants is also in the public interest.

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

The General Assembly recognizes the possibility of association between commercial gambling and organized crime, and wishes to prevent participation by organized crime and prevent the diversion of funds from the purposes herein authorized.

§103. Definitions

The following words and phrases when used in this act shall, except as provided under section 902, have the meanings given to them in this section unless the context clearly indicates otherwise:

50/50 drawing." A game in which:

(1) A participant buys a ticket for a chance to win a prize where the winner is determined by a random drawing of corresponding tickets sold for that drawing.

(2) The prize paid to the winner is comprised of one-half of the money collected from tickets from the drawing and the remaining money retained by the eligible organization for distribution in accordance with this act.

"Affiliated nonprofit organization." An organization established by or affiliated with a Major League Baseball, National Hockey League, National Basketball Association or Major League Soccer team for the purpose of raising funds for charity, which is qualified for an exemption under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 101(c)(3)).

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

"Bona fide member." Any individual who holds a membership in the eligible organization as defined by that organization's constitution, charter, articles of incorporation or bylaws.

"Charitable organization." A not-for-profit group or body of persons which is created and exists for the purpose of performing a humane service; promoting the good and welfare of the aged, poor, infirm or distressed; combating juvenile delinquency; or advancing the spiritual, mental, social and physical improvement of young men and women.

"Civic and service association." Any statewide or branch, lodge, or charter of a nonprofit national or State organization which is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a civic or service purpose within this Commonwealth, which shall have existed in this Commonwealth for one year. The term also means a similar local nonprofit organization, not affiliated with a national or State organization, which is recognized by a resolution adopted by the governing body of the municipality in which the organization conducts its principal activities. The term shall include Statewide or local bona fide sportsmen's and wildlife associations, federations or clubs, volunteer fire companies, volunteer rescue squads and volunteer ambulance associations and senior citizens organizations. In the case of bona fide senior citizens organizations, the licensing authority may accept alternative documentation for proof of purposes when there are no bylaws or articles of incorporation in existence. The term shall also include nonprofit organizations which are established to promote and encourage participation and support for extracurricular activities within the established primary and secondary public, private and parochial school systems. Such organizations must be recognized by a resolution adopted by the appropriate governing body. In the case of organizations associated with the public school system, the governing body shall be the school board of the school district. In the case of private or parochial school organizations, that body shall be either the board of trustees or the Archdiocese.

"Club." an organization that:

(1) Is licensed to sell liquor under section 404 of the act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code ; and

(2) Qualifies as an exempt organization under section 501(c) or 527 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c) or 527)

“Club licensee.” A club that holds a license to conduct small games of chance.

“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 or device or reference to drawings conducted by the department pursuant to the act of August 26, 1971 (p.l. 351, no. 91),² 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.

“Department.” The Department of Revenue of the Commonwealth.

“Dispensing machine.” A device designed exclusively for the dispensing of the games of chance authorized by this act, including, but not limited to, ticket jars, fish bowls and stamp machines. Nothing in this act shall be construed to authorize devices commonly known as “slot machines” or “video poker.”

“Eligible organization.” A charitable, religious, fraternal or veterans’ organization, club, club licensee or civic and service association. In order to qualify as an eligible organization for purpose of this act, an organization shall have been in existence and fulfilling its purpose for one year prior to the date of application for a license. The term shall include an affiliated nonprofit organization licensed under section 307.

“Fraternal organization.” A nonprofit organization within this commonwealth which is created and carried on for the mutual benefit of its members, has a limited membership and a representative form of government and is a branch, lodge or chapter of a national or state

organization. Such organizations shall have been in existence in this commonwealth and fulfilling their purpose for one year prior to the date of application for a license.

"Games of chance." Punchboards, daily drawings, weekly drawings, 50/50 drawings, raffles, tavern games, 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 direction of the purchaser. This definition shall not be construed to authorize any other form of gambling currently prohibited under 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" or other games regulated by the Pennsylvania Gaming Control Board.

"Law enforcement official." A municipal police officer, a member of the Pennsylvania state police, the sheriff or a county or a deputy sheriff.

"License." A license to conduct games of chance.

"Licensed distributor." A distributor of games of chance licensed under section 307.

"Licensing authority." the county treasurer, or in any home rule county or city of the first class, where there is no elected treasurer, the designee of the governing authority.

"Major league sports drawing." A 50/50 drawing conducted by a nonprofit affiliate of a major league sports team in accordance with section 304.1.

"Major league sports team." A sports team or racing facility that is any of the following:

(1) A member of Major League Baseball, the National Hockey League, the National Basketball Association, The National Football League, or Major League Soccer.

(2) A professional sports team affiliated with a team under paragraph (1).

(3) Any other professional sports team that has a sports facility or an agreement with a sports facility to conduct home games at the facility.

(4) A stadium, grandstand, or bleacher at a closed-course motor facility where spectators are directly observing motor races with NASCAR, Indy or stock or drag racing cars.

"Municipality." A city, borough, incorporated town or township or a home rule municipality formerly classified as a city, borough, incorporated town or township.

“Passive selective device.” A device which is used to hold or denote the universe of possible winning numbers or entrants in a daily drawing or raffle. Such a device may not have the capability of being utilized to conduct or aid in the conducting of unauthorized or illegal forms of gambling.

“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.

"Prize." Cash or merchandise awarded for games of chance.

"Proceeds." The difference between:

- (1) The actual gross revenue collected by a licensed eligible organization, or a licensee under Chapter 9, from a game of chance; and
- (2) The actual amount of prizes paid by a licensed eligible organization, or a licensee under Chapter 9, from a game of chance, plus the cost to purchase games of chance.

“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.

“Pull-tab.” A single folded or banded ticket or a strip ticket or card with a face covered to conceal one or more numbers or symbols, where one or more of each set of tickets or cards has been designated in advance as a winner.

“Punchboard.” A board, placard or other device marked off in a grid or columns, in which each section contains a hidden number or numbers, or other symbol, which determines the winning chances.

“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.

“Religious organization.” A not-for-profit group or body of persons which is created and which exists for the predominant purpose of regularly holding or conducting religious activities or religious education, without pecuniary benefit to any officer, member or shareholder except as reasonable compensation for actual services rendered to the organization.

“Tavern games.” Pull-tabs, tavern daily drawings and tavern raffles.

“Veterans organization.” Any congressionally chartered organization within this Commonwealth, or any branch or lodge or chapter or 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 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 purpose 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.

¹ 47 P.S. § 1-102

² 72 P.S. § 3761-1 et seq.

§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.

§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.

§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.

(c.1) Total limit - all prizes awarded under this section shall be subject to the aggregate prize limits under subsection (b).

(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 paragraph (4), award up to \$100,000 from raffles which shall not be subject to the aggregate limit under subsection (b), (c) or (d).

(e) Deleted.

(f) Daily drawing carryover - The prize limitation contained in subsection (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.

(g) Additional exception - When a daily drawing is set up or conducted in such a manner as to pay out or award 100% of the gross revenues generated from such drawing, the limitation contained in subsection (b) shall not apply.

(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.

§303. Sales limited

(a) General rule - No person shall sell, offer for sale or furnish games of chance for use within this Commonwealth except to an eligible organization or licensed distributor under this chapter.

(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.

§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.

§304. Distributor licenses

(a) License required - No person shall sell, offer for sale or furnish games of chance to eligible organizations licensed under this chapter or licensed under Chapter 9 unless such person shall have obtained a distributor license as provided in this section.

(b) Application - An applicant for the grant or renewal of a distributor license issued pursuant to this section shall provide to the department, upon the form prescribed, all of the following:

- (1) The applicant's State sales tax number.
- (2) The applicant's State corporate tax number.
- (3) The applicant's State employer withholding tax number.
- (4) The applicant's unemployment compensation account number.
- (5) A statement that:
 - (i) all State tax reports have been filed and all State taxes paid;
 - (ii) all State taxes are subject to a timely administrative or judicial appeal; or
 - (iii) all State taxes are subject to a duly approved deferred payment plan.
- (6) The names and business addresses of all owners, officers, directors, partners and sales personnel.

(c) Waiver of confidentiality - An applicant for the grant or renewal of a distributor license issued pursuant to this section shall, by the filing of an application insofar as it relates to the department, waive any confidentiality with the respect to State tax information in the possession of the department, the Office of Attorney General or the Department of Labor and Industry regarding that applicant, regardless of the source of that information and shall consent to the providing of that information to the department by the Office of Attorney General or the Department of Labor and Industry.

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

(d) - Review of tax status - Upon receipt of any application for the grant or renewal of a distributor license issued pursuant to this section, the department shall review the State tax status of the applicant. The department shall request State tax information regarding the applicant from the Office of Attorney General or the Department of Labor and Industry and that information shall be provided.

(e) Limitation on approval - The department shall not approve any application for the grant or

renewal of a distributor license issued pursuant to this section where the applicant has failed to:

- (1) provide any of the information required by subsection (b);
- (2) file required State tax reports; or
- (3) pay any State taxes not subject to a timely administrative or judicial appeal or subject to a duly authorized deferred payment plan.

(f) Records - A distributor licensee shall keep such records, reports and books as the department shall prescribe. Applicants shall be required to make such records, reports and books available as required by the department pursuant to regulation.

(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 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 the 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.

¹ 10 P.S. § 301 et seq.

Section 304.1. Major league sports drawing.

(a) General rule.--A person may purchase one or more major league sports drawing tickets at a home game, and each ticket purchased shall represent one entry in the drawing for a winner. A single ticket shall be randomly chosen as the winner after a certain number of tickets are sold or a specified time period expires as designated by the affiliated nonprofit organization.

(b) Frequency.--An affiliated nonprofit organization may conduct no more than one major league sports drawing per home game.

(b.1) Sales restricted.--Tickets for a major league sports drawing may not be sold in any seating area designated as a family section.

(b.2) Charitable event. – A major league sports drawing may be conducted by the affiliated nonprofit organization during a charitable event held within the same arena, stadium, grandstand, bleachers, or other facility during a home game or car race of the major league sports team. Drawings may only be held within spectator areas within the arena, stadium, grandstand or bleachers where the home game or car race is being conducted and not at ancillary areas or facilities, including parking areas, restaurants and bars or areas outside the arena, stadium, grandstand or bleachers or areas where the sport is shown on remote electronic equipment.

(c) Distribution.--The prize amount of a major league sports drawing shall be 50% of the total amount collected from the sale of major league sports drawing tickets. Except as set forth in subsection (c.1), the other 50% of the total amount collected from the sale of major league sports drawing tickets shall be donated within seven days from the date of the drawing by the affiliated nonprofit organization conducting the major league sports drawing to one or more designated charitable organizations for which the drawing was conducted.

(c.1) Use of funds. –

(1) The affiliated nonprofit organization may utilize nonprize money collected for the following:

(i) To employ or provide payment to individuals 18 years of age or older to sell major league sports drawing tickets at a professional sporting event.

(ii) For administrative expenses directly related to the conduct of the drawing under this section.

(2) Authorized expenses under paragraph (1)(ii) may not exceed 2% of the total amount collected from the sale of major league sports drawing tickets.

(d) Designated charitable organization.--The affiliated nonprofit organization conducting the major league sports drawing shall disclose to all ticket purchasers the designated charitable organization for which the major league sports drawing is being conducted.

(e) Eligibility.--In order to receive proceeds from a major league sports drawing, a charitable

organization must be in existence and fulfilling its purposes for at least two years prior to the drawing and shall be eligible for exemption under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)). A political subdivision shall not qualify as a charitable organization under this section.

(f) Unclaimed prizes.--Any major league sports drawing prize remaining unclaimed by a winner at the end of the major league sports team's season shall be donated within 30 days from the end of the season by the affiliated nonprofit organization to the designated charitable organization for which the major league sports drawing was conducted.

(g) Applicability.--The limitations under sections 302, 303(b), 308 and 704 shall not apply to a major league sports drawing.

(h) Additional recordkeeping. – The department may require additional recordkeeping or accountability or measures for major league drawings.

§305. Registration of manufacturers

(a) Registration required - No manufacturer of games of chance shall sell any games of chance to any person unless the manufacturer has registered with the department and has been issued a certificate of registration.

(b) Annual certificate; fee - A certificate under this section shall be valued for one year. The annual fee for registration shall be \$2,000.

(c) Prohibited sales - A manufacturer shall not sell games of chance to any person not licensed as a distributor unless the manufacturer is also a licensed distributor.

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

§306. Regulations of department

(a) Authorization – The department shall promulgate regulations to:

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

(2) Establish procedures by which manufacturers may register and distributors of games of

chance may apply for licensure on forms which the department shall provide. Procedures shall include a requirement that manufacturer and distributor applicants provide criminal history record information obtained from the Pennsylvania state police under 18 pa.c.s. §9121(b) (relating to general regulations) for each officer and manager of the manufacturer's or distributor's organization and for any other individual specified by the department. As used in this paragraph, the term "criminal history record information" has the meaning given in section 18 pa.c.s. §9102 (relating to definitions).

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

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

(4) Carry out other provisions of this act.

(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.

(c) (Reserved).

§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 licensed eligible organization may conduct games of chance using the license issued to the eligible if the auxiliary group is listed on the application and the 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 a location listed on its application and licenses 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 the 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.

(b.4). Gambling facility prohibited. - It shall be unlawful for a person, corporation, association, partnership or other business entity to offer for rent or offer to use a building or facility to be used exclusively for the conduct of games of chance. It shall also be unlawful for any eligible organization to lease under any terms a building or facility which is used exclusively for the conduct of games of chance.

(c) Display. - Licenses issued pursuant to this section shall be publicly displayed at the site where games of chance are conducted.

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

(1) permitting any person under 18 years of age to operate or play games of chance.

(2) permitting any person who has been convicted of a felony in a federal or state court within the past five years or has been convicted in a federal or state court within the past ten years of violation of the act of July 10, 1981 (p.l. 214, no. 67),¹ known as the bingo law, or of this act to manage, set up, supervise or participate in the operation of games of chance.

(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.

(4) conducting games of chance on any premises other than on the licensed premises or as otherwise provided by this chapter.

(5) leasing the licensed premises under either an oral or written agreement for a rental which is determined by either the amount of receipts realized from the playing of games of chance or the number of people attending, except that an eligible organization may lease a facility for a banquet where a per head charge is applied in connection with the serving of a meal. An eligible organization shall not lease such premises from any person who has been convicted of violation of this act or the bingo law within the past ten years.

(6) Purchasing games of chance, other than raffles, 50/50 drawings, daily drawings and weekly drawings, from any person other than a registered manufacturer or licensed distributor approved by the department.

(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.

(E) Application for license. - Each eligible organization shall apply to the licensing authority for a license on a form to be prescribed by the Secretary of Revenue. For a club license, the application and each renewal application shall include the most recent annual report filed by the club licensee under Chapter 5. The form shall contain an affidavit to be affirmed by the executive officer or secretary of the eligible organization stating that:

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

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

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

(e.1) Proceedings.--Proceedings before the licensing authority are subject to 2 Pa.C.S. Chs. 5 Subch. B (relating to practice and procedure of local agencies) and 7 Subch. B (relating to judicial review of local agency action).

(f) List of licenses. - The licensing authority, on a semiannual basis, shall send a copy of all licenses to the Department.

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

¹ 10 P.S. § 301 et seq.

§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.

(b) Permit application. - Each special permit application shall specify the location where the actual drawing will be held, the number of chances to be sold, the price per chance and the prize to be awarded.

CLUB LICENSEES

§501. Club licensee

(a) Report.--

(1) Beginning in 2014, a club licensee with proceeds in excess of \$20,000 in a calendar year shall submit annual reports to the department for the preceding 12-month period on a form and in a manner prescribed by the department.

(2) The report under paragraph (1) must be filed under oath or affirmation of an authorized officer of the club licensee and 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) Verification and itemization of amounts distributed for public interest.
- (v) Deleted.
- (vi) Deleted.
- (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.

§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 60% of the proceeds shall be paid for public interest purposes within one year of the end of the calendar year in which the proceeds were obtained.

(2) No more than 40% of the proceeds obtained in a calendar year may be retained by a club licensee.

(a.1) Amounts retained.--

(1) Notwithstanding subsection (a), if in a calendar year beginning January 1, 2013, the proceeds from a game of chance for a club licensee are \$40,000 or less, the licensee shall be eligible to retain the first \$20,000 in proceeds in the following calendar year before subsection (a) applies.

(2) Amounts retained by a club licensee under subsection (a)(2) shall be expended within one year of the end of the calendar year in which the proceeds were obtained unless the club licensee notifies the department that funds are being retained for a substantial public interest purchase or project.

(b) Prohibition.--

(1) Proceeds shall not be used 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.

§503. Records.

A club licensee shall maintain records as required by this act or by the department, including invoices for games of chance purchased. Records necessary to enforce this act or to conduct random audits shall be made available to the Bureau of Liquor Control Enforcement, the department or any other entity authorized to enforce or conduct audits under this act.

§504. Raffle tickets. - Repealed and provided for otherwise in the act.

§505. Weekly drawings.

A club licensee shall maintain records relating to the printing or purchase of materials to be used for weekly drawings. Records shall include a receipt or invoice from the place of purchase that shows the cost and number or amount of materials purchased.

§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.

§506. Applicability

This chapter shall only apply to eligible organizations that have a club license.

ENFORCEMENT

§701. Revocation of Licenses

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

(1) any of the proceeds derived from the operation of games of chance by an eligible organization are used for any purpose other than for:

- i. public interest purposes;
- ii. the purchase of games of chance; or
- iii. a purpose permitted by chapter 5.

(1.1) any of the funds derived from the operation of games of chance by a club licensee are used in a manner that does not comply with section 502.

(2) Any person under 18 years of age is operating or playing games of chance as defined in this act.

(3) The eligible organization has permitted any person who has been convicted of a felony in a Federal or State court within the past five years or has been convicted in a Federal or State court within the past ten years of a violation of the act of July 10, 1981 (P.L. 214, No. 67),¹ known as the Bingo Law, or of this act, to manage, set up, supervise or participate in the operation of games of chance.

(4) The facility in which the games of chance are played does not have adequate means of ingress or egress and does not have adequate sanitary facilities available in the area.

(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.

- (6) Any person has received compensation for conducting games of chance.
- (7) Any prize has been awarded in excess of the limits permitted under this act.
- (8) The eligible organization has violated any condition of a special permit issued pursuant to section 308.
- (9) The eligible organization conducts the games of chance under a lease which calls for:
 - (i) leasing such premises from the owner thereof under an oral agreement; or
 - (ii) leasing such premises from the owner thereof under a written agreement at a rental which is determined by the amount of receipts realized from the playing of games of chance.
- (10) False or erroneous information was provided in the original application or in any information provided to the licensing authority or the department in any report.
- (11) An eligible organization has been convicted of a violation of this act as evidenced by a certified record of the conviction.
- (12) The eligible organization has permitted another eligible organization to conduct games of chance on its licensed premises without suspending its own operation of games of chance during the period that the other licensed eligible organization is conducting its games of chance.
- (13) A club licensee has failed to file an accurate report under section 501(a).
- (14) A club licensee has failed to comply with section 502.
- (15) Failure to file reports under section 501.
- (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 years.

§702. Enforcement

- (a) Licensing authority.--The licensing authority may enforce the provisions of this act and may impose the penalties under subsection (d).

(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.

(d) Powers and duties.--The licensing authority, or, in the case of a club licensee, the Bureau of Liquor Control Enforcement may impose the following penalties:

(1) A civil penalty.

(2) Suspension or revocation of the license.

(e) District attorney.--The district attorney of the county that issued the license shall investigate alleged violations of this act. If the district attorney finds probable cause to believe that a criminal violation has occurred, the district attorney may file criminal charges and prosecute the complaint against the alleged violator in the court of common pleas of the county, except in counties of the first class where the complaint may be filed in the municipal court.

(f) Law enforcement officials.--Nothing in this act may restrict or limit the power of a State, county or local law enforcement official to conduct investigations and file criminal charges under this act.

(g) General rule.--

(1) Except as provided in paragraph (2), a violation of this act by a club licensee shall not constitute a violation of the Liquor Code.

(2) If a club licensee has committed three or more violations of this act, the Bureau of Liquor Control Enforcement may enforce a violation of this act as a violation of the Liquor Code.

(3) A violation of this act shall not constitute a violation of the Liquor Code for the purposes of section 471(c) of the Liquor Code.

§703. Local option

(a) Election to be held. - In any municipality, an election may be held on the date of the primary election immediately preceding any municipal election, but not more than once in four years, to determine the will of the electors with respect to this issuance of licenses within the limits of such municipality under the provisions of this act. Where an election shall have been held at the primary election preceding a municipal election in any year, another election may be held under

the provisions of this act at the primary election occurring the fourth year after such prior election. Whenever electors equal to at least 25% of the highest vote cast for any office in the municipality at the last preceding general election shall file a petition with the county board of elections of the county, or the governing body of the municipality adopts, by a majority vote, a resolution to place such a question on the ballot and a copy of the resolution is filed with the board of elections of the county, for a referendum on the question of issuing licenses, the county board of elections shall cause a question to be placed on the ballot or on the voting machine board and submitted at the primary election immediately preceding the municipal election. The question shall be in the following form:

Do you favor the issuance of licenses to conduct small games of chance in the _____ of _____?

(b) Vote - If a majority of the electors on the question vote "yes", then licenses shall be issued by the licensing authority in such municipality, but if a majority of the electors voting on any such question vote "no", then the licensing authority shall have no power to issue or to renew, upon their expiration, any license in such municipality, unless and until, at a later election, a majority of the voting electors vote "yes" on such question.

(c) Voting proceedings - Proceedings under this section shall be in accordance with the provisions of the act of June 3, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.¹

(d) Applicability - This act applies to those eligible organizations located in municipalities which have adopted the provisions of this act by an affirmative vote in a municipal referendum in accordance with the provisions of this section.

(e) Withdrawal of approval - The referendum procedure contained in this section shall also be available to withdraw the approval of the issuance of such licenses within such municipality which was granted through a prior referendum.

(f) Special exception. - Notwithstanding any other provision of this act to the contrary, in any municipality except a city of the first class where an election was held pursuant to this section on May 16, 1989, and a majority of the electors voted "NO" on the question, the municipality shall be able to resubmit the question, in accordance with the procedures set forth in this section, at the general election immediately July 11, 1990.

¹ 25 P.S. § 2600 et seq.

§705. Advertising

It shall be unlawful for any eligible organization or person to advertise the prizes or their dollar value to be awarded in games of chance, provided that prizes may be identified on raffle tickets. Notwithstanding the prohibition of advertising contained within this section, an eligible

organization may advertise prizes and values thereof in periodic publications which are limited in their circulation to members of the eligible organization.

§705. Certain Persons Prohibited

No licensed distributor nor any person who has been convicted of a felony or of a violation of this act of July 10, 1981 (P.L. 214, No. 67), known as the Bingo Law or of this act of any comparable State or Federal Law shall have a pecuniary interest in the operation or in proceeds.

§706. Civil penalties.

(a) Penalty.--An eligible organization, other than a club licensee, that violates the provisions of this act shall be subject to the following civil penalties:

- (1) For an initial violation, up to \$500.
- (2) For a second violation, up to \$1,000.
- (3) For a third or subsequent violation, up to \$1,500.

(b) Club licensee.--A club licensee that violates the provisions of this act shall be subject to the following civil penalties:

- (1) For an initial violation, up to \$800.
- (2) For a second violation, up to \$1,000.
- (3) For a third or subsequent violation, up to \$2,000.

(c) Records.--The intentional or willful failure of a club licensee to provide accurate records shall result in a license suspension of a minimum of six months.

§707. Criminal penalties.

(a) Eligible organizations and club licensees. - Any eligible organization violating the provisions of this act shall be guilty of a summary offence and, upon conviction thereof, shall be sentenced to pay a fine not exceeding \$1,000.00 for a first offense and \$1,500 for a subsequent offense. In addition:

(1) for a first offense, the eligible organization shall forfeit the license to conduct games of chance issued to the eligible organization for a period of not more than 30 days.

(2) for a second offense, the eligible organization shall forfeit its license for a period of not less than 30 days nor more than 180 days.

(3) for a third or subsequent offense within three years of the first offense, the eligible organization shall forfeit its license and be ineligible for a license renewal for 30 months thereafter.

(b) Individuals. - Any person who conducts or assists in the conducting of games of chance in violation of the provisions of this act is guilty of a summary offense of a first violation. A second violation of this act shall be punishable as a misdemeanor of the third degree. A third or subsequent violation shall be punishable as a misdemeanor of the first degree.

(c) Distributors and manufacturers. - Any person who distributes games of chance without a license or in violation of any provision of this act or applicable regulations, and any manufacturer or games of chance who delivers games of chance for sale or distribution in this commonwealth who fails to register and obtain a permit therefor is guilty of a misdemeanor of the first degree, provided that no license or permit shall be required for the manufacturer or distribution of raffle tickets.

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

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

(2) tampers with any person or game of chance; or

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

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

§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.

TAVERN GAMING

§901. Scope of chapter. This chapter relates to tavern gaming.

§902. Definitions. The following words and phrases when used in this chapter shall have the meanings giving to them in this section unless the context clearly indicates otherwise:

“Applicant.” The person applying for a license under this chapter. The term includes each owner and officer of the tavern where tavern games will be conducted and of the holder of the liquor, malt or brewed beverage license under the act of April 12, 1951 (P.L., No. 21), known as the Liquor Code.

“Board.” The Pennsylvania Liquor Control Board.

“Bureau.” The Bureau of Investigations and Enforcement of the Pennsylvania Gaming Control Board.

“Grocery Store.” A retail establishment, commonly known as a grocery store, supermarket or delicatessen, where food, food products and supplies are sold for human consumption on or off the premises. The term shall include a restaurant with an interior connection to, and the separate and segregated portion of, any other retail establishment which is dedicated solely to the sale of food, food products and supplies for the table for human consumption on or off the premises.

“Host municipality.” A municipality with one or more taverns licensed to conduct tavern games.

“License.” A license to conduct tavern games under this chapter.

“Licensee.” A person that holds a license under this chapter.

“Net revenue.” As follows:

(1) For tavern games required to be purchased from a licensed distributor under this act, the difference between:

(i) the face value, as indicated by the manufacturer, collectible by a license from a tavern game; and

(ii) the maximum amount of prizes payable, as indicated by the manufacturer, by a licensee from a tavern game.

(2) For tavern games not required to be purchased from a licensed distributor, the term has the same meaning as proceeds.

“Restaurant licensee.” A for-profit hotel, restaurant, privately owned public golf course, brewpub or microbrewery licensed to sell liquor under this act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code. The term does not include any of the following:

(1) A grocery store.

(2) A premises where the sale of liquid fuels or oil is conducted.

“Tavern.” A for-profit hotel, restaurant, privately owned public golf course or brewpub or microbrewery with a valid license to sell liquor, malt or brewed beverages under the act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code. The term does not include any of the following:

- (1) A grocery store.
- (2) A restaurant where the sale of liquid fuels or oil is conducted.
- (3) A hotel or restaurant whose place of business is located in a licensed facility as defined in 4 Pa. C.S. §1103 (relating to definitions).
- (4) A business on the grounds of a facility where a Major League sports team conducts games or races.

“Tavern daily drawing.” A game in which:

- (1) An individual at a tavern selects or is assigned a number for a chance at a prize with the winner determined by random drawing to take place at the tavern during the same operating day;
- (2) A winner may be determined with the aid of a passive selection device or reference to drawings conducted by the department under the act of August 26, 1971 (P.L. 351, No. 91), known as the State Lottery Law;
- (3) Chances are not sold for an amount in excess of \$1; and
- (4) No more than one chance per individual is sold per drawing.

“Tavern raffle.” A raffle held in part for a charitable or public purpose in accordance with section 908.1.

§903. Licenses.

(a) Application – A restaurant licensee may apply to the board for a license to conduct tavern games at a licensed premises located in a municipality that has adopted a referendum to allow small games of chance under section 703.

(b) Information – The application under subsection (a) shall include the following information:

- (1) The name, address and photograph of the applicant.

(2) A current tax lien certificate issued by the department and a certificate from the Department of Labor and Industry of payment of all workers' compensation and unemployment compensation owed.

(3) The details of any license issued under 4 Pa. C.S. Pt. II (relating to gaming), the act of April 12, 1951 (P.L. 90 No. 21), known as the Liquor Code, or this act which was applied for or in which the applicant or other owner has an interest.

(4) Certified consent by the applicant, including each owner and officer of the restaurant licensee, to a background investigation by the bureau.

(5) Relating to criminal information disclosure of all arrests and citations of the applicant, including nontraffic summary offenses. The information shall include all of the following:

(i) A brief description of the circumstances surrounding the arrest or issuance of the citation.

(ii) The specific offense charged.

(iii) The ultimate disposition of the charge, including any dismissal, plea bargain, conviction sentence, pardon, expungement or order of Accelerated Rehabilitative Disposition.

(6) Financial interests and transactions as required by the bureau.

(7) Relating to citations of the applicant issued under the Liquor Code.

(8) Relating to disclosure of conditional license agreements entered into under the Liquor Code.

(9) Any other information required by the Board.

(c) Duty of Bureau. – The bureau shall conduct a background investigation of each applicant, the scope of which shall be determined by the bureau.

(d) Review. – Within six months of receipt of the background investigation report from the bureau, the board shall approve or disapprove the application.

(e) Background investigation. – Each applicant shall include information and documentation as required to establish personal and financial suitability, honesty and integrity. Information shall include:

(1) Criminal history record information.

(2) Financial background information.

(3) Regulatory history before the board or other Commonwealth agency.

(4) Other information required by the bureau.

(f) Personal interview. – If the bureau determines that the results of the background report investigation warrant additional review of the individual, the bureau shall conduct a personal interview with the applicant and may request information and interviews from other personal or professional associates.

(g) Cooperation. – The applicant shall cooperate with the bureau as requested during the conduct of the background investigation. Any refusal to provide the information required under this section or to consent to a background investigation shall result in the immediate denial of a license by the board.

(h) Costs. – The applicant shall reimburse the bureau for the actual costs of conducting the background investigation. The board shall not approve an applicant that has not fully reimbursed the bureau for the investigation.

(i) Approval. – The bureau shall transmit the investigative report and may make a recommendation to the board. The board shall review the information obtained under this section to determine if the applicant possesses the following:

(1) Financial stability, integrity and responsibility.

(2) Sufficient business experience and ability to effectively operate tavern games as part of the restaurant licensee's operator.

(3) Character, honesty and integrity to be licensed to operate tavern games in a responsible and lawful manner.

(j) Disapproval. – The board may disapprove the issuance of a tavern gaming license for the following reasons:

(1) A license shall not be issued to a restaurant licensee whose liquor license is in safekeeping pursuant to section 474.1 of the Liquor Code.

(2) A license shall not be issued to a location that is subject to pending objection under section 471(a.1) of the Liquor Code.

(3) A license shall not be issued to a location that is subject to:

(i) a pending license suspension under section 471 of the Liquor Code; or

(ii) a one-year prohibition on the issuance or transfer of a license under section 471(b) of the Liquor Code.

§904. Application.

(a) Application fee. – An applicant shall pay the board a nonrefundable application fee of \$1,000.

(b) Investigative fee. – An applicant shall pay an investigative fee of \$1,000 to the bureau.

(c) Costs. – In addition to the fee under subsection (b), an applicant and any owner and officer of the applicant shall pay for the actual cost of a background investigation conducted by the bureau that exceed the application fee. The bureau may:

(1) Charge an estimated amount to be provided prior to the background investigation.

(2) Submit for reimbursement from the applicant for the additional costs incurred in the background investigation.

(d) Funds. – Funds collected under subsection (b) and (c) shall augment the funds appropriated to the Pennsylvania Gaming Control Board under 4 Pa.C.S. (relating to amusements).

§905. Approval.

(a) Issuance. – Upon being satisfied that the requirements of section 903 have been met, the board may approve the application and issue a tavern games license for a period of one year. The board may enter into an agreement with the licensee concerning additional restrictions on the license, and this agreement shall be binding on the licensee. Failure of the licensee to adhere to the agreement will be cause for penalties under section 913(c) and for the nonrenewal of the license under section 913(f).

(b) Renewal. – A license shall be renewed annually. A license renewal shall not require review of the bureau, unless requested by the board. The board may refuse to review a tavern gaming license for the following reason:

(1) A license shall not be issued to a restaurant licensee whose liquor license is in safekeeping under section 474.1 of the act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code.

(2) A license shall not be issued to a location that is subject to a pending objection under section 470(a.1) of the Liquor Code.

(3) A license shall not be issued to a location that is subject to:

(i) a pending license suspension under section 471 of the Liquor Code; or

(ii) a one-year prohibition on the issuance or transfer of a license under section 471(b) of the Liquor Code.

(c) Fee. – Upon approval, the applicant shall pay a \$2,000 license fee to be deposited in the General Funds. The annual renewal fee shall be \$1,000.

(d) Entitlement. – Nothing under this chapter shall be construed to create an entitlement to a license by a person. The board shall have sole discretion to issue, renew, condition, suspend, revoke or deny a license based on the requirements of this chapter and whether the issuance and maintenance of the license are in the best interest of the Commonwealth.

(e) Nontransferability. – A license shall be grant of privilege to conduct tavern games. A license may not be sold, transferred or assigned to any other person. A licensee may not pledge or otherwise grant a security interest in or lien on the license. The board shall have the sole discretion to issue, renew, condition or deny the issuance of a license.

§906. Change in Ownership.

(a) Notice. – A licensee shall notify the board of a change of ownership of the premises or sale or transfer of the restaurant license.

(b) Qualification. – The purchaser or transferee of the assets or premises of a licensee must independently qualify for a license, pay the license fee and undergo and pay fees and costs for a background investigation under section 903.

§907. Prize limits.

(a) Individual prize limit. – The maximum prize which may be awarded for any single chance shall be \$2,000. No tavern game sold, offered for sale or furnished may contain, permit, depict or designate a prize having a prize limit in excess of \$2,000.

(b) Aggregate prize limit. – No more than \$35,000 in prizes may be awarded from tavern games by a licensee in a seven-day period.

§908. Bank account.

A licensee shall maintain a bank account to hold the net revenue from tavern games which shall be separate from all other funds belonging to the licensee. Account records shall show all expenditures and income and shall be retained by the licensee for at least two years.

§908.1 Tavern raffle:

The following shall apply to a tavern raffle:

(1) No more than one tavern raffle may be held in a calender month.

(2) A tavern raffle must be held for a designated charitable purpose.

(3) Each individual participating in the tavern raffle must be informed of the charitable purpose involved.

(4) At least 50% of the net revenues from the tavern raffles shall be transmitted to the designated charity within seven days of tavern raffle.

(5) Any net revenues not transmitted under paragraph (4) shall be distributed as follows:

- (i) Sixty percent shall be paid to the Commonwealth.
- (ii) Thirty-five percent may be retained by the licensee.
- (iii) Five percent shall be paid to the Commonwealth and deposited into the restricted receipt account established in section 909.3.

(6) A tavern raffle prize remaining unclaimed by a winner 60 days after the tavern raffle was held shall be donated by the licensee within 30 days to the designated charitable organization for which the tavern raffle was conducted.

§909. Distribution of net revenue.

Beginning January 1, 2014, the net revenue from tavern games received by a licensee shall be distributed as follows:

(1) Sixty percent of the net revenue obtained in any calendar year shall be paid to the Commonwealth.

(2) Thirty-five percent of the net revenue obtained in any calendar year may be retained by the licensee.

(3) Five percent shall be paid to the Commonwealth and deposited into the restricted receipts account established in section 909.3.

§909.1. Tavern game tax.

(a) Imposition. – There is imposed a tax of 60% of the net revenue from tavern games sold by a licensed distributor to a licensee within this Commonwealth.

(b) Collection. – The tax imposed under subsection (a) must be collected by the licensed distributor from the licensee in an instance where the tavern game is required to be purchased from a licensed distributor under this act and must be paid over to the Commonwealth.

(c) Other games. – In an instance where the tavern game is not required to be purchased from a licensed distributor under this act, a tax of 60% is imposed upon the next revenue from tavern daily drawings and tavern raffles under section 908.1 and must be paid to the Commonwealth by the licensee.

(d) Requirement to collect and remit. — Failure of a seller of tavern games to obtain a distributor's license does not relieve the seller from the requirement of collecting and remitting the tax imposed under this section.

(e) Returns. — A licensee or licensed distributor subject to this article shall file with the department, upon a form prescribed by the department, a tavern games tax return. The return must be filed under oath or affirmation of an authorized officer of the licensee or licensed distributor reporting the net revenue and the tax due under this section in the prior calendar quarter for licensees and in the prior calendar month for licensed distributors. A return is due by the 20th day following the end of the reporting period. The return must set forth the following:

(1) In the case of a licensed distributor, the total amount of net revenue for the tavern games sold to licensees in the prior calendar month, which must be calculated by indicating the number of each type of tavern game sold and the net revenue for each type of game.

(2) In the case of a licensee, the amount of net revenue for the tavern games not purchased from a licensed distributor that the licensee operated in the prior calendar quarter.

(3) Calculation of the tax due under this section.

(4) For a licensee, the amount from tavern games distributed to a designated charity.

(5) Other information required by the department.

(f) Payment. — A licensee or licensed distributor subject to pay or collect the tax under this section shall remit the tax to the department when the return in subsection (e) is made.

(g) Applicability. — The provisions of section 704 shall apply to a licensee.

(h) Penalties and interest. — If a licensee or licensed distributor fails to file the return required under subsection (e) or fails to pay the tax imposed under subsection (a) or (c), the department may do the following:

(1) assess the amount of tax due;

(2) impose and assess an administrative penalty equal to 10% of the tax due but unpaid for each quarter or fraction thereof that the tax remains unpaid together with interest at the rate established under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code, on the tax from the time the tax became due. The penalty provided in this paragraph must be added to the tax and assessed and collected at the same time and in the same manner as a part of the tax. Unless otherwise specified, the tax must be assessed, collected and enforced by the department under the provisions of Article II of the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971;

(3) notify the board that a licensee has not filed returns or has not paid tax. The board may suspend or revoke a licensee's license; or

(4) revoke a licensed distributor's license.

(i) Funds held in trust. – The funds owed to the Commonwealth under this section shall be held in trust by a licensed distributor.

(j) Deposit. – Beginning in fiscal year 2013-2014, the total amount of taxes imposed by this section shall be deposited in the General Fund.

§909.2. Host municipality tavern games tax.

(a) Imposition. – There is imposed a tax of 5% of the net revenue from tavern games sold by a licensed distributor to a licensee within this Commonwealth.

(b) Collection. – The tax imposed under subsection (a) must be collected by the licensed distributor from the licensee in an instance where the tavern game is required to be purchased from a licensed distributor under this act and must be paid to the Commonwealth and deposited into the restricted receipts account established in section 909.3.

(c) Other games. – In an instance where the tavern game is not required to be purchased from a licensed distributor under this act, a tax of 5% is imposed upon the net revenue from tavern daily drawings and tavern raffles under section 908.1 and must be paid to the Commonwealth and deposited into the restricted receipts account established in section 909.3.

(d) Requirement to collect and remit. – Failure of a seller of tavern games to obtain a distributor's license does not relieve the seller from the requirement of collectings and remitting the tax imposed under this section.

(e) Returns. – A licensee or licensed distributor subject to this chapter shall file with the department, upon a form prescribed by the department, a host municipality tavern games tax return. The return must be filed under oath or affirmation of an authorized officer of the licensee or licensed distributor reporting the net revenue and the tax due under this section in the prior calendar quarter for licensees and in the prior calendar month for licensed distributors. A return is due by the 20th day following the end of the reporting period. The return must set forth the following:

(1) In the case of a licensed distributor, the total amount of net revenue for the tavern games sold to licensees in each host municipality in the prior calendar month, which must be calculated by indicating the number of each type of tavern game sold, the net revenue for each type of game and the most municipality of each licensee.

(2) In the case of a licensee, the amount of net revenue for the tavern games not purchased from a licensed distributor that the licensee operated in the prior calendar quarter.

(3) Calculation of the tax due under this section.

(4) For a licensee, the amount from tavern games distributed to a designated charity.

(5) Other information required by the department.

(f) Payment. – A licensee or licensed distributor subject to pay or collect the tax under this section shall remit the tax to the department when the return in subsection (e) is made.

(g) Penalties and interest. – If a licensee or licensed distributor fails to file the return required under subsection (e) or fails to pay the tax imposed under subsection (a) or (c), the department may do the following:

(1) assess the amount of tax due;

(2) impose and assess an administrative penalty equal to 10% of the tax due but unpaid for each quarter or fraction thereof that the tax remains unpaid together with interest at the rate established under section 806 of the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code, on the tax from the time the tax became due. The penalty provided in this paragraph must be added to the tax and assessed and collected at the same time and in the same manner as a part of the tax. Unless otherwise specified, the tax must be assessed, collected and enforced by the department under the provisions of Article II of the act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Code of 1971;

(3) notify the board that a licensee has not filed returns or has not paid tax. The board may suspend or revoke a licensee's license; or

(4) revoke a licensed distributor's license.

(h) Funds held in trust. – The funds owed to the Commonwealth under this section shall be held in trust by a licensed distributor.

(i) Deposit. – Beginning in fiscal year 2013-2014, the total amount of taxes imposed by this section shall be paid to the Commonwealth and deposited into the restricted receipts account established in section 909.3.

§909.3. Restricted receipts account.

(a) Account established. – There is established within the General Fund a restricted receipts account to be known as the Host Municipality Tavern Games Local Share Account.

(b) Distributions. — The department shall make distributions from the Host Municipality Tavern Games Local Share Account to each host municipality. Each host municipality shall receive a distribution equal to the revenue remitted into the Host Municipality Tavern Games Local Share Account by:

(1) licensees located within the host municipality; and

(2) licensed distributors under section 909.2 generated by purchases from licensees in the host municipality.

(c) Payments to host municipalities. — The department shall make payments to host municipalities within 60 days of the end of each calendar year.

§910. Regulation.

The department shall enforce all revenue provisions of this chapter and may promulgate and enforce regulations relating to the enforcement, collection of tax and imposition of tax.

§911. Invoice.

A sale of a tavern game by a licensed distributor to a licensee must be documented by an invoice listing the names and types of games sold, quantities of each game sold, the net revenue of each game and the aggregate amount of tax due on the net revenue on each invoice. Failure to provide a correct invoice shall result in a penalty of 50% of the tax amount due payable to the Commonwealth.

§912. Reports.

A licensee shall submit an annual report to the board and the department for the preceding year on a form and in a manner prescribed by the department. The department shall develop a schedule for the submission of the annual report. The report shall include:

(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) Net revenue received from each tavern game conducted, itemized by week.

(3) Amount of prizes paid from all tavern games, itemized by week.

(4) Amount of tax remitted to the department.

(5) Amount given to designated charities from tavern raffles.

(6) Other information as required by the department.

§913. Enforcement.

(a) Board. — The board may, following notice and hearing, impose penalties or suspend or revoke a license under this chapter.

(b) Authority of department. — Notwithstanding any law to the contrary, the department may report violations of this chapter to the board and to the Bureau of Liquor Control Enforcement.

(c) Penalties. — The board may impose a civil penalty for a violation of this chapter in accordance with the following:

(1) Up to \$2,000 for an initial violation.

(2) Up to \$3,000 for a second violation.

(3) Up to \$5,000 for a third violation.

(d) Criminal penalty. — A violation of this chapter shall be a misdemeanor of the third degree. A second or subsequent offense shall be a misdemeanor of the second degree.

(e) Administrative law judge. — 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 this section following the issuance of a citation by the Bureau of Liquor Control Enforcement.

(f) Suspension, revocation or failure to renew. —

(1) In addition to any other sanctions the board may impose under this chapter or under the Liquor Code, the board may, at its discretion, suspend, revoke or deny renewal of any license issued under this chapter if it receives any information from any source and determines that:

(i) The applicant or any of its officers, directors, owners or employees:

(A) Is in violation of any provision of this chapter.

(B) Furnished the board with false or misleading information.

(ii) The information contained in the applicant's initial application or any renewal application is no longer true and correct.

(2) In the event of a revocation, suspension or failure to renew, the applicant's authorization to conduct the previously approved activity shall immediately cease, and all fees paid in connection therewith shall be deemed to be forfeited. In the event of a suspension, the applicant's authorization to conduct the previously approved activity shall immediately cease until the board has notified the applicant that the suspension is no longer in effect.

§914. Prohibitions.

The following shall apply to any license authorized or issued under this chapter:

(1) No license may be issued to a restaurant licensee whose place of business is located in a licensed facility as defined in 4 Pa.C.S. § 1103 (relating to definitions).

(2) No license may be issued to a place of business on the grounds of a facility where a major league sports team conducts games or races.

(3) No license may be issued to a place of business that has been decreed a nuisance pursuant to section 611 of the act of April 12, 1951 (P.L. 90, No. 21), known as the Liquor Code.

(4) The board shall be prohibited from issuing a license to any person who has been convicted of a felony offense or misdemeanor gambling offense in any jurisdiction unless 15 years have elapsed from the date of conviction of the offense.

(5) It shall be unlawful for an individual under 21 years of age to play or attempt to play or otherwise participate in a tavern game.

(6) It shall be unlawful for a licensee to permit an employee under 18 years of age to operate tavern games.

(7) It shall be unlawful for an owner, officer or employee of a licensee to sell, operate or otherwise participate in the conduct of tavern games if the employee has been convicted in any jurisdiction of a felony or a misdemeanor gambling offense unless 15 years have elapsed from the date of conviction of the offense.

(8) It shall be unlawful for an owner or officer of a licensee or for an employee of the licensee who operates the tavern game to participate in the game. This paragraph shall not apply to a raffle.

§915. Applicability.

(a) Local option. -- This chapter applies only to restaurant licensees located in municipalities which have exercised the option under section 703.

(b) Advertising. -- Section 704 shall apply to all licenses awarded under this chapter.

(c) Limitation and abrogation. -- Nothing in this chapter is intended to limit or otherwise abrogate the applicability of any provision of this act.

§3101. Report of the Legislative Budget and Finance Committee.

No later than March 15, 2016, and each March 15 thereafter, the Legislative Budget and Finance Committee shall issue a report to the General Assembly analyzing the impact, if any, of Chapter 9 on the State Lottery. The Governor may submit a request to the General Assembly to authorize a transfer of funds from the General Fund to the State Lottery Fund up to the amount identified in the report for the fiscal year following the date of the report.