

No. 2019-56

AN ACT

HB 826

Providing for sports raffles for charity; and making related repeals.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Sports Raffle Charities Act.

Section 2. Legislative intent.

The General Assembly declares that conducting 50/50 drawings at athletic events for the purpose of raising funds, by certain nonprofit associations, for the promotion of charitable or civic purposes, is in the public interest.

Section 3. Definitions.

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

"Affiliated nonprofit organization." An organization established by or affiliated with an athletic 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. § 501(c)(3)).

"Athletic event drawing." A 50/50 drawing that is conducted by an affiliated nonprofit organization in accordance with this act.

"Athletic 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, bleacher or contiguous parking lot at a closed-course motor facility where spectators directly observe motor races with NASCAR, Indy, stock or drag racing cars.

(5) A collegiate team that competes on behalf of an institution of higher education.

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

"Department." The Department of Revenue of the Commonwealth.

"Home game." As applied to a United States service academy, a game played at a neutral sports facility.

"Institution of higher education." Any of the following:

- (1) A community college operating under Article XIX-A of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949.
- (2) A university within the State System of Higher Education.
- (3) The Pennsylvania State University.
- (4) The University of Pittsburgh.
- (5) Temple University.
- (6) Lincoln University.
- (7) Any other institution that is designated as "State-related" by the Commonwealth.
- (8) An accredited private or independent college or university.
- (9) A United States service academy.

"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 a nonprofit 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, including:
 - (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 real property, unless the property will be used exclusively for one or more of the purposes specified in this definition.

"Team event." A practice, scrimmage or exhibition or similar event at the home stadium or training camp facility of an athletic team.

Section 4. Athletic event drawing.

(a) General rule.—A person may purchase one or more athletic event drawing tickets at a home game or team event, 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. Purchase of athletic event drawing tickets may be made by cash, credit card or debit card.

(b) Frequency.—An affiliated nonprofit organization may conduct no more than one athletic event drawing per home game or team event.

(c) Sales restricted.—Tickets for an athletic event drawing may not be sold in any seating area designated as a family section or to an individual under 18 years of age.

(d) Charitable event.—An athletic event 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, team event or car race of the athletic team. Drawings may only be held within spectator areas within the arena, stadium, grandstand or bleachers where the home game, team event 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.

(e) Distribution.—The prize amount of an athletic event drawing shall be 50% of the total amount collected from the sale of athletic event drawing tickets. Except as provided under subsection (f), the other 50% of the total amount collected from the sale of athletic event drawing tickets shall be donated within seven days from the date of the drawing by the affiliated nonprofit organization conducting the athletic event drawing to one or more designated charitable organizations for which the drawing was conducted and shall be used exclusively for public interest purposes.

(f) 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 athletic event drawing tickets.

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

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

(g) Designated charitable organization.—The affiliated nonprofit organization conducting the athletic event drawing shall disclose to each ticket purchaser the designated charitable organization for which the athletic event drawing is being conducted.

(h) Eligibility.—

(1) In order to receive proceeds from an athletic event drawing, a charitable organization must be:

(i) in existence and fulfilling its purposes for at least two years prior to the drawing; and

(ii) 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)).

(2) A political subdivision shall not qualify as a charitable organization under this section.

(3) An institution of higher education that is qualified for an exemption under section 501(c)(3) of the Internal Revenue Code of 1986 and meets the eligibility requirements under paragraph (1)(i) may conduct an athletic event drawing as the affiliated nonprofit organization and may

receive the proceeds therefrom as the designated charitable organization at any home game or charitable event of any of its own collegiate athletic teams provided that the proceeds are used exclusively for public interest purposes or for purposes permitted under subsection (f).

(4) Notwithstanding paragraph (1)(ii), an institution of higher education that is qualified for an exemption under section 115 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 115) and meets the eligibility requirements under paragraph (1)(i) may conduct an athletic event drawing as the affiliated nonprofit organization and may receive the proceeds therefrom as the designated charitable organization at any home game or charitable event of any of its own collegiate athletic teams, provided that the proceeds are used exclusively for public interest purposes or for purposes permitted under subsection (f).

(i) Unclaimed prizes.—An athletic event drawing prize remaining unclaimed by a winner at the end of the athletic 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 athletic event drawing was conducted.

(j) Additional recordkeeping.—The department may require additional recordkeeping or accountability measures for athletic event drawings.

(k) Mechanical or electrical devices.—An athletic event drawing may be played with the assistance of a mechanical or electrical device. Nothing under this subsection shall be construed to authorize any other form of gambling authorized under 4 Pa.C.S. (relating to amusements).

(l) Prohibitions.—

(1) No person who has been convicted of a felony or of a violation of the act of July 10, 1981 (P.L.214, No.67), known as the Bingo Law, the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act, or this act or any comparable Federal or State law shall have a pecuniary interest in the operation of or in proceeds from an athletic event drawing.

(2) No 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 10 years of a violation of the Bingo Law, the Local Option Small Games of Chance Act or this act may manage, set up, supervise or participate in the operation of an athletic event drawing.

(3) No person under 18 years of age may operate or play an athletic event drawing.

(m) Enforcement.—

(1) The county authority of the county in which an athletic event drawing is conducted may enforce the provisions of this act and may impose civil penalties under subsection (n).

(2) The district attorney of the county in which the athletic event drawing is conducted 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.

(3) 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.

(4) The district attorney may require an affiliated nonprofit organization to produce its books, accounts and records relating to the conduct of athletic event drawings in order to determine if a violation of this act has occurred. Affiliated nonprofit organizations shall also be required, upon request, to provide their books, accounts and records relating to the conduct of athletic event drawings to the county authority or to a law enforcement agency or official.

(n) Civil penalties.—An affiliated nonprofit organization 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.

(o) Criminal penalties.—

(1) An affiliated nonprofit organization violating the provisions of this act shall be guilty of a summary offense and, upon conviction thereof, shall be sentenced to pay a fine not exceeding \$1,000 for a first offense and \$1,500 for a subsequent offense.

(2) A person who conducts or assists in the conducting of an athletic event drawing in violation of the provisions of this act is guilty of a summary offense for 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.

(3) A person commits a misdemeanor of the first degree if, with intent to prevent an athletic event drawing from being conducted in accordance with the requirements of this act or the rules and usages governing the athletic event drawing, the person:

- (i) confers or offers or agrees to confer any benefit upon or threatens any injury to a participant or other person associated with the athletic event drawing;
- (ii) tampers with any person or athletic event drawing; or
- (iii) solicits, accepts or agrees to accept any benefit.

Section 5. Repeals.

(a) Declaration.—The General Assembly declares that the repeal under subsection (b) is necessary to effectuate this act.

(b) Repeal.—The following provisions of the act of December 19, 1988 (P.L.1262, No.156), known as the Local Option Small Games of Chance Act, are repealed:

- (1) The definition of "major league sports drawing" in section 103.
- (2) Section 304.1.

Section 6. Effective date.

This act shall take effect in 30 days.

APPROVED—The 2nd day of July, A.D. 2019

TOM WOLF