



Senate Finance Committee

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BILL SUMMARY

SENATE BILL 211, PN 217 (SENATOR FOLMER)

Summary:

Senate Bill 211 amends the Local Option Small Games of Chance Act by providing additional rules and guidelines, amending prize limits, allowing for progressive and insured games, and providing for licensing of associations involved in small games of chance.

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 weekly cash value prize limit. Payouts of less than \$26 would not count toward the weekly prize limit.

The legislation allows for progressive games to be conducted with a maximum cash value of \$5,000. Progressive games are those where a winning ticket awards the ticket holder with an additional chance at another game. Jackpot games, those that feature larger prize payouts, may be guaranteed as an insured game. 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 legislation mandates that each eligible organization 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 of 1971.

The legislation also makes changes to the licensing of associations that conduct small games of chance. It allows multiple eligible organizations which conduct small games of chance to use the same location to conduct these games so long as each organization is separately licensed and that prize limitations are applied separately to each organizations. The legislation also increases the license fees from \$100 annually to \$300 biennially. A limited occasion license would be increased from \$10 annually to \$30 biennially.

More than one organization may use the same location, provided that each organization has its own license and that the prize limitations of this act shall apply separately to each organization.

A licensed eligible organization may sell on its licensed premises the raffle tickets of another licensed eligible organization that has been issued a limited occasion license.

Upon submitting an application for a small games of chance license or a renewal of such license, an association must also include evidence of the completion of at least eight hours of Department-approved training relating to small games of chance and a financial report detailing the associations operations over the previous 12 months.

Each application shall include criminal history records obtained from the Pennsylvania State Police for the executive officer or secretary of the eligible organization and all other responsible persons listed on the application.

The legislation allows for advertising of small games of chance provided that such advertisements contain the date, time, location, whether cash or prizes will be awarded, and the name of the eligible organization conducting the small games of chance.

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

Prior Legislation:

This legislation is the same as Senate Bill 845 (Senator Browne) of the 2007-08 legislative session, and House Bill 11 (Rep. Semmel) of the 2005-06 legislative session, which were reported from the Senate Finance Committee on June 20, 2006, but were not considered by the full Senate.

Current Law:

Local Option Small Games of Chance Act – The act recognized the revenue-generating purpose for charitable or nonprofit organizations of small games of chance. It established the rules, regulations and guidelines necessary for the conducting of small games of chance. As it currently stands, the act does not provide for progressive or insured games. Also, currently, the maximum prize that can be awarded for a single game of chance is \$500.