

# TAVERN GAMING

Presented by the  
Pennsylvania State Police  
Bureau of Liquor Control  
Enforcement



# **TAVERN GAMING**

**The information being provided in this presentation is based upon the Bureau's interpretation of the statute. Like many new laws, they are subject to interpretation and further clarification by the courts going forward as well as regulations promulgated by the Department of Revenue.**

# OVERVIEW

- **Operations of Games**
- **Prize Limits**
- **Discussion of Individual Games**
- **Records**



# OPERATION OF GAMES

# **OPERATION OF GAMES**

## **PERMITTED TAVERN GAMES**

**The Act is very specific as to the games of chance that licensed “Taverns” are permitted to operate.**

- Daily Drawings**
- Pull-Tabs**
- Tavern Raffles**

# OPERATION OF GAMES

(CONTINUED)

## PROHIBITED PERSONS:

- It is unlawful for an individual under 21 years of age to play or attempt to play or otherwise participate in a tavern game.
- It is unlawful for a licensee to permit an employee under 18 to operate Tavern Games.
- No one visibly intoxicated may purchase or sell a chance.



# **OPERATION OF GAMES**

**(CONTINUED)**

## **PROHIBITED PERSONS (CON'T):**

**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 does not apply to a raffle.**

**– Interpretation :**

**The apparent intent of this subsection of the Act is to prohibit persons with inside knowledge, influence or control of a game from participating in that game in an effort to prevent any fraudulent or criminal activities.**

# OPERATION OF GAMES

(CONTINUED)

## PROHIBITED PERSONS (CON'T):

- **Interpretation** (CONTINUED):

- As the subsection includes the phrase, “the game of chance ”and not “games of chance”, for purposes of this subsection, the phrase “operates the game of chance” is interpreted to include the following activities related to a particular game of chance:

- the selling of chances.
- collection of money
- paying winners
- note-taking or recording of information (winners, payouts, etc of the individual game)
- involvement in the process of selecting a winner.



# OPERATION OF GAMES

(CONTINUED)

## PROHIBITED PERSONS (CON'T):

- It is 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 within the past 15 years of:
  - Any felony.
  - A misdemeanor gambling offense.
    - Pool selling / Bookmaking
    - Video Poker / Slots



# PRIZE LIMITS

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**General Prize limits – Prizes awarded in tavern games may not exceed:**

- \$2,000 for single chance.**
- \$35,000 in a seven-day period.**



# PRIZE LIMITS

(CONTINUED)

**All prizes awarded are included in 7 day prize totals.**

**E.g.:**

- **Pull-tabs prizes regardless of amount.**
  - **The value of winning Pull-tab plays redeemed for additional plays are included.**
- **Tavern Raffle prizes.**
- **Daily Drawing prizes.**



# PRIZE LIMITS

(CONTINUED)

**All prizes awarded are included when calculating 7 day totals. There are NO exceptions for “Tavern Games” as there are for games operated by eligible organizations.**

# **DISCUSSION OF INDIVIDUAL GAMES**

# **TAVERN DAILY DRAWINGS**

## **TAVERN DAILY DRAWING DEFINED**

**A game in which:**

- 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;**
- a winner may be determined with the aid of a passive selection device or utilizing a state lottery drawing.**

# TAVERN DAILY DRAWINGS

(CONTINUED)

## KEY PROVISIONS:

- May only be sold on the licensed premises.
- No more than \$1 per chance.
- No more than one chance per individual in each drawing.
- Drawing **MUST** be conducted during same operating day in which chances were sold.
  - May **NOT** begin selling for next drawing until the next operating day.
- No requirement that person be present to win.





# TAVERN DAILY DRAWINGS

(CONTINUED)

## OPERATION:

- Within the definition contained in the Act, there are numerous ways a “Tavern Daily Drawing” may be conducted.
- Licensees must determine the manner in which they will operate their drawing and develop rules for the game that comply with the Act.

- The rules of the game must be prominently displayed.



# TAVERN DAILY DRAWINGS

(CONTINUED)

## Tavern Daily Drawing prize limits:

- May not exceed \$2,000 per chance.
- Prizes are added when calculating \$35,000 / 7-day prize limit.



- Tavern Daily Drawings **MUST** be structured as to not exceed prize limits.

# **TAVERN DAILY DRAWINGS**

**(CONTINUED)**

## **Tavern Daily Drawing prize limits:**

**When utilizing the daily number to arrive at a winner, it is important that the rules of the game have a provision for an alternative method of selecting a winner to ensure the individual prize limit is not exceeded.**

# **TAVERN DAILY DRAWINGS**

**(CONTINUED)**

**Tavern Daily Drawing rules should include at a minimum:**

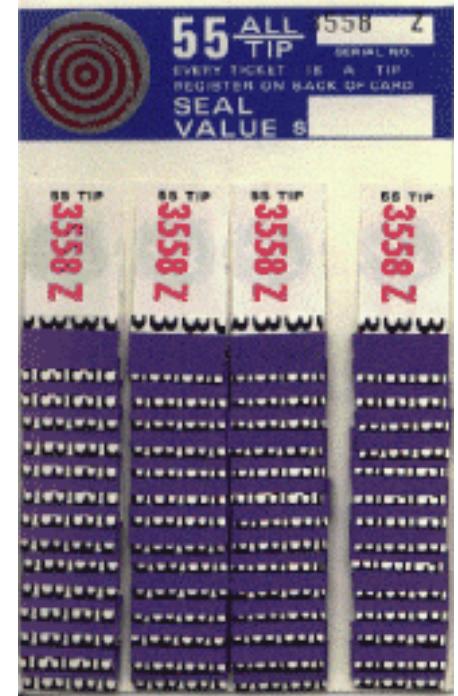
- **Method of arriving at a winner.**
- **Payout percentage.**
- **Time of drawing.**
- **Posting of winning number / individual.**
  - **Method and time frames.**
- **Awarding of prizes.**
  - **Unclaimed prizes.**



# PULL-TABS

(CONTINUED)

- Winning pull-tabs are to be perforated, punched or marked when redeemed.
- **Tip Boards** are a form of pull-tab
  - Must meet all requirements for pull-tabs.
  - Prizes must be predetermined by manufacturer.



# TAVERN RAFFLE

## DEFINITION:

A raffle held in part for a charitable or public purpose that must comply with the following:

- No more than one tavern raffle may be held in a calendar month.
- A tavern raffle must be held for a designated charitable purpose and each individual participating must be informed of the charitable purpose involved.
- At least 50% of the proceeds \* from the tavern raffle shall be provided to the designated charity within seven days of the completion of the tavern raffle.
- Funds not given to the designated charity are subject to rules for the distribution of net revenue.

**MEND-A-HEART RAFFLE**  **6455**

TO BENEFIT   
**CARDIAC PATIENTS  
AND PROGRAMS**

FIRST PRIZE ..... \$1,000.00  
SECOND PRIZE ..... 500.00  
THIRD PRIZE ..... 250.00

**DRAWING, SUNDAY, FEB. 6, 2010**  
donation \$2.00 - 5 for \$8.00

-----  
Telephone Number \_\_\_\_\_  
Address \_\_\_\_\_  
Name \_\_\_\_\_  
-----  
**6455**

# TAVERN RAFFLES

(CONTINUED)

**Tavern Raffle tickets must comply with the following printing requirements:**

- **Tickets must be sequentially numbered and have a detachable stub with the same number.**
- **The stub must contain the purchaser's name address and phone number.**
- **The portion the purchaser retains must contain:**
  - **The date time and location of drawing**
  - **The name of the licensee**
  - **SGOC license number**
  - **Must list the cost of the ticket and the available prizes.**

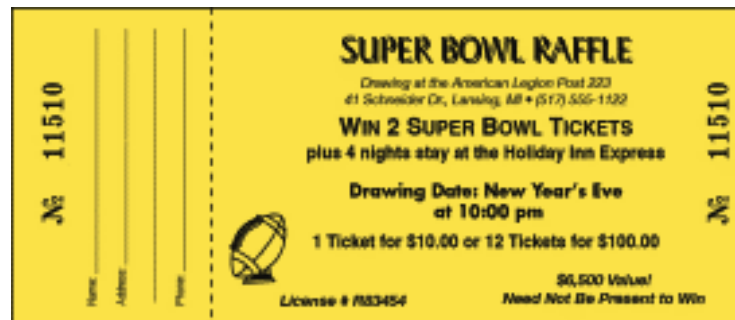




# TAVERN RAFFLES

(CONTINUED)

- There must be a winner for every prize in a raffle.
- Drawing must be conducted in plain view of players present.
  - Use of state lottery number is permissible:
    - Only when tickets sales equal the total possible numbers.
    - E.g. 1000 tickets must be sold to utilize the daily number.
- Winners need not be present.
- Tickets do not have to be purchased from licensed distributors.



# **TAVERN RAFFLES**

**(CONTINUED)**

**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.**

# RECORDS

# RECORDS

## GENERAL RECORDS SHOULD INCLUDE:

- Prizes awarded which require the completion and submission of IRS Form W-2G
- Net revenue received from each tavern game conducted, itemized by week.
- Amount of prizes paid from all tavern games, itemized by week.
- Amount of tax remitted to the department.
- Amount given to designated charities from tavern raffles.
- Other information as required by the department.



# RECORDS

(CONTINUED)

- **RECORD RETENTION:**
  - Tavern Games records are considered business records and as such must be retained for at least two years as per the Liquor Code.
  - Generally Tavern Game records must be maintained as long as required to satisfy State and Federal tax obligations.



# **RECORDS**

**(CONTINUED)**

## **TAVERN DAILY DRAWING RECORDS**

- **Licenses records should include:**
  - **Operating day in which chances are sold and the date/time of drawing.**
  - **List of entrants. Operating day in which chances are sold and the date/time of drawing.**
  - **List of entrants.**
  - **Each entrant's assigned number.**
  - **Gross proceeds and payout percentage.**
  - **Winner's name. (and address if > \$600)**
  - **Winners signed acknowledgment of receipt of prize.**

# RECORDS

(CONTINUED)

## PULL-TABS

- **Pull-Tab records should include:**
  - Name and serial number of games.
  - Date placed into and removed from play.
  - Total number of plays in each game.
  - Cost per play, cost of prizes paid and cash value of all prizes in games.
  - If a prize is awarded in excess of \$600:
    - The form and serial number of the game.
    - The name of the game.
    - Date of win.
    - The amount of cash or the cash value and description of merchandise.
    - The full name and address of the winner.

# RECORDS

(CONTINUED)

## PULL-TABS (CONTINUED)

- All unplayed chances must be retained for two years
- All winning chances for prizes in excess of \$600 must also be retained for two years.



# RECORDS

(CONTINUED)

## TAVERN RAFFLES


- **Records for each tavern raffle should include:**
  - **Gross proceeds received.**
  - **Expenses.**
  - **List of merchandise, prizes and their receipts.**
  - **Names and address for all winners over \$600.**
  - **Cash value of all prizes.**

**Maintaining RECORDS should not be confused with REPORTING requirements.**

**-General reporting annually**

**-Tax remitted to the department quarterly**

# VIEW OF QUARTERLY REPORT

 **pennsylvania**  
DEPARTMENT OF REVENUE

**Tavern Games Tax Return**

**Home**

**Tax Functions**

File Return/Payment

**Options**

Frequently Asked Questions

Log Off

**Tavern Games Tax Return for Licensees**

\* = Field is Required

**Business Information:**

\*Business Name:

\*Address Line 1:  Address Line 2:

\*City:  \*State:  \*ZIP:

\*Phone Number:

\*Email Address:

LID Number:

\*LCB License Number:

\*FEIN/SSN:  FEIN

\*Sales Tax Account Id:

Period Ending:  Due Date:

**Tax Details:**

1. \*Reporting County and Municipality:

2. \*Total Tax Paid to Distributor on the Sale of Pull-Tab Games:

3. \*Total Net Revenue from Tavern Daily Drawings:

4. \*Total Net Revenue from Tavern Raffles:

5. Total Amount of Net Revenue:

6. Total Amount of State Tavern Tax Due:

7. Total Amount of Municipality Tavern Tax Due:

8. Total Amount of Tax Due:

9. \*Penalty:

10. \*Interest:

11. \*Tavern Games Credits:

12. Total Amount Due:

\*Payment:

**This Power Point presentation and the schedules developed by the Bureau of Liquor Control Enforcement to aid Taverns in meeting their record-keeping requirements and instruction for their use can be found at:**

**<http://www.lce.state.pa.us>**

**For general information regarding Small Games of Chance provided by the Department of Revenue go to:**

**<http://www.revenue.state.pa.us/sgoc>**

**The complete text of the Department of Revenue Rules and Regulation related to Local Option Small Games of Chance can be found at:**

**<http://www.pacode.com/>**

- **Go to the above website**
- **Select “BROWSE” from left column**
- **Select “61 REVENUE”**
- **Scroll down to “Chapter 901. Small Games of Chance”**
- **Click on Small Games of Chance**

**Or, you may type in the following web address to access the site directly:**

**<http://www.pacode.com/secure/data/061/chapter901/chap901toc.html>**

**An up-to-date version of the Local Option Small Games of Chance Act may be accessed at the following web address:**

[https://govt.westlaw.com/pac/Browse/Home/Pennsylvania/UnofficialPurdonsPennsylvaniaStatutes?guid=NFEE6618DE4347229C0FAD15F0191B43&originationContext=documenttoc&transitionType=Default&contextData=\(sc.Default\)](https://govt.westlaw.com/pac/Browse/Home/Pennsylvania/UnofficialPurdonsPennsylvaniaStatutes?guid=NFEE6618DE4347229C0FAD15F0191B43&originationContext=documenttoc&transitionType=Default&contextData=(sc.Default))

# QUESTIONS

Pa. State Police Bureau of Liquor Control  
Enforcement

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