

# **Local Option Small Games of Chance Act**

## **Procedure Manual and Frequently Asked Questions**



### **COUNTY OF CLARION TREASURER'S OFFICE**

KARYN MONTANA

TREASURER

330 MAIN STREET – ROOM 110– CLARION, PA 16214

PHONE: 814-226-1113    FAX: 814-297-7808

EMAIL: [KMONTANA@CO.CLARION.PA.US](mailto:KMONTANA@CO.CLARION.PA.US)

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**IS OUR ORGANIZATION ELIGIBLE FOR A SMALL GAMES OF CHANCE LICENSE?**

*Has the organization been in existence for more than one year?*

If NO, the organization is not eligible for a Small Games of Chance License.

*Does the organization qualify as one of the following?* ☐ A charitable organization that is 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 or Service organization: any statewide, branch, lodge, or chapter of a not-for-profit (national or state) organization which is authorized to engage in a civic or service purpose within the Commonwealth, or a not-for-profit organization which is recognized by its governing township as a civic or service organization. ☐ Bona fide sportsmen’s association, wildlife association, volunteer squad, federation or club ☐ Volunteer Fire Company, volunteer rescue squad, volunteer ambulance association or conservation association. ☐ Bona fide senior citizen organization. (If bylaws or Articles of Incorporation do not exist, senior citizen organizations may submit alternate documents for proof of purpose.) ☐ Nonprofit organizations established to promote and encourage participation and support for extracurricular activities within the established primary and secondary public, private and parochial schools. ☐ Nonprofit organizations established to promote youth sports activities. ☐ An affiliated nonprofit 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). ☐ 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. ☐ A veterans organization: a 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 those individuals who were members of the armed services or armed forces of the United States. This also includes a home association, affiliate or other nonprofit organization established by or in cooperation with the veterans organization to provide services to veterans or the community.

If YES to any one (1) or more of these, the organization IS eligible for a Small Games of Chance License. If NO to ALL of these, the organization is not eligible for a Small Games of Chance License.

**WHAT FORMS OF GAMES ARE ALLOWED?**

**Pull-Tab Games**

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.

**Punchboards**

A board, placard or other device designed as a grid or set of columns, in which each section contains a hidden number or set of numbers, or other symbol, which determines the winning chances. A prize is awarded to a player who selects a section containing a punch with a predetermined winning number or symbol.

**Raffles** A game 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 to take place at a location and date or dates printed upon each tickets. These games include lotteries, but not daily or 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.

**Weekly Drawings** 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 random drawing to take place on the licensed premises of the licensed eligible organization at the end of a seven-day period. Weekly drawing members 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 more than \$1.

**Daily Drawings** A game in which a bona fide member selects or is assigned a number for a chance at a prize. The winner is determined by a random drawing to take place on the eligible organization’s licensed premises during the same operating day that the chances for the drawing are sold. Daily drawings also include games known commonly as “member sign-in lotteries” and “half-and-half lotteries.” Nothing in this act prohibits the carrying over of a jackpot where the winning number was not entered in the game on a particular operating day. Daily drawing winners may be determined with the aid of a passive selection device or reference to drawings conducted by the department pursuant to the State Lottery Law. Daily drawing chances may not be sold for more than \$1, and no more than once chance per individual may be sold per drawings. More than one drawing may be conducted 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.

**Fifty-fifty (50/50) Drawings (including major league sports drawings)** 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 the tickets from the drawing and the remaining money is retained for distribution (in accordance with this act) by the licensed eligible organization.

<p><b>Race Night Games</b> 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 in a gaming session that does not exceed eight consecutive hours and is not conducted more frequently than once a month. This does not include an instant racing machine, historical racing machine or other similar pari-mutuel device.</p>	<p><b>Pools*</b> 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. The maximum number of individuals that may participate is 100 people and the maximum entry fee is \$20 per individual where there is at least one guaranteed winner. All entry fees collected for the pool are paid as prizes to one or more participants. No entry fees are retained by the person or licensed eligible organization operating the pool.</p>
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\*Pools are limited by the Professional and Amateur Sports Protection Act (28 U.S.C. §§ 3701, et seq.), which states that it is unlawful for a person to sponsor, operate, advertise, or promote, pursuant to the law or compact of a government entity, a lottery, sweepstakes, or other betting, gambling, or wagering scheme based, directly or indirectly on one or more competitive games in which professional athletes participate, or are intended to participate, or one or more performances of such athletes in such games. Therefore, pools involving professional or amateur athletes are not authorized in this Act.

WHAT ARE THE PRIZE LIMITS?	
<i>Individual Prize Limit</i>	Maximum cash prize which may be awarded for any single chance shall not exceed \$2,000
<i>Raffle Prize Limit</i>	Maximum cash prize which may be awarded in raffles in any calendar month shall not exceed \$15,000
<i>Aggregate Prize Limit</i>	Maximum weekly (7 day) prize limit awarded from games of chance by a licensed eligible organization shall not exceed \$35,000
<i>Are there any exceptions to the prize limits?</i>	Raffles conducted under a special raffle permit are subject to separate prize limits ( <b>as noted in the Special Raffle Permits section</b> ). Daily and weekly drawings in which amounts are paid out in a carryover daily drawing or weekly drawing are not subject to the prize limits. A <i>carryover</i> occurs when there is no winner in the prior daily or weekly drawing and the prize from such drawing is carried over to be included as a prize in the next daily or weekly drawing. When daily or weekly drawings pay out 100 percent of the gross revenue from the game, the prize does not count against the weekly prize limit. Major league sports drawings are not subject to the general prize limits.

CLUBS	
<i>Is the applicant an organization that possesses a liquor license?</i>	If the answer is YES, then the organization qualifies as a club.
<i>How does a club application differ from a standard application?</i>	Clubs must complete sections 4a and 4b of the Eligible Organization Games of Chance application, which request the Liquor Identification Number (LID) and Liquor License Number, respectively.
<i>What additional requirements exist for clubs with Small Games of Chance license?</i>	<b>Effective July 1, 2015</b> , club applicants holding a liquor license must attach their most recent annual report filed with the Pennsylvania Department of Revenue to their Eligible Organization Games of Chance Application.
<i>How must a club handle proceeds from games of chance?</i>	Club licensees, unlike other licensed eligible organizations that may only use proceeds for public interest purposes, may use some of the proceeds for operating expenses. Annual reporting requirements apply for club licensees.

AUXILIARY GROUPS	
<i>Does a group qualify as ALL of the following? ☐ A division, subsidiary or affiliated organization or association of an eligible organization, incorporated or unincorporated. ☐ A group whose operation is subject to and restricted by the bylaws, rules, regulations and procedures of the eligible organization. ☐ A group established for the sole purpose of aiding or assisting the eligible organization and its members in the fulfillment of the eligible organization's purposes.</i>	If the answer is YES, than the group qualifies as an auxiliary group to an eligible organization.
<i>My parent organization has a Small Games of Chance License. Does the auxiliary group need to obtain its own license?</i>	NO, auxiliary groups operating on the licensed premises of a licensed parent organization may operate under the parent's license. <b>However</b> , all auxiliary groups must be listed in Schedule E of the parent organization's Eligible Organization Games of Chance Application.
<i>My parent organization DOES NOT have a Small Games of Chance License. Does the auxiliary group or the parent organization need to obtain a new license?</i>	The PARENT organization must apply for a Small Games of Chance License and list the auxiliary organization in Schedule E of the Eligible Organization Games of Chance Application.

AUXILIARY GROUPS (CONTINUED)	
<i>My parent organization has a Small Games of Chance License, but did not list the auxiliary group in Schedule E of the application before the license was received. Can the auxiliary group still be added to the license?</i>	The parent organization can fill out a new application and select the "Change of Data" block in section 1. In this case, no additional documents need to be attached, and there is no charge for the change of data. On the new application, the auxiliary organization must be listed in Schedule E. An email to the Treasurer's Office with details of the change of data is also acceptable in lieu of filling out a new application.

WHAT DOCUMENTS MUST BE ATTACHED TO THE APPLICATION?	
<i>What type of document can I attach to prove that my organization has been in active existence for over one year?</i>	The Treasurer's Office recommends that applicants submit a copy of their organization's meeting minutes dated at least one year prior to the date of the application or other documentation that clearly and legally establishes the organization's existence.
<i>My organization is incorporated. What documents should I attach to the application?</i>	An incorporated organization must submit a copy of its Articles of Incorporation.
<i>My organization is non-incorporated. What documents should I attach to the application?</i>	A non-incorporated organization must attach a copy of its bylaws OR other legal documents that define the organization's structure and purpose.
<i>What document should I submit to prove my organization's non-profit status?</i>	An organization should attach a copy of its Internal Revenue Service tax exemption approval letter or official documentation indicating that the applicant is a non-profit <b>charitable</b> organization.
<i>What documentation is required in regards to our licensed premises where games of chance would be held?</i>	If the premises are rented or leased by the applicant: ☐ Copies of all written rental or lease agreements between the applicant and the owner of the premises upon which the games of chance will be conducted should be attached to the application. If the premises are owned by the applicant: ☐ A copy of the deed should be attached to the application.
<i>Can an organization get their application notarized on site when applying?</i>	Yes, there are two notaries in the administration building and will be available upon application.

LICENSED PREMISES	
<i>What is the definition of "licensed premises?"</i>	Licensed premises are the specific location upon which a licensed eligible organization is authorized to conduct games of chance.
<i>What if the organization does not own the licensed premises for which they are applying?</i>	In these cases, for example when an organization has a table at an event hosted on the premises of a different company or organization, the applicant must explain the circumstances of the case as part of the application. This explanation must be included when checking the "Other (Explain)" box in section 9 of the Eligible Organization Games of Chance Application, and takes the place of documentation of ownership, lease, or rental.
<i>May our organization conduct games of chance outside of our licensed premises?</i>	A licensed eligible organization, that is not a club licensee, may conduct games of chance at a location off its premises as long as the treasurer has been notified.
<i>My organization has a Small Games of Chance License in Clarion County but is selling raffle tickets outside of the county. What steps must be taken in this case?</i>	The organization must send a letter to the County Treasurer and District Attorney of the county where the tickets will be sold, informing them that your organization is selling raffle tickets in their county.

SPECIAL RAFFLE PERMITS	
<i>My organization is conducting a raffle and already has a Small Games of Chance License. Do we also need to have a Special Raffle Permit?</i>	Special raffle permits are issued to a licensed eligible organization and authorizes the eligible organization to conduct a raffle with prize limits exceeding the standard prize limits for raffles. If an organization wishes to conduct a raffle in which the value of a single prize <b>exceeds \$2,000</b> OR the value of all prizes <b>exceeds \$15,000 in one calendar month</b> , a special raffle permit IS needed. The value of all prizes awarded shall <b>not exceed \$150,000 in one calendar year</b> . However, if the organization is a volunteer fire, ambulance, rescue or conservation organization, then <b>prizes may be awarded up to \$250,000</b> . If the value of single and total prizes do not exceed these levels, then a special raffle permit is not necessary.
<i>Can my organization hold "raffle auctions" or "Chinese auctions?" Does this require a Special Raffle Permit?</i>	A raffle auction, also known as a "Chinese auction," is a game of chance in which a participant buys a ticket for a chance to win a prize where tickets are placed in a location assigned to a particular prize. The winner of each prize is determined by a random drawing of a ticket that corresponds to the ticket held by a participant. Organizations seeking to hold a raffle auction <b>DO NOT</b> need a special raffle permit to do so.



	Organizations only need to check the “Raffles” box in Schedule A of the Eligible organization Games of Chance Application.
<i>How many special raffle permits can we purchase?</i>	<b>Volunteer fire, ambulance, rescue or conservation organizations:</b> 12 per annual licensed term (or per calendar year for monthly licenses) <b>All others:</b> 10 per annual licensed term (or per calendar year for monthly licenses)

MONTHLY SMALL GAMES OF CHANCE LICENSES	
<i>What is a monthly license?</i>	A monthly license is valid for conducting games of chance for thirty (30) CONSECUTIVE days from the date of issuance. This replaces the former “Limited Occasion License” option, which is no longer available.
<i>How many monthly licenses can we purchase?</i>	There is no restriction on the number of monthly licenses an eligible organization may obtain, <b>but</b> the licenses may not overlap.

BACKGROUND CHECKS	
<i>Does our eligible organization need to submit background checks?</i>	<b>Effective January 1, 2014</b> , eligible organizations NO LONGER need to submit background checks on the president and secretary of the organization. Accordingly, the Treasurer’s Office will no longer have the discretion to request any background checks on any members of the organization.

PAYMENT	
<i>Annual Games of Chance License</i>	\$125.00
<i>Monthly License</i>	\$25.00
<i>Special Raffle Permit (SRP)</i>	\$5.00
<i>Duplicate/Replacement License (or SRP)</i>	No charge
<i>Change of License Data</i>	No charge
<i>What methods of payment are acceptable for the application fees?</i>	Checks, cash, money orders, and cashier’s checks are all acceptable forms of payment. Make checks payable to “Clarion County Treasurer.”