



Senate Finance Committee

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Chairman

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BILL SUMMARY

HOUSE BILL 169, PN 2164 (REP. SOLOBAY)

SUMMARY:

House Bill 169 amends the Local Option Small Games of Chance Act to expand the definition of daily drawing, defines monthly drawing and general operating expenses, increases prize limits for small games of chance, allows for progressive and insured games, allows eligible organizations to raise funds for general operating expenses, and provides additional rules and guidelines for the licensing of associations involved with small games of chance.

- Daily drawing is redefined by stating that no more than one chance per individual may be sold per drawing. In addition, nothing in the definition should restrict an eligible organization from conducting more than one drawing per day.
- Monthly drawing is defined as a game in which a member receives a number or numbers as a chance to win a prize by a random drawing during that operating month. Monies from the jackpot may be carried over from month-to-month if there is not winner. Chances for a monthly drawing may not be sold for more than \$1.
- General operating expenses is defined as the expenses associated with property owned or leased by an organization and used for public interest purposes or small games of chance as real property taxes, utilities, heating and air conditioning, water and sewer, property insurance, liability insurance and other expenses as provided in regulation by the Department of Revenue.
- Allows for an eligible organization to raise funds for general operating expenses, as well as public interest purposes, as current law states.
- The prize limit maximum allowable that can be awarded in any one small game of chance would be changed from \$500 to \$1,000. Exceptions to this limit such as special permits allowing larger prizes and carryover drawings still apply. The legislation would also replace the \$5,000 weekly prize limit with a \$20,000 limit. Also, no more than \$50,000 would be awarded for monthly drawings. Payouts of less than \$26 would not count toward the weekly prize limit. For raffles, the prize limit is raised from \$500 to \$1,000.
- Removes a provision in which an eligible organization could not conduct daily drawings during a period when a weekly drawing was taking place or hold a weekly drawing during a time when a daily drawing is taking place.

- Allows for progressive games with a maximum cash value of \$5,000. Progressive games are those in which a winning ticket awards the ticket holder with an additional chance at another game.
- Insured games are also permitted under the bill. Insured games are those sold by a licensed distributor and backed by a valid insurance contract issued by an insurance company licensed to do business in Pennsylvania.
- The bill mandates that each association conducting small games of chance report to the Department of Revenue on prizes awarded of \$600 or more, as required by the Tax Reform Code.
- License fees are increased from \$100 annually to \$300 biennially. A limited occasion permit would increase from \$10 annually to \$30 biennially.
- The bill allows multiple associations to use the same location to conduct small games of chance at the same location as long as each association is separately licensed and prize limits are applied separately to each association.
- Upon submitting an application for a small games of chance license or a renewal of such license, an association must submit to the licensing authority a financial report detailing the associations operations over the previous 12 months.
- Each application shall also include criminal history records from the State Police of the executive officer or secretary and all other responsible persons listed on the application.
- Removes the advertising restrictions on small games of chance.

EFFECTIVE DATE:

This legislation would take effect in 60 days. The licensing requirements would take effect in two years after the effective date of the act.

HOUSE ACTIVITY:

House Bill 169 was passed by the House of Representatives on June 30, 2007, by a vote of 173 to 27.